

2009-2P



Mitra Bisnis Keluarga
“Family Business Partners”
Indonesia

Provisional
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April – June 2009

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1 Introduction

This report covers the second quarter of 2009 (April to June) of the third year of operations of *PT Mitra Bisnis Keluarga Ventura* (MBK), or *Family Business Partners*, under the legal form of a non-banking financial company (NBFC). MBK was converted from *Ganesha Microfinance Foundation* which operated from 2003 until 2006. The new finance company was formed since Ganesha Microfinance Foundation, by law, could not longer provide economic services after August 2007.

Indonesia has just emerged from the worst effects of the global financial crisis and credit crunch starting in October 2008. Funding for on-lending did not resume this quarter. As a result, outreach was again limited and client numbers increased only moderately from around 110,000 to 118,000 this quarter. Portfolio at risk remained negligible (PAR>30 of 0.001 percent). This quarter, MBK moved eastwards into the neighbouring province of Central Java, opening 17 branches in four rural districts there. The total number of branches thus reached 80 by the middle of 2009.

MBK has, since September 2006, been listed as a 5-diamond microfinance institution in *MIXMarket*, the global information exchange for the microfinance industry of the Consultative Group to Assist the Poor (CGAP, World Bank), for its transparent procedures and reporting. M-CRIL, the world's best-known credit rating agency for the microfinance industry, awarded an alpha (α) investment grade to this institution in August 2006 and again in February 2008 for its performance to date. In addition, MBK won three awards in the last six months:

1. Unitus Inc. award for reaching 100,000 clients in August 2008
2. Grameen Foundation USA Excellence Award in October 2008
3. MIXMarket (World Bank Consultative Group for Alleviation of Poverty CGAP) ranking number 1 out of 1,300 MFIs in the world in December 2008.

MBK produces comprehensive financial and narrative reports on a quarterly basis, such as this one, as well as annual reports. Annual financial statements are externally audited. Copies of progress reports, audit reports and rating reports are all available from the MIXMarket website (www.mixmarket.org).

Mitra Bisnis Keluarga (MBK) is essentially a Grameen Bank Replicator with some adaptations from the ASA programme in Bangladesh. MBK provides basic working capital over 50 weeks on a predetermined profit-sharing basis. All clients are women. Each client belongs to a group of five clients, and four or five of these groups form one centre. Clients repay their working capital in weekly centre meetings conducted by MBK field officers. Collective responsibility for repayment of working capital is encouraged at the centre level. An original feature of MBK in Indonesia is that all its field officers, branch managers, district coordinators, and almost all head office staff, including its CEO, are women.

As a non-bank finance company, MBK is not allowed to collect savings. However, to safeguard against non-repayment of working capital, MBK has instituted a guarantee scheme called *Client Responsibility Fund*. This fund collects five percent of each disbursement of working capital at the time of disbursement. This money is returned to the borrower once her working capital fund has been repaid in full. It is not interest bearing.

2 Progress during the Quarter

Table 1. Quarterly Outreach Indicators

	Jun-08	Sept-08	Dec-08	Mar-09	Jun-09
Net clients ¹	89,794	101,326	105,690	110,229	117,558
Percent growth in clients	13%	13%	4%	4%	7%
Branches	45	53	55	58	80
Total centres	5,010	5,616	5,849	6,099	6,421
<u>Total active clients</u>	<u>88,937</u>	<u>99,317</u>	<u>103,734</u>	<u>108,637</u>	<u>114,135</u>
Clients in 1 st cycle	56,720	56,601	55,373	51,591	50,067
% in 1 st cycle	64%	56%	52%	47%	44%
Total portfolio outstanding (Rp 000s)	42,201,109	58,777,306	57,013,869	60,281,526	65,979,453.1
Total portfolio outstanding (US\$) ²	4,572,168	6,267,574	5,206,746	5,207,907	6,452,720
Growth in portfolio (in Rp)	35%	39%	-3%	6%	9.5%
Average portfolio outstanding/client (Rp 000)	479	598	553	559	587
Average portfolio outstanding/client (US\$)	52	64	51	48	57
Dropouts & push-outs per quarter	4,629	6,071	6,029	6,096	6,965
Quarterly dropout & push-out rate (%) ³	5.2%	6.0%	5.7%	5.5%	5.9%
Year-on-year dropout & push-out rate (%) ⁴	10.1%	12.5%	15.3%	17.2%	17.6%
CRF as % of working capital outstanding ⁵	8%	8%	9%	10%	10%

Note:

¹ Includes new clients waiting for first working capital (3-2 staggered disbursement), and existing clients waiting for follow-up Working capital.

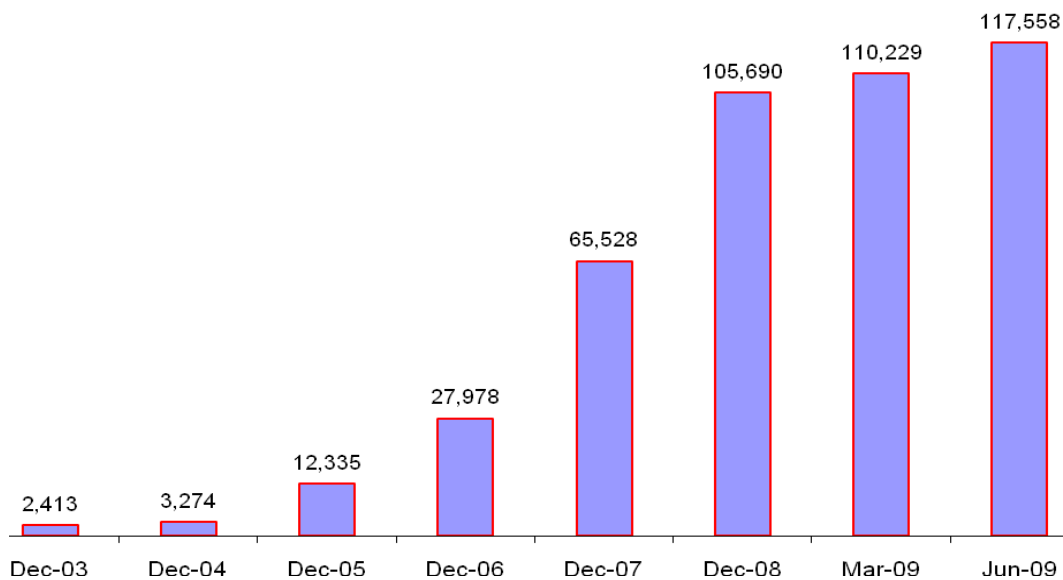
² US\$ 1 = Rp. 10,225 as of 30 June 2009

³ As percent of active clients

⁴ M-CRIL method of calculation

⁵ CRF: Client Responsibility Fund (non-interest bearing compulsory working capital guarantee fund)

Figure 1. MBK Clients as of 30 June 2009



2.1 Outreach

Serving 117,558 clients. MBK reached 117,558 clients this quarter. Despite the continuing dearth of on-lending funds, MBK achieved a higher growth rate in the number of additional clients, from 4.3 to 6.6 percent, to reach 7,329 new clients this quarter (see table 1 and figure 1). In contrast, before the crisis, the third quarter of 2008 saw an increase in outreach of 13% (11,532 new clients). This underlines the extent to which the global financial crisis continues to limit MBK's ability to open up new areas and serve more clients due to lack of on-lending funds.

One new province and four new rural districts added. MBK began operations in the adjoining province of Central Java in May of this quarter, opening branches in two sub districts of Banyumas and Kebumen. In June, Cilacap and Purworejo were added.

