

2010-1P



Mitra Bisnis Keluarga Ventura
“Family Business Partners”
Indonesia

Provisional
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January-March 2010

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CONTENT

1	INTRODUCTION.....	1
2	PROGRESS DURING THE QUARTER	2
2.1	Outreach.....	3
2.2	Dropouts and Push-outs	3
2.3	Portfolio Quality	4
2.4	Productivity and Efficiency	5
2.5	Viability and Sustainability.....	6
3	INCOME STATEMENT AND BALANCE SHEET	6
3.1	Income Statement.....	6
3.2	Balance Sheet.....	6
4	INSTITUTIONAL STRENGTHENING	9
4.1	Staff Development	9
5	GOVERNANCE AND MANAGEMENT	10
5.1	Management.....	10
5.2	Visitors, Awareness Raising and Fund Raising for On-lending.....	10
6	STRATEGIC 5-YEAR BUSINESS PLAN 2009-2013.....	11
6.1	Main Assumptions	11
6.2	Main Results	11
7	PLANNED ACTIVITIES FOR SECOND QUARTER 2010	15
7.1	Outreach.....	15
7.2	Institutional Strengthening.....	15
7.3	Management and Governance.....	15
	ANNEX A: ORGANIZATION CHART	16
	ANNEX B: QUARTERLY FINANCIAL STATEMENTS – DEC 2009	17
	ANNEX C: QUARTERLY PERFORMANCE INDICATORS – MAR 2010.....	19

1 Introduction

This report covers the first quarter of 2010 (January to March) of the fourth 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 foundations, by law, could no longer provide economic services after August 2007.

The Indonesia Rupiah appreciated substantially during this period, trading at Rp 9,115 at the end of this first quarter in 2010, and near its pre-crisis levels. With new funding becoming available in the last quarter of 2009, MBK was able to continue expansion into new districts in West Java and opened a further 23 branches during this quarter. The total number of branches thus reached 136. The number of MBK clients increased by some 25,800 from 144,951 to 170,751 this quarter. Portfolio at risk remained negligible (PAR>30 days of 0.004 percent).

Mitra Bisnis Keluarga (MBK) is essentially a Grameen Bank Replicator with some adaptations from other programmes in Bangladesh, Philippines and India. 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 the majority of its head office personnel, 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 ten percent of each disbursement of working capital at the time of disbursement. This money is returned to the client once her working capital fund has been repaid in full. It is not interest bearing.

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 the following awards:

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 2008 and again in 2009.

In addition to its monthly update, 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).

2 Progress during the Quarter

Table 1. Quarterly Outreach Indicators

	Mar-09	Jun-09	Sept-09	Dec-09	Mar-10
Net clients ¹	110,229	117,558	134,043	144,951	170,751
Percent growth in clients	4%	7%	14%	8%	17.8%
Branches	58	80	93	113	136
Total centres	6,099	6,421	7,175	7,866	9,282
Total active clients	108,637	114,135	129,065	141,876	167,441
Clients in 1 st cycle	51,591	50,067	57,071	67,628	86,793
% in 1 st cycle	47%	44%	44%	46%	52%
Total portfolio outstanding (Rp 000s)	60,281,526	65,979,453	97,900,325	100,384,420	120,130,099
Total portfolio outstanding (US\$) ²	5,207,907	6,452,720	10,112,625	10,679,194	13,179,386
Growth in portfolio (in Rp)	6%	9.5%	48.4%	2.5%	19.7%
Average portfolio outstanding/client (Rp 000)	559	587	766	708	722
Average portfolio outstanding/client (US\$)	48	57	79	75	79
Dropouts & push-outs per quarter	6,096	6,965	5,714	5,670	5,774
Quarterly dropout & push-out rate (%) ³	5.5%	5.9%	4.3%	3.9%	3.4%
Year-on-year dropout & push-out rate (%) ⁴	17.2%	17.6%	15.6%	14.4%	12.4%
CRF as % of working capital outstanding ⁵	10%	10%	15%	17%	18%

Note:

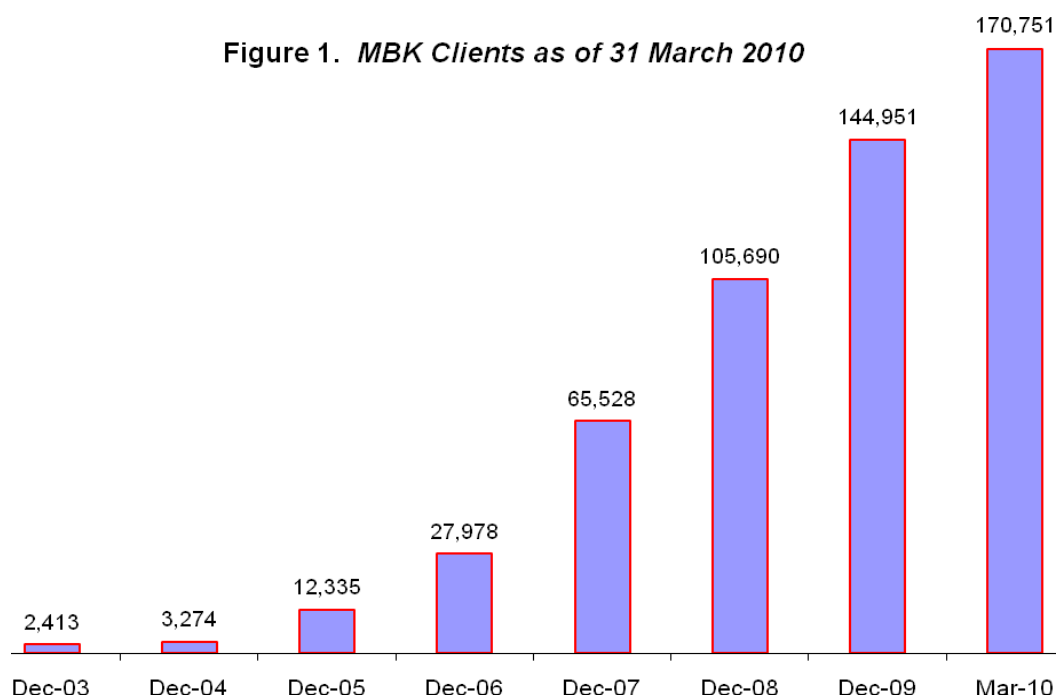
¹ Includes new clients waiting for first working capital (3-2 staggered disbursement), and existing clients waiting for follow-up working capital.

² US\$ 1 = Rp. 9,115 as of 31 March 2010

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)



2.1 Outreach

Additional 25,800 clients. Due to new funding being made available during this quarter, MBK was able to open new areas and branches and therefore to increase the number of clients served by some 25,800. A total of 170,751 clients were reached this quarter. Existing branches continued to recruit additional clients into existing centres to increase efficiency. Of these new clients, some 1,816 were returnees, mostly clients who had left voluntarily. Percentage growth in clients over this quarter was 17.8 percent (see table 1 and figure 1).

Four new rural districts added in West Java. MBK opened 4 new rural districts in West Java (East Karawang, Sumedang, Majalengka and Ciamis). Some five to six branches were opened and became operational in the first two populous districts. However, only three branches were opened in each of the last two districts. Once the demand for MBK services warrants it, additional branches will be added to these areas.

Due to high demand for MBK's services in Banyumas, a Central Java district adjoining West Java province and close to MBK's present activities, a further 5 branches were opened to form the West Banyumas district.

Gross Portfolio Outstanding. The total portfolio outstanding increased by 20 percent in this quarter, reaching to Rp. 120 billion (\$13 million) by the end of this 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 – remained relatively stable at 5,774 (table 2). As a share of the larger number of clients however, the dropout rate decreased from 3.9 to 3.4 percent. On a year-to-year basis, the drop out rate decreased from 14.4 to 12.4 percent. Client deaths also decreased 92 to 74 (1.3% of total clients), with the end of the annual rainy season. Only 1,000 clients took up paid employment during this reporting period, representing decrease of one percent to 17.3 percent, as opportunities for paid employment probably declined.

