

SAFCO Support Foundation-SSF A Non - Banking Microfinance Company (NBMFC)





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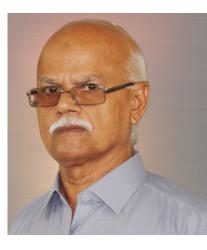
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## ACRONYMS

- AGM Annual General Meeting
- BISP Benazir Income Support Program
- BWP Banking with the Poor
- CED Credit Enterprise Development
- CGC Client Grievance Committee
- CGAP Consultative Group to Assist the Poor
- CIB Credit Information Bureau
- CO Community Organizations
- CRMC Credit Risk Management Committee
- DMD Deputy Managing Director
- EP Essential Practices
- ESMF Environmental & Social Management Framework
- FGoP Federal Government of Pakistan
- FIS Financial Information System
- FSSP Financial Sector Strengthening Program
- GL Group Lending
- GLP Gross Loan Portfolio
- HRC Human Resource Committee
- HRMS Human Resource Management System
- IT Information Technology
- LC Loan Centers
- LSO Local Support Organization
- MCGF Micro Credit Guarantee Facility
- MFO Microfinance officer
- MIS Management Information System
- MMS Microfinance Management System
- PMIC Pakistan Microfinance Investment Company
- PMN Pakistan Microfinance Network
- PPAF Pakistan Poverty Alleviation Fund
- PSC Poverty Score Card
- SBP State Bank of Pakistan
- SECP Security & Exchange Commission of Pakistan
- SME Small Medium Enterprise
- SPM Social Performance Management
- SPTF Social Performance Task Force
- SSF Safco Support Foundation
- TC Treasury Committee
- VB Village Bank
- VDO Village Development Organization
- VO Village Organization



## CHAIRMAN MESSAGE

It gives me great pleasure as well as great responsibility, for been a chair-in person of Safco Support Foundation (SSF). We as board of Directors are delighted to share the annual report 2018. A year of success transformation, innovation and growth in which, SSF has revealed the record growth under extreme competitive environment. As of today MFI market of the financial services have taken completely new turn, In which revolutions towards technology sector have taken the industry into new dynamic. Looking into the current scenario; Institution has shown countless innovation to keep edge in market from competitors MFIs and for which the credit goes to team SSF. Beholding into the market scenario, from a financial services provider that support to unbanked community for betterment of the society, have entered into an environment where number of MFIs intuitions from national and international level have cross the threshold into the market, which have created a pure competition atmosphere. Nonetheless, SSF has competed in modest, to lead in the market by great advancement and has also revealed countless innovations in technology; by making its operations far-reaching towards digitalization.

I am horned to state that in a very slight and record time, Institution has strived great challenges and yet emerge out with success to lead the potential market. I am also delightful to management for Guiding Board comprehensively on SSF financial conditions, providing information on operational and financial issues relevant for the communities that were outreach by any means of development. I am also pleased to Board members; for putting their valuable part in evolving SSF management skills and regulating team on innovative policies, functions, and procedures with their expertise.

On behalf of BoD, I would like to pay our greatest gratitude to our partners, Investment companies, Commercial banks who believed in and Invested in SSF. It gives us really honor for working, with partners jointly for eliminating poverty by empowering to peoples; especially women of Sindh, which were waiting for our hope. From the support of our partner and SSF out-reached, we have created a numerous entrepreneur, which have given a rise of the social economic status of society and creates a great opportunities to change life's for people of Sindh. In last but not least my wishes and hardest congratulation once again to SSF Family, clients and partners for successful completion of 2018 year. By competing this year SSF have made in 10th Anniversary. I am confident enough that SSF will demonstrate same inspiration in coming years and make in outreach towards national and international level where many people are waiting for our hope to come.

Mr. Rana Abdul Salam

Chairperson SSF





SSF has shown great, tremendous growth, innovations and transformation throughout the year. This year SSF has set a record advancement in financial inclusion, by implementing digitalized system for disbursement of loan, have substantial contribution towards Industry. I am also pleased to share that we have been inaugurated seven new branches this year and by opening that, we have reached towards 45 branches network, looking forwards with same tendency of growth.

It gives me proud moments that SSF family has achieved substantial growth this year in all aspects, we have set record of 35% increase in disbursement, our relationship with borrowers has resulted 100% recovery, which is a milestone achievement of Company; For that, Credit goes to operational team. Currently we are having 10 % to 12% market penetration, in 10 district of Sindh. Despite of the huge competitive we have successfully created sufficient market penetration, and have also made a strategic business plan to boot upto 20 percentage of market penetration.

"SSF produces leaders for future to lead the world" keeping in view we have transformed SSF towards de-centralization giving full-rights to individuals to become great leaders, was a record accomplishment in this year. We have also set record increased in the outreach and our operational team has entered deeper and deeper in grass root level to create micro-entrepreneurs. This year was very fortune; As SSF has tapped and trusted partnership with National and International Investment Companies, Commercial Banks and Digital Service Providers (DSPs) to hasten the company modus operandi and emphasized, over the "Social Performance Management" and "Clients Protection Management" that are the important drivers for the future prospect of financial provision for valuable borrowers. SSF looking for innovations, for that SSF has built strong development in technology sector; delivering loan in just 4-hour time is a record achievement in the sector. SSF is seeking and implementing technological innovations to build up strong continuous process of developing innovative ideas to lead the market.

I would like to offer a deepest appreciation to SSF family, we as family have achieved a lot more then we predicted in such a challenging and competitive environment. As an senior management, We have seen the road map of future business plan and having an vision of SSF we can achieve these targets, I would specially thank to SSF management team for being an innovate leader who handles the situation to lead in the market with their roles. Hope to see same enthusiasm charismatic for upcoming years as well.

Suleman G. Abro CEO SSF







































"Safco care about the environment, and promote suitable living standards"

## CHAPTER 1 • ABOUT US

## • JOURNEY OF SSF

### 2009

in SECP

Establishment & Registration of SAFCO Support Foundation

as Company under Section 42

### 2012

Transformation from SAFWCO CED into SSF 2016

Licensed as NBFC under rule 5 of the NBFC

Safco Support Foundation (SSF) is a Non-Banking Finance Company (NBFC) licensed to carry out Investment Finance Services as NBFC by SECP under NBFC rules & regulations, 2015, Registered under section 42 of the Companies Ordinance 1984, established in May 2009.

In the last nine years, SSF restructured itself to demonstrate; how blend of service delivery and advocacy can help the organization become financially sustainable at operational level. Having completed years of development collaboration with client communities and public sector organization, SSF is looking towards building the micro finance operations into a banking system for the people in coming years.

## SSF APPROACHES

SSF provides fininancial facilities in rural and urban, where it has mainly focused on rural areas of Pakistan and currently it is operational with 45 branches in Ten (10) districts of Sindh province. As we do this, the ripple effect will be the growth of economic generating activities in terms of knowledge, quality produce and tangible wealth.

The products SSF offer will enable client to improve their status in life. SSF aim at the productivity of the client to enable them achieve their full potential which has hitherto been elusive due to the perceived risky nature of providing financial facilities to the Micro and Small and Medium Enterprises, Agricultural, Livestock, Solar Energy, Education Sectors and Interest Free Loan.

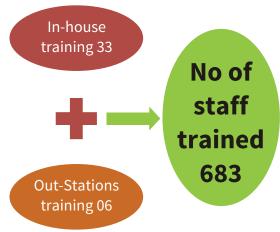
SSF achieve this by emphasizing the immense benefits of empowering the client through a discipline of consistent and deliberate savings to achieve both short term and long term goals.

