



Pathways to Financial Inclusion

**Safo Support Foundation-SSF
Annual Report 2015**



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*Thank You for Your Observant Construing on the Review,
Your Treasured Comment Intend to Guide Us for Better Enactments*



Abstract

The Annual report of 2015 is given away hauling the courtesy of ventures, capitalist, financiers and stockholder taking part for the growth and to keep-up the Company sustainable within the prospects of Poverty Alleviation. This sound noise discerns the company's Modus Operandi with all-encompassing year on year financial updates and outreach penetrations. The annual demonstration is segregated into the Company's sectorial operational leverage, functionalized and modernized technologies attired by the Company, its networking, strengths and the capacity of the Company.

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Message of CEO

Our inaugural publication comes at a time when we are embarking on ambitious new developments and significant business diversification. This publication is crafted, especially with you in mind to share pathways to financial inclusion to alleviate extreme poverty through our latest updates like commencement of Interest Free Loan Project Scheme, Branch Network expansion in far-flung desert & seaside Coastal Area, instigated outreach with conventional program intend to penetrate in new markets with regard to alleviate poverty.



In achievements, we achieved 99.48% recoveries, cataloged equal disbursement in male/female and for the quality loan distribution we received MF-Seal-transparency certification. We received award for the alleviating poverty and shaped a (Winner Entrepreneur of the Year) “Hero” once again.

With gigantic support of think tanks (Board of Directors) we have planned Operational intensifications with thought to be an integrated and systematized banking structure that ought to lead SSF at its vision and goals. Stockholders and investors are still apart from us thus, we plumbed recovery amounts in revolving schedules, which then decrease the need of funding requirements and did addition in growth.

This year is very meaningful for us as it marks our 7th Anniversary since inception in 2009 as Company; we have transformed ourselves into one of the most well-known financial provider in Sindh Pakistan. The next few decades would further diversify and strengthen our business interests in all over the Sindh as well as top into new opportunities in the conventional and non-conventional programs.

We also pay our gratifications to the donors i.e. Pakistan Poverty Alleviation Fund (PPAF) for its extra ordinary and endless monetary support, Pakistan Microfinance Network (PMN) intend to deliver pathways strengthening the capacity of company via providing dissimilar exposures and trainings and Banking with the Poor (BWTP) as it always remained on the line providing platforms to demonstrate SSF lucrativeness and opulently supports because without their timely support SSF was not able to walk toward its missions, objectives and aims.

We also admire the Commercial Banks i.e. Muslim Commercial Bank (MCB) JS Bank and Habib Bank Ltd (HBL) for providing a commercial credit line that hastens the modus operandi of SSF in all aspects. My gratefulness is also for the SSF staff leaded the Company toward the escalations and its valuable clients who remained in the connection to lineup their needs and deeds for company as well as for own.

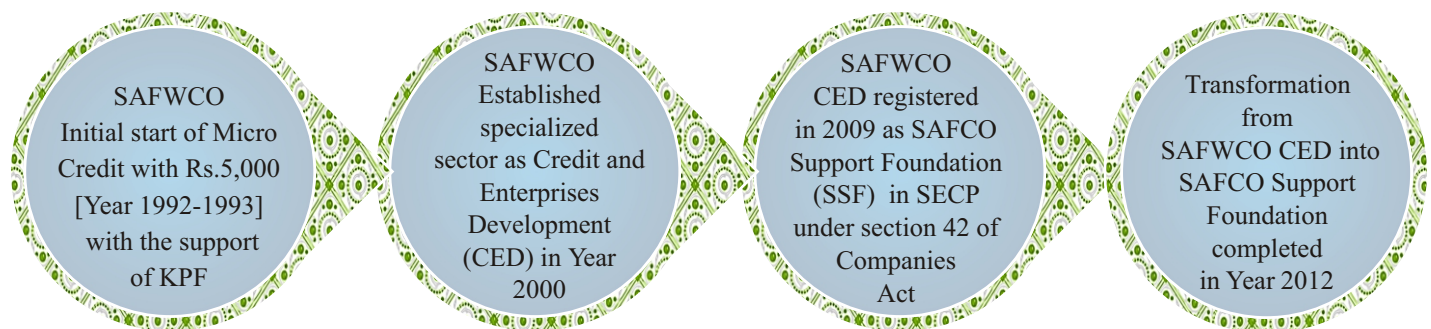
Last but not least, we thank you for your enduring support and patronage. Without a doubt, you as our customers and partners have been the core driver of our success over the years. We hope you enjoy reading our Seventh Edition as much as we have enjoyed crafting it for you.

Suleman G. Abro
Chief Executive Officer

Company Introduction

Our Brief History

Safco Support Foundation SSF is a well-recognized and leading Micro Finance Institution of Pakistan registered under section 42 of the Companies Ordinance 1984, it was transformed and registered as Public Company Limited by Guarantee in May 2009 to provide financial service delivery to the disadvantaged, downgraded, destitute, disable, marginalized and most vulnerable segment of communities who do not have access to the banking facilities. SSF commenced its leveraged undertakings after the conversion of Credit Enterprise Development Sector into Safco Support Foundation and also then segregated from the Parental Organization Sindh Agriculture Forestry Workers' Coordinating Organization. Such transformation was conceded aiming at sustainable actions to access financial capital opportunities for the unbanked, marginalized segment falls under the Poverty Score Card.



SSF as a Public Company set its vision, mission and objectives to hasten the modus operandi emphasizing its core values for client centricity approach to become first choice of unbanked entrepreneur.



Corporate Information

The Board of Directors

Safco Support Foundation 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 members of Board visionary and strategic contributions led SSF toward success MFI in market.

Chairperson Board Mr. Iqbal Hussain Memon

30 years' experience of Mr. Iqbal Hussain in business management & relationship with Banks has given sound knowledge about credit behavior & dealing with the clients, his technical and professional input helps for business dynamics and enhancing relationships with banks.

Vice Chairperson Ms. Ayesha Fazal

Ms. Ayesha has 22 years' experience in corporate sector; she worked in standard chartered Banks as Treasury Manager. Her sound experience in HR Aga Khan and treasury management helps SSF in fund management and development of HR as well.

Director Dr. Sono Khangharani

28 years' experience of Mr. Sono in development sector, sound experience of leading many NGO/RSPs & MFIs, knowledge in managing credit risk, understandings with community behaviors about credit and his professional input supports helps SSF overcome operational risk and seeks guidance for expansion considering risk factor.

Director Mr. Yar Muhammad Laghari

Mr. Yar Muhammad's vast experience of 26 years in agriculture business and by qualification he is lawyer. He has been working as member / board of director in different NGOs and agriculture departments. His agricultural expertise and professional experience helps SSF in community relationship management.

Director Mr. Niaz Hussain Bodani

Mr. Niaz is a agriculturalist, having 20 years' experience in agriculture research, livestock management and agro based innovations. He is a well-reputed social worker, he appearance helps SSF to introduce innovative products in agriculture and livestock sector and his well-being support in community management.

Director Mr. Rana Abdul Salam

Mr. Salam has 35 years' experience of banking industry, he worked for Habib Bank Ltd. He worked in cadet collage as head of accounts and finance and his huge experience in banking industry helps SSF in credit and risk management.

Director Ms. Zaib-un-Nisa Mallah

Ms. Zaib has been working since last 10 years for the development of society and is a renowned social activist; her field experience helps SSF in comprehending changing behaviors of clients and the employees on the same time.

Director Mr. Iqbal Hussain Umrani

Mr. Iqbal has 22 years' experience, currently he is working as Vice President / General Manager Business at National Bank of Pakistan. His experience assists SSF in growth strategy & managing its treasury functions to apt utilization of resources.

Director Ms. Kiran Arbani

Ms. Kiran is a Banker has five years' experience helps SSF in understanding latest technologies being introduced for credit management & upcoming changes in regulatory framework. She is being in association of First Women Bank Ltd. She better guides about facilities be extended to the poor communities especially female.

