



Institutional Investor 2019 All-Asia Research Poll
Click here for our voting matrix



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25 February 2019

Indonesia

Financial services

Reuters BFIN.JK
Bloomberg BFIN IJ

Priced on 22 February 2019
Jakarta Comp @ 6,501.4

12M hi/lo Rp855/505

12M price target Rp800
±% potential +22%

Shares in issue 15,967.1m
Free float (est.) 50.9%

Market cap US\$744m

3M ADV US\$0.1m

Foreign s'holding 40.0%

Major shareholders

Trinugraha Capital & Co SCA 42.8%
NT Asian Discovery Fund 8.2%

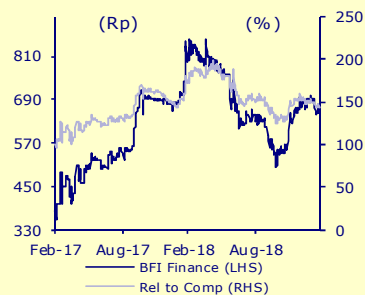
Blended ESG Score (%)*

Overall 45.8
Country average 52.7
GEM sector average 65.6

*Click to visit company page on clsa.com for details

Stock performance (%)

	1M	3M	12M
Absolute	(3.7)	19.1	(18.6)
Relative	(4.2)	10.0	(17.2)
Abs (US\$)	(3.0)	23.5	(20.8)



Source: Bloomberg

Normalising growth

Focusing on asset quality; maintaining profit growth

We attended BFIN's analyst briefing following the FY18 results announcement. Receivables grew +13% YoY, lower than initial guidance due to macro headwinds and asset-quality concerns. Hence, we cut our financing growth target to 10% in 19CL (from 15%). NIM was c.100bps better than our expectation, reaching 15.7% in 2018, on the back of lower cost of funds. Higher funding costs will start to be reflected in 2019, thus we expect NIM to decline to 14.8% in 19CL. Better NIM has translated into earnings which grew +24% YoY to Rp1.5tn in 2018 and came in 5% above our expectation. Overall, we upgrade our earnings by 3.8% mostly due to better-than-expected NIM in 2018. Maintain BUY with new TP at Rp800/share (from Rp700), based on 1.8x mid 19-20CL PB.

Better-than-expected result due to better NIM

- Earnings fell -4% QoQ in 4Q18, but still up by +8% YoY. FY18's earnings rose +24% YoY to reach Rp1.47tn, 5% above our expectation.
- BFIN provided an additional provision due to some natural disasters that happened last year. CoC spiked to 3.1% last year with coverage at 175%. We expect CoC figure to normalise at 2.8% in 19CL with a coverage ratio of 182%.
- NIM was at 15.7%, better than our expectation, because of lower funding costs and the shift towards higher yield segment (non-dealer financing). However, NIM pressure might be seen this year due to the time lag in funding costs. We expect NIM to decline to 14.8% in 19CL.

Conservative financing growth

- Managed receivables were flat QoQ (+13% YoY) due to seasonal low and more conservative action taken by management in the 4Q18. Given an election year and macro headwinds, we lower our financing growth target for 19CL to 10% (from 15%).
- NPF maintained at 1.2% (flat QoQ), but +26bps YoY in 4Q18. It was still below the industry average at 2.7%. Collection effort will be the main focus for the company to maintain asset quality at least at the current level. (19CL NPF at 1.2%).

Waiting for the new owners

- The deadline for share sales and purchase agreement between Trinugraha and 2 Italian companies (Compass and Star Finance) is due by 1Q19 with possibility of extension (agreed by both parties). Pricing hasn't been announced. BFIN explained that the process is still ongoing and waiting from approval from ECB.

Maintain BUY, TP at Rp800/share (from Rp700/share)

- We upgrade our earnings by 3.8% in 19CL on the back of better NIM (shifting towards higher asset yield). We rollover our valuation to mid-19-20CL and maintain our BUY call with a new TP of Rp800/share (1.8x mid 19-20CL PB). We assign a 35% discount to fair PB given the company's ongoing lawsuit case.

Financials

Year to 31 December	16A	17A	18A	19CL	20CL
Operating profit (Rpbn)	1,025	1,488	1,840	2,061	2,353
Net profit (Rpbn)	798	1,188	1,467	1,607	1,801
NP forecast change (%)	-	-	-	3.8	0.4
EPS (Rp)	50.00	74.37	91.89	100.66	112.78
CL/consensus (1) (EPS%)	-	-	-	104	100
EPS growth (% YoY)	22.8	48.7	23.6	9.5	12.0
PE (x)	13.1	8.8	7.1	6.5	5.8
Adjusted EPS (Rp)	50.00	74.37	91.89	100.66	112.78
Adjusted PE (x)	13.1	8.8	7.1	6.5	5.8
Dividend yield (%)	3.8	5.5	6.9	7.5	8.4
PB (x)	2.5	2.1	1.7	1.6	1.4

