PT BFI FINANCE INDONESIA: *1H16 RESULTS*

August 2016

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

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1H16 KEY UPDATES

GROWTH

- **Receivables and Revenue** growth, amidst economic challenges
  - Total Receivables grew 13.8% whilst Managed Receivables (incl off balance sheet) grew 0.8% driven by contracted yoy new bookings
  - Net Revenue growth of 15.3% driven largely by shifting receivables composition to higher yield products
- 8 new outlets

PROFITABILITY

- 1H16 PAT 14.1% yoy to Rp340 billion, with ability to maintain yields and strong receivables growth

ASSET QUALITY

- NPL is 1.51% and Net Write-off is 1.07%, both improved from 1Q16

FUND RAISING UPDATES

- Shelf issuance of Bond II Phase III 2016 (tenor 1-3 years) of Rp1 trillion in February 2016

OTHER

- Dividend payout of 49.7% for FY15
- Appointment of Sigit Hendra Gunawan as new Risk Director
- Final MESOP exercised in May-16 for remaining 30mm allocated shares

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BALANCE SHEET HIGHLIGHTS

In Rp bil (unless otherwise stated)	1H16	1H15	YoY∆	FY15	FY14	YoY∆
New Bookings	5,211	5,647	↓ 7.7%	10,058	9,295	↑ 8.2%
Managed Receivables^	12,623	12,528	↑ 0.8%	12,229	11,220	↑ 9.0%
Total Receivables	10,827	9,511	↑ 13.8%	10,078	8,720	↑ 15.6%
Total Assets	11,683	10,740	↑ 8.8%	11,770	9,683	↑ 21.6%
Total Borrowings^	8,884	9,562	↓ 7.1%	9,457	8,039	↑ 17.6%
Total Equity	4,113	3,823	↑ 7.6%	4,019	3,567	↑ 12.7%

- Continued slow down in New 4W and Heavy Equipment financing

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^ Includes channeling and joint financing transactions

Continued slowdown in New 4W and HE businesses resulting in slower bookings and receivables growth

PROFIT & LOSS HIGHLIGHTS

NOTE: Profit & Loss Highlights includes channeling and joint financing activities

In Rp bil (unless otherwise stated)	1H16	1H15	YoY∆	FY15	FY14	YoY∆
Interest Income	1,239	1,165	↑ 6.4%	2,415	1,989	↑ 21.4%
Financing Cost	512	504	↑ 1.6%	1,063	822	↑ 29.3%
Net Interest Income	727	661	↑ 10.0%	1,353	1,167	↑ 15.9%
Fee Based & Other Income	400	349	↑ 14.6%	713	588	↑ 21.3%
Net Revenue	1,127	1,011	↑ 11.5%	2,066	1,754	↑ 17.8%
Operating Expenses	535	481	↑ 11.2%	968	802	↑ 20.7%
Operating Income	592	530	↑ 11.7%	1,099	953	↑ 15.3%
Cost of Credit	130	160	↓ 18.8%	263	202	↑ 30.0%
PBT	462	371	↑ 24.5%	835	751	↑ 11.3%
PAT	340	298	↑ 14.1%	650	600	↑ 8.4%

- Yield improvement of 36 bps YoY attributable to non-dealer financing
- Slower growth attributable to lower interest rates for new borrowings
- In line with revenue growth
- Coming off the top of the delinquency cycle, resulting in lower write-offs
- Includes tax provisions for tax assessment in prior FY

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Continued improvements in portfolio yield and Net Interest Margins

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KEY RATIOS

	1H16	1H15	YoYΔ	FY15	FY14	YoYΔ
Net Interest Margin	8.5%	8.2%	↑ 30 bps	8.20%	7.85%	↑ 35 bps
Cost to Income	47.5%	47.5%	Stable	46.83%	45.84%	↑ 99 bps
COC	2.1%	2.7%	↓ 60 bps	2.17%	1.94%	↑ 23 bps
ROAA	7.9%	7.4%	↑ 50 bps	7.79%	8.35%	↓ 56 bps
NPL*	1.51%	1.72%	↓ 21 bps	1.33%	1.48%	↓ 15 bps
Debt / Equity	1.7x	1.6x	↑ 0.1x	1.6x	1.5x	↑ 0.1x

