

2007-4



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

***Quarterly Report No. 2007-4***  
***Oct – Dec 2007***

**27 February 2008**

---

Ruko Asiatic Blok B 15/59, Jalan Permata Sari, Lippo Karawaci Barat, Tangerang,  
INDONESIA 15810. Telephone: +62 21 5949 2234. Fax: +62 21 598 4320

[www.mbk-ventura.com](http://www.mbk-ventura.com)

# CONTENT

<b>1</b>	<b>INTRODUCTION.....</b>	<b>1</b>
<b>2</b>	<b>PROGRESS DURING THE QUARTER .....</b>	<b>1</b>
2.1	Outreach.....	1
2.2	Dropout .....	3
2.3	Portfolio Quality .....	3
2.4	Productivity and Efficiency .....	4
2.5	Viability and Sustainability.....	5
<b>3</b>	<b>INCOME STATEMENT AND BALANCE SHEET .....</b>	<b>6</b>
3.1	Income Statement.....	6
3.2	Balance Sheet.....	6
<b>4</b>	<b>INSTITUTIONAL STRENGTHENING .....</b>	<b>8</b>
4.1	Staff Recruitment and Development.....	8
4.2	Implementation of the portfolio MIS system “KREDITS” .....	8
4.3	Internal Audit Programme .....	8
<b>5</b>	<b>MANAGEMENT AND GOVERNANCE.....</b>	<b>9</b>
5.1	Internal Audit Visits.....	9
5.2	Staff.....	9
5.3	Visitors, Awareness Raising and Fund Raising for On-lending.....	10
<b>6</b>	<b>STRATEGIC 5-YEAR BUSINESS PLAN 2007-2011.....</b>	<b>11</b>
6.1	Key Features .....	11
6.2	External funding requirements.....	11
<b>7</b>	<b>PLANNED ACTIVITIES FOR FIRST QUARTER 2008 .....</b>	<b>13</b>
7.1	Outreach.....	13
7.2	Institutional Strengthening.....	13
7.3	Management and Governance.....	13
	<b>ANNEX A: ORGANIZATION CHART .....</b>	<b>14</b>
	<b>ANNEX B: FINANCIAL STATEMENTS – DEC 07 .....</b>	<b>15</b>
	<b>PROVISIONAL INCOME STATEMENT AS OF 31 DECEMBER 2007 .....</b>	<b>15</b>
	<b>ANNEX C: QUARTERLY PERFORMANCE INDICATORS – DEC. 2007 .....</b>	<b>17</b>

# 1 Introduction

This report covers the final quarter of 2007 (October to December). This is also the end of the first full year of operations for the non-banking financial company (NBFC) *PT Mitra Bisnis Keluarga Ventura* (MBK), or *Family Business Partners*, which replaced *Ganesha Microfinance Foundation* in late 2006. The new finance company was formed because foundations, by law, are not allowed to provide economic services anymore after August 2007.

During this quarter, outreach expanded by nearly 10,000 clients to a reach a total of 65,528 clients. Outstanding portfolio reached \$2.7 million with portfolio at risk (PAR>30) of 0.001%. Six new branches were set up and became operational in the reporting period: two in South Bandung, two in Tangerang, and two in the new rural district of West Bandung. This brought the total number of branches to 31. Most new clients originated from these newly established branches.

MBK has, since September 2006, been listed as a 5-diamond microfinance institution in *MIXMarket*, the global information exchange for the microfinance industry organized by the Consultative Group to Assist the Poor (CGAP) of the 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 renowned credit rating agency for the microfinance industry, awarded an alpha ( $\alpha$ ) rating to this institution in August 2006 for its efficient and transparent operations. 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 MBK's website as well as from the MIXMarket website ([www.mixmarket.org](http://www.mixmarket.org)).

Mitra Bisnis Keluarga Ventura (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

*Number of Clients rose by 18 percent.* The total number of clients increased by 18 percent from 55,537 to 65,528 during this quarter (see table 1 and figure 1).

**Table 1. Quarterly Outreach Indicators**

	Dec-06	Mar-07	Jun-07	Sept-07	Dec-07
Net clients <sup>1</sup>	27,978	31,709	41,136	55,537	65,528
Percent growth in clients	7%	13%	30%	35%	18%
Branches	15	20	24	27	31
Total centres	1,554	1,820	2,127	3,185	3,747
<b>Total active clients</b>	<b>27,372</b>	<b>31,058</b>	<b>40,600</b>	<b>55,416</b>	<b>64,548</b>
Clients in 1 <sup>st</sup> cycle	19,264	20,363	24,912	35,548	42,740
Clients in 2 <sup>nd</sup> cycle	6,036	7,703	11,484	13,505	14,381
Clients in 3 <sup>rd</sup> cycle	903	1,370	2,445	4,433	5,441
Clients in 4 <sup>th</sup> cycle and above	1,169	1,622	1,759	1,930	1,986
Total portfolio outstanding (Rp 000s)	9,105,260	10,689,068	15,799,797	24,311,274	25,191,547
Total portfolio outstanding (US\$) <sup>2</sup>	1,007,776	1,171,405	1,753,585	2,660,757	2,679,952
Growth in portfolio (in Rp)	-8%	17%	48%	54%	4%
Average portfolio outstanding/client (Rp 000)	325	337	384	438	384
Average portfolio outstanding/client (US\$)	36	37	43	48	41
Dropouts per quarter	834	1,920	1,752	1,669	1,328
Quarterly dropout rate (%) <sup>3</sup>	3.0%	6.1%	4.3%	3.0%	2.0%
Year-on-year dropout rate (%)	11.7%	14.9%	14.1%	11.1%	10.2%
CRF as % of portfolio outstanding <sup>4</sup>	9%	9%	8%	8%	9%

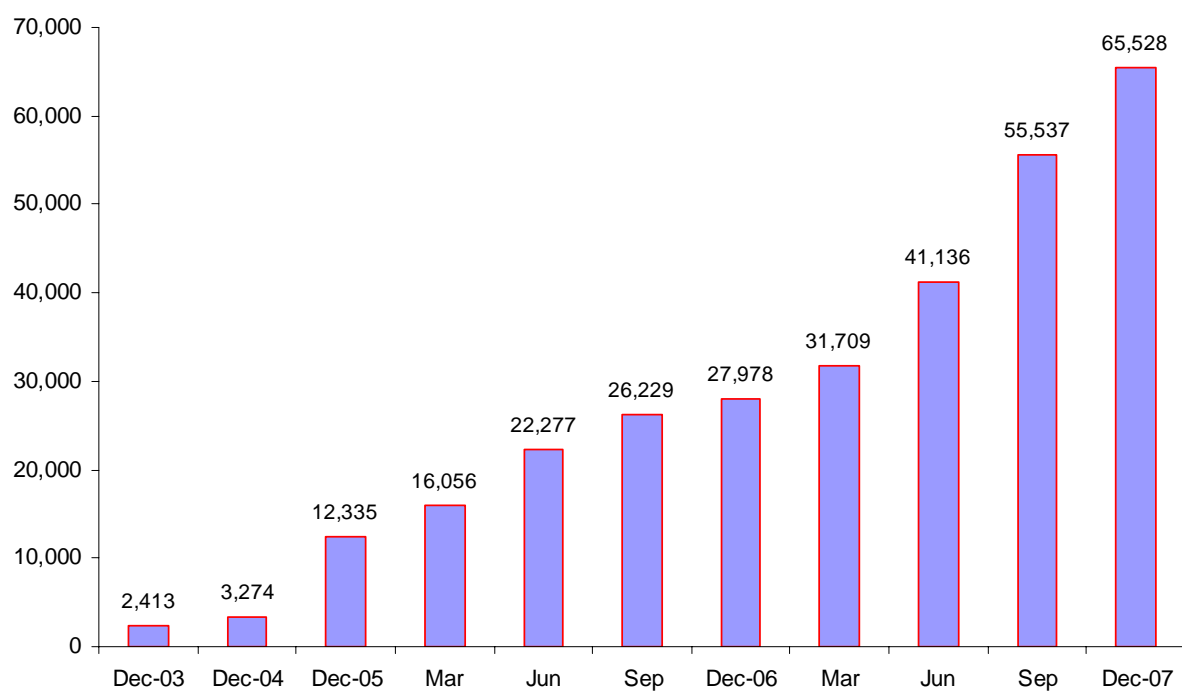
Note:

<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. 9,400 as of 28 December 2007

<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 December 2007**

*Number of active clients up by 16 percent.* The total number of active clients (in possession of working capital from MBK) increased by 16 percent from 55,416 to 64,548 during this quarter. The number of active centres in the programme had increased to 3,474 by the end of the reporting period.

*Number of branches increased by 6.* MBK opened another six new branches: two in South Bandung, two in Tangerang, and two in the new rural district of West Bandung. One of the two new branches in Tangerang was formed by splitting the large Kebon Cau branch into two, thereby allowing the programme to better serve a larger number of women in two neighbouring areas. Altogether, MBK had 31 branches at the end of 2007.

*Portfolio Outstanding.* The total portfolio outstanding increased from US\$ 2,66 million to US 2.68 or by just 4 percent (in Rupiah terms) during this third quarter of 2007, due to the long Idul Fitr religious holiday period.

