PT BFI Finance Indonesia Tbk

1H:20 Results

27 July 2020

Analyst Briefing

Current Condition

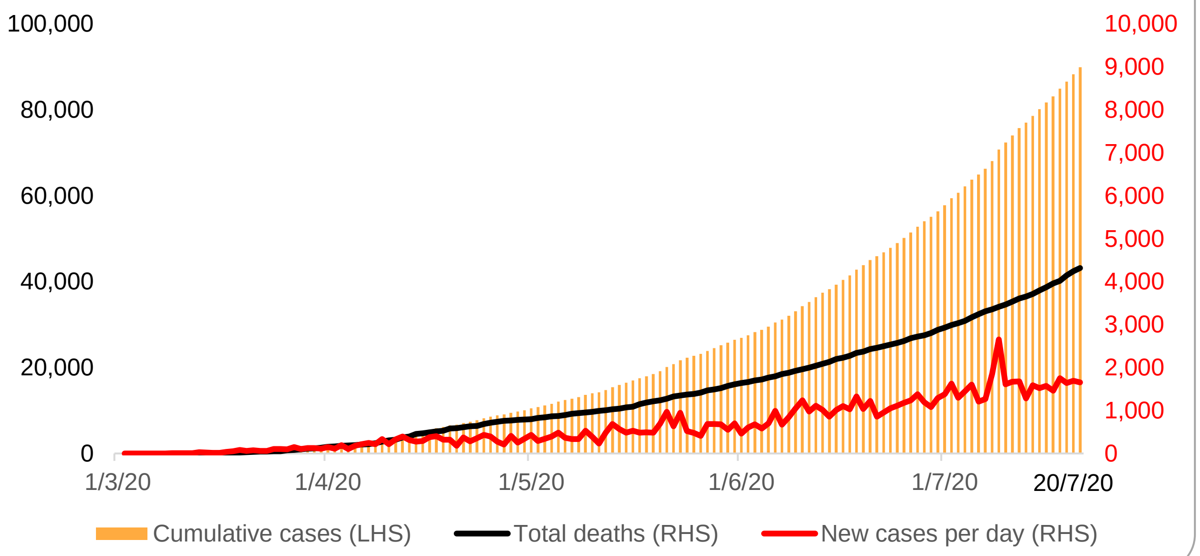
COVID-19 Update (20 Jul 2020)

89,869
Confirmed
+1,655 cases

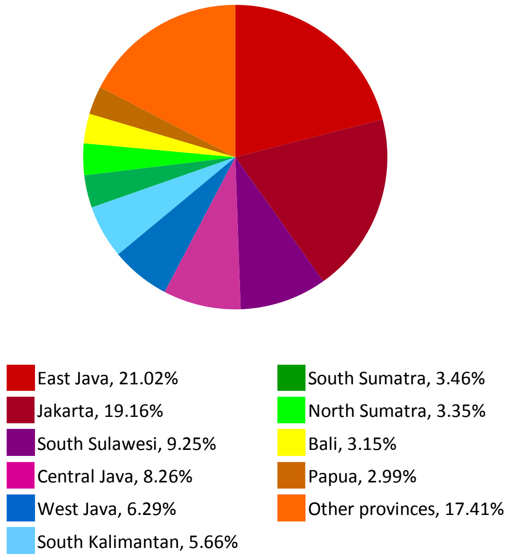
37,083
Under Treatment
41.3% of Confirmed

48,466
Recovered
53.9% of Confirmed

4,320
Deaths
4.8% of Confirmed



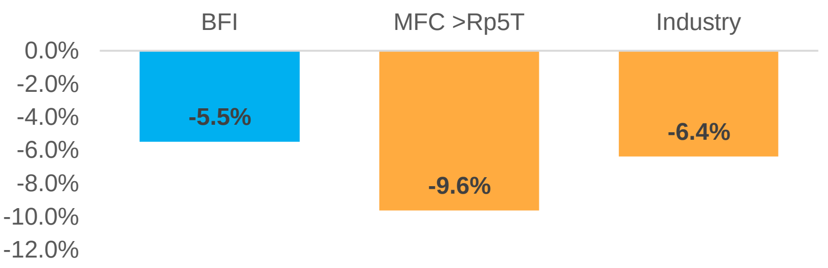
Confirmed Cases by Province (20 Jul 2020)



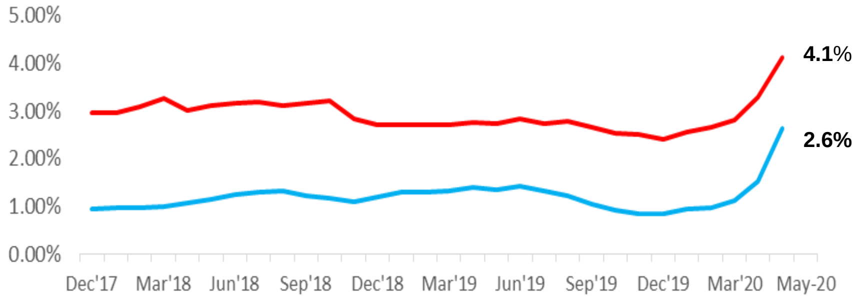
Impact to Industry & Economy is unprecedented

GDP growth projected to be negative for the first time since Asian Financial Crisis

