

Investor Newsletter

April 2021

Shareholding Composition

	Mar-20
Bank Danamon Indonesia	92.1%
Public (≤ 5%)	7.9%

Credit Ratings (PEFINDO)

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

Credit International Ratings

	Rating/Outlook
Moody's	Baa2
Fitch	BBB

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Highlights

Rp billion, %	1Q20	1Q21	ΔY-o-Y	2Q20	3Q20	4Q20
Total New Financing	8.394	5.407	-36%	1.678	3.199	5.351
Total Managed Assets	54.679	41.923	-23%	50.368	46.130	44.020
Financing Receivables ¹	31.051	23.757	-23%	28.213	25.559	24.776
Total Asset	34.798	25.588	-26%	31.960	32.199	29.231
Total Borrowings	22.144	13.396	-40%	20.589	20.478	16.766
Total Equity	7.473	8.198	10%	7.521	7.662	7.925
Net Profit after Tax	520	211	-59%	77	217	211
ROAA ²	6,1%	2,8%	-3,4%	0,9%	2,6%	3,1%
ROAE	28,5%	10,9%	-17,6%	4,1%	11,4%	13,3%
NPL ³	1,8%	3,0%	1,2%	3,1%	1,8%	1,9%

Note:

1. Including transaction costs of Rp858 billion and Rp642 billion in March 2021 and 2020, respectively.

2. As percentage of Reported Assets.

3. Financing receivables from Adira Finance's self-funding before provision for losses.

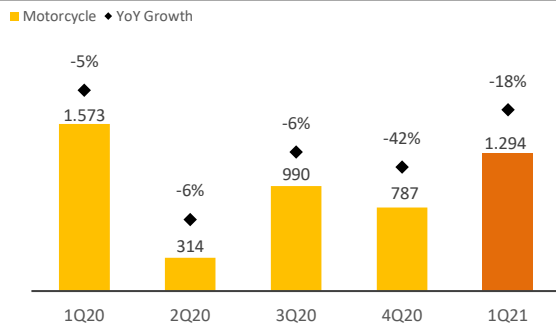
1Q21 Results

- In 1Q21, Adira Finance's new financing had decreased by 36% y/y to Rp 5.4 trillion. This decline relatively was in line with the drop of the automotive industry sales this quarter due to the impact of the covid-19 pandemic;
- As of March 2021, our new car market share had declined to 3.5%. Meanwhile, our new motorcycle market share decreased to 7.7% y/y. The decline in market share was attributable due to the uncondusive market conditions.
- Overall, our total managed receivables in 1Q21 was recorded at Rp 419 trillion. The composition between self-borrowing and joint financing portion was 57%:43%.
- Our external borrowing amounted to Rp 13.4 trillion, decreased by 39.5% compared to same period last year at Rp 22.1. The composition consisted of 53% of bank loans and 47% was derived from bonds and sukuk.
- Our net profit amounted to Rp211 billion in 1Q21 compared to the previous year. Return on asset (ROAA) was at 2.8% in 1Q21.
- Our total equity increased by 10% to Rp 7.9 trillion as of March 2021. Return on equity was at 10.9% in 1Q21.
- As at end of March 2021, the number of customers whose loans had been restructured were 831 thousand contracts or around Rp19 trillion representing around 35% of managed receivables as of February 2020.