Sub Committees of Board

Internal Audit Committee

Chairperson Ayesha Noor Fazal,
Member Rana Abdul Salam,
Member Muhammad Iqbal Umrani
Secretary Syed Zulfiqar Ali Shah Muttaqi

Credit Risk Management Committee

Chairman Sono Khangharani,
Member Iqbal Hussain Memon
Member Niaz Hussain Bodani
Secretary Eftikhar Mangi

HR Management Committee

Chairman Niaz Hussain Bodani,
Member Zaib-un-Nisa Mallah,
Member Yar Muhammad Lagari
Secretary Harish Raisinghani



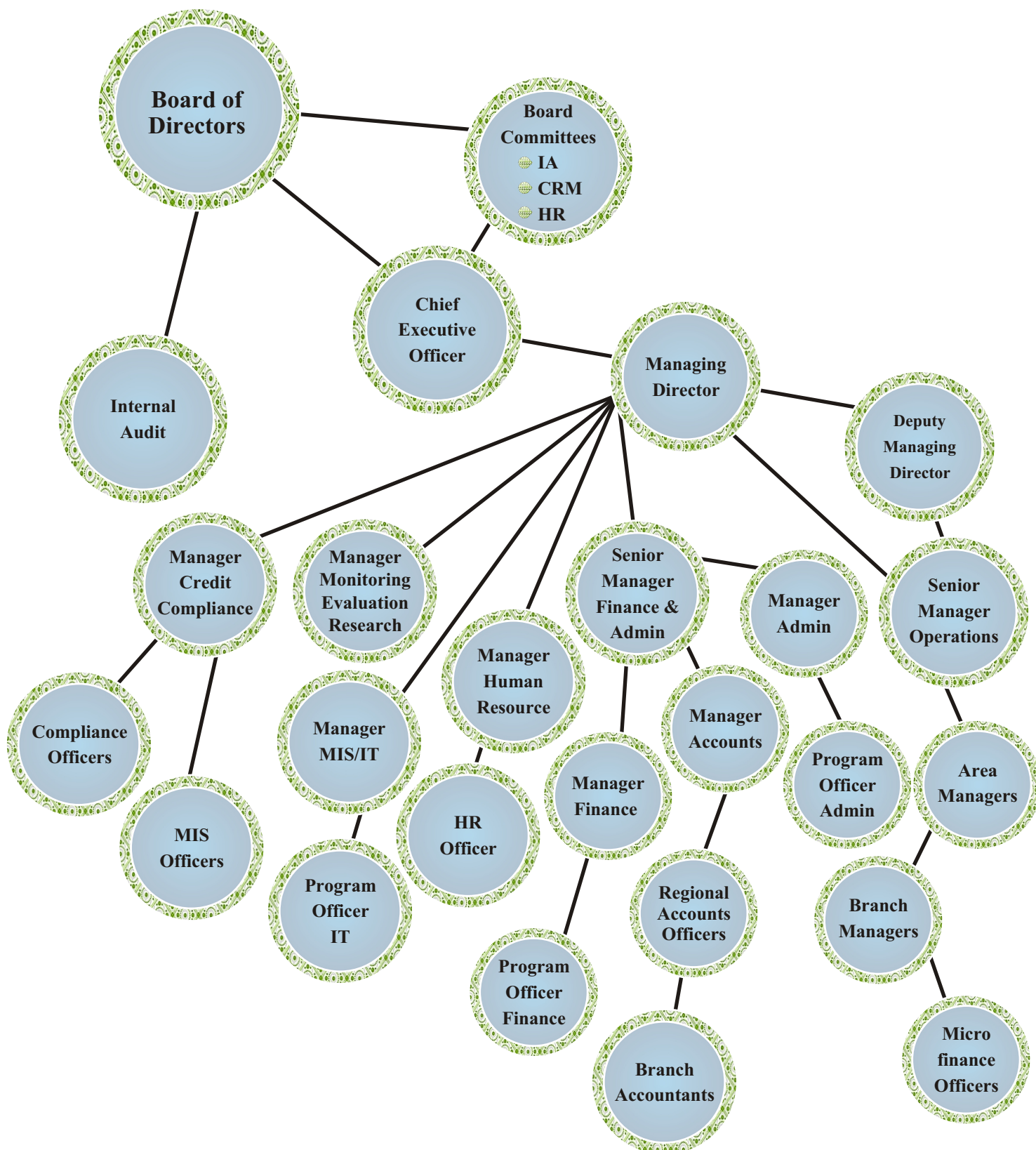
* SSF Legal Advisor
Mr. Azam Chaudhry Law Associates



*Auditors Deloitte Karachi
(Yousuf Adel Chartered Account)



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Behind SentBonaventure High School,
Phase II Qasimabad, Hyderabad, Sindh Pakistan



Directors' Speak

"We take our responsibility in managing the business of company through allying / enhancing the relationships with commercialized banks/investors and under the sound knowledge about credit behavior we deal with our clients as well. We believe maximizing investors value by maintaining a long-term focus rather than thinking about ways we can create short-lived economic gains. We focus on serving our customers and delivering the most relevant information as fast as we can. By providing the best customer experience, we believe that we are building a company that will create more value, not just for our clients, but ultimately also for our associated donors and partners as well".

BoD Chairperson Mr. Iqbal Hussain



"As we approached in another annual demonstration of the year and I'm delighted to extend greetings to all of the financiers/investors, friends, associates and partners of Saeco Support Foundation. Your support during the year helped us on the journey to fulfil our mission of being the catalyst for institutional change. We thank you for your support and endorsement of our efforts and we pledged to work even more closely with you as we seek to transform the services to public in the spectrum of Alleviation of Poverty".

Vice Chairperson of BoD Ms. Ayesha Fazal

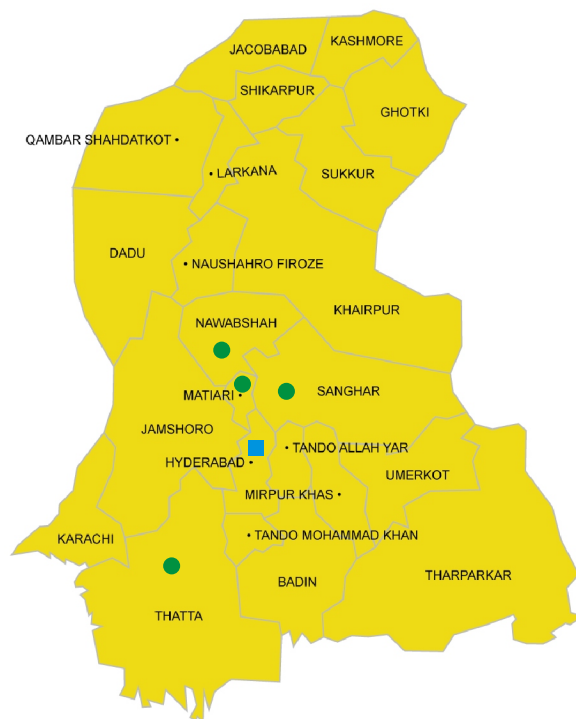
"Our vision is to be the leader in poverty reduction and thought leader in innovation for development to foster the emergence of a vibrant, flourishing economic uplifting of the unbanked and underprivileged segment at the country wide in responses to the greatest challenge of the 21st century poverty. The institute appreciates an admirable reputation based on the demonstrated value of its work and its dedication to applying academic skills to the great challenges facing the regions. The institute exists to advance our partners' understanding of diversification and the impact of those expansions and to influence and enable development for the better".

BoD Director Dr. Sono Khangharani



"SSF is your local financial facilitator and as the regions' best finance provide, we partner with communities to create a skilled workforce in our regions. We are dedicated to delivery of flexible and innovative products and strive to provide a positive and rewarding training experience to every individual that walk through our door. We connected with MFIs, Commercial Banks and associates to deliver meaningful impacts to the communities ensuring the diversification. We already have offered opportunities to the youth and nationally recognized individuals escalated their livelihood. We aim to be flexible and innovative so that financial provisions can fit into everyone's lifestyle".

