INNOVATE TO SERVE

PT BFI FINANCE INDONESIA: *FY16 RESULTS*

Feb 2017

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FY16 KEY UPDATES

GROWTH

- **Receivables and Revenue** growth, amidst economic challenges
    - Total Receivables grew 16.7% whilst Managed Receivables (incl off balance sheet) grew 6.5% driven by Bookings growth (6.8%), in spite of shifting away from New 4W business. Industry receivables grew by 6.6% yoy (*Bank Indonesia*), and national 4W sales picked up and estimated to grow by 4.8% in 2016 (*Gaikindo*)
    - Net Revenue growth of 14.1% driven largely by strong Consumer Financing business, higher yields and increase in Receivables book
- 38 new outlets

PROFITABILITY

- Strong PAT growth of 22.8% yoy to Rp798 billion, on the back of higher NIM (65 bps above 2015), better cost of credit (1.80%), higher efficiency in operations, and strong receivables growth
- ROAE improved to 19.4% vs 16.9% in 2015

ASSET QUALITY

- NPL improved to 0.91% from 1.33% in 2015 due to continued vigilance in risk management and collection. (Note: Write-off policy for 4W and 2W changed to 210 days starting Dec-2016)

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FY16 KEY UPDATES

FUND RAISING UPDATES

- Issuance of Shelf Registration Bond II Phase III 2016 of Rp1 trillion (370 days – 9.75%, 2 yr – 10.25%, 3 yr – 10.75%)
- Issuance of Shelf Registration Bond III Phase I 2016 of Rp1 trillion (370 days – 8.1%, 3 yr – 8.8%, 5 yr – 9.1%)

DIVIDEND UPDATES

- Interim cash dividend from FY16 profits of Rp150/share paid in December 2016

MANAGEMENT UPDATES

- Appointment of Sigit Gunawan to BOD as Enterprise Risk Director (Apr-16)
- Resignation of Cornellius Henry as Director (starting 1-Feb-17)

OTHERS

- Shares buyback program amounting to 100.3 million shares or 6.3% up to Dec-16
- Upgrade by Fitch Ratings to AA- (idn) Stable In Dec-16

BALANCE SHEET HIGHLIGHTS

In Rp bil (unless otherwise stated)	1H16	2H16	FY16	FY15	YoY∆
New Bookings	5,211	5,532	10,743	10,058	↑ 6.8%
Managed Receivables^	12,623	13,026	13,026	12,229	↑ 6.5%
Total Receivables	10,827	11,766	11,766	10,078	↑ 16.7%
Total Assets	11,683	12,476	12,476	11,770	↑ 6.0%
Total Borrowings^	8,884	8,915	8,915	9,457	↓ 5.7%
Total Equity	4,113	4,255	4,255	4,019	↑ 5.9%

- Driven by Non-Dealer growth which offset slower Dealer (New) business

- Due to declining Joint financing transaction booked off B/S

* Absolute figures have been rounded to the closest Rp billion and may result in discrepancies in computation of totals of percentages

^ Includes channeling and joint financing transactions

Bookings and Receivables growth surpassed industry growth despite moving away from New 4W financing

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PROFIT & LOSS HIGHLIGHTS

In Rp bil (unless otherwise stated)	1H16	2H16	FY16	FY15	YoY∆
Interest Income	1,239	1,293	2,532	2,415	↑ 4.8%
Financing Cost	512	489	1,001	1,063	↓ 5.8%
Net Interest Income	727	804	1,531	1,353	↑ 13.2%
Fee Based & Other Income	400	426	826	713	↑ 15.8%
Net Revenue	1,127	1,231	2,358	2,066	↑ 14.1%
Operating Expenses	535	573	1,108	968	↑ 14.5%
Operating Income	592	658	1,250	1,099	↑ 13.7%
Cost of Credit	130	95	225	263	↓ 14.4%
PBT	462	563	1,025	835	↑ 22.8%
PAT	340	458	798	650	↑ 22.8%