Twenty-two new branches added. MBK opened five new branches in Tasikmalaya (called North Tasikmalaya), and 17 in Central Java (Banyumas 4, Kebumen 5, Cilacap 3 and Purworejo 5). All were operational before the end of this period, bringing the total number of branches to 80 by the end of this quarter.

Portfolio outstanding. The total portfolio outstanding increased by nearly 10 percent to reach Rp. 66 billion (around \$6.5 million), compared to 6 percent in the previous quarter.

2.2 Dropouts and Push-outs

The total number of clients leaving the programme – as a result of being pushed out, dropping out voluntarily, taking up full-time employment or death – increased from 6,096 to 6,956 clients between this quarter and last quarter. On a quarterly basis, the dropout rate increased from 5.5 to 5.9 percent. On an annual basis, it also increased from 17.2 to 17.6 percent between the last quarter and this one. Of the total clients leaving the programme, 65 died (0.9 percent) while 1,640 (23.5 percent) took up paid employment, possibly because of the opportunity to work in agriculture due to the extended rainy season this year.

Voluntary dropouts. The share of clients who left voluntarily decreased by almost 10% from 54.8 to 45.5 percent of the total. In this respect therefore, client satisfaction with the programme appears to have increased.

Table 2. Clients leaving MBK Programme by Reason

	Q/1 2009	% Share	Q/2 2009	% Share
Voluntary Dropouts	3,339	54.8	3,169	45.5
Taken paid employment	1,230	20.2	1,640	23.5
Client death	69	1.1	65	0.9
<u>Push-out by MBK</u>	<u>1,458</u>	<u>23.9</u>	<u>2,091</u>	<u>30.0</u>
Total leaving programme	6,096	100.0	6,965	100.0
Voluntary dropouts (% p.a.)	9.4%		8.0%	
Taken paid employment	3.5%		4.1%	
Client death	0.2%		0.2%	
<u>Push-out by MBK (% p.a.)</u>	<u>4.1%</u>		<u>5.3%</u>	
Total leaving programme	17.2%		17.6%	

Push-outs. A number of clients were asked to leave for disciplinary reasons, to maintain the quality of the programme. Typically, these clients did not fulfil the terms of the verbal contract with MBK. The push-out rate increased from 24 to 30 percent between this quarter and the previous quarter.

Included in this group, were 542 clients from centres which were closed down by MBK because they had too few members to be economically viable on their own. Closing a centre is a last resort, after MBK staff have tried unsuccessfully to increase client numbers, either with new clients or by merging it with another centre. Members in such a situation are free to rejoin a centre at any time. On the other hand, clients asked to leave by MBK have to wait 12 months before they can request to rejoin.

2.3 Portfolio Quality

Portfolio at risk. Portfolio at risk (PAR > 30 days) remained negligible (0.001%) this quarter (table 3). Only 1 client was at risk (in arrear over 30 days) this quarter, after writing off 15 clients with total debt of Rp. 333,000 (\$32) over one year. The cumulative repayment rate remained stable at 99.99 percent. Outstanding portfolio at risk declined from Rp. 1,210,000 to 754,000 (around \$73), due from that same client. There were 55 clients with arrears of one week. Of these, 49 clients belonged to three centres in Legok, Tangerang, which experienced flooding a few months earlier. These clients were allowed to miss one payment, which will extend their repayment period by one week.

Table 3. Quarterly Portfolio Quality Indicators

	Mar-08	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09
<u>Portfolio at risk (Rp. 000)</u>						
0 -30 days	1,871	695	-	-	180	6,237
31-60 days	455		1,537	-	877	-
61-90 days	923	387	-	-	-	-
91-180 days	437	1,050	118	1,154	-	754
<u>> 180 days</u>	-	414	1,078	333	333	-
Total portfolio with arrears	3,686	2,546	2,733	1,487	1,390	6,991
Portfolio at risk (PAR > 30 days)	1,815	1,851	2,733	1,487	1,210	754
% PAR (>30 days)	0.006%	0.004%	0.005%	0.003%	0.002%	0.001%
<u>Overdue principal (Rp. 000)</u>						
0 -30 days	297	123	-	-	50	1,347
31-60 days	285	257	367	-	193	-
61-90 days	663	48	-	-	-	-
91-180 days	397	1,050	118	796	-	394
<u>> 180 days</u>	-	414	1,078	333	333	-
Total	1,641	1,642	1,563	1,129	576	1,741
<u>Clients in arrears</u>						
0 -30 days	8	1	-	-	9	55
31-60 days	4		4	-	2	-
61-90 days	6	6	-	-	-	-
91-180 days	2	9	8	3	-	1
<u>> 180 days</u>	-	2	8	15	15	-
Total clients with overdue	20	18	20	18	26	56
Clients at risk (>30)	12	17	20	18	17	1
Portfolio write-off	0	0	0	314	0	333
Cumulative repayment rate	99.99%	99.99%	99.99%	99.99%	99.99%	99.99%
Portfolio loss provision expense ratio	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

2.4 Productivity and Efficiency

Decrease in clients per field officer ratio. The average number of clients per field officer (excluding probationary staff) decreased from 354 to 347 in this quarter (table 4). This reflects the continued increase in recruitment of new staff for expansion in Central Java.

Clients per staff. The client per staff ratio, including all field staff, head office and probationary staff, also decreased again from 236 to 214 per staff, due to recruitment.

Table 4. Quarterly Productivity and Efficiency Indicators

	Jun-08	Sept-08	Dec-08	Mar-09	Jun-09
<u>Outreach</u>					
Clients	89,794	101,326	105,690	110,229	117,558
Branches	45	53	55	58	80
Centres	5,010	5,616	5,849	6,099	6,421
<u>Total staff (field + head office)</u>	<u>371</u>	<u>413</u>	<u>420</u>	<u>467</u>	<u>549</u>
Head office staff	13	16	14	16	16
<u>Field staff</u>	<u>358</u>	<u>397</u>	<u>406</u>	<u>451</u>	<u>533</u>
MIS & District staff (incl.1 driver)	29	32	37	37	49
<u>Total branch staff</u>	<u>329</u>	<u>365</u>	<u>369</u>	<u>414</u>	<u>484</u>
Branch managers	45	53	55	58	80
Total Field Officers	<u>284</u>	<u>312</u>	<u>314</u>	<u>356</u>	<u>404</u>
Field officers (> 2 months)	230	292	281	311	339
Probationary field officers (<2 mths)	54	20	33	45	65
<u>Efficiency ratios</u> ¹					
Clients per field officer (> 2 months)	390	347	376	354	347
Clients/total staff (field and HO)	242	245	252	236	214
Centres per field officer (>2 months)	18	18	19	17	16
Portfolio/field officer (> 2 months) (Rp 000)	183,483	201,292	202,896	193,831	194,629
Portfolio/field officer (> 2 months) (\$)	19,879	21,464	18,529	16,746	19,035
Overhead ratio (HO/All admin expenses)	15%	15%	14%	12%	12%
Field officers as % of total staff	77	76%	75%	76%	74%
HO staff as % of total staff	4	4	3	3	3

Note: 1. Excluding probationary field officers (less than 2 months with MBK)

Portfolio per field officer. The outstanding portfolio per confirmed field officer remained stable at Rp.194 million per officer (\$19,035 per officer).

Centres per field officer. The ratio of centres per field officer decreased by one centre to 16 this quarter. This ratio excludes the 65 probationary field officers.