#### Technology and Quality Service

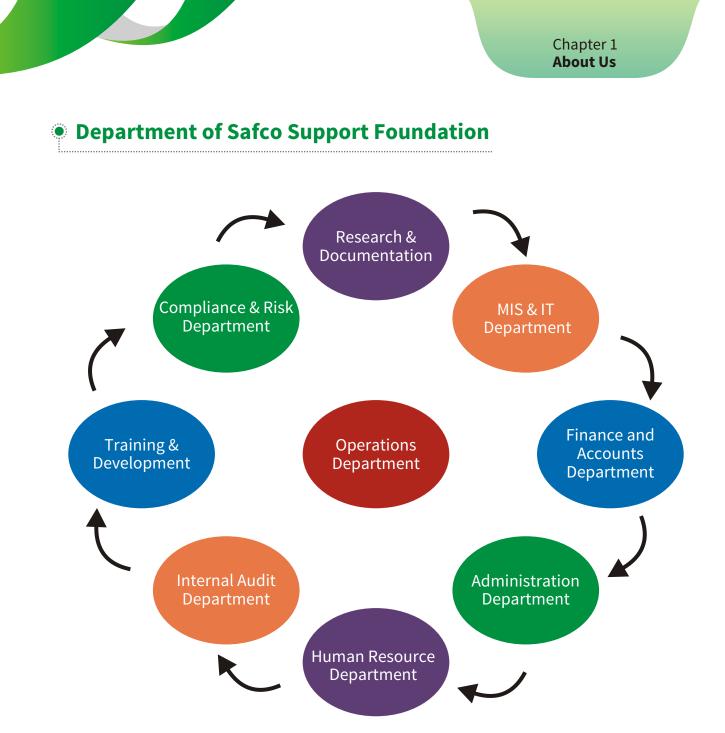
During the year 2018, SSF has mainly focused on the Microfinance Management system (MMS) infrastructure, to ensure security of the information. SSF has made it highly secure by upgrading to HTTPS, by building a new system, institution has made strong networking within the departments. SSF had successfully implemented its MIS system on 45 branches network, and have synchronized system with tables; to open digital account (paper-less) accounts of the clients. Furthermore, MMS is used, for all clients portfolio, branches portfolio, and management can segregate the information according to use of management. Even more MIS have shown great developed by introducing FIS and HRMS system. The FIS system used for the financial statistics, it is very convenient for financial management. In FIS system management could analysis the growth tendency and could manage all finical records, keep in the view of the sensitivity FIS is design highly secure, using the word art of state technology.

#### Staff Capacity Building

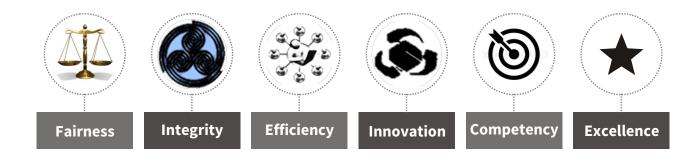
The SSF beliefs in building its staff capacity, as employees is the key assets and base of the SSF. Institution aim in building up the capacity of the staff in this reason Institution has done numerous in house and out sources training. SSF is learning at every stage and so it always engaged in research on building its staff capacity, in the Institution employees has promoted from an officer to key positions of senior managers. SSF is learning Institution, where we train our clients on capacity building, skill enhancement trainings, record keeping, credit and savings, financial management and livestock management trainings.



The institutions has trained overall 683 employees in different training, in which 33 are inhouse training and 06 training were out-stations in year 2018. SSF does not stop here, each day in SSF is a day of building employees capacity as senior management continuously guide and train employees as training is what enhance the ability of our staff.



#### Core Values





#### VISION

To be the leading financial institution who provides excellent microfinance services to unbanked entrepreneurs and productive poor families in order to create mutually benefits for clients, shareholders and society

#### **MISSION**

To reach unbanked and low income communities; with financial and business solutions, in a socially, economically and environmentally sustainable approaches, through the efficient use of capital, technology and human resources

## CODE OF CONDUCT



#### SOCIAL PERFORMANCE MANAGEMENT:

SSF ensure Compliance on Universal standards for Social Performance Management, define and achieve our Social Goals as a Social Responsible Institution.



#### TRANSPARENCY:

SSF provide transparent products and Services with systematic transparency procedures to its valuable borrowers.



## CLIENT EDUCATION & FINANCIAL LITERACY:

SSF provide volunteer education & Financial Literacy to its valuable borrowers to increase business income, profitability and savings by our human resources expertise.



#### **CLIENT PROTECTION:**

SSF adopt all the Client Protection Principles in all operational activities and procedures.



#### GRIEVANCE REDRESSAL MECHANISM:

SSF provide highest quality services to the borrowers with unbiased, fair and justified treatment to enhance the relationship with a formal GRM framework.



#### **KNOW YOUR CUSTOMER:**

SSF collect and record all the information from the borrowers in KYC module with confidentiality.

## • OUR PEOPLE

#### **Governance and Management**

Safco Support Foundation (SSF) is governed by its seven members of board of directors, CEO as EX officio and MD as company Secretary with their splendid experience in the field of banking, microfinance, agriculture, gender and business.





#### 🕨 Mr. Rana Abdul Salam

Chairman SSF

Mr. Rana has about 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 shall help SSF in various aspects of Credit and Risk Management.

#### Ms. Zaib-un-Nisa Mallah

Vice Chairperson

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.



## Mr. Iqbal Hussain Memon

Mr. Memon has about 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 will help SSF to business dynamics and enhance relationship with banks. Chapter 1 About Us







## Prof. Dr. Ghulam Ali Jariko

Dr. Ghulam Ali Jariko has been working as Professor Sindh Development Studies Centre (SDSC) since last twenty five years. Throughout his professional career of 25 years, he has gained substantial experience in the fields of academic teaching, research and training. Mr. Jariko has Phd in the field of Study, Research and Development Management from University of Sindh, Pakistan. He has done B.A (Hons) in Economics, MSC Agriculture Economics Wye College University of London. He is accomplished course tutor for core courses such as, Economic, Social Survey Methods, and Data Analysis, Project Planning and Monitoring and Evaluation, and Agricultural Economics for Development. These courses are offered by the SDSC thorough its renowned Master's program in the Rural Development. Besides, Mr. Jariko, has actively participated in applied research that has assisted him to upgrade his understanding about research formulation, data analysis, report writing.

#### Mr. Yar Muhammad Khaskheli

Director

Mr. Yar Muhammad having over 34 years of managerial experience as a bank manager in a busy high street branch. Possessing the required leadership and dynamism necessary to provide a quality service of the highest order and the efficiency to drive our products competitive advantage. Comprehensive knowledge of the banking industry and its procedures as well as having the ability to aim high, think smart and act fast.



#### Ms. Mumtaz Bano

Director

Ms. Mumtaz Bano has been working as Professor at Agricultural University of Tandojam. She possess experience of 25 years in Agricultural education, research extension, community development, social development and Socio economic. She has done MA in Pakistan Studies along with BA in Economic and sociology.





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 will help SSF in community relationship management.

#### Mr. Suleman G Abro

#### CEO SSF

Mr. Suleman G Abro is senior microfinance and rural development professional with more than 35 years of experience of managing organizations and multiple tasks of operations and credit. Currently, working as Chief Executive Officer in SAFCO Support Foundation and having proven track record with leading organizations in successfully leading the functions of microfinance operations. Mr. Abro have been engaged in development sector as volunteer and reached at the position of CEO of Safco Support Foundation (SSF). He is also, the founder and member Pakistan Microfinance Network Pakistan PMN since impaction and still member Board of Director PMN. He was also part of different national and international exposure of different microfinance institutions/Banks, professional trainings/courses, workshops, seminars and international conferences throughout the world i.e. USA, UK, Canada, Switzerland, Germany, France, Netherlands, Spain, Italy, Belgium, South Africa, UAE, Oman, India, Bangladesh, Srilanka, Thailand, Philippines, Indonesia, Singapore, Vietnam and Kenya.

#### Mr. Syed Sajjad Ali Shah

MD SSF

Mr. Sajjad Ali Shah enlightened professional worker on many senior level managerial positions. Mr. Shah started career as Management Trainee in beginning and within few years of professional career achieved many successes and now currently working as Managing Director in Microfinance Company. Mr. Shah posses more than 12 years of experience with vital background of financial services in private sector and have successfully implemented various projects especially in the microfinance industry in Pakistan and still contributing and leading the industry towards a sustainable microfinance sector. Mr. Shah have professional experience in financial inclusion, poverty reduction, promoting access to finance, appraisals, implementation and financial literacy. Mr. Shah is zealous about economic empowerment of low-income households, particularly women and youth. Mr. Shah has extensive experience in business development, operational and strategic management, monitoring and evaluation, internal controls, governance improvement, human and institutional development, leadership development and relationship management with national organizations. Mr. Shah has also facilitated, arraigned and organized Word Bank Implementation Missions and Government Monitoring visit in project areas.