- Continue focusing on products with higher yields with ability to maintain NIMs

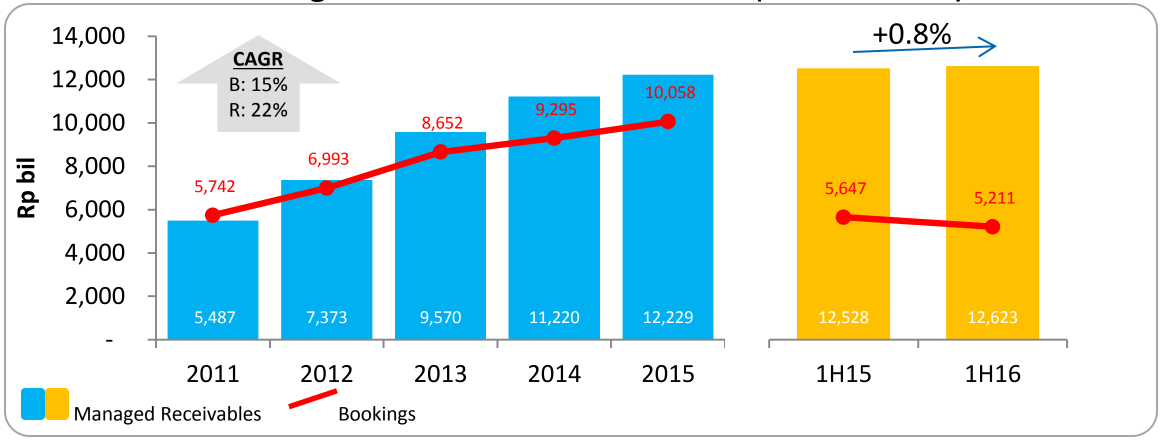
- Continue to show manageable asset quality despite challenging economic conditions

* Defined as Pastdue >90 days, Calculated from total managed receivables (included off B/S receivables)

Maintains stable NIM and NPL despite of industry headwind

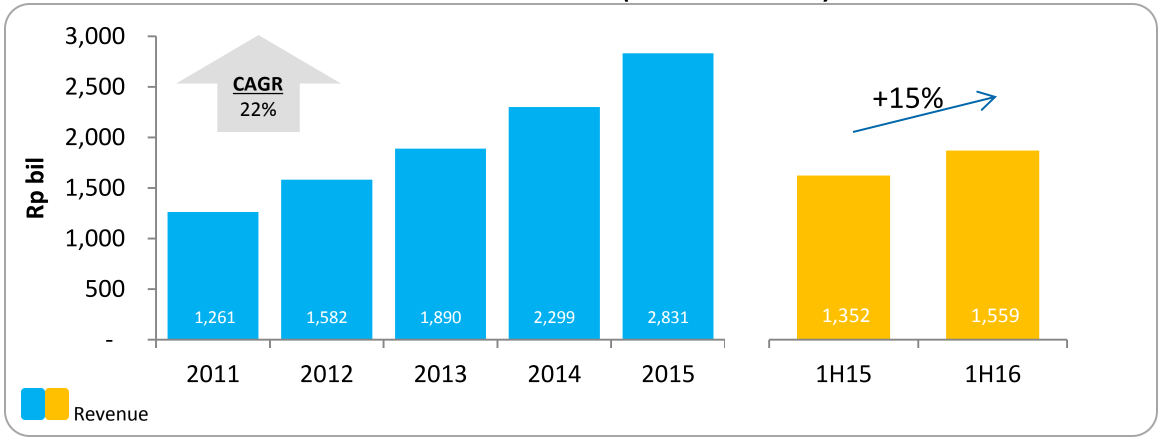
ABILITY TO BUILD A MORE ROBUST BALANCE SHEET