Field officers as a share of total staff. The ratio of field officers to total staff decreased from 76 to 74 percent, due to appointment of 22 new branch managers (from deputy branch managers, previously classified as field officers), increased number of supervisors and the recruitment of MIS staff.

Overhead ratio and HO/field staff ratio. The head office to total administration expense ratio remained at 12 percent between last quarter and this one. The HO/total staff ratio also remained the same at 3 percent.

2.5 Viability and Sustainability

Operating expense ratio. The operating expense ratio remained stable at 24 percent between last quarter and this quarter (table 5), and showed moderate long-term improvement from 27 percent from June 2008, mainly as a result of economies of scale due to larger loan sizes and a larger programme overall.

Table 5. Quarterly Viability and Sustainability Indicators

	June-08	Sept-08	Dec-08	Mar-09	Jun-09
Operating expense ratio (Operating expenses/Average portfolio outstanding)	27.3%	24.7%	23.5%	23.5%	24.4%
Total cost ratio (Operating + financial expenses/avg. portfolio outs.)	38.8%	37.1%	36.4%	39.1%	40.9%
Quarterly yield on portfolio (Average quarterly income from portfolio/ Average portfolio outstanding in past 4 quarters)	36.9%	37.0%	38.6%	40.0%	47.1%
Annual yield on portfolio (Annual income/average portfolio last June and this June)	39.1%	35.0%	44.1%	47.7%	52.6%
Operational self sufficiency (Total income/operating + financial expenses)	104%	104%	105%	122%	127%

Total cost ratio. The total cost ratio (operating expenses plus financial expenses as a percentage of portfolio outstanding) increased from 39 to 41 percent due to the higher cost of financing. The financial expense ratio rose from 15 to 16 percent (see performance indicators, annex C).

Yield on portfolio. The average quarterly yield on portfolio rose from 40 to 47 percent, calculated using the average outstanding portfolio for the four preceding quarters. The annual average yield on portfolio also rose from 48 to 53 percent. This was due to MBK raising the flat profit sharing ratio from 25 to 35 percent starting in October 2008 for new working capital only, as a result of the global financial crisis and the Rupiah depreciation which increased the foreign loan sizes in Rupiah terms.

Operational self-sufficiency. Operational self-sufficiency rose from 122 to 127 percent as the result of larger loan sizes and a higher profit-sharing ratio.

3 Income Statement and Balance Sheet

3.1 Income Statement

Financial revenues. Cumulative financial revenues amounted to \$1.7 million this quarter, about 2.5 times higher than in the first quarter of 2009 (table 6). This revenue included \$256,300 in surcharge charged to new clients as well as clients renewing their working capital. The decision to implement the income surcharge was taken to compensate for unrealized foreign exchange losses incurred by the company as a result of the depreciation of the Rupiah in the last quarter of 2008. The latter resulted in the higher value of dollar loans when converted into Rupiah. As of end of June, the unrealized potential foreign exchange losses amounted to around \$220,000 (table 7), so the profit surcharge this year more than covered these losses in the first six months of this year.

Financial costs. Financial costs consisted of \$412,618 in interest and fees and \$8,028 in provision for non-repayment of working capital (1% reserve).

Operating expenses. Personnel costs accounted for 67 percent of the total operating costs of \$815,271 this quarter, equivalent to 68 percent for the whole of 2008.

Operating profits. MBK posted an operating profit of \$459,274 in the first six months of this year, compared with \$98,507 for the whole of last year. This was due larger and more efficient operations with increased economies of scale, and also partly due to the income surcharge mentioned above.

Other income and expenses. Other income consisted of interest earned on bank accounts and term deposits (\$30,353), as well as miscellaneous income (3,530). Other expenses consisted of the provision for unrealized foreign exchange losses on bullet loans maturing in 2010 and 2011, and amounting to \$127,644 in the first two quarters of this year.

Net income. Net income after tax amounted to \$362,278 in the first two quarters of this, compared to \$66,553 for the whole of last year 2008.

3.2 Balance Sheet

Total assets. In Rupiah terms, MBK's total assets declined from Rp 94 to 90 billion between this quarter and last quarter. In dollar terms however, assets rose from \$8.1 to \$8.7 million (table 7).

Total liabilities. Total liabilities declined from 82 to 75 billion this last quarter mainly as a result of the lower valuation in Rupiah of foreign loans thanks to the appreciation of the Rupiah against the US dollar. In dollar terms, liabilities increased slightly from \$ 7.1 to 7.3 million.

Equity. MBK's equity increased from Rp. 11.3 to 13.6 billion (\$0.98 to 1.33 million) between this quarter and last quarter. This takes into account the reduced commercial profits after putting aside monthly provisions for the unrealized foreign exchange losses incurred in the last quarter of 2008. The loan loss provision will accumulate until 2010, when the repayment of the US-dollar denominated bullet loans will commence.

Treatment of unrealized foreign exchange losses. In accordance with Indonesian financial accounting standards (see audited annual financial report 2008) the unrealized foreign exchange losses (minus foreign exchange loss provisions for the months of October 2007-March 2008) are booked under the heading "Other non-current assets", amounting to \$28,176 compared to \$503,674 in the previous quarter. This shows that the foreign exchange situation improved significantly this quarter.

Debt-equity ratio. The debt-equity ratio declined from 5.6 to 3.5 between the last quarter and this quarter. This is defined as debt minus subordinated loan, divided by equity plus subordinated loan (quasi-equity), calculated in Rupiah terms. The improved debt-equity ratio was the result of two factors:

- a. Conversion of the Cordaid senior loan of Rp 2.72 billion into subordinated loan on 1 May 2009
- b. Increased current profits amounting to Rp 3.7 billion after tax.

Table 6. Quarterly Income Statement (US Dollars, Preliminary)

Description	Jun-09	Mar-09	Dec-08
FINANCIAL REVENUES			
Profit-sharing from clients/partners	1,438,894.3	598,032.4	1,653,816.7
Profit-sharing surcharge	<u>256,297.8</u>	<u>76,301.5</u>	<u>16,537.7</u>
Total Financial Income	1,695,192.1	674,334.0	1,670,354.4
FINANCIAL COSTS			
Interest and fees	412,618.3	180,939.8	514,723.5
Provision for non-repayment	<u>8,028.1</u>	<u>6,429.4</u>	<u>39,454.2</u>
Total Financial Costs	420,646.4	187,369.2	554,177.7
Gross Financial Margin	1,282,573.7	493,394.2	1,155,630.9
Net Financial Margin	1,274,545.7	486,964.7	1,116,176.8
OPERATING EXPENSES			
Personnel costs	543,132.6	222,309.0	697,168.5
Travelling & transport	31,596.1	11,485.6	45,953.7
Office and other expenses	149,546.9	46,564.7	168,272.0
Depreciation	68,931.5	27,321.0	94,199.9
Mgt information system	4,258.0	794.8	1,400.3
Staff development	14,120.3	8,806.5	10,692.9
Other taxes	<u>3,685.9</u>	<u>47.2</u>	<u>-17.6</u>
Total operating expenses	815,271.3	317,328.8	1,017,669.7
OPERATING PROFIT (LOSS)	459,274.3	169,635.9	98,507.1
OTHER INCOME (EXPENSES)			
Interest on bank accounts, net of tax	30,354.0	9,089.7	29,002.6
Other income	3,529.5	1,311.9	4,401.7
Operational grants			8,280.2
Provision, foreign exchange losses	<u>-127,644.1</u>	<u>-56,378.4</u>	<u>-59,596.4</u>
Total other income (expenses)	-93,760.6	-45,976.8	-17,911.9
Income before Tax	365,513.7	123,659.1	80,595.1
Taxable Income	11,557.5	7,741.3	52,136.0
Tax	<u>3,236.1</u>	<u>2,167.6</u>	<u>14,042.6</u>
PROFIT/LOSS AFTER TAX	362,277.6	121,491.5	66,552.5

