
Earnings Release Presentation

The Third Quarter Financial Results for the Fiscal Year Ending March 2016



ACOM CO., LTD.

http://www.acom.co.jp/corp/english/ir_index.html

January 29, 2016



Financial Results Summary

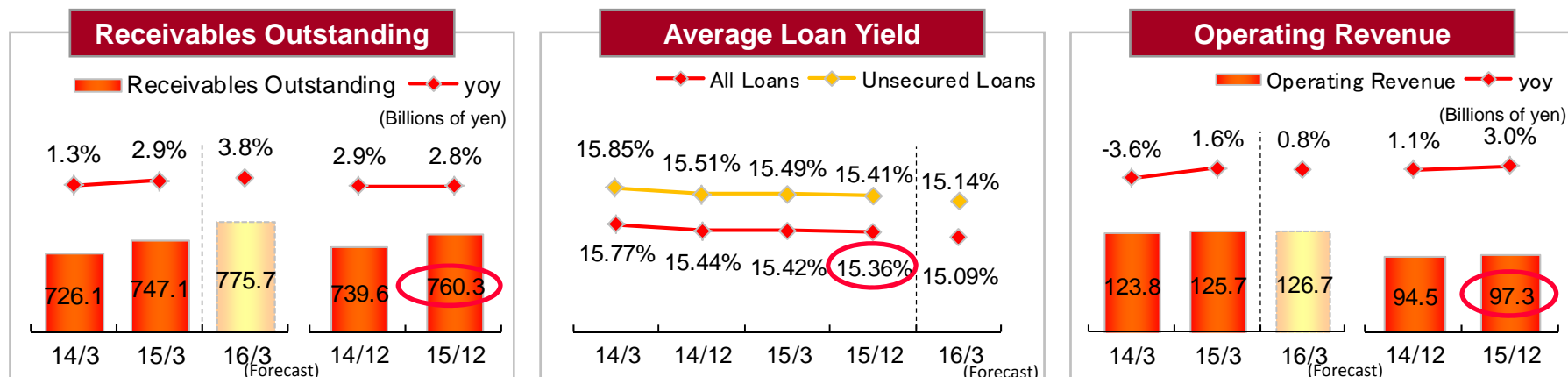
(Millions of yen, %)										
	Consolidated					Non-consolidated				
	2015/12		2016/3			2015/12		2016/3		
	Results	yoy	Forecasts	yoy	Progress	Results	yoy	Forecasts	yoy	Progress
Receivables Outstanding	1,924,106	8.2	1,979,300	7.9		1,638,538	8.7	1,666,600	7.9	
Loan Business	760,383	2.8	775,700	3.8		760,383	2.8	775,700	3.8	
Guarantee Business	948,986	14.4	963,200	11.8		851,955	13.9	865,000	11.4	
Overseas Financial Business	178,653	-0.3	205,500	5.1		-	-	-	-	
Operating Revenue	177,924	9.5	230,000	4.9	77.4	131,227	7.5	171,500	4.8	76.5
Loan Business	97,381	3.0	126,700	0.8	76.9	97,381	3.0	126,700	0.8	76.9
Guarantee Business	35,839	20.2	48,400	18.1	74.0	30,408	21.1	41,200	19.0	73.8
Overseas Financial Business	36,605	17.8	45,100	5.0	81.2	-	-	-	-	-
Operating Expenses	136,974	10.1	172,400	-16.0	79.5	102,292	9.0	126,400	-22.2	80.9
Financial Expenses	13,341	-9.7	19,000	-2.6	70.2	6,364	-18.2	10,000	-0.8	63.6
Provision for Bad Debts	44,048	11.4	62,700	16.5	70.3	32,802	8.6	47,500	17.5	69.1
Provision for Loss on Interest Repayment	14,700	38.7	-	-	-	14,700	38.7	-	-	-
Other Operating Expenses	64,883	9.2	90,700	10.6	71.5	48,197	6.4	68,900	10.9	70.0
Operating Income	40,950	7.3	57,600	309.3	71.1	28,934	2.7	45,100	-	64.2
Ordinary Income	41,516	7.3	57,800	291.9	71.8	33,000	6.2	46,300	-	71.3
Income Before Income Taxes	40,334	4.3	57,700	274.6	69.9	31,740	2.2	46,200	859.1	68.7
Profit	38,267	2.9	53,900	240.3	71.0	31,989	-2.1	46,100	394.8	69.4
Profit Attributable to Owners of Parent	35,538	1.7	51,000	296.5	69.7	-	-	-	-	-

* Liquidation of ACOM (U.S.A.) INC. at the end of December 2015 led to 1.2 billion yen of extraordinary loss in consolidated basis, and 2.5 billion yen of non-operating income and 1.3 billion yen of extraordinary loss in non-consolidated basis.



Loan Business (ACOM)

- **Receivables Outstanding** : Increased by 2.8% yoy to 760.3 billion yen, but in a pace slightly slower than the forecasts.
- **Average Loan Yield** : Decreased by 8bps yoy to 15.36%.
- **Operating Revenue** : Increased by 3.0% yoy to 97.3 billion yen, making a smooth progress.



(Millions of yen, %)							
	2014/12		2015/12		2016/3		
	Results	yoy	Results	yoy	Forecasts	yoy	Progress
Receivables Outstanding	739,698	2.9	760,383	2.8	775,700	3.8	-
No. of Customer Accounts	1,391,703	-0.6	1,404,068	0.9	1,415,200	1.3	-
No. of New Customers	160,550	12.4	167,210	4.1	230,000	5.2	72.7
Operating Revenue	94,531	1.1	97,381	3.0	126,700	0.8	76.9
Interest on Operating Loans	85,513	-0.3	87,219	2.0	114,700	1.0	76.0
<Segment Information>							
Operating Revenue	96,718	1.4	100,161	3.6	-	-	-
Operating Income	21,416	-34.7	19,279	-10.0	-	-	-

