

**INFORMATION DISCLOSURE TO SHAREHOLDERS
("Information Disclosure")
IN RELATIONSHIP WITH MATERIAL TRANSACTIONS
PT KDB TIFA FINANCE Tbk
(the "Company")**

THIS INFORMATION DISCLOSURE IS DELIVERED BY THE COMPANY IN COMPLIANCE WITH THE PROVISIONS CONCERNING MATERIAL TRANSACTIONS AS INTENDED IN THE FINANCIAL SERVICES AUTHORITY REGULATION NUMBER 17/POJK.04/2020 CONCERNING MATERIAL TRANSACTION AND CHANGES IN BUSINESS ACTIVITIES



Domiciled in South Jakarta, Indonesia

Main Business Activities:
Financing and Financing Services Based on Sharia Principles

Head Office Address:
Tifa Building 4th Floor, Jl.Kuningan Barat No. 26,
South Jakarta 12710
Phone: (+62-21) 525 2029, 520 0667
Facsimile: (+62-21) 522 9273, 526 2425
Website: www.kdbtifa.co.id
E-mail: corporate.secretary@kdbtifa.co.id

This Information Disclosure is published on 4 January 2021

The Board of Directors and the Board of Commissioners of the Company, both individually and collectively, are fully responsible for the accuracy and completeness of the information as disclosed in this Information Disclosure and after careful examination, confirm that the information contained in this Information Disclosure is true and there are no other important facts that have not been disclosed, causing the information provided in this Information Disclosure to be untrue or misleading.

DEFINITION

- Affiliates** : Is as referred to in Article 1 of the Capital Market Law
- Affiliated Transactions** : Is any activity and / or transaction carried out by a public company or controlled company with an affiliate of a public company or an affiliate of the members of the board of directors, members of the board of commissioners, major shareholders, or controllers, including every activity and / or transaction carried out by a public company or controlled company for the interests of an Affiliate of a public company or an Affiliate of a member of the board of directors, a member of the board of commissioners, a major shareholder or the Controller.
- Material Transactions** : Material Transaction is any transaction carried out by a public company or a controlled company which fulfills the transaction value limit equal to 20% (twenty percent) or more of the equity of the public company.
- Financial Services Authority** : Is an independent institution and free from interference from other parties, which has the function and authority to regulate, supervise, examine and investigate as referred to in Law Number 21 of 2011 dated 22 November 2011. Since 31 December 2012, regulatory functions, duties and authorities and supervision of financial services activities in the capital market sector has shifted from the Minister of Finance and Bapepam LK to the OJK.
- POJK 17/2020** : Is the Financial Services Authority Regulation Number 17/POJK.04/2020 concerning Material Transactions and Changes to Business Activities dated 21 April 2020.
- POJK 42/2020** : Is the Financial Services Authority Regulation Number 42/POJK.04/2020 concerning Affiliated Transactions and Conflict of Interest dated 1 July 2020.
- POJK 31/2015** : Is the Financial Services Authority Regulation Number 31/POJK.04/2015 concerning Information Disclosure of Material Information or Facts by Issuers or Public Company dated 16 December 2015.

The Company

: Is PT KDB Tifa Finance Tbk, a Limited Liability Company established under the laws of the Republic of Indonesia and domiciled in South Jakarta, Indonesia.

Shinhan Bank

: Is PT Bank Shinhan Indonesia, a banking company established under the laws of the Republic of Indonesia and domiciled South Jakarta.

PRELIMINARY

This Information Disclosure relates to Material Transactions, where the Company conducts bank loan transactions with Shinhan Bank based on the Credit Agreement dated 30 December 2020 ("**Transaction**").

The Board of Directors and the Board of Commissioners of the Company, either individually or collectively, state that the Transaction is a Material Transaction but it is not an Affiliated Transaction and does not contain a conflict of interest as regulated in POJK 17/2020 and POJK 42/2020.

