PT BFI Finance Indonesia Tbk

09M:18 Results

October 2018

Analyst Briefing

09M:18 Key Highlights

Strong growth in new booking & income, improved net interest spread and rising COC

GROWTH

- New booking reached Rp12,730 bn, increase 24.2% YoY contributed by mostly NDF Car, followed by NDF Mcy and HETO
- Total managed receivables grew 23.2% YoY to Rp18,452 bn, while On B/S receivables increased by 24.8% to Rp 18,082 bn
- Yield Portfolio slightly decreased by 5 bps YoY to 20.57% due to growth seen in HETO.

ASSET QUALITY

- NPL ratio rose to 1.23% from 1.11% last year, mainly driven by slight deterioration in Used Cars and Used Mcy segments
- COC ratio increased to 2.34% from 1.70% YoY, in line with increase in NCL from 1.05% to 1.49% and 23 bps better than Jun'18 figure. In order to improve COC, we tighten underwriting criteria and improve collection efforts.

FUNDING

- COF decreased by 156 bps YoY from 10.22% to 8.67% in spite of increasing rate environment - a lag effect due to the fixed rate nature of our borrowings. Expect to see increase in coming quarters due to higher cost of borrowing driven by rising BI 7D RR rate (150 bps in the last 4 months alone).

PROFITABILITY

- Net Interest Spread improved by 151 bps from 10.39% to 11.91% YoY mainly driven by lower COF
- PBT reached Rp1,369 bn or 29.7% YoY growth, backed by Net revenue growth of 30.9% and offset by increased COC of 71.2% and of Opex 24.8%. Revenue growth outpace Opex growth, resulted in positive JAWS ratio of 6.1%
- PAT reached Rp1,094 bn or 29.9% YoY growth.

09M:18 Key Highlights (continued)

Strong growth in new booking & income, improved net interest spread and rising COC

OTHER UPDATES

- Total outlets increase to 389 in Q318 vs 342 in 2H17 consists of 226 branches and 163 kiosks/"*gerai*" (excluded 4 sharia branches which located at existing branch offices)
- Fintech subsidiary PT FIT has received OJK approval for P2P lending business under the name of Pinjam Modal (pinjammodal.id)
- On 3rd August 2018, we were informed by by Trinugraha Capital & Co. SCA that they have entered into Shares Sale and Purchase Agreement pursuant to which they will sell 2,977,912,340 shares in BFI (19.9% of total shares) to Compass Banca SpA, a wholly owned subsidiary of Mediobanca SpA, and approximately 1,646 million shares (c. 11%) in BFI to Star Finance S.R.L.
- On 14th October 2018, Fitch Ratings has affirmed the National Long Term Rating at AA-(idn) and National Short-Term Rating at F1+(idn). The Outlook is Stable

09M:18 Balance Sheet (Proforma) Highlight

Successfully sustaining business growth in Non-Dealer Financing 4W,2W and HETO

In Rp bil (unless otherwise stated)	9M18	9M17	YoYΔ	FY17	FY16	YoYΔ
New Bookings	12,730	10,251	↑ 24.2%	14,341	10,743	↑ 33.5%
Managed Receivables^	18,452	14,972	↑ 23.2%	15,936	13,026	↑ 22.3%
Total Net Receivables	17,737	14,242	↑ 24.5%	15,352	11,583	↑ 32.5%
Total Assets	19,440	15,326	↑ 26.8%	16,483	12,476	↑ 32.1%
Total Debt	12,793	9,754	↑ 31.2%	10,728	7,656	↑ 40.1%
Total Proforma Debt^	13,166	10,237	↑ 28.6%	11,252	8,915	↑ 26.2%
Total Equity	5,812	4,890	↑ 18.8%	4,904	4,255	↑ 15.3%

