

## Shareholding Composition

	1Q15	1Q16
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 <sub>(sy)</sub>

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## Highlights

### 1Q16 Results

- **We booked new financing disbursement of Rp7.0 trillion or equivalent to 401 thousand new contracts in 1Q16.** Motorcycle contributed 57% of total financing disbursement, equivalent to Rp4.0 trillion, while car was 41% or equivalent to Rp2.8 trillion. The remaining was durables with 2% contribution, equivalent to Rp152 billion.
- **Sharia-based new disbursement recorded a robust growth to Rp1.6 trillion, a double growth.** As such, financing receivables of the portfolio stood at Rp6.2 trillion at the end of 1Q16, a 62% growth from a year earlier. The main growth contributor was motorcycle portfolio, which almost doubled from Rp581 billion in 1Q15 to Rp1.1 trillion in 1Q16.
- **Managed receivables, including joint-financing, reached Rp45.0 trillion at the end of March 2016,** of which 56% was self-funded, while the remaining was *joint-financing*. The contribution between motorcycle and car financing receivables stood at 49%:51%, respectively.
- **We recorded net income of Rp286 billion for 1Q16,** a healthy growth from Rp76 billion in 1Q15. The growth drivers were mainly derived from savings in interest expenses and efficiency in operating expenses. As such, ROAA on reported assets stood at 4.0% while ROAE at 27.0%.
- **Equity stood at Rp4.6 trillion as of 31 March 2016, rose by 12% as compared to the same period in 2015 which registered at Rp4.1 trillion.** With external funding amounting to Rp20.0 trillion, gearing ratio was maintained well below the regulated 10 times, stood at 4.4 times level.

Rp billion; %	1Q15	1Q16	Δ%	2Q15	3Q15	4Q15	1Q16
Total New Financing	7,001	6,950	-1%	8,007	7,809	7,712	6,950
Total Managed Assets <sup>1</sup>	48,203	45,039	-7%	47,850	47,266	46,421	45,039
Financing Receivables <sup>2</sup>	28,018	25,064	-11%	27,778	26,795	26,026	25,064
Total Asset	29,297	26,458	-10%	29,856	29,488	27,744	26,458
Total Borrowings	23,278	20,024	-14%	23,709	23,179	21,308	20,024
Total Equity	4,106	4,598	12%	3,912	4,204	4,361	4,598
Net Profit after Tax	76	286	275%	122	225	242	286
ROAA <sup>3</sup>	1.0%	4.0%	3.0%	1.6%	2.9%	3.3%	4.0%
ROAE	6.9%	27.0%	20.1%	12.3%	22.1%	23.2%	27.0%
NPL <sup>4</sup>	1.6%	1.8%	0.2%	1.7%	1.7%	1.7%	1.8%

Note:

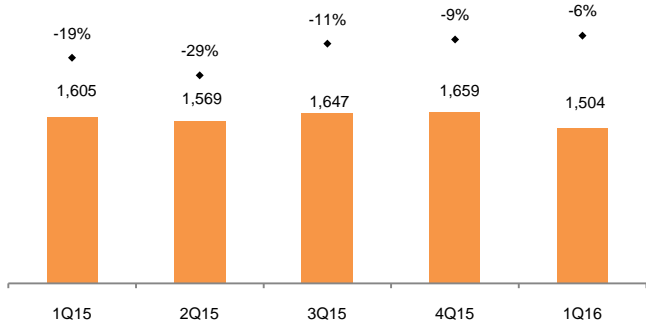
1. Including transaction costs of Rp1,460 billion and Rp2,138 billion in 1Q16 and 1Q15, respectively;
2. Financing receivables from Adira Finance's self-funding before loss provision;
3. As percentage of Reported Assets; and
4. Including Joint-Financing Portion.
5. Some numbers have been adjusted to follow the current accounting treatments.