Focus Charts

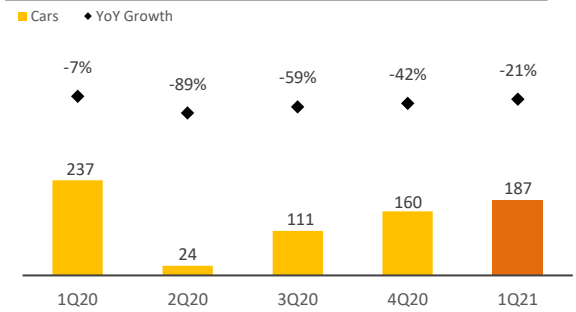
New Motorcycle Domestic Wholesales

Thousand units and %



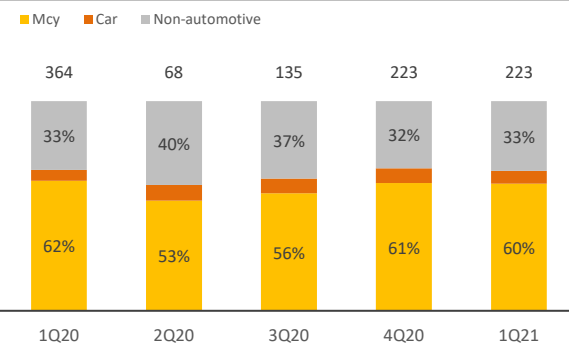
New Car Domestic Wholesales

Thousand units and %



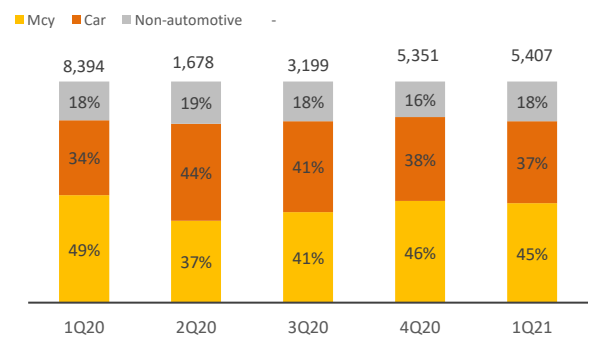
New Financing

Thousand units and %



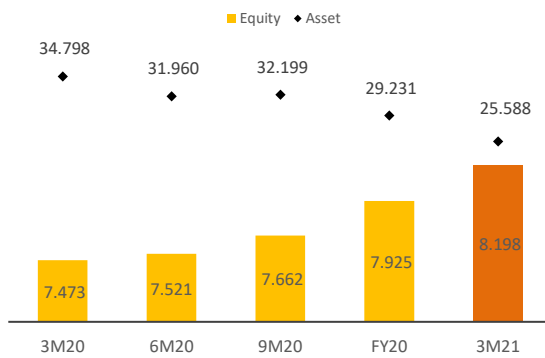
New Financing

Rp billion and %



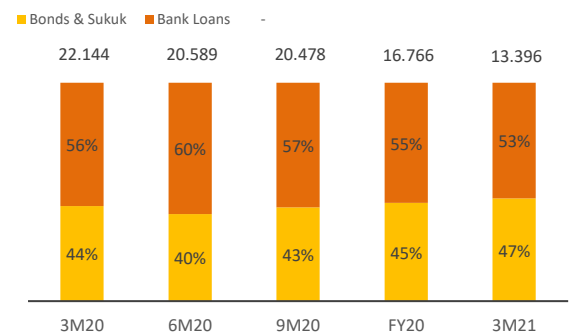
Total Assets & Total Equity

Rp billion



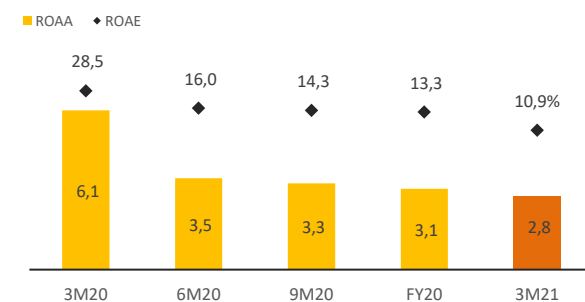
Total External Borrowings

Rp billion and %



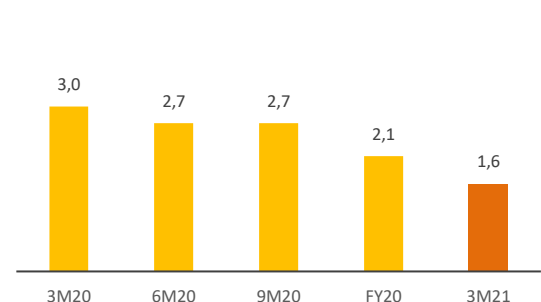
Returns on Assets and Equity

% of Reported Assets and Equity



Gearing Ratio

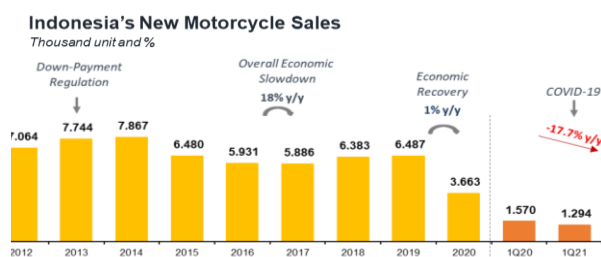
Times



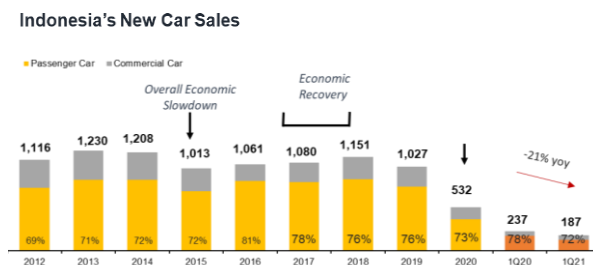
Note: Industry data sources from Indonesian Motorcycles Industry Association (AISI) and Association of Indonesian Automotive Industries (Gaikindo).

Indonesian Macro Economy and Automotive Sector Updates

The development of domestic new motorcycle sales from 2012 to 1Q21, as follows:



The development of domestic new cars sales from 2012 to 1Q21, as follows:



The domestic economy is still facing challenges where economic activity has not fully recovered in the first quarter of 2021 due to the implementation of the PSBB (Large Scale of Social Restriction) to reduce the impact of the ongoing Covid-19 pandemic. Indonesia's GDP still has posted negative growth of 0.74% y/y in the first quarter 2021, while inflation remains at its lowest level of 1.37% indicating weak consumers purchasing power.

However, there was an improvement in economic/business conditions in the first quarter of 2021 compared to the previous quarter supported by more relaxation of the Large-Scale Social Restrictions (PSBB) and the government continues the national economic recovery program by budgeting a more expansive 2021 APBN.

In the first quarter of 2021, Bank Indonesia has cut the BI7DRR by 1 time by 25bps to 3.50%. The Deposit Facility rate at 2.75%, and the Lending Facility rate at 4.25%. The Indonesian Rupiah had continued to strengthen and moved steadily to IDR 14,525 / USD. Meanwhile, commodity prices (crude oil, coal, palm oil) are showing improvement and are getting more stable until March 2021.

