PT BFI Finance Indonesia Tbk

FY20 Results

March 2021

Analyst Briefing

FY20 Key Highlights

Prudent restart booking strategy due to Covid-19 uncertainty

GROWTH

- New booking in 4Q20 reached Rp2,172 bn. Prudent restart in Jul-20 after temporary stop booking policy amidst Covid-19. YTD FY:20 booking was down 52.2% YoY from Rp15,896 bn to Rp7,606 bn and total managed receivables declined by 5.9% QoQ and 24.6% YoY to Rp13,946 bn

ASSET QUALITY

- NPF ratio decline from 2.67% to 1.72% QoQ as a result of strong risk management efforts. LLR increased from 6.51% to 7.09% QoQ resulting in higher NPF coverage from 2.4x to of 4.1x
- NCL ratio declined from 4.48% to 4.12% QoQ, while FY20 NCL was increased from 1.68% to 2.94% YoY. Higher NCL due to more repossession and collateral disposal activities and automatic Write-Offs
- 4Q20 COC ratio decline from 4.84 % to 4.78% QoQ while FY20 COC rose to 6.00% vs 1.53% YoY, partly due to higher LLR for NPF coverage

PROFITABILITY

- Net Interest Spread increased from 11.62% to 12.02% QoQ, thanks to improved yield from 4Q20 new booking activities in 4Q20. FY20 Yield was recorded at 20.4%, only down by 22 bps YoY; whilst COF improved 28 bps to 8.51% YoY
- YTD Net Revenue decreased by 13.5% YoY to Rp3,519 bn driven by drop in receivables balance. On a QoQ basis, 4Q20 net revenue decrease 4.0% to Rp789 bn
- Opex increased 3.1% QoQ to Rp409 bn as business resumed in 4Q20 and decreased by 38.5% or Rp1,036 bn YoY to Rp1,659 bn mainly due to reduction of manpower related cost and overall non-essential expenses
- COC reduced from Rp188 bn to Rp172 bn QoQ, but increased by 256% YoY to Rp990 bn
- FY:20 PBT and PAT Rp870 bn and Rp702 bn, down by 20.3% and 1.4% YoY

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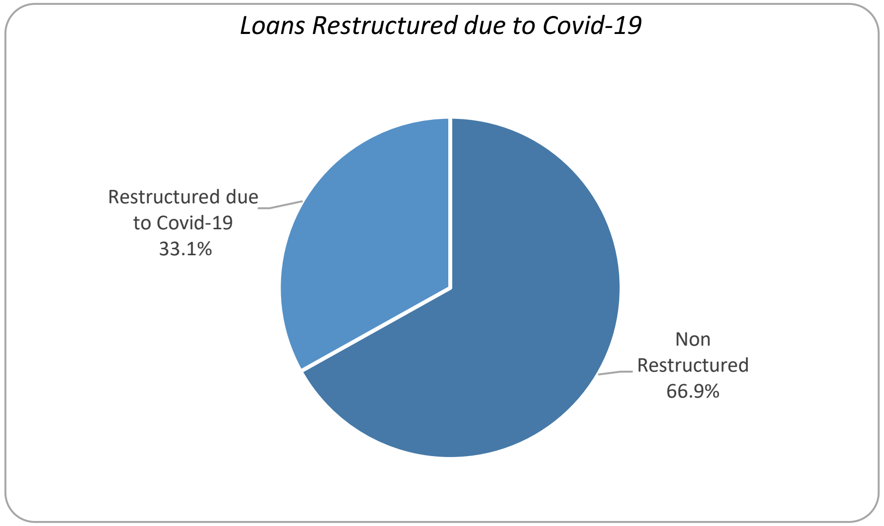
Prudent restart booking strategy due to Covid-19 uncertainty

