

Annual Report

2018

Foreword

Jakarta, December 23, 2019.

Dear all KKI supporters,

We are really happy to greet you again with KKI's 2018 Annual Report 😊

We hope you, family and all that you do are all well as we reach the end of 2019.

Before sharing further KKI's year in 2018, I want to apologize as we were not able to share this report a lot earlier as promised. We were not discipline enough. We hope to do it in 2019. Please kindly pray for us.

Going to 2018, it's a year that could be wrapped up in 1 phrase: "a total restructuring".

Many things happened in relation with this restructuring. **It started with 2 of KKI's high-level personnel leaving**, followed gradually by another 5 mid-level personnel until the end of 2018 – all of them are non-operational people under my supervision. This left KKI with only 37% of previous mid-to-top level personnel in place.

This events caused lot sadness and worries in internal team, commissioners, and supporters. But we know we have to get up. KKI should not stop. Our members and team need KKI to continue. And together, we did.

We got up and with GOD's guidance and provision, do lot of changes: I changed my leadership approach. Non-operational offices were merged from 2 to 1. Staffs were invited to step up and do works previously done by supervisors-managers. Finance Divisions were restructured to have more clarity between finance and accounting works. Smaller details were developed, including usage of voucher system and working-hour requirement for certain positions. Those who wanted KKI to continue united and stepped up in the midst of adversity.

Fast forward to the end of 2018, we could only be amazed by GOD's work for KKI. **HE showed us that reliance on Him, followed by His providence, are the only keys that would enable KKI to truly progress.**

So many things that put us in awe happened. We want to share 3 of them, as following:

First, turn around in Finance Division resulted in less number of less experienced people generating better results in lot more efficient manner. An equivalent of 3.5 people (vs. 5 before) finalized Financial Statements (FS) within 3 months after the year ends (vs. 8 months before) and for the 1st time ever produced monthly FS in November.

Second, all operational figures reached an all-time high at the end of 2018, after being stagnant or even declining for 2 previous years. I.e., member grew by 21% to reach 9,371 (vs. -3% in 2016-2017 combined). Average loan size grew by 21% to reach 2.2 million IDR (vs. 7% in 2017). Bad debt was consistent at 0% throughout 2018.

Third, KKI's financial were also turned around. After incurring losses of IDR 178 million and 824 million in 2016 and 2017, respectively, in 2018 KKI recorded a surplus of IDR 276 million.

Looking into 2019, KKI had 3 priorities: (a) to implement new Management Information System, which was started in 2018, (b) to continue restructuring in non-operational divisions to achieve more effectiveness and efficiency, and (c) to continue grooming branch managers so we could open more branches and serve more members.

2019 happened to be a lot more challenging than we thought, as we continue to learn to live above our own ego. There were major setbacks on priorities (a) and (c) above. However, overall, it's another year full of blessings for KKI. We will share more on this on our 2019 Annual Report, hopefully by July 2020 the latest 😊

Finally and as always, we want to pass our gratitude to all of you who continue to believe in and support us, especially throughout 2018. **Thank you very much for all your trust, supports and prayers.** We hope to continue holding hands and collaborating with you to support more needy families in the future.

Take care and let's always be joyful in His eternal blessings.



Leonardo Kamilius

Representing team and members of Koperasi KASIH Indonesia



About KKI

KKI's mission is to empower the poor to exit poverty for good, by providing a combination of microfinance services and mindset-motivation training. Our vision is to reach and empower the poor, wherever they are.

Founded by Leonardo Kamilius in 2011, with Lucyana Siregar as co-founder, KKI started as a microfinance adopting Grameen model, pioneered by Mohammad Yunus who won a Nobel Prize for developing microcredit. In subsequent years, the model was adjusted to serve urban poor in Jakarta slums. They started at the toughest area in Jakarta, Cilincing, that is home to 20 thousand poor households.

By end of 2018, KKI serves 9,371 members in our 6 branches that cover Cilincing, Priok, Sukapura, Koja, and Cakung areas in North Jakarta. KKI members are women who mostly earn 30-100 thousand Rupiah / day from its business. KKI has grown to 52 employees today, and disbursed more than 118 billion Rupiah in microloan since establishment.



Mindset - Motivation Training

Many poverty-stricken members did not believe they could achieve dreams of a better life and it partially comes from not having the right mindsets. Our trainings aim to address these challenges.

Frame of Dreams

Members cut and paste images of their dreams on a paper frame. Then, hang the frame on a visible spot in their house. The purpose is to continuously remind them of their life dreams and motivate them to act on it.



