

Shareholding Composition

	9M15	9M16
Bank Danamon Indonesia	95.0%	92.1%
Public (≤ 5%)	5.0%	7.9%

Credit Ratings (PEFINDO)

	Rating/Outlook
Corporate	idAAA/Stable
Bonds	idAAA
Mudharabah Bonds	idAAA _(sy)

Contacts

Perry B. Slangor	perry.slangor@adira.co.id
Yanti	yanti.yanti@adira.co.id
Investor Relations	af.investor.relation@adira.co.id

Adira Finance

Corporate Secretary & Investor Relation

The Landmark I, 26th-31st Floor

Jl. Jenderal Sudirman No. 1

Jakarta 12190

Phone : +62-21 5296-3232, 5296-3322 (hunting)

Fax : +62-21 5296-3354

Website : www.adira.co.id

Highlights

9M16 Results

- We booked new financing disbursement of Rp22.1 trillion or equivalent to 1.2 million new contracts in 9M16. Motorcycle contributed 57% of total financing disbursement, equivalent to Rp12.5 trillion, while car was 41% or equivalent to Rp9.1 trillion. The remaining was durables with 2% contribution, equivalent to Rp500 billion.
- Sharia-based new disbursement recorded a robust growth to Rp6.0 trillion, almost doubled from Rp3.1 trillion a year earlier. Majority of the disbursement was still from motorcycle financing of 73%. However, there was increasing contribution from car financing of 27%, went up from 21% in the same period last year.
- Managed receivables, including joint-financing, reached Rp43.8 trillion at the end of September 2016, of which 59% was self-funded, while the remaining was joint-financing. The contribution between motorcycle and car financing receivables stood at 48%:51%, respectively, and the remaining 1% was contributed by durables.
- We recorded net income of Rp904 billion for the nine months of 2016, a strong growth from Rp423 billion in the same period last year. The growth drivers were mainly stemming from savings in interest expenses and efficiency in operating expenses.
- As such, equity stood at Rp4.9 trillion as of 30 September 2016, rose by 16% as compared to the same period in 2015 which stood at Rp4.2 trillion. External funding amounted to Rp20.2 trillion, resulting in gearing ratio well below regulated level at only 4.1 times.

Rp billion; %	9M15	9M16	Δ%	4Q15	1Q16	2Q16	3Q16
Total New Financing	22,817	22,073	-3%	7,712	6,950	7,925	7,198
Total Managed Assets ¹	47,266	43,761	-7%	46,421	45,039	44,601	43,761
Financing Receivables ²	26,795	25,697	-4%	26,026	25,064	25,999	25,697
Total Asset	29,488	27,012	-8%	27,744	26,458	27,426	27,012
Total Borrowings	23,179	20,210	-13%	21,308	20,024	20,904	20,210
Total Equity	4,204	4,878	16%	4,361	4,598	4,579	4,878
Net Profit after Tax	423	904	114%	242	286	307	311
ROAA ³	1.9%	4.4%	2.5%	3.3%	4.0%	4.4%	4.5%
ROAE	14.0%	26.6%	12.6%	23.2%	27.0%	28.4%	27.3%
NPL ⁴	1.74%	1.77%	0.02%	1.72%	1.77%	1.86%	1.77%

Note:

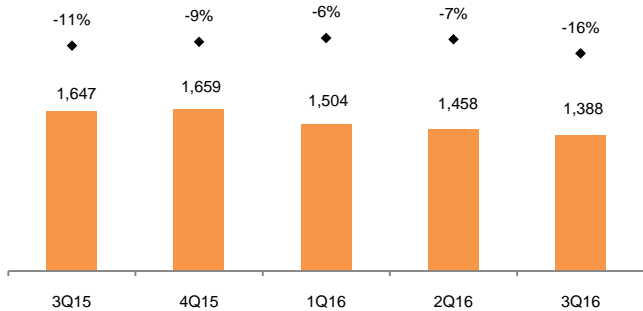
1. Including transaction costs of Rp1,209 billion and Rp1,866 billion in 9M16 and 9M15, respectively;
2. Financing receivables from Adira Finance's self-funding before loss provision;
3. As percentage of Reported Assets; and
4. Including Joint-Financing Portion.