#### **Sub- Committees of Board**

- Audit and Accounts Function Committee
  Human Resource Management Committee
- Credit and Risk Management Committee
  Social Performance Management Committee









Bashir Ahmed Deputy Managing Director



Zulfiqar Ali Muttaqi Manager Internal Auditor



**Aleena Maria** Chief Accountant / Sr. Manager Finance



Harish Raisinghani Manager HR & Cl



Rameez Iqbal Memon Manager Credit Compliance



Sunil Kumar Manager Administration



Mashooque Qureshi Manager Special Project



Naveed Memon Manager MIS & IT



Habibullah KhiljiKhalid HullioManager Operations NorthManager Operations South



Hullio Shal



Shabana Mallah Manager Training and Development



## **Business Information as of 30 June 18**

#### Financial Highlights



Return on

Equity 20%



**Current Ratio** 

132.75%

S

Return on Assets 4.88%



Yield on Portfolio 38.88%



Funding Expense Ratio 9.92%



Operation Self-Sufficiency 128%



Financial Self-Sufficiency 108%



Portfolio at Risk 1.12%



Equity Amount 540 million

#### Operational Highlights



Average Loan size 32,429



Active Clients 78,393



Operating Expenses Ratio 16%



Recovery Rate 99.00%



Total Staff Strength 458



Clients per MFO 324



Yearly Disbursement 2,387 million



Gross Loan Portfolio 1,544 million













































"Bridge the Progress"

## • CHAPTER 2 OUR WORK

Chapter 2 Our Work

## ABOUT MICROFINANCE

#### Pakistan Microfinance Review

In past decade, Pakistan has developed a new industry, which have creates completely new dynamic of the financial industry; that is Micro Finances Industry (MFI). MFIs have established an new parameters of the industry, which have taken new turn in less than a decade, an industry have enter into perfectly competitive environment. Initially, MFI was program offered by NGO and INGO to create social economic impact on the communities living stranded, but in less than a decade it have emerge into billions dollar industry. As of today there are numbers of MFI and MFI-B enter into the market and having a cold war to trap the market and increase in outreach towards unbanked communities. MFI & MFI-B giving upsurge GDP from 4.5 % in 2016 to 5.7% in 2017 by reaching active clients to 5.5 million in year 2017, which is 27% higher comparing to last year 2016 and having 3,533 branches setup of national wide, and reaching GLP of 200 billion, which have created an create worthy impact on the macroeconomic of Pakistan. MFI&MFI-B created completely new opportunities for unbanked communities, giving rise to innovate loan finance, by developing SME loan, to an a boom that State Bank of Pakistan have made regulation for SME. Industry has also made huge impact on the agriculture and livestock sector, which have increase value-chain in small farm holder.

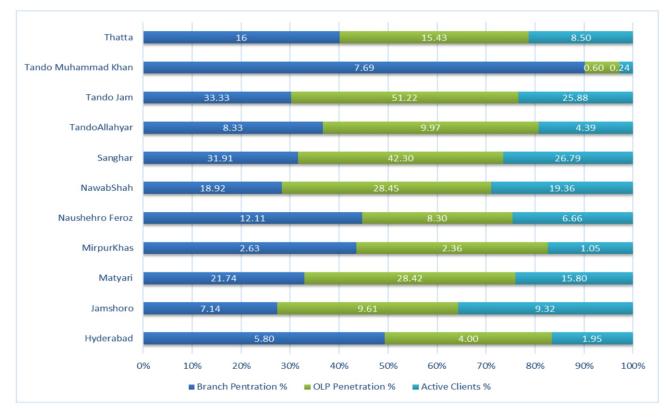
MFIs does not stop here, As industry have taken an remarkable advancement in technology and financial service provider by developing an new way of disbursement thought digital finance. Digital finance (A moneyless) is a remarkable development in the sector which, introducing a mobile account. Digital finance, is emerging which have already have taken place into the market. MFI Industry has started development on the mobile account system, mobile loan system, mobile repayment and mobile payment system. In Pakistan, approx. 140 million mobile users; stand that every single user can be potential clients waiting for MFI and MFI-B to reached. Industry has reduced an inflation level by creating numerous micro-entrepreneurs, building capacity in enterprises have given new birth to the financial sectored of the Pakistan. This creates lots of opportunity for communities, but environment of the MFI have been purely competitive market, in which MFI faces huge threads against big giants those enter into the market will stab to lead the market, which would be most challenges for the small MFI working on the grass-root level.

#### SSF Penetration in the Market

SSF delegation, commitment, to reach at grass-root level to help the communities, which has been ignored from very long time, has always been reason for the Intuition to accept the challenge, which gives us edge to be different from other MFI and MFI-B. SSF also ensure the best client protection policy and build long lasting relationships with clients, although institution has scare resources but our aim are higher, that gives motivation to our team to compete with its competitors. Key challenge for SSF is to face huge competition atmosphere, that have been formed from MFI and MFI-B. In 10 districts SSF have 45 branches, which face threads, from approx. 328 branches of 19 different MFI & MFI-B each

one have its own portfolio. It has been most problematic for SSF to handle these challenges, SSF have its own unique ways to handle and tackle these competitions, despite of that SSF has succeed to 14.02% penetration of branches in market, SSF aim to be first to help people, our client's success story are an inspiring and motivating for other MFI & MFB-B.

SSF have stronger competitive outstanding loan portfolio (OPL) of Rs. 1,303, million against Rs. 14,121 million of MFI & MFI-B portfolio, SSF have leads of 9.23% penetration. SSF holds strongest and highest portion compare to any other MFI &MFI-B, which makes SSF market leader. SSF is always be first one to reach its clients, our beliefs to reduce the poverty by empowering the people of Sindh especially women. We give hope and customer satisfaction as well as protection, which makes SSF market leader of having portfolio of 78,393 active clients, which are higher than any other MFI and MFI-B, working in same districts, whereas total MFI &MFI-B active clients are 438,653, SSF penetration market by 16.46%, which stand higher compare to any other MFI and MIF-B. SSF does not stop here as Institution have been involved in revolutionized of technology, and have entered in new dynamic of technology sector, have shown tremendous advancement in technology sector, which is a positive things towards Institution. SSF have built up its MIS system, and have transformed its MIS department completely towards de-centralization. The graph below shows the deep illustration of SSF OLP, Active client and Branches percentage's penetration District wise



Source: PMN micro watch, March- April 2018

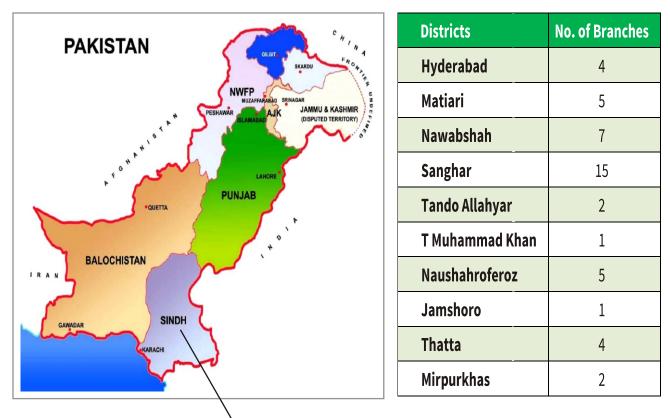
## • WHAT WE DO

SSF provides diversified range of loans and technical support to our clients, for the advancement of the society and to build enterprise in communities, list below show product and services we offer;

Range of Loans		Product Wise Exposure of Portfolio as of June, 2018		
		Male Clients served	Female Clients Served	Percentage of Disbursement
	<b>Enterprise Development Loan</b> A premier lending product to meet the needs of SAFCO Borrowers	10,964	19,608	38% total disbursement
KST	<b>Live Stock Development Loan</b> A unique lending product which is customized to meet the needs of Livestock farmers	15,117	19,035	51% of total disbursement
	<b>Agriculture Development Loan</b> A tailored lending product customized just for the farmers of Region	763	174	4% of total disbursement
	Small Medium Enterprise Loan A customized product designed to meet the financial needs of small enterprise	367	230	4% of total disbursement
	<b>Personal Loan</b> A made-to-order product to met the urgent cash needs of the salaried persons	393	40	3% of total disbursement
	Interest Free Loan An Exclusive product to generate income resources and employability for the underprivileged segment	5,485	1,483	Consolidate 10% disbursement