Source: www.clsa.com

Financials at a glance

Year to 31 December	2016A	2017A	2018A	2019CL	(% YoY)	2020CL
Profit & Loss (Rpbn)						
Interest income	2,393	2,985	3,739	4,119	10.2	4,590
Interest expense	(792)	(897)	(1,036)	(1,260)		(1,409)
Net interest income	1,601	2,088	2,703	2,860	5.8	3,181
Trading income	-	-	-	-		-
Fee income	834	1,057	1,279	1,599	25	1,871
Other operating income	0	0	0	0		0
Non-interest income	834	1,057	1,279	1,599	25	1,871
Total op income	2,435	3,145	3,982	4,459	12	5,052
Staff & related costs	(716)	(869)	(1,050)	(1,208)		(1,389)
Other operating expenses	(421)	(486)	(583)	(670)		(769)
Total operating expenses	(1,137)	(1,354)	(1,633)	(1,877)		(2,158)
Preprovision OP	1,298	1,791	2,349	2,581	9.9	2,894
Loan-loss provisions	(273)	(303)	(509)	(520)		(540)
Operating profit	1,025	1,488	1,840	2,061	12	2,353
Other income/expenses	0	0	-	0		-
Profit before tax	1,025	1,488	1,840	2,061	12	2,353
Taxation	(227)	(300)	(372)	(454)		(552)
Preference dividends	-	-	-	-		-
Profit for period	798	1,188	1,467	1,607	9.5	1,801
Minority interest	0	0	0	0		0
Net profit	798	1,188	1,467	1,607	9.5	1,801
Adjusted profit	798	1,188	1,467	1,607	9.5	1,801
Balance sheet (Rpbn)						
Net loans	11,583	15,352	17,281	19,066	10.3	21,611
Cash & equivalents	165	225	755	644	(14.7)	703
Placements with other banks	-	-	-	-		-
Other interest earning assets	-	-	-	-		-
Total interest earning assets	11,749	15,577	18,036	19,710	9.3	22,314
Net fixed assets	414	457	530	537	1.4	546
Intangible assets	20	21	32	22	(32)	22
Other assets	294	428	519	568	9.5	623
Total non-interest earning assets	728	906	1,081	1,128	4.3	1,190
Total assets	12,476	16,483	19,117	20,838	9	23,504
Customer deposits	0	0	0	0		0
Deposits from banks	-	-	-	-		-
Other int-bearing liabs	7,656	10,728	12,096	13,337	10.3	14,996
Total int-bearing liabs	7,656	10,728	12,096	13,337	10.3	14,996
Other non-int-bearing liabs	565	851	817	897	9.8	987
Shareholder funds	4,255	4,904	6,204	6,603	6.4	7,522
Other equity capital	0	0	0	0		0
Total liabs & equity	12,476	16,483	19,117	20,838	9	23,504
Total tier 1 capital	0	0	0	0		0
Total capital	0	0	0	0		0
Risk weighted assets	-	-	-	-		-
Average Risk weighted assets	-	-	-	-		-
Ratio analysis						
Net int inc growth (%)	13.4	30.4	29.5	5.8		11.2
Non-int inc growth (%)	18.1	26.8	21.0	25.0		17.0
Operating inc growth (%)	14.9	29.2	26.6	12.0		13.3
Net profit growth (%)	22.8	48.7	23.6	9.5		12.0
Net interest margin (%)	12.7	14.3	15.7	14.8		14.8
Cost/income (%)	46.7	43.1	41.0	42.1		42.7
Loans/deposits (%)	0.0	0.0	0.0	0.0		0.0
Gross NPLs/total loans (%)	0.9	1.0	1.3	1.3		1.2
Loan provisions/NPLs (%)	170.5	160.4	174.7	181.8		176.2
ROA (%)	6.6	8.2	8.2	8.0		8.1
ROE (%)	19.3	25.9	26.4	25.1		25.5
Tier 1 CAR (%)	-	-	-	-		-
CAR (%)	0.0	0.0	0.0	0.0		0.0

Source: www.clsa.com

Figure 1

BFIN FY18 result summary									
	FY17	FY18	YoY	4Q17	3Q18	4Q18	QoQ	YoY	% CL
New bookings (Rp bn)	14,341	16,372	14.2%	4,090	4,164	3,642	(12.5%)	(11.0%)	
Balance sheet (Rp bn)									
Managed receivables	15,936	18,340	15.1%	15,936	18,452	18,340	(0.6%)	15.1%	
Total Debt	10,728	12,096	12.8%	10,728	12,793	12,096	(5.4%)	12.8%	
Total Equity	4,904	6,204	26.5%	4,904	5,812	6,204	6.7%	26.5%	
Income statement (Rp bn)									
Net interest income	1,979	2,555	29.1%	553	661	676	2.3%	22.2%	
Fee based income	1,090	1,333	22.3%	314	348	328	(5.7%)	4.5%	
Total revenue	3,069	3,888	26.7%	867	1,009	1,004	(0.5%)	15.8%	104%
Provision	231	433	87.4%	53	87	128	47.1%	141.5%	109%
Operating expenses	1,350	1,615	19.6%	380	433	405	(6.5%)	6.6%	104%
PPOP	1,719	2,273	32.2%	487	576	599	4.0%	23.0%	105%
Net profit	1,188	1,468	23.6%	346	391	374	(4.2%)	8.2%	105%
Ratio (%)									
Net int spread	10.64	11.91	1.27	10.64	11.91	11.91	-	1.27	
ROE	25.61	26.68	1.07	25.61	27.35	26.68	(0.67)	1.07	
NPL (gross)	0.95	1.21	0.26	0.95	1.23	1.21	(0.02)	0.26	
Debt/equity (x)	2.20	1.90	(0.30)	2.20	2.30	1.90	(0.40)	(0.30)	
Cost to income	43.99	41.54	(2.45)	43.99	41.96	41.54	(0.42)	(2.45)	

Source: CLSA, Company

Conservative new booking growth at mid-single digit

New bookings declined by -12.5% QoQ, -11% YoY in 4Q18 as the company started to focus more on asset quality. The growth driver still came from non-dealer financing, both from 4W and 2W, despite a pick-up of demand on the heavy equipment side.

Considering some macro headwinds, higher rate environment, as well as an election year, management will grow the book more conservative this year. New booking growth is expected to grow mid-single digits. Collection and recovery will be one of the main focuses. Hence, we cut our financing growth assumption to 10% in 19CL from 14.8%.