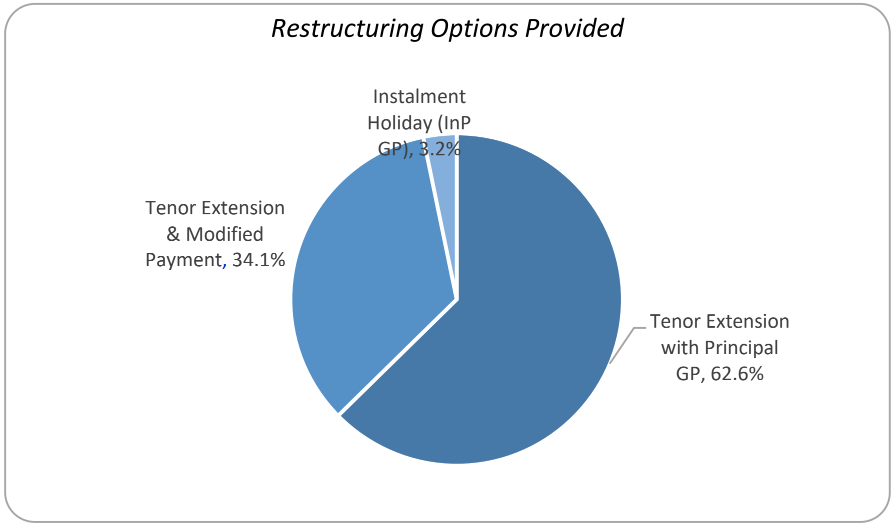
OTHERS

- Total of 346 outlets, excluding 45 sharia branches sharing premises with conventional branches. 4 branches and 35 kiosks closed in 4Q20 (4 branches and 73 kiosks reduction as compared to Dec-19).
- Issuance of Shelf Registered IDR Bond IV in Sep-20 with total issuance amount of Rp832 bn, consisting of Seri A (1 year) Rp437 bn with 8.5% p.a. coupon; Seri B (3 years) Rp395 bn with 9.5% p.a. coupon. DBS, Mansek, Trimegah, Danareksa and BNI Securities were Joint Lead Underwriters.
- The Company has also signed additional IDR 1 trillion loan facilities with BCA in late 2020.
- In line with the National Recovery Program ("PEN"), BFI has processed interest subsidy for its customers amounting to Rp109.0 bn, distributed to 57K eligible customers. Those payment received were further allocated as customer partial payment.
- Accordingly, the Company also supports PEN program by providing financing relaxation for customers whose payment capability were affected by covid-19 pandemic since Apr-20 until Aug-20, with total 33.1% restructured loan as of 31-Dec-20, down from the highest level at 35.5% in Sep-20

Update on Loan Restructuring

BFI has Restructured Rp4.62 trillion of Loans as of Dec-20





- 62.6 % of BFI's restructuring scheme is a tenor extension with principal grace period, and by end of 2020 84.2% of restructured loan has return to normal payment.
- As of Dec-20, only 3.2% of the scheme qualified for Installment Holiday
- The OS restructured loan has declined from the peak amount 3Q20 amounting to Rp 5.3 trillion

FY20 Balance Sheet Highlights - Consolidated

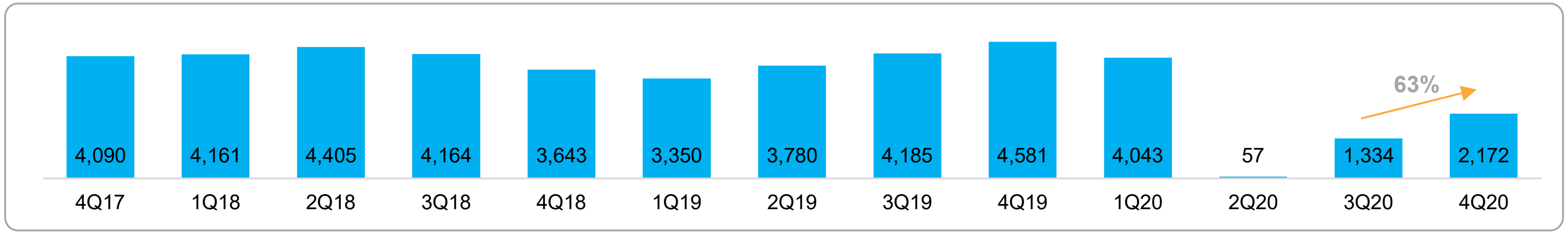
Drop in Booking and ENR due to prudent restart booking since Jul-20