BoD Director Ms. Kiran Arbani



■ Head Office
● Operations Area

Branch Name

Latitude

Longitude

Hyderabad

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

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
Odero Lal	25°37'59.44"N	68°35'44.18"E

Nawabshah

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

Sanghar	26° 2'45.02"N	68°56'43.11"E
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Branch Name

Latitude

Longitude

Sanghar

Shahdad Pur	25°55'32.14"N	68°37'42.90"E
Tando Adam	25°46'7.90"N	68°39'30.31"E
Khipro	25°49'44.84"N	69°22'25.04"E
Sinjhero	26° 1'47.22"N	68°48'33.82"E
Jhol	25°57'17.27"N	68°53'9.68"E
Shahpur Chakar	26° 9'8.34"N	68°38'53.35"E
Beerani	25°47'11.69"N	68°48'28.18"E
Sarhari	26° 5'46.12"N	68°28'39.70"E
Kandiyari	25°47'51.91"N	69° 4'17.12"E
Nauabad	25°48'48.04"N	68°56'41.98"E
Phuladiyon	25°39'44.57"N	69°15'5.16"E
Perumal	25°52'54.49"N	69° 7'36.98"E
Ishaque Faqeer Rajar	25°49'44.84"N	69°22'25.04"E
Mathoon Chania	25°49'44.84"N	69°22'25.04"E

Thatta

Gharo	24.7461° N	67.9243° E
War Stop	24.7461° N	67.9243° E
Mirpur Sakro	24.7461° N	67.9243° E
Bagan	24.7461° N	67.9243° E

Company's Operational Growth



Branches _____ 33
Districts _____ 05
Active Borrowers _____ 48,009
GLP _____ Rs.539,095,221

Branches _____ 27
Districts _____ 04
Active Borrowers _____ 38,234
GLP _____ Rs.434,951,025



Branches _____ 22
Districts _____ 03
Active Borrowers _____ 38,762
GLP _____ Rs.413,874,658



Branches _____ 22
Districts _____ 03
Active Borrowers _____ 32,599
GLP _____ Rs.345,010,119

Performance Highlights: Year at a Glance

Financial Highlights	2013	2014	2015
Return on Equity	-0.6%	3.4%	89.47%
Return on Assets	-0.0%	0.5%	13.11%
Operational Self-Sufficiency	100%	102%	147%
Financial Self-Sufficiency	93%	95%	130.75%
Yield on Portfolio	30%	32%	33%

Operational Highlights	2013	2014	2015
Cumulative Disbursement	PKR 2.79 Billion	PKR 3.39 Billion	PKR 4.19 Billion
#.of Cumulative Served Clients	192,634	223,874	268,242
Gross Loan Portfolio GLP	PKR 413.87 Million	PKR 434.95 Million	PKR 539.09 Million
#.of Active Clients	38,762	38,234	48,009
Disbursement for the Year	PKR 597.89 Million	PKR 595.56 Million	PKR 813.06 Million
Average Loan Size	PKR 17,269	PKR 19,145	PKR 18,314
Portfolio at Risk PAR	3.3%	3%	2%
Loan Officers Productivity	308	351	417

Partnership and Support

Donor



Networks



Associates



Employees' Speak



"I joined SSF as Account Officer in (March 2009 & Year) and since I have been experiencing a very healthy and passionate environment. There is a famous quote saying, "Learning new things is a best indicator of growth" and I can say SSF is an Institution where my colleagues have always supported and guided me exploring my capabilities and strengths to learn new things. It feels great to be associated with SSF that is built on the foundation stones of the Ethics and Integrity. I would like to take this opportunity to invite all SSF employees to mutually participate in taking SSF to the new horizons of success with your ideas, efforts and hard work." **Program Officer Finance Ms. Syeda Zubia Zulfiqar Shah**

"I have been with SSF since November 2010 and I am proud to be part of such a reputable MFI. I have seen SSF grown from 10 Branches to 33 Branches presently. I would also like to thank my seniors for showing trust on me and giving me the opportunity to learn new things under their guidance and supervision. I also thank the management for taking care of each and every employee and creating a friendly work atmosphere. SSF is a great place to work and I can proudly say that I am a satisfy employee of SSF."

Branch Manager Otero Lal Mr. Kashif Umrani



"In the month January 1999 since I joined SSF, I have learnt many lessons in positive front. During this period, I have had an opportunity to develop my knowledge in Microfinance product and learn to synchronize sales and process work. Every day is a new challenge and it helps to gain confidence for executing my work in meaningful way. This is possible only with the guidance and support from the management and my team as well."

Area Manager Region Shahdad Pur Ms. Shabana Mallah

"The environment at SSF is very open and transparent. Everybody is very supportive and open to suggestions and ideas. This gives us to boast and grow in both professional and personal spheres of life. There is great bonding, support and help available at every level. SSF is the best place to work in terms of environment, working culture, flexibility, personal and professional growth. I am really enjoying work at SSF and am very optimistic about my long term journey with SSF."

Regional Accounts Officer Wajid Hussain Junejo



"I have been part of the SAFCO Support Foundation team since July 2008 and it has been a great journey. Each day is different with different challenges and how we overcome and accomplish those tasks makes you learn more about your own strengths and areas that requires enhancement."

Account & Admin Officer - Sanghar Mr. Mumtaz Khaskheli

"I joined SSF in November 2006 and have gained more knowledge of Microfinance through our strong processes. Since I have been taking over these assignments, I also feel that I am well treated by the customers and by the respected society. My colleagues and supervisors' way of encouragement bestowed me an outlook to analysis the journey with SSF that also educated me skill to know the changing attitudes of customers and how to deal."

Microfinance Officer Khipro Branch Ms. Raj Kumari



"The working atmosphere at SSF is very transparent, friendly and like a family. The processes are simple and provided an environment for continues wisdom. I feel proud to be part of SSF, which bestowed me good occasions in demonstrating my acquaintanceship. Since I joined SSF received honor and indulgence from Executives, Officers and all other staff working here. My enthusiasms to my work added three stars in my entire carrier and this was not possible without admiring support and value of my support work."

Auxiliary Staff @ Head Office Mr. Mohammad Khan Babar

A woman wearing a black and white striped headscarf and a matching shawl is smiling at the camera. She is standing behind a counter in a shop. The counter has a yellow envelope and some plastic-wrapped items. The background is filled with shelves of various products, including boxes, bottles, and hanging items. The shop appears to be a small, cluttered stall or kiosk.

SSF Attitudes

Binding Forces to Sustainable Actions

Internal controls like policies, procedures and Institutional Structure help management & the Board assuring Business Excellence and achievements in accordance of Company's objectives. Internal controls embedded in operations are compiled at all levels maintaining & developing internal controlling systems at the aim to decisive perfection in the lieu of applicable laws and regulations.

Sub-Committees

Company's Board has modeled sub-committees i.e. Audit, Risk Management and Human Resource Committees. Such committees are designed intend to lineup the internal controls at Governance level. These committees also assess and assure the adequacy and effectiveness.

Internal Audit

The internal Audit analysis the operational proceedings, effectiveness, quality regulations by the proper approved annual plan independent audits and special tasks are being conducted to screen the actual outlook of the company. The internal audit directly approaches the audit committee of Board while necessitated

Credit Compliance

The credit compliance ensures the transparency through already designed verification procedures and measures the errors, detections and deviations afore the loan distribution intend to lessens-down the risk level. With the centralized system it assures the judicious and horizontal disbursement of credit cases.

