

# Adira Finance

**Despite a downturn in demand for motorcycles and cars during 2006, Adira Finance achieved receivables growth of 10% and the level of non-performing loans (NPL) improved from 1.7% to 1.1%.**

Improvements were made in terms of market share which increased from 10.5% to 12.2% of new motorcycle financing and from 3.7% to 3.9% in car financing. **↘1**

Considering the impact of the fuel increase on purchasing power, Adira Finance maintained its strategy to support the two-wheel market, and concentrated on financing motorcycle business usage; as well as enhancing its relationships with over 8,000 dealers. In addition to generating direct referrals, dealers constituted a valuable source of business in Bank Danamon's transactional banking and short-term deposits, as well as potential customers for Commercial and SME working capital finance.

Measures were taken during the year to strengthen credit administration, collections and risk management, and preparatory work was completed

to integrate the finance company's accounting, data and management information systems with those of the parent bank, ahead of the implementation of a new core banking system.

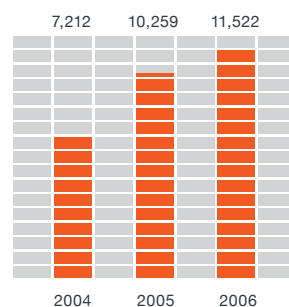
Adira Finance, servicing 1.4 million customers and representing about one quarter of the bank's total loan portfolio, offers attractive growth prospects going forward. Cross-sharing of customers between Adira Finance and Bank Danamon is a logical development, with additional personal and small business borrowing needs identified among current motorcycle finance customers.

Looking ahead, as interest rates are expected to decline further, sufficient automotive industry capacity and increased competition between rival manufacturers in both two wheel and four wheel vehicles provide customers with a greater choice and affordable prices. Adira Finance multibrand financier status as independent from any manufacturer, with a substantial network of dealer relationships, well places it to expand the core business alongside Bank Danamon's newly acquired subsidiaries of Adira Quantum and Adira Insurance, both of which can capitalise on referral business from the parent bank as well as the ongoing expansion of their own customer base. **↘2**

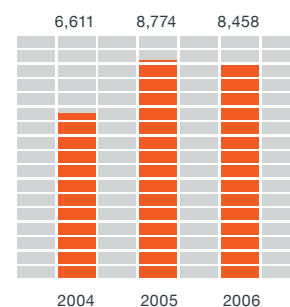


**↘1**

**Outstanding receivables**  
In Rp billion



**New financing**  
In Rp billion

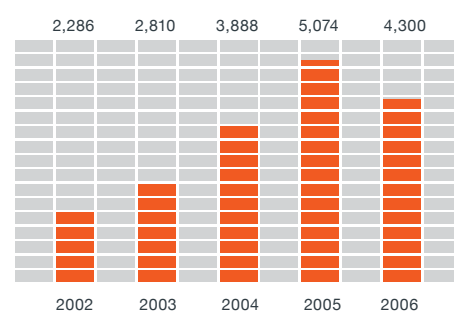




➤2

**Domestic new motorcycle sales**

In thousand units



**Domestic new car sales**

In thousand units