Group Loan (Pinjaman Sejahtera)

Loans are disbursed after members attended 2 training sessions. They have to form a group of 7-11 to obtain loans between 500 thousand to 7 million Rupiah. Tenor is 25 or 40 weeks.

Life & Loan Insurance

Our borrowers are covered by life insurance. Should she pass away, her remaining loan will be waived and her family will receive 3 million Rupiah.



Compulsory Savings

To instill savings habit, we require members to save weekly, alongside repayment. The compulsory savings will accumulate to reach around 35-36% of loan size and will be returned in full once the loan cycle ends.

Voluntary Savings

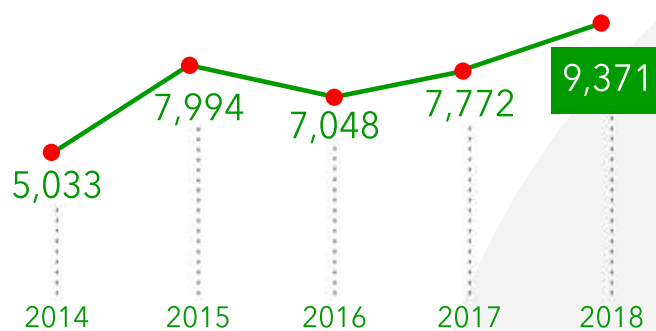
Members can voluntarily save starting from 5 thousand Rupiah, withdrawable on working days at KKI's office. Every day, around 60 members withdrew their savings, sometimes as little as 20 thousand Rupiah to buy rice.



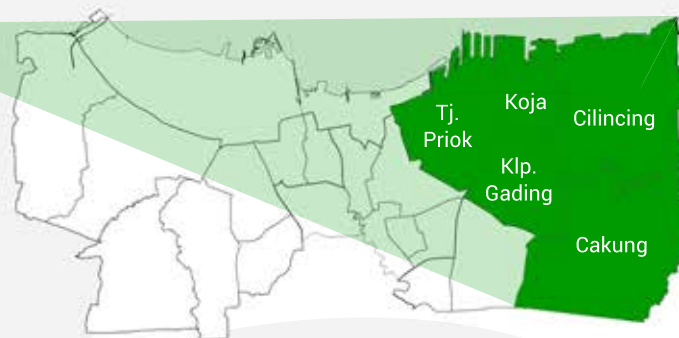
KKI in Figures

All currencies are in IDR

MEMBER GROWTH



COVERAGE AREA

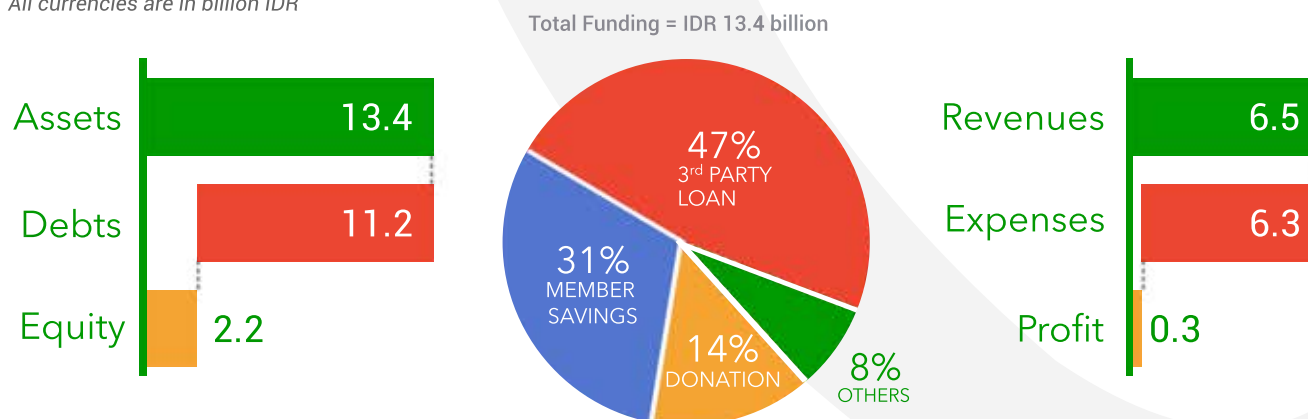


KEY OPERATIONAL FIGURES



KEY FINANCIAL FIGURES

All currencies are in billion IDR



OTHER SUPPORTS

Delivered in 2018



MICRO INSURANCE

Amount of IDR 3 million supports
disbursed to family of deceased member:
IDR 120 million