*In Rpbil * (unless otherwise stated)*	FY20	FY19	YoYΔ	Comments	FY19	FY18	YoYΔ
New Bookings	7,606	15,896	↓ 52.2%	Bookings slowly restarting since Jul-20	15,896	16,372	↓ 2.9%
Managed Receivables^	13,947	18,509	↓ 24.6%	Due to 2Q20 stop booking	18,509	18,343	↑ 0.9%
Total Net Receivables	12,700	17,437	↓ 27.2%		17,437	17,283	↓ 0.9%
Total Assets	15,201	19,090	↓ 20.4%		19,090	19,117	↓ 0.1%
Total Debt#	7,773	11,488	↓ 32.3%		11,488	12,096	↓ 5.0%
Total Proforma Debt^	8,032	12,214	↓ 34.2%		12,214	12,780	↓ 4.4%
Total Equity	6,606	6,080	↑ 8.7%		6,080	6,204	↓ 2.0%

(*) All absolute figures have been rounded to the closest Rpbillion and therefore may have some discrepancies with percentage calculations

(#) Consists of borrowings and debt securities issued (^) Includes channeling and joint financing transactions

Quarterly Bookings Trend (4Q17-4Q20)



FY20 Profit & Loss Highlights – Consolidated

Lower revenue and increased COC limit profitability growth during the year

*In Rpbil * (unless otherwise stated)*	FY20	FY19	YoY∆	Comments	FY19	FY18	YoY∆
Interest Income	3,376	3,704	↓ 8.9%		3,704	3,595	↑ 3.0%
Financing Cost	870	1,008	↓ 13.7%	Lower borrowings with COF decreased QoQ by 5 bps and 28 bps YoY	1,008	1,035	↓ 2.7%
Net Interest Income	2,506	2,696	↓ 7.1%		2,696	2,559	↑ 5.4%
Fees & Other Income	1.013	1,370	↓ 26.1%	Due to 2Q20 stop booking	1,370	1,332	↑ 2.9%
Net Revenue	3.519	4,066	↓ 13.5%		4,066	3.891	↑ 4.5%
Operating Expenses	1,659	2,695	↓ 38.5%	Excluding settlement, OPEX decreased by 13.7% mainly due to lower employee expenses and professional fees	2,695	1,617	↑ 66.7%
Operating Income	1,860	1,371	↑ 35.7%		1,371	2.275	↓ 39.8%
Cost of Credit	990	279	↑ 255.5%	CoC increased from 1.53% to 6.00% partly due to higher LLR for NPF coverage	279	435	↓ 36.1%
PBT **	870	1,092	↓ 20.3%		1,092	1,840	↓ 40.7%
PAT **	702	712	↓ 1.4%		712	1,468	↓ 51.5%

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

** BFI only PBT and PAT for FY20 was at Rp878 bn and Rp709 bn, respectively

Key Ratios

Profitability took a hit due to higher delinquency slightly offset by better opex management

