PT BFI Finance Indonesia Tbk

1H:21 Results

26 July 2021

Analyst Briefing

1H:21 Key Highlights

Entering New Normal (1/2)

GROWTH

- YTD 1H:21 booking was Rp6,095 bn, 7.5% QoQ increase, and 48.7% YoY (2Q20 saw a temporary halt in bookings)
- Total managed receivables declined 0.1% QoQ and 16.4% YoY to Rp13,628 bn

ASSET QUALITY

- NPF ratio improved from 2.26% to 2.15% QoQ and from 3.73% YoY
- LLR down from 7.5% to 6.7% QoQ, and increased from 5.9% YoY resulting in slight decrease in NPF coverage from 3.3x to 3.1x QoQ, but up from 1.6x YoY
- NCL ratio increased from 2.00% to 5.01% QoQ, and from 1.82% YoY. More repossession and collateral disposal activities expected in the following months, resulting in higher NCL and lower NPF
- 1H21 COC ratio declined from 3.12% to 1.63% QoQ and from 7.00% YoY, partly due to improvement in overall past-due trend

PROFITABILITY

- Quarterly Net Revenue stable QoQ at Rp780 bn, but down 18.2% YoY to Rp1,560 bn driven by drop in average receivables balance and lower net interest spread, which decrease from 12.07% to 11.24% YoY mostly due to lower NDF 2W contribution. COF stable QOQ at 8.6% and up 14 bps from 8.37% to 8.51% YoY
- OPEX also decreased by 8.7% or Rp74 bn YoY to Rp779 bn mainly due to reduction of manpower related cost and overall non-essential opex
- 1H21 PBT and PAT reached Rp618 bn and Rp487 bn, increased by 45.8% and 46.8% YoY, respectively

1H:21 Key Highlights

Entering New Normal (2/2)

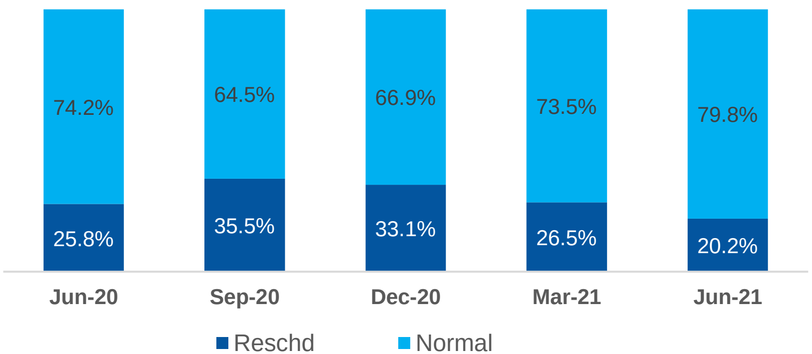
OTHER

- Approved 38,39% DPO from FY20 net profit during the AGM on 25th May 2021 (= Rp 18 / share) amount Rp. 269 bn, payable on 25-Jun-21.
- The issuance of the new shelf registered Bond - PUB V with a total issuance value of Rp 600 bn the has received enormous response from market with total book building reached >5x the issuance amount. Final issuance are as follow:
  - ✓ Serie A: 1 year: Rp 200 bn , coupon 6.00% (vs. 8.00% last issuance in Sep-20)
  - ✓ Serie B: 3 years: Rp 400 bn , coupon 7.75% (vs 9.50% last issuance in Sep-20)
- The process of new issuance of the shelf registered Bond - PUB V phase II with targeted issuance value of Rp 1 tn, from total commitment of over Rp 3 trillion. Additional JLU was added; BCA Securities, making total 6 JLUs in this new issuance.
- Signed Rp 600 bn bilateral loans with bank Jago. Additional amount is ready to deploy for joint financing facilities.

