

KB Finansia Multi Finance

Strengthening Fundamentals, Accelerating Growth

23 June 2023



PT. KB FINANSIA MULTI FINANCE

KB Finansia Multi Finance provides financing for automobiles, motorcycles, heavy equipment, personal computers, office tools, furniture and video equipment.

With more than 28 years of experience in the national financing industry, the KB Finansia Multi Finance is able to continue developing its business and is increasingly experienced in facing various disruptions. As a result, the KB Finansia Multi Finance has been able to maintain a solid position in the midst of intense competition in the multifinance industry. This background motivates the KB Finansia Multi Finance to consistently develop its financing products so that now the KB Finansia Multi Finance has a variety of multipurpose financing products and services, with the object of two-wheeled vehicles and electronics as well as lease and resale financing with the object of four-wheeled vehicle financing.

Proper Business Management Policies and Initiatives

KB Finansia Multi Finance has been able to record a New Financing Value of IDR8.4 tn in 2022, an increase of 45.6% compared to the prior year of IDR5.8 tn. Throughout this year, the largest financing distribution is provided to multipurpose financing. KB Finansia Multi Finance seeks to take advantage of any wide-open recovery momentum by implementing various strategic initiatives to maximize growth in financing distribution in 2022. This strategic initiatives includes maintaining the competitiveness of KB Finansia Multi Finance's financing products that are well known to the wider community, namely two-wheel financing, four-wheel financing, and white goods financing.

Strengthen Branding to Reach More Customers

Along with slowing down the COVID-19 cases, the KB Finansia Multi Finance's marketing activities in 2022 have begun face-to-face meetings with its customers at branch offices. In addition to onsite activities, KB Finansia Multi Finance ensures the implementation of several initiatives to strengthen KB Finansia Multi Finance's image in the multi-finance industry. Supported by the right marketing strategy and massive publications, in 2022, KB Finansia Multi Finance acquired 1,772,302 new customers. The number of the KB Finansia Multi Finance's branch offices actively operating as of 31 December 2022 totalling 134 branch offices and 67 non-branch offices.

Strategic Information Technology Role on Business Sustainability

KB Finansia Multi Finance is committed to strengthening IT infrastructure, hardware, and software, including network security. In 2022, KB Finansia Multi Finance made significant capital expenditures to support IT infrastructure modernization, followed by IT services, which began in early 2022. KB Finansia Multi Finance's ability to maintain its best talents and the availability of robust and secure IT infrastructure support serve as the main capital for KB Finansia Multi Finance to continue its healthy competition amid increasingly complex and increasingly competitive financing industry developments.

Exhibit 1: Key Statistics

	Year end Dec	2018	2019	2020	2021	2022
Economist	Revenue (IDR bn)	1,313	1,346	1,181	1,669	2,097
Fikri C. Permana	Operating Income (IDR bn)	6	65	(316)	127	202
<i>fikri.permana@kbvalbury.com</i>	Net profit (IDR bn)	2	45	(230)	95	158
	ROAA (%)	0.06	1.3	(7.3)	2.3	2.6
Analyst	ROAE (%)	0.39	7.79	(52.15)	13.12	18.56
Khairunnisa Syahfiraputri	NPF – Net	0.1	0.2	0.2	0.60	1.0
<i>khairunnisa.syahfiraputri@kbvalbury.com</i>	NPF – Gross	0.2	0.3	0.7	2.3	2.8

Source: Company, KBVS Research

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INSTRUMENT OVERVIEW

Exhibit 2: KB Finansia Multi Finance Shelf Registration Bonds II 2023

Offer Type	"Penawaran Umum Berkelanjutan"
Issuer	PT KB Finansia Multi Finance
Instrument Name	KB Finansia Multi Finance Shelf Registration Bond 11 2023
Targeted Amount PUB	IDR 1.000.000.000.000 (one trillion rupiah)
Tenor & Coupon Range	<ul style="list-style-type: none"> Series A (370 days) : 6.20% Series B (3 years) : 7.30%
Rating	AAA (idn) by Fitch Ratings
Coupon Payment Term	Quarterly
Collateral	Accounts Receivable

Source : Company

Intended use of proceeds

The funds obtained from this Bond Public Offering, after deducting commissions, fees, and expenses in relation to emissions, the KB Finansia Multi Finance will use to:

1. Pay off all principal of the Company's debt on KB Finansia Multi Finance Bond I Year 2022 series A amounting to IDR 686,385,000,000,-; and
2. The rest will be used for the Company's working capital in the form of consumer financing.

Bonds guarantee

In the framework of the Public Offering of KB Finansia Multi Finance Bond II Year 2023, PT Bank Mandiri (Persero) Tbk (hereinafter referred to as ("Bank Mandiri")) acting as the Trustee or the body entrusted to represent the interests of Bondholders as stipulated in the UUPM, as last amended by the Law on the Development and Strengthening of the Financial Sector.

Bank Mandiri as the Trustee states that it has no affiliation with the Company as stated in affidavit of no affiliation and no credit relationship dated March 10, 2023. Bank Mandiri does not have credit relationship with the Company exceeds 25% of the total bonds trusteeed and/or not concurrently as insurer and/or collateral provider in the issuance of Bonds, and/or obligations of the Company and become the Trustee from Bondholders, in accordance with OJK Regulation No. 19/2020.

Bank Mandiri as the Trustee has conducted due diligence on the Company, with a letter Statement dated March 13, 2023 as stipulated in OJK Regulation No. 20/2020.

Exhibit 3: Indicative Timetable

Book building	16 – 30 May 2023	Booking refund date	27 June 2023
Effective date	16 June 2023	Distribution date	27 June 2023
Offering period	19 – 22 June 2023	Listing date	3 July 2023
Allotment date	23 June 2023		

Source : Company

Exhibit 4: Government Bond Benchmark

Series	370-days		3-years		5-years
	FR0077	FR0044	FR0086	FR0056	FR0095
Outstanding Amount (IDR tn)	5,200	18,014	7,550	121,414	5,950
Price as of 21 June 2023	102.15	105.51	99.57	107.55	102.10
Coupon (%)	8.12	10.00	5.50	8.37	6.37
Yield (%) as of June 2023	5.68	5.41	5.72	5.82	5.91

Source :KBVS – treated (2023)

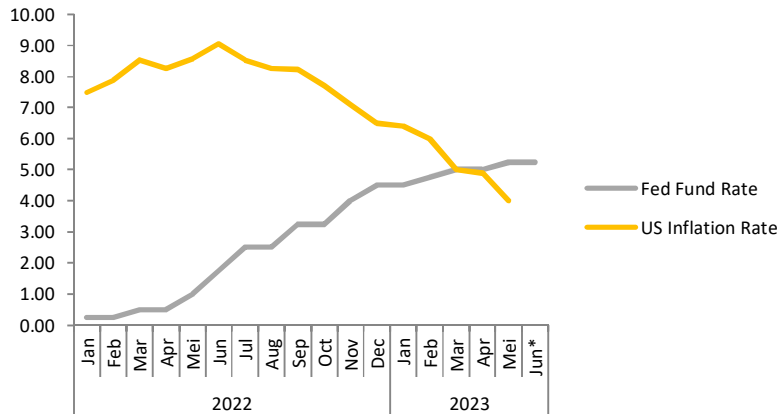
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BOND MARKET OVERVIEW

Global Bond Market

The increase in inflation in the United States (US) to 9.06% YoY in June 2022 - the highest in the past 40 years - has led to the highest Fed Rate in the last 20 years. Although US inflation moderated to 4.0% Year-On-Year (YoY) in May 2023, the statement by Powell that "The process of getting inflation down is going to be a gradual one - it's going to take some time" along with expectations of two more 25 basis points (bps) Fed Rate hikes in the remainder of 2023, is expected to keep the global cost of funds at high levels.