Table 7. Quarterly Balance Sheet (US\$, Preliminary)

Description	Jun-09	Mar-09	Dec-08
ASSETS			
<u>Current Assets</u>			
Cash-in-hand & in banks	203,248	286,609	204,916
<u>Short-term savings/deposit accounts</u>	<u>1,404,884</u>	<u>1,718,861</u>	<u>1,397,461</u>
Cash and near cash	1,608,131	2,005,470	1,602,377
Portfolio Working Capital	6,452,758	5,207,907	5,206,746
(Portfolio Working Capital loss reserve)	<u>-64,528</u>	<u>-52,079</u>	<u>-52,067</u>
Net Working Capital outstanding	6,388,231	5,155,828	5,154,679
Other current assets	152,779	82,267	72,838
Total current assets	8,149,141	7,243,565	6,829,894
<u>Non-Current Assets</u>			
Property and equipment	778,911	554,282	546,130
(Accumulated depreciation)	<u>-260,852</u>	<u>-197,859</u>	<u>-180,272</u>
Total fixed assets	518,059	356,424	365,858
Other non-current assets	219,643	616,431	444,895
(Provision)	<u>-191,466</u>	<u>-112,757</u>	<u>-59,596</u>
Other non-current assets	28,176	503,674	385,299
Total non-current assets	546,235	860,098	751,157
Total Assets	8,695,376	8,103,663	7,581,051
LIABILITIES & EQUITY			
<u>Current Liabilities</u>			
Short-term loans	489	432	4,384
Interest payable on loans	94,192	63,039	64,400
Client responsibility fund	628,152	502,842	474,559
Withholding tax	5,865	14,554	20,786
Other liabilities	<u>62,970</u>	<u>41,796</u>	<u>30,345</u>
Total current liabilities	791,667	622,663	594,475
<u>Non-Current Liabilities</u>			
Employee terminal benefits	2,079	1,836	1,941
Long Term Loans Liabilities	<u>6,567,351</u>	<u>6,499,036</u>	<u>6,076,989</u>
Total Non current liabilities	6,569,430	6,500,872	6,078,930
Total Liabilities	7,361,097	7,123,534	6,673,405
<u>Shareholders' Equity</u>			
Paid-up capital	891,345	787,387	832,329
Additional paid-up capital	4	4	4
Retained earnings	80,654	71,247	8,761
Current net profit/loss	<u>362,278</u>	<u>121,492</u>	<u>66,553</u>
Total Equity	1,334,280	980,129	907,646
Total Liabilities & Equity	8,695,377	8,103,663	7,581,051

Debt-equity ratio: 3.5 5.6 5.5

4 Institutional Strengthening

4.1 Staff Development

Classroom training by training task force institutionalized. Formal, classroom training was institutionalized this quarter with head office managers holding a one-day training meeting for supervisors on the first Friday of every month in head office. This is followed by supervisors holding a one-day training meeting for branch managers in their respective areas the following Friday.

Other staff training

- (a) Training two groups of deputy branch managers previously identified with the potential to become branch managers, in operations, key accounting knowledge and skills, and key HRD knowledge.
- (b) All MIS team leaders received one day training in head office covering revised micro-accounting knowledge and skills. The same material was also provided to supervisors on a separate occasion.
- (c) In all MBK provided training to 207 staff during this period (see table 8 below), including one new scholarship for accounts supervisor to upgrade her professional qualifications from three-year diploma to first degree.

Table 8. Classroom Training

Date	Location	Trainees	Topic	Trainers / Organizer
April	HO	Trainee Branch Managers (12)	MBK Operations - refresher training; key accounting knowledge and skills; key HRD knowledge	Quality assurance manager, accounts supervisor, personnel manager
April	Central Java	Area Supervisor-Trainers (2), KC (9) and senior staff (9)	Expansion in province	Chief, quality assurance manager
May	HO + all districts in West Java	Area Supervisor-Trainers (11) with follow up training meeting for all BM in West Java	Revised IA manual	Chief, CEO, West Java regional manager, personnel IA and finance managers, accounts supervisor
May	HO	Trainee Branch Managers (11)	MBK Operations - refresher training; key accounting knowledge and skills; key HRD knowledge	QA manager, accounts supervisor, personnel manager
June	HO	Area Supervisor-Trainers (13) with follow up meeting of all BM	Feedback revised IA, Revised MA accounting manual	Chief, CEO, West Java regional manager, personnel IA and finance managers, accounts supervisor
June	HO	All MIS Team Leaders (12) plus trainee accountant	Revised MA accounting manual	Accounts supervisor
June	HO + all districts in West Java	Area Supervisor-Trainers (11) with follow up training meeting for all BM in West Java	Revised working capital funds and CRF	Chief, West Java regional manager, personnel IA and finance managers
Fees for higher professional education course (upgrade from diploma three to first degree) for one HO staff				
Total		Persons 207		

5 Governance and Management

5.1 Governance

In compliance with the new Company Act Number 40 of August 2007, MBK amended its articles of association in August 2008. These articles of association were approved by the Ministry of Justice and Human Rights in November 2008. The new articles of association require a board of commissioners for policy making and supervision, and a board of directors for company management. To emphasize a clear division of labour between the Board of Commissioners and the Board of Directors, MBK modified its Articles of Association again in March 2009. The following structure was approved by the Ministry of Justice and Human Rights in May 2009:

(a) Board of Commissioners

1. Nahrudin Alie, Chief Commissioner (Shareholder)
2. Benny Kosinda, Independent Commissioner (Chair of Audit Committee)

(b) Board of Directors

1. Shafiq Dhanani, President Director
2. Elizabeth Sweeting, Director and Chief Executive Officer (CEO)

5.2 Management

Starting in July 2008, MBK has made serious efforts to build its first and second lines of management, as well as to strengthen the subsequent lines of management. While still far from complete, it may be worth reviewing the deep management structure evolving from these efforts undertaken over the past twelve months to manage its workforce of around 550:

(a) First Line of Management (head office)

1. Chief Finance Officer (CFO): Sanjay Gandhi (March 2009)
2. Chief Operations Officer (COO): vacant
3. Chief HRD and Administration Officer (CHO): vacant

(b) Second Line of Management (head office)

1. Business expansion manager: Susanti Gandaatmaja
2. Personnel manager: Hanni Widiastuty
3. Internal audit manager: Dahlia Desyany
4. Accounts supervisor: Asriany
5. MIS manager: Andi Iman Rahman
6. Finance manager: Hartina Sitanggang (February 2008)
7. Quality assurance manager: Sartono Ali Putro (July 2008)
8. Regional operations manager, West Java: Achmad Ramdhani (August 2008)

(c) Third Line of Management (field level)

Assistant regional operations manager, Central Java: Wieda W. Andriani (June 2009)

(d) Fourth Line of Management (field level)

Supervisors/trainers: 13 persons appointed (one per operational area, 6-8 branches)

(e) Fifth Line of Management (field level)

1. Branch managers: 80 persons appointed (6-8 field staff per branch)
2. District MIS team leaders: 12 persons appointed (one per operational area, 6-8 branches, 2-3 MIS staff per area)

5.3 Visitors, Awareness Raising and Fund Raising for On-lending

MBK met the following persons to learn from, to promote MBK and microfinance in Indonesia, and to raise funds for on-lending during January-March 2009:

<u>Date</u>	<u>Name</u>	<u>Institution</u>	<u>Topic</u>
<u>Apr</u>			
01	Jerry Ng, Djemi Suhenda, Arief	Bank BTPN	Funding for on-lending
03	Ajit Raikar, Jayanta	Bank Danamon	Second loan proposal
06	Frank Sindoro	Chair, Dian Mandiri Foundation, microfinance	Exchange of experience
06	Panca Pramudya	Hivos Office Jakarta	Future cooperation
07	Jeff Reece	Founder, Infinite Earth, Hong Kong	Microfinance for Kalimantan
08	Anwar, Budi, Faizal, Fadiz, Slamet Ryadi	Regional Development Bank Aceh (BPD) & YAMIDA	Introduction to MBK operations
16	Sean DeWitt, Budiman, Harry	Grameen Foundation USA	Phone operator programme
20		Bank Andara	Loan proposal
<u>May</u>			
07-09	Lola, Arlindo	Moris Rasik microfinance foundation, Timor Leste	MBK operations study tour
15	Sanjiv Malhotra	Risk Head, Bank Danamon	Loan proposal
19	Susanti	Ernst & Young Partner	External audit proposal
19	Jennifer Meehan	Grameen Foundation USA	Credit guarantee
20	JC Bergadaa, Indriany Ruslim	Bank Paribas Singapore, Jakarta	Due diligence
<u>June</u>			
11-12	Hadi Wibowo, Ani, Ratih Rachmawati, Michael Tjayamulia, Roy	Bank BTPN	MBK operations
18	Hadi Wibowo, Ani, Taras Siregar, Ratih Rachmawati, Michael Tjayamulia, Roy, Susanti, Karim, Asmo	Bank BTPN	Mitra Usaha Rakyat operations
22	Teddy Rahmat, Ida, Franky Suhenda	Bank Purba Danarta	Introduction to Bank Purba Danarta

6 Strategic 5-year Business Plan 2009-2013

6.1 Main Assumptions

MBK has used the *Microfin* software tool produced by the World Bank-CGAP to develop five-year financial projections since 2004. Table 9 contains an overview of assumptions used in the forecasting model, including outreach, number of branches, loan size and staffing levels.

The first working capital size will be \$100 per year, repayable over 50 weeks. Subsequent working capital will increase by around 20 percent per year. The interest rate will be 25 percent calculated on a flat basis (35% until June 2009). Compulsory Client Responsibility Fund (CRF) will collect 5 percent of the working capital at the time of disbursement. Finally, MBK will gradually increase the loan officer to client ratio from 363 to 400 in the projection period to improve efficiency.

The Indonesian inflation rate is assumed to rise by 7 percent per year throughout the projection period. Commercial banks are assumed to charge 14 percent interest rate per annum for loans throughout the forecasting period.

6.2 Key Features

1. *Outreach.* MBK's client base will double every year, from around 104,000 at the beginning of 2009 to nearly 1 million at the end of 2011, focusing in the rural areas of Java Island, one of the most populated islands in the world. MBK began operating in Banten province (West of Jakarta) in 2003-05 where it faced little competition, either from commercial banks, community banks or other MFIs. In 2006, MBK expanded in the neighbouring district of Bogor, where it faced some competition from smaller MFIs. Now MBK will expand eastwards to cover more districts in West Java in 2009, and to launch operations in Central Java in 2009 and East Java in 2010. The majority of MBK clients will continue to come from the bottom 25 percent of the population by income.
2. *Outstanding loan portfolio.* With average outstanding working capital size rising from \$53 in 2009 to \$90 in 2013, the gross portfolio outstanding will increase from Rp 57 to 3.1 billion.
3. *Branches.* The number of branches will double every year from 55 in early 2009 to reach a total of 2,000 by 2013. Each branch will have around 6-8 staff.
4. *Staff.* The programme will employ over 14,000 employees in total, of which 26 people will be located in head office, and the rest at the branch, district and regional levels.
5. *Efficiency.* The programme will improve efficiency in two ways: (a) increasing the client load from 349 to 400 clients per loan officer; and (b) reducing the operating cost ratio from 23 to 20 percent between early 2009 and end 2013, due to economies of scale.
6. *Sustainability.* After-tax operating self-sustainability will rise from 107 to 120 percent, while after tax financial self-sustainability will rise from 102 to 123 percent between 2009 and 2013.
7. *Profitability.* The MBK programme already produced a surplus in 2004-2006. In 2007 and 2008, heavy investment in the new MIS system, the recruitment of senior management, accelerated field staff recruitment, and salary rises across the board resulted in a break-even. The programme will once generate a healthy surplus starting in financial year 2009.

Table 9

MBK Indonesia: Summary of Financial Projections 2009-2013

19-Jun-09 (Provisional)

	Year 0 FY08	Year 1 FY09	Year 2 FY10	Year 3 FY11	Year 4 FY12	Year 5 FY13	5 YEAR TOTAL
I. Overall Targets							
Total clients	103,839	170,000	446,876	865,104	1,730,208	3,460,417	
Total branches	55	125	250	500	1,000	2,000	
Field employees	402	790	1,897	3,539	7,070	14,140	
Head office employees	18	20	24	26	26	26	
Clients per loan officer	321	385	370	400	400	400	
Average outstanding loan per client Rp 000	550	533	562	744	827	896	
II. Key Assumptions							
Profit-sharing rate with clients % flat per year	25%	29%	25%	25%	25%	25%	
Interest paid on loans (effective) BI+5%	12%	14.0%	14.0%	14.0%	14.0%	14.0%	
Net Increase in borrowed funds Rp billion	41	28	152	370	719	1,504	
III. Balance Sheet (Rp. billion)							
<u>Asset</u>	<u>83</u>	<u>107</u>	<u>281</u>	<u>703</u>	<u>1,550</u>	<u>3,343</u>	
Gross outstanding portfolio	57	91	251	644	1,430	3,100	
<u>Liabilities</u>	<u>68</u>	<u>92</u>	<u>258</u>	<u>654</u>	<u>1,431</u>	<u>3,059</u>	
Client responsibility fund	5	9	23	49	107	231	
Commercial loans	60	81	234	603	1,323	2,827	
<u>Equity</u>	<u>11</u>	<u>15</u>	<u>23</u>	<u>50</u>	<u>119</u>	<u>283</u>	
<u>Total Liabilities and equity</u>	<u>79</u>	<u>107</u>	<u>281</u>	<u>703</u>	<u>1,550</u>	<u>3,343</u>	
IV. Income Statement (Rp billion)							
<u>Financial income</u>	<u>19</u>	<u>38</u>	<u>78</u>	<u>200</u>	<u>459</u>	<u>1,003</u>	
Profit-sharing, normal (25%)	19	26	78	200	459	1,003	
Profit-sharing surcharge (10%), gradual	-	11	0	0	0	0	
<u>Financial costs</u>	<u>6</u>	<u>11</u>	<u>21</u>	<u>50</u>	<u>117</u>	<u>254</u>	
Interest and fees	5	10.1	21	50	117	254	
Provision, foreign exchange losses	0.7	0.7					
Gross financial margin	13	27	57	150	342	748	
Provision for loan losses	0.4	0	3	8	26	57	
Net financial margin	13	27	55	142	315	692	
Programme operating expenses	9	19	42	104	220	470	
Administrative operating expenses	2	2	2	2	3	3	
Amount of taxes paid	-	2	3	9	23	55	
Net income from operations after tax	1	4	8	27	70	164	
V. Ratio Analysis							
<u>Efficiency</u>							
Yield on portfolio % (annualized)	44%	53%	47%	49%	45%	45%	
Overhead percentage %	20%	9%	5%	2%	1%	1%	
Operating cost ratio (% of outst. Portfolio)	27%	30%	27%	26%	22%	21%	
Portfolio at Risk >30 days	0%	0%	0%	0%	0%	0%	
Loan loss reserve ratio	1.0%	1.0%	1.2%	1.3%	1.6%	1.8%	
<u>Returns</u>							
Gross returns on average total assets %	32%	42%	42%	42%	42%	42%	42.1%
- Financial costs %	10%	12%	11%	10%	11%	11%	10.7%
= Gross financial margin %	23%	30%	31%	31%	31%	32%	31.3%
- Loan loss provision %	1%	0%	1%	2%	2%	2%	2.2%
= Net financial margin %	22%	30%	29%	29%	29%	29%	29.1%
- Operating costs (% of total avg. assets)	19%	23%	24%	22%	20%	20%	20.5%
- Taxes paid	0%	2%	1%	2%	2%	2%	2.2%
= Operating margin after tax (ROA)	2%	5%	4%	6%	6%	7%	6.5%
Operational sustainability after tax %	107%	113%	112%	115%	118%	120%	118%
Financial sustainability after tax %	102%	119%	115%	119%	121%	123%	121%
After tax return on total equity (AROE) %	-	48%	54%	94%	96%	92%	89%
VI. Debt-Equity Ratio							
(including quasi-equity)	4.8	5.5	10.2	12.2	11.1	10.0	
Quasi-equity	1.78	8.70	8.70	8.70	8.70	8.70	