## **2.2 Dropout**

*Drop-out rate decreased again this quarter.* The number of drop-outs this quarter decreased from 1,669 to 1,328. This represented a further drop in the quarterly drop-out rate from 3.0 percent to 2.0 percent, while the year-on-year dropout rate fell once again from 11.1 to 10.2 percent. Of the 1,328 clients who left the programme this quarter, 40 died (3 percent) and 219 (16 percent) had taken up paid employment. It is likely that some of the latter used their working capital to buy a job in paid employment, including those who left to attend the preparation training for employment overseas. The remainder were again roughly equally divided between those who were asked to leave the programme by MBK and those who left voluntarily. Again, a small number had to leave as they could not persuade their husbands to countersign their working capital proposal forms, others because they were suffering from chronic illness, or had to attend to new babies or ill relatives. A number had also moved houses and so were asked by MBK to settle their outstanding balance.

## **2.3 Portfolio Quality**

*Portfolio at risk.* Portfolio at risk (PAR > 30 days) remained at 0.01% this quarter. Only one client was at risk (>30 days) this quarter. The cumulative repayment rate remained stable at 99.99 percent. Outstanding portfolio at risk remained unchanged at Rp. 249,000 (\$27).

**Table 2. Quarterly Portfolio Quality Indicators**

	Dec-06	Mar-07	Jun-07	Sep-07	Dec-07
<u>Portfolio at risk (Rp. 000)</u>					
0 -30 days		956	0	80	3,192
31-60 days			465		
61-90 days			812		
<u>&gt; 90 days</u>			<u>540</u>	<u>249</u>	<u>249</u>
Portfolio with arrears			1817	329	3,441
PAR at risk (>30 days)		956	1,817	249	249
% PAR (>30 days)	0	0.001%	0.001%	0.001%	0.001%
<u>Overdue principal (Rp. 000)</u>					
0 -30 days		106		60	222
31-60 days			165		
61-90 days			506		
<u>&gt; 90 days</u>	=	=	<u>288</u>	<u>249</u>	<u>249</u>
Total	0	106	959	309	471
<u>Clients with Overdue</u>					
0 -30 days		2	-	1	15
31-60 days			1		
61-90 days			2		
<u>&gt; 90 days</u>	=	=	<u>1</u>	<u>1</u>	<u>1</u>
Total clients with overdue		2	4	2	16
Clients at risk (>30)			4	1	1
Cumulative repayment rate		99.99%	99.99%	99.99%	99.99%
Portfolio loss provision expense ratio	5.0%	1.0%	1.0%	1.0%	1.0%

## 2.4 Productivity and Efficiency

*Increase in clients per field officer ratio.* The average number of clients per field officer (excluding probationary staff) increased significantly from 383 in the third quarter to 431 in this final quarter (table 3). There were a total of 152 field officers serving some 64,548 active clients by the end of the year.

*Clients per staff.* The client per staff ratio, including all field staff, head office and probationary staff, rose from 243 to 254 per staff as a result of programme expansion.

*Portfolio per field officer.* The outstanding portfolio per confirmed field officer decreased from US\$ 18,350 to US\$ 17,631 as a result mainly of larger first-time clients with smaller loans.

*Centres per field officer.* The ratio of centres per field officer rose from 19 to 20 this quarter. This ratio also includes the 36 probationary field officers.

*Field officers as a share of total staff.* The ratio of field officers to total staff declined slightly by 1 percent to 73 percent, due to a rise in the number of MIS trainees in preparation for opening and staffing new area offices in the coming year.

*Overhead ratio and HO/field staff ratio.* The head office to total administration expense ratio remained at 25-27 percent in the last three quarter. The HO/total staff ratio declined from 5 to 4 percent.

**Table 3. Quarterly Productivity and Efficiency Indicators**

	Dec-06	Mar-07	Jun-07	Sept-07	Dec-07
<b><u>Outreach</u></b>					
<b>Clients</b>	<b>27,978</b>	<b>31,709</b>	<b>41,136</b>	<b>55,537</b>	<b>65,528</b>
Branches	15	16	24	27	31
Centres	1,554	1,820	2,127	3,185	3,747
<b><u>Total staff (field + head office)</u></b>	<b><u>122</u></b>	<b><u>146</u></b>	<b><u>189</u></b>	<b><u>230</u></b>	<b><u>258</u></b>
Head office staff	9	7	9	11	11
<b><u>Field staff</u></b>	<b><u>113</u></b>	<b><u>139</u></b>	<b><u>180</u></b>	<b><u>218</u></b>	<b><u>247</u></b>
MIS & District staff (incl. 1 driver)	5	13	18	23	28
<b><u>Total branch staff</u></b>	<b><u>108</u></b>	<b><u>126</u></b>	<b><u>162</u></b>	<b><u>195</u></b>	<b><u>219</u></b>
Branch managers	15	16	24	27	31
<b>Total Field Officers</b>	<b><u>93</u></b>	<b><u>110</u></b>	<b><u>138</u></b>	<b><u>169</u></b>	<b><u>188</u></b>
Field officers (> 2 months)	79	93	114		
Probationary field officers (<2 mths)	14	17	24	24	36
<b><u>Efficiency ratios</u></b> <sup>1</sup>					
Clients per field officer (> 2 months)	354	341	361	383	431
Clients/total staff (field and HO)	229	217	219	243	254
Centres per field officer (>2 months)	20	20	19	23	26
Portfolio/loan officer (> 2 months) (\$)	12,757	12,596	15,382	18,350	17,631
Overhead ratio (HO/All admin expenses)	30%	28%	27%	25%	27%
Field officers as % of total staff	76	75	73	74	73
HO staff as % of total staff	7	5	5	5	4

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

**Table 4. Quarterly Viability and Sustainability Indicators**

	Dec-06	Mar-07	June-07	Sept-07	Dec-07
Operating expense ratio (Operating expenses/Average portfolio outstanding)	31.0%	33.3%	33.7%	32.4%	30.7%
Total cost ratio (Operating + financial expenses/avg. portfolio outs.)	37.9%	41.0%	42.6%	41.9%	41.1%
Quarterly yield on portfolio (Average quarterly income from portfolio/ Average portfolio outstanding in past 4 quarters)	46.8%	48.7%	46.3%	41.3%	38.4%
Annual yield on portfolio (Annual income/average portfolio last September and this September)	55.6%	54.5%	43.2%	35.2%	41.5%
Operational self sufficiency (Total income/operating + financial expenses)	124%	108%	101%	97%	93%
Financial self-sufficiency	94%				86%

## 2.5 Viability and Sustainability

*Operating expense ratio.* The operating expense ratio declined from 32.4 to 30.7 percent between last quarter and this quarter, due to the rapid expansion in the number of clients, larger loans, and resulting economies of scale.

*Total cost ratio.* The total cost ratio also similarly declined from 41.9 to 41.1 percent. This ratio includes financial costs.

*Yield on portfolio.* The average quarterly yield on portfolio declined from 41.3 to 38.4 percent, calculated using the average outstanding portfolio for the four preceding quarters. This is because of the Idul Fitri period when no new working capital was issued for about a month.

*Operational self-sufficiency.* Operational self-sufficiency declined from 97 to 93 percent as the result of larger financial expenses (interest on loans) this quarter compared to the previous quarter. The decline between this year and last was mainly due to the drop in interest rate from 30 to 25 percent in October 2006.

## **3 Income Statement and Balance Sheet**

### **3.1 Income Statement**

*Net Income.* The net operating losses continued to rise from \$22,147 to \$37,496 (table 5), due to higher financial expenses and operating expenses. The latter included renovation work for the new head office building, and the expenses involved in opening of several new branches.

The cumulative losses amounted to \$55,869 this year. These losses were due to major new expenditures including the commissioning of a new MIS system – and corresponding training of MIS staff in head office and the field – in May-June, renovation costs of the new head office building in November already mentioned, the recruitment of an MIS team in head office starting in March, and the payment of salaries for the CEO and Chief Commissioner for this first for this institution, corresponding to the first year of operation of MBK as a non-bank financial company.

*Financial expenses.* Cumulative financial expenses consisted of interest payment and portfolio loss provision expenses. Starting January 2007, and in compliance with banking regulations, MBK lowered portfolio loss reserve from 5 to 1 percent of outstanding portfolio. On the other hand, MBK contracted several new loans including from Bank Finconesia, Dignity Fund and MCE, involving the payment of administration fees, and thus raising the cost of funds this quarter.

*Cumulative income.* Including grant income, operating income amounted to Rp. 453 million (\$50,000) this quarter.

### **3.2 Balance Sheet**

*Total assets.* MBK's total assets increased from \$3.2 million to \$3.9 million during this quarter due mainly to the increase in portfolio (table 6), and new loans for programme expansion.

*Total liabilities.* Total liabilities increased from \$2.2 to \$3.0 million as a result of the new loans mentioned above.

*Equity.* MBK's equity declined from \$991,101 to \$923,559 as a result of the operational losses incurred this year.