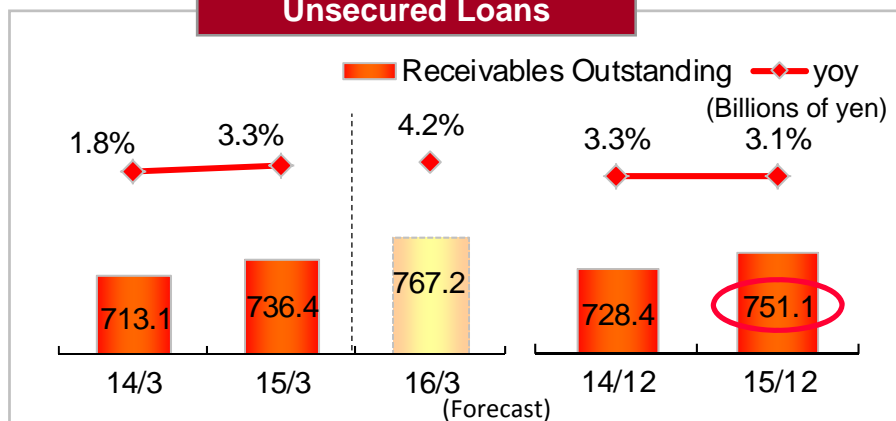
* The figures under “Segment Information” consist of loan and credit card business.



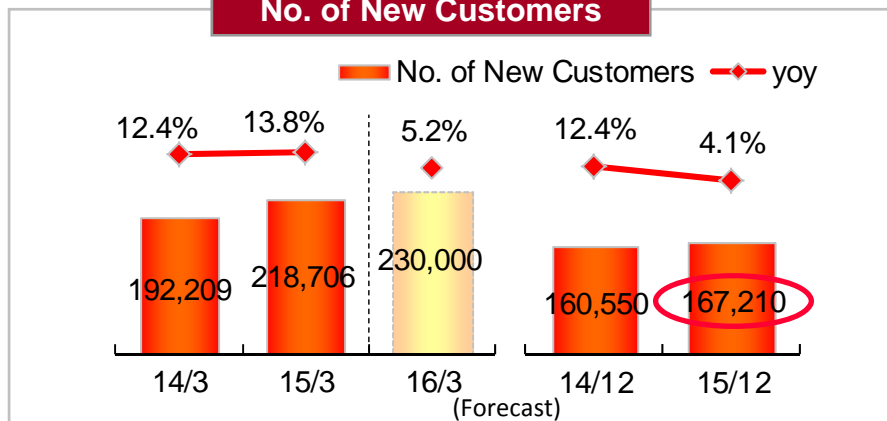
Unsecured Loans (ACOM)

- **Unsecured Loans** : Increased by 3.1% yoy to 751.1 billion yen, but in a pace slightly slower than the forecasts.
- **No. of New Customers** : Increased by 4.1% yoy to 167 thousands, but in a pace slightly slower than the forecasts.
- **Lending Volume** : Increased by 0.8% yoy to 282.5 billion yen, but stayed in slight increase.

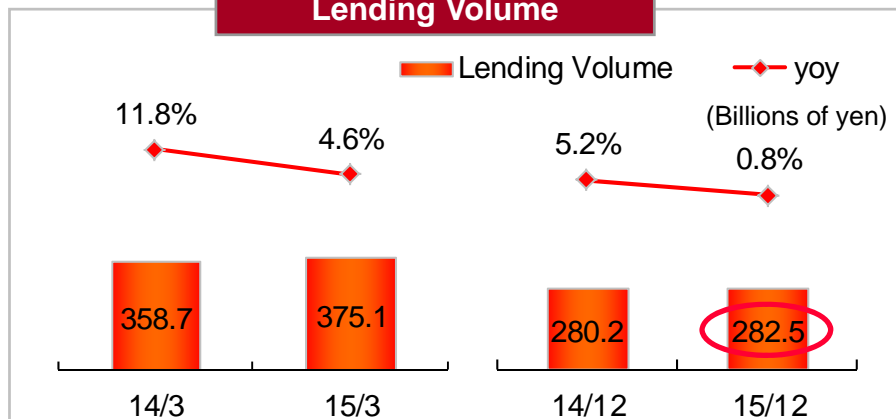
Unsecured Loans



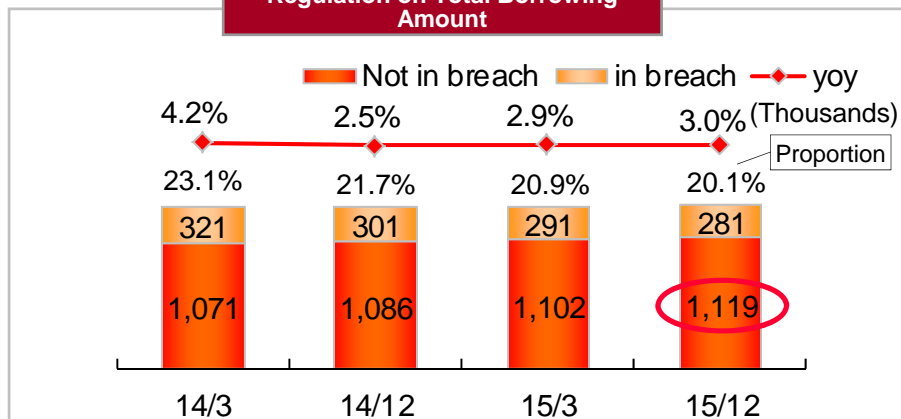
No. of New Customers



Lending Volume



Regulation on Total Borrowing Amount



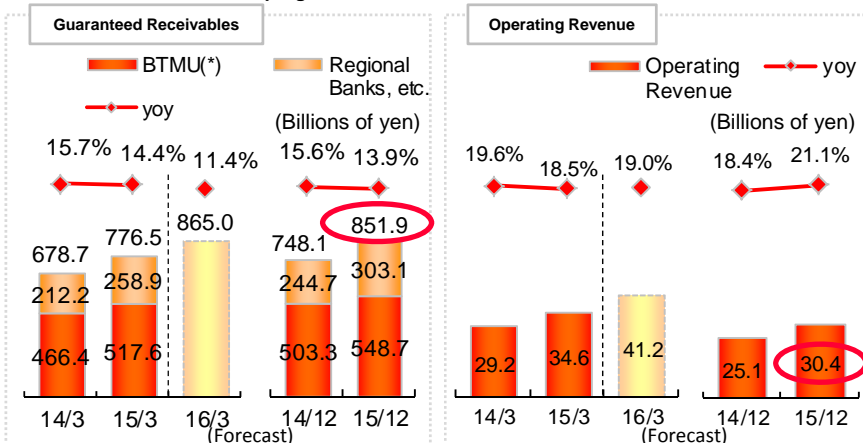
* "yoy" values in "Regulation on Total Borrowing Amount" are the rate of changes of customers not in breach from prior periods.



