

2008-1P



**Mitra Bisnis Keluarga**  
***“Family Business Partners”***  
**Indonesia**

***Provisional***  
***Quarterly Report No. 2008-1***  
***Jan – Mar 2008***

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# 1 Introduction

This report covers the first quarter of 2008 (January to March). This is the start of the second year of operations as the non-banking financial company (NBFC) *PT Mitra Bisnis Keluarga Ventura* (MBK), or *Family Business Partners*; it was converted from *Ganesha Microfinance Foundation* in late 2006. The new finance company was formed since Ganesha Microfinance Foundation, by law, could not continue to provide economic services after August 2007.

During this quarter, outreach expanded by some 14,000 clients to a reach a total of some 79,525 clients. Outstanding portfolio reached \$3.4 million with portfolio at risk (PAR>30) of 0.006%. Five new branches were set up, with three becoming operational during the period, one in Tangerang and two in West Bandung. The other two were opened in the new rural district of North Garut. They will begin extending their first working capital in April. The final number of branches was 36 at the end of March. Most new clients originated from the branches newly opened during the final quarter of last year with some coming from these three new ones.

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. In fact this organization ranked MBK in the top 25 MFIs in the world in 2007. M-CRIL, the premiere credit rating agency for the microfinance industry, awarded an alpha ( $\alpha$ ) investment grade to this institution in August 2006 and again in February 2008 for its performance to date. 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](http://www.mixmarket.org)).

Mitra Bisnis Keluarga (MBK) is essentially a Grameen Bank Replicator (GBR) with some adaptations from the ASA programme in Bangladesh. MBK provides basic working capital over 50 weeks at a flat profit-sharing rate of 25 percent per year. 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 loan has been repaid in full. It is not interest bearing.

## 2 Progress during the Quarter

Progress can be noted under the following headings: (a) outreach, (b) dropout, (c) working capital portfolio quality, (d) productivity and efficiency, and (e) viability and sustainability.

## 2.1 Outreach

**Table 1. Quarterly Outreach Indicators**

	Mar-07	Jun-07	Sept-07	Dec-07	Mar-08
Net clients <sup>1</sup>	31,709	41,136	55,537	65,528	79,525
Percent growth in clients	13%	30%	35%	18%	21%
Branches	20	24	27	31	36
Total centres	1,820	2,127	3,185	3,747	4,428
<u>Total active clients</u>	<u>31,058</u>	<u>40,600</u>	<u>55,416</u>	<u>64,548</u>	<u>78,989</u>
Clients in 1 <sup>st</sup> cycle	20,363	24,912	35,548	42,740	53,627
% in 1 <sup>st</sup> cycle	65.5%	61.4%	64.1	66.2	67.9
Total portfolio outstanding (Rp 000s)	10,689,068	15,799,797	24,311,274	25,191,547	31,332,461
Total portfolio outstanding (US\$) <sup>2</sup>	1,171,405	1,753,585	2,660,757	2,679,952	3,400,159
Growth in portfolio (in Rp)	17%	48%	54%	4%	24%
Average portfolio outstanding/client (Rp 000)	337	384	438	384	397
Average portfolio outstanding/client (US\$)	37	43	48	41	43
Dropouts per quarter	1,920	1,752	1,669	1,328	2,429
Quarterly dropout rate (%) <sup>3</sup>	6.1%	4.3%	3.0%	2.0%	3.1%
Year-on-year dropout rate, M-CRIL def. (%)	12.9%	12.3%	10.0%	9.2%	8.3%
CRF as % of working capital outstanding <sup>4</sup>	9%	8%	8%	9%	9%

Note:

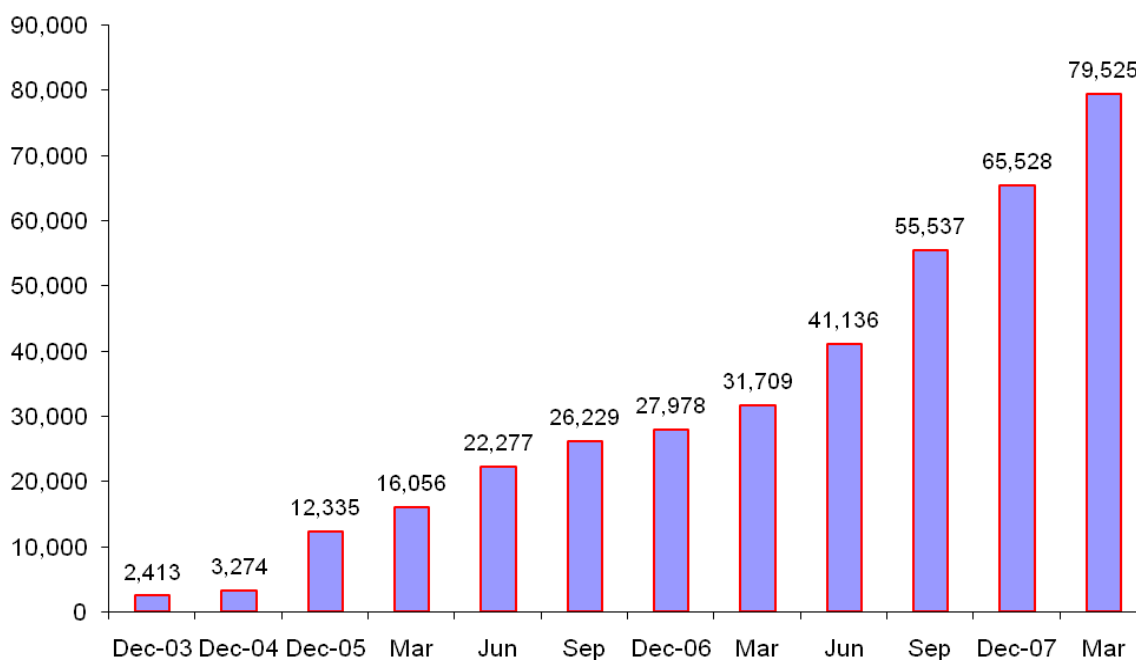
<sup>1</sup> Includes new clients waiting for first working capital (3-2 staggered disbursement), and existing clients waiting for follow-up working capital.

<sup>2</sup> US\$ 1 = Rp. 9,215 as of 31 March 2008

<sup>3</sup> As percent of active clients

<sup>4</sup> CRF: Client Responsibility Fund (non-interest bearing compulsory working capital guarantee fund)

**Figure 1. MBK Clients as of 31 March 2008**



*Number of Clients rose by 21 percent.* The total number of clients increased by 21 percent from 65,528 to 79,525 during this quarter (see table 1 and figure 1).

*Number of active clients up by 22 percent.* The total number of active clients increased by 22 percent from 64,548 to 78,989 during this first quarter. The number of active centres in the programme had increased to 4,428 by the end of the reporting period.

*Number of branches increased by 5.* MBK opened another five new branches: two in Bandung Barat, one in Tangerang Barat, and two in the new rural district of Garut Utara. In total, MBK had 36 branches at the end of this quarter.

*Portfolio Outstanding.* The total portfolio outstanding increased from US\$ 2.7 million to 3.4 million or by 24 percent (in Rupiah terms) during the first quarter of 2008.