Monitoring Evaluation & Research

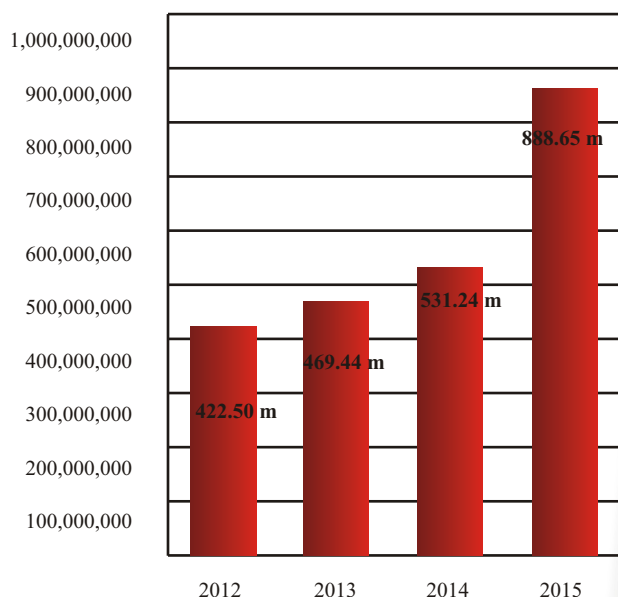
The company has diversified its controlling systems in which Monitoring Evaluation & Research mechanism previews management about internal and external subjects and assures the company's professional standings are preserved.

Systems & Technologies

To strengthen & maintaining operations, SSF has implemented worldwide standardized systems like MIS, FIS, HRMS, CIB & CGC. The business excellence is derived from enriching user experience via prudent technologies and over the years SSF has created linkages with best rationalized service providers for its front and back end requirement. The key technology-centric initiative i.e. social & print media, e-branchless banking, attendance time machine, SMS, up-gradation of website interface and formatting for carrier opportunities.

Resource Mobilization

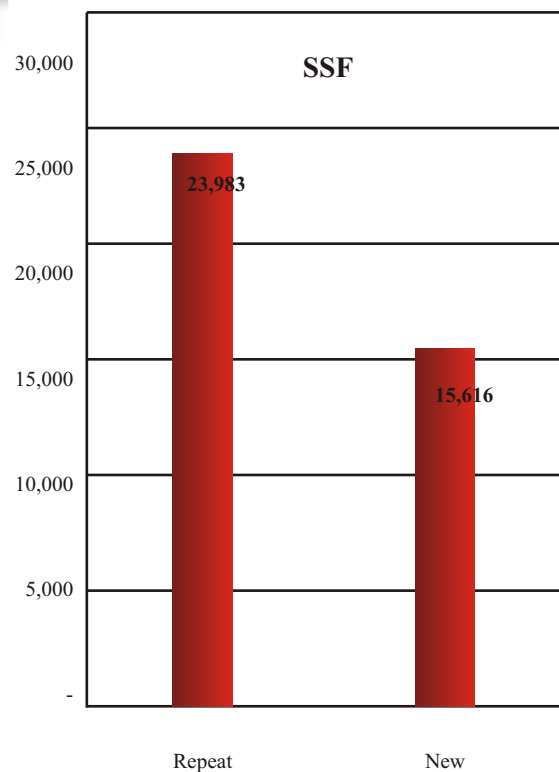
Funds Received



Since the operational commencement, Safo Support Foundation allied the unwavering ties to the leading Donor “Pakistan Poverty Alleviation Fund PPAF” and in the fiscal year SSF received PKR 564.9 million from PPAF and disbursed the amounts in excess i.e. PKR 478.98 million. SSF also received PKR 10.2 million as commercial credit line from HBL Habib Bank Ltd and SSF disbursed 9.44 million. In addition, SSF also has running finance facility from MCB Muslim Commercial Bank and in the fiscal year, MCB facilitated with PKR 105.55 million and SSF disbursed PKR 54.69 million. JS Bank financed with the amounting of PKR 208.00 million and SSF excessed amounts of PKR 209.81 million. Apart from this, SSF through revolving own sum disbursed PKR 60.13 million. The purpose of these funds receiving was to disburse microloans to the destitute communities and during 2015 SSF disbursed PKR 813.06 million.

Consumer Contentment

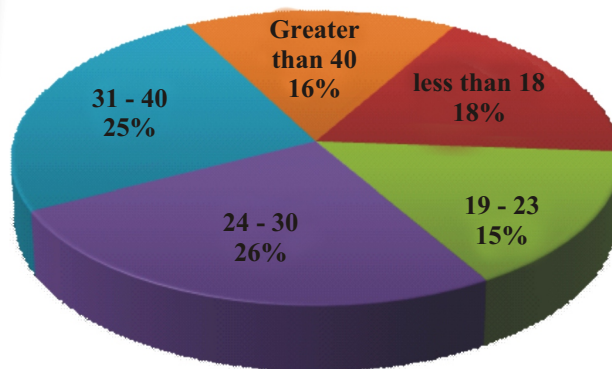
Depending on the business segment, SSF has created intensive rapport teams with the subject, sector and segment expertise to directly engage consumers at various levels without the involvement of outsource agencies. Aptitudes of SSF to fascinate and preserve needy consumers, embracing a comprehensive product suit, custom-built, tailored financial solutions and money doctored approaches. The ratio of retained consumers endured at striking firsthand consumers i.e. 61% Repeat and 39% new consumers. Looking toward the gender, SSF valued female consumers more than male and in fiscal year SSF targeted 43% male and 57% female. Progressively, SSF in the accordance of Interest Free Loan Project Scheme valued the poor fall under PSC (0-40) and within the just ten months penetrated in new areas and targeted 4,099 clients. Interestingly ratio of female clients remained greater than male i.e. 71% female and 29% male, because SSF believes female valuable more than male consumers.



Targeting Borrowers thru PSC

It has been elaborated that in the fiscal year SSF served 44,395 male / female borrowers for their own advancement, through the financial inclusions. To make the operations more transparent SSF has implemented the formula to authenticate its client's scores by the calculations of poverty score card. It is noted that, in the year SSF served 7,885 clients fall in less than 18 score, 6,827 clients are covered who fall in 19 - 23 score. As the same while, 11,566 clients are covered under the score of 24 - 30, 10,974 clients are served who fall in 31 - 40 and 7,143 clients received loans that fall in greater than 40, score. Pie chart is added to give an outlook of the SSF penetrations.

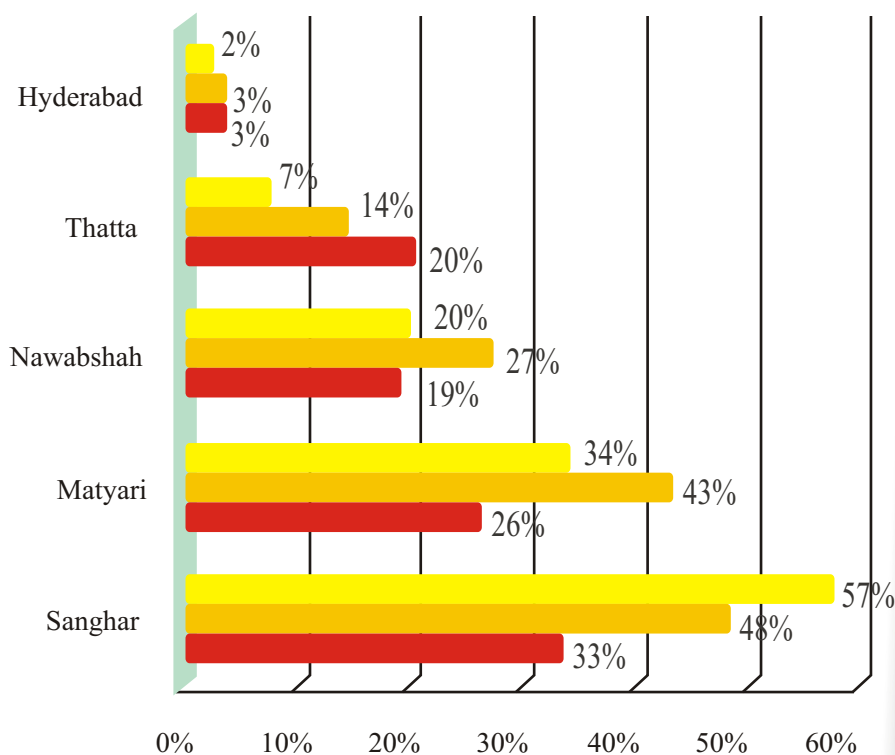
PSC Coverage



Operational Penetrations

SSF Contribution

GLP Active Borrowers Branch

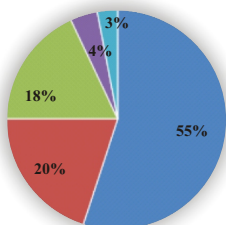


SSF at present effectual in five districts of Sindh i.e. Hyderabad, Matyari, Nawabshah, Sanghar and Thatta and with efficient forces SSF is demonstrating its contribution intend to poverty alleviation paralleling with reputable sixteen MFI in the identical areas. Earlier, it is already publicized by the Partner / Donor Organization "Pakistan Microfinance Network" in the last quarter (April June 2015) via Micro Watch Issue 36. Out of 16 MFIs SSF Districts' contribution is scrutinized and through the analytical approaches it is valued that SSF Branches stands at 18%, Active Borrowers 27% and GLP 22% out of hundred percent. The column chart shows district wise penetration for the poverty alleviation.