Guarantee Business (ACOM and MU Credit Guarantee)

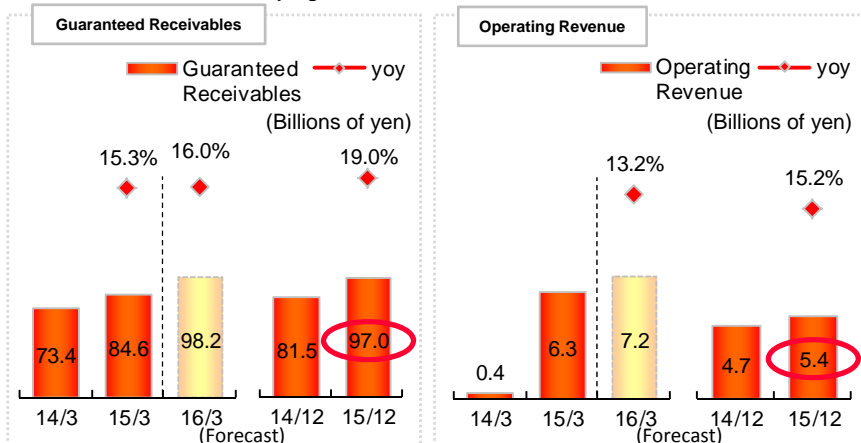
ACOM [28 Banks in Alliance]

- **Guaranteed Receivables** : Increased by 13.9% yoy to 851.9 billion yen, making a smooth progress.
- **Operating Revenue** : Increased by 21.1% yoy to 30.4 billion yen, making a smooth progress.



MU Credit Guarantee [22 Banks in Alliance]

- **Guaranteed Receivables** : Increased by 19.0% yoy to 97.0 billion yen, making a smooth progress.
- **Operating Revenue** : Increased by 15.2% yoy to 5.4 billion yen, making a smooth progress.



(Millions of yen, %)

	2014/12		2015/12		2016/3		
	Results	yoy	Results	yoy	Forecasts	yoy	Progress
Guaranteed Receivables	829,658	28.2	948,986	14.4	963,200	11.8	-
ACOM	748,103	15.6	851,955	13.9	865,000	11.4	-
MU Credit Guarantee	81,554	-	97,031	19.0	98,200	16.0	-
Operating Revenue	29,826	40.6	35,839	20.2	48,400	18.1	74.0
ACOM	25,112	18.4	30,408	21.1	41,200	19.0	73.8
MU Credit Guarantee	4,714	-	5,431	15.2	7,200	13.2	75.4
Operating Income	8,021	30.2	10,997	37.1	-	-	-

* "BTMU" stands for The Bank of Tokyo-Mitsubishi UFJ, Ltd.

* MU Credit Guarantee Co., LTD. commenced its operation in March 2014 as a joint venture with BTMU (ACOM owned 50.08% of equity). It became ACOM's wholly-owned subsidiary in December 2015.

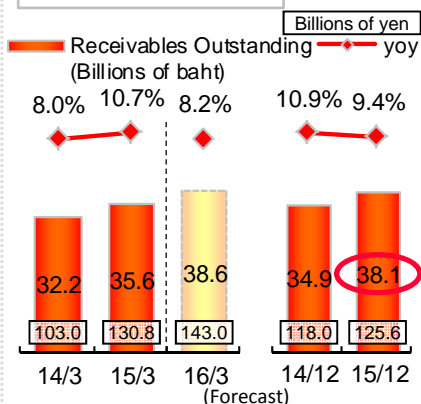


Overseas Financial Business (EASY BUY and Bank BNP)

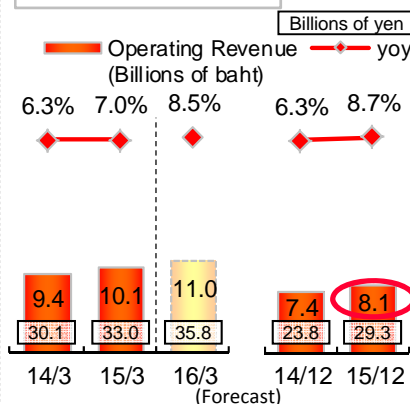
EASY BUY [Kingdom of Thailand]

- Receivables Outstanding : Increased by 9.4% yoy to 38.1 billion baht, making a smooth progress.
- Operating Revenue : Increased by 8.7% yoy to 8.1 billion baht, making a smooth progress.

Receivables Outstanding (*)



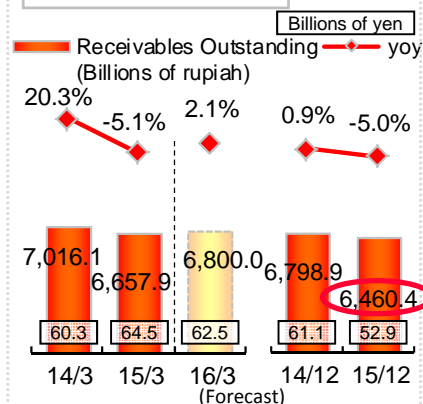
Operating Revenue



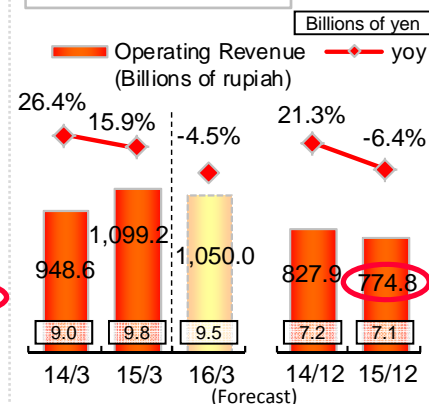
Bank BNP [Republic of Indonesia]

- Receivables Outstanding : Decreased by 5.0% yoy due to economic slowdown.
- Operating Revenue : Decreased in revenue by 6.4% yoy.