Focus Charts

Domestic New Motorcycle Sales

Thousand Units and %

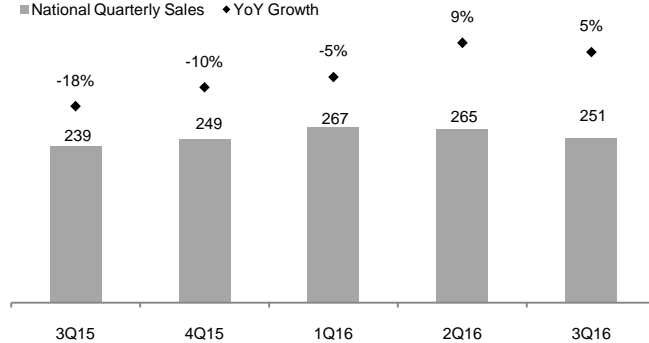
■ National Quarterly Sales ◆ YoY Growth



Domestic New Car Sales

Thousand Units and %

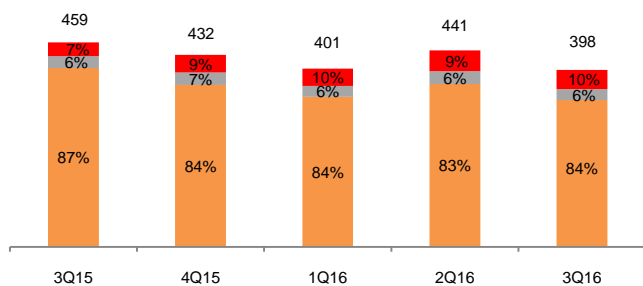
■ National Quarterly Sales ◆ YoY Growth



New Financing

Thousand Units

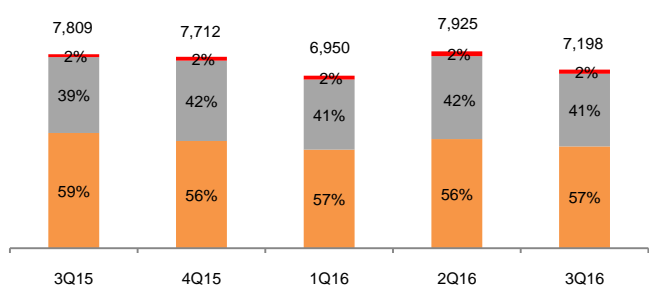
■ Motorcycle ■ Car ■ Durables



New Financing

Rp billion

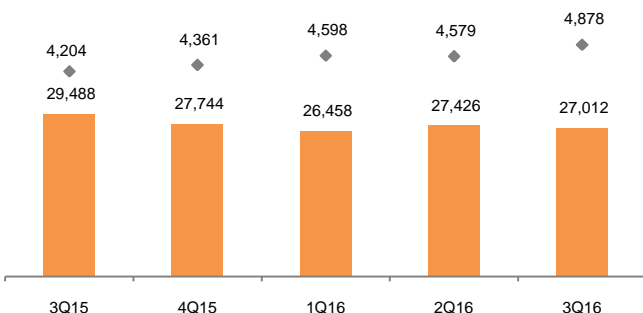
■ Motorcycle ■ Car ■ Durables



Total Assets & Total Equity

Rp billion

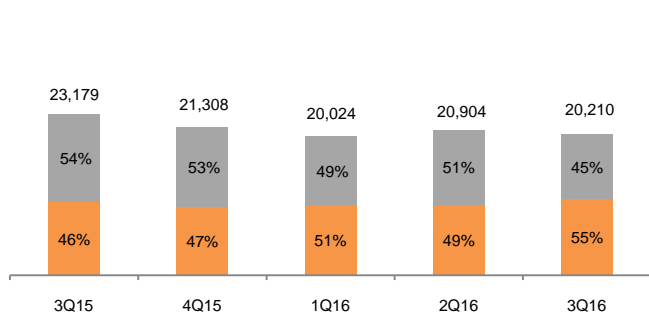
■ Total Assets ◆ Total Equity



Total Borrowings

Rp billion; and Times

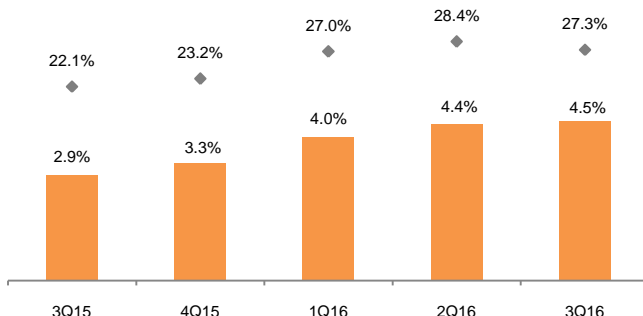
■ Bonds ■ Bank Loans



ROAA & ROAE

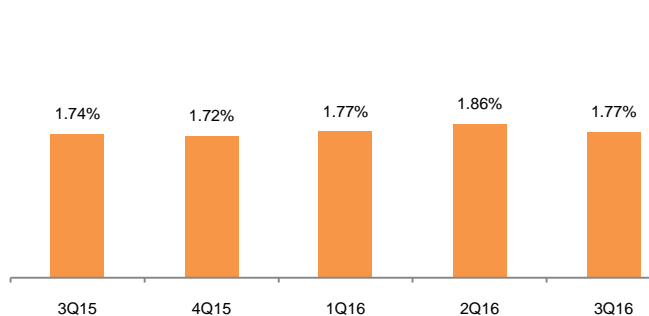
% of Average Total Assets and Equity

■ ROAA ◆ ROAE



Consolidated Non-Performing Loan

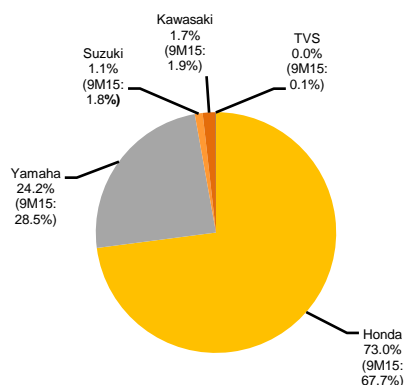
% of Receivables



Note: Industry data sources from Indonesian Motorcycles Industry Association (AISI) and Association of Indonesian Automotive Industries (Gaikindo.)

Indonesian Automotive Sector Update

New Motorcycle Sales by Brand 9M 2016



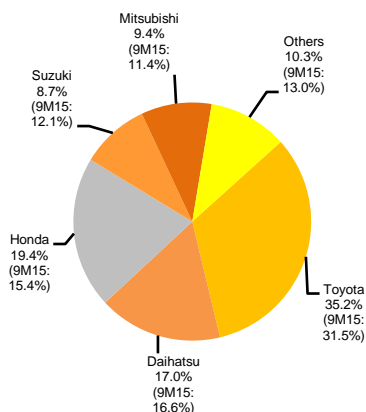
Until September 2016, most of the major domestic macroeconomic indicators showed progress. Inflation was well below 4%, GDP growth managed to reach the level slightly above 5%, average rupiah exchange below Rp13,000/USD and even the central bank had revised down the benchmark rate many times in order to help spur credit growth, until end of September 2016, the BI 7-Day Repo Rate stood at 5.00%.