Regional Highlights

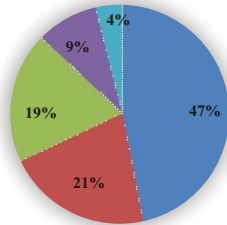
Disbursement

■ Sanghar ■ Matyari
■ Nawabshah ■ Thatta
■ Hyderabad



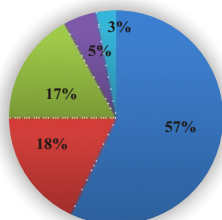
Served Clients

■ Sanghar ■ Matyari
■ Nawabshah ■ Thatta
■ Hyderabad



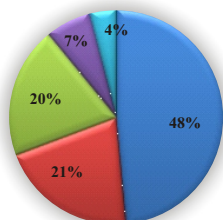
Gross Loan Portfolio

■ Sanghar ■ Matyari
■ Nawabshah ■ Thatta
■ Hyderabad



Active Clients

■ Sanghar ■ Matyari
■ Nawabshah ■ Thatta
■ Hyderabad



While looking at the yearly highlights it is analyzed, contribution of District Sanghar remained greater than all other districts. During the year Dist. Sanghar disbursed PKR.446.09 million (55%) in 20,866 (47%) borrowers, GLP stick-up at PKR.304.90 million (57%) among 23,290 (49%) active borrowers. Similarly, District Matyari disbursed PKR.162.43 million (20%) among 9,201 (21%) clients, GLP remained at PKR.98.17 million (18%) in 9,954 (21%) borrowers. District Nawabshah disbursed PKR.145.95 million (18%) in 8,628 customers, GLP is recorded as PKR.91.29 million (17%) in 9,810 (20%) active borrowers. Contribution of District Thatta and Hyderabad also remained tangible and during the year, dist. Thatta disbursed PKR.34.09 million (4%), in 4,099 (9%) individuals, GLP is PKR.27.45 million (5%) and active borrowers remained at 3,270 (7%). Last but not least, Dist. Hyderabad with only two Subsidiary Branches disbursed PKR.24.49 million (3%) in 1,601 (3%) consumers, GLP calculated as PKR.17.26 million with 1,685 (4%) active borrowers. Enchantingly, operations of districts are being extended and with the geographical expansion SSF is in progressions would surely lead SSF at the desired aims and goals respectively.

Delinquency Research

During fiscal year, SSF unit of Monitoring Evaluation & Research conducted a qualitative research study with the random sampling and met with the delinquent clients fall under 1 to 10 days, 11 to 20 days and 21 to 30 days delinquent. The Research was carried in operational areas of SSF including Region Sanghar, Region Shahdad Pur and Region Matyari where the researcher met with male female delinquent clients and found dissimilar issues for being delinquent. Prospectively, Branch Managers, Branch In-charges, Microfinance Officers and Internal Evaluators were interviewed & probed regarding reasons of delinquency & consequently found that mostly repetitive clients when become familiar with policy/procedures they without any reason pay their due installments after due date.





SSF Attributes



Client Centricity Approaches

SSF Attitudes

SSF Attributes

SSF Aptitudes

Financial Arbitrarity



Its sound elaborating, SSF has reserved itself for the sustainable evolution and expansion, with the consistent financial service delivery SSF adopted the harmonized demand driven products fulfilling chunks of individuals connected. SSF also strives for the advancement of lacked communities, offers them diverse types of financial and non-financial drills and approaches endorsing the private affairs. Stimulatingly, SSF offered crop insurance facility to the small farmer if in case of natural hazards / manmade distractions clients can save their yield crops. SSF instead of disbursing loan size valued needy poor through targeting volumes of individuals. Henceforth, by the splendid associations / funds of Federal Government of Pakistan & Pakistan Poverty Alleviation Fund (PPAF) SSF with the establishment of six new Branches (Loan Centers) has successfully implemented Prime Minister Interest Free Loan Project Scheme in the coastal and desert prone areas of District Sanghar Tehsil Khipro and District Thatta Tehsil Thatta. The process of non-conventional financial services is unceasing, teams of PMIFL are accelerating the downgraded individuals and these attributes SSF attired by own exertions.

Client Protection Assessment

Client Protection Assessment was conducted by JCR-VIS a rating company with collaboration of PMN to become part of SMART Campaign in Nov 2014. Later on, SSF management emphasized to design Appropriate Product, Prevention of Over-Indebtedness, Transparency, Responsible Pricing, Fair and Respectful Treatment of Clients, Privacy of Client Data and Mechanism for Compliant Resolutions.



Short Message Service - SMS

Intend to appropriate use of Modernized Technologies, SSF facilitated all its individual clients with the SMS Services to receive the updates of Company and particularly for disbursement information (Client Centricity component).

Consumers Protection



SSF has successfully taken the initiative for the Client Protection with the aim to safeguard the interest of consumers and empower them to know their rights and make wise and informed decisions. Therefore, Management and Operational staff is credible and dedicated to safeguard those individuals & cumulative deal with financial services, acquire accurate product as per demand on the bases of rational treatment, particularly the most at risk to maltreated clients who can't afford the financial slip-ups. Client Protection procedure is implemented with mainly four principles i.e. Avoidance of Over-Indebtedness, Transparent and Responsible Pricing, Fair and Respectful Treatment of Clients and Privacy of Client Data.

Environmental Social Management Framework (ESMF)

ESMF has been prepared to set out environmental assessment procedures required by PPAF and its partners to assess environmental consequences of interventions. The objective is to prevent execution of interventions with significant individual or cumulative negative environmental & social impacts, minimize potential individual & cumulative negative impacts by incorporating mitigation at design stage & implementing mitigation at implementation stage of interventions, enhance positive impacts of interventions, protect environmentally sensitive areas from additional disturbance from human interventions. The procedures in ESMF are designed to adopt and monitor the intervention specific structured environmental assessment formats. SSF with the proper compliance of set procedures carried the ESMF Message delivery to its clients as they manage their surrounding environment and help in societal up-gradations.



Trainings for Capacity Building



With the splendid provision of Support Organizations like PPAF, PMN, BWTP, SBP and SSF to strengthen the self-reliance and to capitalize it's public and private spheres offered opportunities of trainings relating to the Capacity Building of Board, Management, Staff and Community as well. During the fiscal year, SSF delivered and attended the trainings/orientations i.e. Credit Risk Management, Client Grievance Mechanism, orientation on PMIFL project scheme, Branchless Banking System by UBL OMNI, training on Poverty Score Card, MF Gross-root level training program, Employee Grievance & Redressed Mechanism/online Attendance, Proposal Writing and LFA development, Corporate Governance for MF Institution, Capacity Building of Operational Teams and Art of Client Appraisals and Portfolio Management. These deliveries of trainings and orientations remained lucrative in diversification of SSF internal controls and also have magnified the growth trend so far.