Voluntary dropouts. The number of clients leaving voluntarily continued to decline this quarter from 46.6 to 39.6 percent of total drop outs signifying perhaps a decline in dissatisfied clients. This may be attributed to the reduction in the profit-sharing ratio and the larger size of working capital.

Table 2. Clients leaving MBK Programme by Reason

	Q4-2009	% Share	Q1-2010	% Share
Voluntary Dropouts	2,639	46.6	2,288	39.6
Taken paid employment	1,026	18.1	1,001	17.3
Client death	92	1.6	74	1.3
<u>Push-out by MBK</u>	<u>1,913</u>	<u>33.7</u>	<u>2,411</u>	<u>41.8</u>
Total leaving programme	5,670	100.0	5,774	100.0

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 33.7 to 41.8 percent between this quarter and the previous quarter. This is a regular feature in new areas where clients move from their first to second working capital funding and compliance with MBK rules are enforced. Included in this group were clients from a few 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 by recruiting new clients or by merging 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 for disciplinary reasons have to wait 12 months before they can request to rejoin. This quarter saw 1,816 returnees.

2.3 Portfolio Quality

Portfolio at risk. Portfolio at risk (PAR > 30 days) remained negligible and even declined a little from 0.005 to 0.004 percent this quarter (table 3). There were no write-offs this quarter. The cumulative repayment rate remained stable at 99.997 percent. Because of the stable and low PAR > 30 figures, MBK took the decision to reduce the loan loss provision rate from 1 to 0.5 percent starting this year.

Table 3. Quarterly Portfolio Quality Indicators

	Mar-09	Jun-09	Sep-09	Dec-09	Mar-10
<u>Portfolio at Risk (Rp. 000)</u>					
0 -30 days	180	6,237	7,207	28,259	9,485
31-60 days	877	-	-	2,222	1,748
61-90 days	-	-	-	2,684	100
91-180 days	-	754	390	-	2,814
<u>180 days</u>	<u>333</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total portfolio with arrears	1,390	6,991	7,597	33,165	14,146
Portfolio at risk (PAR > 30 days)	1,210	754	390	4,906	4,661
% PAR (>30 days)	0.002%	0.001%	0.0004%	0.005%	0.004%
<u>Overdue principal (Rp. 000)</u>					
0 -30 days	50	1,347	564	1,139	559
31-60 days	193	-	-	1,097	752
61-90 days	-	-	-	1,542	100
91-180 days	-	394	300	-	2,813
<u>> 180 days</u>	<u>333</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	576	1,741	864	3,778	4,224
<u>Clients in arrears</u>					
0 -30 days	9	55	19	50	29
31-60 days	2	-	-	9	3
61-90 days	-	-	-	8	1
91-180 days	-	1	1	-	11
<u>> 180 days</u>	<u>15</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total clients with overdue	26	56	20	67	44
Clients at risk (>30)	17	1	1	17	15
Portfolio write-off (Rp 000)	0	333	333	333	-
Cumulative repayment rate	99.99%	99.99%	99.99%	99.99%	99.99%
Portfolio loss provision expense ratio	1.0%	1.0%	1.0%	1.0%	0.5%

2.4 Productivity and Efficiency

Clients per staff. The client per staff ratio, including all field staff, head office and probationary staff increased slightly to 191 per staff. The number of clients per accounts officer remained stable at 323 clients per accounts staff.

Portfolio per field officer. The outstanding portfolio per confirmed field officer remained stable at 227 million per officer (around \$25,000 per officer).

Centres per field officer. The ratio of centres per field officer rose from 13 to 14 this quarter as some of the newly confirmed officers took responsibility for centres. This ratio excludes the 141 probationary field officers.

Field officers as a share of total staff. The ratio of field officers to total staff decreased by one percent to 74 percent due to promotions to deputy branch manager and managers for the new newly opened branches.

Overhead ratio and HO/field staff ratio. The head office to total administration expense ratio remained stable at 14-15 percent between last quarter and this one. The HO/total staff ratio also remained stable at 2 percent.

Table 4. Quarterly Productivity and Efficiency Indicators

	Mar-09	Jun-09	Sept-09	Dec-09	Mar-10
<u>Outreach</u>					
Clients	110,229	117,558	134,043	144,951	170,751
Branches	58	80	93	113	136
Centres	6,099	6,421	7,175	7,866	9,282
<u>Total staff (field + head office)</u>	467	549	624	779	892
Head office staff	16	16	17	17	20
Field staff	451	533	607	762	872
MIS & District staff (incl.1 driver)	37	49	56	66	80
<u>Total branch staff</u>	414	484	551	696	792
Branch managers	58	80	93	113	136
Total Field Officers	356	404	458	583	656
Field officers (> 2 months)	311	339	440	442	528
Probationary field officers (<2 mths)	45	65	18	141	128
<u>Efficiency ratios</u> ¹					
Clients per field officer (> 2 months)	354	347	305	328	323
Clients/total staff (field and HO)	236	214	215	186	191
Centres per field officer (>2 months)	17	16	16	13	14
Portfolio/field officer (> 2 months) (Rp 000)	193,831	194,629	222,501	227,114	227,519
Portfolio/field officer (> 2 months) (\$)	16,746	19,035	22,983	24,161	24,961
Overhead ratio (HO/All admin expenses)	12%	12%	14%	15%	14%
Field officers as % of total staff	76%	74%	73%	75%	74%
HO staff as % of total staff	2	3	3	3	2

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

2.5 Viability and Sustainability

Operating expense ratio. The operating expense ratio remained stable at 24-25 percent in the last three quarters (table 5).

Total cost ratio. The total cost ratio (operating expenses plus financial expenses as a percentage of portfolio outstanding) also remained relatively stable at 35-36 percent.

Operational self-sufficiency. Operational self-sufficiency remained relatively stable and high at 136-140 percent.

Table 5. Quarterly Viability and Sustainability Indicators

	Mar-09	Jun-09	Sept-09	Dec-09	Mar-10
Operating expense ratio (Operating expenses/Average portfolio outstanding)	23.4%	24.3%	24.0%	25.5%	25.4%
Total cost ratio (Operating + financial expenses/avg. portfolio outs.)	36.6%	37.5%	35.7%	35.7%	34.5%
Operational self sufficiency (Total income/operating + financial expenses)	136%	141%	138%	139%	136%

3 Income Statement and Balance Sheet

3.1 Income Statement

Financial revenues and costs. Financial revenues amounted to \$1.5 million this quarter (table 6). This revenue included \$166,591 in profit-sharing surcharge charged to new clients as well as clients renewing their working capital until June 2009. 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. Financial costs in interest and administration fees amounted to \$286,193.

Operating expenses. Total operating costs reached \$813,641 during this quarter, of which personnel costs accounted for 69 percent of the total.

Other income and expenses. Other income amounted to \$125,289 and consisted of interest earned on bank accounts and term deposits (\$23,139), other income (\$3,165), and un-realized foreign exchange gains (\$98,985).

Net income. MBK posted an operating profit after tax of \$495,802 in this first quarter. Excluding the foreign exchange adjustment for unrealized foreign exchange changes, the income still amounted to \$396,817.

3.2 Balance Sheet

Total assets. MBK's total assets amounted to \$16.5 million by the end of March 2010 (table 7). Gross portfolio outstanding amounted to \$13.2 million or 80 percent of total assets.

Total liabilities. Total liabilities amounted to \$13.5 million by the end the quarter, consisting of respectively \$7.6 and 5.9 million in short-term and long-term liabilities.

Equity. MBK's equity increased from \$2.4 to 3.0 million between the end of 2009 and the end of this quarter, after taking into account unrealized foreign exchange gains.