Nevertheless, these conditions have not fully impacted the domestic vehicle sales. As released by the association, new motorcycle domestic wholesales experienced deeper contraction as compared to the first half of 2016. If in 1H16 it recorded 7% contraction y-o-y, the new motorcycle domestic wholesales was down by 10% y-o-y for the nine months of 2016. In 1H16, the industry sales was still supported by seasonal sales prior to Lebaran which normally happened one month before, and it was in June for this year, and slowed down subsequently.

In the nine months of 2016, new motorcycle domestic wholesales only reached 4.4 million units as compared to the sales for 9M2015 which was at 4.8 million units. Honda maintained its sales by experiencing contraction of only by 3% y-o-y with sales of 3.2 million units nationwide. As such, Honda controls 73% market share in Indonesia, which is a stable performance throughout the period. Yamaha sold 1.0 thousand units and secured 24.2% of the domestic market share. In the 3rd place was Kawasaki with its sport segment by selling 76 thousand units, an equivalent to 1.7% of the market share. Suzuki's sales reached 46 thousand units of new motorcycle with 1.1% of the market share.

Auto-scooters are currently the favorite motorcycle type in Indonesia due to its convenience in the riding factor as well as being stylish, yet affordable to the people. Until end of September 2016, almost 80% of the Indonesian new motorcycle domestic wholesales are auto-scooters, followed by Sports with stable contribution of 11.2% and the remaining were underbone. Auto-scooters are also the backbone of Honda's sales, whereby it contributes 83% of its 9M16 sales, followed by underbone with 10% contribution and 7% from sports. Honda also controls the market of auto-scooter by 78% and underbone by 65%, even also sport by 47%. Currently the sport segment, Yamaha is in the 2nd place with 37% market share and Kawasaki in the 3rd place with 16% market share.