Bookings vs Receivables Growth (2011-1H16)



- Able to improve quality and tenor of loans booked, resulting in consistently faster Receivables growth compared to Bookings
- Slower bookings due to decrease in New 4W and Heavy Equipment financing

Revenue Growth (2011-1H16)



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

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

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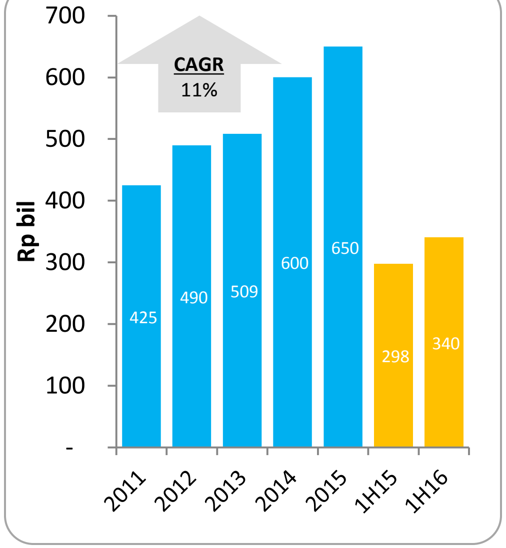
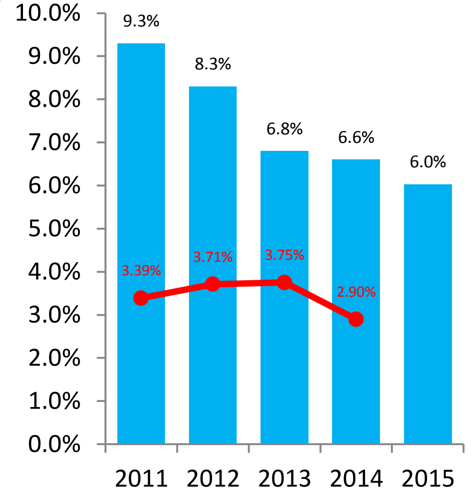
STABLE PROFITABILITY OVER THE YEARS

PAT Growth



- PAT growth in spite of slowing economy
- Continued efficient OPEX management in spite of aggressive expansion over the years

ROA Trend vs Industry

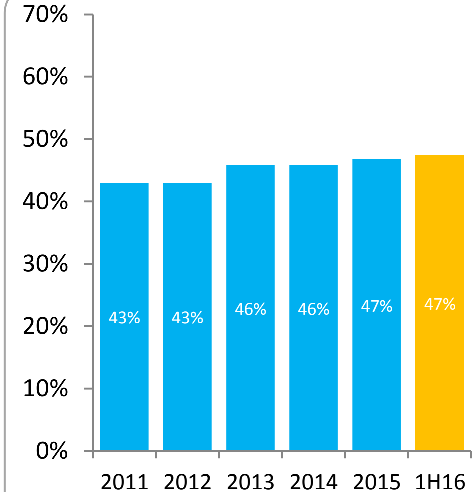


* 2014 annualised based on Sep-14 results

Source: Company, Infobank

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

*Cost-to-Income**



* G&A + Marketing Expense/Net Revenue

- Cost-to-income stable in spite of expansion

Still one of the most profitable multifinance companies, with ROAs much ahead of the industry