Exhibit 5 : Fed Fund and US Inflation Rate (% yoy)

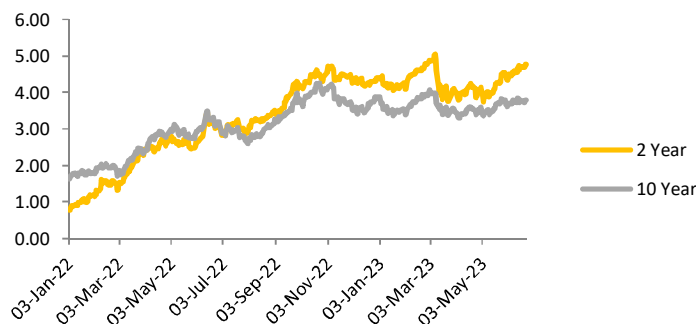


Source : Bloomberg (2023)

At the same time, the fiscal side of the US federal government continues to pursue *counter-cyclical* policies to drive economic recovery from the impact of Covid-19, coupled with short-term risks such as banking collapse, which further push short-term US-Treasury (UST) yields significantly higher. This further burdens the short-term fiscal conditions in the US and necessitates the federal government to surpass the Debt Ceiling and increase the amount of US government debt to USD 31.4 trillion, exceeding 129% of Gross Domestic Product (GDP) - the highest in history. On the other hand, with a strong labor market and relatively good US economic growth, reaching 1.6% YoY in 1Q23 and outperforming other advanced economies, UST long-term securities remain attractive globally.

As a result, this condition has also contributed to the occurrence of an *inverted yield curve* in UST, particularly between the 10 Years (10Y) and 2Y tenors since 7 May 2022. This trend has persisted and reached a value of -111.00 bps on 8 March 2023. Moreover, with the possibility of further Fed Rate hikes, there are concerns that this condition may continue. Unfortunately, the occurrence of an inverted yield curve, specifically between the 10Y and 2Y tenors, which has happened seven times in the past 50 years, has been one of the indicators of a potential recession in the US within the next year. This is likely to continue driving a risk-on sentiment in the global financial markets.

Exhibit 6 : Yield 2 year and 10 year UST (%)



Source : Bloomberg (2023)

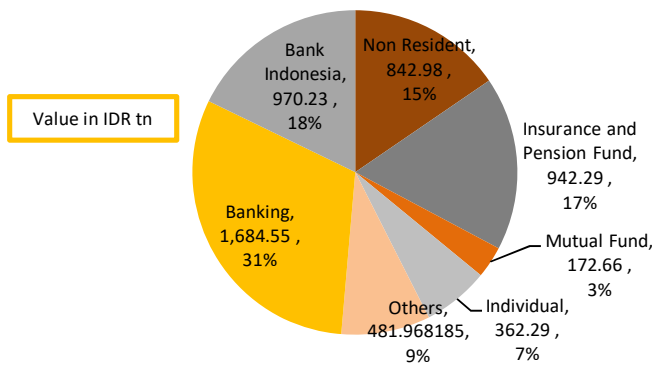
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Domestic Bond Market

Meanwhile, Indonesia has shown positive developments in its economic fundamentals. The Statistics Bureau (BPS) recorded Indonesia's economic growth in first quarter 2023 at 5.03% YoY and is expected to remain within the range of 4.5% to 5.3% YoY until the end of 2023. This is still driven by improving domestic demand and the sustained positive performance of exports. Additionally, the Consumer Price Index (CPI) inflation for May 2023, which has continued to decline to 4.0% YoY, and has remained within the range set by Bank Indonesia, provides the possibility for Bank Indonesia to lower the benchmark interest rate from 5.75% as of 22 June 2023.

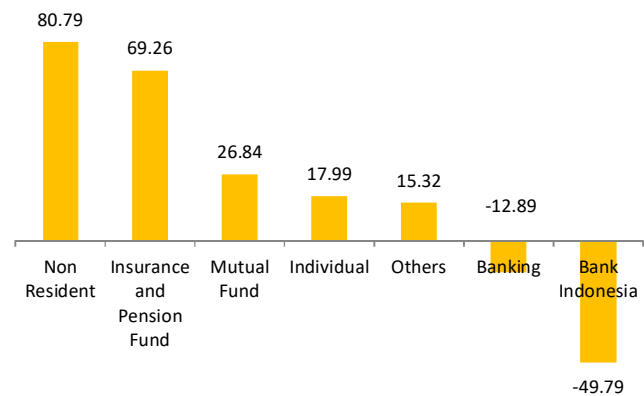
In addition, there have been significant improvements in domestic fiscal development, marked by a fiscal surplus of IDR 234.7 trillion or 1.13% of GDP until April 2023, coupled with a decrease in the expected fiscal deficit in the 2023 state budget to 2.84% of GDP. These factors have contributed to a more conducive domestic debt market, particularly for Government Securities (SBN). This is further reflected in SBN performance, as indicated by the Indonesia Composite Bond Index-Government (INDOBEX-GP), which has increased by 6.2% year-to-date (ytd) as of 22 June 2023. Therefore, it is not surprising that foreign ownership of tradable SBN has also increased by IDR 80.79 trillion ytd until 21 June 2023.

Exhibit 7 : Ownership of tradable SBN as of 21 Jun 23 (IDR tn)



Source : DJPPR (2023)

Exhibit 8 : Change of ownership of tradable SBN as of 21 Jun 23 (IDR tn)

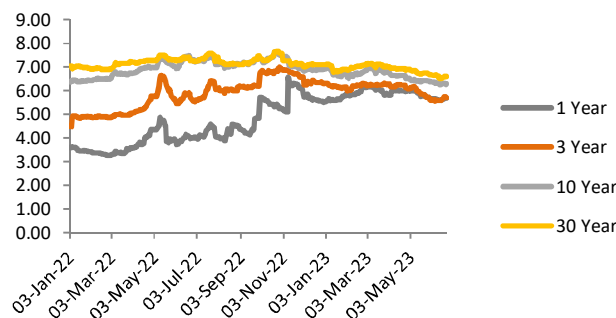


Source : DJPPR (2023)

However, global developments, with the potential narrowing of the interest rate differential between Bi7DRRR and the Fed Rate, which could possibly reach the same level by the end of 2023, are a concern and may pose a source of volatility for the Rupiah in the future. Therefore, BI's intervention policies, including triple interventions, twist operations, and DHE policies, are expected to play a role in determining the stability of the domestic debt market, particularly the prices and yields of Government Bonds (SUN) going forward.

The market response to these conditions can be observed through the decreasing yield spread between SUN tenors. This is because there has been an increase in the yield of 1-year SUN by 15.9 bps (ytd, as of June 21, '23), while the 2-year, 5-year, 10-year, and 30-year tenors have experienced decreases of 9.8 bps, 22.5 bps, 62.6 bps, and 47.8 bps, respectively, during the same period. As a result, the SUN yield curve appears to be flattening throughout 2023.