6.3 External funding requirements

After taking into account surplus reinvested and the client responsibility fund, the *net* increase in loan funds required by MBK will be approximately to (\$1 = Rp 10,000):

2009	Rp	28	billion	(US\$	3 million)
2010	Rp	152	billion	(US\$	15 million)
2011	Rp	370	billion	(US\$	37 million)
2012	Rp	719	billion	(US\$	71 million)
2013	Rp	1,504	billion	(US\$	150 million)

7 Planned Activities for Third Quarter 2009

7.1 Outreach

- Continue to survey, open and staff further branches in the southern rural districts of Central Java and the new province of Yogyakarta (DIY) (south of Central Java).
- Survey feasibility of opening branches in other districts in West Java province not yet covered by MBK

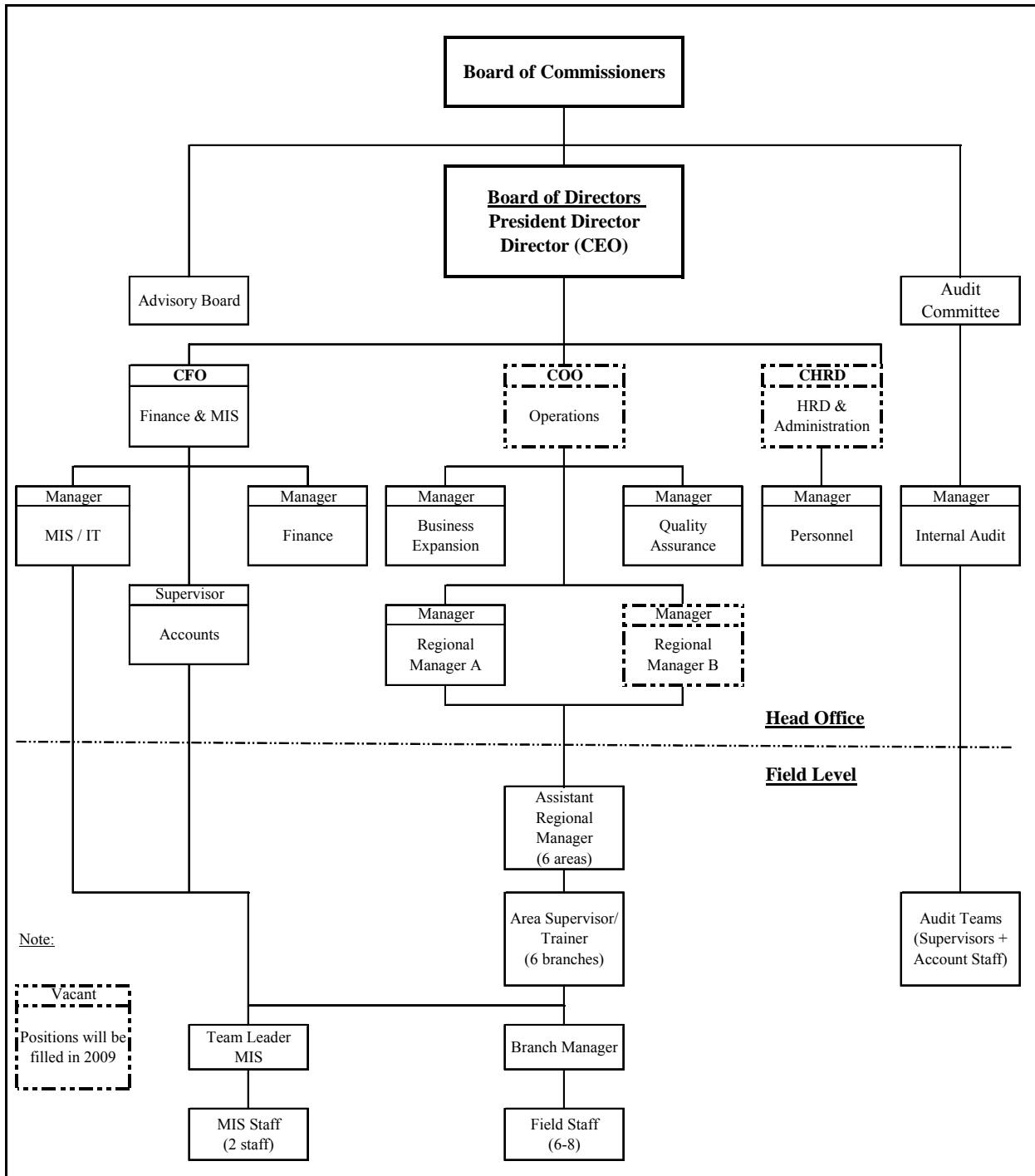
7.2 Institutional Strengthening

- Continue to recruit trainee deputy branch managers from selected Central Java and DIY universities to fill the planned new openings in those provinces. Place and train them initially in branches in West Java and once Central Java/DIY branches have been operating 2-3 months, transfer them to those.
- Continue to identify and promote senior field staff with potential to become branch managers.
- Hold branch manager training sessions for deputy branch managers with potential for promotion.

7.3 Management and Governance

- *Internal audits of branches.* Continue with regular internal audits of all established branches by the internal auditors, accompanied by Area Supervisors (who will audit branches in areas other than their own) and head office financial audit team staff.
- *Internal audits of Area offices and Supervisors.* The financial audit team in head office will continue to audit area offices and Supervisors.