Debt-equity ratio. The debt-equity ratio (including quasi equity) strengthened from 3.1 to 2.8 between the last quarter and this quarter. This is defined as total loans minus subordinated loans, divided by equity plus subordinated loan (quasi-equity), calculated in Rupiah terms.

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

	Un-Audited IFRS	Un-Audited IFRS	Audited non- IFRS
	Mar-10	Dec-09	Dec-08
<i>\$1 = Rp 000</i>	9.115	9.400	10.950
FINANCIAL REVENUES			
Profit-sharing from clients/partners	1,304,642	3,503,694	1,653,817
Profit-sharing surcharge	166,591	708,410	16,538
Total Financial Income	1,471,233	4,212,104	1,670,354
FINANCIAL COSTS			
Interest and fees	286,193	835,655	514,723
Provision for non-repayment		46,139	39,448
Total Financial Costs	286,193	881,795	554,172
Gross Financial Margin	1,185,040	3,376,449	1,155,631
Net Financial Margin	1,185,040	3,330,309	1,116,183
OPERATING EXPENSES			
Personnel costs	559,370	1,408,738	697,168
Travelling & transport	25,918	68,624	42,665
Office and other expenses	146,131	418,222	171,449
Depreciation	68,782	169,230	90,096
Management information system	1,483	6,956	1,400
Staff development	9,711	28,404	10,693
Other taxes	2,245	102,205	82
Total operating expenses	813,641	2,202,378	1,013,553
OPERATING PROFIT (LOSS)	371,400	1,127,932	102,630
OTHER INCOME (EXPENSES)			
Interest on bank accounts, net of tax	23,139	66,989	29,003
Other income	3,165	18,681	4,402
Operational grants			8,280
Provision unrealized forex gains/losses	98,985	78,945	-59,596
Correction due to change from PSAK to IFPS standards from 2008 to 2009		69,423	
Total other income (expenses)	125,289	234,039	-17,912
Income before Tax	496,688	1,361,971	84,718
Taxable Income	3,165	65,170	52,130
Tax	886	18,248	14,043
PROFIT/LOSS AFTER TAX	495,802	1,343,723	70,675

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

	Un-Audited IFRS	Un-Audited IFRS	Audited non-IFRS
	Mar-10	Dec-09	Dec-08
<i>\$1 = Rp 000</i>	9.115	9.400	10.950
ASSETS			
Current Assets			
Cash-in-hand & in banks	- 583,272	- 296,535	- 204,929
Short-term savings/deposit accounts	1,580,334	2,818,354	1,397,461
Cash and near cash	2,163,606	3,114,889	1,602,390
Portfolio Working Capital	13,179,386	10,679,186	5,206,740
(Portfolio loss reserve)	-110,095	-106,757	-52,067
Net Working Capital outstanding	13,069,291	10,572,430	5,154,673
Pre-paid expenses	278,027	246,384	72,838
Deferred expenses			444,895
Less provision, unrealized forex loss			-59,596
Net deferred expenses			385,299
Total current assets	15,510,923	13,933,703	7,215,200
Non-Current Assets			
Property and equipment	1,381,359	1,140,140	546,130
(Accumulated depreciation)	-442,540	-366,838	-176,167
	938,819	773,301	369,962
MIS Software	21,112	9,255	
(Acc. Amortization of MIS Software)	-2,357	-1,543	
	18,755	7,712	
Total non-current assets	957,574	781,014	369,962
Total Assets	16,468,497	14,714,717	7,585,162
LIABILITIES & EQUITY			
Current Liabilities			
Short-term loans<12 months			
Related parties			4,384
Unrelated parties	4,896,114	5,008,689	666,576
Short-term loans	4,896,114	5,008,689	670,959
Other short-term liabilities			
Interest payable on loans	179,850	144,959	64,400
Client responsibility fund	2,332,581	1,851,118	474,547
Withholding tax	4,415	14,954	20,786
Other liabilities	138,151	92,261	30,345
Other short-term liabilities	2,654,997	2,103,291	590,079
Total current liabilities	7,551,111	7,111,980	1,261,039
Non-Current Liabilities			
Employee terminal benefits	6,101	5,916	1,941
Long-term Loans	5,934,422	5,190,983	5,410,413
Total Non current liabilities	5,940,523	5,196,899	5,412,354
Total Liabilities	13,491,634	12,308,879	6,673,393
Shareholders' Equity			
Paid-up capital	999,890	969,574	273,973
Adjustment	4	4	558,360
Retained earnings	1,481,166	92,535	8,761
Current net profit/loss	495,802	1,343,723	70,675
Total Equity	2,976,863	2,405,837	911,769
Total Liabilities & Equity	16,468,497	14,714,716	7,585,162

4 Institutional Strengthening

4.1 Staff Development

Classroom training for potential branch managers. Each month this quarter, classroom training was provided by various head office managers to staff identified with the potential to become trainee branch managers. One day each was devoted respectively to operations, accounting and personnel topics. The emphasis was on providing trainees with a chance to both show their knowledge and clarify areas. The potential of the trainees to handle a branch was also informally assessed by head office staff. Successful candidates are promoted to trainee branch manager and sent to open a new branch.

Monthly supervisor/ branch manager training. The one-day training meetings for supervisors on the first Friday of every month, with follow up by them with their branch managers on the second Friday, continued. In all MBK provided training to 244 staff during this period (see table 8 below).

Table 8. Training and Staff Development

Date	Location	Trainees	Topic	Trainers / Organizer
January	HO + all districts	Area Supervisor-Trainers (18) with follow up training meeting for all BM in all MBK districts	Staff feedback, expansion programme, feedback on IA	Chief, CEO, COO, West Java regional manager, expansion, IA, finance and personnel managers
January	HO	Trainee Branch Managers, promotion upgrading (17)	MBK operations - refresher training; key accounting knowledge and skills; key HRD knowledge; administration steps for opening new branch	Chief Operations Officer, accounts manager, personnel manager, CEO
February	HO + all districts in West Java	Area Supervisor-Trainers (19) with follow up training meeting for all BM in West Java district	Introduce new CFO, staff feedback, expansion programme, preparation for rating visit	As above, CFO
February	HO	Trainee Branch Managers, promotion upgrading (15)	As above	As above
February	2 regions in Central Java	Area Supervisor-Trainers (3) and BM training meeting in east and west regions in Central Java	Staff feedback, quality control, personnel, rating visit preparations	Chief Operations Officer, Central Java assistant regional manager
March	HO + all districts	Area Supervisor-Trainers (24) with follow up training meeting for all BM in all districts	Personnel & admin, staff feedback, major findings of rating visit	As above
March	HO	Trainee Branch Managers, promotion upgrading (12)	As above	As above

Due to distances and costs, the Chief Operations Officer held the February monthly training meeting for supervisors and branch managers of the Central Java branches. The COO was assisted by the Central Java assistant area manager. The same format and topics are covered in these trainings, as in the West Java one in head office.

5 Governance and Management

5.1 Management

A full-time Chief Finance Officer (CFO) with extensive banking experience was recruited in mid-January 2010 to strengthen the senior management team.

A newly appointed Recruitment Training Officer (an ex-Supervisor) joined the personnel team at head office in January. She is responsible for recruitment of all new trainee deputy branch managers and controlling their 3-month training period in branches, as well as supervising the recruitment of new field staff at branch/ area level and data trainee staff for MIS.

A trainee regional manager was recruited in March to begin work in April. He will learn MBK principles and practices by working first as an Internal Audit Officer. He has banking background and experience.