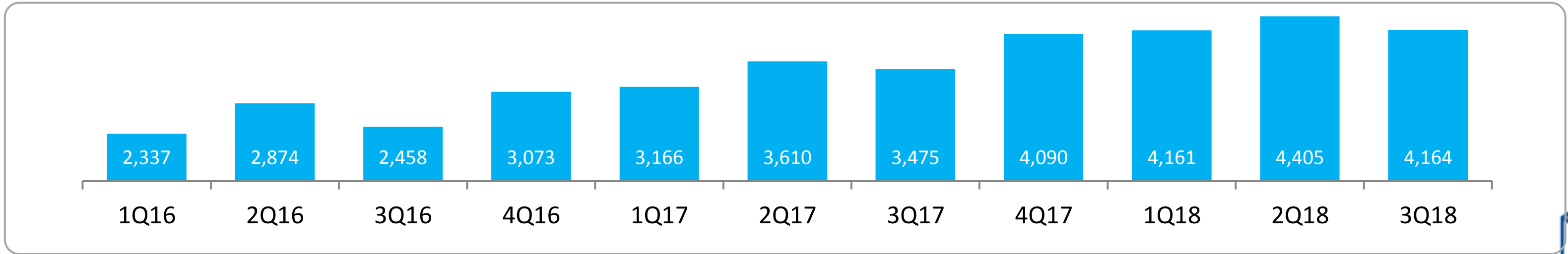
Driven by Non-Dealer 4W, 2W, HETO and DF Used bookings growth

New bank loans drawdown and issuance of new bonds

* All absolute figures have been rounded to the closest Rp billion and therefore may have some discrepancies with percentage calculations

^ Includes channeling and joint financing transactions

Quarterly Bookings Trend (1Q16-3Q18)



Profit & Loss (Proforma) Highlights

Continued portfolio growth and Net Interest Spread enhancement (lower Cost of Fund) play a critical role for improving profitability

In Rp bil (unless otherwise stated)	9M18	9M17	YoYΔ		FY17	FY16	YoYΔ
Interest Income	2,690	2,162	↑ 24.5%	Strong growth in NDF income	2,967	2,532	↑ 17.2%
Financing Cost	811	735	↑ 10.3%	Higher Borrowings and Bonds to support business growth, yet, COF decreased by 1.56%	988	1,001	↓ 1.3%
Net Interest Income	1,879	1,426	↑ 31.8%		1,979	1,531	↑ 29.3%
Fees & Other Income	1,005	776	↑ 29.4%	In line with new booking growth	1,090	826	↑ 31.9%
Net Revenue	2,884	2,203	↑ 30.9%		3,069	2,358	↑ 30.2%
Operating Expenses	1,210	970	↑ 24.8%	Manageable increase driven largely by business vol. growth	1,350	1,108	↑ 21.9%
Operating Income	1,674	1,233	↑ 35.7%		1,719	1,250	↑ 37.5%
Cost of Credit	305	178	↑ 71.2%	COC (in % to ANR) increased from 1.70%% to 2.34%% with DF Used, NDF Car & Mcy as the highest contributors	231	225	↑ 2.8%
PBT	1,369	1,055	↑ 29.7%		1,488	1,025	↑ 45.2%
PAT	1,094	842	↑ 29.9%		1,188	798	↑ 48.7%

* All absolute figures have been rounded to the closest Rp billion and therefore may have some discrepancies with percentage calculations

Key Ratios

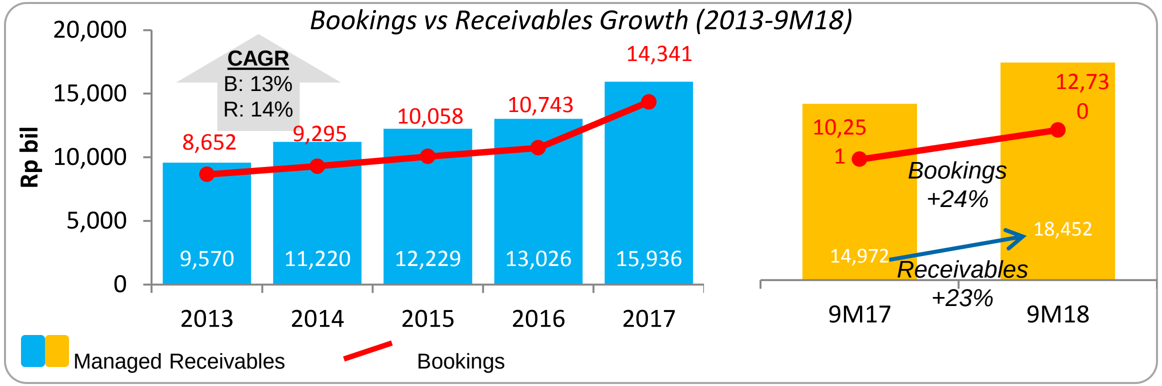
Improvement in interest spread and cost management