Chapter 2 **Our Work** 

## WHERE WE WORK

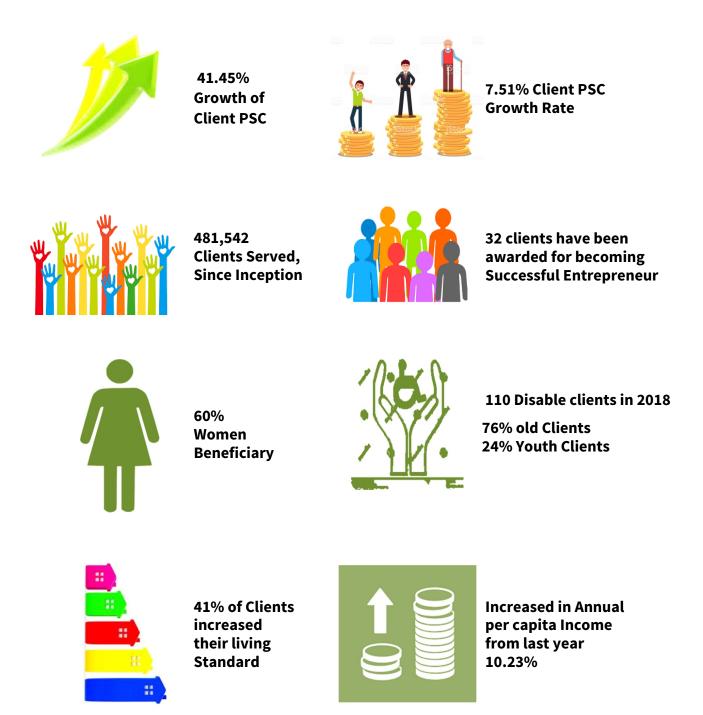




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## WHAT IMPACT WE MAKE

We give an opportunity to people living in remote area of Sindh to enhance, their abilities towards resourceful and sustainable lifestyle, which help them go get better status of life. Dashboard below demonstrates the impact we make by increase in living standard of our clients.





## SUCCESS STORY •

Mrs. Bhagan

From: Village Molvi Suleman Jatt District Thatta

#### "OPPORTUNITY CAN COME FROM ANY-WHERE"

Bhagan," hard-working devoted, passionate towards working for better status of life." Bhagan 60 year old-women along with her husband have been doing fishing and farmer labor-work on minimal amount, which was very hard for Mrs. Bhagan to feed her five kids, in which two of them were in early education, paying for their expanses was impossible for Mrs. Bhagan and her family.

Mrs. Bhagan always beliefs in hard-working, so she started doing embroidery production work part-time after finishing all day labor work, so it's income could have some impact in their life's but it was only an hope, family end up on hand to mouth, on day end. Looking on their daily problems, SSF flied officer give Bhagan and her family an idea of selling Milk to their villagers on minimal amount, from the buffalo they had for their personal needs. Mrs. Bhagan develop an interest in business; but selling milk was vast idea which need lots of investment, Despite of that She had to face huge challenges and competitive environment was an task for Mrs. Bhagan.

Looking at the passion and wellness of doing business lead Mrs. Bhagan to take initiates of selling Milk, at start Bhagan only sold 20 liters per day in which she could manage expenses, but her wiliness was increasing as SHE realized the potential of the market demand. To meet demand Mrs. Bhagan needs loan amount pool in operation of business, so that She can buy milk at bulk quantity from whole-sale market on cash basis, and open inhouse dairy to meet the demand of the villagers and people living nearby.

This is where Miss Bhagan was introduce with PMIFL loan provided by SSF, She efficiently use the load and repay all installment timely, After taking an loan, average selling of milk reached up to 100 liters two time a day, which add handsome amount to its revenue, She finally could have an dream come true. Miss bhagan want to thanks PMIFL loan which have completely transformed life of her family, now an old lady Mrs. Bhagan is out from her debit, and have started new life for her kids, and have sent them to have an private education, taken-out the husband from of bondage labor. Mrs. Bhagan story gives lesson that everything is possible on every stage of life if there is only willingness and abilities to do, opportunity can come from anywhere.



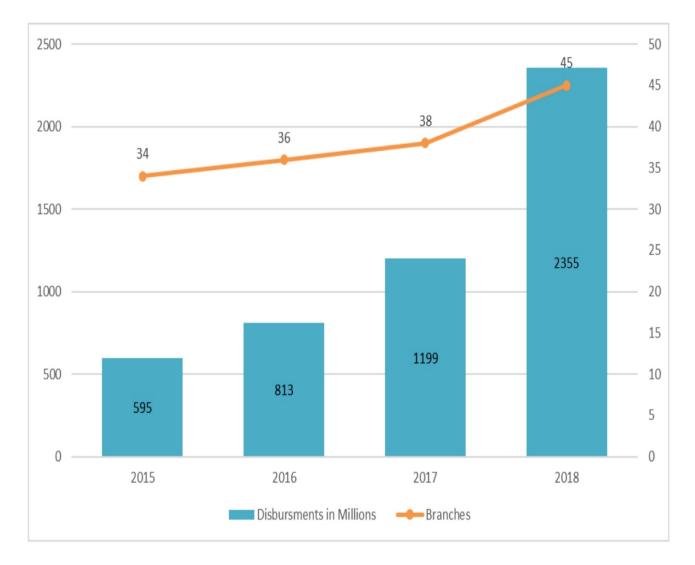
"Sustainable Actions to Access Financial and Capital Opportunities "



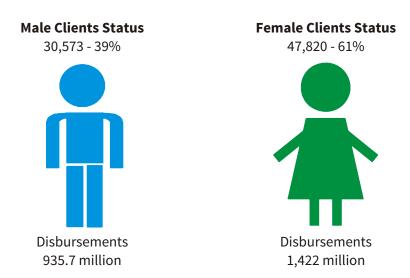
# YEAR 2018 AT A GLANCE

## OPERATIONAL BUSINESS OF THE YEAR

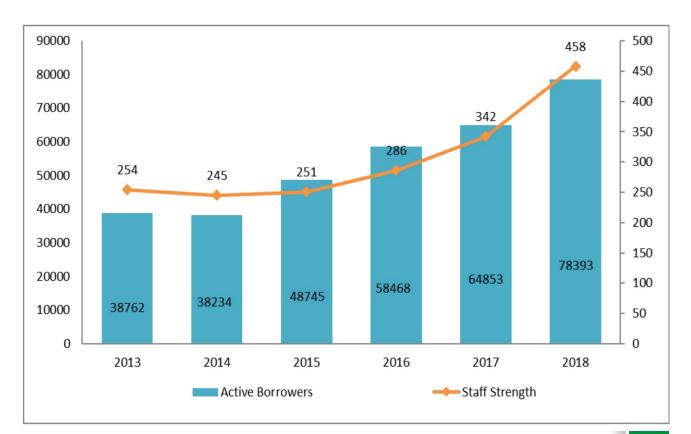
SSF in year 2018 has set a record of PKR 2,355 million disbursements throughout year. The year 2018 have become a year of success, in which SSF has performed remarkably supporting towards the communities, which have been out of reached by any means of the financing. SSF has made expansion in far-flung coastal areas, where banking facilities were only a hope for the people living there. Institution has done a deep environment analyses, of the area social economic status, and understand the mechanisms of the communities earning. SSF has reached to white desert of Sanghar and Khipro region, proving the diversified portfolio of environment understating. SSF being a first MFI, which took challenges for entering into such deserted and remote areas knowing the Risk, challenges, despite of that we have made significant growth. The graph below illustrate number of branches and disbursement over past year, this year SSF have 15.35% comparing from last year 2017, SSF is continuously process of growth.



## • ACTIVE CLIENTS GROWTH



SSF has 39% male clients and 61% female client, comparing from the last year SSF has 10% increase in female clients, last year female clients were 51%, Institution has an great progress in female clients. SSF has benefits 78,393 clients overall in year 2018, comparing form the last years, Institution has demonstrated great significant trends in growth of the clients. In year 2018, SSF has manage their operation in very fruitful ways, As we look in the graph, Institution is on constant process of growth, in which blue trend line show the number of staff increase throughout the period. The red bar illustrate, increase in number of clients throughout the period, from 2013 to 2018 we have significant increase in clients.

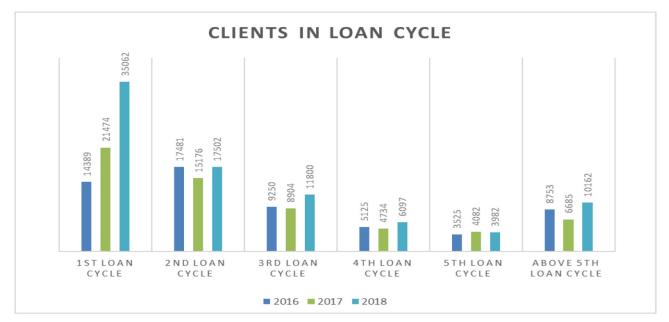


Chapter 3 Year 2018 at a Glance



Customer retention is what we aim, Our product and services are design in such an method, that suits to Clients in most impressive way. We always do profound customer counseling with best affordable terms and conditions, and provide just in time services by our latest digital technology. Keep in view SSF, build strong relationship with its customer, to identify target market, SSF aim to empowerment of the people of Pakistan, and by giving them best services they desired and facilities is all ways possible.