Amount of loan principal waived:
IDR 79.7 million



SCHOLARSHIPS

Scholarships are provided by
PT Bank CIMB Niaga Tbk

No. of recipient (high school
students): 9

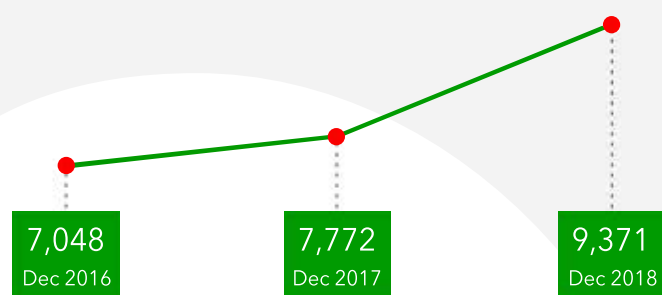
Amount of scholarship disbursed:
IDR 36.2 million



2018 In Review

OUTREACH

Define as active borrowing members at end of month



KKI reached its new all-time high for most operational figures in 2018, notably number of member, average loan size and outstanding portfolio.

Financially, it's a year of relief as surplus of IDR 276 million was recorded, bouncing from total losses of IDR 1 billion in 2016-2017.

HIGHLIGHTS

Outreach Metrics

All currencies are in IDR

	Dec 2017	Dec 2018
Total members	7,772	9,371
Branch	5 (2 satellites)	6 (3 satellites)
Total loan disbursed for the year	25.3 billion	35.4 billion
Outstanding Portfolio	7.9 billion	11.8 billion
Average Loan Size	1.8 million	2.2 million
% PAR > 30 days	0	0

Employees Metrics

BM = Branch Manager

	Dec 2017	Dec 2018
No. of full time employees	49	52
No. of BM & BM Candidate (BMC)	3 BMs + 2 BMCs	6 BMs + 0 BMCs
Employee turnover	12%	39%
No. of Supervisors & above	8	3

Financial Metrics

All numbers are in billion IDR

	Dec 2017	Dec 2018
Assets	9.5	13.4
Debts	7.7	11.2
Equity	1.8	2.2
Revenues	4.8	6.5
Expenses	5.7	6.3
Profit (Loss)	(0.9)	0.3

Outreach & Employee highlights

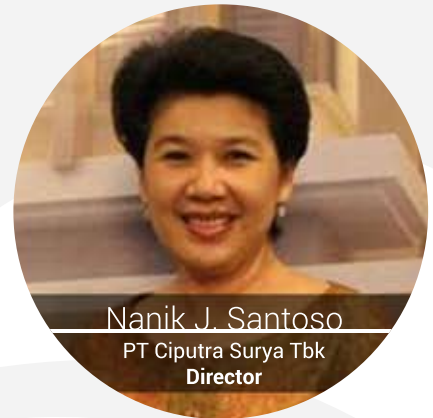
- As shared in the foreword, all operational figures reached an all-time high at the end of 2018, which includes number of member (grew by 21%), number of branch (+20%), average loan size (+21%) and outstanding portfolio (+49%).
- Member and branch growth were driven by an addition of one Branch Manager, which in turn opened one additional branch and allowed KKI to reach more members. This highlights the importance of grooming more Branch Managers for KKI.
- Significant increase in outstanding portfolio (+49%) was driven by both increase in member (+21%) and average loan size (+21%). Particularly on average loan size, its growth in 2018 is the highest in the past 4 years. It's a result of a concerted effort designed after we realized KKI had been too conservative in determining loan size, which hurts both member and KKI.
- Regarding employees, the key highlight was 7 supervisors & above level left KKI in 2018 due to various reasons (2 of whom joined in 2018), all in non-operational divisions. This event resulted in restructuring of various parts in KKI, which in turn brought higher level of effectiveness and efficiency, i.e., some works previously done by supervisors were then done well by staffs.