P2P lending business from the subsidiary (FIT)

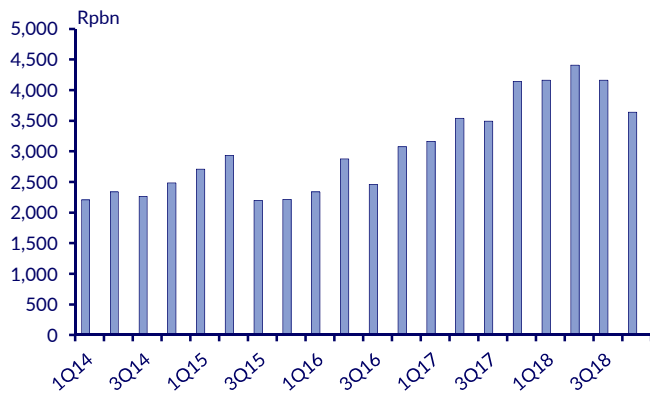
Further, potential synergy with the subsidiary (Finansial Integrasi Teknologi or FIT) is expected to benefit BFIN going forward. FIT has received approval from regulator (OJK) to do P2P lending under the name of Pinjam Modal in Sep-2018.

On its Sharia business, BFIN will keep the strategy by focusing on the specific segment, Halal-Tourism. At this stage, the contribution to the revenue is still very minimal but it will try to have first-mover advantage. Currently, BFIN has 22 Sharia offices nationwide but the majority of them are in the big city areas.



Figure 2

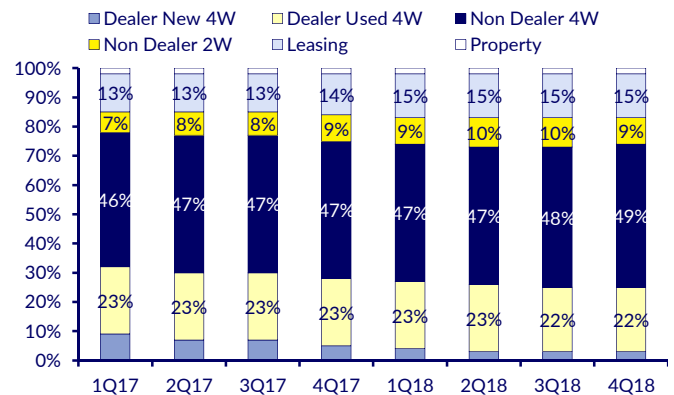
BFIN new booking trend



Source: Company

Figure 3

BFIN managed receivables



Source: Company

Better than expected NIM in 2018

Higher borrowing cost will be reflected in 2019

Higher NIM in 2018 due to lower funding cost and shifting to higher asset yield

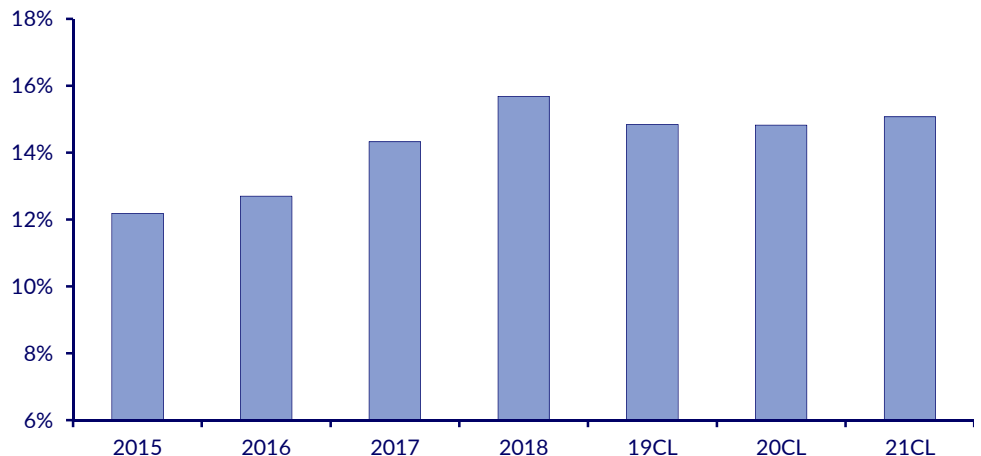
Diverse funding sources in the pipeline

BFIN's NIM was better than our expectation (14.7%) in 2018 at 15.7%, increased by 140bps YoY. It was due to a combination of the shifting towards higher yield segment (non-dealer) and lower cost of fund.

However, we expect NIM to decline by 85bps to 14.8% in 19CL to incorporate higher borrowing costs from bonds as well as bank loans. Recently, BFIN issued corporate bond of Rp1tn as part of its financing for 2019. The coupon rate is set at 9-10.5% and higher by 225-275bps from its last issuance in June-2018.

Figure 4

BFIN NIM trend



Source: CLSA, Company

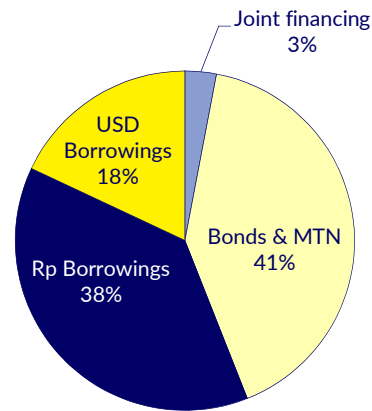
Management also highlighted that there is no funding issue for the company. It has drawdown some of the credit facility from the big banks (around Rp4tn) and also received some syndicated loans from foreign banks. Besides, alternative funding such as global bonds and bilateral loans are also being reviewed by the company.