## 2.2 Dropouts

*Refining the concept of dropout.* This year MBK formally redefined the concept of dropout to make a clear distinction between those clients voluntarily leaving the programme – dropouts, and those clients whose working capital was not renewed by MBK – pushouts. Although MBK provides details on all dropouts during the reporting period, the distinction between the two may be lost in the narrative. Information on this distinction was provided by Mr. Rico Coligado of Oikocredit Southeast Asia office, Philippines.

*Pushouts.* Such clients are asked to leave for disciplinary reasons, to maintain the quality of the programme. Typically, these clients were reluctant to fulfil the terms of the contract they made with MBK: (a) by not attending 12 or more meetings, (b) taking up paid full-time employment.

*Dropouts.* These leave on their own for various and very reasonable factors: (a) bankrupt, (b) looking after a new baby, young children, or sick relative, (c) severe illness, (d) not able to obtain husband’s counter signature on the working capital proposal, (e) changing address to a more distant location. As more and more clients in this latter group rejoin the programme when they feel comfortable taking further working capital from MBK – they are welcomed back and do not have to undergo the Group Recognition Test (PWK) training week – this group could also be called Resting Clients.

*Dropouts/Clients leaving the programme.* In total, 2,429 left the programme during this first quarter of 2008, up from 1,328 of the previous quarter. This represented an increase in the quarterly drop-out rate from 2.0 to 3.1 percent. However, the year-on-year dropout rate continued to fall, declining from 9.2 to 8.3 percent between last quarter and this quarter.

**Table 2. Dropouts by Reason**

	Last Quarter 2007	First Quarter 2008	Percent share
Push-out by MBK	n.a.	860	35.4
Left voluntarily	n.a.	1,073	44.2
Died	n.a.	45	1.8
<u>Taken paid employment</u>	<u>n.a.</u>	<u>451</u>	<u>18.6</u>
Total leaving programme	1,328	2,429	100.0

Of the total clients leaving the programme, 45 died (1.8 percent) and 451 (18.6 percent) took up paid employment. It is likely that some of the latter used their working capital to buy a job in paid employment, particularly those who left to attend the preparation training for employment overseas. The clients who left voluntarily amounted to 44 percent of the total, citing the need to take a rest from the pressure of borrowing in most cases, and the need to take care of children and sick family members in the remaining cases.

### 2.3 Portfolio Quality

*Portfolio at risk.* Portfolio at risk (PAR > 30 days) increased from 0.001 to 0.006 percent this quarter (table 3). Some 12 clients were at risk (in arrear over 30 days) this quarter. The cumulative repayment rate remained stable at 99.99 percent. Outstanding portfolio at risk increased from Rp. 249,000 (\$27) to Rp. 1,815,000 (\$198). No working capital was written off this quarter on in the last year.

**Table 3. Quarterly Portfolio Quality Indicators**

	Mar-07	Jun-07	Sep-07	Dec-07	Mar-08
<u>Portfolio at risk (Rp. 000)</u>					
0 -30 days	956	0	80	3,192	1,871
31-60 days		465			455
61-90 days		812			923
> 90 days		<u>540</u>	<u>249</u>	<u>249</u>	<u>437</u>
Portfolio with arrears		1817	329	3,441	3,686
PAR at risk (>30 days)	956	1,817	249	249	1,815
% PAR (>30 days)	0.001%	0.001%	0.001%	0.001%	0.006%
<u>Overdue principal (Rp. 000)</u>					
0 -30 days	106		60	222	297
31-60 days		165			285
61-90 days		506			663
> 90 days	=	<u>288</u>	<u>249</u>	<u>249</u>	<u>397</u>
Total	106	959	309	471	1,641
<u>Clients in arrears</u>					
0 -30 days	2	-	1	15	8
31-60 days		1			4
61-90 days		2			6
> 90 days	=	<u>1</u>	<u>1</u>	<u>1</u>	<u>2</u>
Total clients with overdue	2	4	2	16	20
Clients at risk (>30)		4	1	1	12
Portfolio write-off	0	0	0	0	0
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%	1.0%

### 2.4 Productivity and Efficiency

*Decrease in clients per field officer ratio.* The average number of clients per field officer (excluding probationary staff) decreased slightly from 431 to 419 in this first quarter (table 4). This reflects the increased number of field officers at the end of the quarter, which rose by almost 40 to 190. They were serving nearly 80,000 clients by the end of March.

**Table 4. Quarterly Productivity and Efficiency Indicators**

	Mar-07	Jun-07	Sept-07	Dec-07	Mar-08
<b>Outreach</b>					
<b>Clients</b>	<b>31,709</b>	<b>41,136</b>	<b>55,537</b>	<b>65,528</b>	<b>79,525</b>
Branches	16	24	27	31	36
Centres	1,820	2,127	3,185	3,747	4,428
<b>Total staff (field + head office)</b>	<b>146</b>	<b>189</b>	<b>230</b>	<b>258</b>	<b>295</b>
Head office staff	7	9	11	11	9
<u>Field staff</u>	<u>139</u>	<u>180</u>	<u>218</u>	<u>247</u>	<u>286</u>
MIS & District staff (incl. 1 driver)	13	18	23	28	28
<u>Total branch staff</u>	<u>126</u>	<u>162</u>	<u>195</u>	<u>219</u>	<u>258</u>
Branch managers	16	24	27	31	36
<b>Total Field Officers</b>	<b>110</b>	<b>138</b>	<b>169</b>	<b>188</b>	<b>222</b>
Field officers (> 2 months)	93	114	145	152	190
Probationary field officers (<2 mths)	17	24	24	36	32
<b>Efficiency ratios</b> <sup>1</sup>					
Clients per field officer (> 2 months)	341	361	383	431	419
Clients/total staff (field and HO)	217	219	243	254	270
Centres per field officer (>2 months)	17	15	19	20	20
Portfolio/loan officer (> 2 months) (\$)	12,596	15,382	18,350	17,631	17,896
Overhead ratio (HO/All admin expenses)	28%	27%	25%	27%	16%
Field officers as % of total staff	75	73	74	73	75
HO staff as % of total staff	5	5	5	4	3

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

*Clients per staff.* The client per staff ratio, including all field staff, head office and probationary staff, rose from 254 to 270 per staff as a result of programme expansion.

*Portfolio per field officer.* The outstanding portfolio per confirmed field officer remained stable at US\$ 17,631 and US\$ 17,896 between this quarter and the last one.

*Centres per field officer.* The ratio of centres per field officer remained stable at 20 this quarter. This ratio also excludes the 32 probationary field officers.

*Field officers as a share of total staff.* The ratio of field officers to total staff rose by 2 percent to 75 percent, due to a rise in the number of trainees.

*Overhead ratio and HO/field staff ratio.* The head office to total administration expense ratio declined from 27 to 16 percent between last quarter and this one. The HO/total staff ratio declined from 4 to 3 percent.

## 2.5 Viability and Sustainability

*Operating expense ratio.* The operating expense ratio declined from 31.5 to 28.2 percent between last quarter and this quarter, due to the rapid expansion in the number of clients, larger average loans, and resulting economies of scale (table 5).