5.2 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 the quarter of January-March 2010:

Date	Name	Institution	Topic
<u>January</u>			
25	Alain Levy, Indriany Ruslim	Bank Paribas	Monitoring visit
29	Godfrey Supka	Fern/Abacus software	MIS system
<u>February</u>			
2	Martin Hintz, Yosephina E.	Allianz Jakarta	micro-insurance
3	Antoine Vigier	Proparco, France	Pre due diligence visit
3	Mike Gabriel, Daniel Kreps	Grameen Foundation USA	Monitoring visit
4	Irawan Massie	PT Bakrie Microfinance Ind.	Orientation visit
8	Elfasensi, Dien Lukita, Nur Rahman	Bank Syariah Mandiri	Pre due diligence visit
11	Joseph Silvanus, Prashant Thakker, Miryanti	Standard Chartered Bank	Monitoring visit
12	Carlos , Rio Sandi	BISMA Indonesia/Care International	Microfinance in Indonesia
22	Yamin	Netherlands Leprosy Rehabilitation	Microfinance in Indonesia
23	Irawan Massie	PT Bakrie Microfinance Ind.	Orientation visit
25	Bambang Ismawan, Titus Kurniadi, Harry Sumarta	GEMA-PKM	Millennium Challenge Compact, US project (MCC)
<u>March</u>			
3	Irawan Massie, Faisol Soleh	PT Bakrie Microfinance Ind.	Orientation visit
4-5	Christian Banno, Ravi Narasimham	MicroVentures & Caspian	Due diligence
9-10	Maud, Huiwen Wu	Planis, Planet Finance	Due diligence
17	Raj Kumar, Neeraj Lal	MicroSave, India	Microfinance in Indonesia
22	Slamet Riyadi	YAMIDA microfinance	Information sharing on branch location to avoid overlap
19		Bank Bukopin	Bukopin Swamitra programme
22-25	Alok Misra, Pankaj Kumar	M-CRIL Rating Agency	Credit Rating of MBK
24	Frans Purnama, Kelly Michaela	Plan International, Jakarta	Cooperation youth employment
24	Sanjiv Malhotra	Bank Danamon	Funding prospects
3	Dedi, Sukamto, Arie, Iin	PT Bakrie Microfinance Ind.	Orientation visit

6 Strategic 5-year Business Plan 2009-2013

6.1 Main Assumptions

MBK has harnessed the *Microfin* software tool produced by the World Bank-CGAP to develop five-year financial projections since 2004. The detailed assumptions and financial projections for the latest period 2008-2012 are available to investors. Here, the key assumptions are noted first below, before presenting a summary table of main results.

Table 9 and 10, respectively in Rp billion and US dollars, contain an overview of assumptions used in the forecasting model, including outreach, number of branches, working capital size and staffing levels. Key assumptions are as follows:

1. Branches and client numbers can increase by 50-60 percent every year
2. The first working capital size is around \$100 per year, repayable over 50 weeks. Subsequent working capital will increase by a maximum of 20 percent per year.
3. The profit-sharing rate is 25 per cent per year (flat basis) in 2009 and 2010. This will be lowered to 20 percent at the beginning of 2011 until the end of 2014.
4. The compulsory Client Responsibility Fund (CRF) will continue to collect 10 percent of the working capital at the time of disbursement, returnable after the full repayment of working capital.
5. The client/account officer ratio will gradually improve from 246 to 388 in the projection period.
6. The Indonesian and US inflation rates are assumed to be respectively 7 and 3 percent per year throughout the projection period.
7. The Indonesian Rupiah will depreciate against the US dollar at the rate of 4 percent per year.
8. Commercial banks and social investors are assumed to charge an average of 13 percent interest rate per year on their loans to MBK throughout the forecasting period.

6.2 Main Results

1. *Outreach.* MBK's client base will increase by 50-60 percent every year, from around 143,000 at the end of 2009 to 1.2 million at the end of 2013, and 1.6 million by the end of 2014, focusing on the rural areas of Java Island, one of the highest populated islands in the world. MBK will speed up its expansion on Central Java in 2010, and will commence operations in East Java in 2011. Most MBK clients will continue to come from the bottom 25 percent of the population by income.
2. *Outstanding working capital portfolio.* With average outstanding working capital size rising from Rp. 701,000 to 915,000 (\$77 to \$99) between 2009 and in 2014, the gross portfolio outstanding will increase from Rp 0.1 to 1.1 trillion between 2009 and 2013, and again to 1.6 trillion by the end of the projection period 2014 (\$11 to 160 million).
3. *Branches.* Starting from 113 branches at the end of 2009, MBK will operate 175, 280, 450 and 720 branches in respectively 2010, 2011, 2012 and 2013, with an average 2,245 clients each by 2014.
4. *Personnel.* Each branch will be staffed by 5-6 account officers, in addition to trainees. By the end of the projection period, the programme will employ some 5,526 people in total, of which 31 persons will be located in head office, while the rest will located in branch, district and regional offices.
5. *Efficiency.* The programme will raise efficiency in two ways:
 - (a) Increasing the client load from 246 to 392 clients per account officer; and
 - (b) Reducing the operating expense/portfolio ratio from 26 to 17 percent between

2009 and 2014, due to economies of scale.

6. *Branch break-even point.* MBK's experience is that a branch reaches its monthly break-even after 10-12 months, and its cumulative break-even point after some 15 months.
7. *Sustainability.* Financial self-sustainability ratio after-tax will remain stable at around 115 percent during most of the projection period, by lowering the profit-sharing rate from 25 to 20 percent in early 2011.

6.3 External funding requirements

MBK implements the social business policy articulated by Professor Yunus of "no losses, no dividend", meaning that all profits are re-invested to accelerate growth and maximize expansion during the projection period. After taking into account surplus reinvested, and the availability of the client responsibility fund which will provide some 18 percent of funding requirements, MBK will need commercial loans amounting to the following:

2010	Rp	139 billion	(US\$	15 million)
2011	Rp	285 billion	(US\$	30 million)
2012	Rp	517 billion	(US\$	53 million)
2013	Rp	919 billion	(US\$	93 million)
2014	Rp	1,207 billion	(US\$	120 million)

6.4 Past and Current Funding Sources

MBK has raised funds for on-lending from social investors and commercial banks as follows:

1. Social Investors

- Hivos, Netherlands
- Cordaid, Netherlands
- Micro-Credit Enterprises (MCE), USA
- Dignity Fund, USA
- Oikocredit, Netherlands
- Grameen Foundation, USA
- Blue Orchard, Switzerland
- Triple Jump, Netherlands
- Incofin, Belgium

6.4.1 (b) Commercial Banks

- Bank Finconesia, Indonesia (until 2007)
- Bank Danamon, Indonesia
- Bank BNP-Paribas, Indonesia
- Bank Standard and Chartered, Indonesia