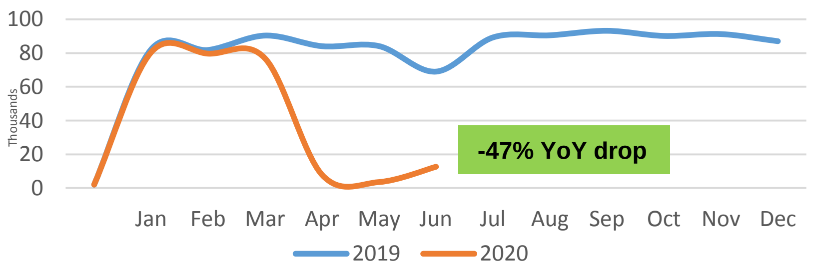
Balance Sheet Contraction across the board (May-20 YoY)



Rising NPFs, with BFI consistently lower than industry (May-20)



90% contraction in automotive market in Apr and May 2020



Key Statistics	2020P	Recent	2020E*
GDP growth	5.3%	3.0% Mar-20	-0.4%
Inflation	3.1%	1.1% Jun-20	5.1%
Budget deficit	< 2.0%	1.1% May-20	up to 5.0%

** worst scenario affected by COVID-19*

- BI benchmark rate lowered four consecutive times to 4% in order to stimulate domestic consumption

Restructuring account due to COVID-19

As of 30-Jun-20

Restructuring Update

Company	As per date	Contract	Value (IDR)
Adira Finance	5 Jun 2020	652,296	16.0 tn
BCA Finance	30 Jun 2020	112,000	10.4 tn
Astra Sedaya	20 May 2020	78,598	11.0 tn
Mandiri Tunas Finance	30 Jun 2020	66,619	12.9 tn
Federal Int'l Finance	20 May 2020	792,000	21.9 tn
Mandiri Utama Finance	31 May 2020	29,006	1.5 tn
BFI Finance	30 Jun 2020	67,480	4.1 tn
Industry	**30 Jun 2020**	**3,740,000**	**133.84 tn**
BFI Finance's restructuring vs Industry		1.8%	3.1%

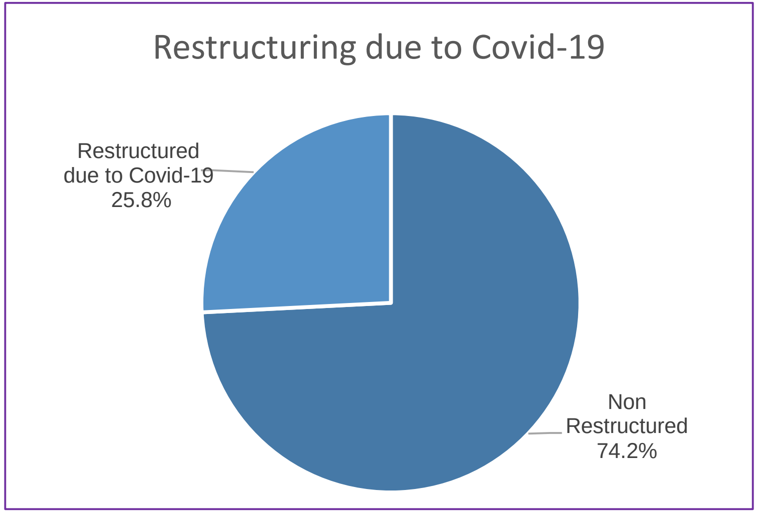
** source: various newspaper*

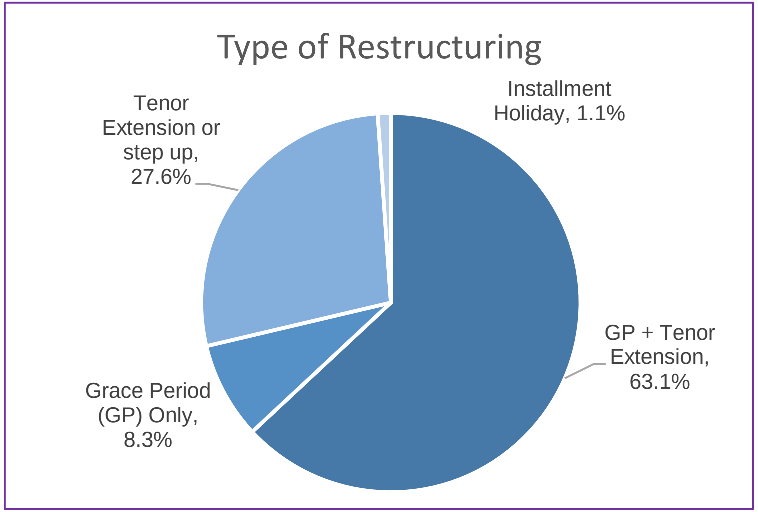
Note:

- OJK issued financial relaxation plan to customers amid Covid-19 Pandemic in Indonesia (No.14/POJK.05/2020 dated 17-April-2020)
- As per end of Jun-20, there were Rp 133.84 trillion loan being restructured, or represented approx. 32% of total industry's receivables.
- BFI has approved Rp 4.1 tn loan restructuring request since Apr-20 for 67.480 contracts, which represent 25% of its receivables and 12% of its active borrowers.
- OJK allowed the restructuring scheme for and tenor extension up to 1 year but BFI applies stricter scheme; mostly are loan extension up to 6 months, some with grace period of principal payment during the extension period.