Financial Highlights

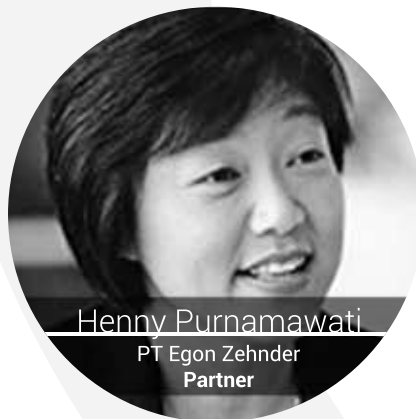
- Following growth in outstanding portfolio (+49%), assets also grew significantly (+41%), reaching IDR 13.4 billion, an all-time high.
- This growth in assets was financed mostly by growth in 3rd party loan and member savings, which grew by 60% and 37% from 2017, respectively.
- The key financial highlight is the fact that KKI recorded a profit of IDR 276 million, vs. losses of IDR 178 and 824 million in 2016 and 2017, respectively. This positive result was driven by significant growth in revenues (+37%), which comes from growth in member and average loan size, combined with lesser growth in expenses (+12%), which was mainly driven by 7 supervisors & above level personnel leaving KKI in 2018.



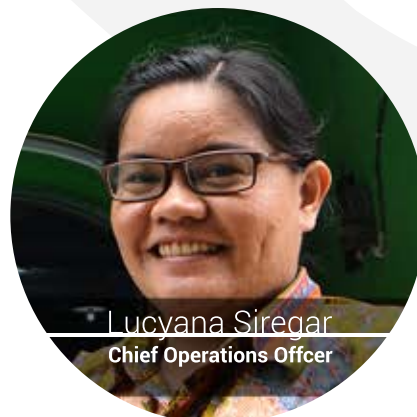
Board of Commissioners



Board of Advisors



Leadership Team



Achieving Dreams

(1 of 2)

*"....Pokoknya selagi kaki ini masih sanggup jalan,
saya akan masih semangat jualan...."*



Walking from one alley to another in Cilincing is a routine activity that Bu Rotua do every day. She sells clothes and she does the instalment system for her customer. In the morning, she goes to her neighbour's home to sell her new clothes and take her customer's daily payment. Coming from North Sumatra in 2000, Bu Rotua is one of KKI's member who has a strong spirit to reach her dream.

While she came to Jakarta, her husband worked as an angkot driver and she was only a housewife. On 2011, she became a member of KKI. At that time, she needed money to make a truck driver's license for her husband. All of the loans that she got from KKI, she used to support her husband. After her husband got the driver's license, he could drive a truck and got more money. Unfortunately, while her family's financial condition was getting better, her husband got an accident. The truck her husband drove was broken. There were only two choices given to Bu Rotua's husband. Either he paid the reparation of the truck from his salary or he must resign from his job. He chose to resign from the company. Because of this incident, Bu Rotua was forced to be a breadwinner for her family.

She thought to start a business to support her family financially. She started to sell clothes. Bu Rotua got products from her friend so she doesn't need to buy the product. She

only had to promote the clothes and paid the clothes if the customer has bought it from Bu Rotua. When Bu Rotua got a new loan from KKI, she bought some bags from Senen market and sold them in her neighbourhood. Many friends and neighbour bought her clothes and bags. Her business is running well.

She said she is grateful to join KKI. She got many benefits by being KKI member. One of them is knowledge on how to manage our money well. She said one day she attended a seminar about the importance of saving (after a member accomplished their loan repayment, they must attend a seminar to get a new loan). After that, she brought a piggybank for her family as a present. Bu Rotua explained that they need to start saving money there. Her husband and children laughed when they saw the piggy bank. But after a while, they start to save money too. She was happy because she has the frame of a dream from KKI. She said whenever she sees the frame of dreams, she prays in her heart and cheer herself up to work hard to reach her family's dream.

Bu Rotua and her family still save every day. They already built a habit of saving when they have spare money. Bu Rotua said that she wanted to buy a truck for her husband so that he can start his own business. "As long as I can walk, I will not stop selling goods". Good luck in reaching your dream, Bu Rotua!



Achieving Dreams

(2 of 2)

*"....Apa yang tidak membunuh kita,
membuat kita menjadi jauh lebih kuat...."*



Everybody has their own motivation to start business including Bu Mayleni. She really wants to spend her free time with positive activity that can help her family to reach their big dream. One of that dream is owning a house.

At that time, they lived in the house owned by her husband's family. The house was very small and descent. Although, they had their own kitchen and bathroom in the backyard, they only had one room to stay. It means the room is used as living room, as bedroom, and as a dining room. They did all of the activities there. This situation made Bu Mayleni realized that they could not stay forever at that place. When her children had grown up, they should have their own room.