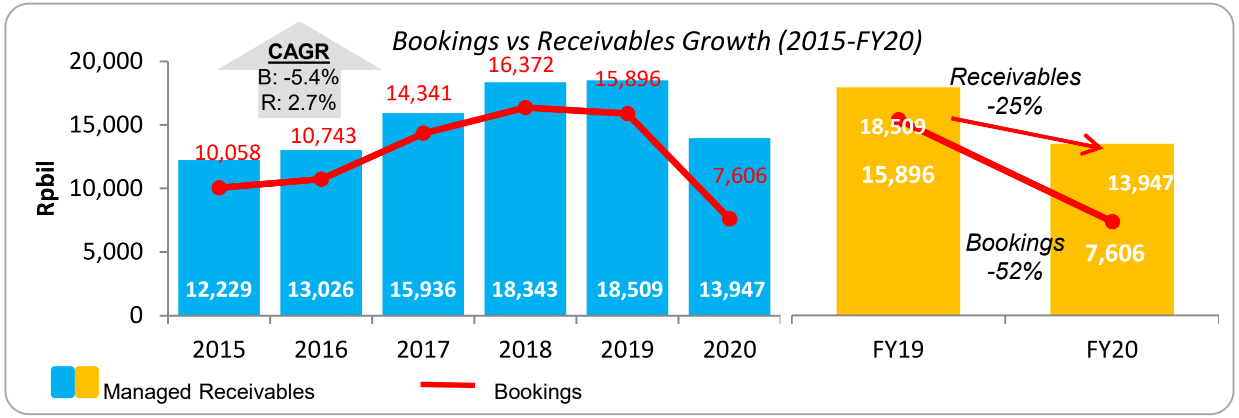
	FY20	FY19	YoYΔ	Comments	FY19	FY18	YoYΔ
Net Interest Spread	11.91%	11.84%	↑ 7 bps	Encouraging trend with improvement QOQ yield despite increase in COF	11.84%	11.91%	↓ 7 bps
Cost to Income	46.88%	66.12%	↓ 1924 bps		66.12%	41.54%	↑ 2,458 bps
COC / Avg. Rec.	6.00%	1.53%	↑ 447 bps	COC increased by 256% YoY to Rp990 bn	1.53%	2.45%	↓ 92 bps
ROAA (before tax)	5.01%	5.83%	↓ 82 bps	Slower business and profitability overall due to conscious effort to halt business but booking restart in 3Q showing encouraging QoQ performance	5.83%	9.98%	↓ 415 bps
ROAA (after tax)	4.04%	3.81%	↑ 23 bps		3.81%	7.96%	↓ 415 bps
ROAE (after tax)	11.17%	11.35%	↓ 18 bps		11.35%	26.68%	↓ 1,533 bps
NPF*	1.72%	0.85%	↑ 87 bps	YoY NPF higher but significant improvement in NPF QoQ due to rigorous risk mitigation strategy	0.85%	1.21%	↓ 36 bps
Net Gearing Ratio #	1.0x	1.7x	↓ 69 bps		1.7x	1.9x	↓ 25 bps

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

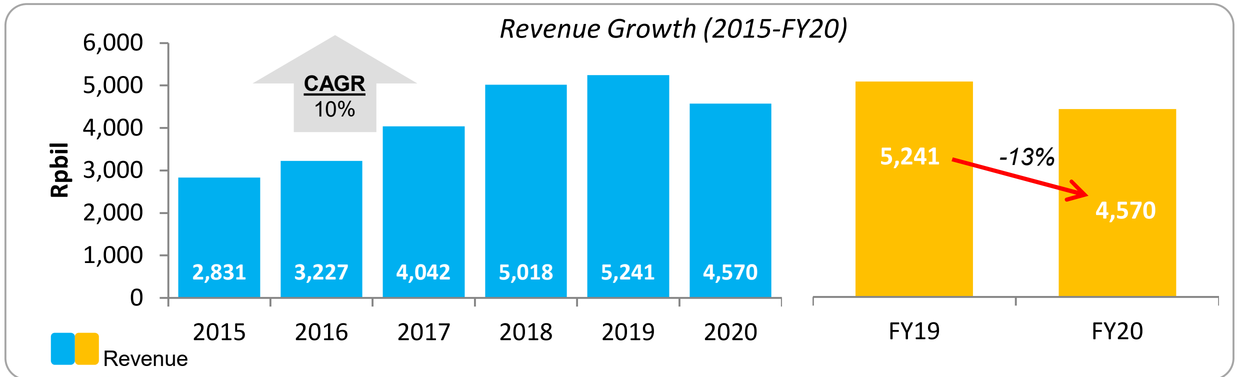
Includes channeling and joint financing transactions

Ability to build a robust balance sheet

Stable growth over the years. Pandemic has resulted in a conscious slowdown of our business with priority on risk management