Table 9. MBK Indonesia - Summary of Financial Projections 2010-2014

	Rp billion					
20-Apr-10	Year 0 FY09	Year 1 FY10	Year 2 FY11	Year 3 FY12	Year 4 FY13	Year 5 FY14
I. Overall Targets						
Total clients	143,183	270,912	486,086	769,576	1,237,551	1,616,636
Total branches	113	175	280	450	720	720
Total employees	779	1,122	1,880	3,007	4,821	5,526
Head office employees	17	23	26	28	29	31
Field employees	762	1,099	1,854	2,979	4,792	5,495
Account officers (incl. trainees)	583	758	1,312	2,114	3,416	4,119
Field managers, MIS and others	179	341	542	865	1,376	1,376
Clients per account officer	246	357	370	364	362	392
Clients per staff member	186	241	259	256	257	293
Avgge outstd. capital/Client (Rp 000)	701	708	758	841	915	995
II. Key Assumptions						
Profit-sharing rate (% flat per year)	25%-35%	25%	20%	20%	20%	20%
Profit-sharing rate (% Effective/year)	45.7%	45.7%	37.0%	37.0%	37.0%	37.0%
Interest, commercial loans (effect.)	13%	13%	13%	13%	13%	13%
Unidentified loans (Rp billion)	38	64	211	479	886	1,182
III. Income Statement (Rp billion)						
Financial income	40	68	115	190	331	521
Financial costs	8	14	28	52	93	143
Gross financial margin	33	54	86	138	238	378
Provision for loan losses	0.4	0	1	2	4	6
Net financial margin	33	54	86	136	235	372
Programme operating expenses	18	35	57	98	168	231
Administrative operating expenses	3	3	4	4	4	4
Net income before tax	12	16	25	35	62	137
Amount of taxes paid	0.2	5	6	9	16	34
Net income after tax	11	12	19	26	47	103
IV. Balance Sheet (Rp billion)						
Total assets	138	210	403	705	1,233	1,710
Gross outstanding portfolio	100	192	369	648	1,132	1,608
Other assets	39	18	34	58	101	102
Total liabilities	116	176	350	626	1,107	1,482
Client responsibility Fund	17	32	62	107	186	272
Commercial loans (incl. sub-debt)	96	139	285	517	919	1,207
Other liabilities	3	4	2	2	2	2
Commercial loans/portfolio	96%	73%	77%	80%	81%	75%
CRF/portfolio	17%	17%	17%	17%	16%	17%
Equity (including quasi-equity)	31	43	62	88	134	237
Shareholder equity	23	34	53	79	126	228
Quasi-equity (sub-debt)	9	9	9	9	9	9
Total liabilities and equity	138	210	403	705	1,233	1,710
V. Ratio Analysis						
Efficiency						
Yield on portfolio (annualized)	50.3%	45.8%	39.2%	37.0%	37.0%	37.1%
Overhead to total costs	15%	8%	6%	4%	2%	2%
Operating expense/portfolio	26%	25%	21%	20%	19%	17%
Write-off (annualized)	0.0%	0.1%	0.1%	0.1%	0.2%	0.3%
Loan loss reserve ratio	1.0%	0.4%	0.3%	0.3%	0.3%	0.3%
Returns on average assets						
Gross returns	37.2%	40.1%	36.8%	34.7%	34.7%	34.9%
- financial costs	7.2%	8.3%	9.1%	9.5%	9.7%	9.6%
= Gross financial margin	30.0%	31.8%	27.7%	25.1%	25.0%	25.4%
- Loan loss provision	0.4%	0.0%	0.2%	0.3%	0.4%	0.4%
= Net financial margin	29.6%	31.8%	27.5%	24.8%	24.6%	25.0%
- Operating costs	19.0%	22.3%	19.5%	18.5%	18.1%	15.8%
- Taxes paid	0.2%	2.7%	2.0%	1.6%	1.6%	2.3%
= Operating margin after tax (ROA)	10.4%	6.9%	6.0%	4.7%	4.9%	6.9%
Operational sustainability after tax	139%	121%	119%	116%	116%	125%
Financial sustainability after tax	122%	114%	114%	111%	112%	119%
After-tax return on total equity (ARC)	68%	32%	32%	31%	36%	50%
VI. Debt-Equity Ratio						
Including quasi-equity	2.8	3.0	4.5	5.8	6.8	5.1
Excluding quasi-equity	4.2	4.1	5.4	6.5	7.3	5.3

Table 10. MBK Indonesia - Summary of Financial Projections 2010-2014
20-Apr-10

Million US Dollars

	Year 0 FY09	Year 1 FY10	Year 2 FY11	Year 3 FY12	Year 4 FY13	Year 5 FY14
I. Overall Targets						
Total clients	143,183	270,912	486,086	769,576	1,237,551	1,616,636
Total branches	113	175	280	450	720	720
Total employees	779	1,122	1,880	3,007	4,821	5,526
Head office employees	17	23	26	28	29	31
Field employees	762	1,099	1,854	2,979	4,792	5,495
Account officers (incl. trainees)	583	758	1,312	2,114	3,416	4,119
Field managers, MIS and others	179	341	542	865	1,376	1,376
Clients per account officer	246	357	370	364	362	392
Clients per staff member						
Avg e outstd. capital/Client (US\$)	77	76	80	87	93	99
II. Key Assumptions						
Profit-sharing rate (% flat per year)	25%-35%	25%	20%	20%	20%	20%
Profit-sharing rate (% Effective/year)	45.7%	45.7%	37.0%	37.0%	37.0%	37.0%
Interest, commercial loans (effect.)	13%	13%	13%	13%	13%	13%
Unidentified loans (\$ million)	4.2	6.9	22.3	49.6	90.0	117.7
III. Income Statement US\$ million)						
Financial income	4.4	7.4	12.1	19.7	33.6	51.8
Financial costs	0.9	1.5	3.0	5.4	9.4	14.2
Gross financial margin	3.6	5.8	9.1	14.3	24.2	37.6
Provision for loan losses	0.0	0.0	0.1	0.2	0.4	0.6
Net financial margin	3.6	5.8	9.0	14.1	23.8	37.1
Programme operating expenses	1.9	3.8	6.0	10.1	17.1	23.0
Administrative operating expenses	0.3	0.3	0.4	0.4	0.4	0.4
Net income before tax	1.3	1.8	2.6	3.6	6.3	13.6
Amount of taxes paid	0.0	0.5	0.7	0.9	1.6	3.4
Net income after tax	1.2	1.3	2.0	2.7	4.7	10.2
IV. Balance Sheet (US\$ million)						
Total assets	15.2	22.6	42.5	73.0	125.2	170.2
Gross outstanding portfolio	11.0	20.7	38.9	67.1	114.9	160.1
Other assets	4.3	1.9	3.6	6.0	10.3	10.2
Total liabilities	12.7	18.9	36.9	64.8	112.4	147.5
Client responsibility Fund	1.9	3.4	6.5	11.1	18.8	27.1
Commercial loans (incl. sub-debt)	10.5	15.0	30.2	53.5	93.3	120.2
Other liabilities	0.3	0.5	0.3	0.3	0.2	0.2
Commercial loans/portfolio	96%	73%	77%	80%	81%	75%
CRF/portfolio	17%	17%	17%	17%	16%	17%
Equity (including quasi-equity)	3.4	4.6	6.5	9.1	13.6	23.6
Shareholder equity	2.5	3.7	5.6	8.2	12.7	22.7
Quasi-equity (sub-debt)	1.0	0.9	0.9	0.9	0.9	0.9
Total liabilities and equity	15.2	22.6	42.5	73.0	125.2	170.2
V. Ratio Analysis						
Efficiency						
Yield on portfolio (annualized)	50.3%	45.8%	39.2%	37.0%	37.0%	37.1%
Overhead to total costs	15.1%	8.1%	5.8%	3.7%	2.4%	1.9%
Operating expense/portfolio	26.2%	25.5%	20.8%	19.8%	19.3%	16.8%
Write-off (annualized)	0.0%	0.1%	0.1%	0.1%	0.2%	0.3%
Loan loss reserve ratio	1.0%	0.4%	0.3%	0.3%	0.3%	0.3%
Returns on average assets						
Gross returns	37.2%	40.1%	36.8%	34.7%	34.7%	34.9%
- financial costs	7.2%	8.3%	9.1%	9.5%	9.7%	9.6%
= Gross financial margin	30.0%	31.8%	27.7%	25.1%	25.0%	25.4%
- Loan loss provision	0.4%	0.0%	0.2%	0.3%	0.4%	0.4%
= Net financial margin	29.6%	31.8%	27.5%	24.8%	24.6%	25.0%
- Operating costs	19.0%	22.3%	19.5%	18.5%	18.1%	15.8%
- Taxes paid	0.2%	2.7%	2.0%	1.6%	1.6%	2.3%
= Operating margin after tax (ROA)	10.4%	6.9%	6.0%	4.7%	4.9%	6.9%
Operational sustainability after tax	139%	121%	119%	116%	116%	125%
Financial sustainability after tax	122%	114%	114%	111%	112%	119%
After-tax return on total equity (ARO)	68%	32%	32%	31%	36%	50%
VI. Debt-Equity Ratio						
Including quasi-equity	2.8	3.0	4.5	5.8	6.8	5.1
Excluding quasi-equity	4.2	4.1	5.4	6.5	7.3	5.3

Note: Rupiah depreciates by 2% p.a.
 US\$1

9.100 9.282 9.468 9.657 9.850 10.047

7 Planned Activities for Second Quarter 2010

7.1 Outreach

- Survey and open branches in those remaining districts in West Java not yet covered by MBK, particularly those areas contiguous with existing areas in the province.