Exhibit 9 : Yield 1 year, 3 year, 10 year and 30 year SUN (%)

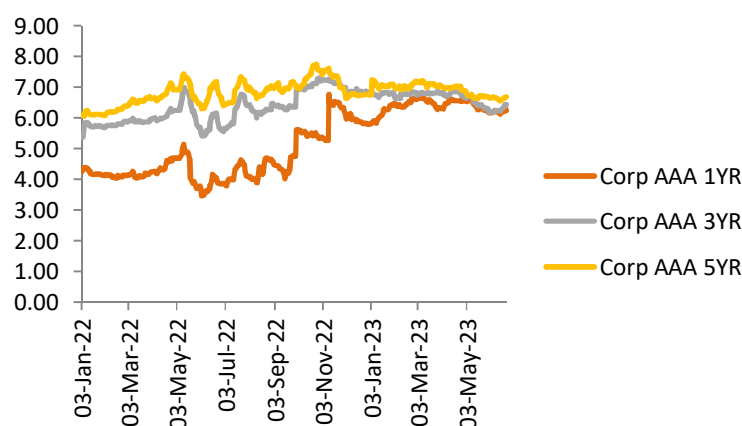


Source : Bloomberg (2023)

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These conditions also affect the corporate bond market. Although the Indonesia Composite Bond Index-Corporate (IndoBEX-Corp) has shown lower growth at 4.5% (ytd, as of June 21, '23), the yield curve of domestic corporate bonds has also experienced flattening. Similar to what happened in the Government Bonds (SUN) market, there has been a decoupling movement in corporate bond yields. The yields of AAA-rated corporate bonds with 1-year and 2-year tenors have increased by 45.9 bps and 14.3 bps, respectively (ytd, as of June 21, '23), while the yields of AAA-rated corporate bonds with 3-year and 5-year tenors have decreased by 36.6 bps and 6.5 bps, respectively, during the same period.

Exhibit 10 : Yield AAA rated corporate bond yield for 1-year, 3-year, and 5-year tenors (%)



Source : Bloomberg (2023)

Issuance In Multi Finance Institution Since Jan23

For the composition of bond issuance with similar coupon rate, KB Finansia Multi Finance can benchmark bond issuance :

Exhibit 11 : Bond issuance with similar coupon rate (370-days)

370-days						
Issuer	Federal International Finance	Indomobil Finance Indonesia	BFI Finance Indonesia	BFI Finance Indonesia	Surya Artha Nusantara Finance	BFI Finance Indonesia
Series	IDA0001305A4	IDA0001313A8	IDA0001299A9	IDA0001319A5	IDA0001310A4	IDA0001326A0
Outstanding Amount (IDR tn)	1,035	918	617	590	350	250
Price as of 21 June 2023	100.44	100.79	100.41	100.55	100.10	100.33
Coupon (%)	6.00	6.25	6.25	6.10	6.00	6.00
Yield (%) as of 21 June 2023	5.43	5.30	5.67	5.48	5.97	5.68

Source :KBVS – treated (2023)

Exhibit 12 : Bond issuance with similar coupon rate (3-years)

3 - years				
Issuer	Indomobil Finance Indonesia	Bussan Auto Finance	Surya Artha Nusantara Finance	Wahana Ottomitra Multiartha
Series	IDA0001313B6	IDA0001322B7	IDA0001310B2	IDA0001316B9
Outstanding Amount (IDR tn)	279	841	900	779
Price as of 21 June 2023	101.49	104.36	101.79	101.64
Coupon (%)	7.50	7.10	7.00	7.00
Yield (%) as of 21 June 2023	6.96	5.45	6.40	6.40

Source :KBVS – treated (2023)

KB Finansia Multi Finance

For the composition of bond issuance with the same rating level, KB Finansia Multi Finance can benchmark bond issuance:

Exhibit 13 : Bond issuance with the same rating level

Issuer	3-years		5-years
	Sarana Multigriya Finansial IDA0001305B2	Federal International Finance IDA0001322B7	Bussan Auto Finance IDA000130405
Series			
Outstanding Amount (IDR tn)	3,000	1,242	2,000
Price as of 21 June 2023	102.30	104.36	103.67
Coupon (%)	6.80	7.10	6.85
Yield (%) as of 21 June 2023	5.89	5.45	5.98

Source :KBVS – treated (2023)

For the composition of bond issuance with almost-same as the average yield level ytd, KB Finansia Multi Finance can benchmark bond issuance:

Exhibit 14 : Comparison of bond issuance with 370-days tenor since Jan23

Issuer	370-days			
	Federal International Finance IDA0001305A4	BFI Finance Indonesia IDA0001299A9	BFI Finance Indonesia IDA0001319A5	BFI Finance Indonesia IDA0001326A0
Series				
Outstanding Amount (IDR tn)	1,035	617	590	250
Price as of 21 June 2023	100.44	100.41	100.55	100.33
Coupon (%)	6.00	6.25	6.10	6.00
Yield (%) as of 21 June 2023	5.43	5.67	5.43	5.68

Source :KBVS – treated (2023)

Exhibit 15 : Comparison of bond issuance with 3-years tenor since Jan23

Issuer	3-years	
	Federal International Finance IDA0001305B2	BFI Finance Indonesia IDA0001319C1
Series		
Outstanding Amount (IDR tn)	3,000	625
Price as of 21 June 2023	102.30	103.19
Coupon (%)	6.80	7.15
Yield (%) as of 21 June 2023	5.89	5.94

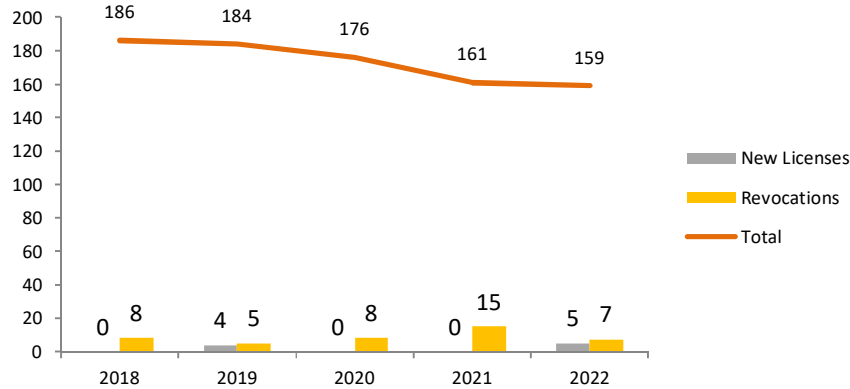
Source :KBVS – treated (2023)

KB Finansia Multi Finance

INDUSTRY OVERVIEW

In line with economic growth after COVID-19 pandemic in Indonesia supported by high economic activity in the country, financing business activities are currently increasingly in demand by investors considering the large market share in this business sector. In general, the financing industry focuses its business on consumer financing activities for motor vehicles and whitegoods. This business sector is also enlivened by banks which also increase motor vehicle loans thus causing an increasingly fierce level of competition in the motor vehicle financing business sector, especially in setting interest rates.

