

2008-3P



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

***Provisional***  
***Quarterly Report No. 2008-3***  
***July - Sept 2008***

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# 1 Introduction

This report covers the third quarter of 2008 (July to September) of the second year of operations of this organization as a 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 just over 11,500 clients to surpass the 100,000 client milestone in September 2008 (101,326 clients). Outstanding portfolio reached \$6.3 million with negligible portfolio at risk (PAR>30 of 0.005%). Nine new branches were set up this quarter, all but three in the new rural district of Tasikmalaya becoming operational during the period. The total number of branches reached 53 by the end of this quarter.

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. This organization also 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 won two awards this year: the Grameen Foundation Excellence Award 2008, and the Unitus Award 2008. MBK's Chair was selected as Finalist in the Indonesian Ernst and Young Entrepreneur of the Year in 2007. 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 with some adaptations from the ASA programme in Bangladesh. MBK provides basic working capital over 50 weeks on a predetermined profit-sharing basis. All clients are women. Each client belongs to a group of five clients, and four or five of these groups form one centre. Clients repay their working capital in weekly centre meetings conducted by MBK field officers. Collective responsibility for repayment of working capital is encouraged at the centre level. An original feature of MBK in Indonesia is that all its field officers, branch managers, district coordinators, and almost all head office staff, including its CEO, are women.

As a non-bank finance company, MBK is not allowed to collect savings. However, to safeguard against non-repayment of working capital, MBK has instituted a guarantee scheme called *Client Responsibility Fund*. This fund collects five percent of each disbursement of working capital at the time of disbursement. This money is returned to the borrower once her working capital 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) portfolio quality, (d) productivity and efficiency, and (e) viability and sustainability.

*Landmark of 100,000 clients reached.* The total number of clients increased by 11,532 this quarter, or 13 percent from 89,794 to 101,326 since last quarter (see table 1 and figure 1).

**Table 1. Quarterly Outreach Indicators**

	Sept-07	Dec-07	Mar-08	Jun-08	Sept-08
Net clients <sup>1</sup>	55,537	65,528	79,525	89,794	101,326
Percent growth in clients	35%	18%	21%	13%	13%
Branches	27	31	36	45	53
Total centres	3,185	3,747	4,428	5,010	5,616
<u>Total active clients</u>	<u>55,416</u>	<u>64,548</u>	<u>78,989</u>	<u>88,937</u>	<u>99,317</u>
Clients in 1 <sup>st</sup> cycle	35,548	42,740	53,627	56,720	56,601
% in 1 <sup>st</sup> cycle	64.1	66.2	67.9	63.8	56%
Total portfolio outstanding (Rp 000s)	24,311,274	25,191,547	31,332,461	42,201,109	58,777,306
Total portfolio outstanding (US\$) <sup>2</sup>	2,660,757	2,679,952	3,400,159	4,572,168	6,267,574
Growth in portfolio (in Rp)	54%	4%	24%	35%	39%
Average portfolio outstanding/client (Rp 000)	438	384	397	475	592
Average portfolio outstanding/client (US\$)	48	41	43	51	62
Dropouts & push-outs per quarter	1,669	1,328	2,429	4,629	6,071
Quarterly dropout & push-out rate (%) <sup>3</sup>	3.0%	2.0%	3.1%	5.2%	6.0%
Year-on-year dropout & push-out rate (%) <sup>4</sup>	10.0%	9.2%	8.3%	10.1%	12.5%
CRF as % of working capital outstanding <sup>5</sup>	8%	9%	9%	8%	8%

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.

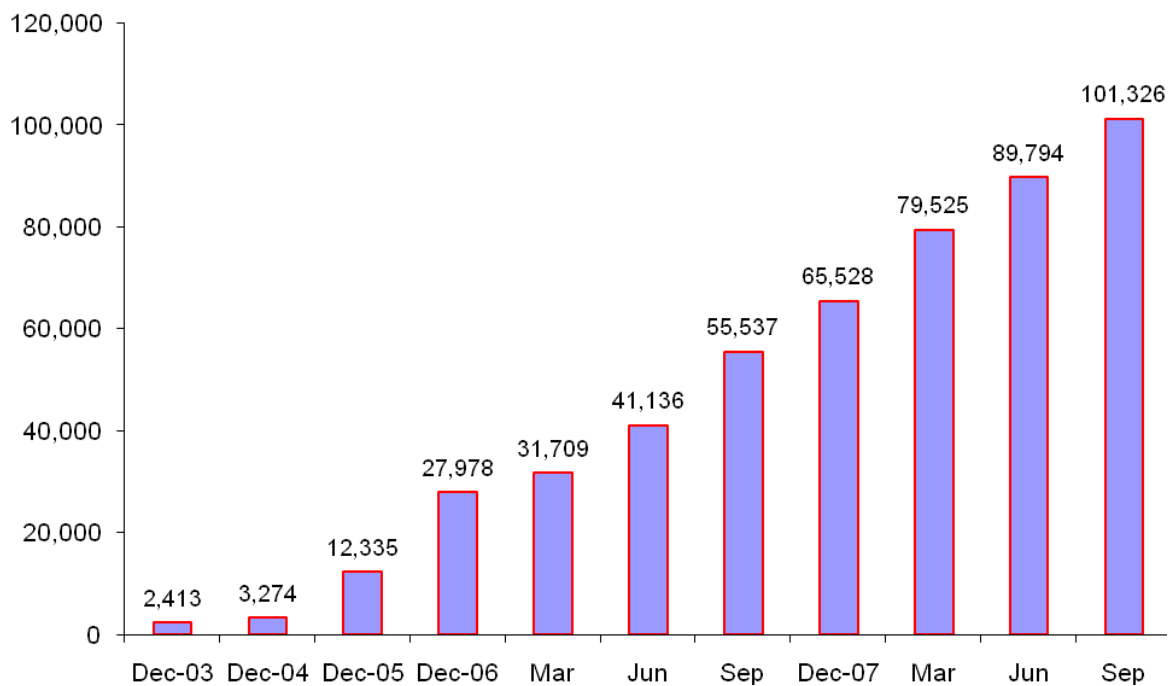
<sup>2</sup> US\$ 1 = Rp. 9,378 as of 30 September 2008

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

<sup>4</sup> M-CRIL method of calculation

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

**Figure 1. MBK Clients as of 30 September 2008**



## 2.1 Outreach

*Number of branches increased by 8.* MBK opened eight new branches: one in Bogor (a split from 2 large branches), one in Sukabumi and a further 3 each in the two new rural districts of South Garut and Tasikmalaya. In total, MBK had 53 branches at the end of September.

*Portfolio Outstanding.* The total portfolio outstanding increased from US\$4.6 to \$6.3 million or by 39 percent (in Rupiah terms) during this third quarter of 2008, as a result of programme expansion and larger initial loan size (from \$50-80 to \$80-100).