Rescheduling Update

BFI has rescheduled over 25% portfolio due to Covid-19, with majority of the term is extension of tenor with grace period payment of principal





- 63% of the restructuring scheme is a combination of grace period of principal and tenor extension up to 6 months (incld. the grace period)
- Only 1% of the scheme constituted payment holiday (up to Aug-20)

Latest Corporate Update

As of 30-Jun-20

- The Share Sale & Purchase agreement between Trinugraha Capital, BFI's current shareholder and prospective new shareholders (Compass Banca S.p.a and Star Finance) has been cancelled due to lapse of extended deadline by end of Apr-20 and COVID-19 pandemic in Italy
  - ✓ As a result, Trinugraha Capital remains as BFI controlling shareholder up to now
  - ✓ During Extraordinary GMS on 29-Jun-20, two BOC members represent Trinugraha have been reaffirmed for another 5 year term.
- BFI has settled its long due lawsuit with Arya Putra Teguhartha (APT) ex shareholder through the out of court settlement agreement in Nov-2019, which ended the long dispute since 2003
- AGM held on 29-Jun-20 among others declared dividend Rp 12 per share or represented 25% payout ratio to be paid by end of Jul-20
- BFI's technology subsidiary PT Financial Informasi Teknologi (FIT) with its plaform www.PinjamModal.id was granted operating license from OJK ON dated 19-May-2020, and BFI became the first multi finance who owned a technology company.

New government regulations to mitigate the impact of COVID-19

- Government Regulation (PP No 23 2020) regarding the economic recovery program to mitigate covid-19 risk; among others the appointment of certain banks as the agents who will channel liquidity support from government to the participating banks who require helped; this regulation also act as umbrella regulation to provide interest subsidy for micro SMEs, low-cost mortgage, productive vehicle loans
- MoF later issued regulation No. 85.PMK.05.2020 as a follow up to PP No. 23.2020. Under this regulation, financial institution incld. MF are appointed as the distributor of subsidy to respective customers who meet the criteria under PMK 85

Eligible Loan size as of 29-Feb-20	Interest Subsidy to Customer *		Note
	1st 3 months	Next 3 months	
Rp 10 mio - Rp 500 mio	6%	3%	Subsidy is given to max 2 contracts per customer with the total exposure up to Rp500 mio
Rp 500 mio - Rp 10 bio	3%	2%	Must be under restructuring program from creditors and only apply to 1 financing contract

- Government Regulation (PP No. 1/2020) regarding Financial Policy and Financial System Stability among other regulates corporate income tax reduction from 25% to 22% starting year 2020, and further down to 20% in year 2022. Subsequently, PP No. 30/2020 regulates tax reduction for public companies who fulfill certain criteria to get a 3% lower corporate income tax rate. BFI is eligible for this regulation, hence the tax rate has reduced from to 19% (from currently 20%)
- Ministry of Finance regulation No. 86/PMK.03/2020 regarding Tax Incentives For Taxpayers Affected by covid-19, regulates that employee with gross income up to Rp200 million in certain industry segments (based on the attached list under the PMK) will enjoy tax borne by the government. BFI is considered as the recipient of this facility for its employees.

* Program valid until end of 2020

Performance Highlights

1H:20 Key Highlights - Consolidated

Maintaining prudent financial policy and positive results amidst COVID-19 pandemic

GROWTH

- New booking in 2Q20 was only Rp57 bn, with 3 consecutive months of stop booking since Apr-20 due to covid-19
- YTD 06M:20 booking was Rp4,100 bn or 42.5% lower YoY
- Total managed receivables declined by 12.5% QoQ and 8.8% YoY to Rp16,307 bn

ASSET QUALITY

- NPL ratio deteriorated from 1.12% to 3.73% QoQ as an impact of the pandemic
- 2Q20 NCL ratio recorded 2.64%, increased from 1.03% QoQ, and YTD NCL was 1.82%, improved from 2.07% YoY. Higher NCL is expected to arrive in 2H20 as more repossession activity will be performed and higher flow to WO.
- 2Q20 COC ratio recorded 9.95% from 4.18% QoQ while YTD COC rise to 7.00% vs 2.36% YoY
- LLR has increased to 5.89% vs 3.47% QoQ with NPL coverage of 1.6x vs 3.1x due to increased NPL in 2Q20.

PROFITABILITY

- Net Interest Spread down from 13.00% to 11.04% QoQ, mainly due to lower int. yield as a result of increased NPL (reversal of accrued interest), while COF stable at 8.30%. YTD net interest spread increased 0.35% YoY due to 1Q20 performance
- YTD Net Revenue decreased by 2.6% YoY to Rp1,907 bn driven by drop in fee based income as new business is halted
- OPEX reduced by 25.2% QoQ to Rp362 bn mainly due to reduction of manpower related cost and overall non essential opex
- 06M:20 PBT and PAT reached Rp424 bn and Rp332 bn, down by 51.1% and 51.9% YoY.