New Car Sales by Brand 9M 2016



The domestic new car wholesales grew stronger in 9M16. While it recorded 1% annual growth in 1H16, the increase has been higher until nine months in 2016, up by 2% to 783 thousand units from 765 thousand units in the same period last year. The main driver for the growth was LCGC, particularly with the launching of another two variants in July 2016.

In the beginning of 3Q16, the Astra Group launched 7-seaters LCGC, i.e. Toyota Calya and Daihatsu Siagra. Ever since the launching, the cars have been sold for over 20 thousand units for Toyota Calya and 13 thousand units for Daihatsu Siagra. Thus, both brands recorded growth of 14% and 5%, respectively, for 9M16. Toyota sold 276 thousand units or equivalent to 35.2% market share nationwide, while Daihatsu sold 134 thousand units and thus secured 17.0% market share. When combined, the two brands has 52.3% market share in 9M16, up from 48.1% last year.

Honda continued its strong growth by recording sales growth of 29% with sales of 152 thousand units new cars in 9M16. With this performance, Honda controls 19.4% Indonesia's market share, currently. Honda's sales backbones lies in its MPV, LCGC and SUV, namely Honda Mobilio, New Honda Brio Satya, Honda HR-V and Honda BR-V.

Furthermore, Mitsubishi sold 74 thousand units with 9.4% market share. Suzuki managed to distribute 68 thousand units, thus its market share stood at 8.7%.

Commercial segment continued to experience contraction. Until end of September 2016, the segment's sales were corrected by 31% y-o-y to 149 thousand units. In contrary, passenger segment car sales picked up by 15% y-o-y to 634 thousand units. This market movement made the composition of car sales by segments to stand at 81%:19% for passenger and commercial cars, a significant difference from 72%:28% a year earlier. The main drivers for sales in passenger segment were MPV and LCGC. Even LCGC has now contributed 1/5 for the national sales. With growing passenger cars sales, the manufacturers expect that the national new cars sales could reach 1.05-1.07 million units at the end of 2016.

New Financing

For the nine months of 2016, Adira Finance had financed 1.2 million new contracts. Motorcycle contributed the most in terms of units, i.e. 84% of total new contracts, whereby cars contributed 6% and durables contributed 10%. New motorcycle financing reached 526 thousand units, thus Adira Finance market share reached 12.1% in 9M16. Nevertheless on quarter basis, Adira Finance's new motorcycle market share grew steadily, from only 10.9% in 1Q16 to 12.5% in 2Q16, eventually to 12.9% in 3Q16.

New car financing stood at 33 thousand units, hence resulting Adira Finance to secure market share of 4.2% in the domestic new car sales. Previously, Adira Finance's new car financing was largely from commercial, over 70% in terms of units. However, given the slowdown in commercial segment, the Company had focused more in the passenger segment. Nevertheless, there was an improvement on a quarterly basis, from 3.7% in 1Q16 to 4.3% in 2Q16 and 4.5% in 3Q16.

In terms of amount financing, Adira Finance had disbursed Rp22.1 trillion in 9M16, a mild contraction of 3% as compared to the same period last year of Rp22.8 trillion. Around 57% of new financing disbursement was derived from motorcycles portfolio, 41% from cars portfolio and the remaining 2% from durables financing. Thus, the amount of financing were Rp12.5 trillion for motorcycle, Rp9.1 trillion for car and Rp500 billion for durables. There were not much changes in the managed receivable portfolio for the cars and motorcycles' contribution in 9M16 (motorcycles: 48%, cars: 51% and durables: 1%) when compared to the position for the same period last year.

Furthermore in the overall car financing activity, Adira Finance shifted its financing more to passenger cars in response to the weakened commercial car market. As a result, the Company recorded a significant contribution shifting between the two segments. If in 9M15 the composition for total amount of car financing was 46%:54% for passenger and commercial segments, the composition has become 54%:46%, currently.

Sharia financing has continued to show growth as well. The financing disbursement rose from Rp3.1 trillion in 9M15 to Rp6.0 trillion for the nine months of 2016. The composition between motorcycle and car financing for sharia financing was 73% and 27%, respectively.