Update on Loan Restructuring

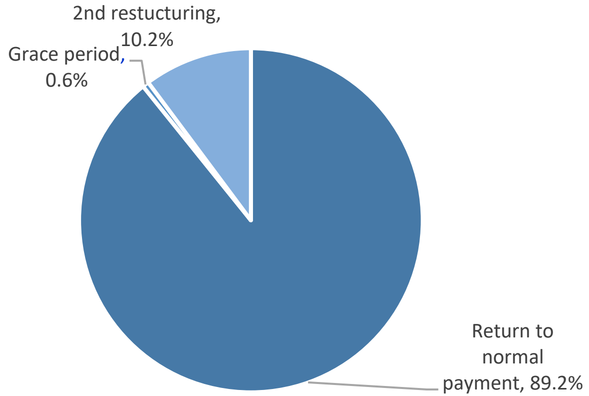
O/S Restructured Loans managed down by 1/2 from Rp 5.3 tn in Aug-20 to Rp2.7 tn in Jun-21

Covid-19 Restructured vs Normal Loans



* Rescheduling program has ended in Aug-20

Restructuring Options Provided



- As of Jun -21, 89.2% of restructured loans have reverted to normal loan status, 0.6% still under grace period and the remaining 10.2% granted 2nd restructuring with very strict review
- The OS restructured loan has down from the highest amount of Rp 5.3 trillion in Aug-20.

1H:21 Balance Sheet Highlights - Consolidated

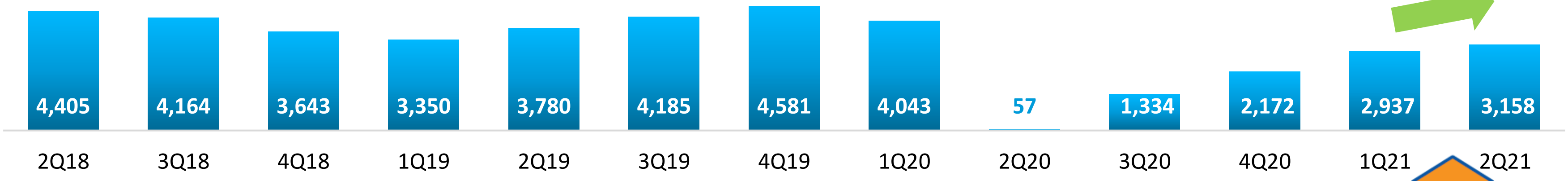
Drop in Booking and ENR due to prudent restart booking since Jul-20

*In Rpbil * (unless otherwise stated)*	1H21	1H20	YoYΔ	Comments	2Q21	1Q21	QoQΔ
New Bookings	6,095	4,100	↑ 48.7%	New normal vs pre covid	3,158	2,937	↑ 7.5%
Managed Receivables^	13,628	16,307	↓ 16.4%		13,628	13,647	↓ 0.1%
Total Net Receivables	12,590	14,896	↓ 15.5%	Impact of stop booking in 2Q20	12,590	12,444	↑ 1.2%
Total Assets	14,211	17,285	↓ 17.8%		14,211	14,178	↑ 0.2%
Total Debt#	6,599	10,245	↓ 35.6%		6,599	6,447	↑ 2.4%
Total Proforma Debt^	6,718	10,699	↓ 37.2%	Due to lower booking, loan payment	6,718	6,625	↑ 1.4%
Total Equity	6,875	6,151	↑ 11.8%		6,875	6,868	↑ 0.1%

(*) All absolute figures have been rounded to the closest Rp billion 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 (2Q18-2Q21)



1H:21 Profit & Loss Highlights – Consolidated

Improved CoC resulting in profitability growth

*In Rpbil * (unless otherwise stated)*	1H21	1H20	YoYΔ	Comments	2Q21	1Q21	QoQΔ
Interest Income	1,364	1,824	↓ 25.2%	Due to lower receivables balance	679	685	↓ 1.0%
Financing Cost	295	478	↓ 38.2%	Lower borrowings balance	141	154	↓ 8,5%
Net Interest Income	1,069	1,346	↓ 20.6%		538	531	↑ 1.2%
Fees & Other Income	491	561	↓ 12.4%	Due to decline of new booking & collection fee	242	249	↓ 2.5%
Net Revenue	1,560	1,907	↓ 18.2%		780	780	↑ 0.0%
Operating Expenses	779	853	↓ 8.7%	Improve efficiency & cut cost	389	390	↓ 0.2%
Operating Income	781	1,054	↓ 25.9%		391	390	↑ 0.2%
Cost of Credit	163	630	↓ 74.1%	CoC decreased by 463 bps YoY to 2.37% and 150 bps QoQ to 1.63%	55	108	↓ 48.3%
PBT **	618	424	↑ 45.8%		336	283	↑ 18.6%
PAT **	487	332	↑ 46.8%		257	230	↑ 12.4%