As of 1 March 2021, OJK recorded that the number of finance company restructuring reached 5.03million contracts with an outstanding value of Rp 192.0 trillion. Furthermore, The Government has introduced a PPNBM (Sales Tax on Luxury Goods) incentive program for the passenger car segment under 2,500 cc which is offered in 3 tranches until December 2021 with various discounts in each period. This policy is expected to help fuel the sales of new cars particularly during the Lebaran/ Eid season.

2W Indonesia Automotive Sector

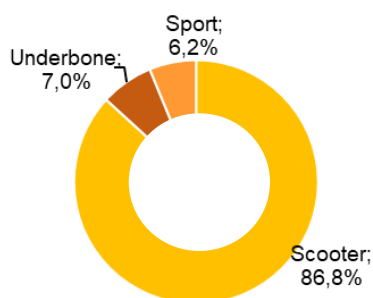
The sluggish condition of the domestic economy also had an impact on sales performance in the automotive industry. The overall decline was caused by weak purchasing power of consumers, and conditions of unfavourable economic activity.

As a result, Domestic *wholesales* new motorcycle sales declined by 18% to 1.3 million units in first quarter of 2021, meanwhile retail sales recorded decreased by 18%

New Motorcycle Sales by Type

As of March 2021

% Total Sales



Source: Aisi, domestic wholesales (excluding export)

in 1Q21. Overall, new motorcycle sales by type were dominated by the scooter segment at 87% of the total new domestic motorcycles sales, followed by the underbone and sport motorcycle segments, at 7% and 6% respectively in 1Q21.

AISI projected that the sales of new motorcycle would grow by around 17% in 2021 to a range of 4 million to 4.3 million, given the estimated economic recovery in 2021 as the vaccines is starting to be distributed.

4W Indonesia Automotive Sector

In the first quarter of 2021, the new domestic cars wholesale were recorded to 187 thousand, declined by 21% y/y compared to 1Q20. This downturn occurred due to uncondusive economic and business conditions that impacted the weak public purchasing power. Meanwhile the new retail car sales industry in 2020 had decreased by 19% y/y to 178 thousand units.

Toyota still dominated the market with the contribution of 31% from total industry new cars sales, followed by Daihatsu, Mitsubishi, and Honda contributed by 19%, 16%, and 14% respectively.