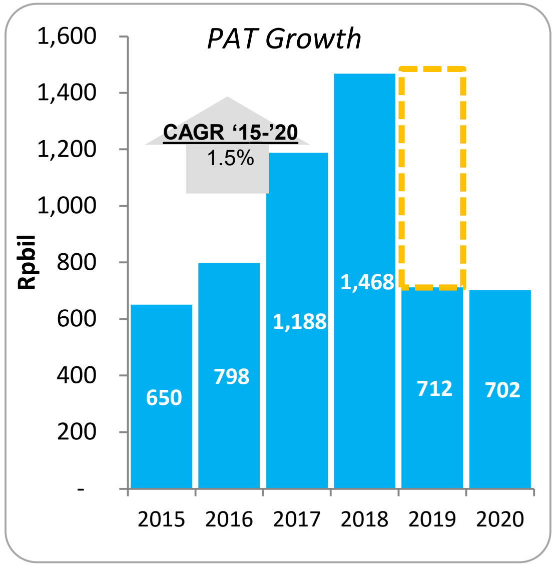
- Consistently growing receivable in the last 5-years with CAGR growth outpace the industry
- Lower receivables in 2020 mainly driven by our prudent risk decision to limit new booking, in light of the current pandemic and its economic impact (eg. lower repayment capacity thus higher delinquency).

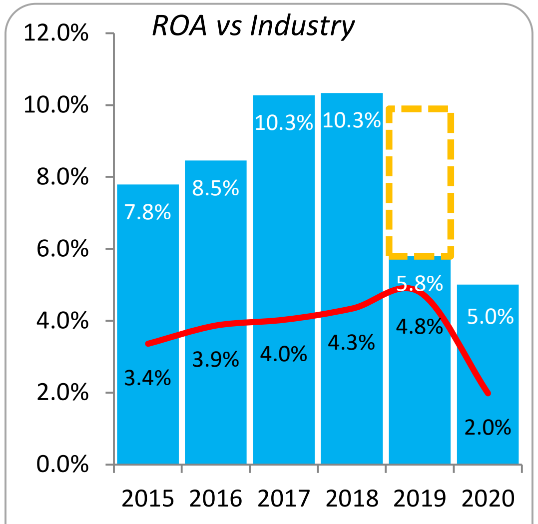


- Consistently strong growth in Revenue as a result of robust balance sheet growth and good spread management (Yield vs COF) in the last 5-years
- Lower revenue in 2020 mainly driven by lower new booking as explained above as well as increased NPF.

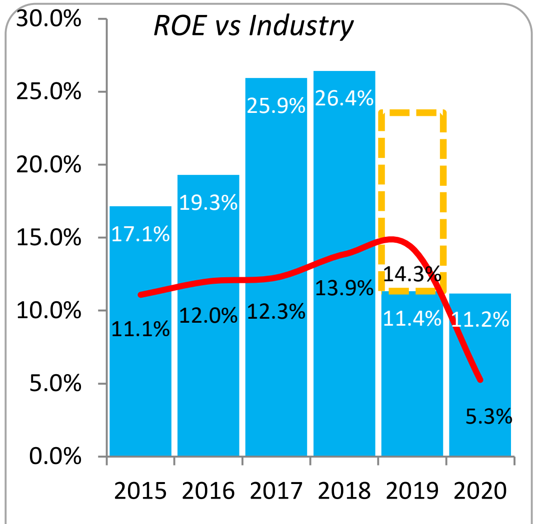
Stable profitability over the years

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





Source: Company, OJK (data industry per Dec'20)



Source: Company, OJK (data industry per Dec'20)

PAT negatively impacted due to challenging market condition and higher delinquency which drove provision up.

One of the highest ROA companies in the industry and consistently outperformed industry.

ROE remains consistently stable and high above average industry.