**Table 5. Quarterly Viability and Sustainability Indicators**

	Mar-07	June-07	Sept-07	Dec-07	Mar-08
Operating expense ratio (Operating expenses/Average portfolio outstanding)	33.3%	33.7%	33.4%	31.5%	28.2%
Total cost ratio (Operating + financial expenses/avg. portfolio outs.)	41.0%	42.6%	41.9%	41.1%	38.8%
Quarterly yield on portfolio (Average quarterly income from portfolio/ Average portfolio outstanding in past 4 quarters)	47.1%	44.8%	40.1%	37.4%	37.0%
Annual yield on portfolio (Annual income/average portfolio last September and this September)	54.5%	43.2%	35.2%	41.5%	42.5%
Operational self sufficiency (Total income/operating + financial expenses)	108%	101%	97%	93%	113%

*Total cost ratio.* The total cost ratio also similarly declined from 41.1 to 38.8 percent. This ratio includes financial costs.

*Yield on portfolio.* The average quarterly yield on portfolio remained stable at 38 percent, calculated using the average outstanding portfolio for the four preceding quarters. The annual average yield on portfolio rose slightly from 41.5 to 42.5 percent.

*Operational self-sufficiency.* Operational self-sufficiency rose from 93 to 113 percent as the result of growth and consequent economies of scale.

### 3 Income Statement and Balance Sheet

#### 3.1 Income Statement

*Gross Income.* Gross income amounted to \$352,030 this quarter, or more than twice the amount earned in March last year (\$150,000), in line with the doubling of the working capital portfolio in the hands of the clients (table 6).

*Finance costs.* These consisted of costs of funds (\$92,000) and portfolio loss provision expenses (\$18,180). The cost of funds increased almost five times from around \$19,000 to 92,000 between March 2007 and March 2008, since MBK now relies almost exclusively on commercial loans.

*Operating expenses.* Operating expenses increased from \$121,000 to 211,000 between last March and this March, in line with the expansion of MBK operations.

*Net income.* Net income increased from \$ 15,700 to 41,100 between last March and this March.

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

Description	Mar-08	Dec-07	Sep-07	Jun-07	Mar-07	1 Jan-07 MBK
<b>INCOME</b>						
Profit-sharing Income	346,216	756,429	540,881	322,830	149,617	407,222
Interest on bank accounts	5,025	15,381	12,599	10,605	7,087	12,151
Other income	789	3,589	2,542	2,152	738	2,562
<b>Total Income</b>	<b>352,030</b>	<b>775,398</b>	<b>556,022</b>	<b>335,587</b>	<b>157,442</b>	<b>421,935</b>
-						
<b>FINANCIAL COSTS</b>						
Cost of funds	92,061	175,845	109,585	56,399	19,181	34,814
<b>Gross Financial Margin</b>	<b>259,969</b>	<b>599,553</b>	<b>446,437</b>	<b>279,188</b>	<b>138,261</b>	<b>387,122</b>
Portfolio loss reserve exps.	8,190	18,907	17,056	7,992	1,655	26,285
<b>Net Financial Margin</b>	<b>251,778</b>	<b>580,646</b>	<b>429,381</b>	<b>271,196</b>	<b>136,606</b>	<b>360,837</b>
<b>OPERATING EXPENSES</b>						
Salaries, incentive, benefits	133,203	369,965	270,452	154,808	69,737	143,089
Travelling & transport	11,622	32,553	23,235	15,520	8,024	15,168
Administrative/office exps	38,725	152,754	107,268	58,048	32,161	77,742
Depreciation	22,408	59,971	41,580	25,010	10,649	31,376
Mgt information system		12,870	1,995	1,907		1,587
Staff development	4,639	8,039	7,364	3,708	318	8,658
<b>Total Operating Expenses</b>	<b>210,597</b>	<b>636,153</b>	<b>451,895</b>	<b>259,001</b>	<b>120,889</b>	<b>277,619</b>
<b>PROFIT/LOSS</b>	41,181	-55,507	-22,513	12,195	15,717	83,217
<u>Operational Grants</u>		<u>69,794</u>	<u>71,803</u>			
Profit/Loss	41,181	14,287	49,290			
<u>Tax</u>	<u>10,455</u>	<u>3,482</u>	-	-	-	<u>21,364</u>
<b>NET PROFIT/LOSS</b>	<b>30,726</b>	<b>10,805</b>	<b>49,290</b>	<b>12,195</b>	<b>15,717</b>	<b>61,854</b>
<b>AFTER TAX</b>						
Note: US \$1 = Rupiah 000	9.215	9.400	9.137	9.010	9.125	9.035

### 3.2 Balance Sheet

*Total assets.* MBK's total assets increased by 36 percent from \$3.9 to 5.3 million during this quarter due mainly to the increase in portfolio and programme expansion (table 7).

*Total liabilities.* Total liabilities increased by 48 percent from \$2.9 to \$4.3 million as a result of the new loans to support programme expansion.

*Equity.* MBK's equity increased a little \$0.98 to \$1.03 million as a result of the operational income this quarter.

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

Description	Mar-08	Dec-07	Sep-07	Jun-07	Mar-07	1 Jan-07 MBK
<b>ASSETS</b>						
<b><u>Current Assets</u></b>	-	-	-	-	-	-
Cash-in-hand & in banks	380,584	165,721	23,554	344,947	146,636	566,099
Short-term savings/deposit accounts	1,148,378	740,031	276,282	353,075	248,863	
Other current assets	71,535	30,106	38,842	30,888	19,402	10,828
<b><u>Loans Outstanding</u></b>						
Gross loans outstanding	3,400,159	2,679,952	2,660,750	1,753,585	1,171,405	1,007,776
(Loan loss reserve)	-34,002	-26,799	-26,607	-17,536	-11,714	-10,078
Net loans outstanding	3,366,157	2,653,152	2,634,143	1,736,049	1,159,691	997,699
<b>Total current assets</b>	<b>4,966,654</b>	<b>3,589,010</b>	<b>2,972,820</b>	<b>2,464,960</b>	<b>1,574,591</b>	<b>1,574,626</b>
<b><u>Long-term Assets</u></b>						
Property and equipment	493,553	421,200	345,867	282,118	205,146	157,779
(Accumulated depreciation)	-128,059	-110,027	-94,473	-79,081	-65,143	-56,175
Net property & equipment	365,494	311,174	251,393	203,037	140,003	101,605
<b>Total long-term assets</b>	<b>365,494</b>	<b>311,174</b>	<b>251,393</b>	<b>203,037</b>	<b>140,003</b>	<b>101,605</b>
<b><u>Other Assets</u></b>						
Company establishment	2,496	2,447	2,517	2,553	2,521	2,546
(Amortization)	-936	-765	-629	-479	-315	-159
Net company establishment	1,560	1,682	1,888	2,074	2,205	2,387
<b>Total other assets</b>	<b>1,560</b>	<b>1,682</b>	<b>1,888</b>	<b>2,074</b>	<b>2,205</b>	<b>2,387</b>
<b>Total Assets</b>	<b>5,333,708</b>	<b>3,901,866</b>	<b>3,226,101</b>	<b>2,670,071</b>	<b>1,716,800</b>	<b>1,678,617</b>
<b>LIABILITIES &amp; EQUITY</b>						
<b><u>Current Liabilities</u></b>						
Interest payable on loans	41,078	10,596	30,045	18,000	19,181	
Client responsibility fund	301,359	229,691	200,739	144,329	109,865	95,517
Withholding tax	10,872	386	3,131	0	116	142
Other current liabilities	44,118	32,797	23,651	27,266	26,708	22,151
<b>Total current liabilities</b>	<b>399,739</b>	<b>273,469</b>	<b>268,510</b>	<b>189,595</b>	<b>155,870</b>	<b>117,810</b>
<b><u>Long-term Liabilities</u></b>						
<b>Total long-term liabilities</b>	<b>3,898,461</b>	<b>2,644,207</b>	<b>1,906,899</b>	<b>1,619,245</b>	<b>706,877</b>	<b>713,919</b>
<b>Total Liabilities</b>	<b>4,298,200</b>	<b>2,917,677</b>	<b>2,175,409</b>	<b>1,808,840</b>	<b>862,747</b>	<b>831,728</b>
<b><u>Shareholders' Equity</u></b>						
Paid up Capital	325,556	319,149	328,335	332,963	328,767	332,042
Additional Paid up Capital	663,803	650,739	669,470	512,425	505,967	511,209
Retained earnings	15,423	3,496	3,597	3,648	3,602	3,638
Current profit & Loss	30,726	10,805	49,290	12,195	15,717	
<b>Total Equity</b>	<b>1,035,508</b>	<b>984,189</b>	<b>1,050,692</b>	<b>861,231</b>	<b>854,052</b>	<b>846,888</b>
<b>Total Liabilities &amp; Equity</b>	<b>5,333,708</b>	<b>3,901,866</b>	<b>3,226,101</b>	<b>2,670,071</b>	<b>1,716,799</b>	<b>1,678,617</b>