**Table 5. Provisional Quarterly Income Statement (US Dollars)**

	Ganesha	MBK	MBK	MBK	MBK
	Dec-06	Mar-07	June-07	Sept-07	Dec-07
<u>Quarterly Income &amp; Expenses</u>	<u>8,302</u>	<u>11,199</u>	<u>-8,051</u>	<u>-22,147</u>	<u>-37,496</u>
Quarterly total income	121,470	157,442	176,136	225,099	234,933
Quarterly total expenses	113,168	146,244	184,187	247,245	272,429
<u>Total Income (cumulative)</u>	<u>417,645</u>	<u>157,442</u>	<u>335,587</u>	<u>556,022</u>	<u>775,398</u>
Income on portfolio (cumulative)	407,222	149,617	322,830	540,881	756,429
Income from bank accounts	7,860	7,087	10,605	12,599	15,381
Other income (penalty)	2,562	738	2,152	2,542	3,589
<u>Total Expenses (cumulative)</u>	<u>338,065</u>	<u>146,244</u>	<u>332,297</u>	<u>574,923</u>	<u>831,267</u>
<u>Financial expenses</u>	<u>61,099</u>	<u>25,355</u>	<u>73,295</u>	<u>139,445</u>	<u>211,071</u>
Interest expenses	34,814	23,699	65,304	122,390	192,165
Portfolio loss provision expense	26,285	1,655	7,992	17,056	18,907
<u>Operating expenses</u>	<u>276,966</u>	<u>120,889</u>	<u>259,001</u>	<u>435,478</u>	<u>620,196</u>
Personnel expense	143,089	69,737	154,808	270,452	369,965
Administrative expense	133,877	51,152	104,193	165,026	250,231
Head office operating expense	81,899	33,369	69,413	105,485	168,814
Branch operating expense	195,067	85,828	185,758	324,550	451,382
<u>Net operating income</u>	<u>79,580</u>	<u>11,199</u>	<u>3,291</u>	<u>-18,902</u>	<u>-55,869</u>
Grant for operations	-	-	-	71,803	69,794
Total income before tax	79,580	11,199	3,291	52,901	13,925
<u>Tax</u>	<u>21,364</u>				<u>2,316</u>
<b>Net profit/loss after tax</b>	<b>58,216</b>	<b>11,199</b>	<b>3,291</b>	<b>52,901</b>	<b>11,609</b>

**Table 6. Provisional Quarterly Balance Sheet (US Dollars)**

	Ganesha	MBK	MBK	MBK	MBK
	Dec-06	Mar-07	June-07	Sept-07	Dec-07
<u>Assets</u>	<u>1,295,897</u>	<u>1,722,689</u>	<u>2,671,757</u>	<u>3,240,600</u>	<u>3,936,967</u>
Outstanding portfolio	1,007,776	1,171,405	1,753,585	2,660,757	2,679,952
(Portfolio loss reserve)	(50,366)	(11,714)	(17,536)	(26,607)	(26,799)
Net outstanding portfolio	957,411	1,159,691	1,736,049	2,634,149	2,653,152
Cash and bank accounts	230,142	146,636	344,947	23,554	165,721
Savings and deposit accounts		248,863	353,075	276,282	740,031
Other current assets	8,504	25,291	32,575	53,341	65,207
Company's establishment	-	2,205	2,048	1,890	1,733
Net fixed assets	99,841	140,003	203,037	251,393	311,174
<u>Current Liabilities</u>	<u>95,674</u>	<u>223,673</u>	<u>262,593</u>	<u>344,518</u>	<u>353,538</u>
Client responsibility fund (savings)	95,517	109,865	144,329	200,739	229,691
Temporary loan, Founders	-	-	-	10,945	-
Interest payable on loans	-	23,699	26,904	42,850	26,915
Withholding Tax	157	85,320	86,291	88,222	85,412
Other Current liabilities	-	4,790	5,005	1,764	11,867
<u>Long-term Liabilities</u>	<u>1,094,193</u>	<u>712,767</u>	<u>1,620,932</u>	<u>1,904,981</u>	<u>2,659,869</u>
<u>Total Liabilities</u>	<u>1,189,867</u>	<u>936,440</u>	<u>1,883,524</u>	<u>2,249,499</u>	<u>3,013,407</u>
<u>Equity</u>	<u>106,030</u>	<u>786,249</u>	<u>788,233</u>	<u>991,101</u>	<u>923,559</u>
Paid-up capital	11,068	328,767	332,963	328,335	319,149
Additional Paid-up Capital	-	442,681	442,681	607,065	607,065
Retained Earnings	36,746	3,602	3,648	3,597	3,496
Profit/loss, end of this quarter	58,216	11,199	3,291	52,901	11,609
<u>Total Equity &amp; Liabilities</u>	<u>1,295,897</u>	<u>1,722,689</u>	<u>2,671,757</u>	<u>3,240,600</u>	<u>3,936,967</u>

## 4 Institutional Strengthening

### 4.1 Staff Recruitment and Development

*Total staff.* The total number of staff increased by 29 this quarter to 258 with the addition of probationary field officers and trainee area office MIS/data entry staff, the latter in preparation for opening new area offices in the first quarter of 2008 in 2-3 new rural districts.

*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. Again, there was virtually no competition from government or the banking sector for such graduates this quarter; previously a major constraint to recruitment. As a result, MBK now has a well prepared cadre of trainee branch managers to place in new areas in the final quarter of this year and in the new areas in January-February 2008.

*Classroom Training by Training Task Force.* Formal, classroom training was provided to 19 staff in total (table 7). Eight deputy branch managers from Tangerang received one day training in the norms and procedures for starting up and handling a newly opened branch. This was part of their preparation for becoming trainee branch managers in new branches in South and West Bandung.

The second group comprised the MIS team leader (TL) and one senior staff from each of the five MIS area offices. They received two days hands-on training by MBK's accountant to develop their skills in the accounting technique of depreciation. The accountant followed this up by visiting Bogor and giving further assistance to MIS staff there in preparation for team leader handover in the new year.

**Table 7. Classroom Training**

Date	Location	Trainees	Topic	Trainers
14 Nov	HO	Tangerang deputy branch managers (8)	Handling new branch	Chief, personnel manager, CEO and internal auditor
6-7 Dec	HO	MIS TL and 1 senior staff from 5 area offices (11)	Micro accounting, depreciation	HO accountant
Total		19 personnel		

### 4.2 Implementation of the portfolio MIS system “KREDITS”

The MIS manager continued his dialogue with the KREDITS MIS system vendor to improve the implementation of the system in the field, particularly to archive old client data.

### 4.3 Internal Audit Programme

During this quarter, the internal audit system was changed so that the Internal Auditor spent alternate weeks in a branch (auditing) and in head office (reporting findings). As a result, findings that required speedy action were reported and acted on almost immediately. The Internal Auditor reported her findings to the Head of Audit of the Governing Board.

## **5 Management and Governance**

### **5.1 Internal Audit Visits**

*Internal audit compliance visits.* The Internal Auditor reported her findings to the Head of Audit of the Governing Board in early July.

*Internal audit visits.* All but three branches were audited in this period, either by the Internal Auditor herself or by Area Supervisors working outside their own area, following the ASA model. Findings were reported to the CEO and IA, who compiled a summary report of recommendations.

### **5.2 Staff**

#### *Area coordinators change of job description*

After an assessment of the performance of area coordinators by head office, their job description was revised and expanded in December. It now explicitly details their role as supervisors of the branches in their area and as trainers of their branch managers. In addition, the job title was changed to Area Supervisor to better reflect the new TORs. Training for this change will be given to the Supervisors in early January 2008.

#### *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. Mostly these were in the newly opened branches. One promoted staff was moved from an older branch (Pakuhaji) to the new branch (Kosambi) created by the split of the Kebon Cau branch in Tangerang, so that she can obtain experience in managing an expanding branch and field staff recruitment and training.

#### *Promotion of experienced branch managers to Area Supervisor*

Two experienced branch managers were promoted to become area supervisors in the last month of the year. One underwent a 2-week handover period with the incumbent in East Tangerang, while the other will undergo the same in early January before assuming her post in West Tangerang. Both of these staff have been with the programme since mid 2004 when they joined as field staff from senior secondary school. As they have risen through MBK, they are well versed in all field practices.

### 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>October 2007</u>			
02	Treasury staff	Bank Danamon	Hedge negotiations
02		Bank Finconesia	
03		Khaula Foundation	
08	Ranita Jain	Intern	Impact Survey 2007
22	Johana Posada	Unitus Equity Fund	Introductory visit
	Chris Brookefield		
23	Martin Hintz	Allianz Insurance	Group insurance products
	Wahyu Wulandari	GTZ monitoring & evaluation	
24	Yekti	Bank Danamon	Hedge & loan negotiations
25	Grace	Bank Finconesia	Due diligence
29	Clair Jenkins, Vice Chair	Unitus Inc.	MBK Governing Board meeting
	Helen Todd, Chair	Moris Rasik Foundation	“
	Abidin Siregar	PT. Artha Nusa Sembada	“
	Benny Kosinda	Retired	“
30	Panca Pramudya	HIVOS Progr. Officer	MBK programme review
31	Sanjiv Malhotra	Bank Danamon	Bank loan negotiations
<u>November 2007</u>			
01	Yekti Utami	Bank Danamon	Hedge & loan negotiations
05	Micky Felder	World Mission Foundation	MBK Microfinance programme
	Yuni Setyaningsih		
06	Ranita Jain	Intern	Impact Survey 2008
09	Mulyono	MICRA (Mercy Corps)	MBWin software programme
12	Henny Purnamawati	Egon Zehnder Inst. Ernst and Young	MFI leadership Entrepreneur of the year 2007
13	Abidin Siregar		
16	Herman	Bank Danamon	Hedge for DF and MCE funds
	Gauke	CORDAID, Netherlands	MBK programme review
19	Sean DeWitt	GF USA	Village phone pilot programme
20	Yekti Utami	Yayasan MMS Bank Danamon	Loan negotiations (in Jakarta)
<u>December 2007</u>			
3–17	Enamul Haque EVP Aminur Rashid Dir	ASA foundation	Capacity assessment
06	Yekti Utami	Bank Danamon	Danamon loan (in Jakarta)
12	Sean DeWitt	Grameen Found USA	Pilot Village phone programme
	Lindayanti Harjono	Bakri Telkom	
	Rudi Eriyanto	“	
18	Harya Sumarta Agus Rachmadi & team	GEMA-PKM Bank Mandiri	MBK microfinance programme, field visit to Kronjo
	Shirley	Private Foundation	MBK microfinance programme
27	Ben Witjes	HIVOS Director, Jakarta	MBK programme review