* Absolute figures have been rounded to the closest Rp billion and may result in discrepancies in computation of totals of percentages

- Smaller New Car revenue offset by strong Non-Dealer financing income
- Yield improvement of 43 bps YoY

- Mainly driven by employee related expenses and project management cost

- Continued vigilance in risk management and collections
- Change in write-off policy for 4W and 2W in Dec-16 from 270 to 210 days

Able to show strong Income and Net Income growth in spite of product shift from New 4W

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KEY RATIOS

	FY16	FY15	YoYΔ
Net Interest Margin	8.85%	8.20%	↑ 65 bps
Cost to Income	47.00%	46.83%	↑ 17 bps
COC / Avg Rec.	1.80%	2.17%	↓ 37 bps
ROAA[#]	8.68%	7.75%	↑ 93 bps
ROAE	19.32%	17.14%	↑ 218 bps
NPL[*]	0.91%	1.33%	↓ 42 bps
Debt / Equity	1.76x	1.63x	↑ 0.13x

[#] Calculated from Profit before Tax
* Defined as Pastdue >90 days, Calculated from total managed receivables (included off B/S receivables)

- Better funding mix resulting in higher overall portfolio yield

- Strong collections management
- Change in write-off policy for 4W and 2W in Dec-16 from 270 to 210 days

NIM, NPL and COC improvements in spite of lackluster industry performance

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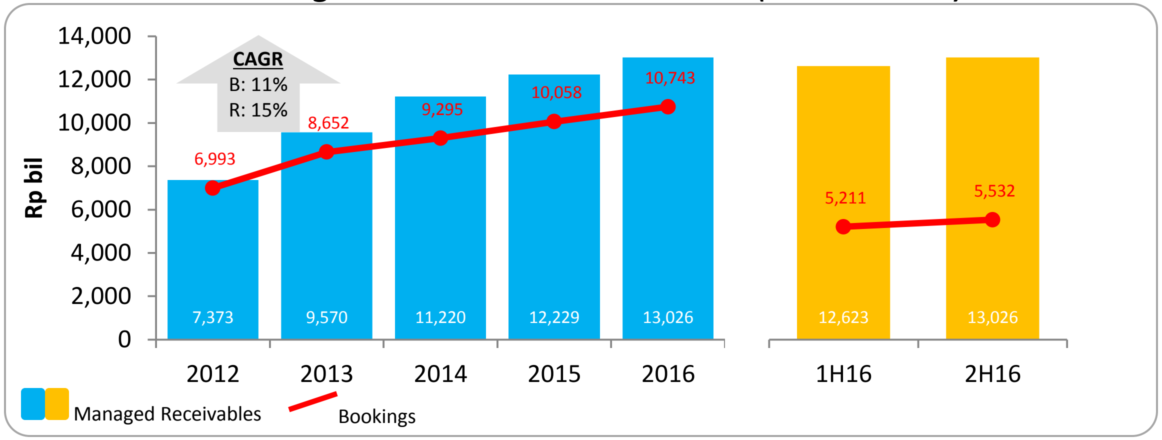
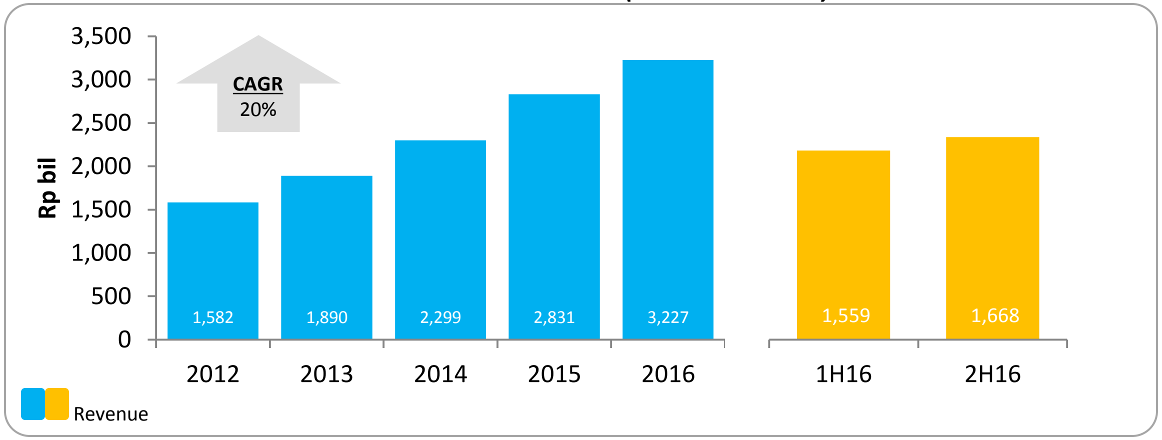
ABILITY TO BUILD A MORE ROBUST BALANCE SHEET