	9M18	9M17	YoYΔ		FY17	FY16	YoYΔ
Net Interest Spread	11.91%	10.39%	↑ 151 bps	Lower COF by 156 bps offset dip in yield of 5 bps	10.64%	8.85%	↑ 178 bps
Cost to Income	41.96%	44.01%	↓ 205 bps		44.00%	47.00%	↓ 300 bps
COC / Avg. Rec.	2.34%	1.70%	↑ 64 bps		1.61%	1.80%	↓ 19 bps
JAWS	6.1%	7.0%	↓ 92 bps		8.3%	-0.4%	↑ 870 bps
ROAA (before tax)	10.03%	10.14%	↓ 12 bps		10.33%	8.68%	↑ 165 bps
ROAA (after tax)	8.01%	8.10%	↓ 9 bps	Growth in PAT YoY set-off by rising COC	8.24%	6.76%	↑ 148 bps
ROAE (after tax)	27.35%	24.63%	↑ 272 bps		25.61%	19.37%	↑ 624 bps
NPL*	1.23%	1.11%	↑ 12 bps	Increasing NPL, mainly due to economic slowdown	0.95%	0.91%	↑ 4 bps
Debt / Equity	2.3x	2.1x	↑ 20 bps		2.2x	1.8x	↑ 40 bps

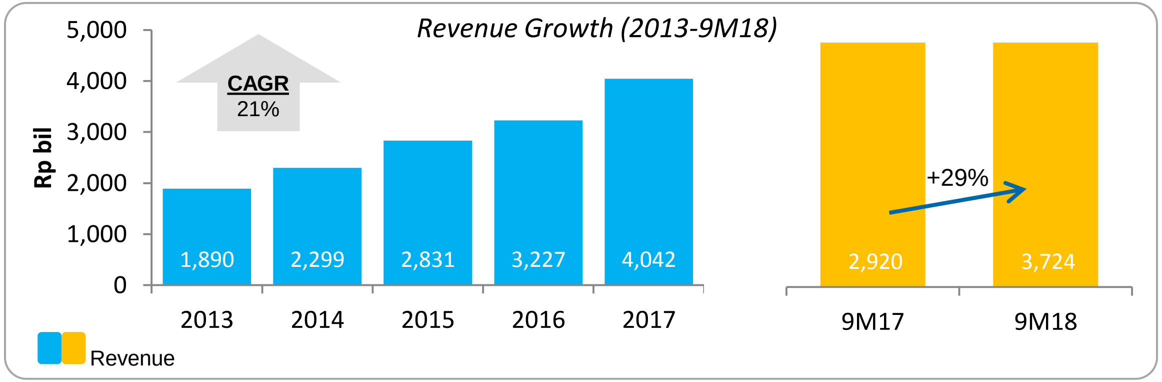
* Defined as Past Due >90 days, Calculated from total managed receivables (including Off B/S Receivables)

Ability to build a more robust balance sheet

Sustainable loan and revenue growth over the years – backed by more profitable asset mix



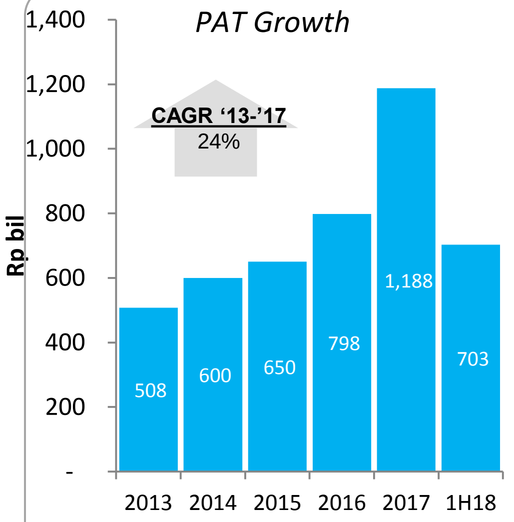
- Loan book shows improvement over the years – able to improve quality and tenor of loans booked, resulting in consistent Receivables growth compared to Bookings
- CAGR growth yoy higher than the industry