Balance Sheet

As of 30 September 2016, our total managed financing receivables amounted to Rp43.8 trillion, whereby the joint-financing portion was 41% or equivalent to Rp18.1 trillion. This position was lower by 7% y-o-y from Rp47.3 trillion for the same period in 2015. The contraction was mainly driven by the limited growth in new financing caused by pressure in the automotive industry, particularly as the Company's new financing was more dominantly comprised of sales of motorcycles where the 2W market continued to experienced contraction.

The stand-alone financing receivables before provision for losses, stood at Rp25.7 trillion at the end of 9M2015. Until end of September 2016, motorcycle portfolio now contributed 48% of the Company's managed receivables, while car portfolio contributed around 51% and the remaining was durables.

As such, total assets was recorded at Rp27.0 trillion at the end of September 2016, contracted by 8% y-o-y, mainly driven by the contraction in financing receivables. When compared on a yearly basis, our self-funded financing receivables, net-off provision for losses, stood at Rp24.5 trillion as compared to RpRp25.7 trillion a year ago. Stand alone financing receivables contributed 91% to our total assets, thus, much higher than the regulated financing to assets ratio at 40%.

At the end of September 2016, the external funding amounted to Rp20.2 trillion, went down by 13% from the same period last year of Rp23.2 trillion. The movement of external funding was primarily based on the financing activities. Bank borrowings amounted to Rp9.2 trillion, whereby Rp6.0 trillion was on-shore borrowings and the remaining off-shore. Furthermore, there were bonds and *mudharabah* bonds amounted to Rp11.0 trillion. The composition between bank borrowings and bonds were almost equal, standing at 45% and 55%, respectively.

As such, the reported equity for the periode was Rp4.9 trillion, rose by 16% from the same period last year at Rp4.2 trillion, driven by growing net income which had strengthened since 2H2015, net off with dividend payment after the resolution to distribute 50% of 2015 net income. We have distributed the dividend in June 2016, amounted to Rp332.5 billion. As such, at the end of 9M2016, the gearing ratio stood at 4.1 times, far below from the regulated level of 10 times.

Income Statement

In 9M16, Adira Finance recorded interest income of Rp6.8 trillion. Furthermore, the Company's interest expenses were reduced by 11% to Rp3.5 trillion, as a result of a more favorable interest environment in Indonesia. The central bank has been working to provide a more conducive environment for credit to grow in Indonesia in recent years by lowering the benchmark rate. The average cost of fund stood at 10.8%, down from last year at 11.5%.

After taking into account the cost of funds, net interest income was posted at Rp3.3 trillion in 9M16, or equivalent to net interest margin of 10.2%. Given the fee income of Rp997 billion, operating income was booked at Rp4.3 trillion in 9M16.

Continuing in cost discipline, the operating expenses went down by 2% to Rp2.1 trillion in 9M16, while operating expenses ratio stood at a stable 6.4%. Furthermore, stand-alone cost of credit improved to Rp1.1 trillion in 9M16. With the economy still under pressure currently, one of the Company's priorities is to maintain asset quality at a manageable level. As a result, net income after tax went up to Rp904 billion in 9M16 from Rp423 billion in 9M15. ROAA (as percentage of average total assets) for 9M16 posted at 4.4% while ROAE (as percentage of average equity) at 26.6%.

Corporate Updates

Settlement of Matured Bonds and *Mudharabah* Bonds

In 3Q16, we have settled our matured bonds and *mudharabah* bonds amounting to Rp933 billion. As such throughout 2016, we have settled-off matured bonds and *mudharabah* bonds amounting to Rp1.8 trillion. The details are as follow:

Bonds	Nominal Value	Coupon Rate p.a./Sharing Revenue Ratio	Maturity Date
Adira Finance Continuing Bonds II Phase I Year 2013 Series C	Rp553 bio	7.85%	1 March 2016
Adira Finance Continuing <i>Mudharabah</i> Bonds I Phase I Year 2013 Series C	Rp286 bio	65.417% (equivalent to 7.85% per year)	1 March 2016
Adira Finance Continuing <i>Mudharabah</i> Bonds II Phase I Year 2015 Series A	Rp441 bio	72.917% (equivalent to 8.75% per year)	10 July 2016
Adira Finance Continuing Bonds III Phase II Series A	Rp492 bio	8.75%	5 September 2016
Total	Rp1,772 bio		