Huge proportion on the bonds due to better funding cost

Expecting stable NPF ratio at 1.2% in 2019

Figure 5

BFIN external funding sources as of 2018

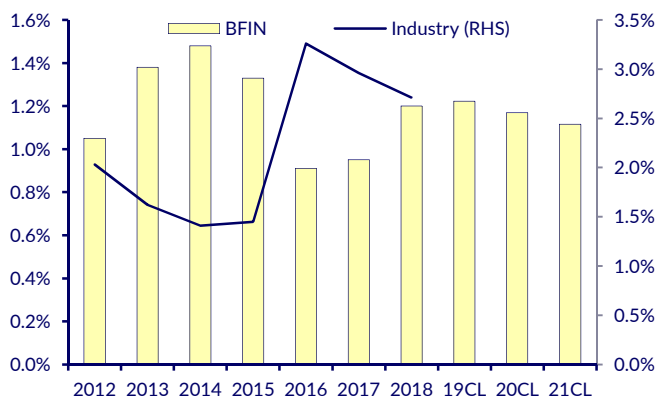


Source: Company

In 2019, we expect NPF ratio to remain stable at the level of 1.2%. It was much lower than the industry average at 2.7%. Cost of credit increased to 3.1% in 2018 (+90bps YoY) as there were more provisions related to some natural disasters in Palu, Lombok, and Sunda Straits. At the same time, coverage ratio also rose to 175% last year, from 160% in 2017. We expect CoC to normalise to 2.8% in 19CL with coverage of 182%.

Figure 6

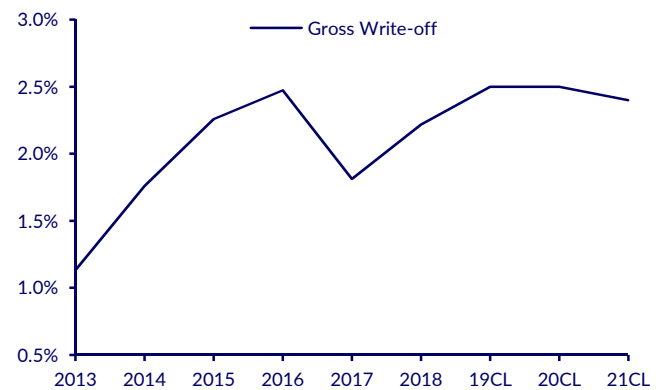
NPF ratio vs industry



Source: CLSA, OJK

Figure 7

BFIN write-off



Source: CLSA, Company

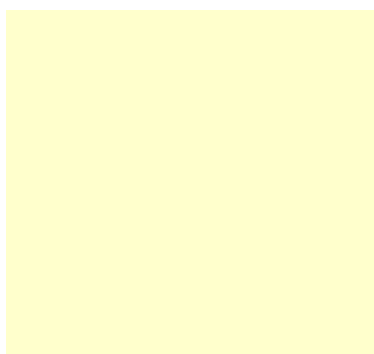
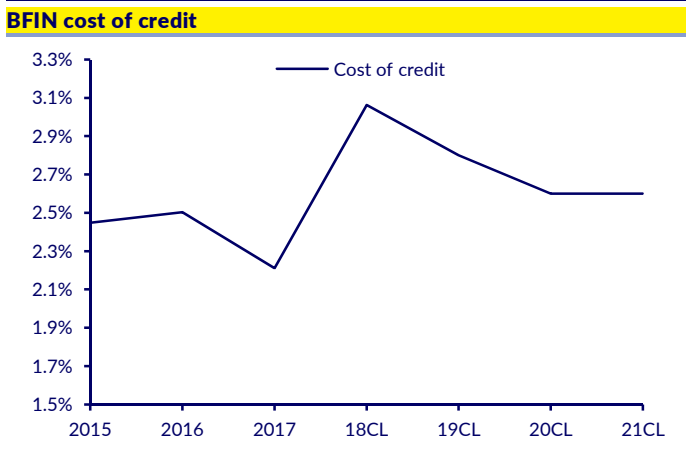
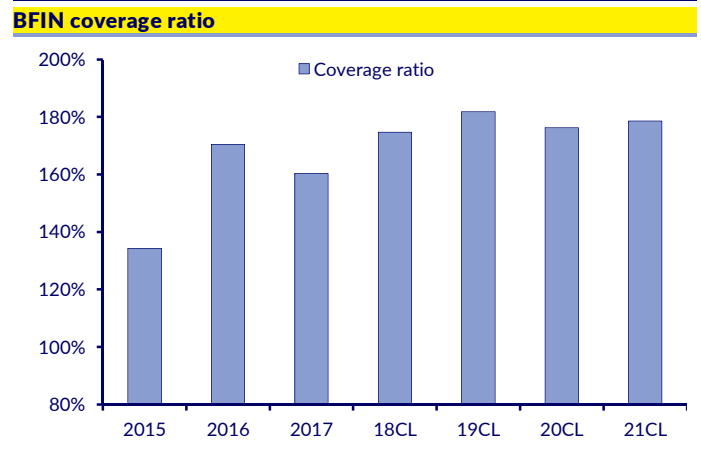