## 2.2 Dropouts and Push-outs

The total share of clients leaving the programme (as a result of being pushed out, dropping out voluntarily and for other reasons) increased from 10.1 to 12.5 percent between the last quarter and this one, using the M-CRIL definition. Of the total 6,071 clients leaving the programme, 60 died (1.0 percent) and 1,090 (18.0 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 share of clients who left voluntarily increased from 42.8 to 49.3 percent of the total.

**Table 2. Clients leaving MBK Programme by Reason**

	Q2/2008	% Share	Q/32008	% Share
Voluntary Dropouts	1,983	42.8	2,994	49.3
Push-out by MBK	1,694	36.6	1,927	31.7
Died	66	1.4	60	1.0
<u>Taken paid employment</u>	<u>886</u>	<u>19.1</u>	<u>1090</u>	<u>18.0</u>
Total leaving programme	4,629	100.0	6,071	100.0
Voluntary dropouts (% p.a.)	4.3%		6.2%	
Push-outs/other reasons (% p.a.)	<u>5.8%</u>		<u>6.3%</u>	
Total leaving programme	10.1%		12.5%	

*Voluntary Dropouts.* Dropouts left the programme on their own for various and very reasonable factors: (a) bankruptcy, (b) looking after a new baby, young children, or a sick relative, (c) severe illness, (d) not able to obtain husband's counter signature on the working capital proposal, (e) moving to a more distant location, or (f) resting in-between loans. Some clients rejoined the programme when they felt comfortable in taking further working capital from MBK; they did not have to undergo the Group Recognition Test (PWK) training week. Clients coming back could also be called Resting Clients. The quarterly voluntary drop-out rate increased from 4.3 to 6.2 percent between this quarter and the last.

*Push-outs.* Such clients were asked to leave for disciplinary reasons, to maintain the quality of the programme. Typically, these clients did not fulfil the terms of the verbal contract with MBK: (i) by not attending at least 12 out of 50 weekly meetings (sometimes because they took up paid full-time employment or migrated abroad); (ii) by using the working capital for consumption instead of business. The push-out rate increased from 5.8 to 6.3% percent between the second and third quarters.

## 2.3 Portfolio Quality

*Portfolio at risk.* Portfolio at risk (PAR > 30 days) was stable and negligible (0.004-0.005 percent) between this quarter and last (table 3). Some 20 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 was about the same at Rp. 2,733,000 (\$290), because it concerned mostly the same clients. No working capital was written off during this quarter or the last.

**Table 3. Quarterly Portfolio Quality Indicators**

	Sep-07	Dec-07	Mar-08	Jun-08	Sept-08
<u>Portfolio at risk (Rp. 000)</u>					
0 -30 days	80	3,192	1,871	695	-
31-60 days			455		1,537
61-90 days			923	387	-
91-180 days	249	249	437	1,050	118
<u>&gt; 180 days</u>				<u>414</u>	<u>1,078</u>
Total portfolio with arrears	329	3,441	3,686	2,546	2,733
Portfolio at risk (PAR > 30 days)	249	249	1,815	1,851	2,733
% PAR (>30 days)	0.001%	0.001%	0.006%	0.004%	0.005%
<u>Overdue principal (Rp. 000)</u>					
0 -30 days	60	222	297	123	-
31-60 days			285	257	367
61-90 days			663	48	-
91-180 days	249	249	397	1,050	118
<u>&gt; 180 days</u>				<u>414</u>	<u>1,078</u>
Total	309	471	1,641	1,642	1,563
<u>Clients in arrears</u>					
0 -30 days	1	15	8	1	-
31-60 days			4		4
61-90 days			6	6	-
91-180 days	1	1	2	9	8
<u>&gt; 180 days</u>				<u>2</u>	<u>8</u>
Total clients with overdue	2	16	20	18	20
Clients at risk (>30)	1	1	12	17	20
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) again declined from 390 to 347 in this quarter (table 4). This reflects the increased number of new branches at the end of the quarter with less than their full load of clients.

*Clients per staff.* The client per staff ratio, including all field staff, head office and probationary staff, increased slightly from 242 to 245 per staff.

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

	Sept-07	Dec-07	Mar-08	Jun-08	Sept-08
<b><u>Outreach</u></b>					
<b>Clients</b>	<b>55,537</b>	<b>65,528</b>	<b>79,525</b>	<b>89,794</b>	<b>101,326</b>
Branches	27	31	36	45	53
Centres	3,185	3,747	4,428	5,010	5,616
<b>Total staff (field + head office)</b>	<b>230</b>	<b>258</b>	<b>295</b>	<b>371</b>	<b>413</b>
Head office staff	11	11	9	13	16
Field staff	218	247	286	358	397
MIS & District staff (incl. 1 driver)	23	28	28	29	32
<b>Total branch staff</b>	<b>195</b>	<b>219</b>	<b>258</b>	<b>329</b>	<b>365</b>
Branch managers	27	31	36	45	53
<b>Total Field Officers</b>	<b>169</b>	<b>188</b>	<b>222</b>	<b>284</b>	<b>312</b>
Field officers (> 2 months)	145	152	190	230	292
Probationary field officers (<2 mths)	24	36	32	54	20
<b><u>Efficiency ratios</u><sup>1</sup></b>					
Clients per field officer (> 2 months)	383	431	419	390	347
Clients/total staff (field and HO)	243	254	270	242	245
Centres per field officer (>2 months)	19	20	20	18	18
Portfolio/loan officer (> 2 months) (\$)	18,350	17,631	17,896	19,879	21,464
Overhead ratio (HO/All admin expenses)	25%	27%	16%	15%	15%
Field officers as % of total staff	74	73	75	77	76%
HO staff as % of total staff	5	4	3	4	4

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

*Portfolio per field officer.* The outstanding portfolio per confirmed field officer increased from US\$19,879 to 21,464 between this quarter and the last one due mainly to the implementation of the larger first loan size from a maximum of Rp 800,000 to Rp1 million.

*Centres per field officer.* The ratio of centres per field officer remained the same at 18 this quarter. This ratio excludes the 20 probationary field officers.

*Field officers as a share of total staff.* The ratio of field officers to total staff declined by one percent to 76 percent, due to the recruitment of new MIS and head office staff.

*Overhead ratio and HO/field staff ratio.* The head office to total administration expense ratio remained the same at 15% between last quarter and this one. The HO/total staff ratio remained stable at 4 percent.

## 2.5 Viability and Sustainability

*Operating expense ratio.* The operating expense ratio increased from 34 to 42 percent between last quarter and this quarter (table 5), mainly as a result of starting up new branches with less than half the ideal client load of around 2,500 per branch.