* 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 1Q21 was at Rp626 bn and Rp495 bn, respectively

Key Ratios

Improvement in key ratios despite global pandemic

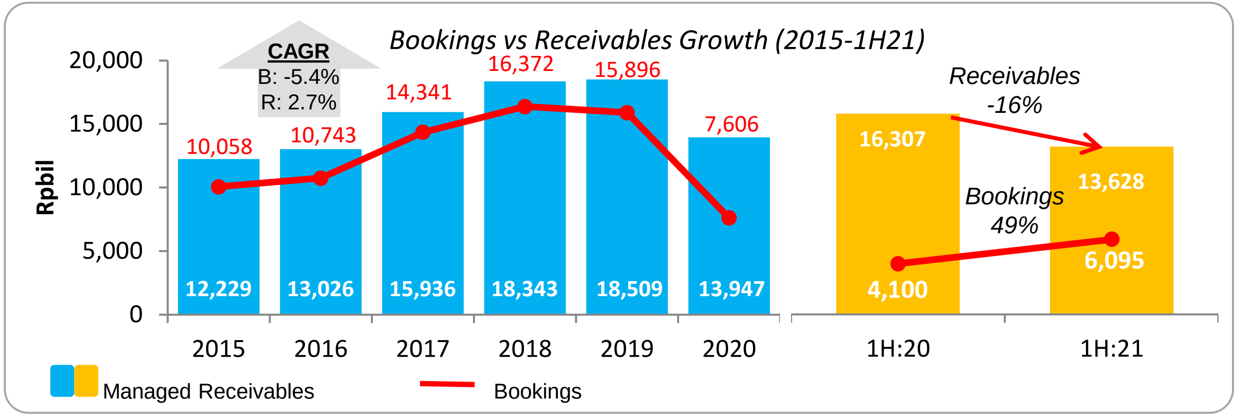
	1H21	1H20	YoYΔ	Comments	2Q21	1Q21	QoQΔ
Net Interest Spread	11.24%	12.07%	↓ 83 bps	Encouraging trend with improvement QOQ yield	11.22%	11.12%	↑ 11 bps
Cost to Income	49.32%	44.40%	↑ 492 bps		49.19%	49.45%	↓ 26 bps
COC / Avg. Rec.	2.37%	7.00%	↓ 463 bps	COC decreased by 74% YoY to Rp163 bn	1.63%	3.12%	↓ 150 bps
ROAA (before tax)	8.56%	4.58%	↑ 398 bps		9.49%	7.73%	↑ 176 bps
ROAA (after tax)	6.77%	3.60%	↑ 317 bps	PAT growth driven by booking restarted in 3Q20	7.32%	6.29%	↑ 103 bps
ROAE (after tax)	14.58%	10.87%	↑ 370 bps		15.28%	13.82%	↑ 146 bps
NPF*	2.15%	3.73%	↓ 158 bps	YoY and QoQ improvement in NPF due to rigorous risk mitigation strategy	2.15%	2.26%	↓ 11 bps
Net Gearing Ratio #	0.9x	1.5x	↓ 63 bps		0.9x	0.8x	↓ 0.1 bps

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

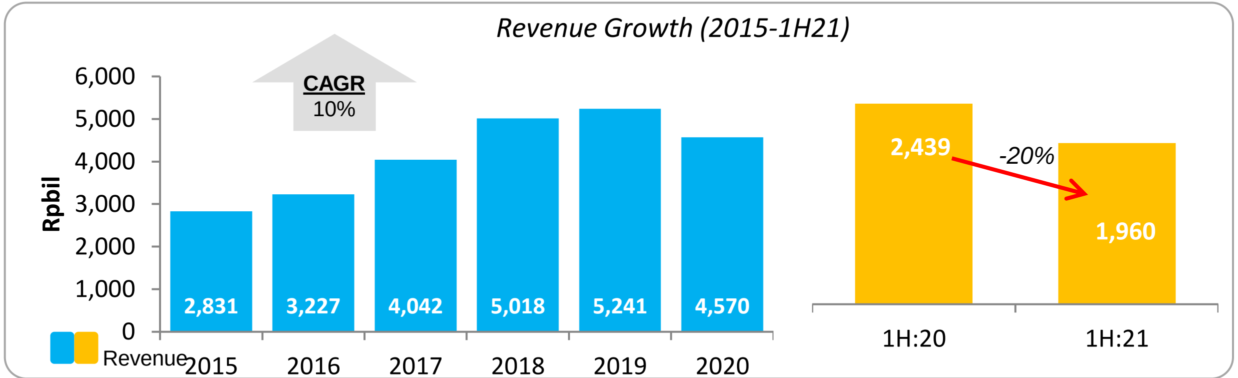
Includes channeling and joint financing transactions