Exhibit 16: Indonesia Multifinance Company (unit)



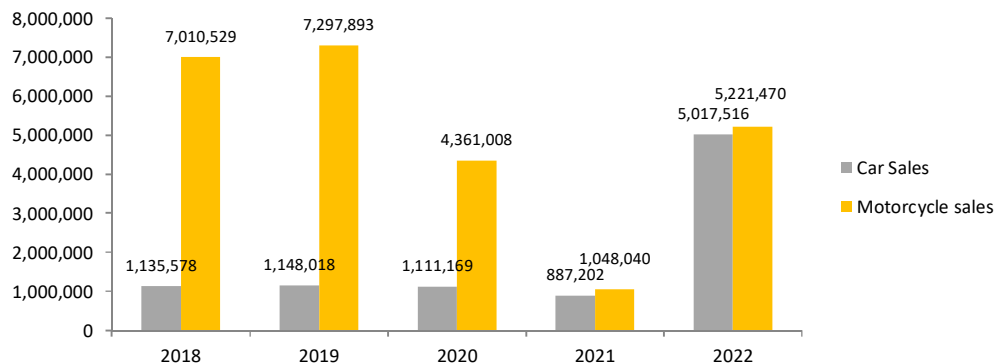
Source : OJK (2023)

The government has targeted Indonesia's economic growth rate in 2023 to reach 5.0% - 5.1% with a midpoint of 5%. Coupled with the continued easing of the COVID-19 pandemic, a relatively effective approach in containing the pandemic, and a well-underway vaccination program has resulted in a much better situation, allows economic activity to strengthen well. The government always closely monitoring the progress of the case and adjust mobility restrictions flexibly and accordingly in each municipality.

With the progressed situations and economic activity starting to strengthen, there is optimism to restore Indonesia's infrastructure growth that will be supported by an increase in export activity from commodity sector and also investment both from the commodity sector and infrastructure. Thus, the expected need of working capital and investment in the market are also increasing, so that it could be a breath of fresh air for the company in particular financing of used four-wheeled and two-wheeled motor vehicles.

In accordance with the graph of car sales volume in the domestic market below, sales figures in 2022 reached 1,048,040 units of cars, an increase of 18.1% when compared to 2021 which reached 887,202 car units. Similarly, with motorcycle sales, sales figures in 2022 reached 5,221,470 units of motorcycles, An increase of 4.1% when compared to 2021 which reached 5,017,516 units of motorcycles. This sales data has indicated that good growth is expected to increase which is in line with the target Indonesia's economic growth and increasing public preference to use transportation private compared to using public transport.

Exhibit 17 : Car & Motorcycle Sales (unit)

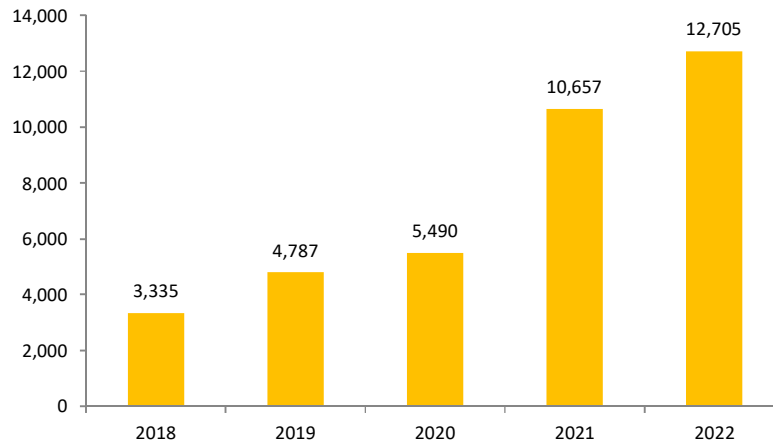


Source : GAIKINDO & AISI (2023)

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Based on data from the Indonesian Financial Services Association (APPI), finance companies have recorded new bookings for electronic goods amounted to IDR12.7 tn in 2022 or an increase of IDR 2.0 tn or 19.2% of IDR10.7 tn in 2021. This shows that the prospect of financing whitegoods products will continue to grow and improve in the future.

Exhibit 18 : Whitegoods Product Financing (unit)



Source : APPI (2023)

KB Finansia Multi Finance

COMPANY OVERVIEW

Until now, the KB Finansia Multi Finance is one of the known to have above-average performance in the industry financing in Indonesia so far. In 2022, KB Finansia Multi Finance is ranked 12th for Finance companies that disbursed the largest new financing, rose 2 places compared to 2021 ranked 14th (source: Indonesian Financial Services Association December 2022). It shows an improvement in the KB Finansia Multi Finance's performance in channeling financing to the public.

With more than 28 years of experience in the national financing industry, KB Finansia Multi Finance is able to continue developing its business and is increasingly experienced in facing various disruptions. On July 3, 2020, KB Kookmin Card Corp stepped in as an investor in KB Finansia Multi Finance and officially acted as the new Controlling Shareholder after acquiring 80% of the KB Finansia Multi Finance's shares.

Following this corporate action, KB Finansia Multi Finance officially became part of the largest financial group in South Korea, the KB Financial Group. KB Kookmin Card Corp has the propensity to support the subsidiary due to KB Financial Group's group strategy to expand into Indonesia as a "second home market", KB Kookmin Card Corp's majority ownership in KB Finansia Multi Finance, shared branding with the Indonesian subsidiary, a record of support, and strong legal commitments through corporate guarantees provided by KB Kookmin Card Corp to cover most of KB Finansia Multi Finance's debt.

Corporate guarantees provided by KB Kookmin Card Corp to cover a majority of KB Finansia Multi Finance's bank debt demonstrate the parent's propensity to support the subsidiary. These guarantees will remain vital in supporting the KB Finansia Multi Finance's funding and the proportion of debt covered by the parent's guarantees will remain high in the short-to-medium term. Growing synergies between KB Finansia Multi Finance and the group's other Indonesian subsidiaries, and ordinary support from KB Kookmin Card Corp, such as an investment in KB Finansia Multi Finance's perpetual bonds in 2021, further underpin the view of extraordinary support.

Exhibit 19 :Group structure



Source : Company (2023)

Fitch Ratings has upgraded the National Long-Term Rating and the senior bond rating of PT. KB Finansia Multi Finance (KBFMF) to 'AAA(idn)' from 'AA+(idn)'. The upgrade reflects the improved credit profiles of its parent, KB Kookmin Card Co., Ltd.

KB Financial Group support to KB FMF :

Point 1. **Capital Injection** that enlarge KB FMF's from only IDR441bn in Dec '20 to IDR1.09 tn by Dec '22. The shareholder will enhance KB FMF's capital further by IDR265 bn this year making **prognosa equity base of IDR1.35 tn by Dec '23, surging by more than three-fold since being acquired by KB Group.**

Point 2. **Stronger Credit Rating** which being upgraded by Fitch to AAA from AA+ in Sep '22. Fitch views that KBC has the propensity to support the subsidiary due to KBC's group strategy to expand into Indonesia as a "second home market", KBC's majority ownership in KBFMF, shared branding with the Indonesian subsidiary, a record of support, and strong legal commitments through corporate guarantees provided by KBC to cover most of KBFMF's debt.

Point 3. **Parental Guarantees:** Corporate guarantees provided by KBC to cover a majority of KBFMF's bank debt and demonstrate the parent's propensity to support the subsidiary. These guarantees will remain vital in supporting the company's funding as the proportion of debt covered by the parent's guarantees will remain high in the short-to-medium term.

Point 4. **Access To Cheaper Financing** as can be seen on declining cost of debt from 7.2% in FY21 to only 6.4% in FY22.