Figure 8

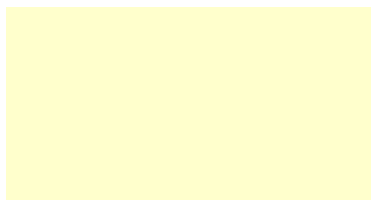


Source: CLSA, Company

Figure 9

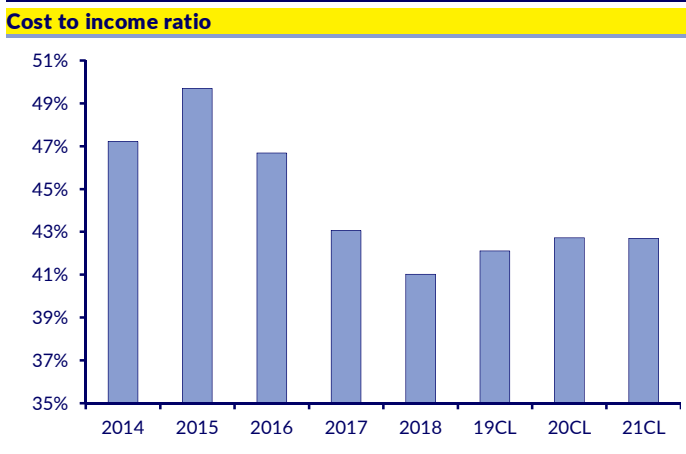


Source: CLSA, Company



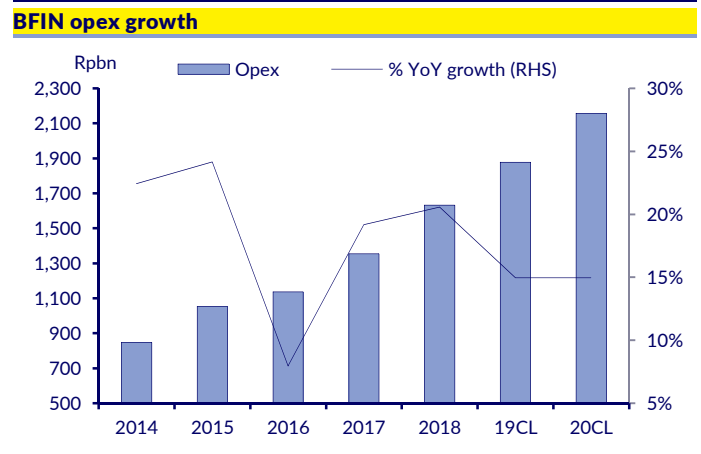
BFIN distribution and branch network increased by 59 outlets last year to 401 outlets (229 branches and 172 kiosks). Management highlighted that its focus is to grow business in areas with less competition such as Kalimantan and Sumatera.

Figure 10

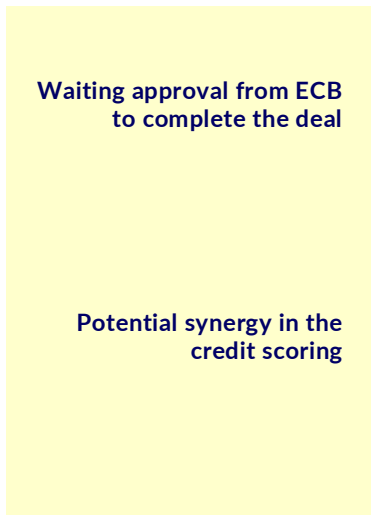


Source: CLSA, Company

Figure 11



Source: CLSA, Company



Currently, BFIN is still waiting for the new owner, Compass Banca SpA (subsidiary of Mediobanca SpA) and Star Finance SRL (a financial company and private investor in Italy). Under the share sales and purchase agreement, Trinugraha will sell 19.9% and 11% of stake to Compass and Star Finance, respectively. The deadline of this agreement is Mar-2019 with possibility of extension (agreed by both parties).

BFIN expects some synergies (especially on credit scoring system) going forward with Compass Banca, as it is categorized as one of the savviest data processors in Eastern Europe. For instance, Compass has around 53 score cards while BFIN only uses a 3 scorecard system in its credit scoring.



Lawsuit case is still ongoing with possibility of settlement

We assign 35% discount to fair PB due to recent lawsuit case

Maintain BUY call; TP at Rp800/share

On the lawsuit case, management said that the case is still ongoing. It has talked with the Ongko family with the possibility of settlement. However, no specific details on the timeline and settlement amount up to now.

We value BFIN using a Gordon growth model assuming a 8.5% risk free rate, 5% market risk premium, 20% sustainable ROE, 9.7% long-term growth. We also consider c.35% discount to factor in the ongoing lawsuit case.

Due to better NIM in 2018, we upgrade our earnings by 3.8% in 19CL. We maintain our BUY call on BFIN, with a target price of Rp800/share. Implying 1.8(x) mid 19-20CL PB. Currently, BFIN trades near (+) 1sd above the mean however, its superior ROE and higher dividend yield should justified its premium.

Figure 12

BFIN key assumptions							
	2015	2016	2017	2018	19CL	20CL	21CL
Financing growth	15.6%	16.8%	32.5%	13.3%	10.4%	13.2%	14.1%
Yield on earning assets	18.3%	19.0%	20.5%	21.7%	21.4%	21.4%	21.3%
Cost of fund	11.1%	10.6%	9.8%	9.1%	9.9%	9.9%	9.5%
Net interest margin (NIM)	12.2%	12.7%	14.3%	15.7%	14.8%	14.8%	15.1%
Non-performing financing (NPF)	1.33%	0.91%	0.95%	1.20%	1.22%	1.17%	1.12%
Cost of credit	2.4%	2.5%	2.2%	3.1%	2.8%	2.6%	2.6%
Coverage ratio	134.2%	170.5%	160.4%	174.7%	181.8%	176.2%	178.6%
ROAA	6.1%	6.6%	8.2%	8.2%	8.0%	8.1%	8.2%
ROAE	17.1%	19.3%	25.9%	26.4%	25.1%	25.5%	25.4%
Earnings growth	8.3%	22.8%	48.7%	23.6%	9.5%	12.0%	13.5%