## 6 Strategic 5-year Business Plan 2007-2011

### 6.1 Key Features

Towards the end of December 2006, MBK produced revised five-year financial projections for the period 2007-2011. Its key expansion features in this period can be summarized as follows (table 7):

1. *Outreach.* Clients to double every year, from around 30,000 at the end of 2006 to 1 million at the end of 2011, focusing in the rural areas of Java Island, one of the most populated islands in the world. MBK began operating in Banten province (West of Jakarta) in 2003-05 where it faced little competition, either from commercial banks, community banks or other MFIs. In 2006, MBK expanded in the neighbouring district of Bogor. Now MBK will expand westwards to cover West Java in 2008, Central Java in 2009 and East Java in 2010. The majority of MBK clients will continue to come from very poor households.
2. *Outstanding portfolio.* With average outstanding working capital size rising from \$36 to 82, the gross portfolio outstanding will increase from Rp. 9 to 740 billion (\$1 to 82 million).
3. *Branches.* The number of branches will nearly double every year from 15 in 2006 to 400 in 2011, serving an average of clients of 2,500 clients per branch, and with around 6-8 staff each.
4. *Staff.* By the end of the projection period, the programme will employ 3,332 people in the field and 29 people in head office, or 3,361 people in total.
5. *Efficiency.* The programme will improve efficiency from 322 to 380 clients per field officer, while improving the operating cost ratio from 38 to 17 percent between 2006 and 2011.
6. *Sustainability.* After-tax operating self-sustainability will rise from 94 to 127 percent, while after tax financial self-sustainability will rise from 89 to 125 percent.

### 6.2 External funding requirements

*Income and dividends.* After breaking even in 2008, MBK will show a surplus of about Rp 5, 20 and 50 billion in 2009, 2010 and 2011 (\$0.5, \$2.22 and \$5.6 million). To minimize external funding, MBK's policy is not to make dividend payments, and to plough whatever surplus it can make to expand the number of its poor clients.

*Savings.* MBK is not legally allowed to raise savings from its clients. Nevertheless, it collects 5 percent of each working capital disbursement as a guarantee fund, so this will contribute to funds for on-lending (\$0.2, 0.5, \$1.3 and \$2.8 and \$6.1 million in each year between 2007 and 2011).

*Grants.* In line with best practices, grants will continue to play an important part in capacity building, especially for MIS. In 2007, MBK will apply for grant funds amounting to around \$170,000 to continue capacity building efforts and invest in human resources, while in 2008 it will apply for \$120,000 for further management capacity building and staff training.

**Table 8. Summary of Financial Projections 2008-2012**

	FY07	FY08	FY09	FY10	FY11	FY12
<b>I Overall Targets</b>						
Total clients	65,378	130,000	260,000	520,000	1,040,000	2,080,000
Gross outstanding portfolio (Rp billion)	25.2	71.4	159.4	451.7	991.2	2,145.4
Total branches	31	62	125	250	500	1,000
Total employees	258	514	1,012	1,835	3,639	7,247
Clients per loan officer	349	332	339	380	380	380
Operational sustainability after-tax %	93	122	129	142	147	149
Financial sustainability after-tax %	86	117	124	136	139	140
<b>II Balance Sheet (Rp billion)</b>						
<u>Assets</u>	<u>37.0</u>	<u>83.4</u>	<u>172.6</u>	<u>476.7</u>	<u>1,041.1</u>	<u>2,244.9</u>
<u>Liabilities</u>	<u>28.3</u>	<u>70.3</u>	<u>147.3</u>	<u>410.7</u>	<u>873.5</u>	<u>1,848.2</u>
Client responsibility fund	2.2	5.9	14.0	32.8	72.9	158.5
Commercial loans	25.0	46.1	115.0	359.7	782.3	1,671.5
<u>Equity</u>	<u>8.7</u>	<u>13.1</u>	<u>25.3</u>	<u>66.0</u>	<u>167.6</u>	<u>396.7</u>
Total liabilities and equity	37.0	83.4	172.6	476.7	1,041.1	2,244.9
<b>III Balance Sheet (US\$ million)</b>						
<u>Assets</u>	<u>3.9</u>	<u>9.3</u>	<u>19.2</u>	<u>53.0</u>	<u>115.7</u>	<u>249.4</u>
<u>Liabilities</u>	<u>3.0</u>	<u>7.8</u>	<u>16.4</u>	<u>45.6</u>	<u>97.0</u>	<u>205.4</u>
Client responsibility fund	0.3	0.7	1.6	3.6	8.1	17.6
Commercial loans	2.7	5.1	12.8	40.0	86.9	185.7
<u>Equity</u>	<u>0.9</u>	<u>1.5</u>	<u>2.8</u>	<u>7.3</u>	<u>18.6</u>	<u>44.1</u>
Total liabilities and equity	3.9	9.3	19.2	53.0	115.7	249.4
<b>IV Debt-Equity Ratio</b>	<b>2.8</b>	<b>3.5</b>	<b>4.5</b>	<b>5.4</b>	<b>4.7</b>	<b>4.2</b>

*Commercial loans.* After taking into account surplus reinvested and the client responsibility fund, MBK will need to raise commercial loans of Rp 46, 115, 350, 782 and 1,672 billion in respectively 2008, 2009, 2010, 2011 and 2012 (\$5.1, \$12.8, \$40.0, \$86.9 and \$186 million).

## **7 Planned Activities for First Quarter 2008**

### **7.1 Outreach**

- Continue with surveying of 2-3 potential new districts for expansion of MBK's programme. Open and staff 5-6 branches in each new district.

### **7.2 Institutional Strengthening**

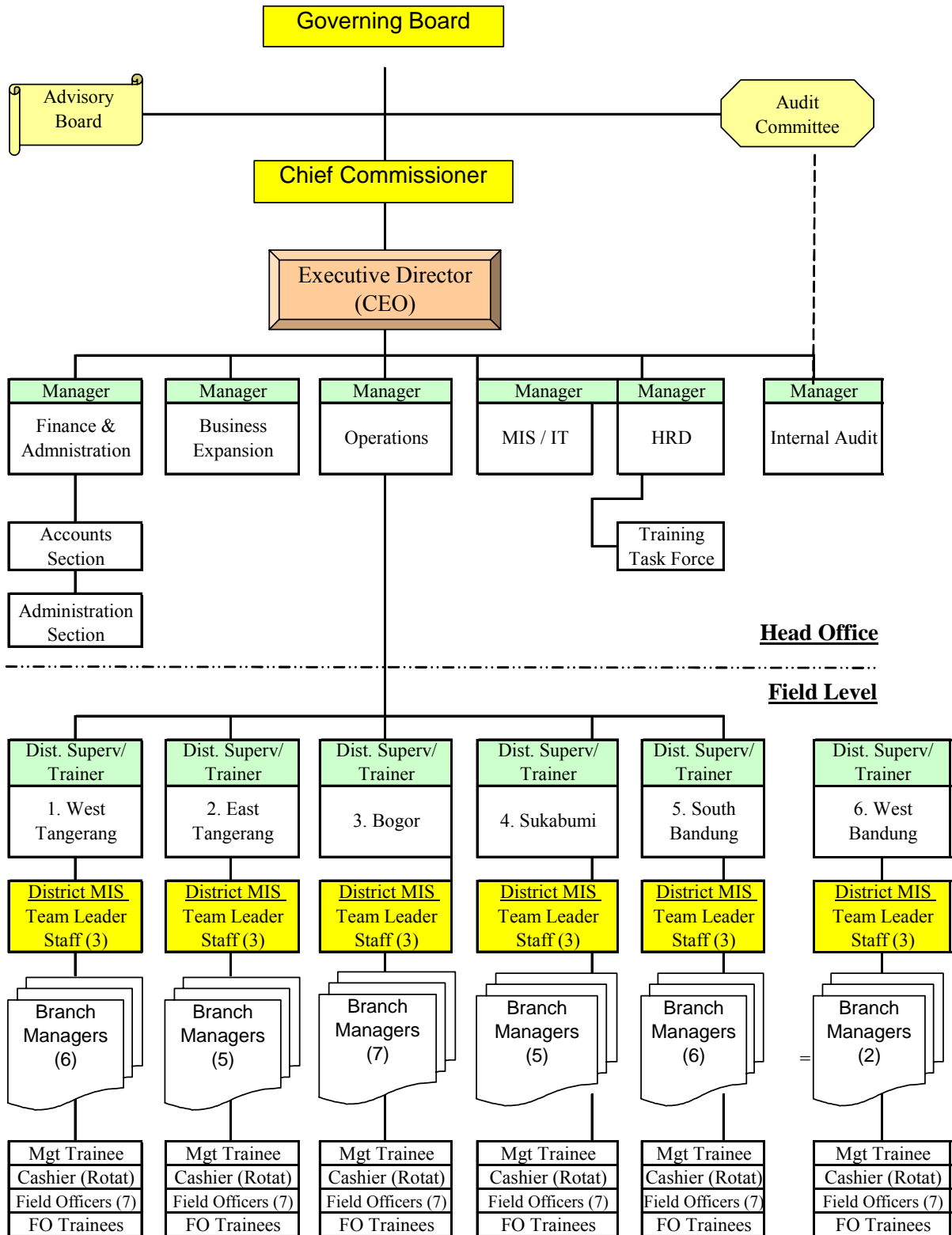
- Open and staff branches in new districts, at the same time opening and staffing the area office in new district to handle MIS data entry and production of Disbursement Collection Sheets.
- Continue with staff recruitment to fill the many new openings for both field officers and branch managers as a 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.