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

	Sept-07	Dec-07	Mar-08	June-08	Sept-08
Operating expense ratio (Operating expenses/Average portfolio outstanding)	33.4%	31.5%	28.4%	33.7%	41.8%
Total cost ratio (Operating + financial expenses/avg. portfolio outs.)	41.9%	41.1%	39.4%	48.4%	61.8%
Quarterly yield on portfolio (Average quarterly income from portfolio/ Average portfolio outstanding in past 4 quarters)	40.1%	37.4%	37.0%	47.3%	63.2%
Annual yield on portfolio (Annual income/average portfolio last June and this June)	35.2%	41.5%	42.5%	50.1%	59.9%
Operational self sufficiency (Total income/operating + financial expenses)	97%	93%	108%	105%	107%

*Total cost ratio.* The total cost ratio increased from 48 to 62 percent due to higher operating costs and the rise in the cost of funds.

*Yield on portfolio.* The average quarterly yield on portfolio rose from 47 to 63 percent, calculated using the average outstanding portfolio for the four preceding quarters, almost identical with the theoretical maximum. The annual average yield on portfolio also rose from 50 to 60 percent. This improvement may be due to the slow-down in portfolio expansion (existing clients and new clients) in the run-up to the Idul Fitr religious holiday season in September, while repayment continued as usual. MBK implements the policy of not issuing new loans about 10 days before the start of the holiday season, to avoid undue pressure on the women clients to use the loans for consumptive purposes (purchase of new clothes and shoes being quite common).

*Operational self-sufficiency.* Operational self-sufficiency declined a little from 104 to 107 percent as the result economies of scale in implementing a larger programme.

### 3 Income Statement and Balance Sheet

#### 3.1 Income Statement

*Gross income.* Cumulative gross income increased from \$0.8 million to \$1.3 million (70 percent) in the first nine months of this year compared with the first two quarters, mainly due to the larger working capital portfolio (\$4.6 vs. \$3.4 million, see table 6).

*Finance costs.* Cumulative financial costs also rose 70 percent (\$420,67 vs. 246,225), of which \$370,162 were paid for the cost of funds, and \$43,515 set aside for portfolio loss provision expenses in the first nine months of this month. MBK now relies almost exclusively on commercial loans.

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

Description	Sep-08	Jun-08	Mar-08	Dec-07	Sep-07
<b>INCOME</b>					
Profit Sharing	1,320,917	774,587	346,216	756,393	540,844
Interest on bank accounts	18,466	13,890	5,025	12,136	9,619
Other income	<u>3,641</u>	<u>2,080</u>	<u>810</u>	<u>3,589</u>	<u>2,542</u>
<b>Total Income</b>	1,343,024	790,558	352,051	772,118	553,005
<b>FINANCIAL COSTS</b>					
Cost of funds	377,162	224,369	102,624	175,845	109,585
<b>Gross Financial Margin</b>	965,862	566,189	249,427	596,272	443,420
Portfolio loss reserve exps.	43,515	21,886	7,493	18,907	17,056
<b>Net Financial Margin</b>	922,346	544,302	241,934	577,366	426,365
<b>OPERATING EXPENSES</b>					
Salaries, incentive, benefits	525,714	311,692	126,372	370,780	270,452
Travelling & transport	39,617	24,547	11,527	32,553	23,235
Administrative/office exps	190,208	123,078	53,522	153,119	107,285
Depreciation	78,242	48,871	22,647	59,971	41,580
Mgt information system	654			12,870	1,995
Staff development	<u>5,698</u>	<u>3,419</u>	<u>1,233</u>	<u>8,039</u>	<u>7,364</u>
<b>Total operating expenses</b>	<b>840,133</b>	<b>511,608</b>	<b>215,302</b>	<b>637,333</b>	<b>451,911</b>
<b>PROFIT/LOSS</b>	82,213	32,695	26,633	-59,967	-25,546
<u>Operational Grants</u>					
Operational grant				69,794	71,803
Profit/Loss	82,213	32,695	26,633	9,827	46,256
Fiscal Correction	25,049	7,996	2,468	6,770	
Taxable Income	107,262	40,690	29,101	16,597	
<u>Tax</u>	<u>30,292</u>	<u>10,290</u>	<u>6,831</u>	<u>3,117</u>	-
<b>NET PROFIT/LOSS</b>	<b>51,921</b>	<b>22,404</b>	<b>19,802</b>	<b>6,709</b>	<b>46,256</b>
<b>AFTER TAX</b>					

*Operating expenses.* Cumulative operating expenses increased by 64 percent from \$ 511,608 to 840,133 between this quarter and last quarter, to rapid expansion of the presence of many yet small branches, as noted earlier.

*Net income.* Cumulative net income rose by 130% from \$22,400 to 51,921 between this quarter and last quarter. As already mentioned above, operational self-sufficiency was 107 percent this quarter.

### 3.2 Balance Sheet

*Total assets.* MBK's total assets increased by 39 percent from \$6.1 to 8.5 million during this quarter due mainly to the increase in portfolio and programme expansion (table 7).

*Total liabilities.* Total liabilities increased by 46 percent from \$5.1 to 7.4 million as a result of contracting additional commercial loans to support programme expansion.

*Equity.* MBK's equity remained stable \$1million since net income rose very little this quarter.