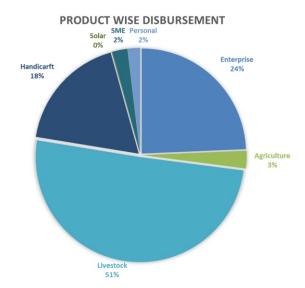
SSF has 78,393 active client in year 2018, which repeats them self with SSF, graph above illustrate deep information of SSF clients retention throughtout the year. In year 2018, SSF has loan cycle which demontreate those clients, that have complete one loan cycle and have enterted in 2nd loan clycle and so on, the graph on below demonstrate, the clients in loan cycle from 2016 to 2018 and number of clients in loan cyles. This year SSF has revealed higher clients in loan cycle and significant show increase in the new customer. SSF has 10,162 valued clients which are in above 5th loan cycle, these clients are regular borrowers and have been ensure the kind of the services from SSF.



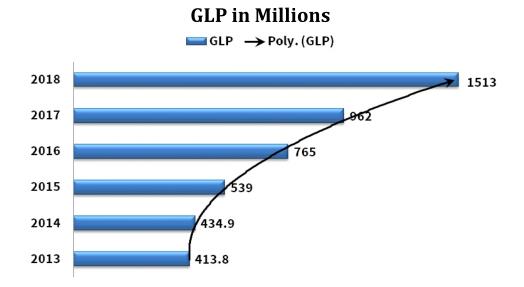
Chapter 3 Year 2018 at a Glance

## EXPOSURE DETAILS

SSF has done; 1190 million disbursements in livestock sector, which is 51% of the total disbursement. Having confidence enough that live-stock is core assets of the people living in rural area, that develop as income generating tool for the people and also meet daily livelihood for their living status. SSF; promote enterprise in the region, for which 573 million have been disbursed in Enterprise sector throughout the year, which have upgrade an social environment status of living, and also boost the micro-economic of the particular areas. Comparing from the past year SSF has gain significant growth from past year, In year 2018 we have increased 25 % growth in disbursement.



While looking into the Gross Loan Portfolio, for the year 2018 gives upshot in GLP growth; comparing to the last year; 25.57% growth in GLP is recorded which consequently showing good results. This intensified growth occurred due to geographical expansions and in-depth outreach in far-flung areas, and also efficiency of the operational team in wide range of products and services. The given bar chart on the left demonstrations year trends of from 2013 to 2018, proportions of SSF Growth Loan Portfolio, in which we have substantial growth in year 2018.



#### **Portfolio Quality & Delinquency Management**

Portfolio at Risk (PAR) of SSF in year 2018 is 1.12%, looking into the trends on the graph illustrate below show that SSF have successfully minimized the percentage of the PAR. In year 2018 PAR have been slightly increase from year 2017, which is 0.02 %. Looking into the trends of the PAR SSF is confident enough to reduce the PAR as SSF have brought PAR from 3.30% to 1 %. SSF is confident enough that SSF will bring PAR less than one percent in coming years.



## FINANCIAL BUSINESS OF THE YEAR

#### **Financial Performance**

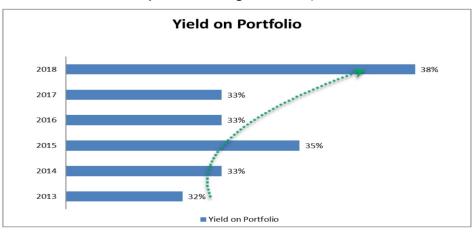
SSF has successfully done throughout the year, by reaching net Assets to 581 million in 2018 SSF has successfully utilized it resources to get sufficient percent of return this year. The graph illustrate the trends of the assets and its return in percentage, so far SSF have shown outstanding, financial performance. This year SSF have decreased in return on assets, is due to opening up new branches, which have not fully shown their performance in financial year, SSF have confident enough that it will utilized its assets on full capacity on upcoming year.



Chapter 3 Year 2018 at a Glance

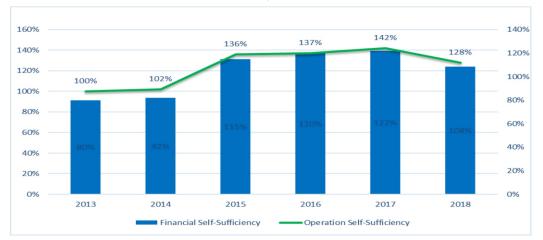
## PROFITABILITY & SUSTAINABILITY

Looking into the trends of Yield on portfolio; Institution has tremendous growth on the portfolio with total gain of the 38% in this year, comparing form the last years, SSF is on continuous process of the growth. Institution has increased on the total portfolio from 5% with is significant growth. Method to calculated yield on gross portfolio i-e cash financial revenue from gross loan portfolio over average gross loan portfolio to calculate yield on gross portfolio, The graph e deep illustrates the yield on the portfolio from the 2013 to 2018 which indicates that SSF efficiently utilized its gross loan portfolio.



The graph illustrates SSF, Operation Self –Sufficiency and Financial Self-Sufficiency comparison from 2013 to 2018. OSS; as operating self-sufficiency which include operating revenue over financial expense plus loan loss provision expense and operating expense, which is 128% of this year, demonstrate an higher OSS ratio throughout the years SSF have manage over 100% OSS. This show that SSF is on stable position in terms of operations, SSF; Financial self –sufficiency ratio, is above 100%, this year FSS is 108%, which stands SSF is stability on financial side. SSF have shown good trends over its FSS, which is over 100%; hence its stats company is on stabile position. Looking into the profitable operations, SSF have manage successfully its operations in manual amount SSF have shown greater achievements,

This year 2018 is strong for SSF on its Financial, profitability and Sustainability, and deep trends analysis SSF will remain on Strong position to lead the market.



## CROSS CUTTING PERFORMANCE OF THE YEAR

#### **Graduation Model- Poverty to Prosperity**

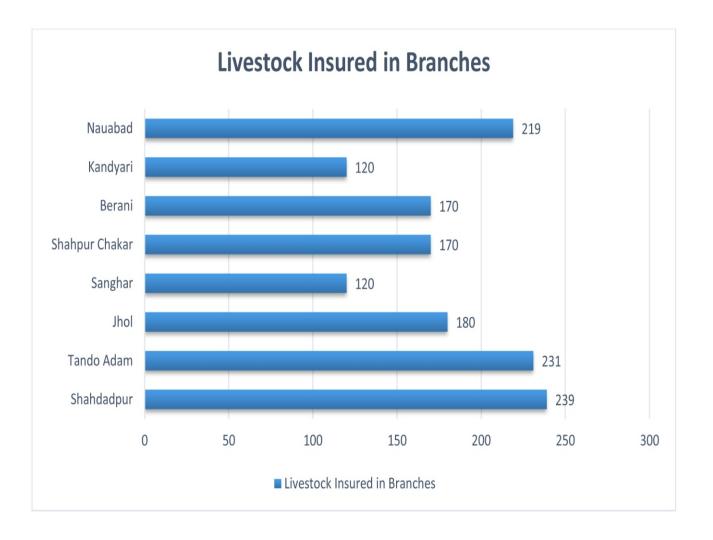
SSF congratulates its team for record achievements of successful completions of PMIC Graduation model Project. SSF vision to reduce the poverty, by empowering communities of rural areas, towards successful enterprising, to give rise in social-economic status of the peoples life's , keeping the scenario, SSF have successfully completed PMIC Graduation model project on ground level. In this Project SSF, benefits 1800 new clients form districts Matiari and Sanghar. SSF identified potential clients, which lie under the poverty scorecard and have change their social economic status of living standard, We aim to reduced poverty by empowering rural communities especially women, for that we have formed graduation model, Poverty to Prosperity. The model; In which SSF has transferred 03 clients those lied under BISP below poverty line, have graduated towards prosperity, and have increased living standard. SSF have also graduated 74 clients of PMIFL, shifted towards SSF loaning system. In total we have disbursed loan amount of PKR 70,000 to clients of BISP and 2,805,000 to PMIFL.