### **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: Financial Statements – Dec 07

### Provisional Income Statement as of 31 December 2007

(Thousand Rupiah)

Description	Dec-07	Sep-07	Jun-07	Mar-07	1-Jan-07 PT. MBK
<b>INCOME</b>					
Interest on loans	7,110,427.9	4,942,026.1	2,908,695.7	1,365,253.8	3,679,253.30
Interest on bank accounts	144,581.5	115,117.7	95,554.3	64,671.4	109,782.11
Other income	33,732.6	23,225.7	19,392.5	6,734.5	23,151.02
<b>Total Income</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	1,806,347.1	1,118,276.8	588,385.3	216,256.0	314,542.16
<b>Gross Financial Margin</b>	<b>5,482,394.9</b>	<b>3,962,092.8</b>	<b>2,435,257.2</b>	<b>1,220,403.7</b>	<b>3,497,644.3</b>
Portfolio loss reserve exps.	177,723.5	155,836.2	72,006.1	15,104.2	237,484.23
<b>Net Financial Margin</b>	<b>5,304,671.5</b>	<b>3,806,256.6</b>	<b>2,363,251.1</b>	<b>1,205,299.5</b>	<b>3,260,160.0</b>
<b>OPERATING EXPENSES</b>					
Salaries, incentive, benefits	3,477,669.1	2,471,115.5	1,394,819.7	636,353.4	1,292,811.20
Travelling & transport	306,002.3	212,300.7	139,831.3	73,216.5	137,040.30
Administrative/office exps	1,285,887.4	830,111.4	523,013.9	293,464.6	702,394.98
Depreciation	563,731.6	379,918.7	225,344.1	97,174.8	283,484.16
Mgt information system	120,979.6	18,225.6	17,181.8		14,340.20
Staff development	75569.8	67,288.7	33,411.6	2,903.0	78,220.65
<b>Total Operating Expenses</b>	<b>5,829,839.8</b>	<b>3,978,960.4</b>	<b>2,333,602.3</b>	<b>1,103,112.3</b>	<b>2,508,291.5</b>
<b>PROFIT/LOSS</b>	-525,168.4	-172,703.8	29,648.9	102,187.2	751,868.5
<u>Operational Grants</u>					
Unitus operational grant	<u>656,062.5</u>	<u>656,062.5</u>			
Profit/Loss	130,894.1	483,358.7			
<u>Tax</u>	<u>21,768.2</u>				<u>193,022.1</u>
<b>NET PROFIT/LOSS AFTER TAX</b>	<b>109,125.9</b>	<b>483,358.7</b>	<b>29,648.9</b>	<b>102,187.2</b>	<b>558,846.4</b>

## Provisional Balance Sheet as of 31 December 2007

(Thousand Rupiah)

Description	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	1,557,773.3	215,209.6	3,107,975.2	1,338,051.1	5,114,700.6
Short-term savings/deposit accounts	6,956,291.8	2,524,388.2	3,181,207.3	2,270,875.3	
Other current assets	612,944.4	487,377.5	293,497.4	230,781.9	97,834.1
<b><u>Loans Outstanding</u></b>					
Gross loans outstanding	25,191,546.7	24,311,274.2	15,799,797.0	10,689,068.0	9,105,260.0
(Loan loss reserve)	-251,914.9	-243,112.4	-157,997.6	-106,890.7	-91,052.7
Net loans outstanding	<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>34,066,641.4</b>	<b>27,295,137.1</b>	<b>22,224,479.3</b>	<b>14,421,885.5</b>	<b>14,226,742.0</b>
<b><u>Long-term Assets</u></b>					
Property and equipment	3,959,282.8	3,160,182.4	2,541,887.4	1,871,960.0	1,425,537.6
(Accumulated depreciation)	-1,034,249.7	-863,203.5	-712,519.6	-594,433.6	-507,540.0
Net property & equipment	<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>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
(Amortization)	-7,187.9	-5,750.3	-4,312.7	-2,875.1	-1,437.5
Net company establishment	<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>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>37,007,486.5</b>	<b>29,609,365.7</b>	<b>24,072,534.4</b>	<b>15,719,536.8</b>	<b>15,166,302.0</b>
<b>LIABILITIES &amp; EQUITY</b>					
<b><u>Current Liabilities</u></b>					
Short-term Loans		100,000.0			
Interest payable on loans	253,001.8	391,519.1	242,405.2	216,256.0	
Client responsibility fund	2,159,095.0	1,834,155.0	1,300,400.0	1,002,515.0	862,995.0
Withholding tax	802,873.7	806,088.2	777,482.6	778,543.3	778,896.6
Other current liabilities	108,289.0	16,097.2	45,670.9	43,706.3	
<b>Total current liabilities</b>	<b>3,323,259.5</b>	<b>3,147,859.5</b>	<b>2,365,958.7</b>	<b>2,041,020.6</b>	<b>1,641,891.6</b>
<b><u>Long-term Liabilities</u></b>					
<b>Total long-term liabilities</b>	<b>25,002,767.8</b>	<b>17,405,814.3</b>	<b>14,604,593.8</b>	<b>6,503,996.0</b>	<b>6,450,255.0</b>
<b>Total Liabilities</b>	<b>28,326,027.3</b>	<b>20,553,673.8</b>	<b>16,970,552.5</b>	<b>8,545,016.6</b>	<b>8,092,146.6</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
Additional Paid up Capital	5,539,465.1	5,539,465.1	4,039,465.1	4,039,465.1	4,041,288.4
Retained earnings	32,867.0	32,867.0	32,867.0	32,867.0	32,867.0
Current net surplus/deficit	109,125.9	483,358.7	29,648.9	102,187.2	
<b>Total Equity</b>	<b>8,681,457.9</b>	<b>9,055,690.7</b>	<b>7,101,980.9</b>	<b>7,174,519.2</b>	<b>7,074,155.4</b>
<b>Total Liabilities &amp; Equity</b>	<b>37,007,485.3</b>	<b>29,609,364.5</b>	<b>24,072,533.4</b>	<b>15,719,535.8</b>	<b>15,166,302.0</b>

## Annex C: Quarterly Performance Indicators – Dec. 2007

	2006				2007			
	Mar	Jun	Sep	Dec	Mar	Jun	Sept	Dec
<i>Exchange rate: US\$1 =</i>	9.150	9.260	9.226	9.035	9.125	9.010	9.137	9.400
<b>1.0 Outreach Indicators</b>								
1.1 Cumulative clients recruited	17,571	24,462	29,702	32,285	37,936	49,115	65,185	76,504
1.2 Cumulative dropouts	<u>1,515</u>	<u>2,185</u>	<u>3,473</u>	<u>4,307</u>	<u>6,227</u>	<u>7,979</u>	<u>9,648</u>	<u>10,976</u>
1.3 <b>Net members</b>	<b>16,056</b>	<b>22,277</b>	<b>26,229</b>	<b>27,978</b>	<b>31,709</b>	<b>41,136</b>	<b>55,537</b>	<b>65,528</b>
1.4 % Growth in clients (over previous period)	30%	39%	18%	7%	13%	30%	35%	18%
<b>Net active clients</b>	<b>16,056</b>	<b>21,267</b>	<b>25,623</b>	<b>27,372</b>	<b>31,058</b>	<b>40,600</b>	<b>55,416</b>	<b>64,548</b>
1.5 Loan Cycle								
1.5.1 1st cycle	12,418	16,201	18,071	19,264	20,363	24,912	35,548	42,740
1.5.2 2nd cycle	1,727	2,993	5,294	6,036	7,703	11,484	13,505	14,381
1.5.3 3rd cycle	1,713	1,540	1,226	903	1,370	2,445	4,433	5,441
1.5.4 4th cycle and above	198	533	1,032	1,169	1,622	1,759	1,930	1,986
1.5.5 % in 2nd cycle and above	23%	24%	31%	31%	36%	39%	36%	35%
1.6 Dropout								
1.6.1 Total dropouts this quarter	473	670	1,288	834	1,920	1,752	1,669	1,328
1.6.2 Quarterly dropout rate	2.9%	3.0%	4.9%	3.0%	6.1%	4.3%	3.0%	2.0%
1.6.3 Year-on-year dropout rate	4.5%	6.1%	9.7%	11.7%	14.9%	14.1%	11.1%	10.2%
1.7 Branches	9	11	13	15	20	24	27	31
1.8.1 Cumulative centres formed	<u>821</u>	<u>1,164</u>	<u>1,445</u>	<u>1,594</u>	<u>1,880</u>	<u>2,211</u>	<u>3,296</u>	<u>3,884</u>
1.8.2 Centres closed	13	21	27	40	60	84	111	137
1.8.2 Net number of centres	808	1,143	1,418	1,554	1,820	2,127	3,185	3,747
1.9 Average members per centre	20	19	18	18	17	19	17	17
1.10 Max. working capital size (Rp. 000)								
1.10.1 1st cycle	500	500	500	500	500	500	800	800
1.10.2 2nd cycle	1,000	1,000	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	1,500	1,500
1.10.4 4th cycle	1,800	1,800	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
1.11 Max. working capital size (US\$)								
1.11.1 1st cycle	55	54	54	55	55	55	88	85
1.11.2 2nd cycle	109	108	108	111	110	111	131	128
1.11.3 3rd cycle	164	162	163	166	164	166	164	160
1.11.4 4th cycle	197	194	195	199	197	200	197	191
1.11.5 5th cycle					241	244	241	234
1.12 Portfolio								
1.12.1 <b>Total portfolio outstanding (Rp. 000)</b>	<b>5,491,235</b>	<b>7,768,262</b>	<b>9,879,304</b>	<b>9,105,260</b>	<b>10,689,068</b>	<b>15,799,797</b>	<b>24,311,274</b>	<b>25,191,547</b>
1.12.2 Total portf. outstanding (\$)	600,135	838,905	1,070,811	1,007,776	1,171,405	1,753,585	2,660,750	2,679,952
1.12.3 Average portf. outstanding Rp. 000	342	349	377	325	337	384	438	384
1.12.4 Average portf. outstanding (\$)	37	38	41	36	37	43	48	41
1.12.5 % Growth (over prev qt)	33%	41%	27%	-8%	17%	48%	54%	4%
1.12.1 Disbursement this quarter					6,453,952	10,926,114	16,546,500	10,168,270
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\$)								
1.12.2 Repayment this quarter					4,870,144	5,815,385	8,035,023	9,287,998
1.19.1 Client responsibility fund (Clients)	16,056	21,267	25,623	27,372	31,058	40,600	55,416	64,548
1.19.2 Total client responsibility fund (CRF)	473,815	647,690	797,945	862,995	1,002,515	1,300,400	1,834,155	2,159,095
1.19.3 CRF as % of portfolio outstanding	9%	8%	8%	9%	9%	8%	8%	9%
<b>2.0 Portfolio quality</b>								
<u>Portfolio at Risk (Rp. 000)</u>								
0 -30 days		2,280			956	-	80	3,192
31-60 days						465		
61-90 days						812		
<u>≥ 90 days</u>						<u>540</u>	<u>249</u>	<u>249</u>
Total		2,280			956	1,817	329	3,441
Portfolio at risk (>30)						1,817	249	249