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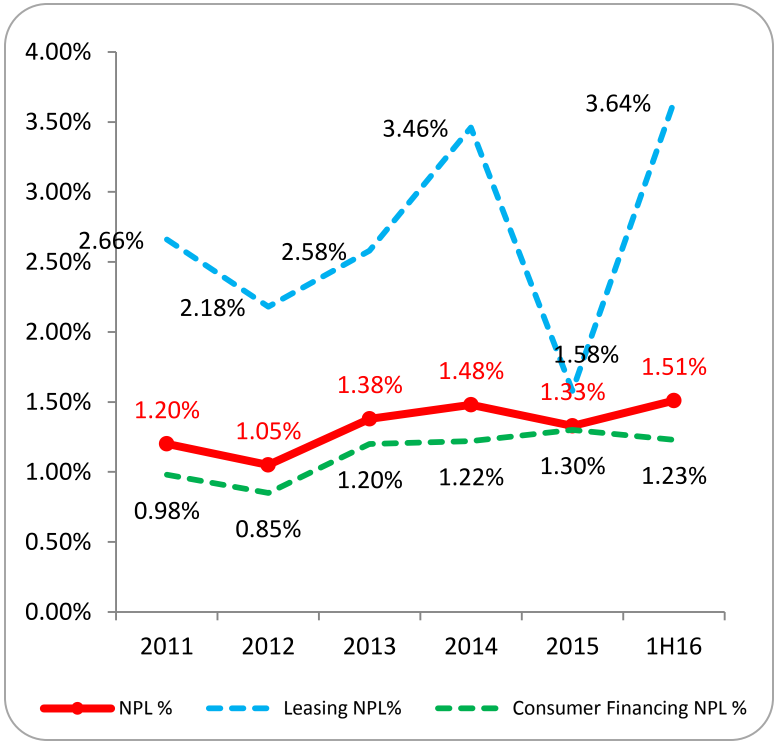
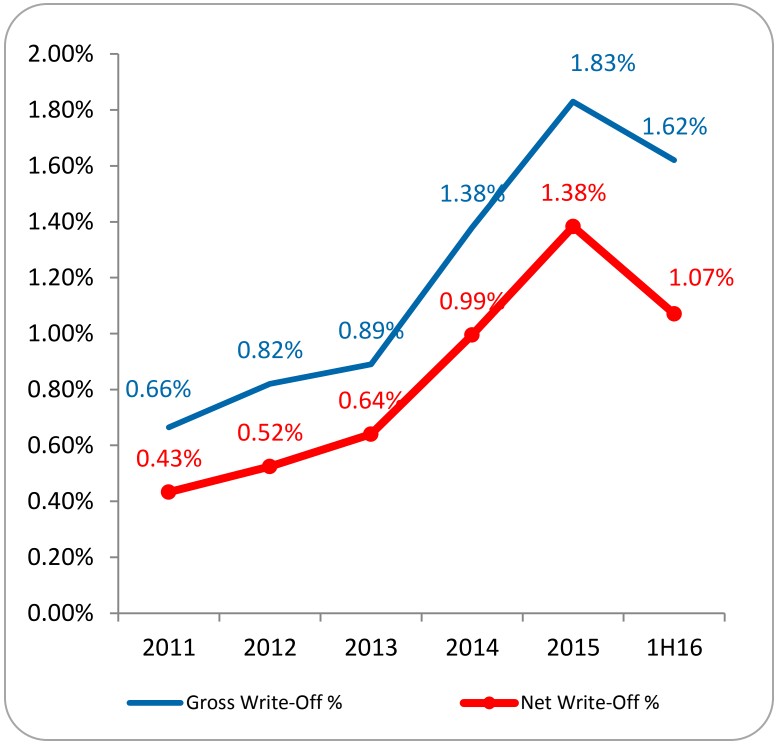
ASSET QUALITY UNDER CONTROL

NPL Trend (2011-1H16)



Write-Offs (2011-1H16)