OTHERS

- Total network recorded at 407 outlets, excluding 45 sharia branches which share premises with conventional branches. There are 10 less kiosks as compared to last month (20 lesser as compared to highest no. in Mar’20)

1H20 Balance Sheet Highlights - Consolidated

Drop in Booking and ENR due to conscious effort in Mar-Jun'20 taken to limit booking to anticipate changes in condition due to COVID-19

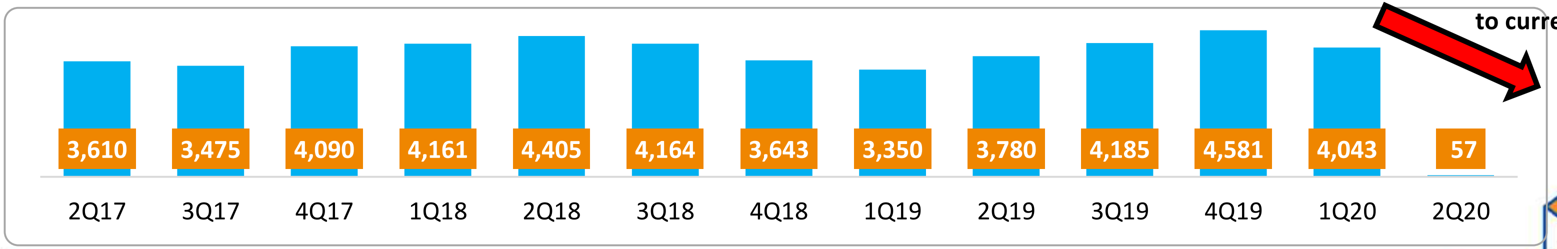
*In Rp bil * (unless otherwise stated)*	1H20	1H19	YoYΔ	FY19	FY18	YoYΔ
New Bookings	4,100	7,130	↓ 42.5%	15,896	16,372	↓ 2.9%
Managed Receivables^	16,307	17,888	↓ 8.8%	18,509	18,343	↑ 0.9%
Total Net Receivables	14,896	16,458	↓ 9.5%	17,439	17,283	↓ 0.9%
Total Assets	17,285	18,369	↓ 5.9%	19,090	19,117	↓ 0.1%
Total Debt#	10,245	11,432	↓ 10.4%	11,488	12,096	↓ 5.0%
Total Proforma Debt^	10,699	12,470	↓ 14.2%	12,214	12,780	↓ 4.4%
Total Equity	6,151	6,108	↑ 0.7%	6,080	6,204	↓ 2.0%

Very limited booking in 2Q20 mainly due to covid-19 outbreak

Lower debts due to repayment and less new drawdown

(*) 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 (2Q17-2Q20)



1H20 Profit & Loss Highlights – Consolidated

Lower revenue and increased COC limit profitability growth during the quarter

*In Rp bil ** *(unless otherwise stated)*	1H20	1H19	YoYΔ	FY19	FY18	YoYΔ
Interest Income	1,824	1,827	↓ 0.2%	3,704	3,595	↑ 3.0%
Financing Cost	478	501	↓ 4.6%	1,008	1,035	↓ 2.7%
Net Interest Income	1,346	1,326	↑ 1.6%	2,696	2,559	↑ 5.4%
Fees & Other Income	561	633	↓ 11.4%	1,370	1,332	↑ 2.9%
Net Revenue	1,907	1,958	↓ 2.6%	4,066	3,891	↑ 4.5%
Operating Expenses	853	877	↓ 2.7%	2,695	1,617	↑ 66.7%
Operating Income	1,054	1,081	↓ 2.5%	1,371	2.275	↓ 39.8%
Cost of Credit	630	214	↑ 194.4%	279	435	↓ 36.1%
PBT **	424	867	↓ 51.1%	1,092	1,840	↓ 40.7%
PAT **	332	690	↓ 51.9%	712	1,468	↓ 51.5%

Lower Borrowings and Bonds with 26 bps lower COF

Drop in fee-based income largely driven by lower/very limited new booking in 2Q20

COC increased from 2.36% to 7.00% driven by increased past-due accounts/delinquency amidst the covid-19 pandemic

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

** BFI only PBT and PAT as of 30 June 2020 was at Rp 429 bn and Rp 337 bn, respectively

Key Ratios

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

	1H20	1H19	YoYΔ	FY19	FY18	YoYΔ
Net Interest Spread	12.07%	11.72%	↑ 35 bps	11.84%	11.91%	↓ 7 bps
Cost to Income	44.40%	44.59%	↓ 19 bps	66.12%	41.54%	↑ 2,458 bps
COC / Avg. Rec.	7.00%	2.36%	↑ 464 bps	1.53%	2.45%	↓ 92 bps
ROAA (before tax)	4.58%	9.19%	↓ 461 bps	5.83%	9.98%	↓ 415 bps
ROAA (after tax)	3.60%	7.32%	↓ 372 bps	3.81%	7.96%	↓ 415 bps
ROAE (after tax)	10.87%	21.91%	↓ 1,104 bps	11.35%	26.68%	↓ 1,533 bps
NPL*	3.73%	1.43%	↑ 230 bps	0.85%	1.21%	↓ 36 bps
Net Gearing Ratio #	1.5x	1.9x	↓ 40 bps	1.7x	1.9x	↓ 25 bps