Thinking hard, Bu Mayleni tried to sell clothes as her first business. She did instalment system. Bu Mayleni's husband who had lodging business gave her IDR 1 million as capital. Getting trust from her husband made her went to Tanah Abang Market in a rush and bought children and Muslim women clothes. She got profit between IDR 100.000 to 200.000 per week. Unfortunately, her business didn't run well. Some customers didn't pay on time. But she didn't give up. She tried another business. She sold food. While she tried new business, she met one of KKI's staff and interested to join. She got IDR 500.000 loan from KKI and used the loan to buy many clothes so that she had two businesses.

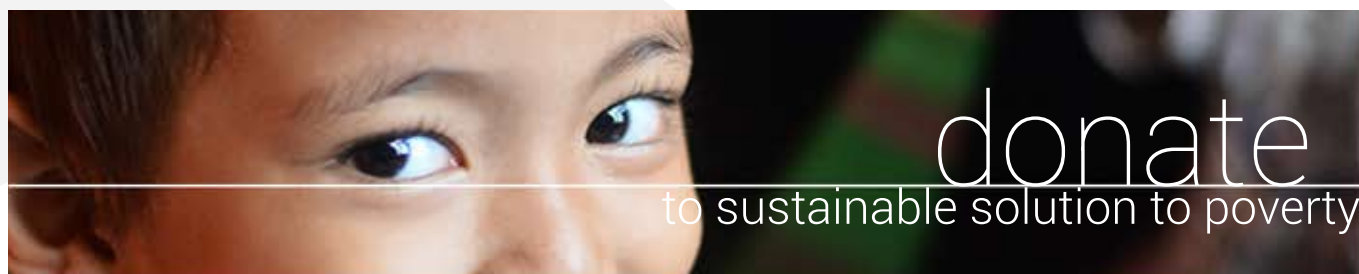
Life is like a spinning wheel. Sometimes we are up, sometimes we are down. While she tried to develop her business, her husband's business didn't run well. So, Bu Mayleni become a breadwinner for her family. She pushed herself to get much money for her family. Fortunately, in KKI the members not only get loan but also get training and savings. Bu Mayleni tried to limit her family's expenses and to save more. Training held by KKI helped Bu Mayleni to manage her money well. Even tough, her family went through hard times but she could save money and use it to pay school fees or household needs.

After one year become breadwinner, her husband's business slowly rose up. That situation made Bu Mayleni could save more. She focused on her clothes business and got many profits. Finally, she got loan of IDR 3 million from KKI and because she could save more, she can build house for her family. Fortunately, her husband is given a piece of land from his family to build their house. They started to build their own home and after 7 months, the house was ready to be used.

Now, Bu Mayleni's family has their own home. They are really happy because they can go through many challenges and can reach their big dream. Bu Mayleni still has some other dreams. She wants her children to continue their education until university and wants to do hajj with her family. You can do it, Bu Mayleni! 😊



Make a Difference



100% donations made to KKI go directly as micro loans to our members, unless a specific purpose is specified. You can donate to:

Bank: Bank Rakyat Indonesia (BRI)
Account Name: **Koperasi KASIH Indonesia**
Account No.: **1223.01.000112.30.9**
Branch: Mall Ambassador (Rasuna Said)

Kindly inform us at koperasi.KASIH.indonesia@gmail.com if you make donation to KKI. We will provide receipt of your donation and share KKI's quarterly & yearly reports with you



Every 100 million rupiah fund lent to KKI for 1 year translates into:

- Around 275 women receiving loans,
- Around 275 women attending mindset motivation training,
- Around 220 women receiving Frame of Dreams (not everyone asks for Frame of Dreams),
- Around 275 women having savings access and facilities, and.....

.....the INTANGIBLE POSITIVE RIPPLE EFFECTS to Indonesia's next generation whose mothers are educated through our program.

We offer **attractive returns** to our supporters: 200 million loan yields 10.8% gross interest rate, equivalent to 9.5% bank deposit rate

50-99

million

8% p.a., gross
interest

100-199

million

9% p.a., gross
interest

200-299

million

10.8% p.a., gross
interest

300-599

million

11.5% p.a., gross
interest

600-999

million

12% p.a., gross
interest

>999

million

13% p.a., gross
interest



Gallery 1



KKI Members showing their Frame of Dreams after Loan Disbursement



Voluntary savings withdrawal at KKI office



KKI Treasurer hand over session in Annual Members Meeting in 2018



Gallery 2



A big smile after meeting KKI's officer for pre-loan checking



Branch staffs still doing their works despite power outage



Visiting member's house through a narrow alley





Thank you for all your supports 