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

Description	Sep-08	Jun-08	Mar-08	Dec-07	Sep-07
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash-in-hand & in banks	- 209,145	- 274,195	- 380,278	- 165,721	- 23,554
<u>Short-term savings/deposit acc.</u>	<u>1,512,950</u>	<u>781,583</u>	<u>1,148,378</u>	<u>740,031</u>	<u>276,282</u>
Cash and near cash	1,722,095	1,055,778	1,528,656	905,752	699,945
Other current assets	91,054	85,000	73,345	29,837	35,809
<b>Loans Outstanding</b>					
Gross loans outstanding	- 6,267,574	- 4,572,168	- 3,400,159	- 2,679,952	- 2,660,750
(Loan loss reserve)	-62,676	-45,722	-34,002	-26,799	-26,607
Net loans outstanding	<u>6,204,898</u>	<u>4,526,446</u>	<u>3,366,157</u>	<u>2,653,152</u>	<u>2,634,143</u>
<b>Total current assets</b>	<b>8,018,048</b>	<b>5,667,224</b>	<b>4,968,158</b>	<b>3,588,741</b>	<b>2,969,787</b>
<b>Long-term Assets</b>					
Property and equipment	- 610,222	- 578,445	- 498,896	- 453,632	- 404,255
(Accumulated depreciation)	-178,742	-152,093	-128,297	-110,027	-94,473
Net property & equipment	<u>431,481</u>	<u>426,352</u>	<u>370,599</u>	<u>343,605</u>	<u>309,782</u>
<b>Total long-term assets</b>	<b>431,481</b>	<b>426,352</b>	<b>370,599</b>	<b>343,605</b>	<b>309,782</b>
<b>Other Assets</b>					
Company establishment	2,453	2,492	2,496	2,447	2,517
(Amortization)	-1,226	-1,090	-936	-765	-629
Net company establishment	<u>1,226</u>	<u>1,402</u>	<u>1,560</u>	<u>1,682</u>	<u>1,888</u>
<b>Total other assets</b>	<b>1,226</b>	<b>1,402</b>	<b>1,560</b>	<b>1,682</b>	<b>1,888</b>
<b>Total Assets</b>	<b>8,450,755</b>	<b>6,094,977</b>	<b>5,340,317</b>	<b>3,934,028</b>	<b>3,281,457</b>
<b>LIABILITIES &amp; EQUITY</b>					
<b>Current Liabilities</b>					
Short-term Loans	- 6,273	- 39,418	- 2,311	-	- 10,945
Interest payable on loans	38,851	20,718	51,590	10,596	30,045
Client responsibility fund	500,009	386,216	301,359	229,691	200,739
Withholding tax	35,765	10,571	10,500	3,397	3,131
Other current liabilities	44,181	64,344	55,693	65,228	82,039
<b>Total current liabilities</b>	<b>625,079</b>	<b>521,268</b>	<b>421,453</b>	<b>308,912</b>	<b>326,899</b>
<b>Long-term Liabilities</b>					
<b>Total long-term liabilities</b>	<b>6,791,671</b>	<b>4,553,474</b>	<b>3,899,608</b>	<b>2,645,332</b>	<b>1,906,899</b>
<b>Total Liabilities</b>	<b>7,416,751</b>	<b>5,074,743</b>	<b>4,321,061</b>	<b>2,954,243</b>	<b>2,233,798</b>
<b>Shareholders' Equity</b>					
Paid up Capital	319,898	325,027	325,556	319,149	328,335
Additional Paid up Capital	651,956	662,410	663,488	650,430	669,470
Retained earnings	10,230	10,394	10,411	3,496	3,597
Current net profit/loss	<u>51,921</u>	<u>22,404</u>	<u>19,802</u>	<u>6,709</u>	<u>46,256</u>
<b>Total Equity</b>	<b>1,034,004</b>	<b>1,020,235</b>	<b>1,019,256</b>	<b>979,784</b>	<b>1,047,659</b>
<b>Total Liabilities &amp; Equity</b>	<b>8,450,755</b>	<b>6,094,977</b>	<b>5,340,317</b>	<b>3,934,028</b>	<b>3,281,457</b>

Note: US\$1 = Rp 0000

9.378

9.230

9.215

9.400

9.137

## 4 Institutional Strengthening

### 4.1 Staff Recruitment and Development

*Total staff.* The total number of staff increased by 42 this quarter to 413 with the addition of three new district level MIS staff, three new head office staff as well as some probationary field officers and management trainees.

*Recruitment of new MIS staff.* An additional MIS staff was recruited into head office in June in preparation for out-posting one MIS staff to West Java region where he will be responsible for all troubleshooting related to the computers and the Kredits MIS programme.

*Recruitment of two experienced Operations Supervisors.* Two senior experienced operations supervisors were recruited to support expanding operations. They began learning MBK's operating procedures and systems by accompanying established Supervisors during their internal audit visits to branches, outside their own usual working area. After approximately 4-6 months of such on-the-job training as internal auditors, one will become quality assurance manager for operations, while the second will become the provincial manager for West Java province.

**Table 8. Classroom Training**

Date	Location	Trainees	Topic	Trainers
11 July	HO	Area Supervisor-Trainers (7)	Introduce new head office staff and new supervisors, programme expansion	Chief, personnel manager, CEO, operations supervisor, internal audit manager
28-31 July	Bali	Asia Pacific Regional MicroCredit Summit (4)	Various – e.g. finance, integrating education/health	Chief, audit commissioner, personnel manager, operations supervisor
15 Aug	HO	Area Supervisor-Trainers (7)	Future planning, branch security	Chief, personnel manager, CEO, Operations Manager, Internal Auditor
	Jakarta	Education scholarships (2)	Diploma 3, computerized accounting	
<b>Total</b>		<b>20 Persons</b>		

*Classroom Training by Training Task Force.* Formal, classroom training was provided by MBK to 18 staff (see table 8). In addition, two senior staff received scholarships for higher education Diploma 3 courses in computerized accounting (week-end classes).

## 5 Management and Governance

### 5.1 Internal Audit and Management

*Internal audit compliance visits.* Branch audits and compliance visits continued throughout this quarter under the general coordination of the Internal Audit Manager. Internal audits of MBK's operations were undertaken by field supervisors accompanied by a member of the financial audit team from head office who undertook the financial audit of the branch and its district office.

*Promotion of deputy branch manager trainees to branch manager posts.* The more capable and experienced of the directly recruited deputy branch manager trainees continue to be promoted to trainee branch manager positions, mostly in the newly opened branches.

*Internal promotion to deputy branch manager trainees.* Several field staff with the potential to become branch managers were promoted to deputy branch manager trainee status. At the end of this quarter, one of them was promoted to branch manager in a fairly new branch.

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

MBK met the following persons to learn from, to promote MBK, and to raise funds for on-lending:

Date	Name	Institution	Topic
<u>July</u>			
1	Mr. Sanjiv Malhotra	Bank Danamon	Debt funding for expansion
2	Mr. Dewa Made Susila Ms. Yosephina Elliana Mr. Martin Hintz	Allianz	Micro-insurance
14	Mr. Johannes Sutrisno	BFI Finance	Operation of finance company
21-22	Messrs Jim Hokans, Messrs. Udit, Sutan & Syarief, Ms. Era,	Andara Bank	Due diligence
23	Mr Kyle Salyer	MCE, San Francisco	Annual monitoring visit
<u>August</u>			
1	Mr. Sanjiv Malhotra Mr. Hafeez Choudhry, Mr. Made, Mr. Agustinus Tri Hardjanto	Bank Danamon	Debt funding for expansion
5	Mr Alain Levy	Bank Paribas, Paris	Introductory visit
6	Mr Matteo Marinelli	Blue Orchard	Annual monitoring visit
7	Mr. Sean de Witt, Mr. Frans Purnama Ms. Linda Harjono, Ms. Revi Sylviana & Mr. Taufan Harbivian	Grameen Foundation USA Bakrie Telecom	Pilot village phone programme
14	E.G. Darutama	PPKM Bina Swadaya	Introduction to MBK programme
15	Mr. Hari Purwanto Ms Peggy Adeline	Oikocredit	Sign loan documents
22	Mr. Mangapul Sinaga, Mr. Mickey Felder, Ms. Peggy Harianto	Yayasan MMS	Introduction to MBK programme
22	Messrs. Tri, David, Hebert, Rudi	Habitat for Humanity	Introduction to Habitat Indonesia
22	Mr. M. Rhidwan	Graha Akuntan	Introduction to MBK programme
23	Mr. Tony Fernandez	Cordaid	Technical Assistance Support Fund
25	Mr. Paulus Adimargono	Tax Consultant	Tax advice
<u>September</u>			
10	Abdul Salam	Managing Director BRI	National GEMA-PKM conference 2008

## 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 in early 2008, MBK will operate a total of 1,025 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 25-30 percent 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 363 to 400 in the projection period to improve efficiency.