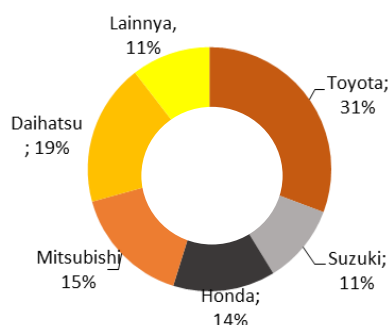
Meanwhile, the passenger segment had decreased by 26% y/y to 136 thousand units, and commercial segment slightly declined by 3% y/y to 52 thousand units. The passenger segment and commercial segments composition were at 72% to 28% of total industry new cars sales.

Gaikindo projected the new car sales in 2021 to grow about 45% reaching around 750 thousand unit, as the vaccine has started to be distributed which is expected help fuel the economic recovery in 2021.

New Car Sales by Brand

As of March 2021

% Total Sales



Source: Gaikindo, domestic wholesales (excluding export)

New Financing

During the first quarter of 2021, Adira Finance recorded a total new financing of Rp5.4 trillion, decreased by 35.6% y/y amid the downturn in the automotive industry. Overall, the proportion of total new financing of car, motorcycle and non-automotive segments contributed to 37%, 45% and 18%, respectively.

Overall, ADMF had distributed motorcycle financing amounting to Rp 2.4 trillion, consisting of Rp 2.0 trillion new motorcycle financing and Rp 436 billion of used motorcycles financing. Honda still contributed the most with the composition of 63% from the total motorcycles financing with a decline of -42% y/y. Suzuki had decreased by 64% followed by Kawasaki and Yamaha by -43% and -40% respectively.

Meanwhile, our car financing disbursement amounted to 2.0 trillion, consisting of new car financing of Rp 1.2 trillion and Rp795 billion for used car financing. The commercial cars segment shrunk by 26% y/y to Rp 767 billion while passenger cars also decreased by 31% y/y to Rp 1.2 trillion. The downturn in cars financing relatively correlates with decline of the weakening economic and business environment

Thus, the distribution of non-automotive (*durables and MPL segment*) financing was recorded at Rp 997 billion in 1Q21. Hence our market share in car and motorcycle segments also decreased to 3.5% and 7.7%, respectively in 1Q21.

Balance Sheet

The Company's managed receivables as of March 2021 were recorded at Rp41.9 trillion, decreased by around 23% y/y mainly driven by the decline in new financing. Such decline was mainly dominated by the new motorcycle segment, followed by new cars segment. While non-automotive segment had increased by 21% to Rp3,1 trillion in 1Q21.

The Company's total assets declined by 26% y/y to Rp25.6 trillion in 1Q21. The decline was dominated by the decrease in total financing receivables by 25% y/y to Rp21.9 trillion.

As of 1Q21, our total liabilities declined by 36% y/y to Rp17.4 trillion in line with the decrease in bank borrowings and bonds by 26.9% and 20.8%, respectively. Meanwhile, our total equity increased by 10% y/y to Rp8.2 trillion driven by an increase in retained earnings by 10% y/y to Rp8,3 trillion in 1Q21.

In 1Q21, the Company's NPL rose to 3.0%, but it still lower than the financing industry's NPL of around 4%. This increase was due to the non-conducive domestic economic sector in the first quarter of 2021, which had an impact on the repayment capacity of financing company customers.

Funding

The Company has continued to diversify its funding sources through the support from joint financing with its parent company, Bank Danamon and obtaining external borrowings consisting of bank loans and bonds. Joint financing represented 43% of our managed receivables.

The Company's total external borrowings as of 31 March 2021 were recorded at IDR 13.4 trillion, with the composition of our external borrowings consisting of 53% bank loans, both onshore and offshore and 47% from bonds and sukuk. Compared to March 2020, our borrowings from bank loans has decreased by 43% y/y to Rp7.1 trillion, while loans from bonds and sukuk mudharabah decreased by 34% y/y to Rp6.3 trillion in first quarter 2021. Meanwhile, Gearing Ratio fell from 3.0x to 1.6x in March 2021.