Financial Highlights

<i>In Billion Rupiah</i>	Sep-15	Sep-16	Δ%	Dec-15	Mar-16	Jun-16	Sep-16
STATEMENTS OF FINANCIAL POSITION							
Assets							
Cash and cash equivalents	1,322	1,055	-20%	1,060	931	1,100	1,055
Financing receivables - net of allowance of impairment	25,673	24,549	-4%	24,919	23,988	24,885	24,549
Fixed assets - net of accumulated depreciation	255	229	-10%	243	235	229	229
Intangible assets - net	63	70	11%	74	75	71	70
Others	2,175	1,109	-49%	1,448	1,229	1,141	1,109
Total assets	29,488	27,012	-8%	27,744	26,458	27,426	27,012
Liabilities							
Borrowings	12,568	9,177	-27%	11,388	9,844	10,722	9,177
Bonds payables - net & <i>mudharabah</i> bonds	10,611	11,033	4%	9,919	10,180	10,182	11,033
Others	2,105	1,924	-9%	2,076	1,837	1,943	1,924
Total liabilities	25,284	22,134	-12%	23,383	21,860	22,847	22,134
Equity	4,204	4,878	16%	4,361	4,598	4,579	4,878
Total liabilities and equity	29,488	27,012	-8%	27,744	26,458	27,426	27,012

<i>In Billion Rupiah</i>	9M15	9M16	Δ%	4Q15	1Q16	2Q16	3Q16
INCOME STATEMENT							
Interest income	6,718	6,821	2%	2,315	2,284	2,258	2,279
Interest expense	(3,928)	(3,496)	-11%	(1,281)	(1,223)	(1,147)	(1,127)
Net interest income	2,790	3,325	19%	1,034	1,062	1,112	1,152
Fee income	1,095	997	-9%	341	316	354	327
Operating income	3,885	4,322	11%	1,375	1,378	1,466	1,479
Operating expense	(2,118)	(2,078)	-2%	(521)	(690)	(691)	(696)
Net operating expense	1,767	2,244	27%	854	687	774	782
Cost of credit	(1,262)	(1,068)	-15%	(322)	(318)	(381)	(369)
Other income/(expense)	70	41	-42%	(207)	16	11	14
Income before income tax	575	1,217	112%	326	386	405	426
Net income for the period	423	904	114%	242	286	307	311

Note: Several accounts have been reclassified to follow the presentation in the financial statements as of 30 September 2016 and for nine-month period then ended.

Financial Highlights

KEY RATIOS	9M15	9M16	Δ%	4Q15	1Q16	2Q16	3Q16
Profitability and Efficiency (%)							
Return to average total assets	1.9%	4.4%	2.5%	3.3%	4.0%	4.4%	4.5%
Return to average equity	14.0%	26.6%	12.6%	23.2%	27.0%	28.4%	27.3%
Net income to total income	7.1%	14.5%	7.4%	11.7%	14.1%	14.7%	14.7%
Cost to income	54.5%	48.1%	-6.4%	37.9%	50.1%	47.2%	47.1%
Leverage and Liquidity (X)							
Total assets to total liabilities	1.2	1.2	0.1	1.2	1.2	1.2	1.2
Total equity to total liabilities	0.2	0.2	0.1	0.2	0.2	0.2	0.2
Gearing ratio	5.5	4.1	-1.4	4.9	4.4	4.6	4.1
Assets Quality (%)							
Non-performing loan to managed receivables	1.74%	1.77%	0.02%	1.72%	1.77%	1.86%	1.77%

NEW FINANCING	9M15	9M16	Δ%	4Q15	1Q16	2Q16	3Q16
<i>In Thousand Units</i>							
Motorcycle	1,190	1,034	-13%	364	338	366	330
Car	83	78	-6%	28	24	29	25
Durables	31	129	317%	40	39	47	43
Total Financed Unit	1,304	1,240	-5%	432	401	441	398
<i>In Billion Rupiah</i>							
Motorcycle	13,283	12,470	-6%	4,316	3,969	4,400	4,101
Car	9,415	9,103	-3%	3,245	2,829	3,342	2,932
Durables	119	500	320%	151	152	183	165
Total Financed Amount	22,817	22,073	-3%	7,712	6,950	7,925	7,198

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