The Indonesian inflation rate is assumed to rise by 7 percent per year throughout the projection period, and will depreciate by 4 percent against the dollar per year. Commercial banks are assumed to charge 14 percent interest rate per annum for loans throughout the forecasting period.

### 6.2 Key Features

1. *Outreach.* MBK's client base will double almost every year, from around 65,000 at the beginning of 2008 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 \$55 in 2008 to \$117 in 2012, the gross portfolio outstanding will increase from Rp. 60 to 2,239 billion (\$6 to 205 million).
3. *Branches.* The number of branches will double every year from 31 in early 2008 to reach a total of 1,025 by 2012. Each branch will have around 6-8 staff.
4. *Staff.* By the end of the projection period, the programme will employ 6,783 people in total, of which 26-30 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 15 percent between early 2008 and end 2012, due to economies of scale.
6. *Sustainability.* After-tax operating self-sustainability will rise from 93 to 141 percent, while after tax financial self-sustainability will rise from 86 to 141 percent.

7. *Break-even.* The MBK programme already produced a surplus in 2004-2006. In 2007 and 2008, heavy investment in the new MIS system, the recruitment of senior management, accelerated field staff recruitment temporarily, and salary rises across the board will result in a break-even. The programme will once generate a healthy surplus starting in financial year 2009.

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

	FY07	FY08	FY09	FY10	FY11	FY12
<b>I Overall Targets</b>						
Total clients	65,378	110,000	230,000	500,000	1,000,000	2,000,000
Gross outstanding portfolio (Rp billion)	25	60	159	499	1,080	2,341
Total branches	31	60	148	275	525	1,025
Total employees	258	412	894	1,720	3,408	6,783
Clients per loan officer	349	363	355	400	400	400
Operating cost ratio %	35	28	22	20	16	15
Operational sustainability after-tax %	93	106	143	150	144	141
Financial sustainability after-tax %	86	104	143	150	143	141
<b>II Balance Sheet (Rp billion)</b>						
<u>Assets</u>	<u>37</u>	<u>76</u>	<u>172</u>	<u>524</u>	<u>1,132</u>	<u>2,444</u>
<u>Liabilities</u>	<u>27</u>	<u>65</u>	<u>141</u>	<u>436</u>	<u>932</u>	<u>2,023</u>
Client responsibility fund	2	5	14	35	80	174
Commercial loans	23	58	125	398	850	1,847
<u>Equity</u>	<u>9</u>	<u>10</u>	<u>31</u>	<u>89</u>	<u>200</u>	<u>421</u>
Total liabilities and equity	37	76	172	524	1,132	2,444
<b>III Income Statement (Rp billion)</b>						
Profit before tax	0	2	28	77	148	294
Amount of taxes paid	0	0	7	19	37	74
Profit after tax	0	1	21	58	111	221
<b>IV Balance Sheet (US\$ million)</b>						
<u>Assets</u>	<u>4</u>	<u>8</u>	<u>17</u>	<u>50</u>	<u>103</u>	<u>214</u>
<u>Liabilities</u>	<u>3</u>	<u>7</u>	<u>14</u>	<u>41</u>	<u>85</u>	<u>177</u>
Client responsibility fund	0	0	1	3	7	15
Commercial loans	3	6	12	38	77	162
<u>Equity</u>	<u>1</u>	<u>1</u>	<u>3</u>	<u>8</u>	<u>18</u>	<u>37</u>
Total liabilities and equity	4	8	17	50	103	214
<b>V Income Statement (US\$ million)</b>						
Profit before tax	0	0	3	7	13	26
Amount of taxes paid	0	0	1	2	3	6
Profit after tax	0	0	2	5	10	19
<b>VI Debt-Equity Ratio</b>	<b>2.5</b>	<b>5.6</b>	<b>4.0</b>	<b>4.5</b>	<b>4.3</b>	<b>4.4</b>
<i>Note:</i>						
HO employees	10	19	24	26	26	26
Exchange Rate US\$1 =	9.200	9.813	10.194	10.590	11.002	11.429
Rupiah depreciation vs. US\$ (% pa)		6.7	3.9	3.9	3.9	3.9
Profit-sharing rate with clients:	25	25	30	30	25	25
% p.a. (flat)						

### 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 million)
2009	Rp	125	billion	(US\$	12 million)
2010	Rp	398	billion	(US\$	38 million)
2011	Rp	850	billion	(US\$	77 million)
2012	Rp	1,847	billion	(US\$	162 million)

## 7 Planned Activities for Final Quarter 2008

### 7.1 Outreach

Continue to open and staff a further 2-3 branches in the new district of Tasikmalaya. Possibly open an additional 2-3 branches in South Garut.