# Focus Charts

## Domestic New Motorcycle Sales

Thousand Units and %

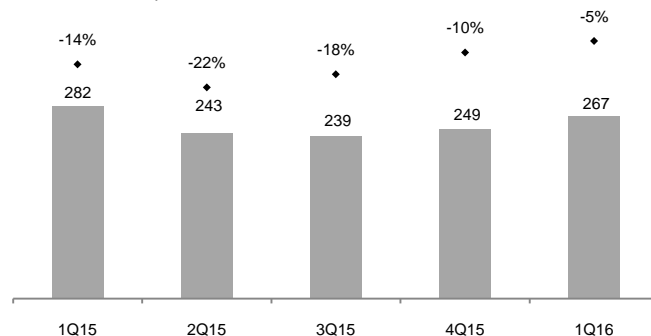
■ National Quarterly Sales ◆ YoY Growth



## Domestic New Car Sales

Thousand Units and %

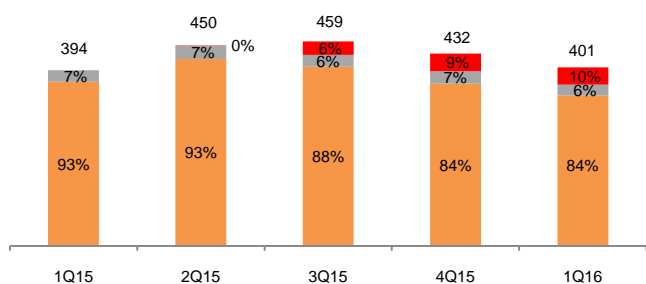
■ National Quarterly Sales ◆ YoY Growth



## New Financing

Thousand Units

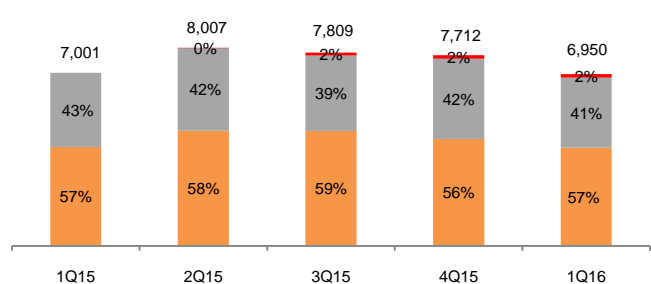
■ Motorcycle ■ Car ■ Durables



## New Financing

Rp billion

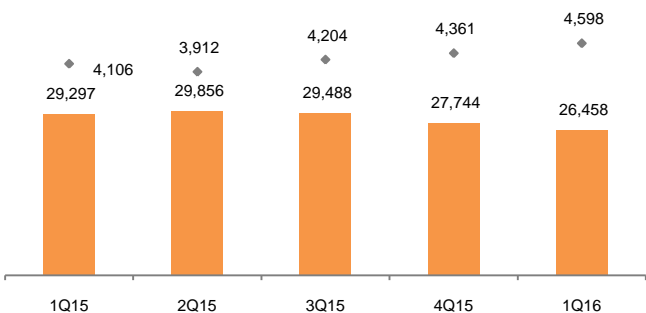
■ Motorcycle ■ Car ■ Durables



## Total Assets & Total Equity

Rp billion

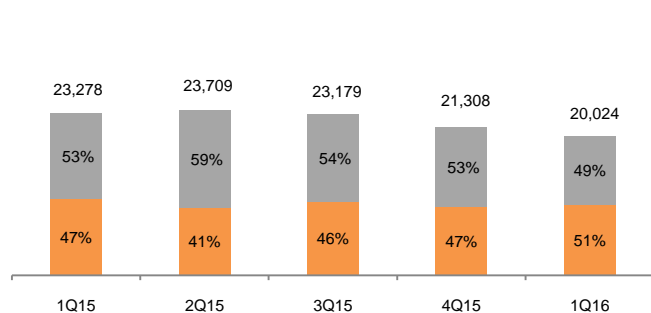
■ Total Assets ◆ Total Equity



## Total Borrowings

Rp billion; and Times

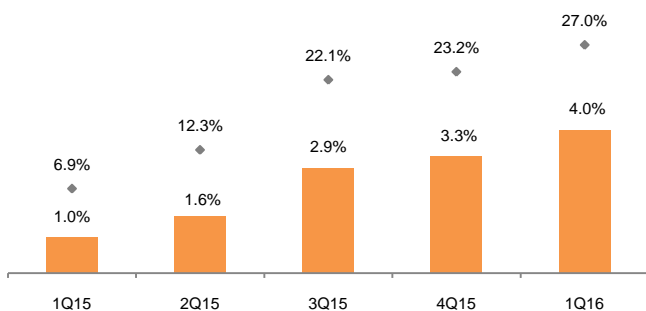
■ Bonds ■ Bank Loans



## ROAA & ROAE

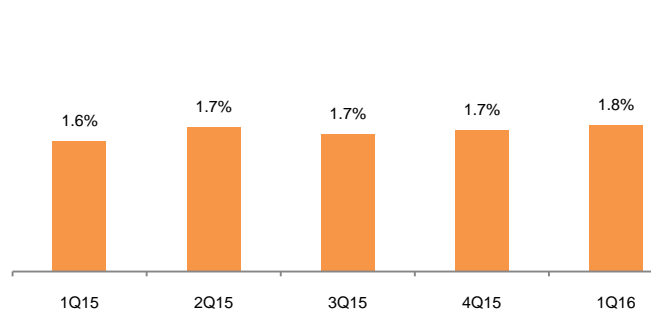
% of Average Total Assets and Equity

■ ROAA ◆ ROAE



## Consolidated Non-Performing Loan

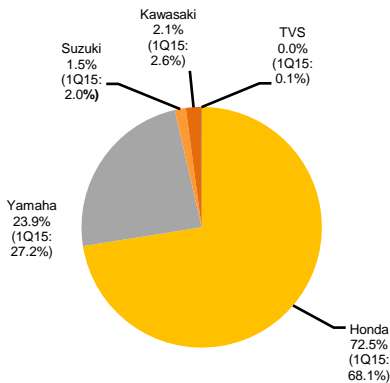
% of Receivables



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**  
1Q 2016



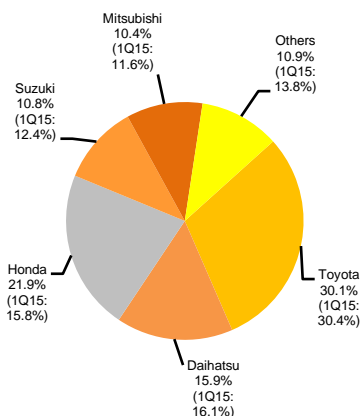
Since 4Q15, the Indonesian economy growth has started to show an uptick as compared to earlier quarters for the year. It was maintained until 1Q16, whereby domestic GDP growth reached 4.92%. Inflation in March 2016 was still within the target of government at 4.45%. As inflation was under control, the central bank decided to lower down the benchmark rate, of which by March was at 6.75%, down by 75 bps as compared to the same period last year. The average rupiah exchange rate was maintained at Rp13,276, rose slightly around 1% as compared to March last year, which was particularly driven by inflow of foreign investment to the market in Indonesia as the evidence of improved investors confidence on Indonesia. Hence, Bank Indonesia estimated the economic growth in 1Q2016 to reach 5.1%-5.2%.