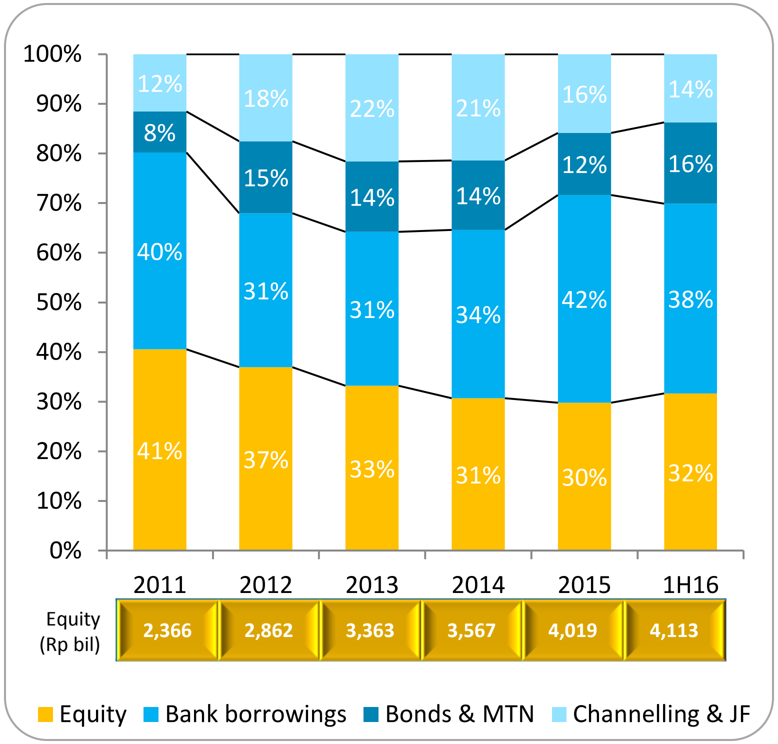
- Increase in NPL from Heavy Equipment business

- In spite of difficult economic and commodities sector conditions, managed to record lower write off than its peers

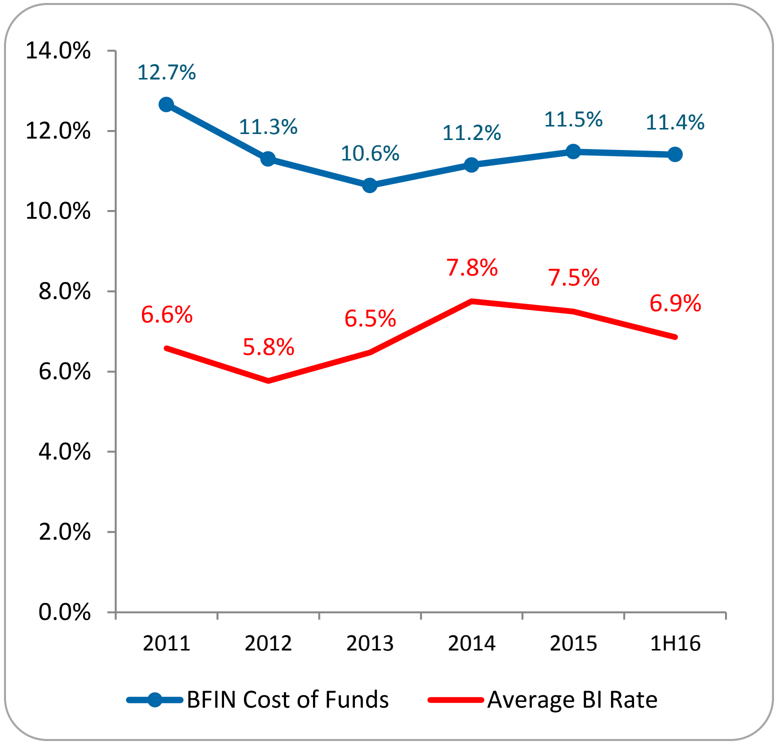
Improved write-offs and manageable NPLs due to rigorous collections and balance sheet management

STRONG CAPITAL BASE

Source of Funding (2011-1H16)



Cost of Funds (2011-1H16)



- Increasingly more diversified funding sources, which has helped especially in the last year to mitigate increasing cost of borrowings from local banks

- Cost of fund improving due to cheaper new borrowing rates

Capital structure more diversified, resulting in better management of borrowing cost and stable NIM