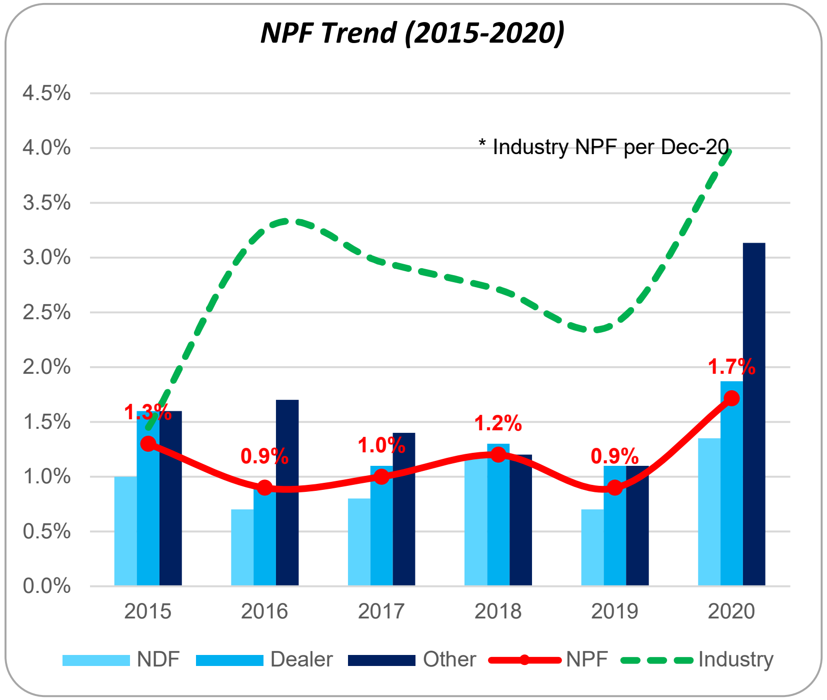
Show result w/o settlement-related expenses

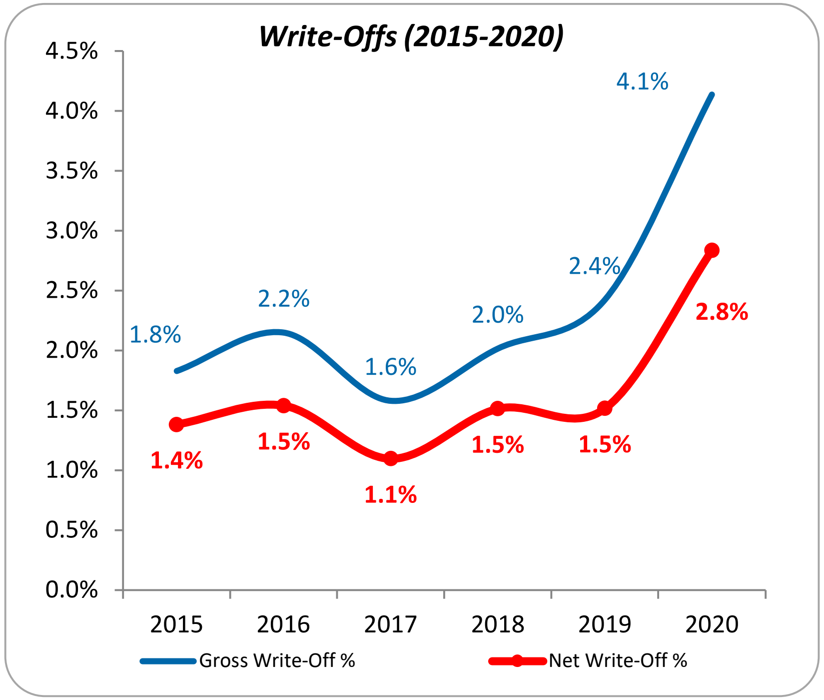
ROA Company is calculated using PBT/Average Total Assets

ROE Company is calculated using PAT/Average Total Equity

Rigorous risk and balance sheet quality management

Higher NPFs amidst Covid-19 outbreak across all segments but expect to stabilize and continue to decrease towards end of the year