Ability to build a robust balance sheet

Pandemic has resulted in a deliberate slowdown of our business with priority on risk management



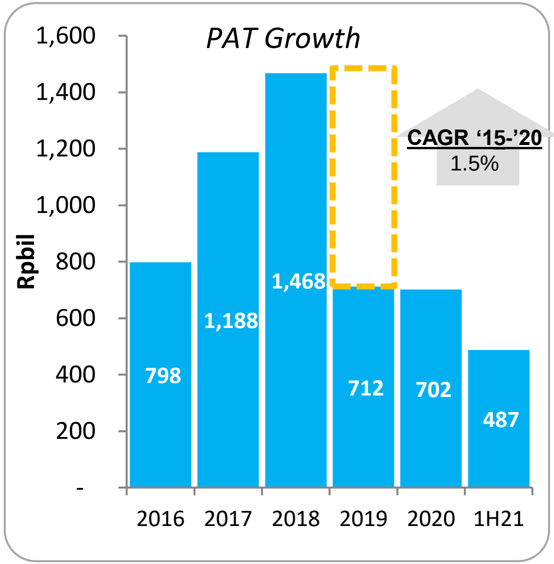
- Consistently growing receivable in the last 5-years with CAGR growth outpace the industry
- Lower receivables in 2020 mainly driven by our prudent risk decision to limit new booking, in light of the current pandemic and its economic impact (eg. lower repayment capacity thus higher delinquency).

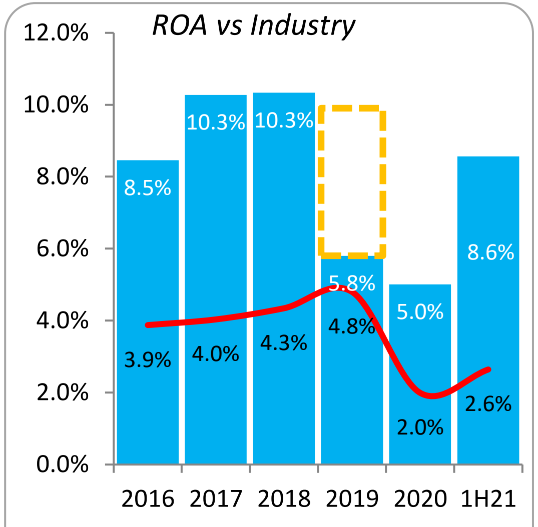


- Consistently strong growth in Revenue as a result of robust balance sheet growth and good spread management (Yield vs COF) in the last 5-years
- Lower revenue in 2020 mainly driven by lower new booking as explained above as well as increased NPF.

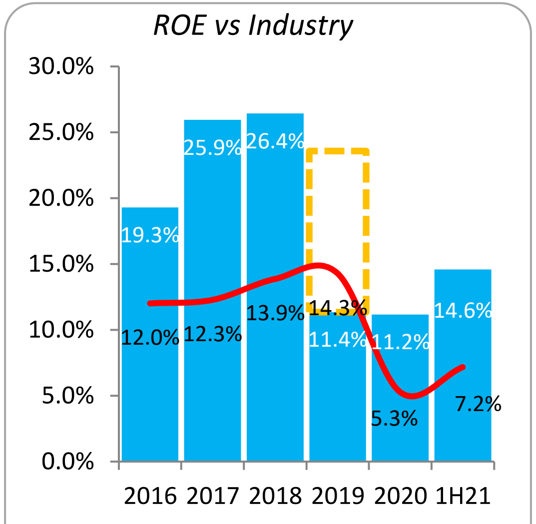
Stable profitability over the years

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





Source: Company, OJK (data industry per May'21)



Source: Company, OJK (data industry per May'21)

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.