Annex A: Organization chart



Annex B: Quarterly Financial Statements – Dec 2008

Quarterly Income Statement (Rp 000s, Preliminary)

Description	Jun-09	Mar-09	Dec-08
FINANCIAL REVENUES			
Profit-sharing from clients/partners	14,712,694.5	6,922,225.2	18,109,292.9
Profit-sharing surcharge	<u>2,620,644.5</u>	<u>883,190.3</u>	<u>181,088.0</u>
Total Financial Income	17,333,339.0	7,805,415.5	18,290,380.9
FINANCIAL COSTS			
Interest and fees	4,219,022.5	2,094,377.9	5,636,222.3
Provision for non-repayment	<u>82,086.9</u>	<u>74,420.9</u>	<u>432,023.0</u>
Total Financial Costs	4,301,109.3	2,168,798.7	6,068,245.3
Gross Financial Margin	13,114,316.5	5,711,037.7	12,654,158.6
Net Financial Margin	13,032,229.7	5,636,616.8	12,222,135.6
OPERATING EXPENSES			
Personnel costs	5,553,530.6	2,573,226.5	7,633,995.0
Travelling & transport	323,069.9	132,946.0	503,193.1
Office and other expenses	1,529,116.6	538,987.0	1,842,578.2
Depreciation	704,824.7	316,240.4	1,031,488.7
Mgt information system	43,538.5	9,200.1	15,333.5
Staff development	144,380.5	101,935.0	117,087.4
Other taxes	<u>37,688.7</u>	<u>546.3</u>	<u>-192.7</u>
Total operating expenses	8,336,149.5	3,673,081.2	11,143,483.2
OPERATING PROFIT (LOSS)	4,696,080.2	1,963,535.6	1,078,652.5
OTHER INCOME (EXPENSES)			
Interest on bank accounts, net of tax	310,369.9	105,213.8	317,578.2
Other income	36,088.7	15,185.0	48,198.3
Operational grants	-	-	90,668.3
Provision, foreign exchange losses	<u>-1,305,160.9</u>	<u>-652,580.4</u>	<u>-652,580.4</u>
Total other income (expenses)	-958,702.3	-532,181.6	-196,135.7
Income before Tax	- 3,737,377.8	- 1,431,354.0	882,516.8
Taxable Income	118,175.5	89,605.9	570,889.5
Tax	<u>33,089.1</u>	<u>25,089.6</u>	<u>153,766.9</u>
PROFIT/LOSS AFTER TAX	3,704,288.7	1,406,264.3	728,749.9

Quarterly Balance Sheet (Rp 000s, Preliminary)

Description	Jun-09	Mar-09	Dec-08
ASSETS			
<u>Current Assets</u>			
Cash-in-hand & in banks	- 2,078,206.6	- 3,317,500.6	- 2,243,833.2
<u>Short-term savings/deposit accounts</u>	<u>14,364,936.3</u>	<u>19,895,819.9</u>	<u>15,302,196.2</u>
Cash and near cash	16,443,142.8	23,213,320.6	17,546,029.4
Portfolio Working Capital	65,979,453.1	60,281,525.7	57,013,868.8
(Portfolio Working Capital loss reserve)	<u>-659,794.2</u>	<u>-602,815.0</u>	<u>-570,138.1</u>
Net Working Capital outstanding	65,319,659.0	59,678,710.8	56,443,730.7
Other current assets	1,562,167.0	952,238.8	797,579.3
Total current assets	83,324,968.7	83,844,270.1	74,787,339.4
<u>Non-Current Assets</u>			
Property and equipment	- 7,964,366.1	- 6,415,819.5	- 5,980,118.5
(Accumulated depreciation)	<u>-2,667,214.9</u>	<u>-2,290,214.0</u>	<u>-1,973,973.6</u>
Total fixed assets	5,297,151.2	4,125,605.5	4,006,144.9
Other non-current assets	2,245,844.9	7,135,184.5	4,871,601.4
(Provision)	<u>-1,957,741.3</u>	<u>-1,305,160.9</u>	<u>-652,580.4</u>
Other non-current assets	288,103.6	5,830,023.6	4,219,020.9
Total non-current assets	5,585,254.9	9,955,629.1	8,225,165.8
Total Assets	88,910,223.6	93,799,899.3	83,012,505.2
LIABILITIES & EQUITY			
<u>Current Liabilities</u>			
Short-term loans	- 5,000.0	- 5,000.0	- 48,000.0
Interest payable on loans	963,109.4	729,675.4	705,184.9
Client responsibility fund	6,422,850.0	5,820,400.0	5,196,425.0
Withholding tax	59,967.5	168,457.8	227,607.0
Other liabilities	<u>643,864.2</u>	<u>483,786.4</u>	<u>332,281.4</u>
Total current liabilities	8,094,791.1	7,207,319.6	6,509,498.3
<u>Non-Current Liabilities</u>			
Employee terminal benefits	- 21,254.6	- 21,254.6	- 21,254.6
Long Term Loans Liabilities	67,151,167.5	75,226,336.8	66,543,028.5
Total Non current liabilities	67,172,422.1	75,247,591.4	66,564,283.1
Total Liabilities	75,267,213.1	82,454,911.0	73,073,781.3
<u>Shareholders' Equity</u>			
Paid-up capital	- 9,114,000.0	- 9,114,000.0	- 9,114,000.0
Additional paid-up capital	40.6	40.6	40.6
Retained earnings	824,683.2	824,683.2	95,933.3
Current net profit/loss	3,704,288.7	1,406,264.3	728,749.9
Total Equity	13,643,012.5	11,344,988.1	9,938,723.8
Total Liabilities & Equity	88,910,225.6	93,799,899.1	83,012,505.1

Annex C: Quarterly Performance Indicators – Dec 2008

	2008				2009	
	Mar	Jun	Sept	Dec	Mar	Jun
<i>Exchange rate: US\$1 =</i>	9.217	9.225	9.378	10.950	11.575	10.225
1.0 Outreach Indicators						
1.1 Cumulative clients recruited	92,815	107,828	125,431	135,824	146,459	160,753
1.2 Cumulative dropouts	<u>13,405</u>	<u>18,034</u>	<u>24,105</u>	<u>30,134</u>	<u>36,230</u>	<u>43,195</u>
1.3 Net clients approved	79,410	89,794	101,326	105,690	110,229	117,558
1.4.1 % Growth in clients (over prv period)	21.2%	13.1%	12.8%	4.3%	4.3%	6.6%
1.4.2 New clients recruited year-on-year	54,879	58,713	60,246	59,320	53,644	52,925
1.4.3 Clients returning to prog, per quarter				226	588	886
1.4.4 Cumulative clients returning to prog				226	814	1,700
1.5 Net active clients by loan cycle	78,989	88,937	99,317	103,734	108,637	114,135
1.5.1 1st cycle	53,627	56,720	56,601	54,673	50,733	50,067
1.5.2 2nd cycle	15,792	18,105	25,749	30,280	36,764	38,223
1.5.3 3rd cycle	6,820	9,510	10,746	11,629	12,267	13,494
1.5.4 4th cycle	1,318	2,234	3,630	4,674	5,615	7,359
1.5.5 5th cycle	1,283	1,128	717	772	1,145	1,822
1.5.6 6th cycle and above	<u>149</u>	<u>431</u>	<u>883</u>	<u>1,006</u>	<u>1,255</u>	<u>1,344</u>
1.5.7 Total clients with loans	78,989	88,128	98,326	103,034	107,779	112,309
1.5.8 In process (existing clients)		809	991	700	858	1,826
1.5.9 % in 1st cycle	68%	64%	57%	53%	47%	44%
1.6 Dropout						
1.6.1 Total dropouts this quarter	2,429	4,629	6,071	6,029	6,096	6,965
1.6.2 Quarterly dropout rate	3.1%	5.2%	6.0%	5.7%	5.5%	5.9%
1.6.3 Year-on-year dropout rate (M-CRIL)	8.3%	10.1%	12.5%	15.3%	17.2%	17.6%
1.7 Branches	36	45	53	55	58	80
1.8 Net number of centres	4,426	5,010	5,616	5,849	6,099	6,421
1.9 Average clients per centre	18	18	18	18	18	18
1.10 Max. working capital size (Rp. 000)						
1.10.1 1st cycle	800	1,000	1,000	1,000	1,000	1,000
1.10.2 2nd cycle	1,200	1,200	1,200	1,200	1,200	1,200
1.10.3 3rd cycle	1,500	1,500	1,500	1,500	1,500	1,500
1.10.4 4th cycle	1,800	1,800	1,800	1,800	1,800	1,800
1.10.5 5th cycle	2,200	2,200	2,200	2,200	2,200	2,200
1.10.6 6th cycle				2,600	2,600	2,600
1.10.7 7th cycle				3,100	3,100	3,100
1.11 Max. working capital size (US\$)						
1.11.1 1st cycle	87	108	107	91	86	98
1.11.2 2nd cycle	130	130	128	110	104	117
1.11.3 3rd cycle	163	163	160	137	130	147
1.11.4 4th cycle	195	195	192	164	156	176
1.11.5 5th cycle	239	238	235	201	190	215
1.11.6 6th cycle				237	225	254
1.11.7 7th cycle				283	268	303
1.12 Portfolio						
1.12.1 Total portfolio outstanding (Rp. 000)	31,332,461	42,201,109	58,777,306	57,013,869	60,281,526	65,979,062
1.12.2 Total portf. outstanding (\$)	3,399,421	4,574,646	6,267,574	5,206,746	5,207,907	6,452,720
1.12.3 Average portf. outstanding Rp. 000	397	479	598	553	559	587
1.12.4 Average portf. outstanding (\$)	43	52	64	51	48	57
1.12.5 % Growth (over prev. quarter, Rp)	24.4%	34.7%	39.3%	-3.0%	5.7%	9.5%