Nonetheless, the improvement in macroeconomic level has not been fully felt by the general population, who remained cautious in their consumption. The new motorcycle national sales remained contracted, although not as deep as in 2015, down by 6% to 1.5 mio units from 1.6 mio units in 1Q2015.

In terms of the types of motorcycles, scooter continued to strengthen its position by contributing 78.6% of the domestic sales, an equivalent to 1.2 million units sold nationwide. This position went up from 1Q15 which was at 75.2%. The growing contribution of scooters was at the expense of underbone motorcycles, which only contributed 11.1% of national sales, down by 13.2% last year. Sport has growth potential; however, it was curbed for the period with purchasing power of the people under pressure in this quarter. Thus, sport motorcycle contributed 10.4% of domestic sales. Nevertheless, this condition did not deter manufacturers from strengthening their position in this segment.

Despite the pressure in people's purchasing power, however, Honda could maintain its sales performance. In 1Q2016, Honda's wholesales reached 1.1 million units, stable from the same period last year, while the other AISI brands were contracted by double digits. Honda closed the 1Q2016 by acquiring 72.5% domestic market share, up by 4.4% from 1Q2015, thus the gap between the brand and the other competitors became wider. Yamaha sold 360 thousand units, followed by Kawasaki with 31 thousand sales and Suzuki with 22 thousand units' sales. Thus, the market shares of the three brands were 23.9%, 2.1% and 1.5%, respectively.

**New Car Sales by Brand**  
1Q 2016



Domestic car sales were contracted by 5% to 267 thousand units in 1Q2016 from 282 thousand units in 1Q2015, nevertheless, improved from 4Q2015 with sales of 249 thousand units. Highest sales took place in the month of March 2016, with 94 thousand units of sales.