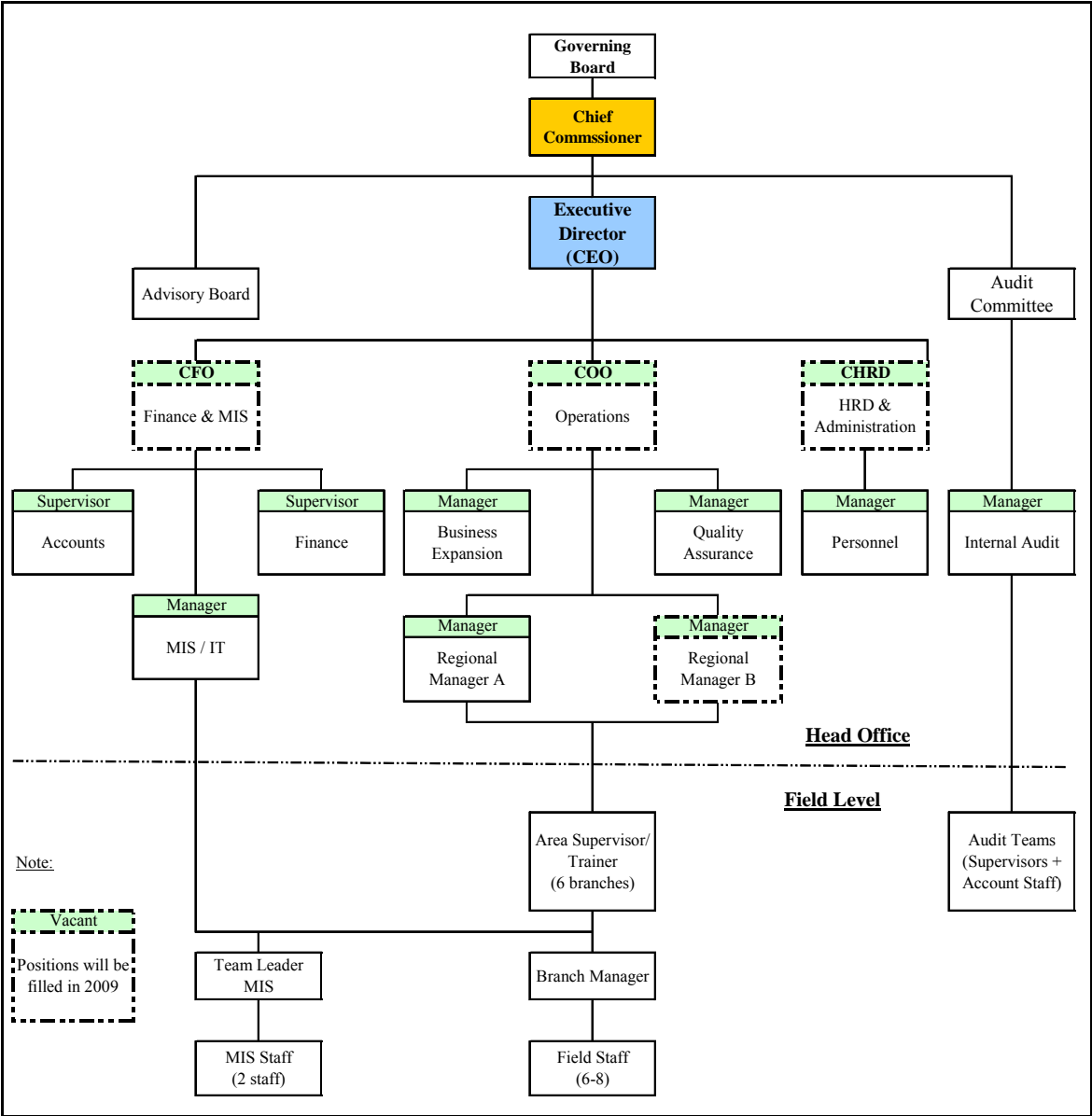
### 7.2 Institutional Strengthening

- Open and staff on area office in the new district of Tasikmalaya to handle MIS data entry and production of Disbursement Collection Sheets.
- Continue with staff recruitment to fill the many new openings for field officers, branch managers and MIS staff 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 of branches.* Continue with regular internal audits of all established branches by the three internal auditors, accompanied by Area Supervisors (who will audit branches in areas other than their own) and head office financial audit team staff.
- *Internal audits of Area offices.* The financial audit team in head office will continue to audit area offices.
- *Internal audits of Supervisors.* This will be introduced this quarter, as a further step in MBK's cost control procedures.

# Annex A: Organization chart



## Annex B: Quarterly Financial Statements – Sept 2008

### Quarterly Income Statement (Rp 000s, Preliminary)

Description	Sep-08	Jun-08	Mar-08	Dec-07	Sep-07
<b>INCOME</b>					
Profit Sharing	12,387,555.0	7,149,435.8	3,190,381.5	7,110,093.8	4,941,692.0
Interest on bank accounts	173,177.0	128,208.9	46,304.7	114,081.2	87,890.2
Other income	34,142.7	19,202.3	7,468.0	33,732.6	23,225.7
<b>Total Income</b>	<b>12,594,874.7</b>	<b>7,296,847.0</b>	<b>3,244,154.2</b>	<b>7,257,907.7</b>	<b>5,052,807.9</b>
<b>- FINANCIAL COSTS</b>	-	-	-	-	-
Cost of funds	3,537,024.8	2,070,926.6	945,683.1	1,652,947.4	1,001,277.0
<b>Gross Financial Margin</b>	<b>9,057,849.8</b>	<b>5,225,920.4</b>	<b>2,298,471.1</b>	<b>5,604,960.3</b>	<b>4,051,531.0</b>
Portfolio loss reserve exps.	408,085.9	202,010.3	69,045.7	177,723.5	155,836.2
<b>Net Financial Margin</b>	<b>8,649,764.0</b>	<b>5,023,910.1</b>	<b>2,229,425.3</b>	<b>5,427,236.8</b>	<b>3,895,694.8</b>
<b>OPERATING EXPENSES</b>					
Salaries, incentive, benefits	4,930,143.7	2,876,921.1	1,164,521.8	3,485,331.3	2,471,115.5
Travelling & transport	371,528.9	226,570.3	106,220.6	306,002.3	212,300.7
Administrative/office exps	1,783,774.8	1,136,007.3	493,208.1	1,439,314.7	980,263.7
Depreciation	733,755.4	451,081.6	208,690.7	563,731.6	379,918.7
Mgt information system	6,133.4			120,979.6	18,225.6
Staff development	<u>53,434.0</u>	<u>31,559.5</u>	<u>11363.3</u>	<u>75,569.8</u>	<u>67,288.7</u>
<b>Total operating expenses</b>	<b>7,878,770.2</b>	<b>4,722,139.8</b>	<b>1,984,004.5</b>	<b>5,990,929.3</b>	<b>4,129,112.7</b>
<b>PROFIT/LOSS</b>	770,993.8	301,770.3	245,420.8	-563,692.5	-233,418.0
<u>Operational Grants</u>					
Unitus operational grant	-	-	-	<u>656,062.5</u>	<u>656,062.5</u>
Profit/Loss	770,993.8	301,770.3	245,420.8	92,370.0	422,644.5
Fiscal Correction	234,908.9	73,801.4	22,741.1	63,642.3	
Taxable Income	1,005,902.7	375,571.7	268,161.9	156,012.2	
<u>Tax</u>	<u>284,078.1</u>	<u>94,978.8</u>	<u>62,948.6</u>	<u>29,303.7</u>	-
<b>- NET PROFIT/LOSS AFTER TAX</b>	<b>486,915.7</b>	<b>206,791.5</b>	<b>182,472.3</b>	<b>63,066.3</b>	<b>422,644.5</b>