Improved COF by 26 bps set-off by 12 bps dip in portfolio yield

Slower growth in PAT YoY due to limited booking growth and rising COC

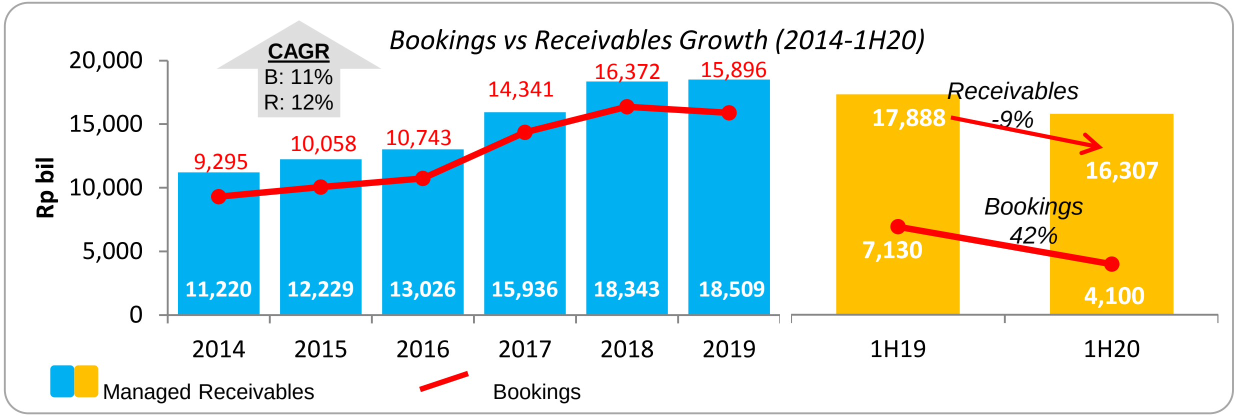
Decreasing NPL across all products except DF Used due to booking refocus

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

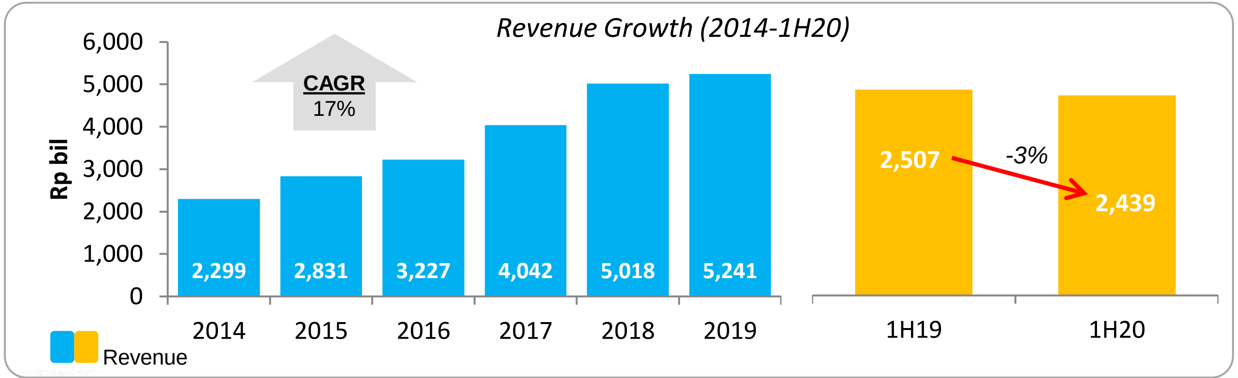
\# Includes channeling and joint financing transactions

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



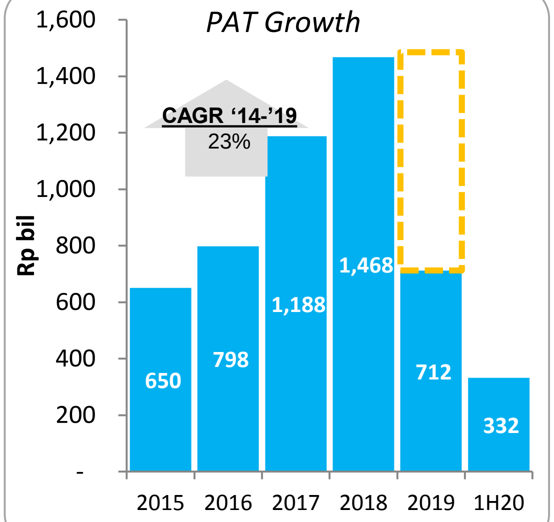
- Consistently growing receivable in the last 5-years with CAGR growth outpace the industry
- Lower receivables in 2020 mainly driven by our prudent risk decision to limit new booking, in light of the current pandemic and its economic impact (eg. lower repayment capacity thus higher delinquency).

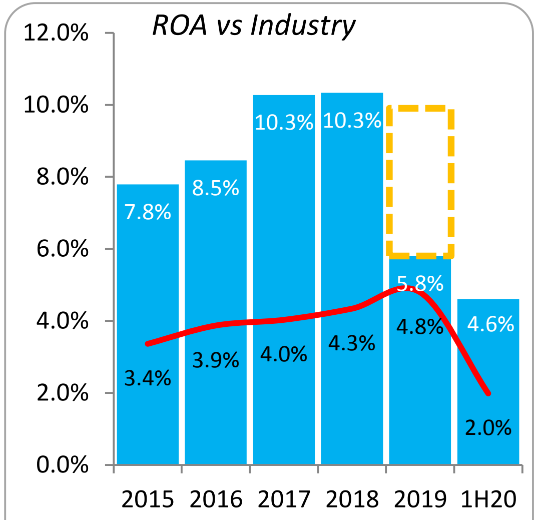


- Consistently strong growth in Revenue as a result of robust balance sheet growth and good spread management (Yield vs COF) in the last 5-years
- Lower revenue in 2020 mainly driven by lower new booking as explained above as well as increased NPF.