	2006				2007			
	Mar	Jun	Sep	Dec	Mar	Jun	Sept	Dec
<i>Exchange rate: US\$1 =</i>	9.150	9.260	9.226	9.035	9.125	9.010	9.137	9.400
<b>% PAR (&gt;30)</b>					<b>0.012%</b>	<b>0.001%</b>	<b>0.001%</b>	
<u>Overdue principal (Rp. 000)</u>								
0 -30 days		240	80		106		60	222
31-60 days			400			165		
61-90 days						506		
<u>&gt; 90 days</u>		-	-	-	-	<u>288</u>	<u>249</u>	<u>249</u>
Total		240	480		106	959	309	471
<u>Client at risk (&gt;30)</u>								
0 -30 days		12	6	1	2		1	15
31-60 days			4			1		
61-90 days						2		
<u>&gt; 90 days</u>		<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
Total		13	11	2	3	4	2	16
Total at risk (>30)						4	1	1
<b>2.1 Repayment Rate</b>								
2.1.1 Quarterly Repayment Rate	99.99%	99.99%	99.99%	99.99%	99.99%	99.99%	99.99%	99.99%
2.1.2 Cumulative Repayment Rate	99.99%	99.99%	99.99%	99.99%	99.99%	99.99%	99.99%	99.99%
<b>3.0 Productivity and Efficiency</b>								
3.1 <u>Total Staff (field + head office)</u>	<u>70</u>	<u>83</u>	<u>114</u>	<u>122</u>	<u>146</u>	<u>189</u>	<u>230</u>	<u>258</u>
3.1.1 <u>Head office staff</u>	<u>6</u>	<u>9</u>	<u>8</u>	<u>9</u>	<u>7</u>	<u>9</u>	<u>11</u>	<u>11</u>
3.1.2 <u>Field staff</u>	<u>64</u>	<u>74</u>	<u>106</u>	<u>113</u>	<u>139</u>	<u>180</u>	<u>219</u>	<u>247</u>
3.1.2.1 <u>District staff (incl. 1 driver)</u>	<u>3</u>	<u>3</u>	<u>5</u>	<u>5</u>	<u>13</u>	<u>18</u>	<u>23</u>	<u>28</u>
3.1.2.2 <u>Branch managers</u>	<u>7</u>	<u>9</u>	<u>13</u>	<u>15</u>	<u>16</u>	<u>24</u>	<u>27</u>	<u>31</u>
3.1.2.3 <u>Field officers</u>	<u>54</u>	<u>62</u>	<u>88</u>	<u>93</u>	<u>110</u>	<u>138</u>	<u>169</u>	<u>188</u>
Field officers confirmed (>6 mths)	23	37	37	49	59	71	145	152
Field officers trainee (2-6 mths)	19	18	30	30	34	43		
Probationary field officers (<2 mths)	12	7	21	14	17	24	24	36
3.2.1 <b>Clients/field officer (&gt;2mths)</b>	<b>382</b>	<b>387</b>	<b>382</b>	<b>354</b>	<b>341</b>	<b>361</b>	<b>383</b>	<b>431</b>
3.2.2 <b>Clients per staff (field + HO)</b>	<b>277</b>	<b>256</b>	<b>225</b>	<b>229</b>	<b>217</b>	<b>218</b>	<b>241</b>	<b>254</b>
3.3.1 <b>Portfolio/field officer &gt; 2mths (Rp.000)</b>	<b>130,744</b>	<b>141,241</b>	<b>147,452</b>	<b>115,256</b>	<b>114,936</b>	<b>138,595</b>	<b>167,664</b>	<b>165,734</b>
3.3.2 <b>Portfolio/field officer &gt; 2 mths (US\$)</b>	<b>14,289</b>	<b>15,253</b>	<b>15,982</b>	<b>12,757</b>	<b>12,596</b>	<b>15,382</b>	<b>18,350</b>	<b>17,631</b>
3.4 <b>Centres per field officer</b>	15	18	16	17	17	15	19	20
3.5 <b>Operating expense ratio</b>	31.2%	29.9%	28.9%	31.0%	33.3%	33.7%	32.4%	30.7%
3.6 <b>Total cost ratio</b>	36.0%	35.4%	35.0%	37.9%	41.0%	42.6%	41.9%	41.1%
3.7 <b>Debt to equity ratio</b>								
3.8 <b>Overhead ratio (HO/Total expenses)</b>	37%	34%	30%	30%	28%	27%	24%	27%
3.9 <b>Field officers as % of total staff</b>	77%	75%	77%	76%	75%	73%	73%	73%
3.10 <b>Ratio HO staff to total staff (%)</b>	9%	11%	7%	7%	5%	5%	5%	4%
<b>4.0 Viability and Sustainability</b>								
4.1 <b>Average quarterly yield on portf.</b>	43.5%	44.3%	45.8%	46.8%	48.7%	46.3%	41.3%	38.4%
4.2 <b>Average annual yield on portf.</b>	47.6%	44.8%	43.7%	55.6%	54.5%	43.2%	35.2%	41.5%
4.3 <b>Operational self-sufficiency</b>	<b>119%</b>	<b>127%</b>	<b>132%</b>	<b>124%</b>	<b>108%</b>	<b>101%</b>	<b>97%</b>	<b>93%</b>
4.4 <b>Financial self-sufficiency</b>								
4.5 <b>Return on average assets (ROA)</b>	1.9%	4.2%	7.2%	5.8%	0.9%	0.2%	2.3%	0.4%
<b>5.0 Impact on Poverty</b>								
5.1 <b>% Very Poor (based on Housing Ind)</b>	<b>90%</b>	<b>76%</b>	<b>79%</b>	<b>80%</b>	<b>80%</b>	<b>80%</b>	<b>80%</b>	<b>80%</b>
5.2 <b>Moderately poor</b>	10%	24%	21%	20%	20%	20%	20%	20%
5.3 <b>Non-poor</b>	-	-	-	-	-	-	-	-
5.4 <b>Repayment Rate</b>								
5.4 <b>Current repayment rate this quart.</b>								
5.5 <b>Cumulative repayment rate</b>								
5.6 <b>Client retention rate</b>	95.5%	93.9%	90.3%	88.3%	85.1%	85.9%	88.9%	89.8%
<b>6.0 Balance Sheet (Rp. 000)</b>								
6.1 <u>Total assets</u>	<u>6,809,291</u>	<u>10,552,713</u>	<u>12,016,065</u>	<u>11,708,432</u>	<u>15,719,537</u>	<u>24,072,534</u>	<u>29,609,366</u>	<u>37,007,487</u>
6.1.1 <u>Outstanding portfolio</u>	<u>5,491,235</u>	<u>7,768,262</u>	<u>9,879,304</u>	<u>9,105,260</u>	<u>10,689,068</u>	<u>15,799,797</u>	<u>24,311,274</u>	<u>25,191,547</u>
6.1.2 <u>(Portfolio loss reserve)</u>	<u>-274,354</u>	<u>-388,205</u>	<u>-493,758</u>	<u>-455,055</u>	<u>-106,891</u>	<u>-157,998</u>	<u>-243,112</u>	<u>-251,915</u>
6.1.3 <u>Net outstanding portfolio</u>	<u>5,216,881</u>	<u>7,380,057</u>	<u>9,385,547</u>	<u>8,650,205</u>	<u>10,582,177</u>	<u>15,641,799</u>	<u>24,068,162</u>	<u>24,939,632</u>
6.1.4 <b>% Portfolio loss reserve ratio</b>	5.00%	5.00%	5.00%	5.00%	1.00%	1.00%	1.00%	1.00%
6.1.5 <b>Cash and current bank accounts</b>	840,189	2,309,404	1,606,316	2,079,334	1,338,051	3,107,975	215,210	1,557,773
6.1.6 <b>Short-term savings/deposit accounts</b>					2,270,875	3,181,207	2,524,388	6,956,292
6.1.7 <b>Other current assets</b>	65,658	75,139	99,250	76,834	230,782	293,497	487,378	612,944