#### **Clientele Insurance & Claim Status**

Livestock is key assets for the people living in rural areas of Sindh, It is not only source of their income generation tool, but its support the livelihoods, So keeping In view basic need to our clients we have lunch a Livestock Insurance project with partner support of PMIC. To make sure of transparences, efficient and effective ways for implementing of insurance project; SSF and PMIC have an agreement with two best Insurance companies that were United Insurance Company and Alflah insurance companies. Total of 1,550 livestock animals were targeted in design phase including 200 lactating livestock animals and 1,350 meat fattening livestock animals.

In order to mitigate risk at herder's end, livestock insurance was designed to be provided (4% for bigger animals and 5% for smaller animals), which would help the herders in absorbing any loss due to death of the insured animal. The insured value of the animal was determined mutually by client, PMIC borrower (Microfinance Providers - MFPs), and the insurance companies. At the same time, the SSF collected the insurance premium from clients at the rate of 5% for goat/sheep and 4% for cow/ buffalo of the value of the animal on behalf of the insurance companies and SSF Management transferred the total amount of premium, along with insurance proposal form to the insurance companies

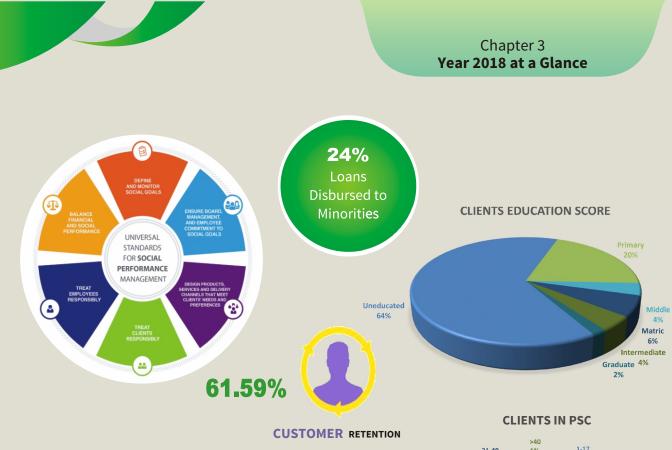
Chapter 3 Year 2018 at a Glance



#### **Social Performance Management**

SSF care about the social need and wants of its clients, staff and stakeholder, to provide them paramount service and maintain social status within its community, SSF aim is towards furtherance of ethical norm and values. We proudly introductions our social performance policy, and made the policy fundament and integrated part of operations methods.

SSF social performance management consists of client protection guideline, appropriate product design and delivery, Avoidance of over-indebtedness of client, transparency, responsible pricing, fair and respectful treatment of clients and client privacy, Are the core of the social performance management. SSF also made Social & Environment management performance (SEMP), in which we have design to care about the environments, As SSF slogan "SSF care about environment and promote principal of satiable living." SSF commitment towards social performance management let SSF for winning an award of Certificate of Recognition in Social Audit 2017 by PMN.



"SSF participated in the Social Audit in the year 2017 with the objective of self-assessment of the process and third party evaluation of the company's Social Goals and Strategies.

This experience motivated SSF to move forward with the socially responsible activities and creating a systematic environment internally and externally and SSF had taken more initiatives and steps this year for the achievement of its Social Mission."



#### SOCIAL ENVIRONMENT MANAGEMENT SYSTEM

"Social and Environmental performance as an integral and fundamental part of SSF Strategy"



- Minimize waste and Use of Recycle Papers
- Minimize Energy, Natural Resources.
- Staff Awareness

#### Managing External Environment Risk

- Implementing Social & Environment Performance Standards
- Environmental Risks assigned to business activities financed by safco.
   Providing Green Products & Services.





# BUSINESS EFFICIENCY INITIATIVES

## DIGITALIZATION OF CREDIT PROCESSING

SSF has shown remarkable achievement in technology comparing from the past years, Institution has made grate innovations in its system, which include paper-less account in which complete process of loan disbursements is been done through digitalization. SSF uses Tablet with finger print scanners, which are giving to all Loan officers in the field including data connectivity with mobile networks. In order to process the Loan of a borrower, the Loan officer has to visit the area, where customer is located than fill the borrower 'loan form' in the tablet along with pictures, biometric, GPRS coordinates and all relevant documents.

Loan officer after getting all information of clients, handover tablet to Branch managers for further process, Branch Manager then upload information to real time live MIS system. Then process of compliance, for verification and disbursement of the loan. This process takes two to three days from Loan information filling to Loan Disbursement.



## DECENTRALIZATION OF CREDIT REVIEW AND APPROVAL

SSF gives its family members complete opportunities to become leaders, for making this happen SSF have transform its-self towards de-centralization, which was as strong decision made by SSF senior management. By going towards de-centralization SSF have given controls of compliances, account and IT department to regional level, which have reduce time for disbursement from 10 day to 3 days. So far, SSF have successfully transformed Hyderabad, Matiari, Shadadpur and Nawabshah regions. SSF plans for complete transformation towards decentralization by the end of December 2018. By going towards decentralization we have developed systems that have given full rights to regions and branches for review and approval of the credit. By doing, decentralization of departments SSF has increased the process speed of the review and approval of loan.

## INTEGRATED AUTO AUDIT PROGRAM

SSF enthusiastically restyled the existing Audit Functions into Auto Audit / IA Integrated function that is carried in the course of Branches/Departments audits. The Auto Audit helps in preparing a Risk base Audit Plans on each year and shall be carried out according to budgeted time. The Auto Audit also helps in rating each branch through appliance of CAMELS:

"C – Cash", "A – Assets", "M – Management", "E – Environment", "L – Liability", and "S – Security" rating system. The CAMELS rating system is a recognized international rating system that MFIs/ MFBs supervisory authorities use in order to rate financial institution according to these factors and also it links with annual appraisal performance of all the branch management along with operations. In spite of this, Auto Audit reports of branches/departments shall be developed and disseminated with the concerns. Finally, audit follow-up branch wise/department matrix which is carried out for instant follow-ups without haziness in prioritized follow-ups.



### **BUSINESS CONTINUITY MANAGEMENT PLAN**



Effective business continuity measures are critical for any business entity. SSF is committed to protecting its staff and ensuring the continuity of critical businesses and functions in order to protect the SAFCO organization, mitigate risk, safeguard revenues and sustain both a stable financial service provision and customer confidence. The development, implementation, testing and maintenance of an effective Business Continuity and Disaster Recovery program are required to sustain these objectives. To further our commitment in the event of a significant business disruption, as well as meet all regulatory requirements, SSF infrastructure includes a Business Continuity Planning staff that is an integral part of SSF normal business operations. Business Continuity Plan's test and manages crises concerning business lines and functions', relocation and recovery.

### INNOVATIONS OF PRODUCTS

### NANO LOANS

Nano Loan is a small amount designed for instant digital financial services at doorstep on just SMS without prolong appraisal formalities and collateral for small amount. SSF, find needs of Nano loan in market, as of mostly people are using mobile phone in the rural area, so to extend mobile technology in rural market, SSF wants to offer instant digital financial service in the market. SSF, customer required mobile device for sending SMS on SSF number to access this service. This SMS shall be delivered with Branch Code of SAFCO along with amount, when SMS receives branch, than at a time Customer will also receive acknowledgment SMS from SSF, after that Consumer may visit branch to collect the amount

Nano Loan Features:

- Give Small Emergency Loan instantly with Minimum information
- Simple Processing System
- Individual Loans
- Helping poor by anyone with minimum resource

### **School Improvement Finance**

This loan may be taken for improvement of school building, Additional classrooms, access to clean water, Increase access to energy/clean energy, Other investments that improve the education quality, organizing the school events and programs for children, parents and teachers.

- > Loaning Amount is of Rs. 50,000 to 200,000, looking on School Cash Flow and Need.
- Loan Duration is for 12 Months/ 18 Months/24 Months, respectively depending on the installment plan
- Repayment amount including Mark-up and one reputed person in case of social guarantor
- SSF fees is 20% per arum process fees, 3% Emergency Fund, 1% Business Experience, SSF required at least 2 years' experience in business residence to Improvement of existing classrooms, Building or improving latrines, washrooms, Increase

## CREDIT SCORING MODEL

SSF initiated to Launch Credit Scoring Model in its operations to get credit worthiness in the form of a simple credit score using credit-scoring model. SSF developed this model & used to estimate the probability of default, which is the probability that customers may trigger the credit event. SSF focused in a credit scoring model, the probability of default ratio; which is normally presented in the form of a credit score. The higher credit score refers to a lower probability of default.