Funding Activity (Rp tn)

In Billion Rupiah	1Q20	1Q21	ΔY-o-Y
Funding Activity			
Borrowings	12.509	7.077	-43,4%
Onshore	4.164	462	-89%
offshore	8.345	6.615	-21%
Bonds	9.230	5.902	-36%
Sukuk	405	416	3%
Total	22.144	13.396	-39,5%
%Composition			
Borrowings	56%	53%	-4%
Onshore	19%	3%	-15%
offshore	38%	49%	12%
Bonds	42%	44%	2%
Sukuk	2%	3%	1%

Income Statement

Financially, the Company posted interest income amounted to 2.16 trillion or decreased by 29.9% y/y compared to the same period last year, mainly due to the decline in managed receivables which was driven by the decrease in new financing, as well as the loan restructuring to consumers during the first quarter of 2021. Meanwhile, interest expense decreased by 30.2% y/y to Rp848 billion due to a decline in borrowings as well as reduction in interest rates. As a result, net interest income was recorded at Rp1.3

trillion, decreased by 29.7% y/y and net interest margin was registered at 11.1% in Q1/ 2021. The Company's operating expenses decreased by 9.4% y/y to Rp879 billion as we took steps effectively to manage operating costs during the pandemic. In addition, the cost of credit decreased slightly by 1.7% y/y to Rp425 billion. Thus, the Company's net profit after tax was booked at Rp 211 billion.

In terms of profitability, Adira Finance's net interest margin decreased to 11% in 1Q21. The Company's Return on Assets (ROA) and Return on Equity (ROE) were recorded at 2.8% and 10.9% in Q1/2021, respectively.

Strategic Initiatives

In adapting to the changes of consumer's behaviour and the business environment during the Covid-19 pandemic, the Company's has consistently continued to innovate in developing digitalization and provide the best customer-centric service to drive business growth. In addition, Adira Finance also plans to expand a wider product range on the Adiraku digital platform. Currently, the number of consumers who have downloaded the Adiraku application is around 1.1 million consumers, and the number of registered consumers is around 518 thousand consumers in the first quarter of 2021.

In addition, as an effort to respond to economic and business uncertainty due to the Covid-19 pandemic, the Company took strategic steps to be more selective in disbursing new financing, expanding its network to non-automotive businesses by continuing to diversify the products offered, maintaining the quality of financing assets in internal limits, and manage liquidity to meet the financial obligations and business needs of the Company.

Restructuring

In line with the government's direction, the Company has provided restructuring program for consumers who have been directly affected by the Covid-19 pandemic. As the end of March 2021, the number of customers whose loans had been restructured were 831 thousand contracts or around Rp19 trillion

representing around 35% of managed receivables as of February 2020. Currently, over 80% of restructured customer loans have started paying their instalment obligations.

Corporate Updates 2020, & 2021

■ Domestic Rating From Pefindo

In January 2021, Adira Finance's credit rating of idAAA (stable) was reaffirmed by the domestic rating agency, Pefindo, amid unfavorable economic conditions. This rating strengthens the Company's ability to access more competitive sources of funding.

■ International Ratings from Moody's and Fitch.

During the the Covid-19 pandemic, we have sustained our international ratings of "BBB" and "Baa2" (investment grade for both ratings) from Fitch and Moody's International Agency, which are equivalent to Indonesia's sovereign rating. The ratings reflect our solid market presence, and strong support from our direct shareholder of Bank Danamon Indonesia as well as MUFG Group of Japan.

■ The Company Issue Bonds and Sukuk in 2020

Despite the ongoing Covid-19 pandemic, in July 2020 we had successfully issued Continuing Bonds V Phase I amounting to Rp 1.3 trillion, and Continuous Sukuk Mudharabah IV Phase I with a total amount of Rp 200 billion. The details of the bonds V and sukuk IV issuance are as follows:

Description	Serials	Nominal Value (Rp Bn)	Coupon Rate p.a/Sharing Revenue Ratio	Maturity Date
Adira Finance Continuing Bonds V Phase I	A	483,95	690%	17-Jul-21
	B	817,05	7.90%	7-Jul-23
Total		1.30 tn		
Continuous Sukuk Mudharabah IV Phase I	-	200	57.50%	17-Jul-21
Total		200 bn		

The Company still has a remaining for Conventional Bonds V of Rp 7.7 Trillion and Sukuk Mudharabah of Rp 800 Billion..