Receivables Outstanding



Operating Revenue



(Millions of yen, %)

	2014/12		2015/12			2016/3	
	Results	yoy	Results	yoy	Exchange Fluctuation	Forecasts	yoy
Receivables Outstanding	179,249	15.5	178,653	-0.3	-8,311	205,500	5.1
EASY BUY	118,059	20.5	125,677	6.5	-3,143	143,000	9.3
Bank BNP	61,190	6.9	52,976	-13.4	-5,168	62,500	-3.2
Operating Revenue	31,102	6.9	36,445	17.2	3,454	45,300	5.5
EASY BUY	23,816	6.0	29,317	23.1	3,145	35,800	8.3
Bank BNP	7,285	10.0	7,128	-2.2	309	9,500	-4.0
Operating Income	7,484	2.0	8,789	17.4	-	-	-

* This receivables outstanding is the sum of accounts receivable - operating loans and accounts receivable - installment.

* Exchange rates : Baht B/S: ¥3.38 (2014/9), ¥3.29 (2015/9), estimate ¥3.70 (2015/12) P/L: ¥3.18 (2014/9), ¥3.60 (2015/9), estimate ¥3.26 (2015/12) (as of local closing dates) Rupiah B/S: ¥0.0090 (2014/9), ¥0.0082 (2015/9), estimate ¥0.0092 (2015/12) P/L: ¥0.0088 (2014/9), ¥0.0092 (2015/9), estimate ¥0.0090 (2015/12)

* Exchange fluctuation as of current 3Q: Baht (B/S yoy -¥0.09, ytd -¥0.38 P/L yoy +¥0.42), Rupiah (B/S yoy -¥0.0008, ytd -¥0.0015 P/L yoy +¥0.0004)



Trend of No. of Requests for Interest Repayment (ACOM)

- No. of requests : Decreased by 8.3% yoy to 54.9 thousands; however, above our initial estimate.
- Cause : Requests from certain law offices decreased, whereas those from other similar offices increased.

● Monthly Number of Requests for Interest Repayment (*)

(%)

	2012/3		2013/3		2014/3		2015/3			2016/3		
	No. of Requests for Interest Repayment	yoy	No. of Requests for Interest Repayment	yoy	No. of Requests for Interest Repayment	yoy	No. of Requests for Interest Repayment	yoy	Per business day	No. of Requests for Interest Repayment	yoy	Per business day
Total	90,500	-36.5	73,500	-18.8	69,900	-4.9	79,600	13.9	323	54,900	-8.3	300
Apr.	10,100	-9.0	6,400	-36.6	6,700	4.7	6,500	-3.0	309	6,500	0.0	309
May	8,900	-7.3	7,000	-21.3	6,200	-11.4	6,200	0.0	310	5,500	-11.3	305
June	9,500	-12.0	6,600	-30.5	5,600	-15.2	6,600	17.9	314	6,400	-3.0	290
July	7,300	-24.0	6,600	-9.6	6,100	-7.6	7,100	16.4	322	6,100	-14.1	277
Aug.	7,500	-11.8	5,500	-26.7	4,600	-16.4	5,900	28.3	280	5,300	-10.2	252
Sept.	7,400	-22.1	5,800	-21.6	5,900	1.7	7,800	32.2	390	6,600	-15.4	347
Oct.	7,300	-47.1	6,600	-9.6	6,400	-3.0	7,500	17.2	340	6,700	-10.7	319
Nov.	7,100	-45.0	5,900	-16.9	5,600	-5.1	6,000	7.1	333	6,000	0.0	315
Dec.	6,200	-52.7	5,000	-19.4	5,500	10.0	6,300	14.5	300	5,800	-7.9	290
Jan.	5,000	-60.0	5,000	0.0	5,000	0.0	4,900	-2.0	257	-	-	-
Feb.	7,200	-56.4	6,300	-12.5	5,900	-6.3	6,900	16.9	363	-	-	-
Mar.	7,000	-52.4	6,800	-2.9	6,400	-5.9	7,900	23.4	359	-	-	-

* No. of requests which interest repayment occurs as a result of ACOM's recalculation based on the interest ceiling as specified in Interest Rate Restriction Act from claims which lawyers or judicial scriveners accept debt consolidation



Trend of Loss on Interest Repayment (ACOM)

- **Reversal of provision** : 49.1 billion yen was reversed from 102.6 billion yen of provision.
- **Evaluation of provision** : We added 14.7 billion yen, with regard to portions that exceeded the amount initially estimated for the nine months ended December 31, 2015, to provision for loss on interest repayment. We will continue to review the difference between estimated amount of requests and amount actually requested every quarter to evaluate validity and sufficiency of the provision.

● Interest Repayment

(Millions of yen, %)