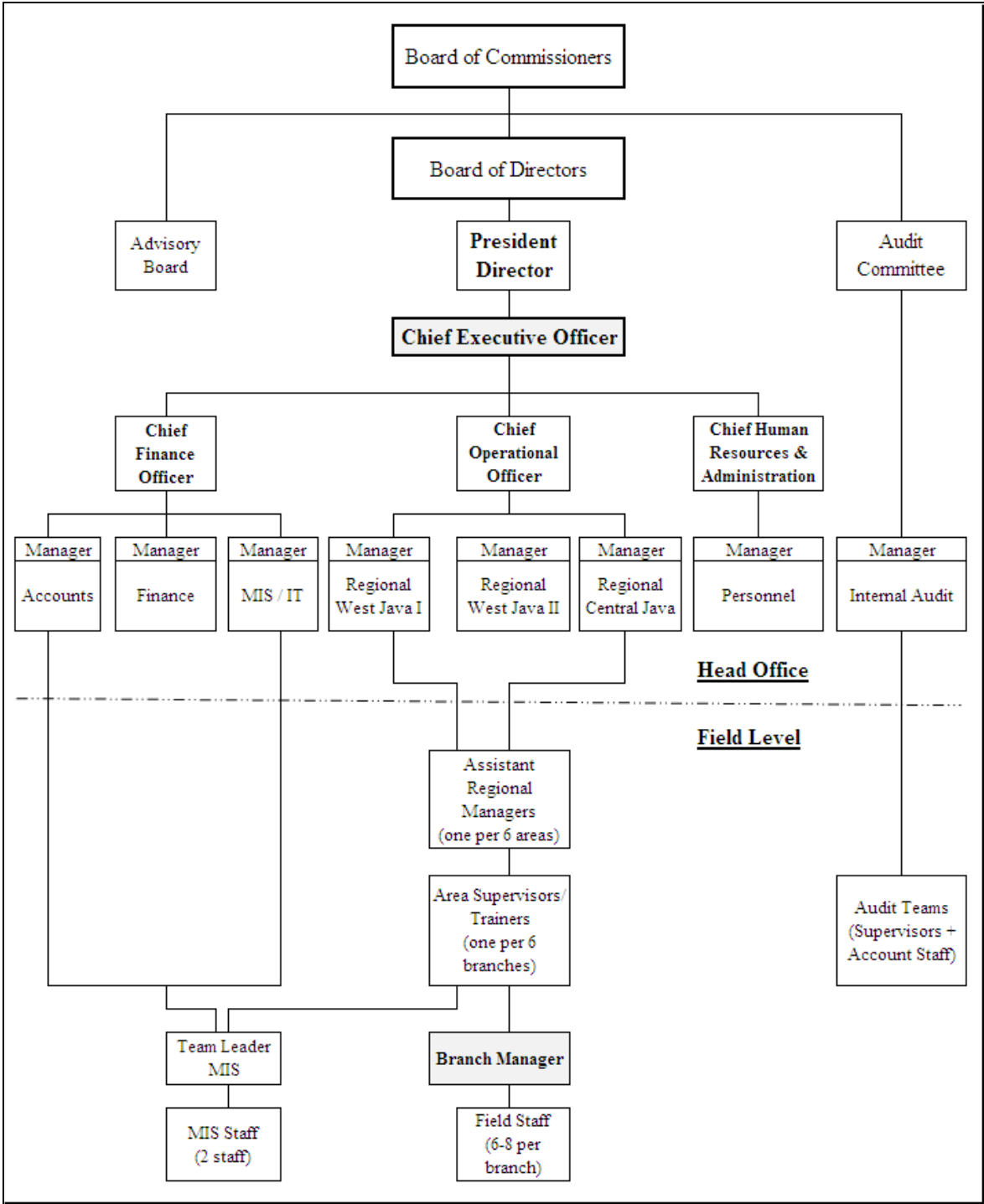
7.2 Institutional Strengthening

- Identify and recruit trainee regional managers to strengthen the West Jawa management team. These will supervisor the Supervisors.
- 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 assistant and full branch managers.
- Hold branch manager training sessions for deputy branch managers with potential for promotion at head office.
- Supervisors will continue to hold one-day area level training for their new field staff after 1-2 months with MBK. Trainees are able to seek clarifications as well as learn of the vision and mission of MBK.

7.3 Management and Governance

- *Supplementary branch office supervision.* Each branch will be visited for one day by a head office manager (internal audit, West Java regional manager, trainee IA manager, COO and CFO) to conduct a supplementary administrative/ financial audit, as a result of initial findings from the M-CRIL rating team.
- *Internal audit of branches.* Continue with regular internal audits of all established branches by the Area Supervisors (who will audit branches in areas other than their own). Hold refresher training for these auditors as well as members of the head office financial audit team in financial auditing.
- *Internal audit 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 2009

Quarterly Income Statement (Rp 000s, Preliminary)

	Un-Audited IFRS	Un-Audited IFRS	Audited non- IFRS
Description	Mar-10	Dec-09	Dec-08
FINANCIAL REVENUES			
Profit-sharing from clients/partners	11,891,808	32,934,723	18,109,293
Profit-sharing surcharge	1,518,479	6,659,056	181,088
Total Financial Income	13,410,287	39,593,779	18,290,381
FINANCIAL COSTS			
Interest and fees	2,608,646	7,855,161	5,636,222
Provision for non-repayment		433,709	431,958
Total Financial Costs	2,608,646	8,288,870	6,068,180
Gross Financial Margin	10,801,641	31,738,618	12,654,159
Net Financial Margin	10,801,641	31,304,909	12,222,201
OPERATING EXPENSES			
Personnel costs	5,098,659	13,242,134	7,633,995
Travelling & transport	236,238	645,066	467,180
Office and other expenses	1,331,983	3,931,285	1,877,367
Depreciation	626,950	1,590,757	986,547
Management information system	13,521	65,386	15,334
Staff development	88,520	266,993	117,087
Other taxes	20,465	960,728	893
Total operating expenses	7,416,335	20,702,349	11,098,402
OPERATING PROFIT (LOSS)	3,385,307	10,602,560	1,123,798
OTHER INCOME (EXPENSES)			
Interest on bank accounts, net of tax	210,913	629,700	317,578
Other income	28,845	175,603	48,198
Operational grants		-	90,668
Provision, unrealized forex losses	902,248	742,085	-652,580
Correction due to change from PSAK to IFPS standards from 2008 to 2009		652,580	
Total other income (expenses)	1,142,006	2,199,968	-196,135
Income before Tax	4,527,313	12,802,527	927,663
Taxable Income	28,845	612,601	570,825
Tax	8,077	171,527	153,767
PROFIT/LOSS AFTER TAX	4,519,236	12,631,001	773,896

Quarterly Balance Sheet (Rp 000s, Preliminary)