Point 5. **Group Synergies** as part of KBC's broader strategic expansion in Indonesia. Multiple subsidiaries of the financial conglomerate have entered the south-east Asian market in recent years. Growing synergies between KBFMF and the group's other Indonesian subsidiaries, and ordinary support from KBC, such as an investment in KBFMF's perpetual bonds in 2021, further

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underpin our view of extraordinary support.

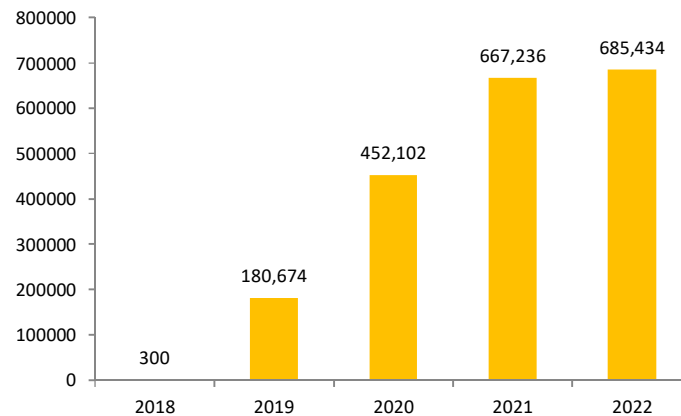
Exhibit 20 : Total New Financing (IDR mn)

Segments	Total New Financing			
	2022	%	2021	%
Investment Financing	685,434	8%	667,236	12%
Working Capital Financing	3,504,416	42%	2,037,390	35%
Multipurpose Financing	4,274,922	51%	3,064,675	53%
Total	8,464,773	100%	5,769,283	100%

Source : Company (2023)

KB Finansia Multi Finance successfully recorded a 3% increase in Investment Financing from IDR667.24 bn in 2021, to IDR685.43 bn in 2022. The realization of investment financing distribution with sale and leaseback schemes, in line with the KB Finansia Multi Finance's business plan in 2022, will strengthen the KB Finansia Multi Finance's market position and business competitiveness. This is achieved by realizing the distribution of financing for the corporate segment and the middle-class retail segment in certain industrial sectors that are less affected by COVID-19.

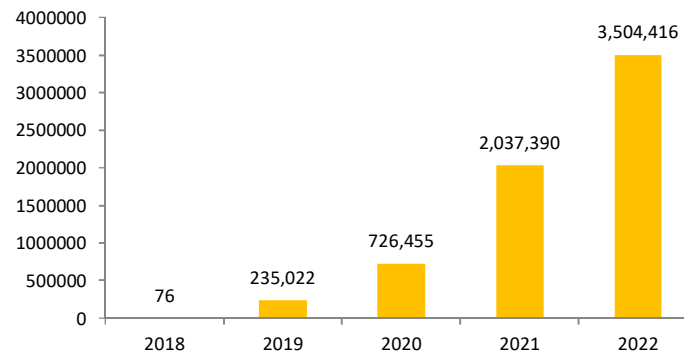
Exhibit 21 : Investment Financing (IDR mn)



Source : Company (2023)

Working Capital Financing increased by 72%, from IDR2,037.39 bn in 2021, to IDR3,504.42 bn in 2022, as the realization of working capital financing with sale and leaseback schemes increased 68% from 2021 and working capital financing with factoring schemes with recourse increased 144% from 2021. This is in line with the 2022 business plan which will strengthen the market position and competitiveness of the business by realizing the distribution of financing to the middle-class retail segment in certain industrial sectors that are less affected by COVID-19.

Exhibit 22 : Working Capital Financing (IDR mn)

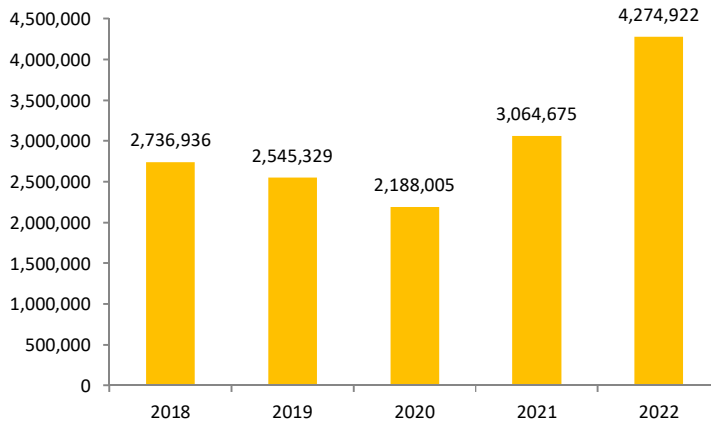


Source : Company (2023)

KB Finansia Multi Finance

Multipurpose Financing, which is the largest contributor to the distribution of new financing in 2022 with a contribution value reaching 51% of the total new financing during 2022, was recorded at IDR4,274.92 bn, up 39% from the previous year of IDR3,064.68 bn in 2021. This was due to the realization of the distribution of multipurpose financing with a purchase scheme with installment payments, which increased 22% from 2021 and multipurpose financing with a fund facility scheme, which increased 141% from 2021. The growth in the distribution of multipurpose financing, especially the financing of Digital, Electronic & Appliances (DE&A) products, is also influenced by the high interest and purchasing power of the community for DE&A products, supported by the condition of Indonesia’s economic growth in 2022 which is still quite strong at around 5.2% compared to the condition of global economic growth which is only at 3.2% and a decrease in the positive case rate of COVID-19 in 2022.

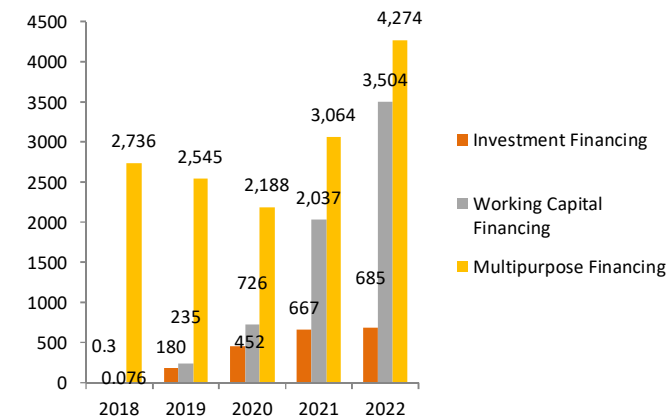
Exhibit 23 : Multipurpose Financing (IDR mn)



Source : Company (2023)

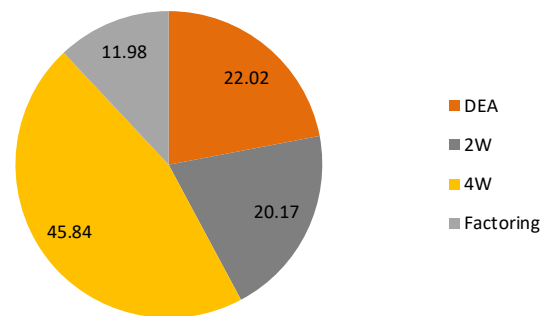
The following are segments of KB Finansia Multi Finance’s total new financing from 2018-2022. It can be seen that multipurpose financing still dominates new bookings per year even though it experienced a slight decline in 2020 due to COVID-19. In addition, new bookings in 2022 also have segments such as the following. The largest new bookings in 2022 were the 4-wheels segment with total new bookings of IDR3,880 bn. The average loan size of the segment is IDR122 mn and the average loan tenor is 35 months. For the DEA segment, total new bookings are IDR1.864 bn and average loan size is IDR3.6 mn. The average loan tenor of DEA is 11 months. New bookings 2-wheels have a total of IDR1,707 bn. The average loan size is IDR8.7 mn and the average loan tenor is 14 months. The last one is from the factoring segment with total new bookings of IDR1,014 bn and average loan size of IDR2,734 mn. The average loan tenor of factoring is 2.9 months.