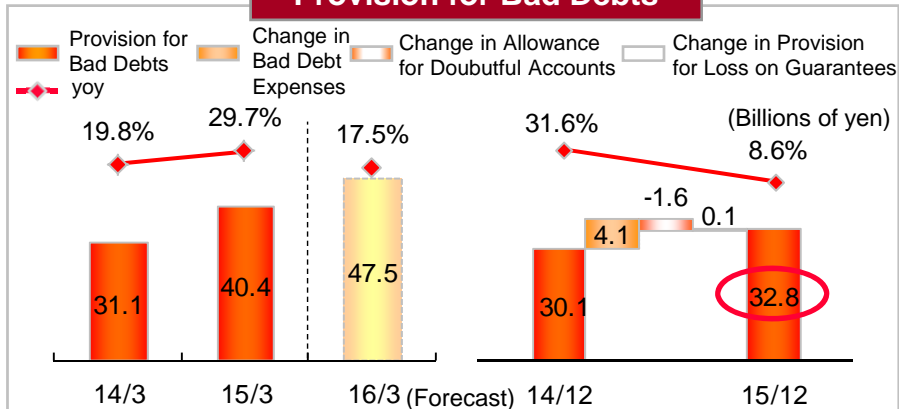
		2015/3					2016/3					2016/3 Forecasts
		1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	Total	yoy	
	Reversal of Provision	17,159	16,664	17,052	20,484	71,359	15,793	16,944	16,456	49,193	-3.3	-
	Interest Repayment	14,041	13,869	14,167	16,724	58,803	12,862	14,026	13,746	40,635	-3.4	-
	<Reference> Cash-out basis	14,515	13,165	14,015	17,488	59,183	13,401	14,043	13,663	41,107	-1.4	-
	Bad Debt Expenses (ACOM's voluntary waiver of repayments)	3,117	2,794	2,884	3,760	12,556	2,931	2,917	2,708	8,557	-2.7	-
	Addition of Provision	-	-	10,600	39,259	49,859	-	-	14,700	14,700	38.7	-
	Increase or Decrease in Provision	-17,159	-16,663	-6,451	18,775	-21,500	-15,793	-16,944	-1,755	-34,493	-	-
	Provision at the End of Respective Periods	106,940	90,276	83,824	102,600		86,806	69,862	68,106		-18.8	-



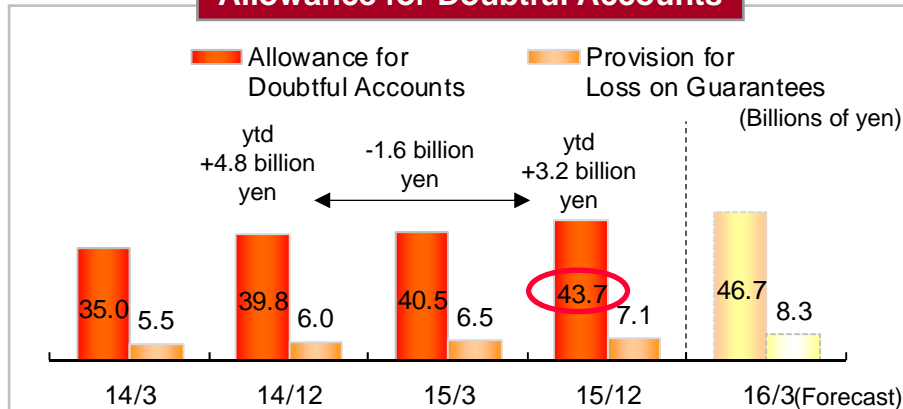
Bad Debts Related Figures (ACOM)

- **Provision for Bad Debts** : Increased by 8.6% yoy to 32.8 billion yen owing to decrease in the change in allowance for doubtful accounts (4.8 billion yen for previous 3Q whereas 3.2 billion yen for current 3Q).
- **Loan Business** : The ratio of bad debt expenses made a slight increase while the ratio of NPLs remained stable.
- **Guarantee Business** : Despite slight increase, the ratio of bad debt expenses fell within permissible range, whereas right to reimbursement increased due to scale expansion of the business.

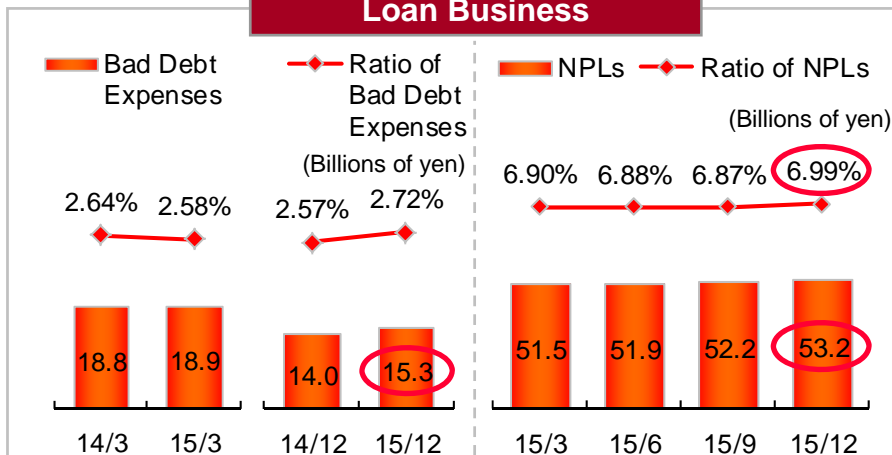
Provision for Bad Debts



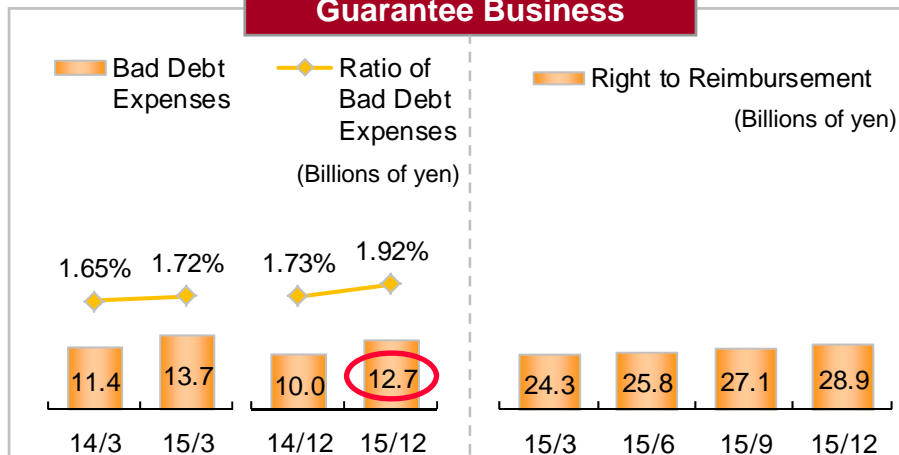
Allowance for Doubtful Accounts



Loan Business



Guarantee Business



* Amount and ratio of bad debt expenses figures exclude waiver of repayments accompanying interest repayment.

* The ratios of bad debt expenses for 14/12 and 15/12 are recalculated into annual basis.