Corporate Brilliance



SSF thru integrity approaches valued its most graduated and repetitive clients through delivery of financial products i.e. Micro-Credit facility, Voluntarily Saving's Mobilization, Emergency Fund Services, and Branchless Banking, Interest Free Loan Delivery, and Crop Insurance. SSF also remained habitual in offering non-financial services i.e. Micro Health Insurance, Capacity Building Training, Record-keeping, Financial Business Management, and Client Protection. Apart from these services for the clients, SSF fascinatingly esteemed its staff and offered a range of services for their fortification that includes; Employees Health Insurance with grading and branding system, Life Insurance, Provident Fund Service, Leave encashment service, Employees Old-age Benefits, Annual Leave facility, Career Enhancement Trainings, Staff Capacity Development Training and Indirect Educational Support for personal skills enhancements.

Social Corporate Responsibility

In June 2015, SSF systematized a welfare medical camp in the Regional Branch of Matyari to facilitate its male / female clients in terms of medication. Wherein, 150+ male & female borrowers' diseases were diagnosed in the management and doctoral approaches of Dr. Saleem from Jubilee Health Insurance Company, the session carried whole day and a lady Doctor in the association of chief doctor Saleem treated female clients and their children for their illnesses respectively. In the spectrum of SSF non-financial services Human Resource Department delivered such services to boost-up the level of confidence, valued its clients as they can be connected in their rainy time and can acquire the health facility of SSF which are particularly for SSF most graduated and repeated clients. In addition, SSF supporting community shaped a model school in Shahdad Pur to educate poor clients' kids who can't afford the outlays of education. These initiatives have been implemented within the association of SAFWCO (parental Organization) to enhance the livelihood of communities and the program is being carried in such areas.



Participation for Rural Development



Admirably, in year 2015 SSF cordially welcomed Mr. Ikram Ullah Qadri the Joint Director Agri-Microfinance 'Operations'- State Bank of Pakistan at Head Office Hyderabad Pakistan. The Director visited to be familiar with the modus operandi of SSF, wherein Mr. Syed Sajjad Ali Shah Managing Director briefed about the Organization, its social mobilization / community management, participatory rural appraisals tools and techniques, rural credit management, conflict resolution and social transformation process. After all brief, Mr. Suleman G. Abro Chief Executive Officer concluded the elaborations and the Director carried field in the company of SSF executives. In the field, the Director conducted meetings and delivered orientations upon social mobilization and capacity building to members of communities, particularly downgraded small farmers were focused have limited access to banks. Apart from this, other Banks' field staff also participated in the one day session as well.

Financial Inclusion

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

Inclusion of 57.43% female in program with rural and urban segregation.

Inclusion of 66.99% loans in rural areas and only 34.01% urban areas.

Inclusion of rural women is 37.14% whereas rural male stood at 28.85% and as the same while inclusion in urban male stood at 13.72% and female stood at 20.29%

Inclusion of Poor, Marginalized groups & disable individuals in program

Door Step services for the clients to overcome their borrowing cost

Adoption of Poverty Score Card (PSC) tool for client identification

Flexible credit policies for all segment of business, gender and areas

However, SSF delivered 3,523 Cards of Health Insurance and clients are getting direct benefits maximum limit of PKR 30,000 per family member of the client.



SSF Attitudes

SSF Attributes

SSF Aptitudes

Social Performance Management



Financial Performance is being identified through the proper measurement of the financial position of the company over a specified time period knowing how efficiently SSF is using its resources to generate income. Return on asset, return on equity, net profit, earning per share etc. are evaluated to measure firm's financial health of the Company. SSF has developed methodologies for epistemology by which SSF measures the social performance of the institution. These specifics are used collecting social performance data and provide a platform for benchmarking and analysis. The prime objective is to increase transparency through data collection and analysis. Hence, SSF shall focus on those methods are clearly and directly linked to results, have quality that can be tested and benchmarked and can be easily validated by third party.

Financial Arbitrary

Customers' Speak

My name is Jatti Faqeer, called a third gender in society. It's about when I was migrated in Pak Indian war and had empty hands under the guardian of my Master who taught me the profession of singing and dancing in the events but due to no source of income I was unable to work to fulfill my desires and needs of regular life. One day, I found an Institution allowing poor to accelerate the doings with micro loans so I engaged myself in lending such beneficial support of Safco Support Foundation that then honored me with the best entrepreneur in society as well as at national level I received award and recognition. That all occurred because SSF on needy time supported me and gave me a pathway to financial inclusion.

Winner Entrepreneur Ms. Jatti Faqeer



"I'm Sahibzadi a Tailor for all, before the support of Safco Support Foundation I'd only couple of goats and was dependent on family kindness. I'm now dignified self-reliant woman and I don't need any support from any quarter. After three years of lending loans, I have now two milky buffalos, two goats which are my own assets. My efforts were recognized by Safco and its partners. That recognition bestowed me honor and I was awarded, after that recognition I plumed to make more efforts for my own escalations and all this happen because of Safco supports, at present I'm living a merry livings with my family and siblings".

Winner Entrepreneur Ms. Sahibzadi

"My mother is a blind lady but she taught me the needlework despite the visual disability. I than become capable to manufacturing of Jhalar but the major problem was I had no source of income to buy raw material to start productions. I was in desperate need to find a support toward off poverty and take up a sustainable livelihood. One day a lady from the neighborhood disclosed there is a program which gives small scale of loans to the poor changing their lives. So with the financial support of Safco Support Foundation I enhanced my position and my executions were recognized at national level when I was awarded for endless doings. This all occurred because I received an admirable support by SSF in terms of capacity building and financial inclusion I'm living a glad living with my family". **Ms. Shazia Gull Hassan An Active Client of SSF**



My name is WazeerAli and I'm an active client of Safco Support Foundation, recently in year March 2015 I have won 1st regional award for the best micro entrepreneur for my best actions in advancing the living style. Previously I was a bagger, had to domesticate my kids and family but due to no source of income I was unable to do so. Thus, after sometimes I received the back-up from Safco Support Foundation in terms of micro financial grants which changed my life and I don't need of more loans as I can generate my own earning and all this is because of SSF. This is the institution providing opportunities for all individuals connected within the institution.

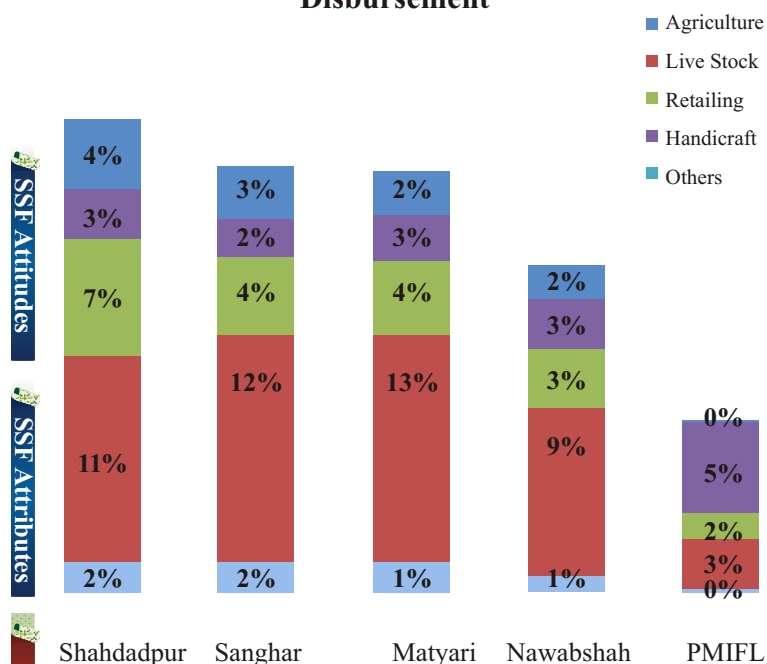
Active Clients of SSF - Wazeer Ali Jakhra