Note: US \$1 = Rupiah 000

9.215

9.400

9.137

9.010

9.125

9.035

## 4 Institutional Strengthening

### 4.1 Staff Recruitment and Development

*Total staff.* The total number of staff increased by 37 this quarter to 295 with the addition of probationary field officers and management trainees.

*Creation of New Post – Communications Officer.* A former Supervisor was promoted into this position. With her previous and extensive field level experience, she receives all visitors to MBK, and accompanies them on branch visits. As an English speaker, she also handles administration in connection with overseas visitor and investors. In addition to this task, the communications officer is in charge of the field operations of the on-going 2008 Impact Survey. The results of this survey should be available by mid-2008.

*Trainee deputy branch managers.* MBK continued to recruit a number of young women graduates for this position and place them in stable branches for training.

*Classroom Training by Training Task Force.* Formal, classroom training was provided to 56 staff in total (table 8).

The six Area Supervisor-Trainers (SPV) received training in January which covered the following topics: SPV new terms of reference, new reporting requirements for SPV’s monitoring of branches, and conducting and completing the Internal Audit reporting format. Feedback and suggestions for improvement of internal audit process and reporting was given in the February follow-up training provided to Supervisors.

Finally, one-day training was provided to a selected group of staff from 6 branches who will take part in the pilot project “Village Telephone Ladies” in conjunction with the mobile service provider, Esia.

**Table 8. Classroom Training**

Date	Location	Trainees	Topic	Trainers
14-15 Jan	HO	Area Supervisor-Trainers [SPV] (6)	New terms of reference; New reporting system for SPV monitoring of branches; Internal audit training I	Chief, personnel manager, CEO, Operations Manager, Internal Auditor
7 Feb	HO	Area Supervisor-Trainers [SPV] (6)	Internal audit training II	Internal Auditor, Operations Manager
29 Feb	HO	Deputy Trainee Branch Managers (17)	Branch Manager duties and responsibilities	
5 Mar	HO	Area Supervisors (9)	Internal audit training III	
14 Mar	HO	Branch Managers and 2 senior staff from 3 branches in 2 districts (18)	Mobile phone service pilot project (200 clients)	Esia Telephone project team, Chief, MIS Manager
Total		<b>56 Persons</b>		

## **4.2 Internal Audit Training**

During this quarter, further improvements to the internal audit system were made. Following closely the ASA audit model, the Internal Audit Manager leads a team comprising of the Area Supervisors, who each audit one branch per month in an area neighbouring their own area of responsibility. To facilitate this, the Internal Auditor trained MBK's 6 Supervisors in the use of the revised audit format. The team members then audited one branch each in February. The first round of auditing in February 2008 was followed up by a feedback session in head office, to share and discuss audit issues during Internal Auditors training II. The second round of branch audits took place in March with Supervisors auditing one branch each in another new area.

After each round of auditing, the Internal Auditor summarized their major audit findings. As a result, findings that required speedy action were reported and acted on almost immediately. Further benefits of this revised system are: development of a cadre of skilled auditors; reduction in the work-load of the IA as she focuses on summarizing major findings, and follow-up and audit compliance by branch managers. Most importantly, all branches will be audited twice a year.

## **5 Management and Governance**

### **5.1 Internal Audit Visits**

*Internal audit compliance visits.* These continued to be made throughout this quarter by the newly appointed/ promoted Internal Auditor. Her predecessor was promoted to Operations Manager.

*Revised internal audit system and programme of visits.* Each of the 6 area supervisors took part in the February and March round of internal audits of branches. In all 14 branches were audited. Findings were compiled into a summary report of recommendations for further action by the IA, who also planned the visits and led the team by auditing 2 branches herself. Each Supervisor spent 2-3 days living in one branch, accompanied 3-4 field staff/ management trainees during their centre meetings in the field and completed the IA reporting format. Spot check compliance visits will be made by the IA in the next reporting period.

### **5.2 Staff**

*Promotion to Operations Manager.* The Internal Auditor was promoted into this newly created post. She became the first point of contact with HO for branch managers and supervisors when they need support in field operations. The CEO continues to handle financial requests, while the personnel manager handles all personnel-related matters.

*Creation of Communications Officer post.* This person handles all initial contacts with the public, as well as field visits for potential and existing investors, and other visitors.

*Promotion of deputy branch manager trainees to branch manager posts.* Once again, the more capable and experienced of the directly recruited deputy branch manager trainees were promoted to trainee branch manager positions. While these management trainees were mostly placed as trainee branch managers in the newly opened branches, five good ones replaced branch managers in more established branches. The reasons for this include: (a) periodic rotation of BM

every 18-24 months between branches, (b) covering managers who are on maternity leave, (c) replacement managers for those promoted to Supervisor position, (d) replacements for managers who left MBK.

*Internal promotion to deputy branch manager.* One senior field staff was promoted to branch manager trainee. In February, she took over the Pakuhaji branch in East Tangerang.

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

Unless specified otherwise, the meetings took place in the MBK head office in Tangerang.