### Quarterly Balance Sheet (Rp 000s, Preliminary)

Description	Sep-08	Jun-08	Mar-08	Dec-07	Sep-07
<b>ASSETS</b>					
<b><u>Current Assets</u></b>					
Cash-in-hand & in banks	- 1,961,365.7	- 2,530,822.7	- 3,504,265.4	- 1,557,773.3	- 215,209.6
<u>Short-term savings/deposit accounts</u>	<u>14,188,445.2</u>	<u>7,214,007.4</u>	<u>10,582,304.0</u>	<u>6,956,292.1</u>	<u>2,524,388.4</u>
Cash and near cash	16,149,810.8	9,744,830.1	14,086,569.4	8,514,065.4	2,739,598.0
Other current assets	853,908.8	784,546.7	675,872.2	280,464.0	327,185.9
	-	-	-	-	-
<b><u>Loans Outstanding</u></b>					
Gross loans outstanding	58,777,306.2	42,201,109.2	31,332,460.7	25,191,546.7	24,311,274.2
(Loan loss reserve)	<u>-587,773.2</u>	<u>-422,010.3</u>	<u>-313,324.1</u>	<u>-251,914.9</u>	<u>-243,112.4</u>
Net loans outstanding	58,189,533.0	41,779,098.9	31,019,136.6	24,939,631.8	24,068,161.8
<b>Total current assets</b>	<b>75,193,252.6</b>	<b>52,308,475.8</b>	<b>45,781,578.2</b>	<b>33,734,161.2</b>	<b>27,134,945.7</b>
<b><u>Long-term Assets</u></b>					
Property and equipment	- 5,722,666.5	- 5,339,045.1	- 4,597,328.6	- 4,264,136.9	- 3,693,677.1
(Accumulated depreciation)	<u>-1,676,240.3</u>	<u>-1,403,816.5</u>	<u>-1,182,256.9</u>	<u>-1,034,249.7</u>	<u>-863,203.5</u>
Net property & equipment	4,046,426.2	3,935,228.6	3,415,071.7	3,229,887.2	2,830,473.6
<b>Total long-term assets</b>	<b>4,046,426.2</b>	<b>3,935,228.6</b>	<b>3,415,071.7</b>	<b>3,229,887.2</b>	<b>2,830,473.6</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)	-11,500.7	-10,063.1	-8,625.5	-7,187.9	-5,750.3
Net company establishment	<u>11,499.3</u>	<u>12,936.9</u>	<u>14,374.5</u>	<u>15,812.1</u>	<u>17,249.7</u>
<b>Total other assets</b>	<b>11,499.3</b>	<b>12,936.9</b>	<b>14,374.5</b>	<b>15,812.1</b>	<b>17,249.7</b>
<b>Total Assets</b>	<b>79,251,178.1</b>	<b>56,256,641.2</b>	<b>49,211,024.4</b>	<b>36,979,860.4</b>	<b>29,982,669.0</b>
<b>LIABILITIES &amp; EQUITY</b>					
<b><u>Current Liabilities</u></b>					
Short-term Loans	- 58,832.3	- 363,832.3	- 21,300.0	-	- 100,000.0
Interest payable on loans	364,346.2	191,231.8	475,402.5	99,602.1	274,519.3
Client responsibility fund	4,689,085.0	3,564,775.0	2,777,020.0	2,159,095.0	1,834,155.0
Withholding tax	335,403.0	97,568.2	96,757.5	31,928.6	28,607.6
Other current liabilities	<u>414,327.1</u>	<u>593,898.9</u>	<u>513,211.9</u>	<u>613,143.1</u>	<u>749,591.9</u>
<b>Total current liabilities</b>	<b>5,861,993.5</b>	<b>4,811,306.2</b>	<b>3,883,691.9</b>	<b>2,903,768.8</b>	<b>2,986,873.8</b>
<b><u>Long-term Liabilities</u></b>					
<b>Total long-term liabilities</b>	<b>63,692,294.8</b>	<b>42,028,569.6</b>	<b>35,934,886.6</b>	<b>24,866,117.3</b>	<b>17,423,336.8</b>
<b>Total Liabilities</b>	<b>69,554,288.3</b>	<b>46,839,875.7</b>	<b>39,818,578.5</b>	<b>27,769,886.1</b>	<b>20,410,210.6</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	6,114,040.6	6,114,040.6	6,114,040.6	6,114,040.6	6,116,946.7
Retained earnings	95,933.3	95,933.3	95,933.3	32,867.0	32,867.0
Current net profit/loss	486,915.7	206,791.5	182,472.3	63,066.3	422,644.5
<b>Total Equity</b>	<b>9,696,889.5</b>	<b>9,416,765.3</b>	<b>9,392,446.1</b>	<b>9,209,973.8</b>	<b>9,572,458.2</b>
<b>Total Liabilities &amp; Equity</b>	<b>79,251,177.9</b>	<b>56,256,641.0</b>	<b>49,211,024.6</b>	<b>36,979,859.9</b>	<b>29,982,668.8</b>

## Annex C: Quarterly Performance Indicators – Sept 2008

		2007		2008		
		Sept	Dec	Mar	Jun	Sept
	<i>Exchange rate: US\$1 =</i>	9.137	9.400	9.215	9.230	9.378
1.0	<b><u>Outreach Indicators</u></b>					
1.1	Cumulative clients recruited	65,185	76,504	92,815	107,828	125,431
1.2	Cumulative dropouts	<u>9,648</u>	<u>10,976</u>	<u>13,405</u>	<u>18,034</u>	<u>24,105</u>
1.3	<b>Net Clients</b>	<b>55,537</b>	<b>65,528</b>	<b>79,410</b>	<b>89,794</b>	<b>101,326</b>
1.4.1	% Growth in clients (over prv period)	35%	18%	21%	13%	13%
1.4.2	New clients recruited year-on-year	35,483	44,219	54,879	58,713	60,246
1.5	<b>Net active clients by loan cycle</b>	<b>55,416</b>	<b>64,548</b>	<b>78,989</b>	<b>88,937</b>	<b>99,317</b>
1.5.1	1st cycle	35,548	42,740	53,627	56,720	56,601
1.5.2	2nd cycle	13,505	14,381	15,792	18,105	25,749
1.5.3	3rd cycle	4,433	5,441	6,820	9,510	10,746
1.5.4	4th cycle	1,930	1,986	1,318	2,234	3,630
1.5.5	5th cycle			1,283	1,128	717
1.5.6	6th cycle and above			149	431	883
1.5.7	In process (existing clients)				809	991
1.5.8	% in 2nd cycle and above	36%	35%	32%	37%	44%
1.6	<b><u>Dropout</u></b>					
1.6.1	Total dropouts this quarter	1,669	1,328	2,429	4,629	6,071
1.6.2	Quarterly dropout rate	3.0%	2.0%	3.1%	5.2%	6.0%
1.6.3	Year-on-year dropout rate (M-CRIL)	10.0%	9.2%	8.3%	10.1%	12.5%
1.7	Branches	27	31	36	45	53
1.8.1	Cumulative centres formed	<u>3,296</u>	<u>3,884</u>	<u>4,586</u>	<u>5,216</u>	<u>5,851</u>
1.8.2	Centres closed	111	137	160	206	235
1.8.2	Net number of centres	3,185	3,747	4,426	5,010	5,616
1.9	<b>Average clients per centre</b>	<b>17</b>	<b>17</b>	<b>18</b>	<b>18</b>	<b>18</b>
1.10	Max. working capital size (Rp. 000)					
1.10.1	1st cycle	500	800	800	1,000	1,000
1.10.2	2nd cycle	1,000	1,200	1,200	1,200	1,200
1.10.3	3rd cycle	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
1.10.5	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	85	87	108	107
1.11.2	2nd cycle	109	128	130	130	128
1.11.3	3rd cycle	164	160	163	163	160
1.11.4	4th cycle	197	191	195	195	192
1.11.5	5th cycle	241	234	239	238	235
1.12	<b><u>Portfolio</u></b>					
1.12.1	<b>Total portfolio outstanding (Rp. 000)</b>	<b>24,311,274</b>	<b>25,191,547</b>	<b>31,332,461</b>	<b>42,201,109</b>	<b>58,777,306</b>
1.12.2	Total portf. outstanding (\$)	2,660,750	2,679,952	3,400,159	4,572,168	6,267,574
1.12.3	Average portf. outstanding Rp. 000	439	390	397	475	592
1.12.4	Average portf. outstanding (\$)	48	41	43	51	62
1.12.5	% Growth (over prev. quarter)	54%	4%	24%	35%	39%
1.12.1	Disbursement this quarter	16,546,500	10,168,270	19,067,044	27,030,530	37,924,322
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\$)					