By segmentation, commercial segment dipped further down by 29% to 60 thousand units in 1Q16 from 84 thousand units a year earlier. The largest drops were particularly experienced by pick-ups and trucks, down by 15 thousand units and 7.6 thousand units, respectively, whereby mining commodity sluggishness was pointed as the main driver for such contraction. On the contrary, passenger segment grew by 5% to 207 thousand units, mostly driven by low MPV sales, while LCGC was considerably stable from the same period last year with 41 thousand units of sales.

Toyota sales dropped by 6% to 81 thousand units in 1Q2016 from 86 thousand units in 1Q2015. Nevertheless, it could still maintain its market leadership with 30.1% share from the overall industry sales.

Second largest market went to Honda. It started to overtake Daihatsu since beginning of the year by consistently maintaining monthly sales around 19-20 thousand units, thus accumulated 58 thousand units sales, rose by 31% y-o-y and controlling 22% of domestic sales for the first three months in this year. Its SUV's, BR-V and HR-V, contributed over half of the sales. Daihatsu settled at the third position with 16% market share, an equivalent 42 thousand units of sales, down by 6% y-o-y.

Suzuki and Mitsubishi settled in the fourth and fifth positions with 29 thousand units and 28 thousand units of sales, respectively, in 1Q2016. The two brands, having commercial segment as the major contributor to sales, were significantly contracted.

Nevertheless with Lebaran momentum coming, it is expected to spur the motor vehicles sales just as in previous years. With various efforts by the Government, the stability in economic growth could eventually reach the micro level, and thus will be reflected in the domestic motor vehicles sales.

## **New Financing**

In 1Q2016, we financed a total of 401 thousand new contracts, whereby around 84% or 338 thousand units was motorcycles, 6% or 24 thousand units of cars and the remaining 10% or equivalent to 39 thousand contracts was for durables. Furthermore, we financed 164 thousand units of new motorcycles and 173 thousand units of used motorcycles. As for car financing, we managed to disburse financing for 10 thousand units of new cars and 14 thousand used cars. As such, there was a shift in the composition between new and used vehicles.

In vehicle financing, new vehicles contributed 48% of new contracts as of 1Q2016, a significant shift when compared to 2014 whereby new vehicles represented 56% of total new contracts. Since 2015, we increased our effort in growing used vehicles business in order to tap the potential in the market as the new vehicle market experienced contraction. Until end of 1Q2016, we recorded market share for new motorcycle at 10.9%, while for new car stood at 3.7%. Previously, the financing of new car was largely from commercial, over 70%. However, with slowdown in commercial segment, Adira Finance shifts to compete more in passenger segment. Currently, passenger segment has grown from 28% in 1H15 to 33%.

In term of financing amount, our disbursement for motorcycle reached Rp4.0 trillion in 1Q2016, or equivalent to 57% of total disbursement. Car financing reached Rp2.8 trillion or equivalent to 41% of total disbursement, while durables financing was recorded at Rp152 billion. As such, our total disbursement for 1Q2016 stood at Rp6.95 trillion, flat from the same period last year. Out of our total financing disbursement, 59% was contributed by new vehicles, 38% used vehicles and the remaining were durables.

There were no changes in the contribution geographically, whereby majority of the disbursement took place in Java island i.e. 53%, and the remaining 47% outside Java as compared to the same period last year. Since 2013, the composition shifted around 3% from Java island to outside Java.

## Balance Sheet

As of 31 March 2016, Adira Finance recorded total managed financing receivables amounting to Rp45.0 trillion. The joint-financing portion of the managed receivables stood at 44% or equivalent to Rp20.0 trillion and stand-alone receivables before provision for losses stood at Rp25.1 trillion. In line with the Company's strategy to diversify financing portfolio, Adira Finance has slowly increased its car financing portion, and over the year, the more balanced composition has been achieved. Currently, motorcycle contributed 49% of the managed financing receivables, while car contributed 51%.

Total assets were recorded at Rp26.5 trillion at the end of March 2016, contracted by 10% y-o-y, mainly driven by the contraction in financing receivables. When compared on yearly basis, our self-funded financing receivables, net-off provision for losses, stood at Rp24.0 trillion as compared to RpRp26.9 trillion a year ago. As such, stand alone financing receivables contributed 91% to our total assets, thus, fulfilling the regulated financing to assets ratio at the minimum of 40%.