	Un-Audited IFRS	Un-Audited IFRS	Audited non- IFRS
Description	Mar-10	Dec-09	Dec-08
ASSETS			
<u>Current Assets</u>			
Cash-in-hand & in banks	5,316,521	2,787,432	2,243,972
<u>Short-term savings/deposit accounts</u>	<u>14,404,744</u>	<u>26,492,528</u>	<u>15,302,196</u>
Cash and near cash	19,721,266	29,279,960	17,546,168
Portfolio Working Capital	120,130,100	100,384,353	57,013,804
(Portfolio loss reserve)	<u>-1,003,514</u>	<u>-1,003,514</u>	<u>-570,138</u>
Net Working Capital outstanding	119,126,585	99,380,838	56,443,666
Pre-paid expenses	2,534,216	2,316,007	797,579
Deferred expenses			4,871,601
Less provision, unrealized forex loss			<u>-652,580</u>
			4,219,021
Total current assets	141,382,067	130,976,806	79,006,435
<u>Non-Current Assets</u>			
Property and equipment	12,591,084	10,717,314	5,980,119
(Accumulated depreciation)	<u>-4,033,751</u>	<u>-3,448,281</u>	<u>-1,929,032</u>
	8,557,333	7,269,034	4,051,087
MIS Software	192,438	87,000	-
(Acc. Amortization of MIS Software)	<u>-21,487</u>	<u>-14,504</u>	-
	170,951	72,496	-
Total non-current assets	8,728,284	7,341,530	4,051,087
Total Assets	150,110,350	138,318,335	83,057,521
LIABILITIES & EQUITY			
<u>Current Liabilities</u>			
<u>Short-term loans<12 months</u>	-	-	-
Related parties			48,000
Unrelated parties	<u>44,628,081</u>	<u>47,081,675</u>	<u>7,299,004</u>
Short-term loans	44,628,081	47,081,675	7,347,004
<u>Other short-term liabilities</u>			
Interest payable on loans	1,639,337	1,362,618	705,185
Client responsibility fund	21,261,474	17,400,506	5,196,295
Withholding tax	40,240	140,563	227,607
Other liabilities	<u>1,259,245</u>	<u>867,251</u>	<u>332,281</u>
Other short-term liabilities	24,200,295	19,770,938	6,461,368
Total current liabilities	68,828,376	66,852,613	13,808,373
<u>Non-Current Liabilities</u>			
Employee terminal benefits	55,611	55,611	21,255
Long-term Loans	<u>54,092,257</u>	48,795,241	59,244,024
Total Non current liabilities	54,147,868	48,850,852	59,265,279
Total Liabilities	122,976,244	115,703,465	73,073,651
<u>Shareholders' Equity</u>			
Paid-up capital	9,114,000	9,114,000	3,000,000
Adjustment	41	41	6,114,041
Retained earnings	13,500,830	869,829	95,933
Current net profit/loss	<u>4,519,236</u>	<u>12,631,001</u>	<u>773,896</u>
Total Equity	27,134,106	22,614,870	9,983,870
Total Liabilities & Equity	150,110,350	138,318,335	83,057,521

Annex C: Quarterly Performance Indicators – Mar 2010

	2008	2009			2010	
	Dec	Mar	Jun	Sept	Dec	
<i>Exchange rate: US\$1 =</i>	10.950	11.575	10.225	9.681	9.400	9.115
<u>Institutional Characteristics</u>						
Total clients	105,690	110,229	117,558	134,043	144,951	170,751
Percent women	100%	100%	100%	100%	100%	100%
Total assets (Rp 000)	83,057,521	88,030,664	88,723,902	110,329,419	138,318,335	150,110,350
Total assets (US\$)	7,585,162	7,605,241	8,677,154	11,396,490	14,714,717	16,468,497
Gross loan portfolio (Rp 000)	57,013,804	60,281,526	65,979,062	97,900,325	100,384,420	120,130,100
Gross loan portfolio (US\$)	5,206,740	5,207,907	6,452,720	10,112,625	10,679,194	13,179,386
Average outstanding balance (Rp 000)	553	559	587	766	708	722
Average outstanding balance (US\$)	51	48	57	79	75	79
Average portfolio balance per client/GNI	3%	3%	3%	3%	3%	3%
Branches	55	58	80	93	113	136
Personnel	420	467	549	624	779	892
<u>Financial Structure</u>						
Capital/asset ratio (total equity/total assets)	12%	6%	16%	16%	16%	18%
Capital adequacy ratio (incl 50% sub-debt)	13%	7%	18%	20%	20%	21%
Debt to equity ratio (including quasi-equity)	5.7	10.2	3.7	2.9	3.1	2.8
Total liabilities/total equity	7.3	14.8	5.4	5.2	5.1	4.5
CRF/portfolio (equiv. to deposit to loans)	9.1%	9.7%	9.7%	15.2%	17.3%	17.7%
CRF/assets (equiv. to deposit to assets)	6.3%	6.6%	7.2%	13.5%	12.6%	14.2%
Gross portfolio/total assets	68.6%	68.5%	74.4%	88.7%	72.6%	80.0%
Liquid assets as % of total assets	21.1%	26.4%	18.6%	4.2%	21.2%	13.1%
Foreign exchange loans/total loans	60%	56%	55%	46%	36%	3%
Foreign exchange loans/equity	397%	752%	267%	196%	151%	9%
<u>Financial Performance</u>						
<u>As % of average total assets (Yt, Yt-1)</u>						
Gross return on average total assets	31.2%				36.5%	
- Financial costs	9.4%				7.1%	
=Gross financial margin	21.8%				29.4%	
- Loan loss provision	0.7%				0.4%	
- Operating expense	18.5%				18.7%	
- Taxes paid	0.3%				0.2%	
=Operating margin after tax (AROA)	2.4%				10.2%	
-adjustment for unrealized forex losses	-1.1%				1.3%	
= Adjusted AROA for potential forex losses	1.3%				11.4%	
After tax return on equity, average (AROE)	14.9%				72.0%	
-adjustment for unrealized forex losses	-6.8%				5.5%	
= Adjusted AROA for pot. forex losses	8.1%				77.5%	
Operational sustainability (cumulative)	109%	136%	141%	138%	139%	136%
Operational sustainability (quarterly)	121%	136%	145%	134%	141%	136%
Financial sustainability ratio	93%				122%	
<u>Revenues</u>						
Financial revenues/assets, average	31.2%				36.5%	
Profit margin (net operat. income/fin. rev)	7.6%	26.2%	28.9%	27.2%	27.8%	26.5%
Yield on gross portfolio, average (nominal)	45.6%				51.3%	
Yield on gross portfolio, average (real)						

	2008				2009	2010
	Dec	Mar	Jun	Sept	Dec	Mar
<i>Exchange rate: US\$1 =</i>	10.950	11.575	10.225	9.681	9.400	9.115
<u>Expenses</u>						
Total expenses/assets, average	28.6%				26.2%	
Financial expenses/assets, average	9.4%				7.1%	
Provision for loan impairment/assets, avg	0.7%				0.4%	
Operating expense/assets, average	18.5%				18.7%	
Personnel expense/assets, average	12.7%				12.0%	
Administrative expenses/assets, average	5.8%				6.7%	
Cost of debt, average	12.3%				9.7%	
<u>Efficiency</u>						
Operating expense/loan portfolio, average	27.0%				26.3%	
Personnel expense/loan portfolio, average	18.6%				16.8%	
Gross national income (GNI) per capita, est.	20,900	21,945	21,945	21,945	21,945	21,945
Average salary	18,176				16,999	
Average salary/GNI per capita	87%				77%	
Personnel costs/total operating costs	69%	70%	67%	65%	64%	69%
Cost per borrower	165				202	
Operating expenses/portfolio, quarterly average	23.4%	23.4%	24.3%	24.0%	25.5%	25.4%
Total cost/portfolio, average	36.3%	36.6%	37.5%	35.7%	35.7%	34.5%
Overhead ratio (HO/total expenses)	20%	12%	12%	14%	15%	14%
<u>Productivity</u>						
Clients per staff	252	236	214	215	186	191
Clients/accounts officer (>2mths)	376	354	347	305	328	323
Account officers/total staff	75%	76%	74%	73%	75%	74%
HO staff/total staff ratio	3%	3%	3%	3%	2%	2%
Centres/account officer	19	17	16	16	13	14
<u>Risk and Liquidity</u>						
Portfolio at risk >30 days	0.003%	0.002%	0.001%	0.0004%	0.005%	0.004%
Portfolio at risk >90 days	0.003%	0.001%	0.001%	0.0004%	0.000%	0.002%
Write-off ratio	0.000%			0.0003%	0.000%	-
Risk coverage ratio	38341%			251026%	20454%	21529%
<u>Outreach Indicators</u>						
Cumulative clients recruited	135,824	146,459	160,753	182,952	199,530	231,104
Cumulative dropouts	30,134	36,230	43,195	48,909	54,579	60,353
Net clients approved	105,690	110,229	117,558	134,043	144,951	170,751
% Growth in clients (over prv period)	4.3%	4.3%	6.6%	14.0%	8.1%	17.8%
New clients recruited year-on-year	59,320	53,644	52,925	57,521	63,706	84,645
Clients returning to prog, per quarter	226	588	886	1,174	1,579	1,816
Cumulative clients returning to prog.	226	814	1,700	2,874	4,453	6,269
<u>Net active clients by loan cycle</u>						
1st cycle	54,673	50,733	50,067	57,071	66,321	86,793
2nd cycle	30,280	36,764	38,223	40,256	39,223	36,652
3rd cycle	11,629	12,267	13,494	18,870	22,017	26,674
4th cycle	4,674	5,615	7,359	8,448	8,992	9,778
5th cycle	772	1,145	1,822	2,903	3,736	4,518
6th cycle and above	1,006	1,255	1,344	1,517	1,587	2,026
Total clients with loans	103,034	107,779	112,309	127,743	141,876	166,441
In process (existing clients)	700	858	1,826	1,322	1,307	1,459
% in 1st cycle	53%	47%	44%	44%	46%	52%