Bookings vs Receivables Growth (2012-2016)



- Loan book shows improvement over the years – able to improve quality and tenor of loans booked, resulting in consistently faster Receivables growth compared to Bookings
- FY16 recorded Receivables growth yoy higher than the industry

Revenue Growth (2012-2016)

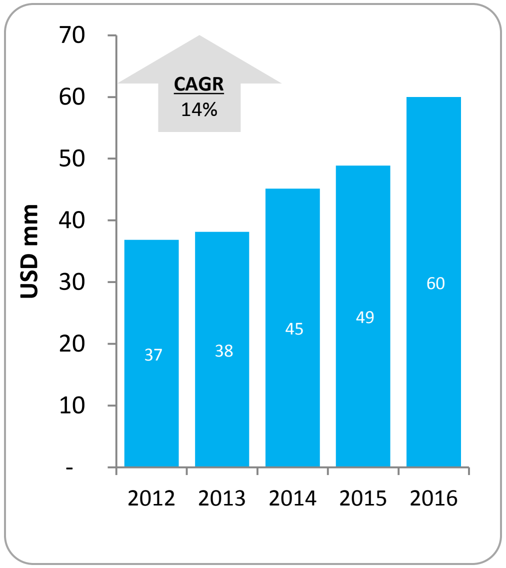


- Consistently strong growth in Revenue as a result of robust balance sheet
- Shows ability to maximise income generation from assets

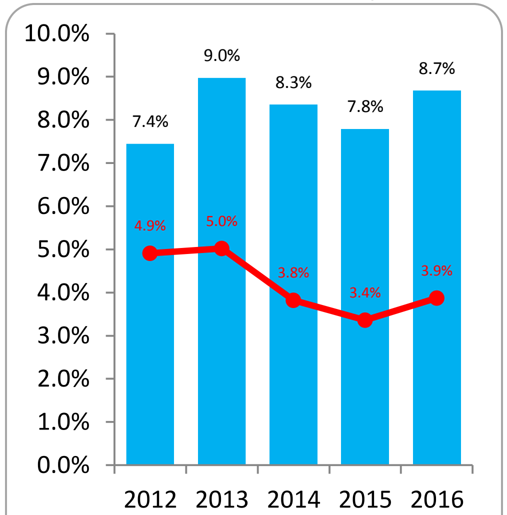
Sustainable loan and revenue growth over the years – backed by better asset mix