SAFCO's application of credit scoring models in today's business environment covers a wide range of objectives. The original task of estimating the risk of default has been augmented by credit scoring models to include other aspects of credit risk management: at the pre-application stage (identification of potential clients), at the intimal stage (identification of acceptable applicants), and at the performance stage (identification of possible behavior of clients). Scoring models is designed with different objectives and it covers four categories as listed below;

### **Marketing Aspect**

→ Identify credit-worthy customers most likely to respond to promotional activity in order to reduce the cost of customer acquisition and minimize customer dissatisfaction.

### **Application Aspect**

 $\rightarrow$  Decide whether to extend credit, and how much credit to extend.

### **Performance Aspect**

 $\rightarrow$  To check client performance history and its track record.

### **Bad Debt Management**

→ Select optimal collections policies in order to minimize the cost of administering collections or maximizing the amount recovered from a delinquent's account.

Thus, the overall objective of credit scoring is not only to determine whether the applicant is credit worthy, but also to attract quality credit applicants who can subsequently be retained and controlled while maintaining an overall profitable portfolio.



# PICTURES SPEAK

## LAUNCHING CEREMONY OF DIGITALIZED CREDIT PROCESSING

SAFCO Support Foundation SSF organized a Microfinance Event & Staff Appreciation Award Ceremony on a theme "Act for Impact- Financial Inclusion" & Launch of SAFCO "Digitalized-Credit Processing", lunching Ceremony of Digitalization of Credit Processing for disbursement.



A Group picture of SSF Board of Directors, CEO, MD and wellwihers, on the awards cermony night, held at SSF Head Office



Sulmen G Abro CEO SSF Giving brief intro about the Journey Of SSF, how CED Department transferred to SSF.



Inauguration of Digitalized Credit Appraisal System.



Gulam Nabi Shaikh Area Manager Hyderabad Region, Receiving best performance award by CEO & Bod Member.

Chapter 5 Pictures Speak





CEO of Pakistan Poverty Alleviation Fund Mr. Qazi Azmat Isa along with executive members of PPAF visited SAFCO Support Foundation Operational area (village Muhammad Janiaro of UC Keti Bandar Thatta District) on 4th November 2017. CEO PPAF himself witness remarkable work done by SSF on ground-level



BOPA Investments officials from Netherland visit SSF head office, SSF CEO, MD, DMD and Senior manager finances brief about the SSF



SAFCO signed a Term Sheet with Incofin Investment Management to acquire funding. The debt financing of UDS \$ 1.5 Million will be disbursed by the Incofin for next three years.

## SINGING CEREMONY



SSF Management had a Business Meeting with National Bank of Pakistan, Agriculture Financing Department Officials at Head Office Karachi. SSF & NBP will meet Agriculture Financing need of small farmers jointly.



SAFCO Support Foundation SSF had a Signing Ceremony of Financing Agreement with United Bank Limited UBL. SSF CEO Mr. Suleman G Abro and Business Head UBL Mr. Parvez Ahmed signed the agreement in presence of Mr. Syed Sajjad Ali Shah MD-SSF and team.

### Chapter 5 Pictures Speak

## SSF STAFF PARTICIPATION



SSF Family would like to congratulate Mr. Syed Sajjad Ali Shah, Managing Director upon his election to the Chairperson of PMN's Social & Environmental Performance Working Group-SEPWG for his two years term. SSF is sure that under your great leadership, wisdom and guidance SEPWG will strive to much greater heights and achievements. Sulmen. G.Abro CEO SSF appreciates and congratulate.



SSF have jointly organized Job Fair with State Bank of Pakistan and Sindh Agricultural University Tando Jam on 9th May 2018, Main Auditorium, SAU Tando Jam. Where SSF participated and collectively received fresh graduate resumes and conducted interviews where SSF proudly Short-list 50 plus potential candidates. In which 15 student were hired, remaining was in pipeline. Mr. Harish Kumar Senior Manager HR and his team was awarded as best performance in Job fair, event was also attend by Bashir Ahmed Abro DMD SSF.





Mr. Zubyr Soomro, CEO-Hikmah consulting a leading Financial Services Consulting Firm to engage him for SSF institutional assessment, enhancing good governance practices and capacity building. Also, he will support SSF for investment readiness towards equity Investments.



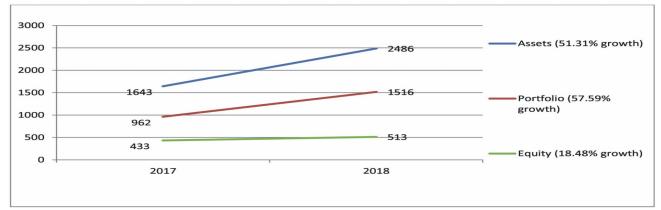
Business Process Mapping Exercise with SSF Business Consultant at SSF Head Office on 22nd June 2018. The meeting presided by Managing Director also participated all departments. We set an objective to provide financial services to our potential customers.

# FINANCIAL STATEMENTS

**Financial Statements** 

### **STAND ALONE STATEMENT**

We entered 2017 with strong momentum in our business and in the markets in which we operate, and I am pleased to report that the year proved to be highly successful for Safco Support Foundation. Market conditions evolved in a positive direction throughout the year, we made strong progress with the ongoing microfinancing of our five-year strategic plan, and further strengthened our financial platform, by increasing the portfolio, outreach, assets and income.



Overall, the company has assayed hard to achieve the landmarks and succeeded eventually. Apart, the company has opened new windows of funding that include international and national. In the fiscal year 2017 – 2018, international donors i.e. Symbiotic Investment, Triodos investment company, Triple Jump and Incofin approached the company and conducted due diligence visits for the maturity of partnership. Among all Symbiotic deal is matured and second time amount is been disbursed of amount USD 1 million, apart from this Triodos funds will be received till August 2018. However, a number of other investment companies are in process of coordination and they have revealed their positive sign to invest in SSF. So far, these are the milestones we achieved that are biggest success of the year.

However, If we look over national investor than "Pakistan Microfinance Investment Company" PMIC has larger contribution and has signed the agreement with SSF of amount 2.25 billion for three years. Apart from this we have attracted national commercial credit lines for funding and currently we are entitled with running finance of JS, MCB and UBL along with State Bank of Pakistan has offered the credit line which is in process. Other national invest Henceforth, we have added comprehensive outlook of Balance Sheet and Income Statement which are given below for a complete review for the readers.

### **Overview of Balance Sheet**

In current year total assets stands at 2,486 million and it has increased by 51.31% as compared to last year i.e. 1,643 million. Total assets are further elaborated into current and noncurrent 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 53% as compared to 2017. The overall increase is due to increase in loan portfolio and short term investments during the year. The loan loss reserve amounts to Rs. 71.4 million during the year 2018 which stands at 5% of gross loan portfolio. Total current assets stands at 2,335 million and 1,526 million in 2018 and 2017 respectively.

The proportion of non-current assets as compared to the total assets of SSF is 6% and it has been decreased with 1% as compared with last year. The long term assets include land, buildings, fixtures, furnishings, equipment and vehicles. Total non-current assets stands at 150.8 million and 117 million in 2018 and 2017 respectively.

Total Liability has increased with 64% as compared to last year hence it stands at 1,942 million and 1,185 million in 2018 and 2017 respectively, which indicates the increase in short and long terms liabilities mainly loan payable to Pakistan Microfinance Investment Company (PMIC) and Symbiotic with an amount of Rs. 1,200 million and 273 million respectively.

The current liabilities amount to Rs 1,109 Million and long term liabilities amounting to Rs 833 Million as at June 30, 2018. Net assets are raised with 18.84% as compared to last year and it stands at 514 million and 433 million in 2018 and 2017 respectively.

### **Overview of the Income statement**

During the year, SSF has made a net profit of Rs. 85 million and 94 million in the year 2018 and 2017 respectively. SSF has fewer sources of income which mainly includes income from lending, grant income, donations received and interest income earned on savings. Total income in current year stands at 431 million.

Further income from operation contributes 393 million, Grant income contributes 17.1 million and other income contributes 16.4 million accordingly hence income from operations, grant and other income are increased 38%, 6% and 20% accordingly.

In current year total expense stands at 346 million which are increased by 54 % as compared to last year. Interest expense paid during the year amounts to Rs. 102.4 million and is the markup paid to PPAF, PMIC, Symbiotic, JS, MCB and UBL banks on its subsidized lending to the company.