	2008				2009	2010
	Dec	Mar	Jun	Sept	Dec	Mar
<i>Exchange rate: US\$1 =</i>	<i>10.950</i>	<i>11.575</i>	<i>10.225</i>	<i>9.681</i>	<i>9.400</i>	<i>9.115</i>
<u>Dropout</u>						
Total dropouts this quarter	6,029	6,096	6,965	5,714	5,670	5,774
Quarterly dropout rate	5.7%	5.5%	5.9%	4.3%	3.9%	3.4%
Year-on-year dropout rate (M-CRIL)	15.3%	17.2%	17.6%	15.6%	14.4%	12.4%
<u>Total leaving the programme</u>		<u>6,096</u>	<u>6,965</u>	<u>5,714</u>	<u>5,670</u>	<u>5,774</u>
Voluntary dropouts		3,339	3,169	2,753	2,639	2,288
Taking paid employment		1,230	1,640	1,133	1,026	1,001
Death		69	65	64	92	74
Pushed-out by MBK		1,458	2,091	1,764	1,913	2,411
<u>Total leaving the programme (%)</u>		<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
Voluntary dropouts		54.8%	45.5%	48.2%	46.5%	39.6%
Taking paid employment		20.2%	23.5%	19.8%	18.1%	17.3%
Death		1.1%	0.9%	1.1%	1.6%	1.3%
Pushed-out by MBK		23.9%	30.0%	30.9%	33.7%	41.8%
Branches	55	58	80	93	113	136
Net number of centres	5,849	6,099	6,421	7,175	7,866	9,282
Average clients per centre	18	18	18	18	18	18
<u>Portfolio</u>						
Total portfolio outstanding (Rp. 000)	57,013,804	60,281,526	65,979,062	97,900,325	100,384,420	120,130,100
Total portf. outstanding (\$)	5,206,740	5,207,907	6,452,720	10,112,625	10,679,194	13,179,386
Average portf. outstanding Rp. 000	553	559	587	766	708	722
Average portf. outstanding (\$)	51	48	57	79	75	79
% Growth (over prev. quarter, Rp)	-3.0%	5.7%	9.5%	48.4%	2.5%	19.7%
Disbursement this quarter	22,524,418	33,071,377	37,058,248	63,703,780	46,127,929	61,834,600
Repayment this quarter	23,387,855	29,803,720	32,310,614	31,782,909	43,643,838	48,791,356
Current Portfolio size (Kredits)	103,349,150	90,085,246	127,819,986	152,858,250	174,472,600	211,393,000
Repayment from current portfolio	46,335,346	29,803,720	61,840,924	54,957,926	74,088,180	91,262,901
Total clients in responsibility fund	103,734	108,637	114,135	129,065	143,183	167,900
Client responsibility fund (CRF)	5,196,295	5,820,400	6,422,850	14,868,769	17,400,506	21,261,474
Average CRF per client	50	54	57	116	123	128
<u>Portfolio quality</u>						
<u>Portfolio in arrears (Rp. 000)</u>						
1 -30 days	-	180	6,237	7,207	28,259	9,485
31-60 days	-	877	-	-	2,222	1,748
61-90 days	-	-	-	-	2,684	100
91-180 days	1,154	-	754	390	-	2,814
<u>> 180 days</u>	<u>333</u>	<u>333</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	1,487	1,390	6,991	7,597	33,165	14,146
Portfolio at risk (>30)	1,487	1,210	754	390	4,906	4,661
% PAR (>30)	0.003%	0.002%	0.001%	0.0004%	0.005%	0.004%
Portfolio at risk (>90)	1,487	333	754	390	0	2,814
% PAR (>90)	0.003%	0.001%	0.001%	0.000%	0.000%	0.002%
Write-off (Rp 000)				333	333	-
Write-off ratio				0.0003%	0.0003%	-
<u>Overdue principal (Rp. 000)</u>						
0 -30 days	-	50	1,347	564	1,139	559
31-60 days	-	193	-	-	1,097	752
61-90 days	-	-	-	-	1,542	100
91-180 days	796	-	394	300	-	2,813
<u>> 180 days</u>	<u>333</u>	<u>333</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	1,129	576	1,741	864	3,778	4,224

	2008				2009	2010
	Dec	Mar	Jun	Sept	Dec	Mar
<i>Exchange rate: US\$1 =</i>	<i>10.950</i>	<i>11.575</i>	<i>10.225</i>	<i>9.681</i>	<i>9.400</i>	<i>9.115</i>
<u>Clients with arrears</u>						
0 -30 days	-	9	55	19	50	29
31-60 days	-	2	-	-	9	3
61-90 days	-	-	-	-	8	1
91-180 days	3	-	1	1		11
> 180 days	15	15		-	-	-
Total	18	26	56	20	67	44
Clients at risk (>30)	18	17	1	1	17	15
<u>Repayment Rate</u>						
Cumulative Repayment Rate	99.998%	99.998%	99.997%	99.998%	99.995%	99.995%
Write-off (Rp 000)	314		333	333	333	-
<u>Personnel</u>						
Total Staff (field + head office)	<u>420</u>	<u>467</u>	<u>549</u>	<u>624</u>	<u>779</u>	<u>892</u>
Head office staff	14	16	16	17	17	20
Field staff	<u>406</u>	<u>451</u>	<u>533</u>	<u>607</u>	<u>762</u>	<u>872</u>
District staff (incl. 1 driver)	37	37	49	56	66	80
Branch managers	55	58	80	93	113	136
Field officers	<u>314</u>	<u>356</u>	<u>404</u>	<u>458</u>	<u>583</u>	<u>656</u>
Field officers confirmed (>2 mths)	281	311	339	440	442	528
Probationary field officers (<2 mths)	33	45	65	18	141	128
Portfolio/field officer > 2mths (Rp.000)	202,896	193,831	194,629	222,501	227,114	227,519
Portfolio/field officer > 2 mths (US\$)	18,529	16,746	19,035	22,983	24,161	24,961
<u>Impact on Poverty</u>						
% Poor, new clients (Cashpor hous. idx)	75%	75%	75%	75%	75%	75%
Moderately poor	25%	25%	25%	25%	25%	25%
Non-poor						
Client retention rate	84.7%	82.8%	82.4%	84.4%	85.6%	87.6%