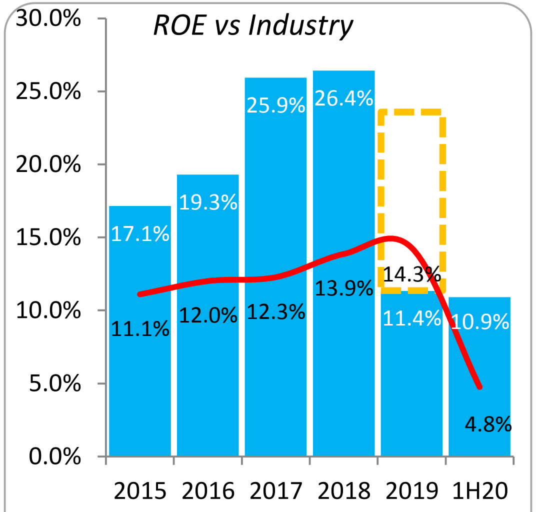
Stable profitability over the years

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





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



Source: Company, OJK (data industry per May'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.

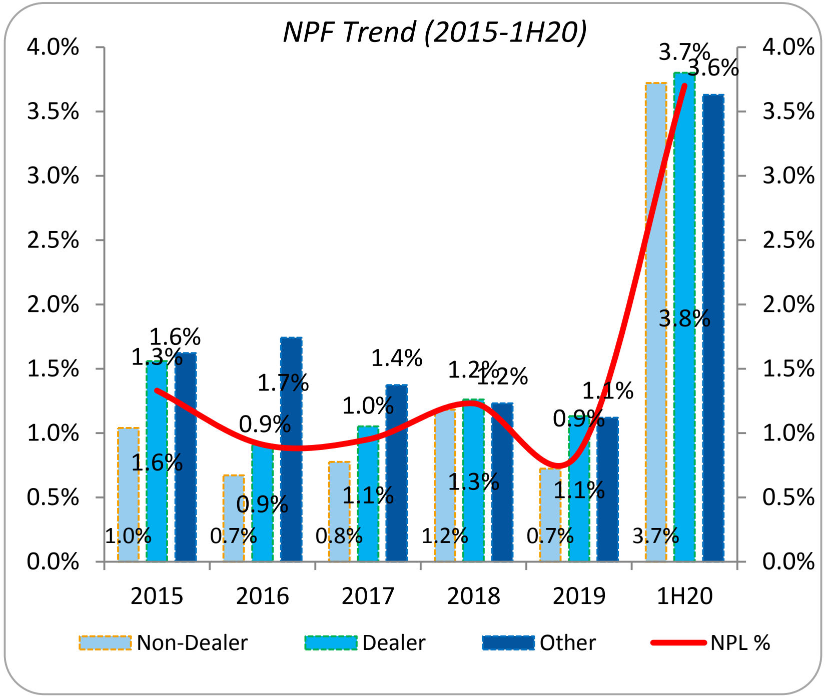
Show result w/o settlement-related expenses

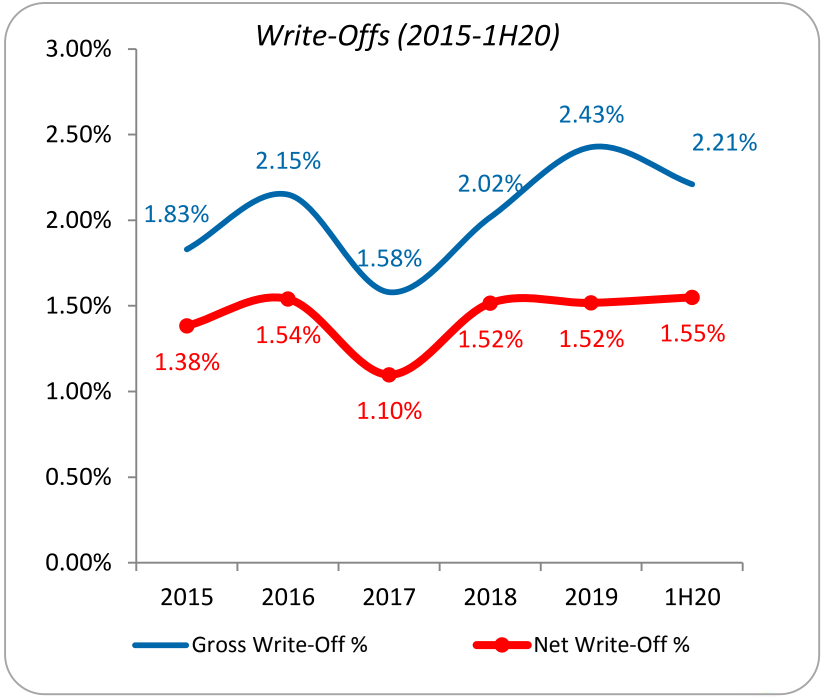
ROA Company is calculated using PBT/Average Total Assets