Exhibit 24 : New Bookings Segment (IDR bn)



Source : Company (2023)

Exhibit 25 : Total New Bookings Segment in 2022 (%)

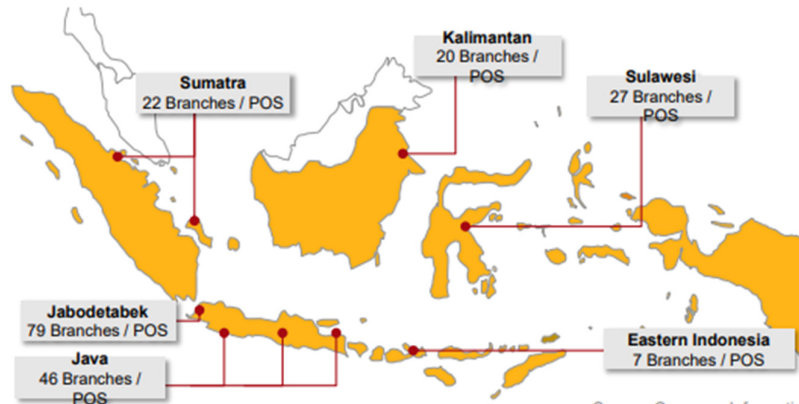


Source : Company (2023)

KB Finansia Multi Finance

KB Finansia Multi Finance divides its geographical business segments into several operating regions consisting of Jabodetabek, Sulawesi and Eastern Indonesia, Sumatra, West Java, East Java, Kalimantan, and Central Java. As of December 31, 2022, KB Finansia Multi Finance managed 201 business networks, including 134 branch offices. In 2022, KB Finansia Multi Finance’s largest financing distribution was in the Jabodetabek area with financing value reaching 34%. In the Jabodetabek area, KB Finansia Multi Finance recorded operating income of 32% and profit for the year of 38%.

Exhibit 26 : Coverage & Distribution



Source : Company (2023)

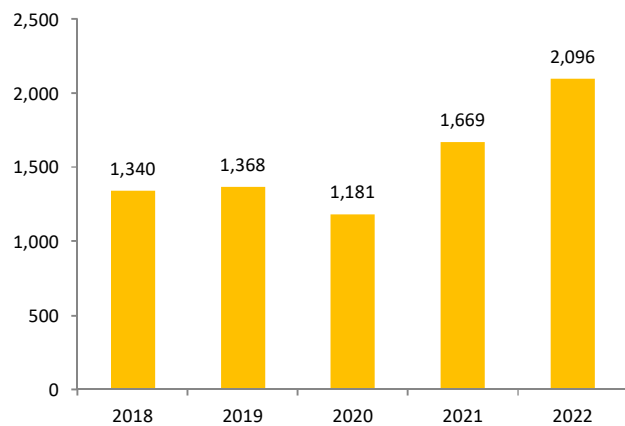
KB Finansia Multi Finance

FINANCIAL OVERVIEW

Revenue growth driven by increased consumer financing

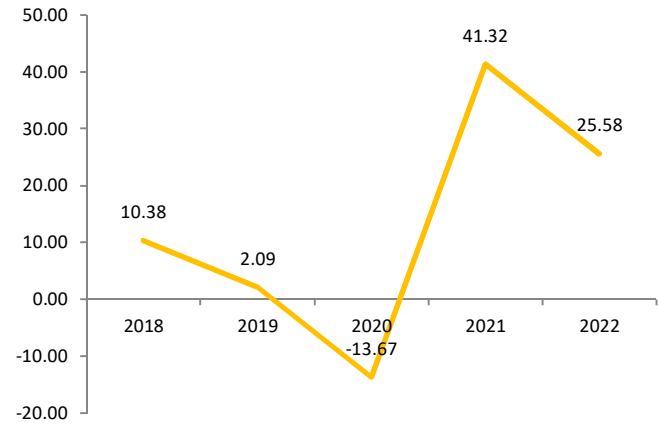
KB Finansia Multi Finance recorded a total revenue of IDR2,096.96 bn in 2022, increase 25.63% from the previous year's of IDR1,669.09 bn. This increase was contributed by consumer financing and factoring.

Exhibit 27 :Revenue Trend (IDR bn)



Source : Company (2023)

Exhibit 28 :Revenue Growth (%)

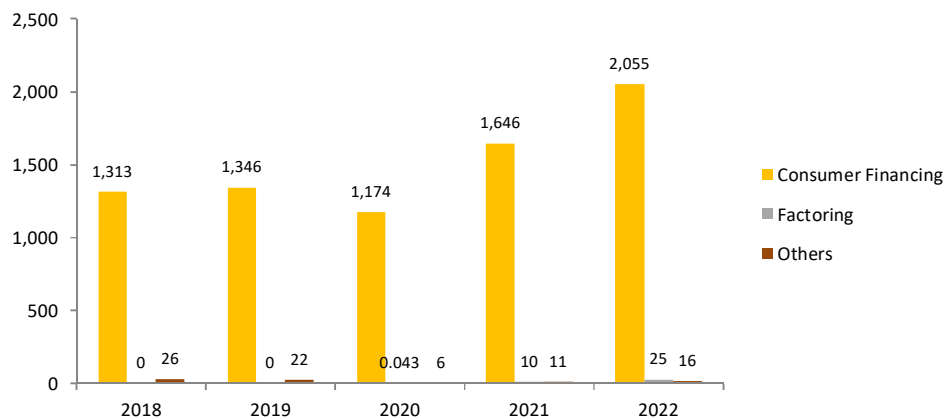


Source : Company (2023)

The consumer financing segment became the largest contributing component to KB Finansia Multi Finance's total revenues throughout 2022 with a contribution portion reaching 98.01%. In this segment, KB Finansia Multi Finance recorded revenue of IDR2,055.19 bn, an increase of 24.80% from the previous year of IDR1,646.79 bn. This increase was driven by the increase in total assets under the management of consumer financing receivables.

Meanwhile, factoring contributed around 1.2% to total revenue in 2022 with a value of Rp25.21 billion, jumping 144.21% from Rp10.32 billion in 2021. The increase was driven by an increase in factoring sales and receivables.