SSF APTITUDES



Disbursement for the Year

Disbursement

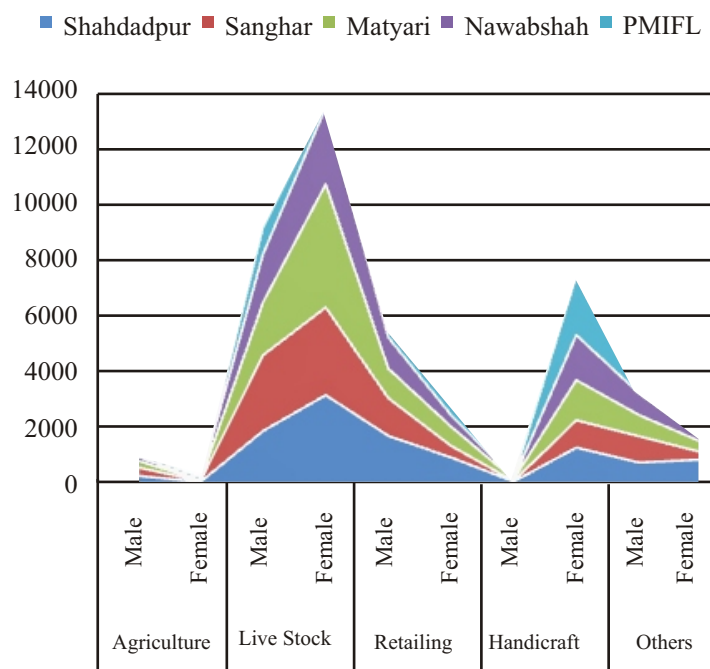


In the fiscal years SSF served 44,395 clients with the proportion of 48% male and 52% female where SSF disbursed 813.06 million. The growth rate comparing to last year is progressively intensified by 26% in just one year, through the outreach penetration and geographical expansion SSF sustained its Operational self-sufficiency and reduced the PAR rate. The graph shows regional proportions wherein Region Shahdad Pur disbursed 26%, Sanghar disbursed 23%, Matyari disbursed 23%, and Nawabshah disbursed 18% and in PMIFL disbursed 10%. Moreover, looking at the sectorial disbursement, SSF disbursed 48% in Livestock, 19% in Retailing, 15% in Handicraft, 11% in others and only 6% loans are disbursed in agriculture. As of July 2015 active clients of SSF stood at 149,339 with the active OPL of 1.66 billion.

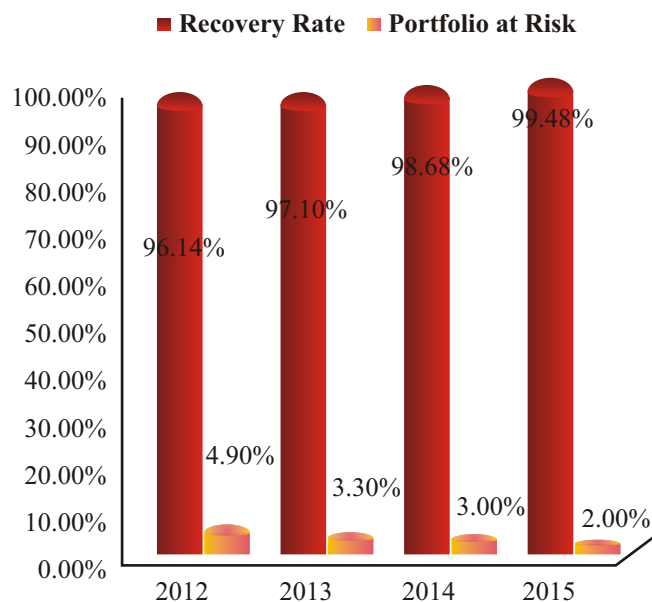
Yearly Outreach

In the duration of June 2014 July 2015 SSF targeted 44,395 most unbanked segment of the communities as well as penetrated in far-flung areas where access of financial services were clogged. Keeping in mind the only aim Poverty alleviation SSF arbitrated in 480 new villages, colonies, markets, towns and hamlets and disbursed 44,395 loans in conventional and non-conventional program. Henceforth, SSF targeted 2% male & 0.25% female in agriculture product, 20% male & 30% female in livestock product, in retailing product 12% male & 6% female, in handicraft product 0.38% male & 17% female and as the same while SSF outreached 7% male & 4% female for the other products. Even though, looking at the Regional outreach penetrations, Region Shahdad Pur served 10,808 loans, Region Sanghar disbursed 10,058 loans, Region Matyari served 10,802 loans, and Region Nawabshah delivered 8,628 loans and in PMIFL SSF distributed 4,099 loans.

Outreach



Collection Outlook



Affectionately, year on year SSF progressed in the collection of due recoveries and also reduced the proportion of Portfolio at Risk. As the column chart screens the progression and reduction and in year 2012 SSF recovery ratio was recorded at 96.14% whereas the PAR remained at 4.90%, in year 2013 SSF increased the collection of dues by 0.96% and recovered 97.10% recoveries in-fact proportion of PAR reduced by 1.60% and PAR stood at 3.30%. In year 2014 SSF with the energetic efforts increased due collections by 1.58% whereas the recovery percentage remained at 98.68% even ratio of PAR also decreased by 0.30% and the PAR stood at 3.00%. With the gigantic progresses, SSF improved the recoveries by 0.80% that stood at 99.48% in year 2015 as well as reduced the PAR by 1.00% and the PAR calculated at 2.00%. It is quite demonstrative that SSF year on year is being improving its undertakings and walking towards the hundred percent executions which was not probable without collective team efforts.

Tallying's of SSF

During the year 2015, Safco Support Foundation greeted and welcomed the delegation of Implementation Support Mission team of World Bank. SSF Senior Officials took Executives of World Bank to Tando Adam a SSF Branch of Dist. Sanghar where CEO including Managing Director SSF presented the glimpse, leveraging modus operandi, expandable geography of operations and called the Winner Entrepreneurs of past years to show their keen interest and relationship with the Institute. The World Bank's Implementation Support Mission team visited to monitor SSF program interventions and its impact on financial inclusion. WB team appreciated the forces and such commendable gratifications by the WB boosted-up the level of confidence and made path tangible for moving on with same aim.



Ending Note by Managing Director

This sound noise (Annual Report) is a formal financial statement that SSF publishes yearly and send to the company stockholders and various other interested parties. This report assessed the year's operations, exhibited the company's view of the upcoming year and the company's place and prospects. As the annual publication is a requisite requirement of Securities and Exchange Commission Pakistan (SECP) for the business owned by the public since 1934, so that SSF put out this annual demonstration and included its most basic generals, audit statements of income, financial position, cash flow and notes to the statements providing details for the various line-items



This annual report shows the Management discussion, analysis of the business's financial condition and the results that company has posted over the previous year. Information related to the company's entire segments, enlisted the company's directors as well as executive officers including their principles and occupations and the milestones company achieved in the previous years. It also provided management with an opportunity to praise employee innovation, quality, teamwork and commitment, all of which are critical component in overall business success of SSF.

We are acknowledging the partners and donors like Pakistan Poverty Alleviation Fund, Pakistan Microfinance Network, and Banking with the Poor, who remained at fore-front in terms of providing direct financial non-financial back-up for the magnifications of company. We pays the gratefulness to the investors intended to providing commercial lending which escalated SSF geography its modus operandi. We are admiring the area of interest of Smart Campaign and the World Bank for their support in monitoring SSF Operations.

We are recognizing the timely support of company Board and management in taking swift decision for the lucrativeness. We pay our gratification to the teams of SSF for their efforts and endless exertions in achieving goals and targets for the year end. In last we also say plenty of thanks` to our customers for their constant coalition with the company and the competitors who augmented the challenges in achieving the desired goals.

Syed Sajjad Ali Shah
Managing Director

Financial Arbitrary



Analysis by the Chief Financial Officer

Overview of the Balance Sheet

In current year total assets stands at 880.5 million and it has increased by 44% as compared to last year i.e. 611.9 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 30.4% as compared to 2014. The overall increase is due to increase short term investments of amount 120 million during the year. The loan loss reserve amounts to Rs. 25.5 million during the year 2015 which stands at 5% of gross loan portfolio. Total current assets stands at 772.1 million and 592 million in 2015 and 2014 respectively. The proportion of non-current assets as compared to the total assets of SSF is 12% and it has been increased with 9% as compared with last year, this increase is mainly because of revaluation of fixed assets in current year of amount 60 million. The long term assets include land, buildings, fixtures, furnishings, equipment and vehicles. The gross fixed assets have increased by 519.8% as compared to 2014 due to revaluation of assets and land received as donation in current year. Total non-current assets stands at 108.3 million and 19.89 million in 2015 and 2014 respectively.