STABLE PROFITABILITY OVER THE YEARS

PAT Growth

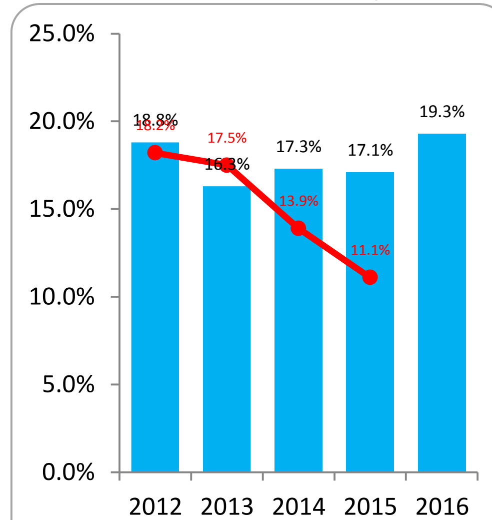


ROA vs Industry



Source: Company, OJK

ROE vs Industry



Source: Company, OJK

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

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

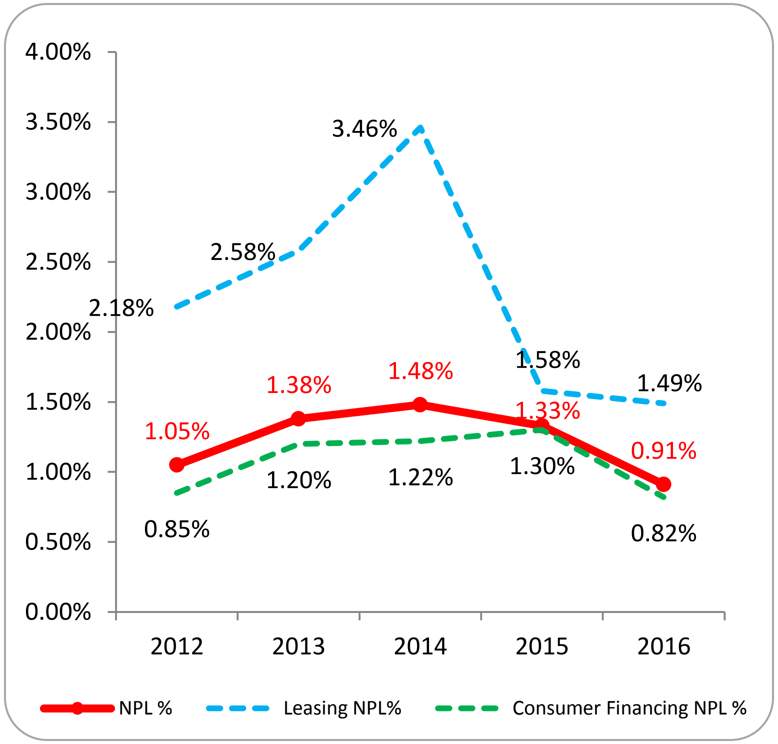
- ROE improving over the years

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

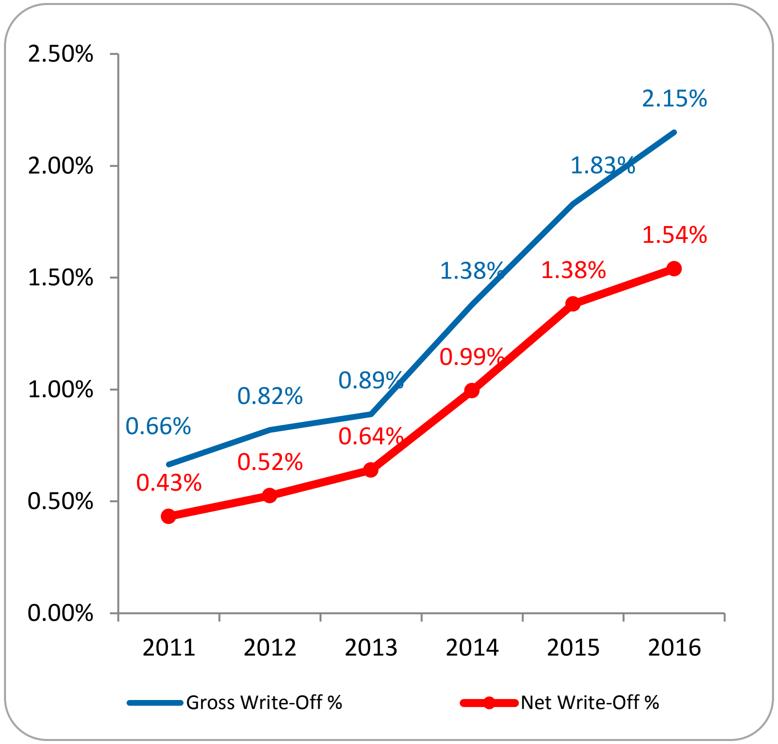
* Please note that when stated as USD, the figures have been converted from Rupiah at exchange rate of Rp13,300