Date	Name	Institution	Topic
<u>January 2008</u>			
09	Shirley Suhenda & Santi	Forthcoming MFI	Exposure visit to MBK
22	Organization Committee	GEMA PKM (Halim office)	Asia-Pacific Microcredit Summit
23	Azim Hossain, Saleh Khan and Willem Nolens	CMI/ASA	Investment prospects in Indonesia
24	Mr. DSK Rao	Microcredit Summit (Hotel)	Asia-Pacific Microcredit Summit
28	Theresa Pilapil	Oikocredit	Collaboration with MBK
<u>February 2008</u>			
4-7	Santi	Forthcoming MFI	Exposure visit to MBK
4-7	12 field officers and supervisors	Bina Artha (Bogor)	Exposure visit to MBK
18-22	Sanjay Gandhi, Jioyti	MCRIL	Rating of MBK
<u>March 2008</u>			
06	Martin Hintz	Allianz	Microcredit insurance
18	Hermawan	PT Ukabima	Health insurance
26	Kenichi Tamagaki	Ph.D Student, London University College	Microfinance programme of MBK

## 6 Strategic 5-year Business Plan 2008-2012

### 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.

Starting from 31 branches at the end of 2007, MBK will operate a total of 1,000 branches by 2012, with an average 2,000 clients each. 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 per cent calculated on a flat basis. Compulsory Client Responsibility Fund (CRF) savings will collect 5 percent of the loan at the time of disbursement. Finally, MBK will gradually increase the loan officer to client ratio from 321 to 380 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 11-12 percent interest rate per annum for loans throughout the forecasting period. Concessional loans, if available, are assumed to be available at 3 percent point below commercial rates.

### 6.2 Key Features

1. *Outreach.* MBK's client base will double every year, from around 65,000 at the end of 2007 to 1 million at the end of 2011 and 2 million by the end of 2012, 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 westwards to cover more districts in West Java in 2008, to 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.
2. *Outstanding loan portfolio.* With average outstanding loan size rising from \$42 in 2007 to \$96 in 2012, the gross portfolio outstanding will increase from Rp. 25 to 2,239 billion (\$2.8 to 198 million).
3. *Branches.* The number of branches will double every year from 31 in 2007 to reach a total of 1,000 by 2012. Each branch will have around 6-8 staff.
4. *Staff.* By the end of the projection period, the programme will employ 6,974 people in total, of which 25 people will be located in head office, and the rest in branch, district and regional offices.
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 35 to 16 percent between 2007 and 2012, due to economies of scale.

6. *Sustainability*. After-tax operating self-sustainability will rise from 93 to 142 percent, while after tax financial self-sustainability will rise from 86 to 134 percent between 2007 and 2012.
7. *Break-even*. The MBK programme already produced a surplus in 2004-2006. In 2007, heavy investment in the new MIS system, the recruitment of senior management and accelerated field staff recruitment temporarily result in a break-even. The programme will once generate a healthy surplus starting in financial year 2008.

**Table 9. Summary of Financial Projections 2008-2012**

	FY07	FY08	FY09	FY10	FY11	FY12
<b>I Overall Targets</b>						
Total clients	65,378	130,011	260,022	520,044	1,040,090	2,080,180
Gross outstanding portfolio (Rp billion)	25.2	70.3	165.0	471.7	1,034.7	2,239.2
Total branches	31	62	125	250	500	1,000
Total employees	258	481	977	1,767	3,503	6,974
Clients per loan officer	349	363	355	400	400	400
Operating cost ratio %	35	26	21	20	16	16
Operational sustainability after-tax %	93	114	127	135	139	142
Financial sustainability after-tax %	86	109	122	129	132	134
<b>II Balance Sheet (Rp billion)</b>						
Assets	36.7	78.2	177.8	496.4	1,084.1	2,338.1
Liabilities	27.4	66.3	153.6	435.5	929.0	1,969.6
Client responsibility fund	2.2	5.7	14.1	33.7	75.5	164.8
Commercial loans	22.9	58.4	137.3	399.6	851.2	1,802.5
Equity	9.3	11.9	24.1	60.9	155.1	368.5
Total liabilities and equity	36.7	78.2	177.8	496.4	1,084.1	2,338.1
<b>III Balance Sheet (US\$ million)</b>						
Assets	3.9	8.2	17.9	48.1	101.2	210.1
Liabilities	2.9	6.9	15.5	42.2	86.7	177.0
Client responsibility fund	0.2	0.6	1.4	3.3	7.0	14.8
Commercial loans	2.5	6.1	13.8	38.7	79.4	161.9
Equity	1.0	1.2	2.4	5.9	14.5	33.1
Total liabilities and equity	3.9	8.2	17.9	48.1	101.2	210.1
<b>IV Debt-Equity Ratio</b>	<b>2.5</b>	<b>4.9</b>	<b>5.7</b>	<b>6.6</b>	<b>5.5</b>	<b>4.9</b>

**Assumptions:**

1. Domestic inflation rate = 7 percent per year each year (2008-2012)
2. Exchange rate in 2008: US\$1 = 9,200 Indonesian Rupiah
3. US inflation rate = 3 percent per year each year (2008-2012)

### 6.3 External funding requirements

After taking into account surplus reinvested and the client responsibility fund, MBK will need to raise commercial loans amounting to:

2008	Rp	58	billion	(US\$	6.1 million)
2009	Rp	137	billion	(US\$	13.8 million)
2010	Rp	400	billion	(US\$	38.7 million)
2011	Rp	851	billion	(US\$	79.4 million)
2012	Rp	1,802	billion	(US\$	161.6 million)

## 7 Planned Activities for Second Quarter 2008

### 7.1 Outreach

- Continue with surveying of 1-2 potential new districts for expansion of MBK's programme. Open and staff 4-5 branches in each new district.