		2008				2009	
		Mar	Jun	Sept	Dec	Mar	Jun
<i>Exchange rate: US\$1 =</i>		9.217	9.225	9.378	10.950	11.575	10.225
1.12.1	Disbursement this quarter	19,067,044	27,030,530	37,924,322	22,524,418	33,071,377	37,058,248
1.12.5	Repayment this quarter	12,926,130	16,161,882	21,348,125	23,387,855	29,803,720	32,310,614
1.12.6	Current Portfolio size (Kredits)	55,402,900	70,798,900	92,642,650	103,349,150	90,085,246	127,819,986
1.12.7	Repayment from current portfolio	24,070,439	28,597,791	33,865,344	46,335,281	29,803,720	61,840,924
1.19.1	Clients in responsibility fund	78,989	88,937	99,317	103,734	108,637	114,135
1.19.2	Total client responsibility fund (CRF)	2,777,020	3,564,775	4,689,085	5,196,425	5,820,400	6,422,850
1.19.3	CRF as % of portfolio outstanding	9%	8%	8%	9%	10%	10%
2.0	<u>Portfolio quality</u>						
	<u>Portfolio in arrears (Rp. 000)</u>						
	0 -30 days	1,871	695	-	-	180	6,237
	31-60 days	455	-	1,537	-	877	-
	61-90 days	923	387	-	-	-	-
	91-180 days	188	1,050	118	1,154	-	754
	<u>≥ 180 days</u>	249	414	1,078	333	333	-
	Total	3,686	2,546	2,733	1,487	1,390	6,991
	Portfolio at risk (>30)	1,815	1,851	2,733	1,487	1,210	754
	% PAR (>30)	0.006%	0.004%	0.005%	0.003%	0.002%	0.001%
	<u>Overdue principal (Rp. 000)</u>						
	0 -30 days	297	123	-	-	50	1,347
	31-60 days	285	257	367	-	193	-
	61-90 days	663	48	-	-	-	-
	91-180 days	397	1,050	118	796	-	394
	<u>≥ 180 days</u>	-	414	1,078	333	333	-
	Total	1,641	1,891	1,563	1,129	576	1,741
	<u>Client with arrears</u>						
	0 -30 days	8	1	-	-	9	55
	31-60 days	4	-	4	-	2	-
	61-90 days	6	6	-	-	-	-
	91-180 days	2	9	8	3	-	1
	<u>≥ 180 days</u>	-	2	8	15	15	-
	Total	20	18	20	18	26	56
	Clients at risk (>30)	12	17	20	18	17	1
2.1	<u>Repayment Rate</u>						
2.1.1	Quarterly Repayment Rate						
2.1.2	Cumulative Repayment Rate	99.99%	99.99%	99.995%	99.998%	99.998%	99.997%
3.0	<u>Productivity and Efficiency</u>						
3.1	<u>Total Staff (field + head office)</u>	295	371	413	420	467	549
3.1.1	Head office staff	9	13	16	14	16	16
3.1.2	<u>Field staff</u>	286	358	397	406	451	533
3.1.2.1	District staff (incl. 1 driver)	28	29	32	37	37	49
3.1.2.2	Branch managers	36	45	53	55	58	80
3.1.2.3	<u>Field officers</u>	222	284	312	314	356	404
	Field officers confirmed (>2 mths)	190	230	292	281	311	339
	Probationary field officers (<2 mths)	32	54	20	33	45	65
3.2.1	Clients/field officer (>2mths)	418	390	347	376	354	347
3.2.2	Clients per staff (field + HO)	269	242	245	252	236	214
3.3.1	Portfolio/field officer > 2mths (Rp.000)	164,908	183,483	201,292	202,896	193,831	194,629
3.3.2	Portfolio/field officer > 2 mths (US\$)	17,892	19,890	21,464	18,529	16,746	19,035
3.4	Centres per field officer	20	18	18	19	17	16
3.5	Operating expense ratio (% Port. Out)	28.5%	27.3%	24.7%	23.5%	23.5%	24.4%
3.6	Financial expense ratio (% Port. Out)	11.0%	11.6%	12.4%	14.2%	15.6%	16.6%

		2008				2009	
		Mar	Jun	Sept	Dec	Mar	Jun
	<i>Exchange rate: US\$1 =</i>	<i>9.217</i>	<i>9.225</i>	<i>9.378</i>	<i>10.950</i>	<i>11.575</i>	<i>10.225</i>
3.7	Total cost ratio (% Port. Outstanding)	39.4%	38.8%	37.1%	37.7%	39.1%	40.9%
3.9	Overhead ratio (HO/Total expenses)	16%	15%	15%	14%	12%	12%
3.10	Field officers as % of total staff	75%	77%	76%	75%	76%	74%
3.11	Ratio HO staff to total staff (%)	3%	4%	4%	3%	3%	3%
4.0	<u>Viability and Sustainability</u>						
4.1	Average quarterly yield on portf.	37.0%	36.9%	37.0%	38.6%	40.4%	47.1%
4.2	Average annual yield on portf.	42.5%	39.1%	35.0%	44.5%	48.1%	52.6%
4.3	Operational self-sufficiency	108%	104%	104%	105%	122%	127%
4.4	Financial self-sufficiency						
4.5	Return on average assets (ROA)	0.6%	0.4%	0.6%	1.2%	2.0%	5.1%
4.6	Debt to equity ratio (inc. quasi-equity)	3.1	3.6	5.5	5.5	5.6	3.5
5.0	<u>Impact on Poverty</u>						
5.1	% Poor, new clients (Cashpor hous. idx)	75%	75%	75%	75%	75%	75%
5.2	Moderately poor	25%	25%	25%	25%	25%	25%
5.3	Non-poor						
5.6	Client retention rate	91.7%	89.9%	87.5%	84.7%	82.8%	82.4%