ROE Company is calculated using PAT/Average Total Equity

Challenging asset quality

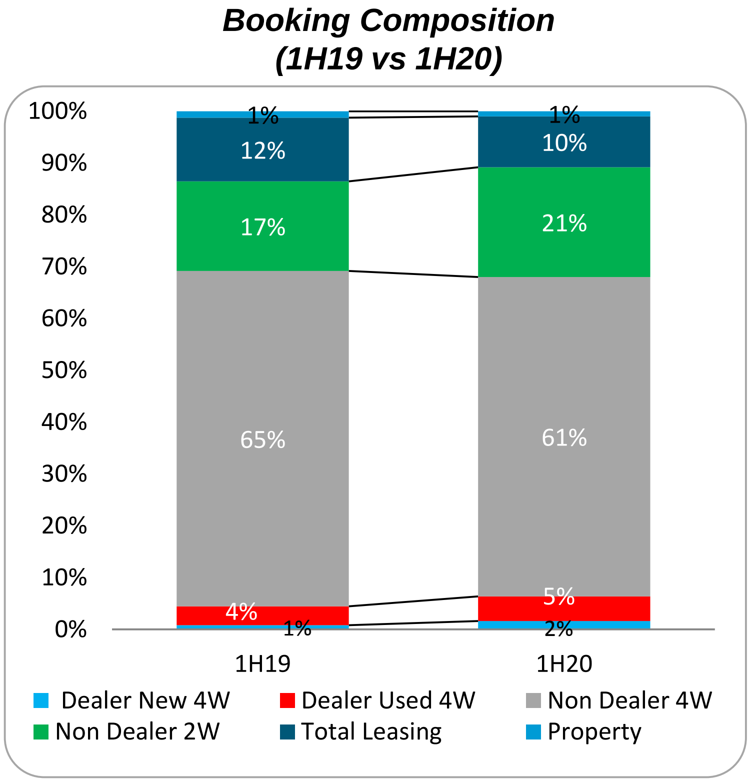
Higher NPFs amidst COVID-19 outbreak across all product segment with WO is still under control. However, we expect NPF to stabilize and continue to decrease towards end of the year

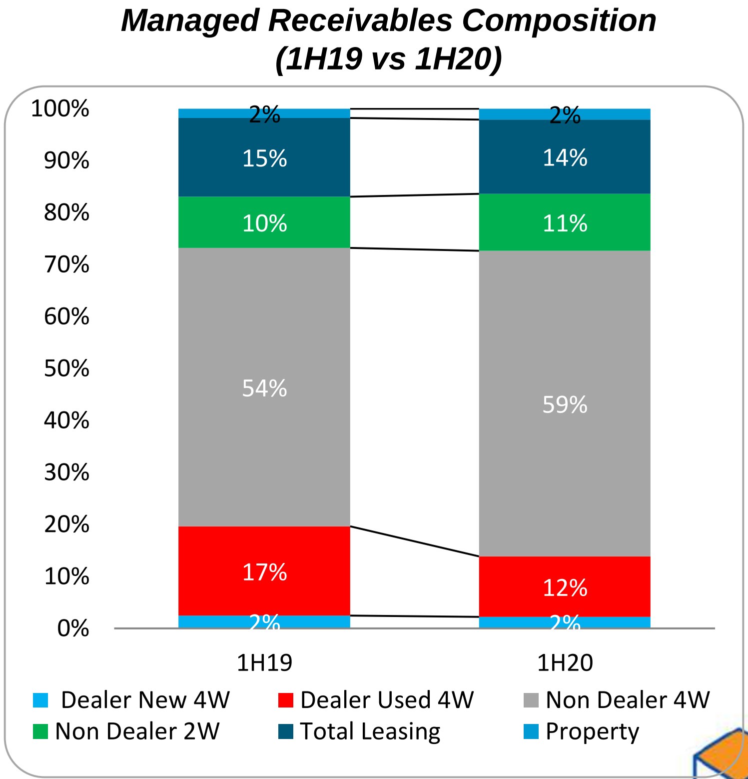




Asset Composition

Non Dealer business continue to become our engine of growth with new bookings of 82% while asset composition grew to 70%.