1.12.5	Repayment this quarter	8,035,023	9,287,998	12,926,130	16,161,882	21,348,125
1.12.6	Current Portfolio size (Kredits)			55,402,900	70,798,900	92,642,650
1.12.7	Repayment from current portfolio			24,070,439	28,597,791	33,865,344
1.19.1	Clients in responsibility fund	55,416	64,548	78,989	88,937	99,317
1.19.2	Total client responsibility fund (CRF)	1,834,155	2,159,095	2,777,020	3,564,775	4,689,085
1.19.3	CRF as % of portfolio outstanding	8%	9%	9%	8%	8%
<b>2.0</b>	<b><u>Portfolio quality</u></b>					
	<u>Portfolio in arrears (Rp. 000)</u>					
	0 -30 days	80	3,192	1,871	695	-
	31-60 days			455		1,537
	61-90 days			923	387	-
	91-180 days	249	249	188	1,050	118
	<u>&gt; 180 days</u>			<u>249</u>	<u>414</u>	<u>1,078</u>
	Total	329	3,441	3,686	2,546	2,733
	Portfolio at risk (>30)	249	249	1,815	1,851	2,733
	<b>% PAR (&gt;30)</b>	<b>0.001%</b>	<b>0.001%</b>	<b>0.006%</b>	<b>0.004%</b>	<b>0.005%</b>
	<u>Overdue principal (Rp. 000)</u>					
	0 -30 days	60	222	297	123	-
	31-60 days			285	257	367
	61-90 days			663	48	-
	91-180 days	249	249	397	1,050	118
	<u>&gt; 180 days</u>				<u>414</u>	<u>1,078</u>
	Total	309	471	1,641	1,891	1,563
	<u>Client with arrears</u>					
	0 -30 days	1	15	8	1	-
	31-60 days			4		4
	61-90 days			6	6	-
	91-180 days	1	1	2	9	8
	<u>&gt; 180 days</u>				<u>2</u>	<u>8</u>
	Total	2	16	20	18	20
	Clients at risk (>30)	1	1	12	17	20
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%	99.995%
<b>3.0</b>	<b><u>Productivity and Efficiency</u></b>					
3.1	<u>Total Staff (field + head office)</u>	<u>230</u>	<u>258</u>	<u>295</u>	<u>371</u>	<u>413</u>
3.1.1	Head office staff	11	11	9	13	16
3.1.2	<u>Field staff</u>	<u>219</u>	<u>247</u>	<u>286</u>	<u>358</u>	<u>397</u>
3.1.2.1	District staff (incl. 1 driver)	23	28	28	29	32
3.1.2.2	Branch managers	27	31	36	45	53
3.1.2.3	<u>Field officers</u>	<u>169</u>	<u>188</u>	<u>222</u>	<u>284</u>	<u>312</u>
	Field officers confirmed (>2 mths)	145	152	190	230	292
	Field officers trainee (2-6 mths)					
	Probationary field officers (<2 mths)	24	36	32	54	20
<b>3.2.1</b>	<b>Clients/field officer (&gt;2mths)</b>	<b>383</b>	<b>431</b>	<b>418</b>	<b>390</b>	<b>347</b>
3.2.2	Clients per staff (field + HO)	241	254	269	242	245
3.3.1	Portfolio/field officer > 2mths (Rp.000)	167,664	165,734	164,908	183,483	201,292
3.3.2	Portfolio/field officer > 2 mths (US\$)	18,350	17,631	17,896	19,879	21,464
3.4	Centres per field officer	19	20	20	18	18
3.5	Operating expense ratio (% Port. Out)	33.4%	31.5%	28.4%	33.7%	41.8%
3.6	Financial expense ratio (% Port. Out)	8.7%	9.6%	11.0%	14.8%	20.1%
3.7	Total cost ratio (% Port. Outstanding)	42.1%	41.2%	39.4%	48.4%	61.8%
3.9	Overhead ratio (HO/Total expenses)	23%	26%	16%	15%	15%
3.10	Field officers as % of total staff	73%	73%	75%	77%	76%
3.11	Ratio HO staff to total staff (%)	5%	4%	3%	4%	4%

<b>4.0</b>	<b><u>Viability and Sustainability</u></b>					
4.1	Average quarterly yield on portf.	40.1%	37.4%	37.0%	47.3%	63.2%
4.2	Average annual yield on portf.	35.2%	41.5%	42.5%	50.1%	59.9%
4.3	Operational self-sufficiency	<b>96%</b>	<b>93%</b>	<b>108%</b>	<b>104%</b>	<b>107%</b>
4.4	Financial self-sufficiency					
4.5	Return on average assets (ROA)	2.2%	0.3%	0.6%	0.5%	0.9%
4.6	Debt to equity ratio (inc. quasi-equity)	1.4	2.1	3.1	3.6	5.4
<b>5.0</b>	<b><u>Impact on Poverty</u></b>					
5.1	% Very Poor (based on Housing Index)	80%	80%	80%	80%	80%
5.2	Moderately poor	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	90.0%	90.8%	91.7%	89.9%	87.5%