### 7.2 Institutional Strengthening

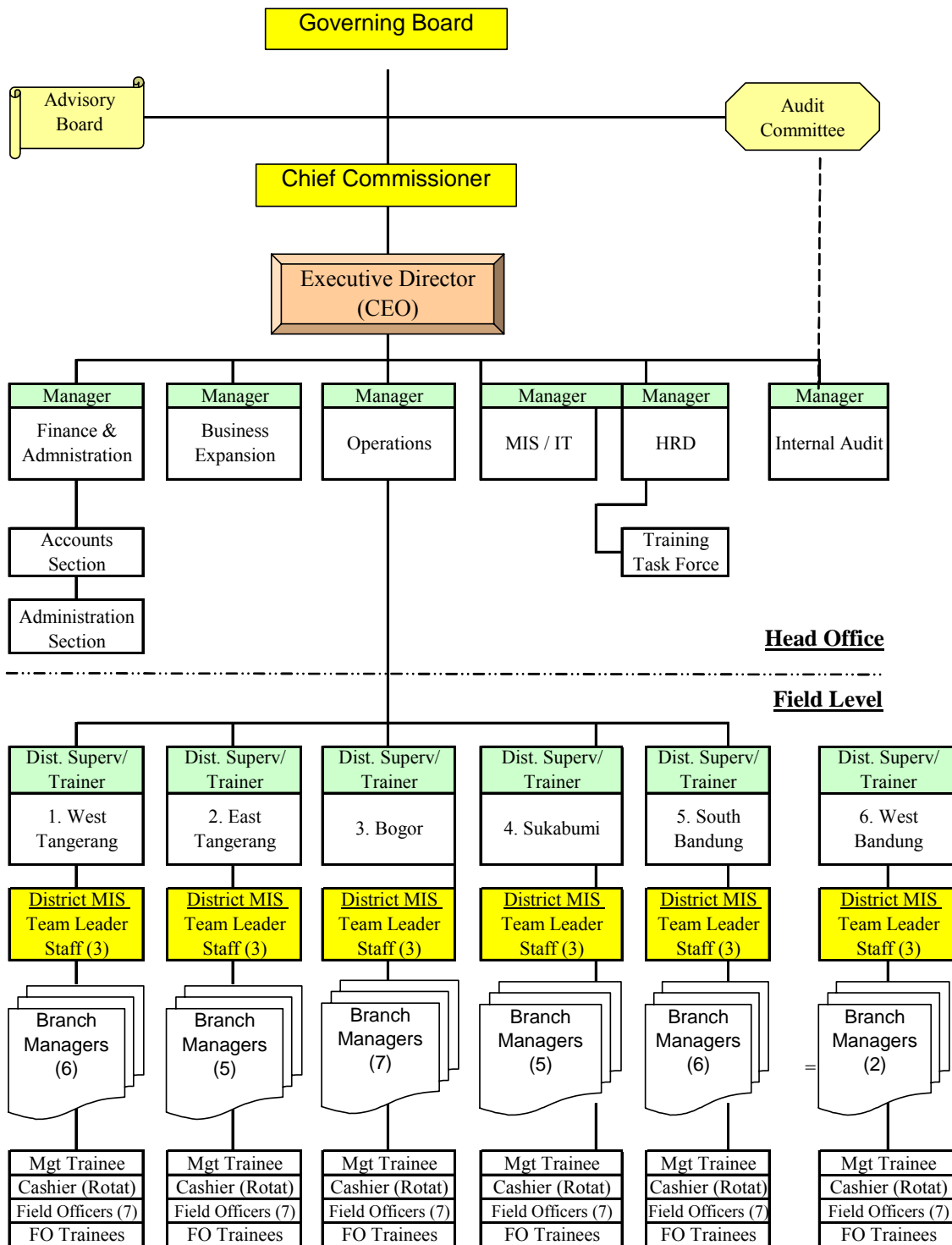
- Open and staff branches in new districts, at the same time opening and staffing the area office in new district to handle MIS data entry and production of Disbursement Collection Sheets.
- Continue with staff recruitment to fill the many new openings for both field officers and branch managers as a result of expansion plans.
- Hold further refresher training sessions throughout the period for new branch managers and cashiers, for MIS/ accounts staff (HO and DO), and for Area Supervisors.
- Recruit 2-3 experienced accounting staff who can be trained in MBK micro accounting practises to audit district offices.
- Hire 2-3 more senior managers.

### 7.3 Management and Governance

- *Internal audits.* Continue with regular internal audits of all established branches by the internal auditor, accompanied by Area Supervisors (who will audit branches in areas other than their own) and some head office staff.

# Annex A: Organization chart

## Mitra Bisnis Keluarga Organization Chart, December 2007



Total branches = 31

## Annex B: Quarterly Financial Statements – March 2008

<b>PROVISIONAL INCOME STATEMENT</b>		(000 Rupiah)				
Description	Mar-08	Dec-07	Sep-07	Jun-07	Mar-07	1 Jan-07 MBK
<b>INCOME</b>						
Profit-sharing Income	3,190,381.5	7,110,427.9	4,942,026.1	2,908,695.7	1,365,253.8	3,679,253.3
Interest on bank accounts	46,304.7	144,581.5	115,117.7	95,554.3	64,671.4	109,782.1
Other income	7,268.0	33,732.6	23,225.7	19,392.5	6,734.5	23,151.0
<b>Total Income</b>	<b>3,243,954.2</b>	<b>7,288,742.1</b>	<b>5,080,369.5</b>	<b>3,023,642.5</b>	<b>1,436,659.7</b>	<b>3,812,186.4</b>
<b>FINANCIAL COSTS</b>						
Cost of funds	848,340.9	1,652,947.4	1,001,277.0	508,156.8	175,027.5	314,542.2
<b>Gross Financial Margin</b>	<b>2,395,613.3</b>	<b>5,635,794.6</b>	<b>4,079,092.6</b>	<b>2,515,485.7</b>	<b>1,261,632.2</b>	<b>3,497,644.3</b>
Portfolio loss reserve exps.	75,475.0	177,723.5	155,836.2	72,006.1	15,104.2	237,484.2
<b>Net Financial Margin</b>	<b>2,320,138.2</b>	<b>5,458,071.2</b>	<b>3,923,256.4</b>	<b>2,443,479.6</b>	<b>1,246,528.0</b>	<b>3,260,160.0</b>
<b>OPERATING EXPENSES</b>						
Salaries, incentive, benefits	1,227,463.7	3,477,669.1	2,471,115.5	1,394,819.7	636,353.4	1,292,811.2
Travelling & transport	107,092.4	306,002.3	212,300.7	139,831.3	73,216.5	137,040.3
Administrative/office exps	356,854.9	1,435,887.4	980,111.4	523,013.9	293,464.6	702,395.0
Depreciation	206,493.2	563,731.6	379,918.7	225,344.1	97,174.8	283,484.2
Mgt information system		120,979.6	18,225.6	17,181.8		14,340.2
Staff development	<u>42,751.3</u>	<u>75,569.8</u>	<u>67,288.7</u>	<u>33,411.6</u>	<u>2,903.0</u>	<u>78,220.7</u>
<b>Total Operating Expenses</b>	<b>1,940,655.6</b>	<b>5,979,839.8</b>	<b>4,128,960.4</b>	<b>2,333,602.3</b>	<b>1,103,112.3</b>	<b>2,508,291.5</b>
<b>PROFIT/LOSS</b>	379,482.7	-521,768.7	-205,704.0	109,877.4	143,415.7	751,868.5
<u>Operational Grants</u>	-	<u>656,062.5</u>	<u>656,062.5</u>			
Profit/Loss	379,482.7	134,293.8	450,358.5			
<u>Tax</u>	<u>96,344.8</u>	<u>32,730.7</u>	-	-	-	<u>193,022.1</u>
<b>NET PROFIT/LOSS AFTER TAX</b>	<b>283,137.9</b>	<b>101,563.1</b>	<b>450,358.5</b>	<b>109,877.4</b>	<b>143,415.7</b>	<b>558,846.4</b>

**PROV. BALANCE SHEET**

(000 Rupiah)