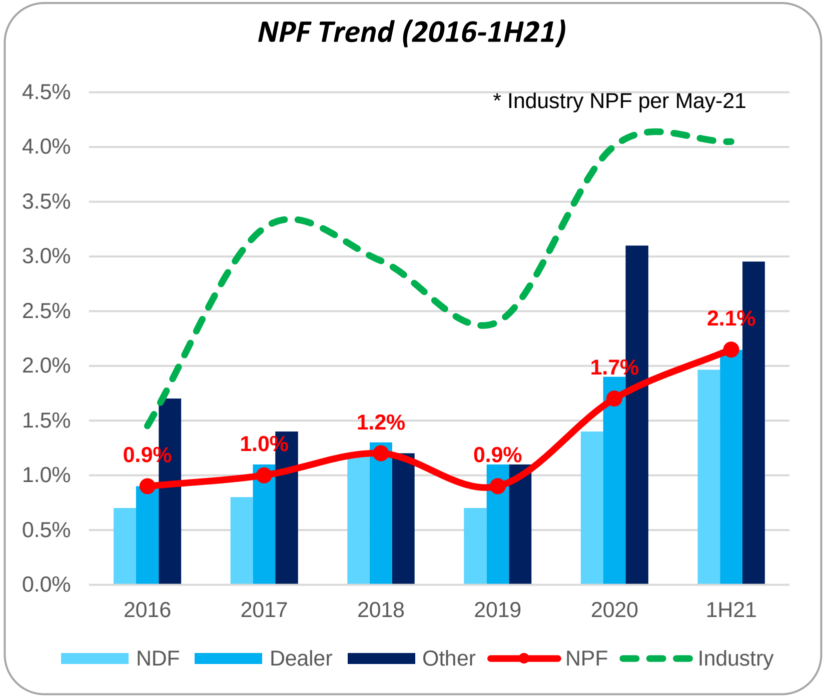
Show result w/o settlement-related expenses

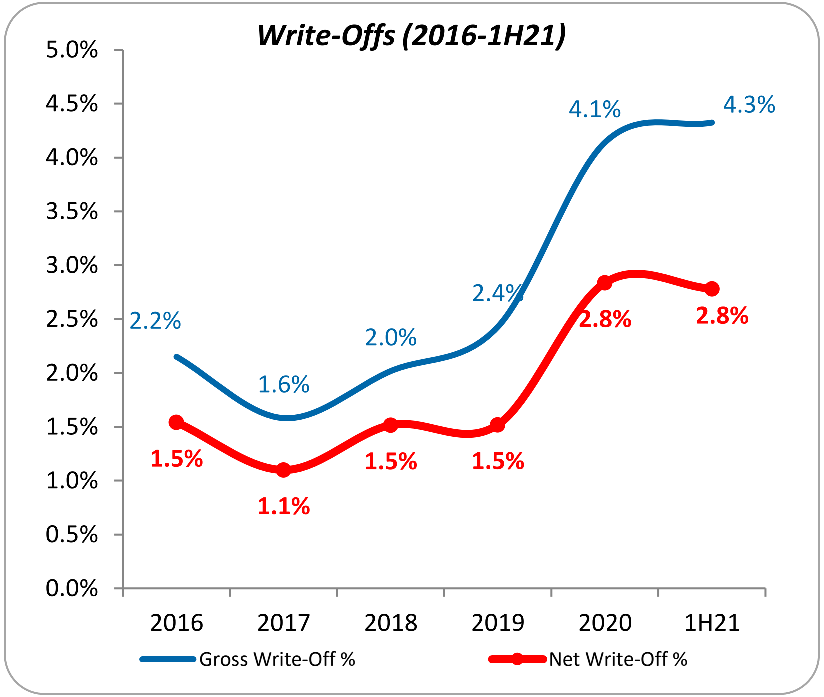
ROA Company is calculated using PBT/Average Total Assets