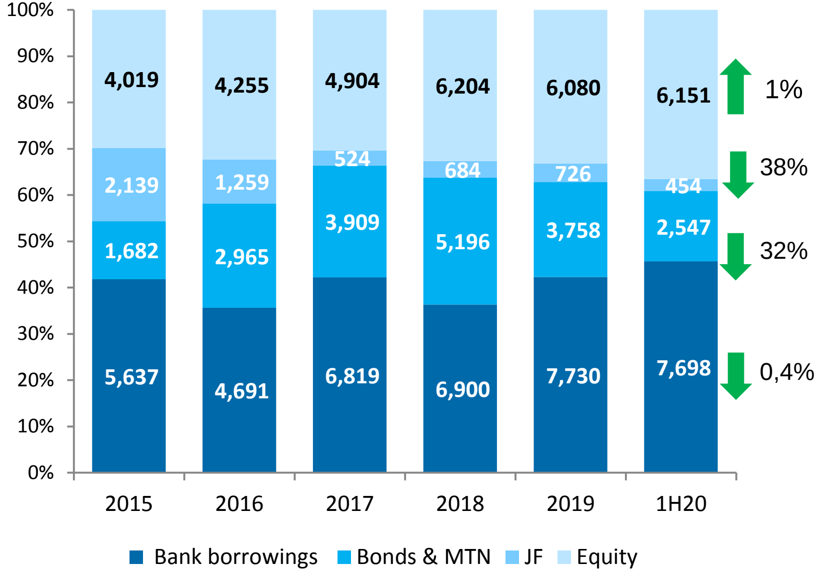




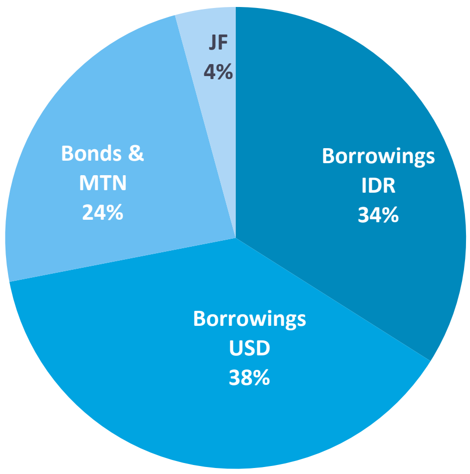
Strong capital base

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

Source of Funding (2015-1H20)



External Funding Sources



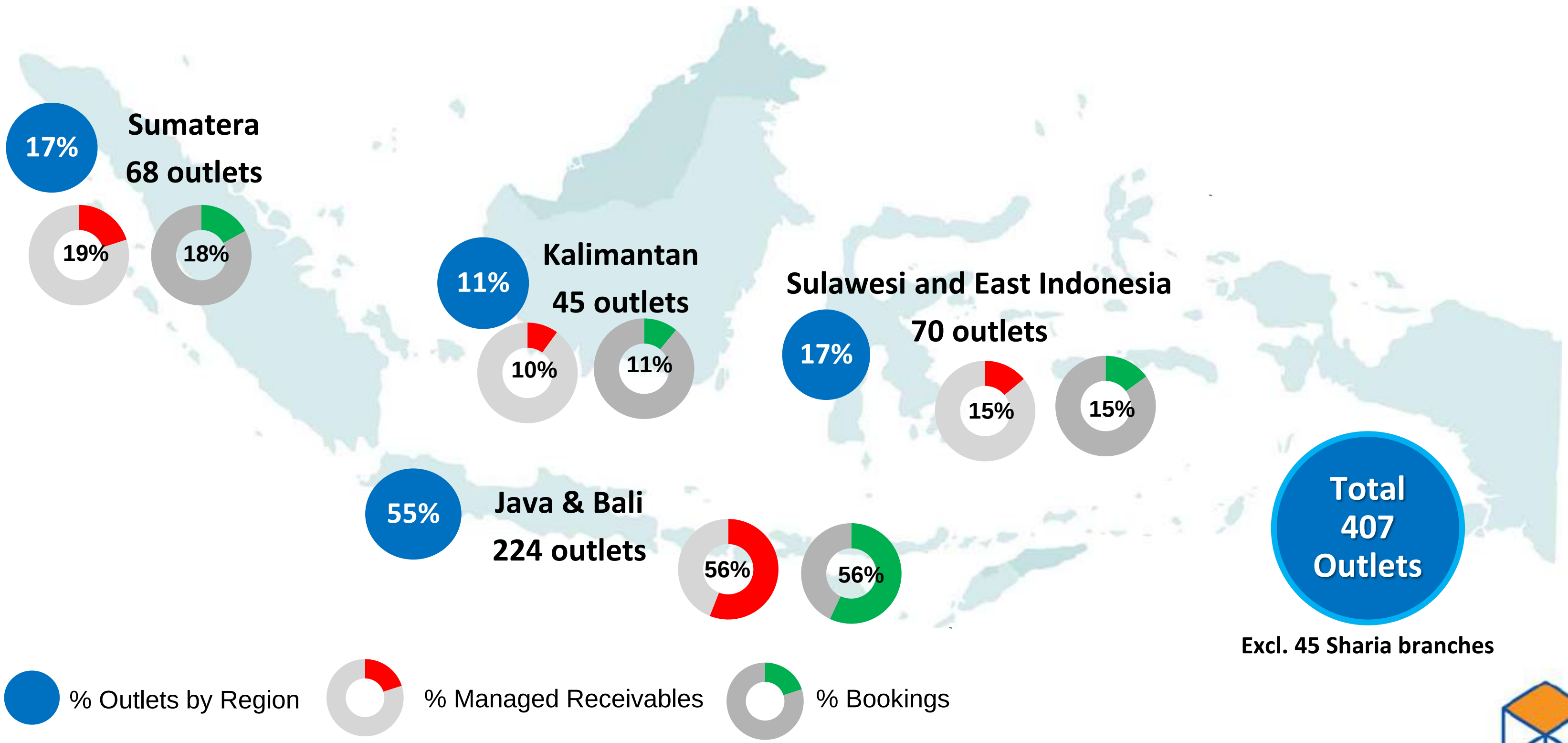
Total : Rp10,699 billion

- 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 30 June 2020

Extensive coverage throughout the country



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