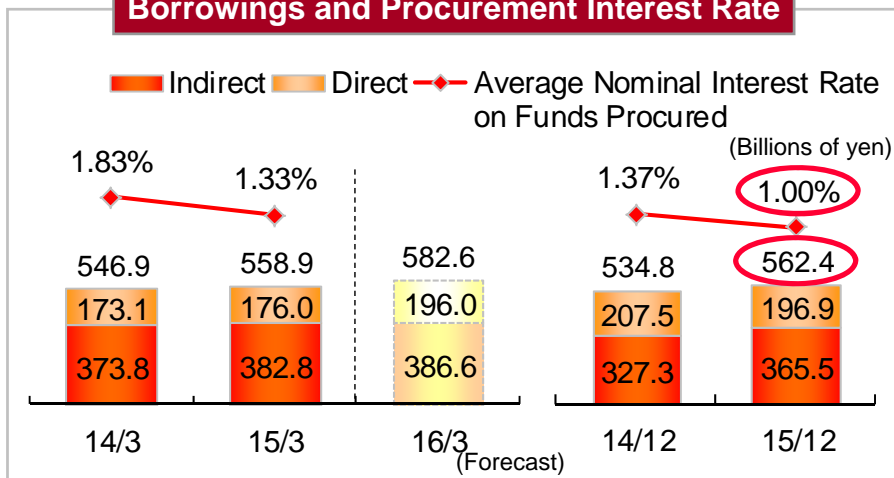
* Right to reimbursement is loans in which guarantee obligations have been performed by ACOM, but not yet written-off.



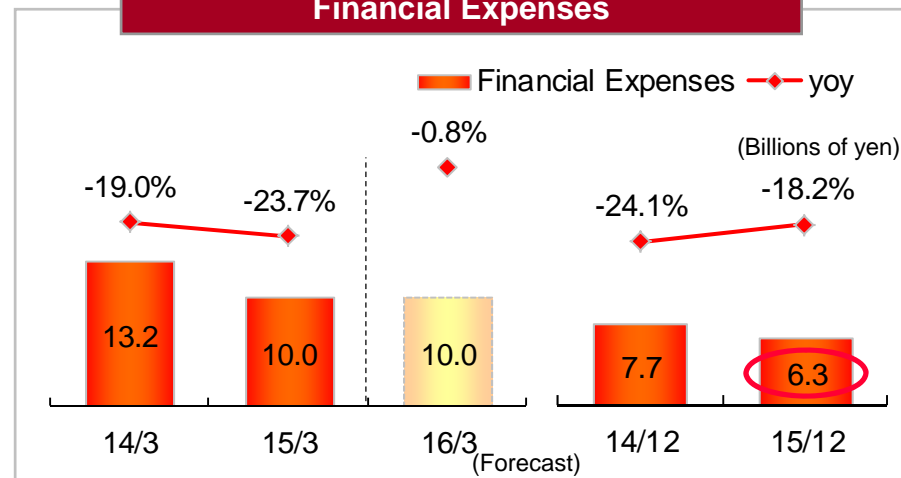
Fund Procurements (ACOM)

- **Borrowings** : Increased by 5.2% yoy to 562.4 billion yen.
- **Average Nominal Interest Rate** : Decreased by 37 bps yoy to 1.00% as some borrowings have been replaced in improving on Funds Procured funding environment.
- **Financial Expenses** : Decreased by 18.2% yoy to 6.3 billion yen owing to decline in average nominal interest rate.

Borrowings and Procurement Interest Rate



Financial Expenses



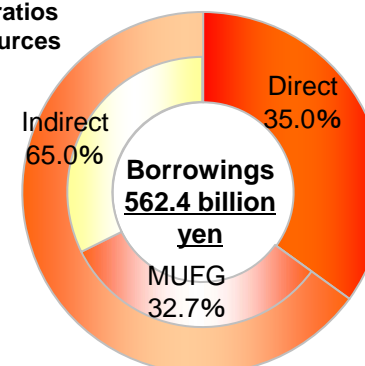
Bonds Issued (Billions of yen, years, %)

	2015/3			2016/3	
	67 th	68 th	69 th	70 th	71 st
Bond value	10.0	20.0	20.0	10.0	15.0
Maturity period	5	8	10	3	5
Coupon	0.50	0.95	1.21	0.36	0.56

Bonds Matured and Scheduled for Maturation (Billions of yen, years, %)

	2015/3			2016/3	
	40 th	50 th	61 st	62 nd	
Bond value	10.0	10.0	30.0	25.0	
Maturity period	10	7	3	3	
Coupon	1.66	2.09	2.62	1.07	

Composition ratios by funding sources

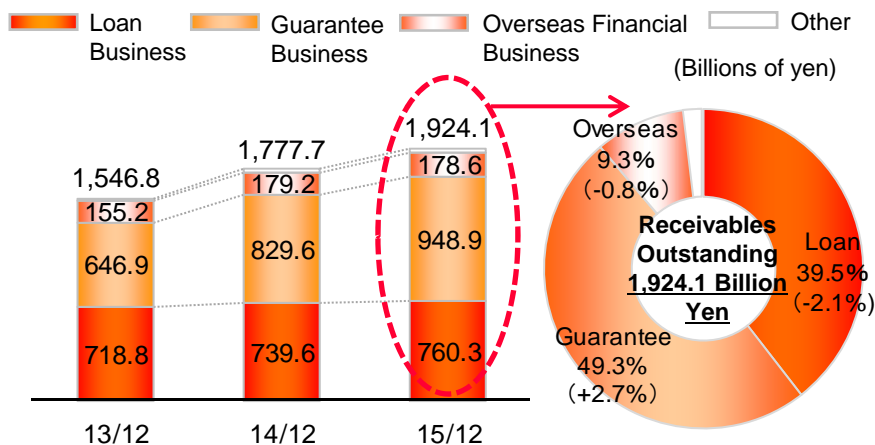


* The 62nd is scheduled to be matured on March 4, 2016.