ASSET QUALITY UNDER CONTROL

NPL Trend (2012-2016)



Write-Offs (2012-2016)



- Increased portfolio NPL driven by loans to commodities sector, mainly in Kalimantan

- Lower write off than its peers
- Write-off policy changed to 210 days

NPL improvement with Higher Write-offs due to assets exposed to commodity related sectors

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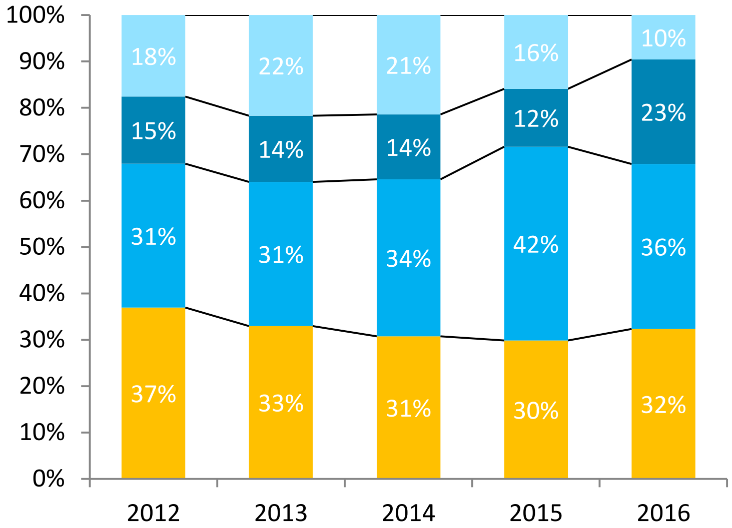
STRONG CAPITAL BASE

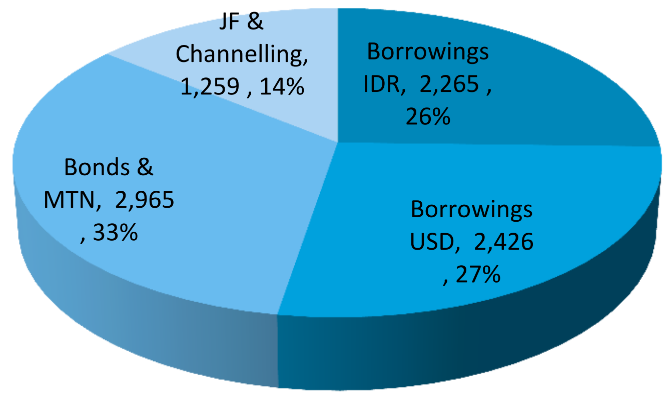
Source of Funding (2012-2016)



Total Equity	2,862	3,397	3,567	4,019	4,255

Equity Bank borrowings Bonds & MTN Channelling & JF

External Funding Sources



Total : Rp8,915 bil

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

- Recent corporate rating upgrade by Fitch Ratings to AA-(idn) has improved BFI capability to tap broaden Bond's investors
- Adequate additional facilities in pipelines to support further business expansion