	2006				2007			
	Mar	Jun	Sep	Dec	Mar	Jun	Sept	Dec
<i>Exchange rate: US\$1 =</i>	<i>9.150</i>	<i>9.260</i>	<i>9.226</i>	<i>9.035</i>	<i>9.125</i>	<i>9.010</i>	<i>9.137</i>	<i>9.400</i>
6.1.8 <u>Net fixed assets</u>	<u>686,563</u>	<u>788,114</u>	<u>924,952</u>	<u>902,060</u>	<u>1,277,526</u>	<u>1,829,368</u>	<u>2,296,979</u>	<u>2,925,033</u>
6.1.8.1 Property and equipment	965,296	1,132,214	1,346,005	1,408,538	1,871,960	2,541,887	3,160,182	3,959,283
6.1.8.2 (Accumulated depreciation)	-278,733	-344,101	-421,052	-506,478	-594,434	-712,520	-863,204	-1,034,250
6.1.8 Company establishment (net)					20,125	18,687	17,250	15,812
6.2 <u>Current Liabilities</u>	<u>735,608</u>	<u>1,172,181</u>	<u>926,619</u>	<u>864,411</u>	<u>2,041,021</u>	<u>2,365,959</u>	<u>3,147,859</u>	<u>3,323,260</u>
6.2.1 Client responsibility fund	473,815	647,690	797,945	862,995	1,002,515	1,300,400	1,834,155	2,159,095
6.2.2 Temporary loan, Dhanani (int. free)		180,400						
6.2.3 Temporary loan, Sweeting (int. free)	200,000	295,000					100,000	
6.2.6 Interest payable on loans	3,600	35,950	125,800		216,256	242,405	391,519	253,002
6.2.7 Withholding Tax	58,193	13,141	2,874	1,416	778,543	777,483	806,088	802,874
6.2.8 Other current liabilities					43,706	45,671	16,097	108,289
<u>Long-term Liabilities</u>	<u>5,546,808</u>	<u>8,638,027</u>	<u>10,043,827</u>	<u>9,886,037</u>	<u>6,503,996</u>	<u>14,604,594</u>	<u>17,405,814</u>	<u>25,002,768</u>
6.2.2 Loan, Dhanani (int. free)	1,394,267	1,394,267	626,667	626,667				
6.2.3 Loan, Sweeting (int. free)	367,513	367,513	217,513	217,513				
6.2.4 Loan, Hivos Netherlands	3,508,638	4,255,857	4,255,857	4,374,457	1,782,855	1,782,855	1,782,855	1,782,855
6.2.4 Loan, Grameen Trust	276,390	276,390	276,390					
6.2.5 Loan, Cordaid		2,344,000	4,667,400	4,667,400	4,667,400	4,667,400	4,667,400	4,278,606
6.2.6 Loan, The Dignity Fund						5,431,500	5,431,500	6,819,000
6.2.7 Loan, Micro Credit Enterprise						2,637,000	5,455,500	8,230,500
6.2.8 Loan, Kiva Microfund					53,741	85,839	68,559	291,807
6.2.9 Loan, Bank Finconesia								3,600,000
6.3 <u>Total liabilities</u>	<u>6,282,416</u>	<u>9,810,208</u>	<u>10,970,446</u>	<u>10,750,448</u>	<u>8,545,017</u>	<u>16,970,553</u>	<u>20,553,674</u>	<u>28,326,027</u>
6.4 <u>Total equity</u>	<u>526,875</u>	<u>742,504</u>	<u>1,045,618</u>	<u>957,983</u>	<u>7,174,519</u>	<u>7,101,981</u>	<u>9,055,691</u>	<u>8,681,458</u>
6.4.1 Paid-up Capital	100,000	100,000	100,000	100,000	3,000,000	3,000,000	3,000,000	3,000,000
6.4.2 Additional Paid up capital					4,039,465	4,039,465	5,539,465	5,539,465
6.4.3 Retained Earnings	332,004	332,004	332,004	332,004	32,867	32,867	32,867	32,867
6.4.4 Profit/loss, end of quarter	94,871	310,501	613,614	525,979	102,187	29,649	483,359	109,126
6.4 <u>Total liabilities &amp; equity</u>	<u>6,809,291</u>	<u>10,552,712</u>	<u>12,016,064</u>	<u>11,708,432</u>	<u>15,719,536</u>	<u>24,072,533</u>	<u>29,609,364</u>	<u>37,007,485</u>
[check]	0.1	0.7	0.8	0.8	1.0	1.1	1.2	1.2
<b>7.0 <u>Income Statement (Rp.000)</u></b>								
7.1.1 Profit sharing Ratio	30%	30%	30%	25%	25%	25%	25%	25%
7.1.2 <u>Quarterly Net Operating Income</u>	<u>105,117</u>	<u>223,822</u>	<u>315,056</u>	<u>75,007</u>	<u>102,187</u>	<u>-72,538</u>	<u>-202,353</u>	<u>-352,465</u>
7.1.2.1 Quarterly total income	654,574	879,741	1,141,626	1,097,479	1,436,660	1,586,983	2,056,727	2,208,373
7.1.2.2 Quarterly income on portfolio	637,028	862,619	1,111,059	1,068,547	1,365,254	1,543,442	2,033,330	2,168,402
7.1.2.3 Quarterly operating expenses	487,837	512,720	632,190	869,646	1,103,112	1,230,490	1,645,358	1,850,879
7.1.2.4 Quarterly total expenses	549,456	655,919	826,570	1,022,473	1,334,473	1,659,521	2,259,080	2,560,837
7.2 <u>Total income</u>	<u>654,574</u>	<u>1,534,314</u>	<u>2,675,940</u>	<u>3,773,419</u>	<u>1,436,660</u>	<u>3,023,642</u>	<u>5,080,370</u>	<u>7,288,742</u>
7.2.1 Income on Portfolio	637,028	1,499,648	2,610,707	3,679,253	1,365,254	2,908,696	4,942,026	7,110,428
7.2.2 Income on bank accounts	11,267	22,230	47,602	71,015	64,671	95,554	115,118	144,582
7.2.3 Other income	6,279	12,437	17,631	23,151	6,735	19,393	23,226	33,733
7.2.4 Grant income								
7.3 <u>Total expenses</u>	<u>549,456</u>	<u>1,205,375</u>	<u>2,031,945</u>	<u>3,054,418</u>	<u>1,334,473</u>	<u>2,993,994</u>	<u>5,253,073</u>	<u>7,813,910</u>
7.3.1 <u>Financial expenses</u>	<u>61,620</u>	<u>204,819</u>	<u>399,200</u>	<u>552,026</u>	<u>231,360</u>	<u>660,391</u>	<u>1,274,113</u>	<u>1,984,071</u>
7.3.1.1 Interest expense	3,600	35,950	125,800	314,542	216,256	588,385	1,118,277	1,806,347
7.3.1.2 Portfolio loss reserve expenses	58,020	168,869	273,400	237,484	15,104	72,006	155,836	177,724
7.3.2 <u>Operating expenses</u>	<u>487,837</u>	<u>1,000,556</u>	<u>1,632,746</u>	<u>2,502,391</u>	<u>1,103,112</u>	<u>2,333,602</u>	<u>3,978,960</u>	<u>5,829,840</u>
7.3.2.1 Personnel expense	195,032	447,970	794,756	1,292,811	636,353	1,394,820	2,471,116	3,477,669
7.3.2.2 All other expenses	292,805	552,586	837,989	1,209,580	466,759	938,783	1,507,845	2,352,171
<u>Operating expenses</u>	<u>487,837</u>	<u>1,000,556</u>	<u>1,632,746</u>	<u>2,502,391</u>	<u>1,103,112</u>	<u>2,333,602</u>	<u>3,978,960</u>	<u>5,829,840</u>
7.3.2.3 HO Operating Expense	181,201	338,038	492,596	739,957	304,493	625,407	963,819	1,586,848
7.3.2.4 Branch Operating Expense	306,636	662,518	1,140,105	1,762,434	798,620	1,708,196	3,015,141	4,242,992
7.3.2.4 Overhead ratio (HO/total operating expenses)	37%	34%	30%	30%	28%	27%	24%	27%
7.4 <u>Net Operating Income before tax</u>	<u>105,117</u>	<u>328,939</u>	<u>643,995</u>	<u>719,002</u>	<u>102,187</u>	<u>29,649</u>	<u>-172,704</u>	<u>-525,168</u>
7.4.1 Grant Income for operations							656,063	656,063
7.4.2 Total income before tax					102,187	29,649	483,359	130,894
7.4.3 <u>Corporate Tax</u>	<u>10,246</u>	<u>18,439</u>	<u>30,381</u>	<u>193,022</u>				<u>21,768</u>
7.4.4 <u>Net Income after Tax</u>	<u>94,871</u>	<u>310,501</u>	<u>613,614</u>	<u>525,979</u>	<u>102,187</u>	<u>29,649</u>	<u>483,359</u>	<u>109,126</u>