Description	Mar-08	Dec-07	Sep-07	Jun-07	Mar-07	Jan-07 MBK
<b>ASSETS</b>						
<b><u>Current Assets</u></b>	-	-	-	-	-	-
Cash-in-hand & in banks	3,507,081.2	1,557,773.3	215,209.6	3,107,975.2	1,338,051.1	5,114,700.6
Short-term savings/deposit accounts	10,582,303.7	6,956,291.8	2,524,388.2	3,181,207.3	2,270,875.3	
Other current assets	659,193.0	282,995.2	354,900.0	278,304.2	177,040.9	97,834.1
<b><u>Loans Outstanding</u></b>	-	-	-	-	-	-
Gross loans outstanding	31,332,460.7	25,191,546.7	24,311,274.2	15,799,797.0	10,689,068.0	9,105,260.0
(Loan loss reserve)	-313,324.0	-251,914.9	-243,112.4	-157,997.6	-106,890.7	-91,052.7
Net loans outstanding	<u>31,019,136.7</u>	<u>24,939,631.8</u>	<u>24,068,161.8</u>	<u>15,641,799.4</u>	<u>10,582,177.3</u>	<u>9,014,207.3</u>
<b>Total current assets</b>	<b>45,767,714.6</b>	<b>33,736,692.2</b>	<b>27,162,659.6</b>	<b>22,209,286.1</b>	<b>14,368,144.5</b>	<b>14,226,742.0</b>
<b><u>Long-term Assets</u></b>	-	-	-	-	-	-
Property and equipment	4,548,090.1	3,959,282.8	3,160,182.4	2,541,887.4	1,871,960.0	1,425,537.6
(Accumulated depreciation)	-1,180,059.5	-1,034,249.7	-863,203.5	-712,519.6	-594,433.6	-507,540.0
Net property & equipment	<u>3,368,030.6</u>	<u>2,925,033.1</u>	<u>2,296,978.9</u>	<u>1,829,367.8</u>	<u>1,277,526.4</u>	<u>917,997.6</u>
<b>Total long-term assets</b>	<b>3,368,030.6</b>	<b>2,925,033.1</b>	<b>2,296,978.9</b>	<b>1,829,367.8</b>	<b>1,277,526.4</b>	<b>917,997.6</b>
<b><u>Other Assets</u></b>						
Company establishment	23,000.0	23,000.0	23,000.0	23,000.0	23,000.0	23,000.0
(Amortization)	-8,625.5	-7,187.9	-5,750.3	-4,312.7	-2,875.1	-1,437.5
Net company establishment	<u>14,374.5</u>	<u>15,812.1</u>	<u>17,249.7</u>	<u>18,687.3</u>	<u>20,124.9</u>	<u>21,562.5</u>
<b>Total other assets</b>	<b>14,374.5</b>	<b>15,812.1</b>	<b>17,249.7</b>	<b>18,687.3</b>	<b>20,124.9</b>	<b>21,562.5</b>
<b>Total Assets</b>	<b>49,150,119.8</b>	<b>36,677,537.3</b>	<b>29,476,888.2</b>	<b>24,057,341.2</b>	<b>15,665,795.8</b>	<b>15,166,302.0</b>
<b>LIABILITIES &amp; EQUITY</b>						
<b><u>Current Liabilities</u></b>	-	-	-	-	-	-
Short-term Loan, Dhanani						
Short-term Loans, E Sweeting	21,300.0		100,000.0			
Interest payable on loans	378,536.3	99,602.1	274,519.3	162,176.8	175,027.5	
Client responsibility fund	2,777,020.0	2,159,095.0	1,834,155.0	1,300,400.0	1,002,515.0	862,995.0
Withholding tax	100,185.1	3,624.9	28,607.6	2.0	1,062.7	1,285.8
Other current liabilities	406,550.8	308,289.0	216,097.2	245,670.9	243,706.3	200,130.2
<b>Total current liabilities</b>	<b>3,683,592.2</b>	<b>2,570,611.0</b>	<b>2,453,379.1</b>	<b>1,708,249.7</b>	<b>1,422,311.5</b>	<b>1,064,411.0</b>
<b><u>Long-term Liabilities</u></b>	-	-	-	-	-	-
<b>Total long-term liabilities</b>	<b>35,924,318.6</b>	<b>24,855,549.3</b>	<b>17,423,336.8</b>	<b>14,589,400.6</b>	<b>6,450,255.0</b>	<b>6,450,255.0</b>
<b>Total Liabilities</b>	<b>39,607,910.8</b>	<b>27,426,160.3</b>	<b>19,876,715.9</b>	<b>16,297,650.3</b>	<b>7,872,566.5</b>	<b>7,514,666.0</b>
<b><u>Shareholders' Equity</u></b>	-	-	-	-	-	-
Paid up Capital	3,000,000.0	3,000,000.0	3,000,000.0	3,000,000.0	3,000,000.0	3,000,000.0
Additional Paid up Capital	6,116,945.7	6,116,945.7	6,116,945.7	4,616,945.7	4,616,945.7	4,618,769.0
Retained earnings	142,124.4	32,867.0	32,867.0	32,867.0	32,867.0	32,867.0
Current profit & Loss	283,137.9	101,563.1	450,358.5	109,877.4	143,415.7	
<b>Total Equity</b>	<b>9,542,207.9</b>	<b>9,251,375.7</b>	<b>9,600,171.1</b>	<b>7,759,690.0</b>	<b>7,793,228.3</b>	<b>7,651,636.0</b>
<b>Total Liabilities &amp; Equity</b>	<b>49,150,118.7</b>	<b>36,677,536.0</b>	<b>29,476,887.0</b>	<b>24,057,340.2</b>	<b>15,665,794.8</b>	<b>15,166,302.0</b>

## Annex C: Quarterly Performance Indicators – Mar 2008

	2006	2007				2008
	Dec	Mar	Jun	Sept	Dec	Mar
<i>Exchange rate: US\$1 =</i>	9.035	9.125	9.010	9.137	9.400	9.215
<b>1.0 Outreach Indicators</b>						
1.1 Cumulative clients recruited	32,285	37,936	49,115	65,185	76,504	92,930
1.2 Cumulative dropouts	<u>4,307</u>	<u>6,227</u>	<u>7,979</u>	<u>9,648</u>	<u>10,976</u>	<u>13,405</u>
1.3 <b>Net Clients</b>	<b>27,978</b>	<b>31,709</b>	<b>41,136</b>	<b>55,537</b>	<b>65,528</b>	<b>79,525</b>
1.4.1 % Growth in clients (over prv period)	7%	13%	30%	35%	18%	21%
1.4.2 New clients recruited year-on-year	18,908	20,365	24,653	35,483	44,219	54,994
<b>1.5 Net active clients by loan cycle</b>	<b><u>27,372</u></b>	<b><u>31,058</u></b>	<b><u>40,600</u></b>	<b><u>55,416</u></b>	<b><u>64,548</u></b>	<b><u>78,989</u></b>
1.5.1 1st cycle	19,264	20,363	24,912	35,548	42,740	53,627
1.5.2 2nd cycle	6,036	7,703	11,484	13,505	14,381	15,792
1.5.3 3rd cycle	903	1,370	2,445	4,433	5,441	6,820
1.5.4 4th cycle	1,169	1,622	1,759	1,930	1,986	1,318
1.5.5 5th cycle and above						1,432
1.5.6 % in 2nd cycle and above	31%	36%	39%	36%	35%	33%
1.6 Dropout						
1.6.1 Total dropouts this quarter	834	1,920	1,752	1,669	1,328	2,429
1.6.2 Quarterly dropout rate	3.0%	6.1%	4.3%	3.0%	2.0%	3.1%
1.6.3 Year-on-year dropout rate (M-CRIL)	10.5%	12.9%	12.3%	10.0%	9.2%	8.3%
1.7 Branches	15	20	24	27	31	36
1.8.1 Cumulative centres formed	<u>1,594</u>	<u>1,880</u>	<u>2,211</u>	<u>3,296</u>	<u>3,884</u>	<u>4,586</u>
1.8.2 Centres closed	40	60	84	111	137	160
1.8.2 Net number of centres	1,554	1,820	2,127	3,185	3,747	4,426
<b>1.9 Average clients per centre</b>	<b>18</b>	<b>17</b>	<b>19</b>	<b>17</b>	<b>17</b>	<b>18</b>
1.10 Max. working capital size (Rp. 000)						
1.10.1 1st cycle	500	500	500	500	800	800
1.10.2 2nd cycle	1,000	1,000	1,000	1,000	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
1.11 Max. working capital size (US\$)						
1.11.1 1st cycle	55	55	55	55	85	87
1.11.2 2nd cycle	111	110	111	109	128	130
1.11.3 3rd cycle	166	164	166	164	160	163
1.11.4 4th cycle	199	197	200	197	191	195
1.11.5 5th cycle		241	244	241	234	239
1.12 Portfolio						
<b>1.12.1 Total portfolio outstanding (Rp. 000)</b>	<b>9,105,260</b>	<b>#####</b>	<b>#####</b>	<b>#####</b>	<b>#####</b>	<b>31,332,461</b>
1.12.2 Total portf. outstanding (\$)	1,007,776	1,171,405	1,753,585	2,660,750	2,679,952	3,400,159
1.12.3 Average portf. outstanding Rp. 000	333	344	389	439	390	397
1.12.4 Average portf. outstanding (\$)	36	37	43	48	41	43
1.12.5 % Growth (over prev qt)	-8%	17%	48%	54%	4%	24%
1.12.1 Disbursement this quarter		6,453,952	#####	#####	#####	
1.12.2 New clients provided this quarter						
1.12.3 Avg new working capital size (Rp.000)						
1.12.4 Avg new working capital size (US\$)						