In connection with the Transaction above, in accordance with the applicable laws and regulations, in particular the provisions of POJK 17/2020, the Board of Directors of the Company hereby announces the Information Disclosure with the intention of providing explanations, considerations and reasons for carrying out the Transaction to the shareholders of the Company as part of fulfilling these provisions.

DESCRIPTION OF THE TRANSACTION

A. INFORMATION ABOUT THE PARTIES IN THE TRANSACTION

1. THE COMPANY

a. Brief History

The company was founded by PT Dwi Satria Utama (DSU) under the name PT Tifa Mutual Finance Corporation based on Deed No. 42 dated 14 June 1989 from Esther Daniar Iskandar, S.H., notary in Jakarta. This deed has been approved by the Minister of Justice of the Republic of Indonesia through Decree No. C2-6585.HT.01.01-TH.89 dated 25 July 1989, registered at the South Jakarta District Court with No. 344/Not/1990/PN.JKT.SEL dated 17 May 1990, and announced in Supplement No. 2257 in the State Gazette of the Republic of Indonesia No. 61 dated 30 July 1991.

The company obtained a business license as a finance company from the Minister of Finance of the Republic of Indonesia in Decree Number 1085/KMK.013/1989 dated 26 September 1989, as amended based on Decree Number 526/KMK.013/1990 dated 12 May 1990, and was last amended again based on Decree Number 508/KMK.017/1996 dated 13 August 1996.

In 1996, the Company became a Joint Venture company with the inclusion of foreign shareholder Tan Chong Credit Pte Ltd (TCC) Singapore, which is a subsidiary of Tan Chong Motor Group (TCMG) Malaysia, as the holder of 48.00% (forty eight percent) shares in the Target Company.

Based on the Deed No. 39 dated 16 August 2000 from Adam Kasdarmadji, S.H., notary in Jakarta, the name of the Company was changed from PT Tifa Mutual Finance Corporation to PT Tifa Finance and was legalized by the Minister of Justice and Human Rights of the Republic of Indonesia with Decree No. C-6276.HT.01.04.TH.2001 dated 27 April 2001.

The Company continues to develop its business so that in 2006 the Company can meet the minimum paid-up capital requirement of Rp100,000,000,000 (one hundred billion Rupiah) in accordance with applicable regulations.

In February 2011, the Company officially opened and operated a Sharia Business Unit as a strategic step in developing its business. Then on 11 July 2011, the Company carried out an Initial Public Offering (IPO) by offering 278,000,000 (two hundred seventy-eight million) shares to the public and listing their shares on the IDX.

In 2020, the controller shareholders of the Company changed with the entry of The Korea Development Bank ("KDB") through the process of acquiring 80.65% of the Company's shares. Until now, the Company has 6 (six) office networks including 1 (one) Head Office in Jakarta, 1 (one) Branch Office in Surabaya and 4 (four) Representative Offices spread across several regions of Indonesia including Semarang, Makassar, Balikpapan. and Pekanbaru.

The last Articles of Association of the Company have been changed several times, the latest amendment is contained in Deed No. 192 dated 27 August 2020 drawn up before Christina Dwi Utami, SH., MHum., MKn notary in Jakarta, whose amendments have been registered and approved by the Ministry of Law and Human Rights and stated in its Notification Number AHU-AH.01.03 0384918 and Number AHU-0062389.AH.01.02.TAHUN 2020, both of which are dated 10 September 2020, the Company again changed its name from PT Tifa Finance Tbk to PT KDB Tifa Finance Tbk, which changes have been administered by OJK in accordance with the Decree of the Members of the OJK Board of Commissioners Number Kep-270/NB.11/2020 dated 30 September 2020.

b. Head Office of the Company

The company has its head office / is domiciled at Tifa Building, 4th Floor, Jl. Kuningan Barat No. 26, South Jakarta 12710.

c. Main Business

Based on Article 3 of the Company's Articles of Association as stated in the Deed No. 192 dated 27 August 2020 concerning Purpose and Objectives, the Company is engaged in Financing, including Financing based on Sharia Principles. The company can carry out business activities as follows:

- a. Investment Financing
- b. Working Capital Financing
- c. Multipurpose Financing
- d. Operating Leases and / or fee-based activities as long as they do not conflict with the provisions of laws and regulations in the financial services sector
- e. Sharia financing activities, including: buying and selling financing, investment financing, service financing.

d. Capital Structure and Composition of Shareholders

The Capital Structure and Composition of the Company's Shareholders on the date of this Information Disclosure are as follows:

Information	Nominal Value of Rp 100 per share		
	Number of Shares	Nominal Value (Rp)	(%)
Authorized Capital	4.000.000.000	400.000.000.000	
Issued and fully paid-up capital			
KDB	913.914.700	91.391.470.000	84,65%
PT Dwi Satria Utama	161.955.000	16.195.500.000	15,00%
Public (under 5%)	3.830.300	383.030.000	0,35%
Total Issued and fully paid-up capital	1.079.700.000	107.970.000.000	100,00%
Shares in Portfolio	2.920.300.000	292.030.000.000	

e. Management

The composition of the Board of Directors and Board of Commissioners as of the date of this Information Disclosure are as follows:

Board of Commissioners		Board of Directors	
President Commissioner	Lisjanto Tjiptobiantoro	President Director	Bernard Thien Ted Nam
Commissioner	Sng Chiew Huat	Director	Ester Gunawan
Independent Commissioner	Antonius Hanifah Komala	Director	Tjahja Wibisono

f. Summary of Important Financial Data

The following table shows an overview of Important Financial Data taken from the Company Audit Financial Statements audited by KAP Mirawati, Sensi, Idris (Moore Stephens) for the years ended 31 December 2017, 2018, and 2019:

Overview of the Income Statement (Rp Million)	2017	2018	2019
Income			
Accounts receivable income	157.972	165.555	157.764
Consumer financing receivables income	12.084	10.873	5.366
Factoring income	738	195	119
Ijarah Muntahiyah Bittamlik income	20.876	34.783	27.786
Others Income	2.325	7.196	8.807
Total Income	193.995	218.602	199.843
Expenses			
Administration fees and general expenses	103.487	115.704	94.422

The cost of establishing an allowance for impairment losses	41.369	43.555	43.647
Accounts receivable write-off with controlled guarantee	18.249	22.274	18.000
Fixed asset depreciation expense	27	-	-
Total Expenses	163.132	181.533	156.069
Operating Income	30.863	37.069	43.774
Income Tax of the Year	7.852	9.232	10.740
Net Income	23.011	27.837	33.034

Summary of Financial Position Report (Rp Million)	2017	2018	2019
Total Asset	1.631.977	1.514.969	1.212.066
Total Liability	1.308.205	1.169.481	841.357
Total Equity	323.772	345.488	370.709

2. Shinhan Bank

a. Brief History

Shinhan Financial Group, as the first company to control public finances in Korea, was founded on the basis of Shinhan Bank, Shinhan Capital, and Shinhan Investment Management. Since its foundation, Shinhan Bank has been leading the Korean financial industry by constantly trying to change and innovating and has also taken the leap to become one of the representative financial groups in Korea in a short period of time.

In 2007 Shinhan Bank started the process of mergers and acquisitions in Indonesia, where in 2015 to be precise in August 2015 it officially acquired 40% (forty percent) of Bank Metro Express (BME) shares, then in November 2015 it acquired 50% (fifty percent) of BME shares and made an additional capital of Rp800 billion. In 2016, to be precise, in March 2016, Bank Metro Express changed its name to Bank Shinhan Indonesia. Furthermore, Shinhan Bank continues to develop its business where in 2017 it opened ATM services in several branches, as well as expanded its network and also diversified other banking products to date.

b. Head Office of Shinhan Bank

International Financial Centre 2, 30th Floor
 Jl. Jend Sudirman Kav. 22-23, South Jakarta 12920
 Phone : (021) 1500 881

c. Main Bussiness

Shinhan Bank is a company engaged in banking services that serves various banking facilities including:

- Savings products
- Loan products
- Remittance

- Import and Export
- E banking

In more detail, information about Shinhan Bank can be accessed through the official Shinhan Bank website : www.shinhan.co.id

B. OBJECT OF THE TRANSACTION

The object of this Transaction is the Credit Agreement for Corporate Loans - Working Capital and Current Account Loans between the Company and Bank Shinhan in accordance with Credit Agreement Number 058 / PFK / XII / 2020 dated December 30, 2020 which was made under hand with the following details:

1. Corporate Loans - Working Capital Rp120,000,000,000, - (one hundred twenty billion rupiah)
 - Interest Rate : 7% pa
 - Duration : 12 (twelve) months
 - Purpose of use : working capital

2. Current Account Loan Rp.60,000,000,000, - (sixty billion rupiah)
 - Interest Rate : 7.2% pa
 - Duration : 12 (twelve) months
 - Purpose of use : working capital

Collateral :
Letter of Comfort from The Korea Development Bank

Negative Covenants :

During the Credit Agreement, the Company is prohibited from doing the following:

- a. Change the form / legal status and / or line of business of the Company
- b. Carry out the sale and / or transfer and / or release of rights over the assets of the Company and / or the Guarantor which can significantly affect the Company's business conditions
- c. Binding himself as a guarantor / guarantor against other parties and / or guaranteeing and / or transferring his assets to another party, or these obligations arise on the basis of a Judge's decision which has permanent and definite legal force, after the date of the Agreement
- d. Guarantee, sell or in other ways release the guaranteed credit item that is guaranteed
- e. Apply to be declared bankrupt or postponement of payment of debts (surseance van betaling)
- f. Investing in other companies or in other business fields that may result / have a negative impact on business management
- g. Become a guarantor of other party's debt
- h. Default to pay debts of the Company and / or Guarantor to other parties based on debt or credit agreements made by and between the Company and other parties
- i. Transferring credit facilities to any party
- j. Transferring the Company's business to other parties in any way

C. TRANSACTION VALUES

The total value of the Transaction is Rp180,000,000,000 (one hundred and eighty billion rupiah). The value of this Transaction is 48.55% (fourty eight point fifty five percent) of the Company's equity as seen from the audited financial statements of the Company which ended on 31 December 2019. Therefore, the transactions carried out by the Company are Material Transactions in accordance with the provisions POJK 17/2020.

D. NATURE OF MATERIAL TRANSACTION IN THE TRANSACTION

Transactions carried out based on the Credit Agreement dated 30 December 2020 are a Material Transaction as regulated in POJK 17/2020, in this case the Company is not required to use an Appraiser and obtain GMS approval because it is a loan transaction received directly from a domestic bank. In this case, the Company is obliged to submit Information Disclosure to the public through the Company's website and the Indonesia Stock Exchange website and submit a Report on Information Disclosure on Transactions to OJK along with supporting documents no later than 2 (two) working days after the Transaction date.

E. EXPLANATION, CONSIDERATION AND REASON FOR THE TRANSACTION

The considerations and reasons for conducting this Transaction are in order to meet the additional working capital requirements of the Company. Shinhan Bank is a subsidiary of Shinhan Financial Group from Korea which has a very good reputation, and also has the same history as the current controlling shareholder of the Company.

Additional working capital is also urgently needed by the Company in preparation for the Company's long-term expansion plans in the future to enter into infrastructure projects. The Transaction, which is a Material Transaction, will have an effect on increasing liquidity, thereby increasing the Company's capability and providing sufficient space for sufficient capital to support the Company's business expansion.

ADDITIONAL INFORMATION

Shareholders who have questions regarding this Information Disclosure or require additional information can contact:

PT KDB TIFA FINANCE Tbk

Tifa Building 4th Floor, Jl.Kuningan Barat No. 26,
South Jakarta 12710

Phone: (+62-21) 525 2029, 520 0667

Facsimile: (+62-21) 522 9273, 526 2425

Website: www.kdbtifa.co.id

E-mail: corporate.secretary@kdbtifa.co.id