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

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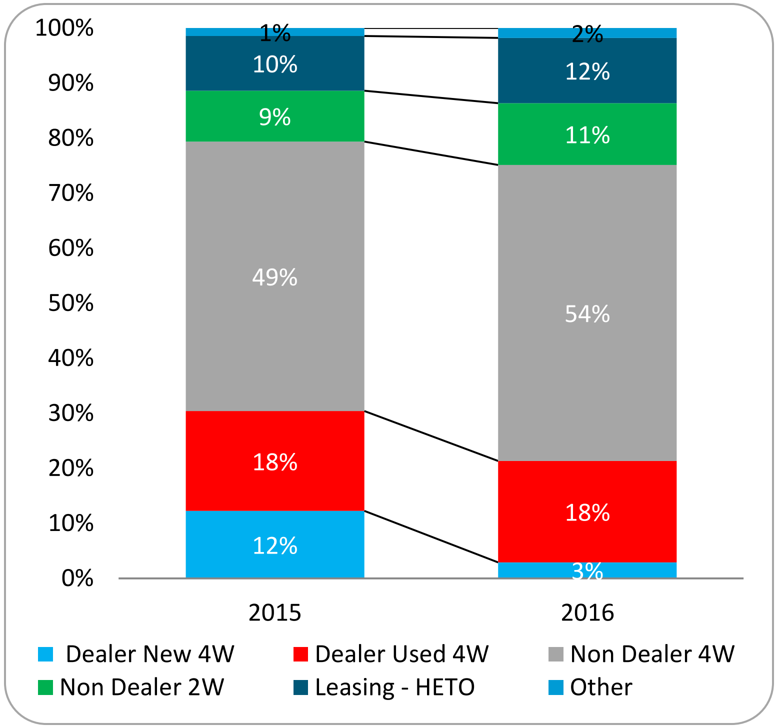
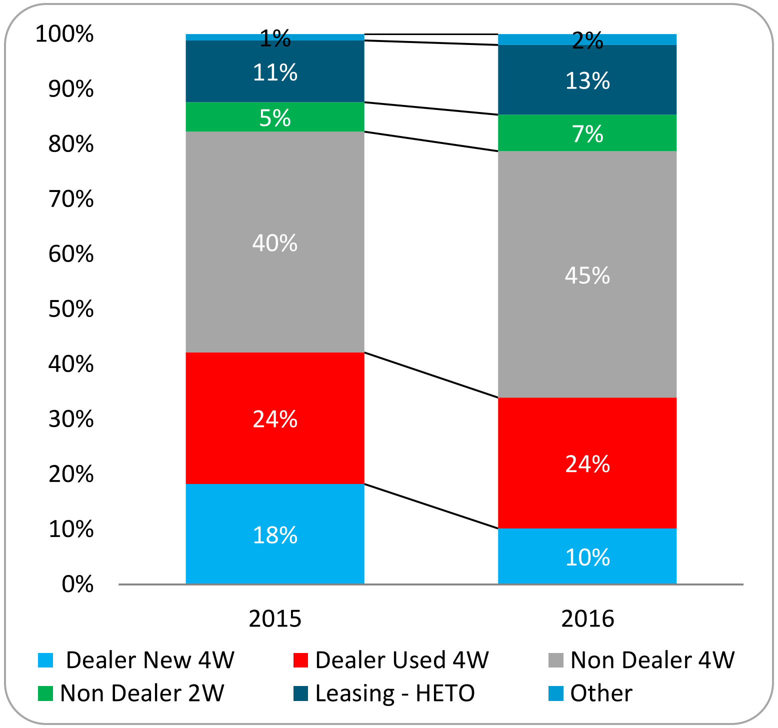
ASSET COMPOSITION

Booking Composition (2015 vs 2016)