Financial Highlights

<i>In Billion Rupiah</i>	1Q20	1Q21	ΔY-o-Y	1H20	9M20	FY20
Statements Of Financial Position						
Assets						
Cash and cash equivalents	2.199	1.832	-17%	3.548	6.202	4.227
Financing receivables-net of allowance of impairment	29.304	21.866	-25%	26.345	23.861	22.852
Fixed assets-net of accumulated depreciation	260	235	-10%	267	257	245
Intangible assets-net	197	200	1%	211	200	187
Others	2.839	1.455	-49%	1.590	1.678	1.720
Total Assets	34.798	25.588	-26%	31.960	32.199	29.231
Liabilities						
Borrowings	12.509	7.077	-43%	12.367	11.607	9.140
Debt securities issued-net	9.635	6.318	-34%	8.222	8.871	7.626
Others	5.181	3.994	-23%	3.850	4.059	4.539
Total liabilities	27.325	17.390	-36%	24.439	24.537	21.305
Total equity	7.473	8.198	10%	7.521	7.662	7.925
Total liabilities and equity	34.798	25.588	-26%	31.960	32.199	29.231

<i>In Billion Rupiah</i>	1Q20	1Q21	ΔY-o-Y	2Q20	3Q20	FY20
Income Statement-Stand Alone						
Interest income	3.075	2.155	-29,9%	2.764	2.624	10.316
Interest expense	(1.215)	(848)	-30,2%	(1.063)	(1.111)	(4.328)
Net interest income	1.860	1.307	-29,7%	1.701	1.513	5.988
Fee income	257	277	7,9%	121	104	973
Operating income	2.117	1.584	-25,1%	1.821	1.617	6.961
Operating expense	(969)	(879)	-9,4%	(854)	(829)	(3.488)
Net operating income	1.147	706	-38,5%	968	788	3.474
Cost of credit	(433)	(425)	-1,7%	(540)	(397)	(1.972)
Other income/(expense)	(2)	(1)	-64%	(314)	(87)	(26)
Income before income tax	713	280	-60,7%	114	304	1.476
Net income for the period	520	211	-59,4%	77	217	1.026
Du Pont-Stand Alone						
Net Yield	23%	18%	-4,5%	21%	20%	21%
Cost of Fund	-9%	-7%	1,9%	-8%	-9%	-9%
Net Interest Margin	13,7%	11,1%	-2,6%	12,9%	11,7%	12,0%
Fee income	2%	2%	0,3%	1%	1%	2%
Operating income	16%	13%	-2,3%	14%	13%	14%
Operating expense	-7%	-7%	-0,5%	-6%	-6%	-7%
Net operating income	9%	6%	-2,8%	7%	6%	7%
Cost of credit	-3,3%	-3,6%	-0,3%	-4,1%	-3,1%	-4,0%
Other income/(expense)	0%	0%	0,0%	-2%	-1%	0%
ROAA-Before Tax	5%	2%	-3,1%	1%	2%	3%
ROAA-After Tax	4%	2%	-2,2%	1%	2%	2%

Financial Highlights

<i>KEYRATIOS (Stand Alone)</i>	1Q20	1Q21	ΔY-o-Y	2Q20	3Q20	FY20
Return to average total assets	6,1%	2,8%	-3,4%	0,9%	2,6%	3,1%
Return to average equity	28,5%	10,9%	-17,6%	4,1%	11,4%	13,3%
Net income to total income	18,3%	10,3%	-8,0%	3,2%	9,3%	10,9%
Cost to income	45,8%	55,4%	9,7%	46,9%	51,3%	50,1%
Leverage and Liquidity(X)						
Total assets to total liabilities	1,3	1,2	(0,1)	1,3	1,3	1,4
Total equity to total liabilities	0,3	0,4	0,1	0,3	0,3	0,4
Gearing ratio(running equity)	3,0	1,6	(1,3)	2,7	2,7	2,1

<i>New Financing</i>	1Q20	1Q21	ΔY-o-Y	2Q20	3Q20	FY20
<i>In Thousand Units</i>						
Motorcycle	226	135	-40%	36	75	474
Car	19	15	-23%	5	10	49
Durables	119	74	-38%	27	50	268
Total Financed Unit	364	223	-39%	68	135	790
<i>In Billion Rupiah</i>						
Motorcycle	4.096	2.424	-41%	621	1.323	8.494
Car	2.817	1.986	-30%	736	1.294	6.883
Durables	1.481	997	-33%	321	582	3.244
Total Financed Amount	8.394	5.407	-36%	1.678	3.199	18.622

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