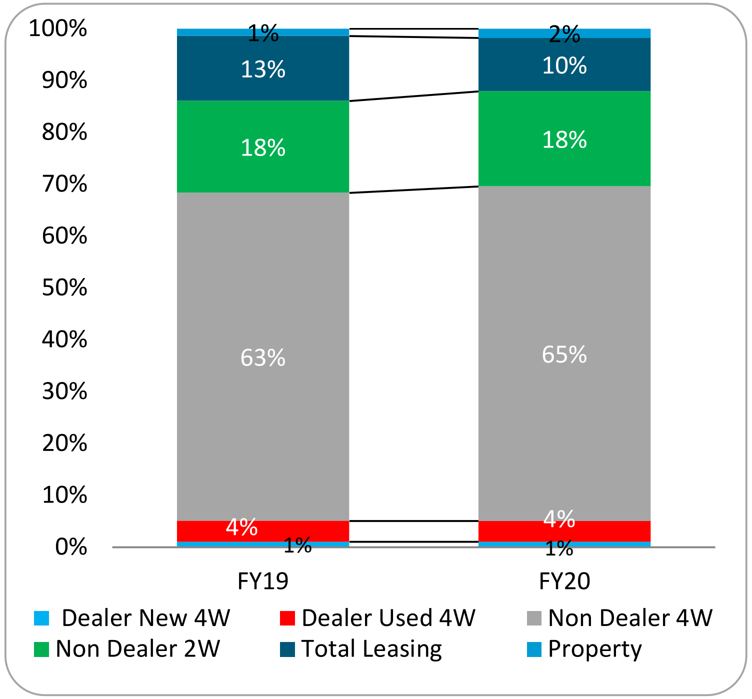




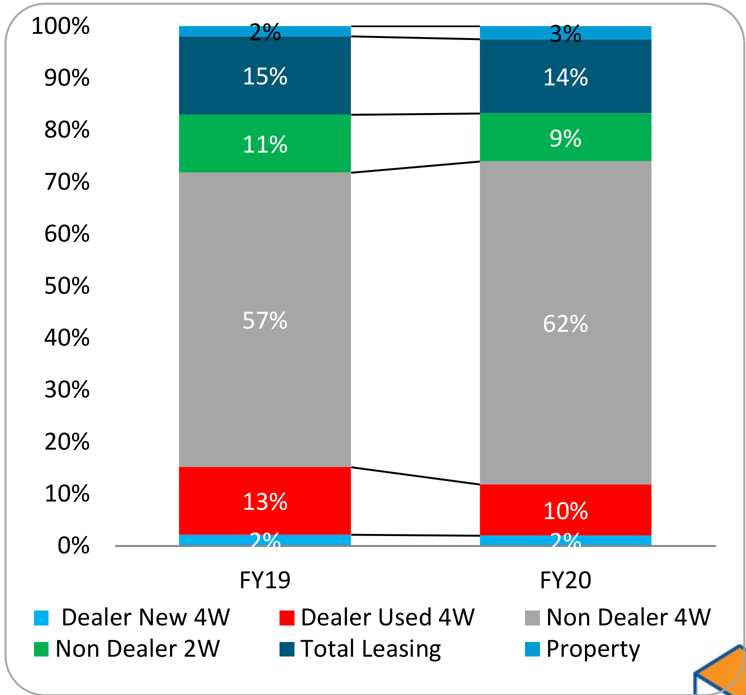
Asset Composition

Non-Dealer business continue to become our engine of growth with new bookings of 83% while asset composition grew to 71%.

Booking Composition (FY19 vs FY20)