		2006	2007				2008
		Dec	Mar	Jun	Sept	Dec	Mar
	Exchange rate: US\$1 =	9.035	9.125	9.010	9.137	9.400	9.215
1.12.5	Repayment this quarter		4,870,144	5,815,385	8,035,023	9,287,998	
1.12.6	Current Portfolio size (Kredits)						55,402,900
1.12.7	Repayment from current portfolio						24,070,439
1.19.1	Clients in responsibility fund	27,372	31,058	40,600	55,416	64,548	78,989
	Total client responsibility fund (CRF)	862,995	1,002,515	1,300,400	1,834,155	2,159,095	2,777,020
1.19.3	CRF as % of portfolio outstanding	9%	9%	8%	8%	9%	9%
<b>2.0</b>	<b><u>Portfolio quality</u></b>						
	<u>Portfolio in arrears (Rp. 000)</u>						
	0 -30 days		956	-	80	3,192	1,871
	31-60 days			465			455
	61-90 days			812			923
	> 90 days		-	540	249	249	437
	Total		956	1,817	329	3,441	3,686
	Portfolio at risk (>30)			1,817	249	249	1,815
	<b>% PAR (&gt;30)</b>			<b>0.012%</b>	<b>0.001%</b>	<b>0.001%</b>	<b>0.006%</b>
	<u>Overdue principal (Rp. 000)</u>						
	0 -30 days		106		60	222	297
	31-60 days			165			285
	61-90 days			506			663
	> 90 days	-	-	288	249	249	397
	Total		106	959	309	471	1,641
	<u>Client with arrears</u>						
	0 -30 days	1	2		1	15	8
	31-60 days			1			4
	61-90 days			2			6
	> 90 days	1	1	1	1	1	2
	Total	2	3	4	2	16	20
	Clients at risk (>30)			4	1	1	12
2.1	<u>Repayment Rate</u>						
2.1.1	Quarterly Repayment Rate						
2.1.2	Cumulative Repayment Rate	99.99%	99.99%	99.99%	99.99%	99.99%	99.99%
<b>3.0</b>	<b><u>Productivity and Efficiency</u></b>						
3.1	Total Staff (field + head office)	122	146	189	230	258	295
3.1.1	Head office staff	9	7	9	11	11	9
3.1.2	<u>Field staff</u>	113	139	180	219	247	286
3.1.2.1	District staff (incl. 1 driver)	5	13	18	23	28	28
3.1.2.2	Branch managers	15	16	24	27	31	36
3.1.2.3	<u>Field officers</u>	93	110	138	169	188	222
	Field officers confirmed (>2 mths)	49	59	71	145	152	190
	Field officers trainee (2-6 mths)	30	34	43			
	Probationary field officers (<2 mths)	14	17	24	24	36	32
<b>3.2.1</b>	<b>Clients/field officer (&gt;2mths)</b>	<b>354</b>	<b>341</b>	<b>361</b>	<b>383</b>	<b>431</b>	<b>419</b>
3.2.2	Clients per staff (field + HO)	229	217	218	241	254	270
3.3.1	Portfolio/field officer > 2mths (Rp.000)	115,256	114,936	138,595	167,664	165,734	164,908
3.3.2	Portfolio/field officer > 2 mths (US\$)	12,757	12,596	15,382	18,350	17,631	17,896
3.4	Centres per field officer	17	17	15	19	20	20
3.5	Operating expense ratio	31.0%	33.3%	33.7%	33.4%	31.5%	28.2%
3.6	Total cost ratio	37.9%	40.6%	41.9%	42.1%	41.1%	38.8%
3.7	Debt to equity ratio						
3.8	Overhead ratio (HO/Total expenses)	30%	28%	27%	23%	27%	16%

		2006	2007				2008
		Dec	Mar	Jun	Sept	Dec	Mar
	<i>Exchange rate: US\$1 =</i>	9.035	9.125	9.010	9.137	9.400	9.215
3.9	Field officers as % of total staff	76%	75%	73%	73%	73%	75%
3.10	Ratio HO staff to total staff (%)	7%	5%	5%	5%	4%	3%
<b>4.0</b>	<b><u>Viability and Sustainability</u></b>						
4.1	Average quarterly yield on portf.	45.6%	47.1%	44.8%	40.1%	37.4%	37.0%
4.2	Average annual yield on portf.	55.6%	54.5%	43.2%	35.2%	41.5%	42.5%
4.3	Operational self-sufficiency	<b>124%</b>	<b>111%</b>	<b>104%</b>	<b>96%</b>	<b>93%</b>	<b>113%</b>
4.4	Financial self-sufficiency						
4.5	Return on average assets (ROA)	5.8%	1.3%	0.6%	2.2%	0.5%	0.9%
<b>5.0</b>	<b><u>Impact on Poverty</u></b>						
	<b>% Very Poor (based on Housing Ind)</b>	<b>80%</b>	<b>80%</b>	<b>80%</b>	<b>80%</b>	<b>80%</b>	<b>80%</b>
5.1							
5.2	Moderately poor	20%	20%	20%	20%	20%	20%
5.3	Non-poor	-					
	Repayment Rate						
5.4	Current repayment rate this quart.						
5.5	Cumulative repayment rate						
5.6	Client retention rate	89.5%	87.1%	87.7%	90.0%	90.8%	91.7%