	2006				2007			
	Mar	Jun	Sep	Dec	Mar	Jun	Sept	Dec
<i>Exchange rate: US\$1 =</i>	<i>9.150</i>	<i>9.260</i>	<i>9.226</i>	<i>9.035</i>	<i>9.125</i>	<i>9.010</i>	<i>9.137</i>	<i>9.400</i>
<b>8.0 Balance Sheet (US\$)</b>								
8.1 <u>Total assets</u>	<u>744,185</u>	<u>1,139,602</u>	<u>1,302,413</u>	<u>1,295,897</u>	<u>1,722,689</u>	<u>2,671,757</u>	<u>3,240,600</u>	<u>3,936,967</u>
8.1.1 Outstanding portfolio	600,135	838,905	1,070,811	1,007,776	1,171,405	1,753,585	2,660,750	2,679,952
8.1.2 (Portfolio loss reserve)	-29,984	-41,923	-53,518	-50,366	-11,714	-17,536	-26,607	-26,799
8.1.3 Net outstanding portfolio	570,151	796,982	1,017,293	957,411	1,159,691	1,736,049	2,634,143	2,653,152
8.1.4 % Portfolio loss reserve ratio	5.00%	5.00%	5.00%	5.00%	1.00%	1.00%	1.00%	1.00%
8.1.5 Cash and current bank accounts	91,824	249,396	174,107	230,142	146,636	344,947	23,554	165,721
8.1.6 Short-term savings/deposit accounts					248,863	353,075	276,282	740,031
8.1.7 Other current assets	7,176	8,114	10,758	8,504	25,291	32,575	53,341	65,207
8.1.8 <u>Net fixed assets</u>	<u>75,034</u>	<u>159,429</u>	<u>100,255</u>	<u>99,841</u>	<u>140,003</u>	<u>203,037</u>	<u>251,393</u>	<u>311,174</u>
8.1.8.2 Property and equipment	105,497	122,269	145,893	155,898	205,146	282,118	345,867	421,200
8.1.8.2 (Accumulated depreciation)	-30,463	-37,160	-45,638	-56,057	-65,143	-79,081	-94,473	-110,027
8.1.8 Company's Establishment					2,205	2,048	1,890	1,733
8.2 <u>Current Liabilities</u>	<u>80,394</u>	<u>126,585</u>	<u>100,436</u>	<u>95,674</u>	<u>223,673</u>	<u>262,593</u>	<u>344,518</u>	<u>353,538</u>
8.2.1 Client responsibility fund	51,783	69,945	86,489	95,517	109,865	144,329	200,739	229,691
8.2.2 Temporary loan, Dhanani (int. free)		19,482						
8.2.3 Temporary loan, Sweeting (int. free)	21,858	31,857					10,945	
8.2.6 Interest payable on loans	393	3,882	13,635		23,699	26,904	42,850	26,915
8.2.7 Withholding Tax	6,360	1,419	312	157	85,320	86,291	88,222	85,412
8.2.8 Other current liabilities					4,790	5,005	1,764	11,867
<u>Long-term Liabilities</u>	<u>606,209</u>	<u>932,832</u>	<u>1,088,644</u>	<u>1,094,193</u>	<u>712,767</u>	<u>1,620,932</u>	<u>1,904,981</u>	<u>2,659,869</u>
8.2.2 Loan, Dhanani (int. free)	152,379	150,569	67,924	69,360				
8.2.3 Loan, Sweeting (int. free)	40,165	39,688	23,576	24,074				
8.2.4 Loan, Hivos Netherlands	383,458	459,596	461,290	484,168	195,381	197,875	195,125	189,665
8.2.4 Loan, Grameen Trust	30,207	29,848	29,958					
8.2.5 Loan, Cordaid		253,132	505,896	516,591	511,496	518,024	510,824	455,171
8.2.6 Loan, The Dignity Fund						602,830	594,451	725,426
8.2.7 Loan, Micro Credit Enterprise						292,675	597,078	875,585
8.2.8 Loan, Kiva Microfund						9,527	7,503	31,043
8.2.9 Loan, Finconesia								
8.2.10 Loan, Danamon								
8.3 <u>Total liabilities</u>	<u>686,603</u>	<u>1,059,418</u>	<u>1,189,079</u>	<u>1,189,867</u>	<u>936,440</u>	<u>1,883,524</u>	<u>2,249,499</u>	<u>3,013,407</u>
8.4 <u>Total equity</u>	<u>57,582</u>	<u>80,184</u>	<u>113,334</u>	<u>106,030</u>	<u>786,249</u>	<u>788,233</u>	<u>991,101</u>	<u>923,559</u>
8.4.1 Paid-up Capital	10,929	10,799	10,839	11,068	328,767	332,963	328,335	319,149
8.4.2 Additional Paid-up Capital					442,681	442,681	607,065	607,065
8.4.3 Retained Earnings	36,285	35,854	35,986	36,746	3,602	3,648	3,597	3,496
8.4.4 Profit/Loss, end of quarter	10,368	33,531	66,509	58,216	11,199	3,291	52,901	11,609
8.5 <u>Total liabilities &amp; equities</u>	<u>744,185</u>	<u>1,139,602</u>	<u>1,302,413</u>	<u>1,295,897</u>	<u>1,722,689</u>	<u>2,671,757</u>	<u>3,240,600</u>	<u>3,936,967</u>
<b>9.0 Income Statement (US\$)</b>								
9.1.1 Profit sharing ratio	30%	30%	30%	25%	25%	25%	25%	25%
9.1.2 <u>Quarterly Net Operating Income</u>	<u>11,488</u>	<u>24,171</u>	<u>34,149</u>	<u>8,302</u>	<u>11,199</u>	<u>-8,051</u>	<u>-22,147</u>	<u>-37,496</u>
9.1.2.1 Quarterly total income	71,538	95,004	123,740	121,470	157,442	176,136	225,099	234,933
9.1.2.2 Quarterly operating expenses	53,315	55,369	68,523	96,253	120,889	136,569	180,076	196,902
9.1.2.3 Quarterly total expenses	60,050	70,834	89,591	113,168	146,244	184,187	247,245	272,429
9.2 <u>Total income (cumulative)</u>	<u>71,538</u>	<u>165,693</u>	<u>290,043</u>	<u>417,645</u>	<u>157,442</u>	<u>335,587</u>	<u>556,022</u>	<u>775,398</u>
9.2.1 Income on Portfolio	69,621	161,949	282,973	407,222	149,617	322,830	540,881	756,429
9.2.2 Income on bank accounts	1,231	2,401	5,160	7,860	7,087	10,605	12,599	15,381
9.2.3 Other income	686	1,343	1,911	2,562	738	2,152	2,542	3,589
9.2.4 Grant income	-	-	-	-	-	-	-	-
9.3 <u>Total expenses (cumulative)</u>	<u>60,050</u>	<u>130,170</u>	<u>220,241</u>	<u>338,065</u>	<u>146,244</u>	<u>332,297</u>	<u>574,923</u>	<u>831,267</u>
9.3.1 <u>Financial expenses</u>	<u>6,734</u>	<u>22,119</u>	<u>43,269</u>	<u>61,099</u>	<u>25,355</u>	<u>73,295</u>	<u>139,445</u>	<u>211,071</u>
9.3.1.1 Interest expenses	393	3,882	13,635	34,814	23,699	65,304	122,390	192,165
9.3.2.2 Portfolio loss provision expenses	6,341	18,236	29,634	26,285	1,655	7,992	17,056	18,907
9.3.2 <u>Operating expenses</u>	<u>53,315</u>	<u>108,051</u>	<u>176,972</u>	<u>276,966</u>	<u>120,889</u>	<u>259,001</u>	<u>435,478</u>	<u>620,196</u>
9.3.2.1 Personnel expense	21,315	48,377	86,143	143,089	69,737	154,808	270,452	369,965

		2006				2007			
		Mar	Jun	Sep	Dec	Mar	Jun	Sept	Dec
<i>Exchange rate: US\$1 =</i>		<i>9.150</i>	<i>9.260</i>	<i>9.226</i>	<i>9.035</i>	<i>9.125</i>	<i>9.010</i>	<i>9.137</i>	<i>9.400</i>
9.3.2.2	Administrative expense	32,001	59,675	90,829	133,877	51,152	104,193	165,026	250,231
	<u>Operating expenses</u>	<u>53,315</u>	<u>108,051</u>	<u>176,967</u>	<u>276,966</u>	<u>120,889</u>	<u>259,001</u>	<u>435,478</u>	<u>620,196</u>
9.3.2.3	HO Operating Expense	19,803	36,505	53,392	81,899	33,369	69,413	105,485	168,814
9.3.2.4	Branch Operating Expense	33,512	71,546	123,575	195,067	87,520	189,589	329,992	451,382
9.3.2.5	Overhead ratio (HO/Total Op. expenses)	37%	34%	30%	30%	28%	27%	24%	27%
9.4	<u>Net Operating Income before tax</u>	<u>11,488</u>	<u>35,523</u>	<u>69,802</u>	<u>79,580</u>	<u>11,199</u>	<u>3,291</u>	<u>-18,902</u>	<u>-55,869</u>
9.4.1	Grant Income for operations							<u>71,803</u>	<u>69,794</u>
9.4.2	Total income before tax					11,199	3,291	52,901	13,925
9.4.3	<u>Tax</u>	<u>1,120</u>	<u>1,991</u>	<u>3,293</u>	<u>21,364</u>				<u>2,316</u>
9.4.4	<b>Net Income after Tax</b>	<b><u>10,368</u></b>	<b><u>33,531</u></b>	<b><u>66,509</u></b>	<b><u>58,216</u></b>	<b><u>11,199</u></b>	<b><u>3,291</u></b>	<b><u>52,901</u></b>	<b><u>11,609</u></b>