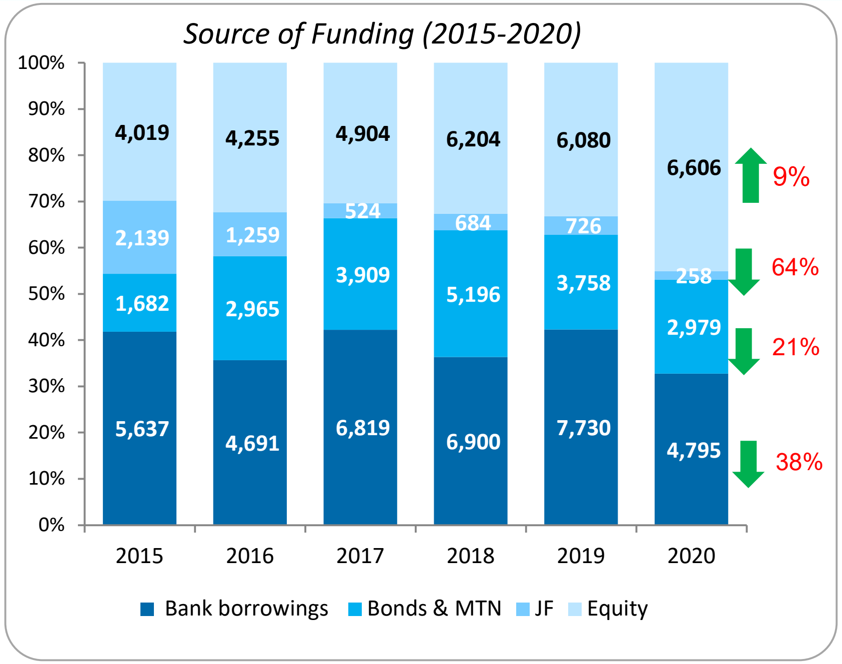


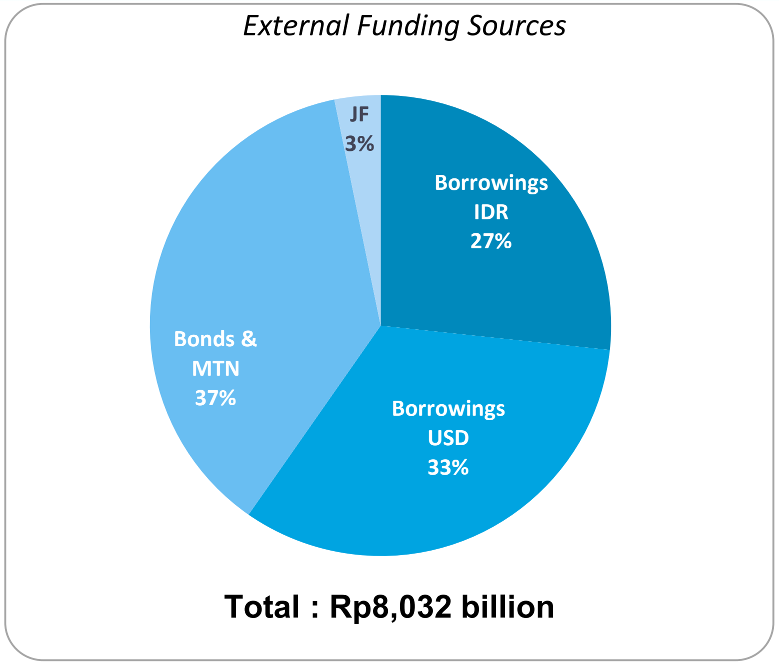
Managed Receivables Composition (FY19 vs FY20)



Strong capital base

Diversified capital structure and funding sources to manage risk and facilitate further business growth



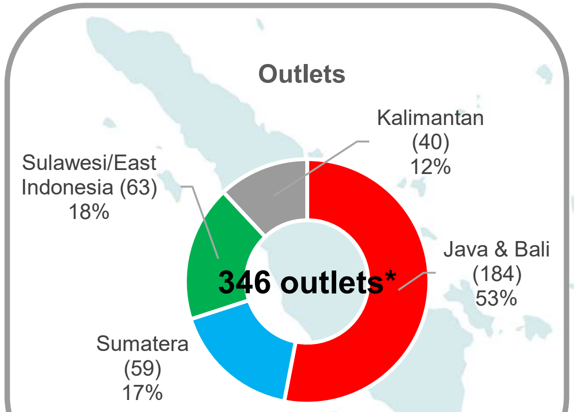


- Decline in Bonds & MTN caused by repayment of due principal
- Increase in Bank borrowings, specifically in USD, mainly to capitalize on favorable rate and swap cost offered by the banks

- Well-diversified funding sources is important to reduce dependency and risk
- Adequate facilities in pipeline to support daily operational and further business expansion

Business Distribution and Branch Network as at 31 December 2020

Extensive coverage throughout the country



* Includes 45 Sharia branches sharing premises with existing branches