Exhibit 29 :Revenue Breakdown (IDR bn)



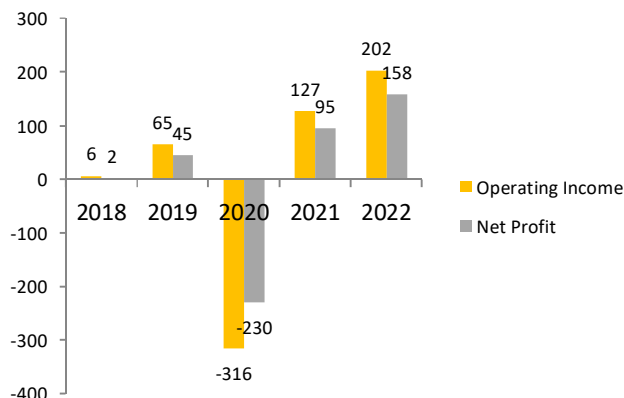
Source : Company (2023)

Solid profitability margin

In line with the recovery in the domestic economy and the financing industry, KB Finansia Multi Finance managed to increase its profit in 2022. The improvement in the KB Finansia Multi Finance's profitability is reflected in the net profit of IDR158.13 bn, growing 65.66% from IDR95.45 bn in the previous year. The increase was driven by an increase in revenues that was greater than

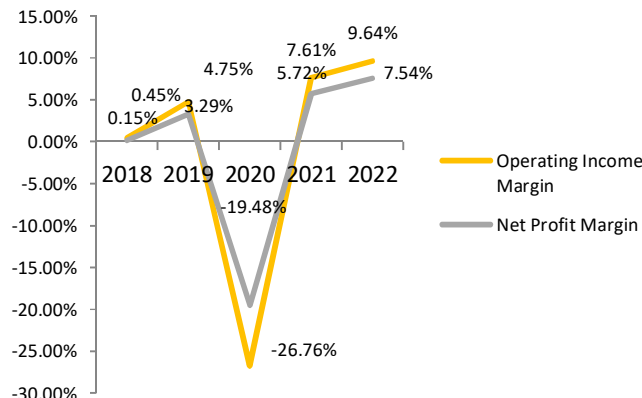
the increase in expenses.

Exhibit 30 : Operating Income and Net Profit (IDR bn)



Source : Company (2023)

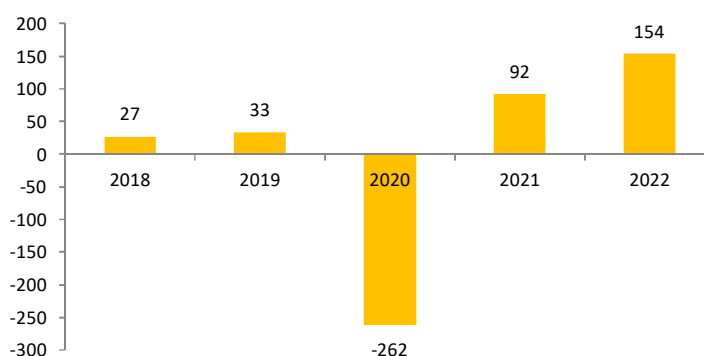
Exhibit 31 : Profitability Margin



Source : Company (2023)

In line with the increase in net profit, KB Finansia Multi Finance also recorded an increase in comprehensive Income for the year by 67.23% from the previous year of IDR92.31 bn to IDR154.36 bn in 2022

Exhibit 32 : Comprehensive Income (IDR bn)



Source : Company (2023)

KB Finansia Multi Finance had a solid performance from previous years, especially when KB Kookmin Card Corp stepped in as an investor in the Company and when the COVID-19 pandemic situation improved. This can be seen in the following historical financial performance.

Exhibit 33 : Historical Financial Performance

IDR bn	2018	yoy	2019	yoy	2020	yoy	2021	yoy	2022
Revenues	1,340	2.31%	1,371	(13.86%)	1,181	41.32%	1,669	25.58%	2,096
Expenses	1,334	(2.17%)	1,305	14.71%	1,497	2.94%	1,541	22.91%	1,894
Operating Income	6	983.33%	65	(586.15%)	(316)	140.19%	127	59.06%	202
Income Tax Expenses	(4)	(375.00%)	(19)	552.63%	86	(136.05%)	(31)	41.94%	(44)
Net Profit	2	2150.00%	45	(611.11%)	(230)	141.30%	95	66.32%	158
Operating Income Margin	0.45%		4.74%		(26.76%)		7.61%		9.64%
Net Profit Margin	0.15%		3.28%		(19.48%)		5.72%		7.54%

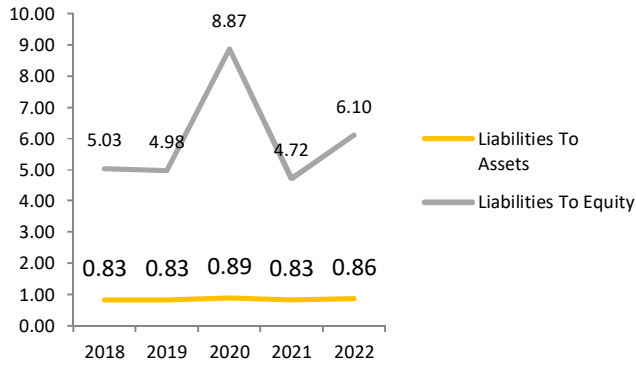
Source : Company (2023)

KB Finansia Multi Finance

Positive trend on solvability matrix

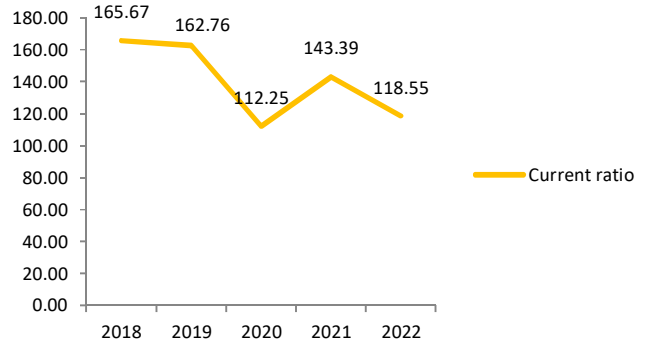
In 2022, KB Finansia Multi Finance’s financial soundness was well maintained at a positive level, as reflected in KB Finansia Multi Finance’s commitment to fulfilling its maturing long-term and short-term debt payment obligations. KB Finansia Multi Finance’s ability to pay its debts is at least reflected in the calculation of the following liquidity ratios and solvency ratios.

Exhibit 34 : Solvency Ratios (%)



Source : Company (2023)

Exhibit 35 : Liquidity Ratios (%)

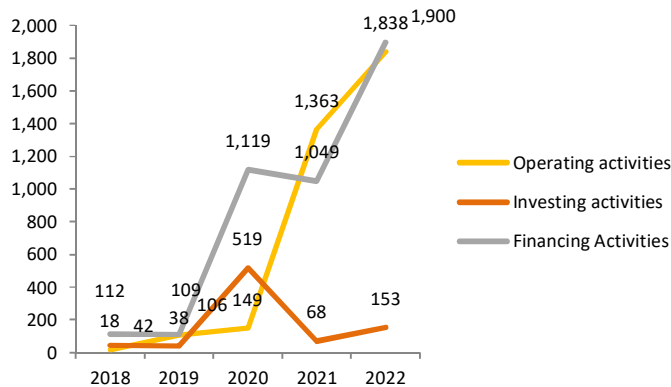


Source : Company (2023)

Stronger cash flow positions

As of December 31, 2022, the KB Finansia Multi Finance’s cash and cash equivalents balance was IDR174.43 bn, a decrease of 34.23% compared to the previous year-end position of Rp265.23 bn. At the end of 2022, KB Finansia Multi Finance recorded an increase in the use of net cash flows used in operating activities by 34.85%, from IDR1,363.09 bn in 2021 to IDR1,838.09 bn, as the disbursement of new consumer financing was greater than the receipt of installments from consumers. Net cash flows used by KB Finansia Multi Finance for investing activities was recorded at IDR153.21 bn, a sharp increase of 123.79% from IDR68.46 bn in the previous year. This increase occurred due to an increase in the purchase of fixed assets and software. Net cash flows from financing activities increased by 81.08% from IDR1,049.41 bn at the end of 2021 to IDR1,900.24 bn this year. The increase occurred due to the addition of securities issued.