Furthermore, the external funding amounted to Rp20.0 trillion, went down by 14% from March 2015 at Rp23.3 trillion as funding requirement was adjusted according to the financing disbursement activities. Bank borrowings amounted to Rp9.8 trillion, of which 60% was on-shore borrowings and the remaining from off-shore, both from bilateral agreement as well as syndicated loans. The other source of funding, i.e. bonds and *mudharabah* bonds amounted to Rp10.2 trillion, which was entirely in rupiah. As such, the composition between bank borrowings and bonds were almost equal, standing at 49% and 51%, respectively.

At the end of the first quarter, equity was recorded at Rp4.6 trillion, up by 12% from the same period last year at Rp4.1 trillion. The increase was mainly driven by stronger net income for the period, net off with dividend payment after the resolution to distribute 50% 2015 net income. We have distributed the dividend in June 2016, amounted to Rp332.5 billion. Gearing ratio stood at 4.4 times, whereby the regulated gearing ratio by OJK was at the maximum of 10 times.

## Income Statement

In 1Q16, interest income was recorded at Rp2.3 trillion while interest expenses stood at Rp1.2 trillion. Thus, net interest income was Rp1.1 trillion in 1Q16 as compared to Rp898 billion in the same period last year. The increase was mainly driven by decreased interest expenses by 8% y-o-y. The contribution of lower cost of funds particularly stemming from the sources of funding from the capital market and lower interest rates environment. Hence, average cost of fund stood at 11.0%, down from last year at 11.7%. In addition to fee income of Rp316 billion, operating income was booked at Rp1.4 trillion in the three months of 2016.

With careful expenses management, operating expenses went down by 6% to Rp690 billion in 1Q16 from Rp735 billion in 1Q15 and thus, operating expenses ratio was recorded at 6.2% in 1Q16, lower than the same period last year at 6.5%. Furthermore, stand-alone cost of credit improved to Rp318 billion in 1Q16 with prudent risk management practice. As such, net income after tax went up to Rp286 billion in 1Q16 from Rp76 billion in 1Q15. ROAA (as percentage of average total assets) in 1Q16 posted at 4.0% while ROAE (as percentage of average equity) at 27.0%.

## Corporate Updates

### Issuance of Adira Finance Continuing Bonds III Phase III

In 1Q16, the Company issued Adira Finance Continuing Bonds III Phase III which was listed in the Indonesia Stock Exchange on 3 March 2016. The issuance details was as follows:

Bonds	Series	Nominal Value	Coupon Rate	Tenor
Adira Finance Continuing Bonds III Phase III	A	Rp73.0 bio	8.75%	370 days
	B	Rp330.5 bio	9.50%	36 months
	C	Rp697.5 bio	10.25%	60 months
<b>Total</b>		<b>Rp1,101.0 bio</b>		

In the same period, Adira Finance settled matured bonds and *mudharabah* bonds amounting to Rp893 billion. 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	Rp553.0 bio	7.85%	1 March 2016
Adira Finance Continuing Sukuk Mudharabah I Phase I Year 2013 Series C	Rp286.0 bio	65.417% (equivalent to 7.85% per year)	1 March 2016
<b>Total</b>	<b>Rp893.0 bio</b>		

# Financial Highlights

<i>In Billion Rupiah</i>	Mar-15	Mar-16	Δ%	Jun-15	Sep-15	Dec-15	Mar-16
<b>STATEMENTS OF FINANCIAL POSITION</b>							
<b>Assets</b>							
Cash and cash equivalents	828	931	12%	1,241	1,322	1,060	931
Financing receivables - net of allowance of impairment	26,877	23,988	-11%	26,641	25,673	24,919	23,988
Fixed assets - net of accumulated depreciation	284	235	-17%	272	255	243	235
Intangible assets - net	68	75	10%	65	63	74	75
Others	1,240	1,229	-1%	1,638	2,175	1,448	1,229
<b>Total assets</b>	<b>29,297</b>	<b>26,458</b>	<b>-10%</b>	<b>29,856</b>	<b>29,488</b>	<b>27,744</b>	<b>26,458</b>
<b>Liabilities</b>							
Borrowings	12,289	9,844	-20%	13,958	12,568	11,388	9,844
Bonds payables - net & <i>mudharabah</i> bonds	10,990	10,180	-7%	9,751	10,611	9,919	10,180
Others	1,912	1,837	-4%	2,236	2,105	2,076	1,837
<b>Total liabilities</b>	<b>25,190</b>	<b>21,860</b>	<b>-13%</b>	<b>25,945</b>	<b>25,284</b>	<b>23,383</b>	<b>21,860</b>
<b>Equity</b>	<b>4,106</b>	<b>4,598</b>	<b>12%</b>	<b>3,912</b>	<b>4,204</b>	<b>4,361</b>	<b>4,598</b>
<b>Total liabilities and equity</b>	<b>29,297</b>	<b>26,458</b>	<b>-10%</b>	<b>29,856</b>	<b>29,488</b>	<b>27,744</b>	<b>26,458</b>