ROE Company is calculated using PAT/Average Total Equity

Rigorous risk and balance sheet quality management

Higher NPF levels across all segments but expect to improve by end of the year

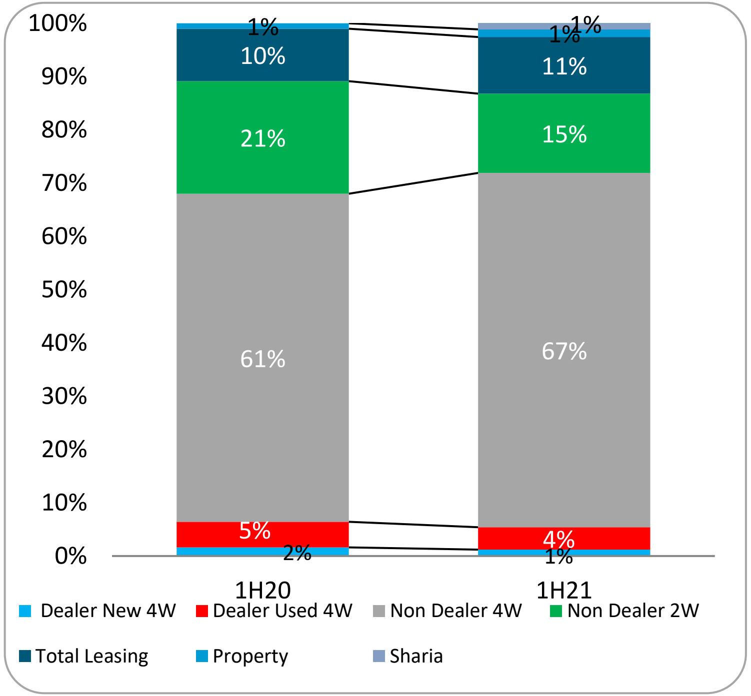




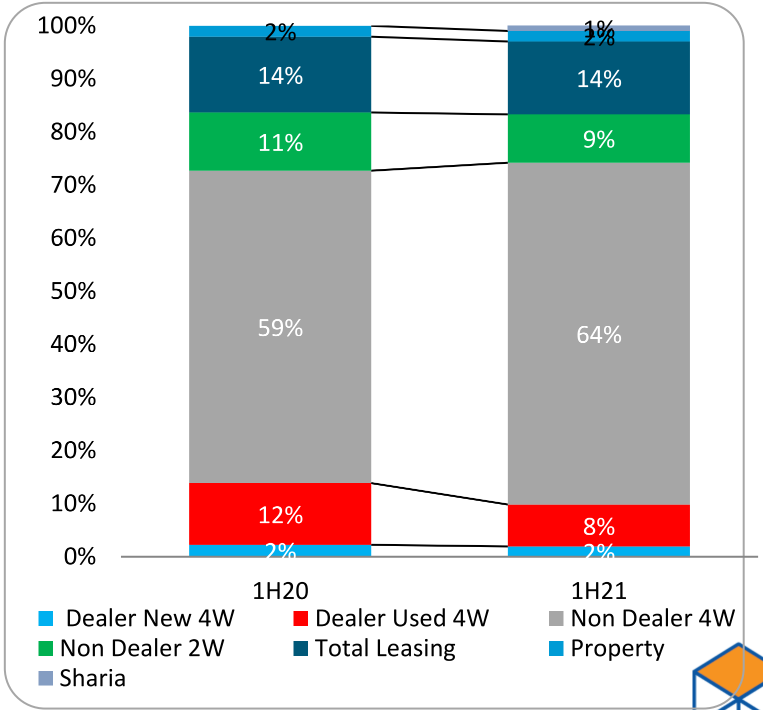
Asset Composition

Non-Dealer business continues to be focus and growth engine

Booking Composition (1H20 vs 1H21)