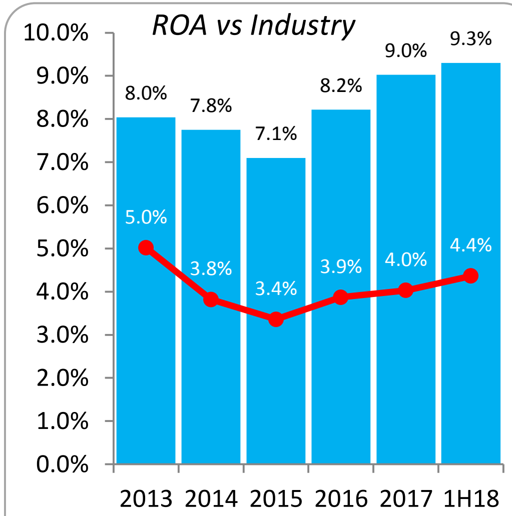


- Consistently strong growth in Revenue as a result of robust balance sheet
- Shows ability to maximise income generation from assets

Stable profitability over the years

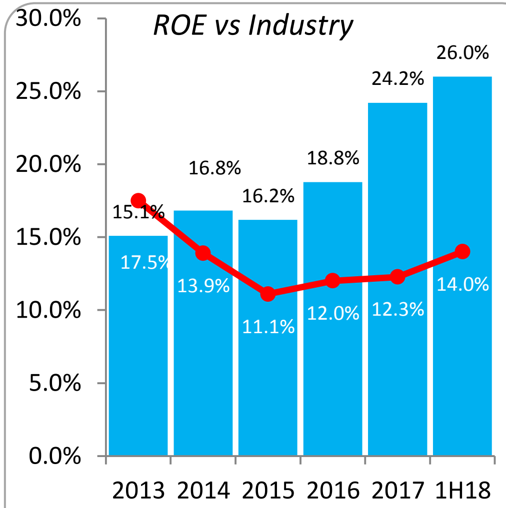
Still one of the most profitable multi-finance companies, with ROA and ROE above the industry





Source: Company, OJK

* 1H18 ROA calculated using annualized PBT/Assets, using Jun'18 data for industry



Source: Company, OJK

* 1H18 ROE calculated using annualized PAT/Equity, using Jun'18 data for industry

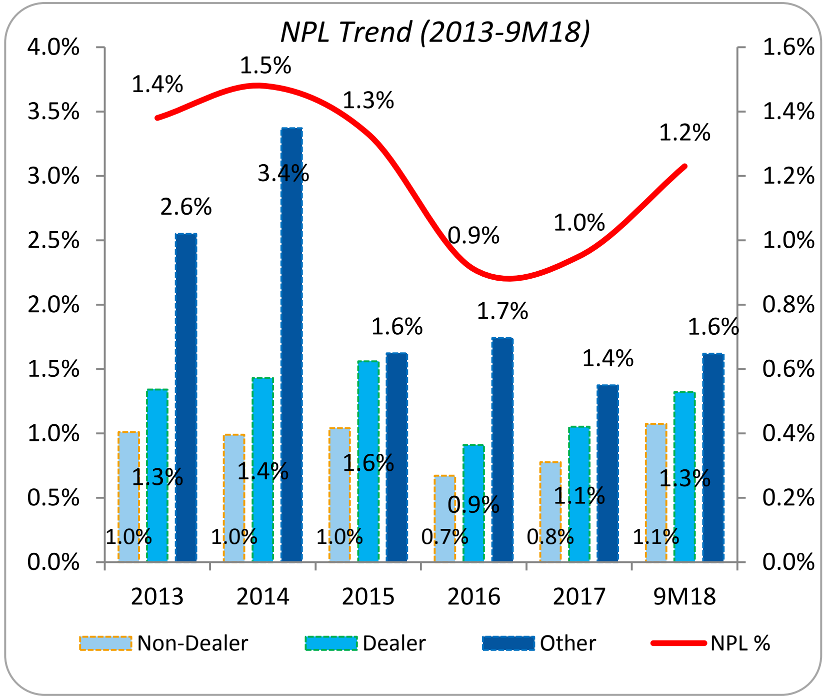
- PAT growth in spite of slowing economy
- Annualized PAT H1 2018 shows better performance than FY17