Total Liability has increased with 28% as compared to last year, hence it stands at 671.5 million and 522.6 million in 2015 and 2014 respectively, which indicates the increase in short terms liabilities mainly loan payable to MCB Bank Limited and JS Bank Limited with an amount of Rs. 167.6 million. However, the amount payable to Pakistan Poverty Alleviation Fund (PPAF) has decreased with an amount of Rs. 70 million during this year. The current liabilities amounts to Rs. 572.8 million and long term liabilities amounting to Rs. 98.5. Million as at June 30, 2015. Net assets are raised with 105% as compared to last year and it stands at 182.5 million and 89.27 million in 2015 and 2014 respectively, this boom is mainly because of donation received of amount 60.7 million and Gain on initial recognition of interest free loan PMIFL.

Overview of the Income statement

During the year, SSF has made a net profit of Rs. 93 million marking an increase in the profit of 2931% as compared to the last year. 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 has increased to 290 million from 158 million as compared to last year. Further income from operation contributes 170 million, Grant income contributes 69.3 million and other income contributes 50.67 million accordingly. Income from operations, grant income and other income are increased 21%, 254% and 2097% accordingly as compared to last year, major increase in other income is because of gain on initial recognition of interest free loan PMIFL of amount 32 million and grant income has increased because of grant received of amount 60.7 million.

In current year total expense stands at 197.4 million which has enlarged with 27% as compared to last year. Interest expense paid during the year amounts to Rs. 50.499 million and is the markup paid to PPAF on its subsidized lending to the company. This expense has increased by 52.7% in the current financial year as compared to Rs. 33.07 million for the last year. It has increased because of increased commercial credit lines i.e. MCB and JS bank Limited. In this financial year, the operating expenses of the company have shown an increase of 14% 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 33 branches along with salaries and other benefits provided to the employees. Loan loss reserve charged for the year is 31.88 million and it has increased with 46% as compared to last year in order to reduce direct write off and to stand provision at 5% of loan portfolio.

Message from CFO: - Hence, SSF is a specialized MFI, which is devoted to its vision and mission and fully determined to bring about a possible change into the social and economic lives of people by providing them swift financial services at their door steps. The management and BoD of SSF has rightly recognized the needs of marginalized communities and with their level best efforts tried to serve all of them with a wide range of financial products which not only helped people but also brought SSF to its required growth and sustainability up to the mark.

Although, the current fiscal year (July-2014 to June-2015) remained comparatively tough and full of fatalities but SSF achieved required ratios of performance indicators and improved Cash Flows Funds management, banking relations, balance sheets and enhanced capacity of business income. I being SMF with support of management and BoD wants to see SSF with a better business environment which leads SSF to operational and financial sustainability of 150%, growth in number of clients and portfolio, reduction of PAR with a cost effective manner and finally with a Qualitative and Quantitative services to borrowers. Although, this all occurred due to positive attitudes of workforce, attributes of Company and aptitudes of departmental heads in accomplishing the given tasks accordingly. I pay my gratification to the operational and support teams for their consistent efforts in expanding and leading SSF to the mountains.

Ms. Aleena Maria
Chief Financial Officer



**INDEPENDENT AUDITORS' REPORT TO THE BOARD OF SUSTAINABLE
ACTIONS TO ACCESS FINANCIAL CAPITAL OPPORTUNITIES
(SAFCO) SUPPORT FOUNDATION**

Deloitte Yousuf Adil

Chartered Accountants

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Pakistan

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We have audited the annexed balance sheet of **SAFCO Support Foundation (SSF)** / (the Company) as at June 30, 2015 and the related income statement, 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 of any 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 account have been kept by the Company as required by the Companies Ordinance, 1984;
- b. In our opinion:
 - i. the balance sheet and income statement together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account 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 period 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, income statement, cash flow statement and statement of changes in funds together with the notes forming part thereof conform with the approved accounting standards as applicable in Pakistan, and give 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, 2015 and of the surplus, cash flows and changes in fund for the year then ended; and
- d. In our opinion, no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Other Matter

The financial statements of the Company for the year ended June 30, 2014 were audited by another firm of Chartered Accountants who vide their report dated October 09, 2014 issued an unmodified opinion thereon.

Chartered Accountants

Engagement Partner:

Mushtaq Ali Hirani

Date: October 03, 2015

Karachi

Member of

Deloitte Touch Tohmatu Limited

**SAFCO SUPPORT FOUNDATION
BALANCE SHEET
AS AT JUNE 30, 2015**

2015
-----Rupees-----
2014
Restated

ASSETS

Non-current assets

	Note	2015	2014
Property and equipment	4	106,030,901	17,107,157
Intangible assets	5	456,854	971,854
Long term security deposits	6	1,860,000	1,820,000
		108,347,755	19,899,011

Current assets

Investments	7	120,622,440	115,005,818
Micro credit loan portfolio	8	486,083,711	401,405,578
Accrued service charges	9	9,888,298	7,257,403
Short term loans – unsecured	10	2,732,014	3,301,113
Advances and prepayments	11	1,058,819	929,952
Other receivables	12	6,750,445	9,734,366
Grant receivable from donor	13	28,000	345,000
Cash and bank balances	14	145,023,369	54,027,090
		772,187,096	592,006,320

Total assets

880,534,851 **611,905,331**

ACCUMULATED SURPLUS AND LIABILITIES

Accumulated fund		182,078,711	89,272,038
Capital reserve	35	-	-
Unrealized gain on available for sale investment		487,410	-

Accumulated surplus

182,566,121 **89,272,038**

Surplus on revaluation of property

4 **26,533,151** -

Non-current liabilities

Deferred grant for fixed assets	15	2,921,877	3,900,363
Endowment loan from a donor-PPAF	16	-	54,000,000
Liabilities against assets subject to finance lease	17	1,250,628	-
Loan from a donor – PMIFL	18	94,367,167	-

Total non-current liabilities

98,539,672 **57,900,363**

Current liabilities

Loan from donor	19	260,306,185	330,695,305
Short term running finances	20	167,655,469	54,000,000
Current portion of endowment loan from a donor –PPAF	16	114,000,000	60,000,000
Accrued service charges	21	10,974,966	10,188,544
Current portion of liabilities against assets subject to finance lease	17	519,714	-
Emergency fund	22	7,547,830	6,110,060
Deferred grant for operations	23	4,604,202	-
Accrued and other liabilities	24	7,287,541	3,739,021

Total current liabilities

572,895,907 **464,732,930**

Contingencies and Commitments

25

Total accumulated surplus and liabilities

880,534,851 **611,905,331**


Chief Executive Officer


Director


Senior Manager Finance

**SAFCO SUPPORT FOUNDATION
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2015**

		2015	2014
	Note	-----Rupees-----	
INCOME			
Service charges earned	26	170,794,691	141,265,673
Service charges expensed	27	(50,499,106)	(33,079,610)
Net service charges income		120,295,585	108,186,063
Provision against loan losses for the year	8.3	(31,884,904)	(21,828,712)
Net service charges income after loan loss provision		88,410,681	86,357,351
EXPENDITURE			
Administrative and general expenses	28	(115,099,440)	(100,759,946)
Net loss from operations		(26,688,759)	(14,402,595)
Other income	29	50,189,548	14,325,897
Grant income	30	69,305,884	3,154,325
Surplus for the year		92,806,673	3,077,627
Other comprehensive income for the year			
Unrealized gain on re-measurement of available-for-sale investment	7.3	487,410	-
Other comprehensive income		487,410	-
Total comprehensive income		93,294,083	3,077,627

The annexed notes from 1 to 39 form an integral part of these financial statements.



Chief Executive Officer



Director



Senior Manager Finance