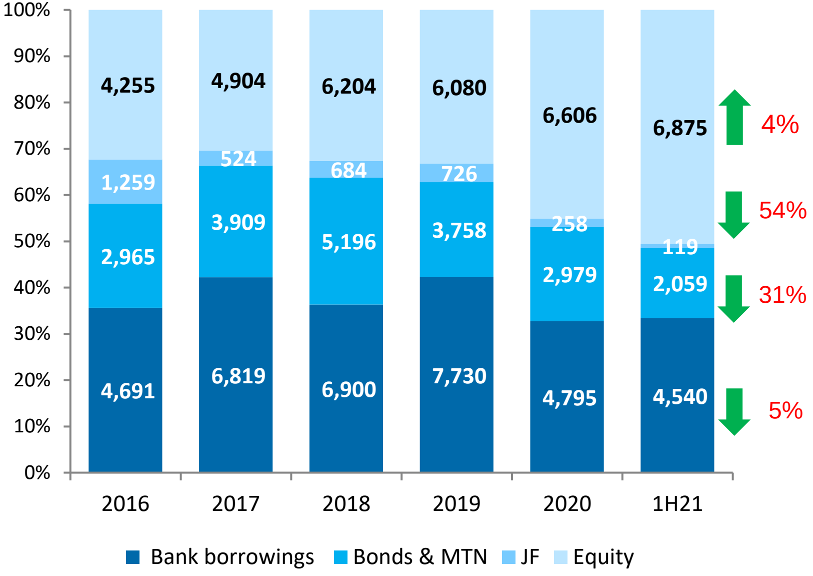
Managed Receivables Composition (1H20 vs 1H21)



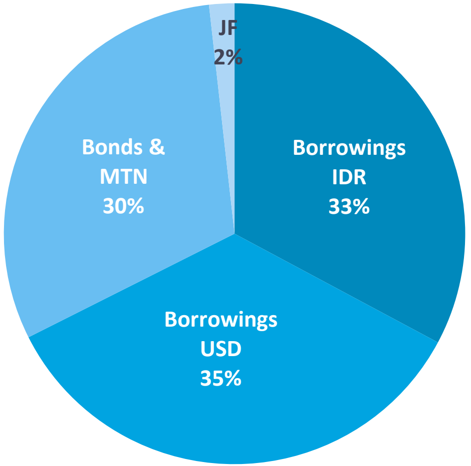
Strong capital base

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

Source of Funding (2016-1H21)



External Funding Sources



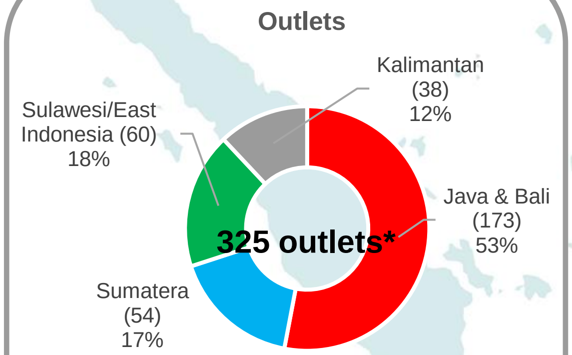
Total : Rp6,718 billion

- Decline in Bank Borrowings, Bonds & MTN and JF caused by repayment of due principal

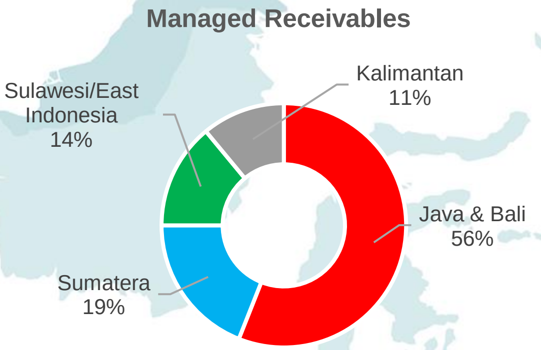
- Well-diversified funding sources is important to reduce dependency and risk
- Adequate facilities in pipeline to support daily operational and further business expansion

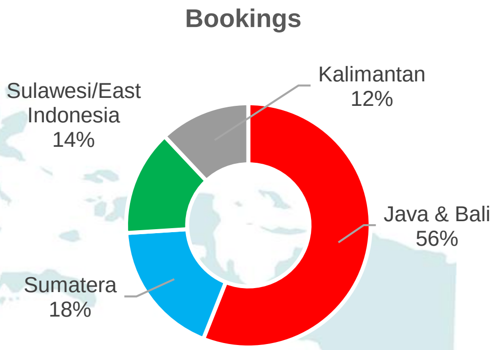
Business Distribution and Branch Network as at 30 June 2021

Rationalization of network strategy in line with stricter underwriting and growth measures



* Includes 45 Sharia branches sharing premises with existing branches





Thank You