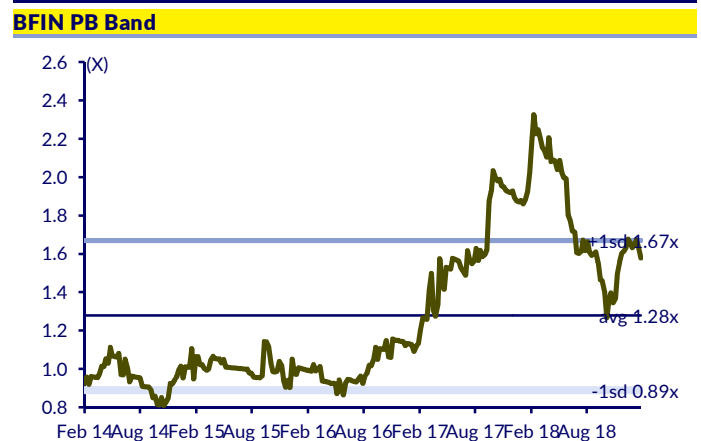
Source: CLSA, Company

Figure 13



Source: CLSA

Figure 14



Source: CLSA

Figure 15

Summary of assumption changes						
		2016	2017	2018	19CL	20CL
Yield on earning assets	Old	18.99%	20.48%	21.70%	21.20%	21.15%
	New				21.38%	21.39%
	Change (%)				0.18%	0.24%
Cost of funds	Old	10.58%	9.76%	9.07%	10.09%	9.95%
	New				9.90%	9.95%
	Change (%)				(0.19%)	0.00%
Net interest spread	Old	8.41%	10.72%	12.62%	11.11%	11.20%
	New				11.48%	11.45%
	Change (%)				0.37%	0.25%
Net interest margin	Old	12.70%	14.33%	15.69%	14.34%	14.43%
	New				14.84%	14.83%
	Change (%)				0.50%	0.40%
Cost of credit	Old	2.5%	2.2%	3.06%	2.35%	2.25%
	New				2.80%	2.60%
	Change (%)				0.45%	0.35%
Cost to income	Old	46.7%	43.1%	41.02%	41.70%	41.00%
	New				42.11%	42.72%
	Change (%)				0.41%	1.72%
Coverage ratio	Old	171%	160%	175%	169%	191%
	New				182%	176%
	Change (%)				12.85%	(14.77%)
ROAA	Old	6.6%	8.2%	8.24%	7.40%	7.60%
	New				8.05%	8.12%
	Change (%)				0.65%	0.52%
ROAE	Old	19.3%	25.9%	26.42%	25.30%	25.80%
	New				25.10%	25.50%
	Change (%)				(0.20%)	(0.30%)
Financing (Rp bn)	Old	11,766	15,589	17,658	21,184	24,000
	New				19,499	22,066
	Change (%)				(8.0%)	(8.1%)
Financing growth (%)	Old	16.8%	32.5%	13.3%	14.8%	13.3%
	New				10.4%	13.2%
	Change (%)					
Net profit (Rp bn)	Old	798	1,188	1,467	1,548	1,793
	New				1,607	1,801
	Change (%)				3.8%	0.4%

Source: CLSA, Company

Figure 16

Peers comparison								
Company	Ticker	Mkt cap (US\$m)	3M ADTO (US\$)	Price (Rp/shr)	Freefloat (%)	Current PB (x)	ROE (%)	
BFI Finance Indonesia	BFIN IJ	742	55,397	655	57.2	1.58	26.4	
Adira Dinamika Multi Finance	ADMF IJ	766	138,945	10,800	7.9	1.54	28.4	
Buana Finance	BBLD IJ	52	28	444	26.6	0.63	4.4	
Batavia Prosperindo Finance	BPFI IJ	76	20	600	14.6	1.38	10.4	
Clipan Finance Indonesia	CFIN IJ	101	12,405	358	92	0.34	7.3	
Danasupra Erapacific	DEFI IJ	78	164	1,620	58.5	14.28	2.0	
Radana Bhaskara Finance	HDFA IJ	22	620	134	12.6	0.74	(18.5)	
Intan Baruprana Finance	IBFN IJ	25	3,141	232	22.4	0.77	(50.0)	
Indomobil Multi Jasa	IMJS IJ	291	403,177	710	10.4	1.40	10.2	
Mandala Multifinance	MFIN IJ	188	9,989	1,000	24.5	1.36	17.6	
Tifa Finance	TIFA IJ	14	700	187	25.7	0.59	7.9	
Trust Finance Indonesia	TRUS IJ	20	1,005	358	42	1.09	6.5	
Verena Multi Finance	VRNA IJ	52	2,112	130	33	1.24	(52.4)	
Wahana Ottomitra Multiartha	WOMF IJ	92	26,430	372	13.8	1.11	19.9	

Source: CLSA, Bloomberg (Based on 22 Feb 2019 data)

Valuation details

We value the company using mid 19-20CL target PB of 1.8x. In our view, it deserves to trade at a premium to peers given its superior ROE and higher dividend yield. Furthermore, BFIN's unique business model and diverse product portfolio should support the company's performance going forward.

Investment risks

The ongoing lawsuit by Aryaputra (APT) and slower-than-expected financing disbursement (owing to economic slowdown) remain the key risks. Besides, the higher-rate environment could put pressure on the company's margin.

Company outline

The business

BFI Finance provides non-dealer financing (used 4W and used 2W), new 4W financing, heavy equipment and property financing. Non-dealer financing is the top seller product and it also accounted for most of the multi-purpose financing segment. As of 2017, the company has 342 outlets across Indonesia.

Competition & market franchise

Competition is quite intense; however, a diverse product portfolio has supported the company's business growth. Strong brand image and marketing strategy are also among BFIN's key advantages.