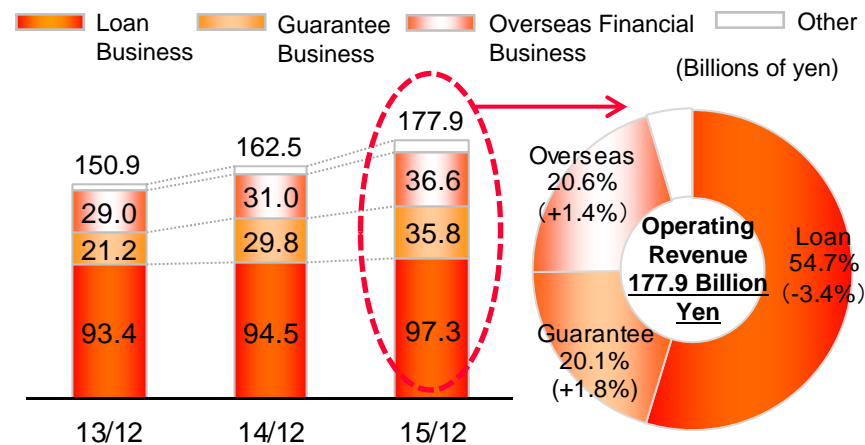


[Reference] Composition Ratios by Reported Segment

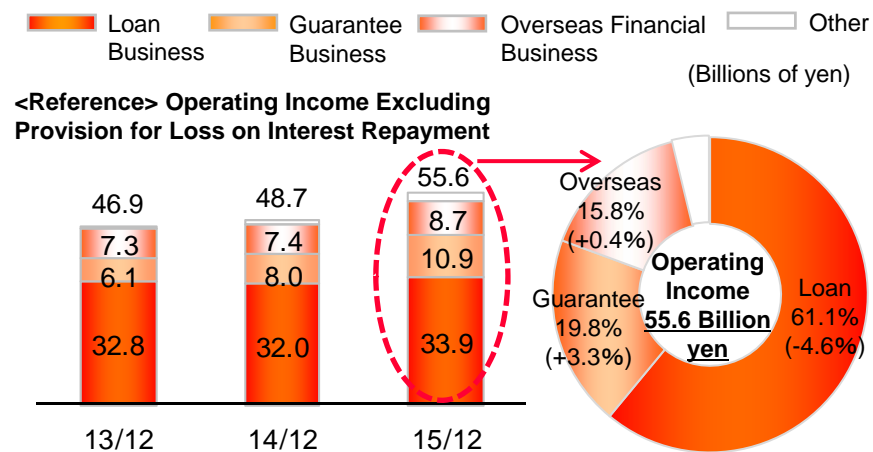
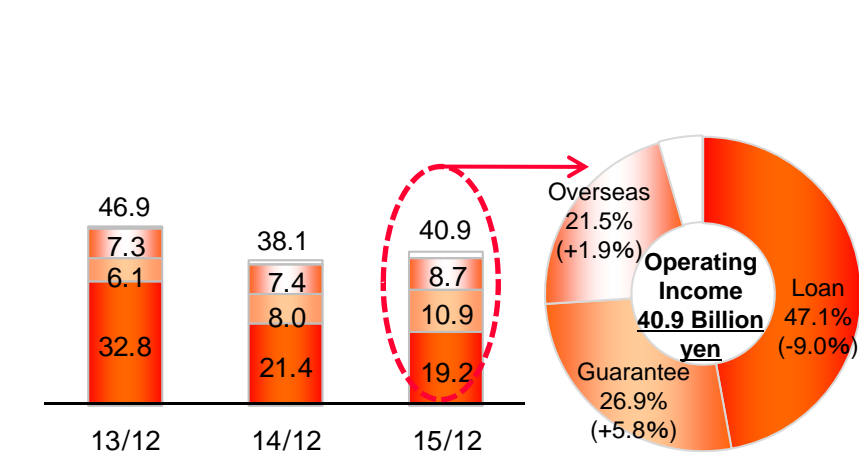
Receivables Outstanding



Operating Revenue



Operating Income



* The values in parentheses on pie charts above show yoy changes.

* Operating income of loan business consists of loan and credit card business.



[Reference] Summary of Segment Income

● Operating Revenue and Segment Income

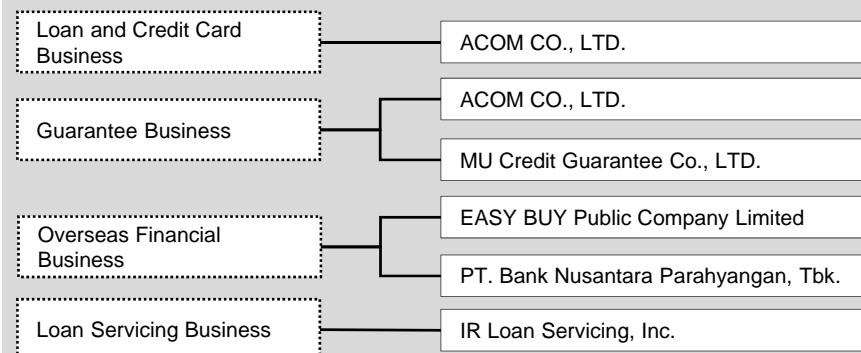
(Millions of yen, %)

	Loan and Credit Card Business		Guarantee Business		Overseas Financial Business		Loan Servicing Business		Subtotal		Others	Total
		yoy		yoy		yoy		yoy		yoy		
Operating Revenue	100,161	3.6	35,839	20.2	36,445	17.2	4,804	0.9	177,252	9.1	658	177,910
Revenue from External Customers	100,161	3.6	35,839	20.2	36,605	17.8	4,804	0.9	177,411	9.2	512	177,924
Revenue from Transactions with Other Operating Segments	-	-	-	-	-159	-	-	-	-159	-	145	-14
Operating Expenses	80,881	7.4	24,842	13.9	27,656	17.1	3,386	-10.0	136,767	9.9	230	136,998
Segment Income	19,279	-10.0	10,997	37.1	8,789	17.4	1,418	41.8	40,484	6.8	427	40,911

● Difference between Segment and Consolidated Operating Income

Income	Amount	yoy
Segment Income	40,484	6.8
Income of "Others" Category	427	106.3
Elimination of Intersegment Transactions	120	-24.1
Adjustments due to Unification of Accounting Treatment between Parent Company and Subsidiary	-81	-
Consolidated Operating Income	40,950	7.3