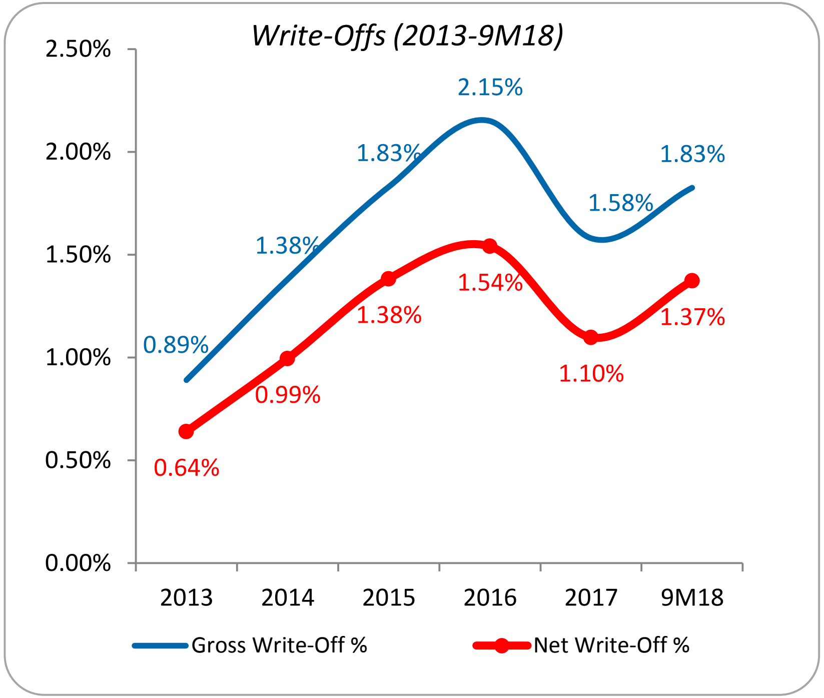
- One of the highest ROA companies in the industry
- Consistently outperformed industry