Detailed financials

Profit & Loss (Rpbn)

Year to 31 December	2014A	2015A	2016A	2017A	2018A	2019CL	2020CL
Interest income	1,784	2,124	2,393	2,985	3,739	4,119	4,590
Interest expense	(503)	(712)	(792)	(897)	(1,036)	(1,260)	(1,409)
Net interest income	1,281	1,412	1,601	2,088	2,703	2,860	3,181
Trading income	-	-	-	-	-	-	-
FX gains/(losses)	-	-	-	-	-	-	-
Fee/Commission income	515	706	834	1,057	1,279	1,599	1,871
Other operating income	0	0	0	0	0	0	0
Non-interest income	515	706	834	1,057	1,279	1,599	1,871
Total op income	1,796	2,118	2,435	3,145	3,982	4,459	5,052
Staff related expenses	(506)	(626)	(716)	(869)	(1,050)	(1,208)	(1,389)
Property related expenses	(294)	(341)	(392)	(482)	(567)	(652)	(750)
Other operating expenses	(48)	(85)	(28)	(4)	(16)	(18)	(20)
Total operating expenses	(848)	(1,053)	(1,137)	(1,354)	(1,633)	(1,877)	(2,158)
Preprovision OP	948	1,066	1,298	1,791	2,349	2,581	2,894
Specific provision for loans	-	-	-	-	-	-	-
General provision for loans	(198)	(230)	(273)	(303)	(509)	(520)	(540)
Other provisions	0	0	0	0	0	0	0
Loan-loss provisions	(198)	(230)	(273)	(303)	(509)	(520)	(540)
Operating profit	751	835	1,025	1,488	1,840	2,061	2,353
Associate income	-	-	-	-	-	-	-
Other exceptional items	-	-	-	-	-	-	-
Other income/expense	0	0	0	0	0	0	0
Profit before tax	751	835	1,025	1,488	1,840	2,061	2,353
Taxation	(150)	(185)	(227)	(300)	(372)	(454)	(552)
Profit after tax (before preference dividends)	600	650	798	1,188	1,467	1,607	1,801
Preference dividends	-	-	-	-	-	-	-
Profit for period	600	650	798	1,188	1,467	1,607	1,801
Minority interest	0	0	0	0	0	0	0
Net profit	600	650	798	1,188	1,467	1,607	1,801
Adjusted profit	600	650	798	1,188	1,467	1,607	1,801
EPS (Rp)	37.6	40.7	50.0	74.4	91.9	100.7	112.8
Adjusted EPS (Rp)	37.6	40.7	50.0	74.4	91.9	100.7	112.8
DPS (Rp)	14.3	20.2	24.9	36.2	45.2	49.3	55.3

Profit & loss ratios

Year to 31 December	2014A	2015A	2016A	2017A	2018A	2019CL	2020CL
Growth (%)							
Net int inc growth (%)	18.3	10.3	13.4	30.4	29.5	5.8	11.2
Non-int inc growth (%)	33.8	37.1	18.1	26.8	21.0	25.0	17.0
Operating inc growth (%)	22.4	18.0	14.9	29.2	26.6	12.0	13.3
Operating exp growth (%)	22.4	24.2	7.9	19.2	20.6	15.0	15.0
Loan provision expense growth	83.9	16.5	18.8	10.8	68.2	2.2	3.9
Net profit growth (%)	18.0	8.3	22.8	48.7	23.6	9.5	12.0
EPS growth (% YoY)	18.0	8.3	22.8	48.7	23.6	9.5	12.0
Adj EPS growth (% YoY)	18.0	8.3	22.8	48.7	23.6	9.5	12.0
DPS growth (% YoY)	-	41.0	23.0	45.7	24.7	9.2	12.0
Margins (%)							
Spread (%)	7.9	7.3	8.4	10.7	12.6	11.5	11.4
Net interest margin (%)	12.8	12.2	12.7	14.3	15.7	14.8	14.8
Returns (%)							
ROA (%)	6.7	6.1	6.6	8.2	8.2	8.0	8.1
ROE (%)	17.2	17.1	19.3	25.9	26.4	25.1	25.5
Other key ratios (%)							
Non-interest inc/op inc (x)	28.7	33.3	34.2	33.6	32.1	35.9	37.0
Cost/income (%)	47.2	49.7	46.7	43.1	41.0	42.1	42.7
Staff costs/op costs (%)	59.7	59.5	63.0	64.1	64.3	64.3	64.4
Provision exp/loans (%)	2.3	2.3	2.4	2.0	2.9	2.7	2.5
Earnings payout ratio (%)	38.1	49.6	49.7	48.7	49.2	49.0	49.0

Source: www.clsa.com

Balance sheet (Rpbn)

Year to 31 December	2014A	2015A	2016A	2017A	2018A	2019CL	2020CL
Gross loans	8,720	10,078	11,766	15,589	17,658	19,499	22,066
Loan loss reserve	(162)	(180)	(183)	(237)	(378)	(434)	(454)
Net loans	8,559	9,898	11,583	15,352	17,281	19,066	21,611
Cash & equivalents	290	777	165	225	755	644	703
Placements with other banks	-	-	-	-	-	-	-
Other interest earning assets	-	-	-	-	-	-	-
Total interest earning assets	8,848	10,675	11,749	15,577	18,036	19,710	22,314
Net fixed assets	447	428	414	457	530	537	546
Intangible assets	0	22	20	21	32	22	22
Other assets	387	645	294	428	519	568	623
Total non-interest earning assets	834	1,095	728	906	1,081	1,128	1,190
Total assets	9,683	11,770	12,476	16,483	19,117	20,838	23,504
Current deposits	-	-	-	-	-	-	-
Savings deposits	-	-	-	-	-	-	-
Other deposits	-	-	-	-	-	-	-
Customer deposits	0	0	0	0	0	0	0
Deposits from banks	-	-	-	-	-	-	-
Other int-bearing liabs	5,555	7,318	7,656	10,728	12,096	13,337	14,996
Total int-bearing liabs	5,555	7,318	7,656	10,728	12,096	13,337	14,996
Other non-int-bearing liabs	561	433	565	851	817	897	987
Total liabilities	6,116	7,751	8,222	11,579	12,914	14,234	15,983
Share capital	387	391	399	399	399	399	399
Retained earnings	2,819	3,170	3,637	4,315	5,544	5,903	6,821
Reserves	360	458	219	190	261	301	301
Treasury stock	0	(4)	(252)	(252)	(252)	(252)	(252)
Shareholder funds	3,567	4,019	4,255	4,904	6,204	6,603	7,522
Minorities/other equity	0	0	0	0	0	0	0
Total equity	3,567	4,019	4,255	4,904	6,204	6,603	7,522
Total liab & equity	9,683	11,770	12,476	16,483	19,117	20,838	23,504
Non-performing loans	129	134	107	148	216	238	258
Credit risk	-	-	-	-	-	-	-
Operational risk	-	-	-	-	-	-	-
Market risk	-	-	-	-	-	-	-
Risk weighted assets	-	-	-	-	-	-	-
Average Risk weighted assets	-	-	-	-	-	-	-
Total tier 1 capital	0	0	0	0	0	0	0
Total capital	0	0	0	0	0	0	0
BVPS (Rp)	223.4	251.7	266.5	307.1	388.5	413.6	471.1