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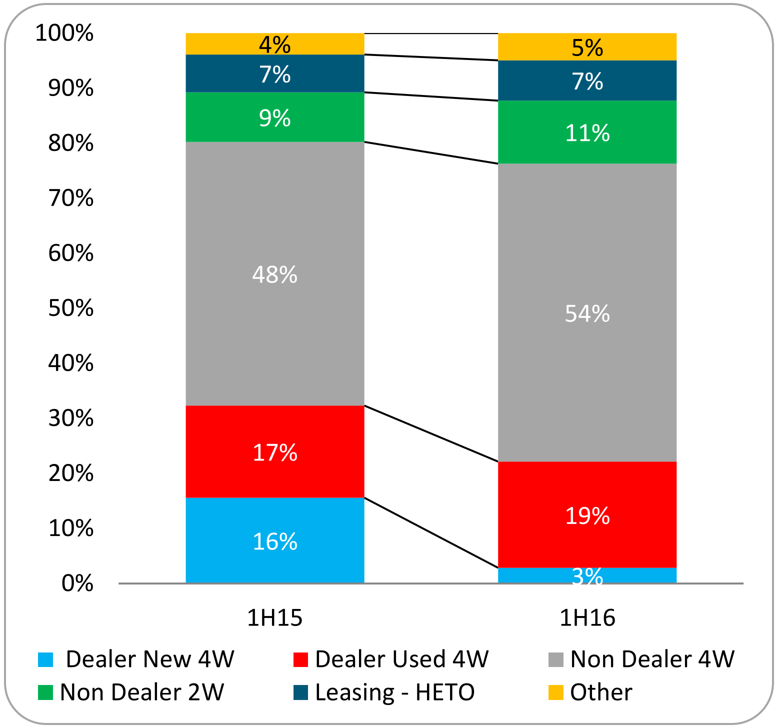
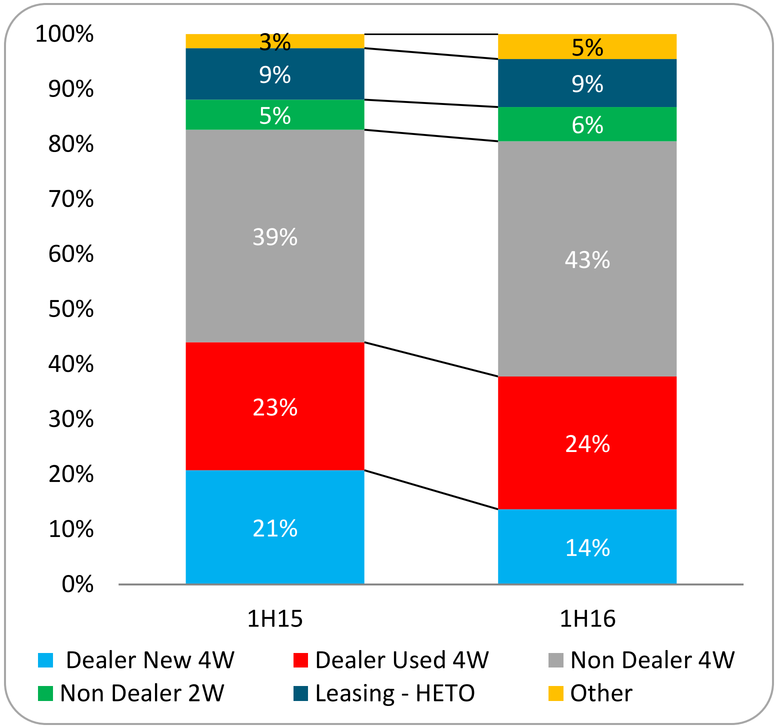
ASSET COMPOSITION

Booking Composition (1H15 vs 1H16)