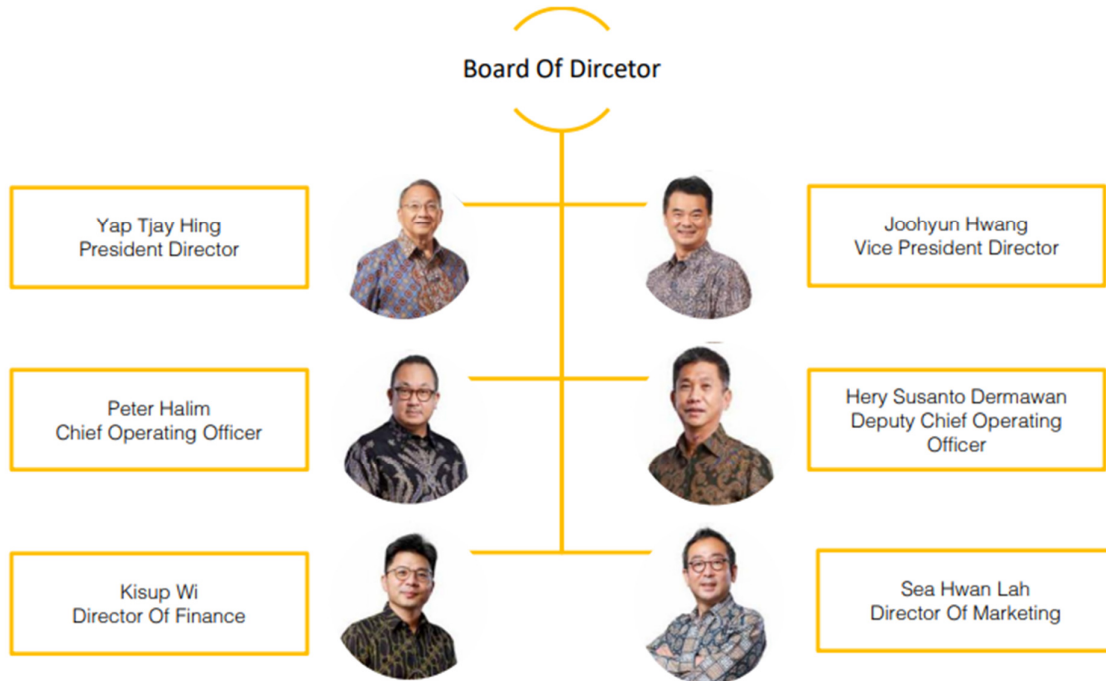
Exhibit 36 : Net Cash Flow (IDR bn)



Source : Company (2023)

MANAGEMENT PROFILE

Exhibit 37 : Board Of Director



Source : Company (2023)

Exhibit 38 : Board Of Commissioner



Source : Company (2023)

KB Finansia Multi Finance

APPENDIX

Exhibit 39 : Income Statement (IDR bn)

	2018	2019	2020	2021	2022
Revenues	1,313	1,371	1,181	1,669	2,096
Operational expenses	(1,016)	(1,034)	(1,086)	(1,090)	(1,190)
Operational receivables	(291)	(241)	(322)	(359)	(608)
Depreciation & amortization	(12)	(27)	(83)	(91)	(87)
Other expenses	(12)	(1)	(3)	0	(6)
Operating Income	6	65	(316)	127	202
Tax expenses	(4)	(19)	86	(31)	(44)
Net Profit	2	45	(230)	95	158

Source : Company (2023)

Exhibit 40 : Balance Sheet (IDR bn)

	2018	2019	2020	2021	2022
Cash and equivalent	282	197	647	265	174
Receivables	2,787	3,016	3,402	5,030	7,225
Prepaid expenses	124	141	15	10	17
Fixed assets	90	57	53	52	91
Other assets	34	80	237	189	249
Total Assets	3,320	3,494	4,358	5,540	7,759
Loans	1,896	1,991	3,523	4,327	5,272
Marketable securities	0	0	0	0	993
Payables	12	37	54	67	122
Accrued expenses	17	31	33	72	138
Debt securities	573	573	177	0	0
Liabilities	268	274	116	102	137
Total Liabilities	2,770	2,910	3,917	4,571	6,666
Share capital	101	101	126	126	126
Additional paid in capital	135	135	288	288	288
Other equity components	15	3	(28)	(31)	(35)
Retained earnings	298	343	55	278	278
Convertible perpetual bonds	0	0	0	435	435
Total Equity	550	583	441	968	1,092
TOTAL EQUITY AND LIABILITIES	3,320	3,494	4,358	5,540	7,759

Source : Company (2023)

KB Finansia Multi Finance

Exhibit 41 : Cash Flow (IDR bn)

	2018	2019	2020	2021	2022
Proceeds from financing transaction & income	5,481	5,911	4,936	5,642	7,830
Payments of financing services	(4,344)	(4,912)	(4,035)	(5,824)	(8,192)
Payments of operating expenses	(1,118)	(1,105)	(1,049)	(1,180)	(1,475)
Net cash flow operating expenses	18	(106)	(149)	(1,363)	(1,838)
Placement and disbursement of time deposits	0	15	(468)	0	0
Acquisitions of assets, property and equipment	(44)	(55)	(51)	(68)	(154)
Proceeds from sale of property and equipment	2	1	0	0	1
Net cash flow in investing activities	(42)	38	(519)	(68)	(153)
Proceeds from fund borrowings	233	2,957	3,678	3,072	2,965
Proceeds from securities & perpetual convertible bonds issued	177	0	0	435	1,000
Payment of fund borrowings	(2,624)	(2,848)	(2,148)	(2,263)	(2,020)
Others payment	0	0	(411)	(194)	(30)
Interest payment of perpetual convertible bonds	0	0	0	0	(13)
Net cash flow in financing activities	(112)	109	1,119	1,049	1,900

Source : Company (2023)

Exhibit 42 : Key Ratios

	2018	2019	2020	2021	2022
Net financing receivables balance to total assets	82.43%	84.57%	77.51%	90.23%	92.41%
Net financing receivables to total borrowings	144.76%	115.40%	91.30%	115.50%	114.43%
Investment and working capital financing receivables balance to total financing receivables balance	1.86%	13.85%	35.14%	49.42%	50.25%
Capitalization ratio	83.44%	25.44%	21.97%	26.86%	20.52%
Non-performing capital receivable ratio	1.77%	3.13%	0.94%	1.27%	1.73%
Own capital to paid-up capital ratio	74.76%	578%	350%	767%	866%
Gearing ratio	4.48	4.39	8.39	4.47	5.73
Return on equity	0.39%	7.79%	(52.15%)	13.12%	18.56%
Return on assets	0.06%	1.30%	(7.30%)	2.29%	2.61%
Net profit margin	0.15%	3.29%	(19.48%)	5.72%	7.54%
Operating expenses to operating incomes	18,633%	1,700.00%	(331.96%)	93.04%	90.72%
Current ratio	156.67%	162.76%	112.25%	143.39%	118.55%
Liabilities to equity	5.03	4.98	8.87	4.72%	6.10
Liabilities to total assets	0.83	0.83	0.89	0.83	0.86

Source : Company (2023)

KB Finansia Multi Finance

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