Balance sheet ratios

Year to 31 December	2014A	2015A	2016A	2017A	2018A	2019CL	2020CL
Growth (%)							
Loan growth (%)	18.5	15.6	17.0	32.5	12.6	10.3	13.4
Deposits growth (%)	nm	nm	nm	nm	nm	nm	nm
Loans/deposits (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Growth in total assets (% YoY)	16.8	21.6	6.0	32.1	16.0	9.0	12.8
Risk-wtd assets growth (%)	-	-	-	-	-	-	-
Asset quality							
Provision expense/loans (%)	2.3	2.3	2.4	2.0	2.9	2.7	2.5
Gross NPLs/total loans (%)	1.5	1.4	0.9	1.0	1.3	1.3	1.2
Loan provisions/NPLs (%)	125.6	134.2	170.5	160.4	174.7	181.8	176.2
NPL growth/loan growth	148.9	24.5	(116.3)	116.8	366.7	99.0	60.9
Loan provision growth/loan provision expense growth	63.4	66.7	9.9	276.5	86.7	681.2	123.8
Capital Adequacy							
Tier 1 CAR (%)	-	-	-	-	-	-	-
CAR (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
RWA/total assets (%)	-	-	-	-	-	-	-
Equity/total assets (%)	36.8	34.1	34.1	29.8	32.5	31.7	32.0

Source: www.clsa.com

DuPont analysis

Year to 31 December	2014A	2015A	2016A	2017A	2018A	2019CL	2020CL
Net int income/assets (%)	14.3	13.2	13.2	14.4	15.2	14.3	14.3
Non-int income/assets (%)	5.7	6.6	6.9	7.3	7.2	8.0	8.4
Total op income/assets (%)	20.0	19.8	20.1	21.7	22.4	22.3	22.8
Op expenses/assets (%)	9.4	9.8	9.4	9.4	9.2	9.4	9.7
Op profit/assets (%)	29.4	29.6	29.5	31.1	31.5	31.7	32.5
Provision expenses/assets (%)	(2.2)	(2.1)	(2.3)	(2.1)	(2.9)	(2.6)	(2.4)
Other items/assets (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tax expense/assets (%)	(5.5)	(6.1)	(6.0)	(5.8)	(5.8)	(6.4)	(7.1)
ROA (%)	6.7	6.1	6.6	8.2	8.2	8.0	8.1
ROA incl other items/assets (%)	21.8	21.3	21.2	23.1	22.9	22.7	23.0
Leverage (x)	2.6	2.8	2.9	3.2	3.2	3.1	3.1
ROE (%)	17.2	17.1	19.3	25.9	26.4	25.1	25.5

Source: www.clsa.com



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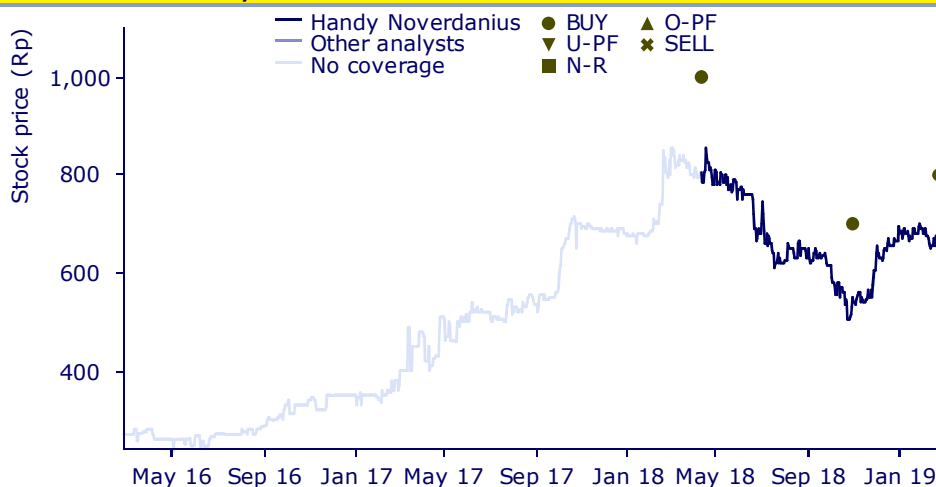
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Recommendation history of BFI Finance Indonesia Tbk BFIN IJ



Date	Rec	Target	Date	Rec	Target
LATEST	BUY	800.00	12 Apr 2018	BUY	1,000.00
01 Nov 2018	BUY	700.00			

Source: CLSA

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