<i>In Billion Rupiah</i>	1Q15	1Q16	Δ%	2Q15	3Q15	4Q15	1Q16
<b>INCOME STATEMENT</b>							
Interest income	2,229	2,284	2%	2,202	2,287	2,315	2,284
Interest expense	(1,331)	(1,223)	-8%	(1,298)	(1,299)	(1,281)	(1,223)
<b>Net interest income</b>	<b>898</b>	<b>1,062</b>	<b>18%</b>	<b>904</b>	<b>988</b>	<b>1,034</b>	<b>1,062</b>
Fee income	342	316	-8%	382	371	341	316
<b>Operating income</b>	<b>1,241</b>	<b>1,378</b>	<b>11%</b>	<b>1,286</b>	<b>1,359</b>	<b>1,375</b>	<b>1,378</b>
Operating expense	(735)	(690)	-6%	(727)	(655)	(520)	(690)
<b>Net operating expense</b>	<b>506</b>	<b>687</b>	<b>36%</b>	<b>559</b>	<b>703</b>	<b>854</b>	<b>687</b>
Cost of credit	(421)	(318)	-25%	(416)	(425)	(322)	(318)
Other income/(expense)	19	16	-15%	22	29	(207)	16
<b>Income before income tax</b>	<b>103</b>	<b>386</b>	<b>275%</b>	<b>165</b>	<b>307</b>	<b>326</b>	<b>386</b>
<b>Net income for the period</b>	<b>76</b>	<b>286</b>	<b>275%</b>	<b>122</b>	<b>225</b>	<b>242</b>	<b>286</b>

## Financial Highlights

KEY RATIOS	1Q15	1Q16	Δ%	2Q15	3Q15	4Q15	1Q16
<b>Profitability and Efficiency (%)</b>							
Return to average total assets	1.0%	4.0%	3.0%	1.6%	2.9%	3.3%	4.0%
Return to average equity	6.9%	27.0%	20.2%	12.3%	22.1%	23.2%	27.0%
Net income to total income	3.9%	14.1%	10.1%	6.1%	10.9%	11.7%	14.1%
Cost to income	59.3%	50.1%	-9.1%	56.5%	48.2%	37.9%	50.1%
<b>Leverage and Liquidity (X)</b>							
Total assets to total liabilities	1.2	1.2	0.0	1.2	1.2	1.2	1.2
Total equity to total liabilities	0.2	0.2	0.0	0.2	0.2	0.2	0.2
Gearing ratio	5.7	4.4	-1.3	6.1	5.5	4.9	4.4
<b>Assets Quality (%)</b>							
Non-performing loan to managed receivables	1.6%	1.8%	0.2%	1.7%	1.7%	1.7%	1.8%

NEW FINANCING	1Q15	1Q16	Δ%	2Q15	3Q15	4Q15	1Q16
<b><i>In Thousand Units</i></b>							
Motorcycle	368	338	-8%	420	402	364	338
Car	26	24	-6%	30	27	28	24
Durables	-	39	100%	1	30	40	39
<b>Total Financed Unit</b>	<b>394</b>	<b>401</b>	<b>2%</b>	<b>450</b>	<b>459</b>	<b>432</b>	<b>401</b>
<b><i>In Billion Rupiah</i></b>							
Motorcycle	3,990	3,969	-1%	4,652	4,642	4,316	3,969
Car	3,012	2,829	-6%	3,353	3,050	3,245	2,829
Durables	-	152	100%	2	117	151	152
<b>Total Financed Amount</b>	<b>7,001</b>	<b>6,950</b>	<b>-1%</b>	<b>8,007</b>	<b>7,809</b>	<b>7,712</b>	<b>6,950</b>

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