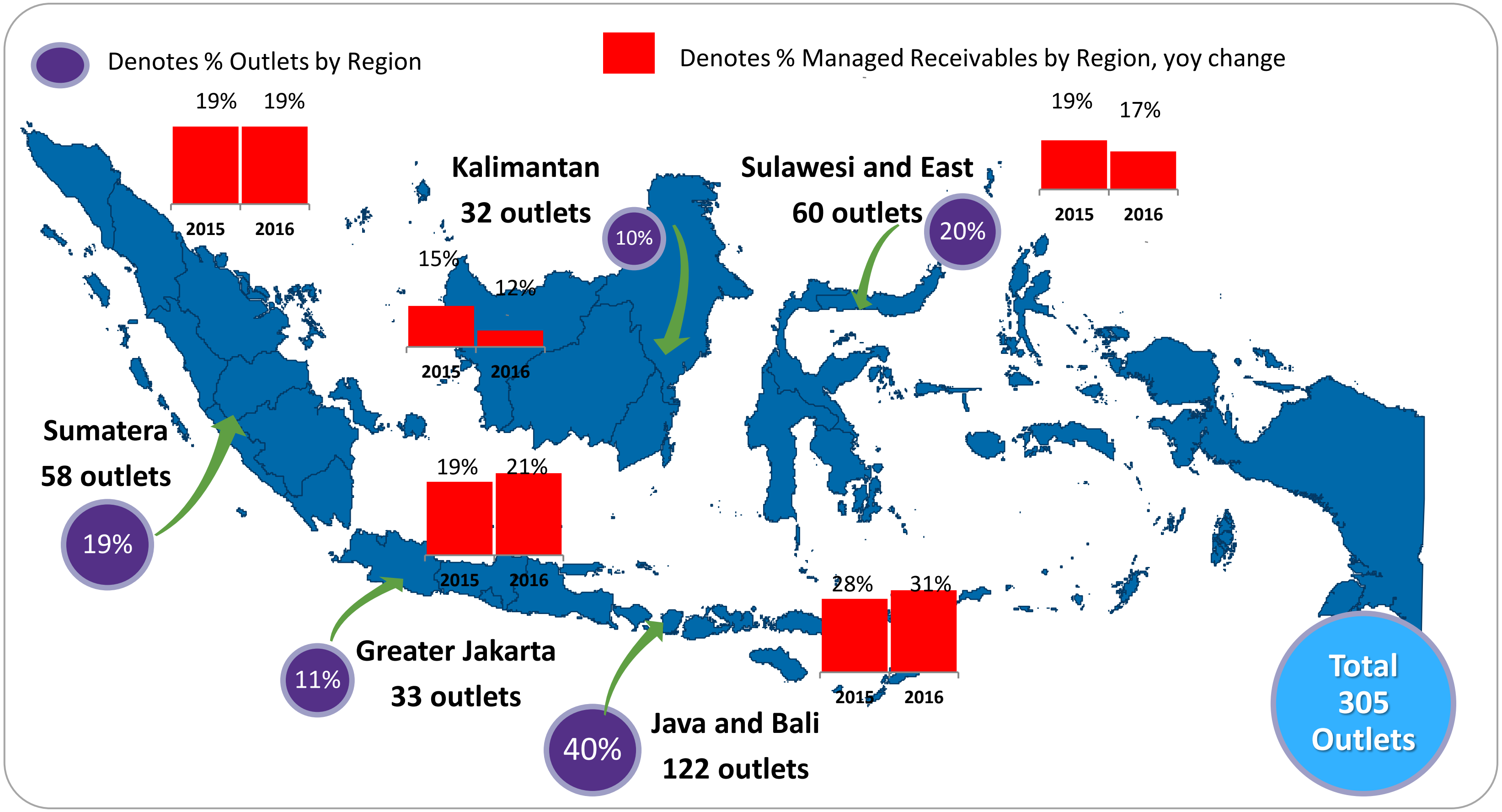
Managed Receivables Composition (2015 vs 2016)



Reaping benefits of continuous efforts to shift towards higher yield and lower ticket segment where receivables grew from 45% in FY15 to 51% in FY16

2016 DISTRIBUTION NETWORK

Business Distribution and Branch Network



38 new outlets opened in 2016, 14% growth yoy

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