ROE improving over the years

Asset quality under control

Well managed balance sheet with low NPLs and write-off

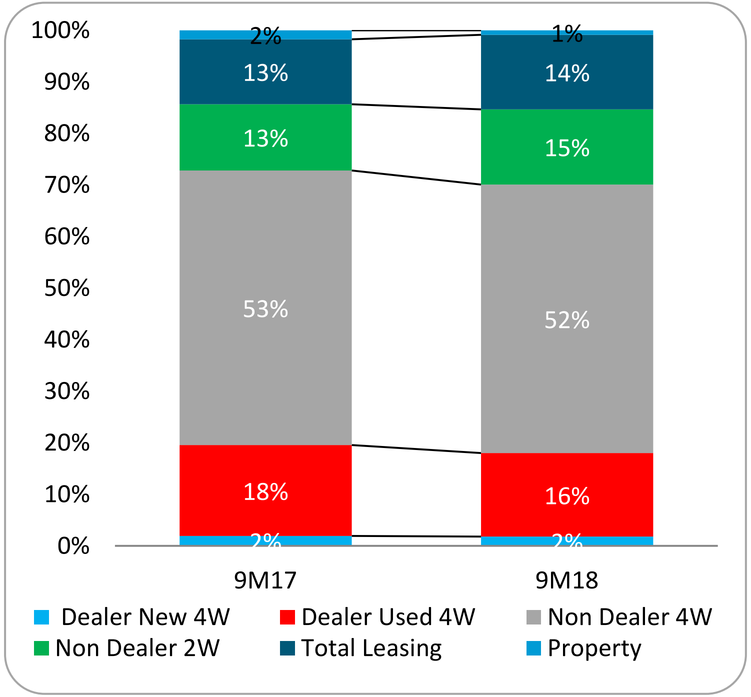




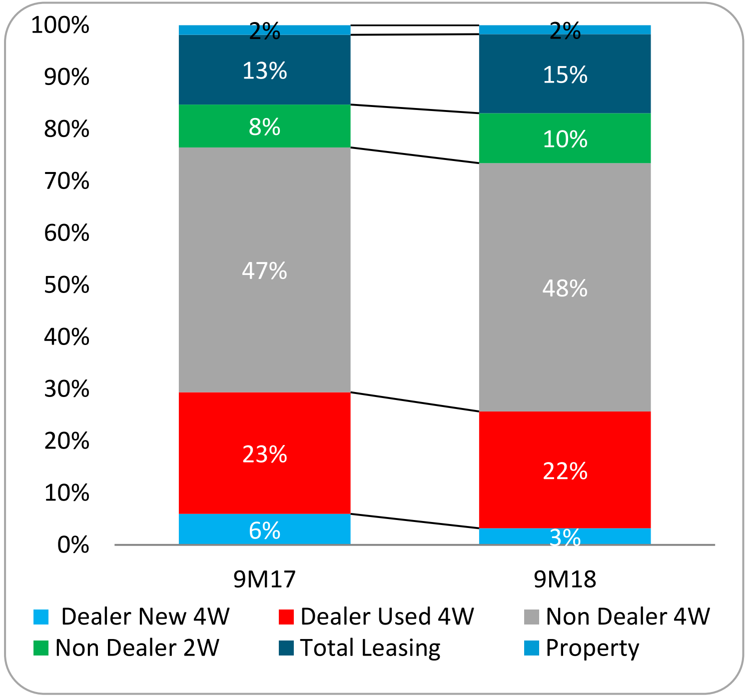
Asset Composition

Total managed NDF portfolio (4W + 2W) increased from 55% in 9M17 to 58% in 9M18, while NDF booking reached 67%

Booking Composition (9M17 vs 9M18)



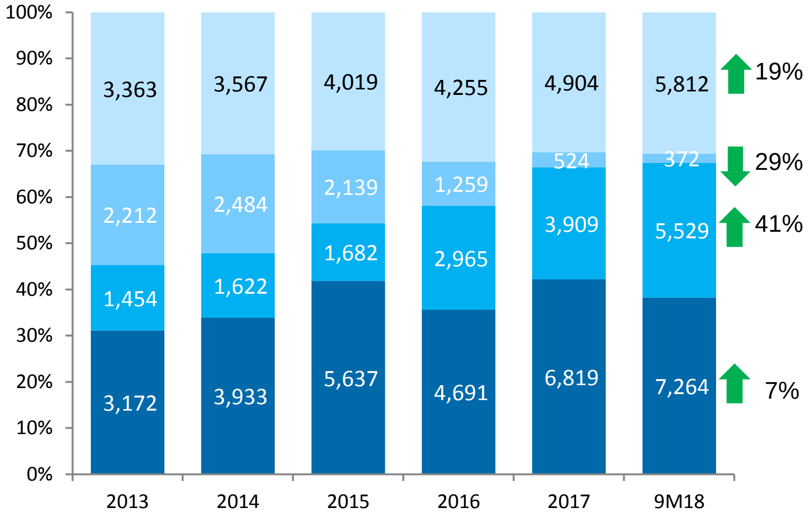
Managed Receivables Composition (9M17 vs 9M18)



Strong capital base

More diversified capital structure, resulting in better management of borrowing cost and stable NIM

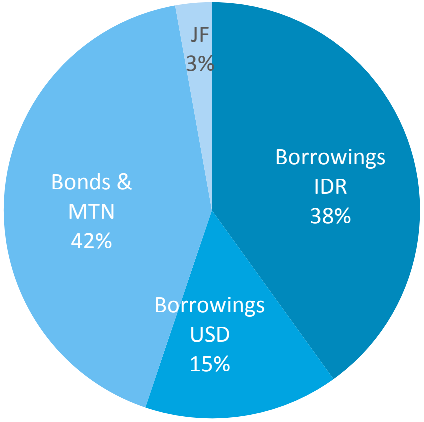
Source of Funding (2013-9M18)