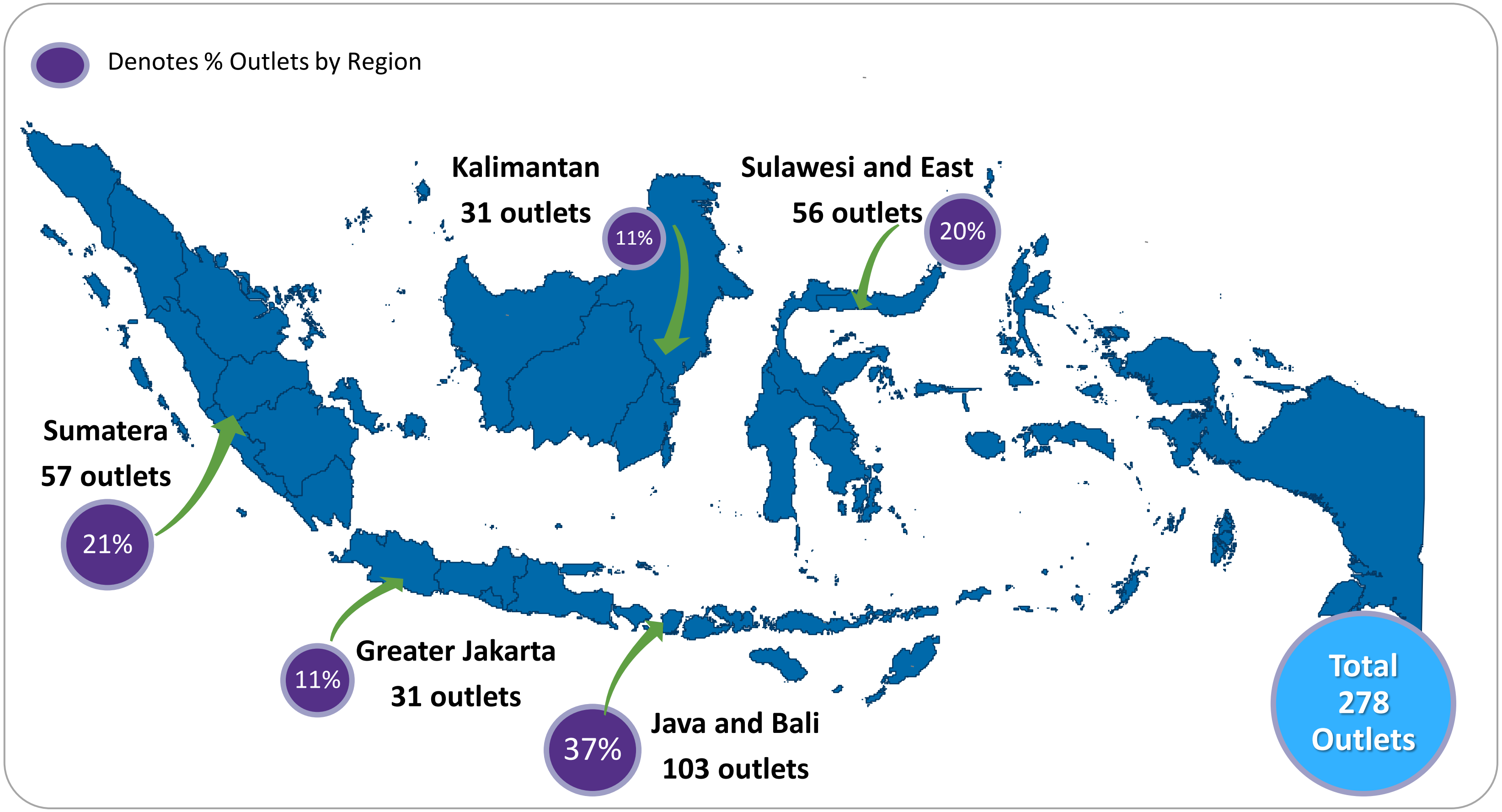
Managed Receivables Composition (1H15 vs 1H16)



Continuous effort to shift the business towards higher yield and lower ticket segments

DISTRIBUTION NETWORK

Business Distribution and Branch Network



Current expansion strategy continues in more highly populated and higher income areas

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