This expense has increased by 63% in the current financial year as compared to Rs. 63 million for the last year. It has increased because of increased national and international credit lines i.e. PMIC, Symbiotic Limited and the commercial banks. In this financial year, the operating expenses of the company have shown an increase of 48% as compared to the last year.

The major increase is expenses is due exchange gain and loss booked against foreign funding along with contributed by the general and administrative expenses including vehicle maintenance, fuel cost, and rent of office premises for all 45 branches along with salaries and other benefits provided to the employees.

Loan loss reserve charged for the year is 30.3 million and it has increased as compared to last year major reason for raise is due to raise in disbursement and portfolio, amount of write off remained 2.84 million and 2.6 million in the year 2018 and 2017 respectively.

Chief Accountant Ms. Aleena Maria

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### SAFCO SUPPORT FOUNDATION STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2018

AS AT JUN	E 30, 20	18		
			(Restated)	(Restated)
		2018	2017	2016
	Note		Rupees	
ASSETS				
Non current assets				
		101 000 100	100 170 000	
Property and equipment	6	121,608,463	108,178,082	105,573,217
Intangible assets	7	1	1	1
Security deposits	8	2,510,000	2,065,000	1,915,000
Long term loans - unsecured	9	26,753,864	6,760,940	3,115,508
6%		150,872,328	117,004,023	110,603,726
Current assets				
Investments	10	282,113,390	213,258,050	144,200,000
Micro credit loan portfolio	11	1,442,720,577	914,903,995	724,666,225
Accrued financial charges	12	26,121,509	17,657,981	14,576,793
Current maturity of long term loans - unsecured	9	4,871,811	2,000,824	1,389,700
Advances and prepayments	13	4,831,686	2,598,025	2,867,047
Other receivables	14	35,366,271	5,221,024	3,363,163
Grant receivable from donor	15	15,857,268	15,810,659	8,000,000
Cash and bank balances	16	523,811,476	354,993,752	83,452,218
		2,335,693,988	1,526,444,310	982,515,146
Total assets		2,486,566,316	1,643,448,333	1,093,118,872
ACCUMULATED FUNDS AND LIABILITIES				
Accumulated fund - unrestricted		513,898,430	432,968,565	284,436,487
Endowment fund - restricted	17		-02,000,000	54,000,000
	17	29,825,428	05 571 757	26,040,128
Surplus on revaluation of property - capital reserve		543,723,858	<u>25,571,757</u> 458,540,322	364,476,615
Non-current liabilities		540,720,000	400,040,022	004,470,010
	10	1 015 455	1 507 075	1 057 014
Deferred grant for fixed assets - restricted	18	1,315,455	1,597,275	1,957,914
Liabilities against assets subject to finance lease	19	87,984	327,950	650,576
Revolving fund	20	144,000,000	144,000,000	144,000,000
Loan from donors - secured	21	687,945,000	507,500,000	-
		833,348,439	653,425,225	146,608,490
Current liabilities				
Current portion of loan from donors - secured	21	815,750,000	329,904,808	429,179,144
Short term running finances	22	218,062,161	158,963,902	114,255,623
Accrued financial charges	23	30,801,611	13,509,935	13,068,601
Current portion of liabilities against assets subject to finance lease	19	239,966	207,839	600,052
Emergency fund	24	16,636,499	8,288,060	10,387,225
Deferred grant for operations - restricted	25	2,366,338	2,885,938	2,885,938
Accrued and other liabilities	26	25,637,444	17,722,304	11,657,184
		1,109,494,019	531,482,786	582,033,767
Contingencies and commitments	27			
Total accumulated funds and liabilities		2,486,566,316	1,643,448,333	1,093,118,872
The annexed notes from 1 to 43 form an integral part of these financial statements.				



Ew,

Director

Chief Accountant

SAFCO SUPPORT FOUNDATION INCOME AND EXPENDITURE AND COMPREHENSIVE INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2018

			2018			2017	
INCOME	Note	Unrestricted	Restricted deferred grant for fixed assets	Total	Unrestricted -Rupees	Restricted deferred grant for fixed assets	Total
Financial income earned Financial charges expensed <b>Net financial charges income</b>	28 29	393,163,807 (102,437,658) 290,726,149	••••	393,163,807 (102,437,658) 290,726,149	284,631,844 (62,857,713) 221,774,131	••••	284,631,844 (62,857,713) 221,774,131
Provision against loan losses for the year Net financial charges income after loan losses provision	11 4 1	(30,318,343) 260,407,806		(30,318,343) 260,407,806	(12,284,665) 209,489,466		(12,284,665) 209,489,466
EXPENDITURE							
Operational and administrative expenses	30	(213,571,693)	·	(213,571,693)	(149,280,357)		(149,280,357)
Net surplus from operations		46,836,113		46,836,113	60,209,109		60,209,109
Other income Grant income	31 32	16,439,757 16,377,817	801,419	16,439,757 17,179,236	17,683,300 15,810,659	360,639	17,683,300 16,171,298
Surplus for the year before taxation Taxation	4.12	79,653,687 -	801,419 -	80,455,106 -	15,810,659 -	ı	94,063,707 -
Surplus for the year after taxation		79,653,687	801,419	80,455,106	15,810,659		94,063,707
Other comprehensive income for the year Surplus on revaluation of property		4,728,430		4,728,430			
Total comprehensive income for the year		84,382,117	801,419	85,183,536	15,810,659	ı	94,063,707

The annexed notes from 1 to 43 form an integral part of these financial statements.

Chief Executive Officer

Director

Chief Accountant

### **Financial Statements**

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### SAFCO SUPPORT FOUNDATION CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus for the year before taxation		80,455,106	94.063.707
Adjustments:		,,	0 1,000,707
Depreciation	6	4,920,386	3,427,332
Exchange loss	31	30,625,000	525,000
Exchange gain - unrealized on forward	31	(8,857,150)	-
Grant for operations - realized - restricted	32	(801,419)	(360,639)
Deferred grant realized	32	(16,377,817)	(15,810,660)
Income on term deposit certificates	31	(12,700,667)	(7,979,698)
Gain on disposal of fixed assets	31		(341,151)
Emergency fund fee realized	24	(7,833,580)	(11,839,415)
Provision against loan losses for the year	11.4.1	30,318,343	12,284,665
Interest on bank deposits	31	(15,401,217)	(9,121,268)
Staff loan written off		121,868	-
		84,468,853	64,847,873
(Increase) / decrease in operating assets			
Micro credit loans portfolio - unsecured		(558,134,925)	(202,522,435)
Accrued financial charges		(8,463,528)	(3,081,188)
Long term loans		(22,985,779)	(4,256,556)
Advances and prepayments		(2,233,661)	269,022
Other receivables		(21,174,866)	(3,666,695)
		(612,992,759)	(213,257,852)
Increase in operating liabilities			
Accrued and other liabilities		6.851,933	4.790.260
Grant received (PMIFL)		16,331,208	8,000,000
Income on term deposit receipts received		12,587,436	9,788,532
Interest on bank deposits received		15,401,217	9,121,268
Accrued financial charges		17,291,676	441,334
Employee benefit paid-provident fund		1,063,207	1,274,860
Net cash used in operating activities		(458,997,229)	(114,993,725)

#### CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from disposal of property and equipment Property and equipment acquired Payment of security deposits Purchase of investments Proceeds from sale of investments Net cash used in investing activities	6	(13,622,337) (445,000) (242,151,911) 173,296,570 (82,922,678)	1,183,000 (6,874,044) (150,000) (279,256,851) 210,198,800 (74,899,095)
		2018	2017
	Note	————- Rup	ees
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of loan to donor	21	(329,904,808)	(493,319,336)
Proceeds of loan from donor	21	965,570,000	901,020,000
Emergency fund received - net		16,182,019	9,740,250
Finance lease repaid		(207,839)	(714,840)
Net cash generated from financing activities		651,639,372	416,726,074
Net increase in cash and cash equivalents		109,719,465	226,833,255
Cash and cash equivalents at beginning of the year		196,029,850	(30,803,405)
Cash and cash equivalents at end of the year	16 & 22	305,749,315	196,029,850
Cash and cash equivalents			
Cash and bank balances	16	523,811,476	354,993,752
Short term running finance	22	(218,062,161)	(158,963,902)
-		305,749,315	196,029,850

The annexed notes from 1 to 43 form an integral part of these financial statements.



**Chief Executive Officer** 

Director

**Chief Accountant** 





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