	2013	2014	2015	2016	2017	9M18
Total Equity	3,363	3,567	4,019	4,255	4,904	5,408

■ Bank borrowings ■ Bonds & MTN ■ JF ■ Equity

External Funding Sources



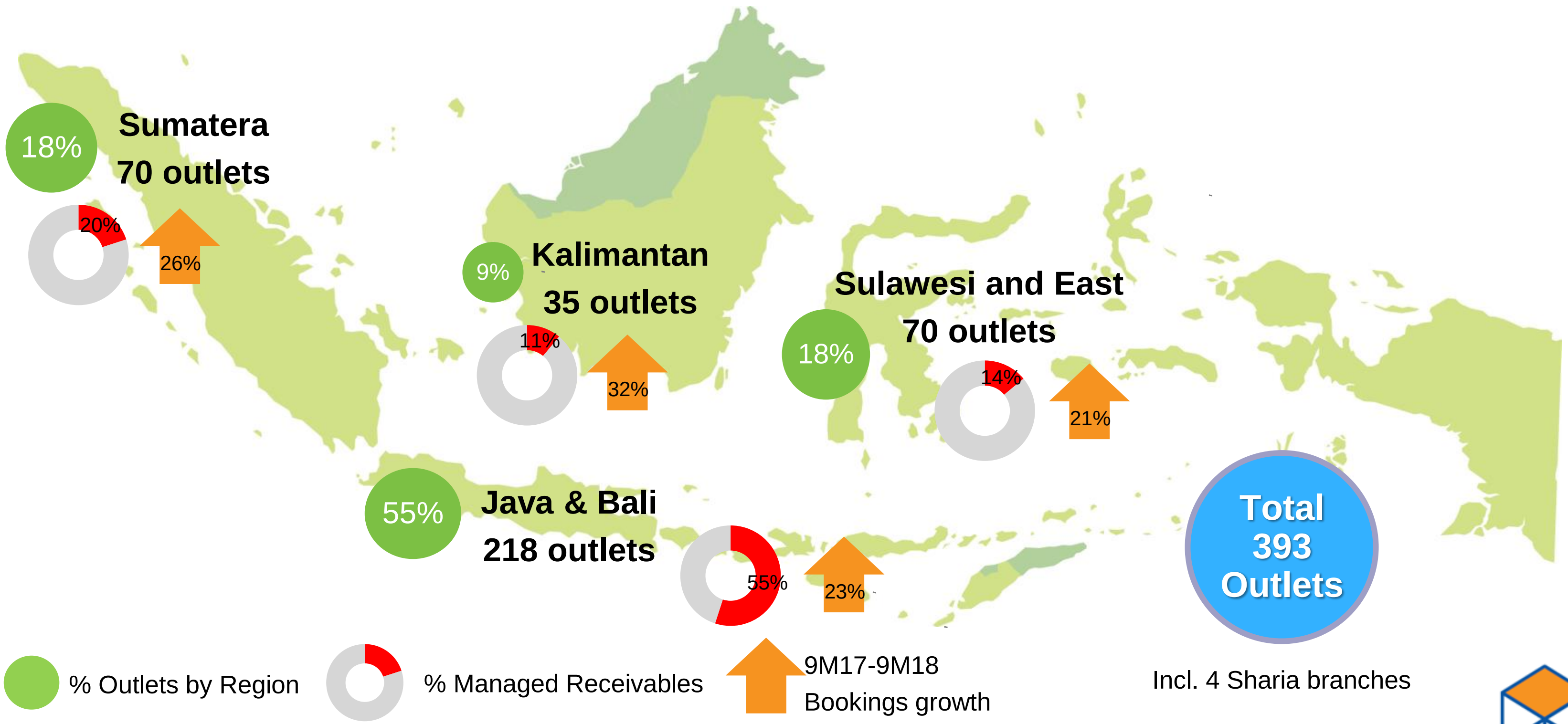
Total : Rp13,166 billion

- Increasingly larger proportion of bonds issued, taking advantage of improved pricing climate for bonds since last year
- Decline in Joint Financing contribute to better funding cost

- Corporate rating upgrade by Fitch Ratings to AA-(idn) has improved BFI credit profile and CoF
- Adequate facilities in pipeline to support further business expansion

Business Distribution and Branch Network as of 30 Sep-18

Heavier expansion on Kalimantan and Sumatera



Thank You