<Reference>

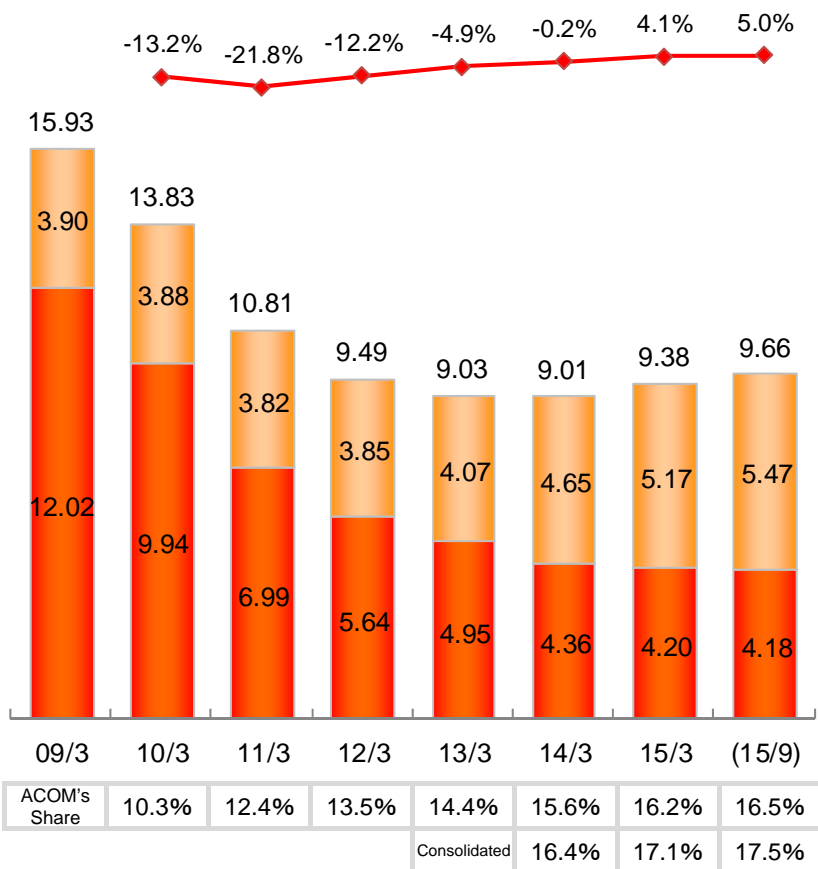




[Reference]Trend of Market Volume of Domestic Card Loans

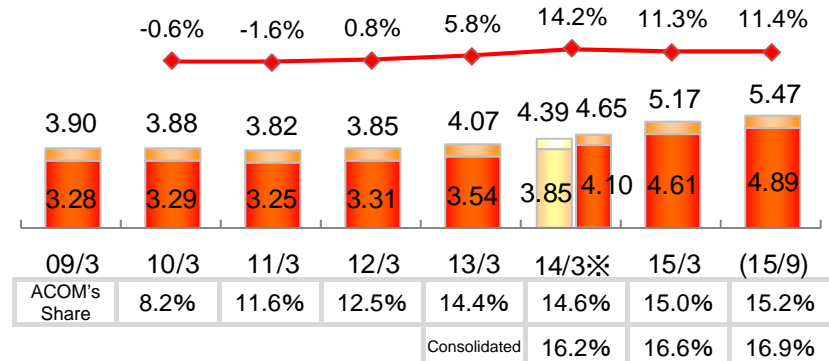
Domestic Card Loan Market

Nonbank Market Bank Market yoy
(Trillions of yen)



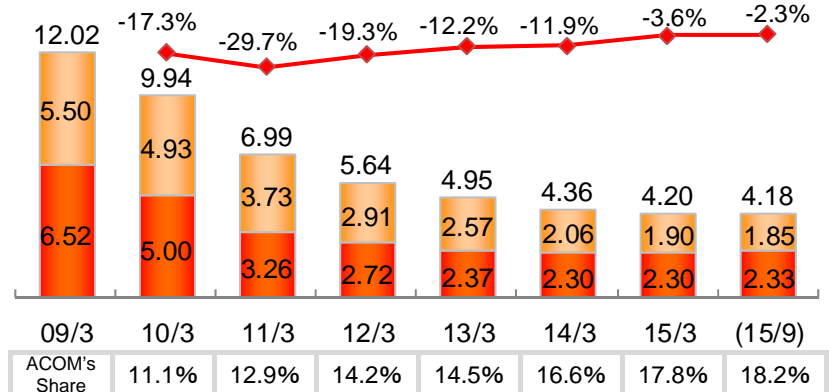
Bank Market

Domestic Banks Credit Union yoy
(Trillions of yen)



Nonbank Market

Consumer Finance Companies Credit Card Companies, etc. yoy
(Trillions of yen)



* Nonbank market is receivables outstanding (exclude housing loans) in statistics by Japan Financial Services Association (JFSA). JFSA's figure for 2015/9 is preliminary.

* Bank market refers to the volume of personal card loans provided by domestic banks and credit unions in statistics by The Bank of Japan.

(Correction on statistics by The Bank of Japan, announced on August 10, 2015, led to increase of 260 billion yen).



Reference: Public & Investors Relations Office Treasury Department

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Disclaimer

The figures contained in this presentation material with respect to ACOM's plans and strategies and other statements that are not historical facts are forward-looking statements about the future performance of ACOM which are based on management's assumptions and belief in light of the information currently available to it and involve risks and uncertainties and actual results may differ from those in the forward-looking statements due to various factors. Potential risks and uncertainties include, without limitation, general economic conditions in ACOM's market and changes in the size of the overall market for consumer loans, the rate of default by customers, the fluctuations in number of cases of claims from and the amount paid to customers who claim us to reimburse the portion of interest in excess of the interest ceiling as specified in the Interest-Rate Restriction Law, the level of interest rates paid on the ACOM's debt and legal limits on interest rates charged by ACOM.