
The First Quarter Financial Results

for the Fiscal Year Ending March 2016



ACOM CO., LTD.

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

July 29, 2015



Financial Results Summary

(Millions of yen, %)

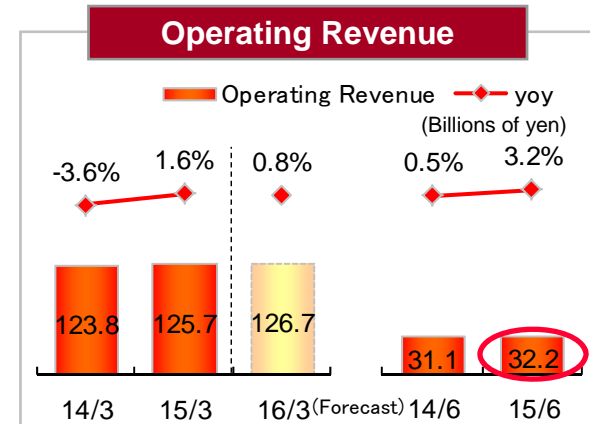
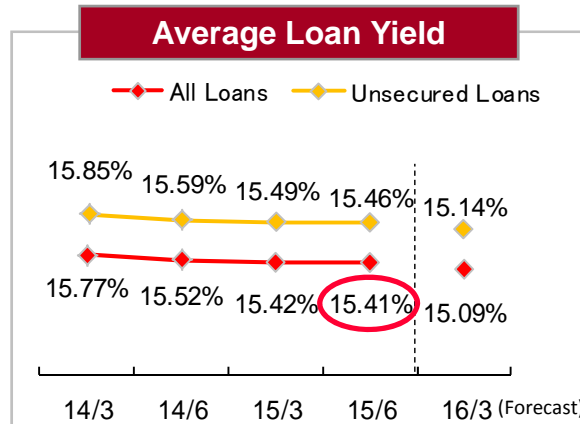
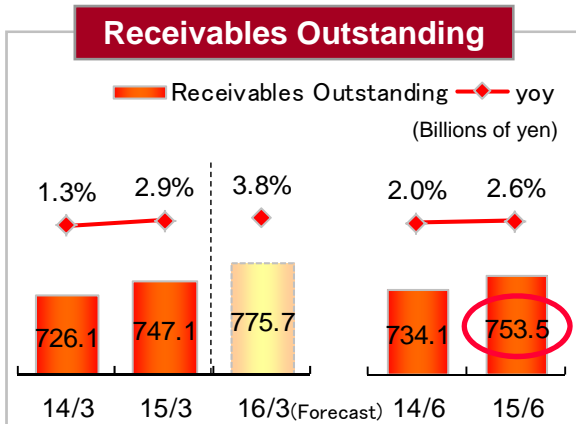
	Consolidated				Non-consolidated			
	2015/6		2016/3		2015/6		2016/3	
	Results	yoy	Forecasts	yoy	Results	yoy	Forecasts	yoy
Receivables Outstanding	1,869,958	9.6	1,979,300	7.9	1,577,582	8.4	1,666,600	7.9
Loan Business	753,573	2.6	775,700	3.8	753,573	2.6	775,700	3.8
Guarantee Business	890,095	14.3	963,200	11.8	800,882	14.0	865,000	11.4
Overseas Financial Business	195,066	17.4	205,500	5.1	-	-	-	-
Operating Revenue	58,660	11.4	230,000	4.9	43,268	9.2	171,500	4.8
Loan Business	32,206	3.2	126,700	0.8	32,206	3.2	126,700	0.8
Guarantee Business	11,393	24.2	48,400	18.1	9,643	26.0	41,200	19.0
Overseas Financial Business	12,132	21.3	45,100	5.0	-	-	-	-
Operating Expenses	40,049	7.3	172,400	-16.0	28,378	2.6	126,400	-22.2
Financial Expenses	4,808	-3.7	19,000	-2.6	2,255	-17.5	10,000	-0.8
Provision for Bad Debts	13,457	7.8	62,700	16.5	9,721	-0.1	47,500	17.5
Provision for Loss on Interest Repayment	-	-	-	-	-	-	-	-
Other Operating Expenses	21,783	9.7	90,700	10.6	16,173	6.4	68,900	10.9
Operating Income	18,610	21.5	57,600	309.3	14,889	24.7	45,100	-
Ordinary Income	18,794	21.7	57,800	291.9	15,991	23.9	46,300	-
Income Before Income Taxes	18,790	21.7	57,700	274.6	15,987	23.9	46,200	859.1
Profit	17,779	20.9	53,900	240.3	15,706	18.6	46,100	394.8
Profit Attributable to Non - Controlling Interests	840	18.4	2,900	-2.5	-	-	-	-
Profit Attributable to Owners of Parent	16,938	21.1	51,000	296.5	-	-	-	-

*Effective from the three months ended June 30, 2015, ACOM has adopted the "Revised Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, September 13, 2013) in respect to provisions stated in Paragraph 39, etc., and changed the presentation of net income, etc.



Loan Business (ACOM)

- **Receivables Outstanding** : Increased by 2.6% yoy to 753.5 billion yen, making a smooth progress on the whole.
- **Average Loan Yield** : Decreased by 11 basis points yoy to 15.41%.
- **Operating Revenue** : Increased by 3.2% yoy to 32.2 billion yen, making a smooth progress.



	(Millions of yen, %)					
	2014/6		2015/6		2016/3	
	Results	yoy	Results	yoy	Forecasts	yoy
Receivables Outstanding	734,186	2.0	753,573	2.6	775,700	3.8
Unsecured Loans	721,775	2.4	743,409	3.0	767,200	4.2
No. of New Customers	55,496	18.6	58,108	4.7	230,000	5.2
No. of Customer Accounts	1,396,791	-1.7	1,402,114	0.4	1,415,200	1.3
Loan Yield	15.52	-0.41	15.41	-0.11	15.09	-0.33
Operating Revenue	31,193	0.5	32,206	3.2	126,700	0.8
Interest on Operating Loans	28,219	-1.1	28,741	1.8	114,700	1.0
<Reference> Operating Income	10,010	-10.6	11,441	14.3	-	-

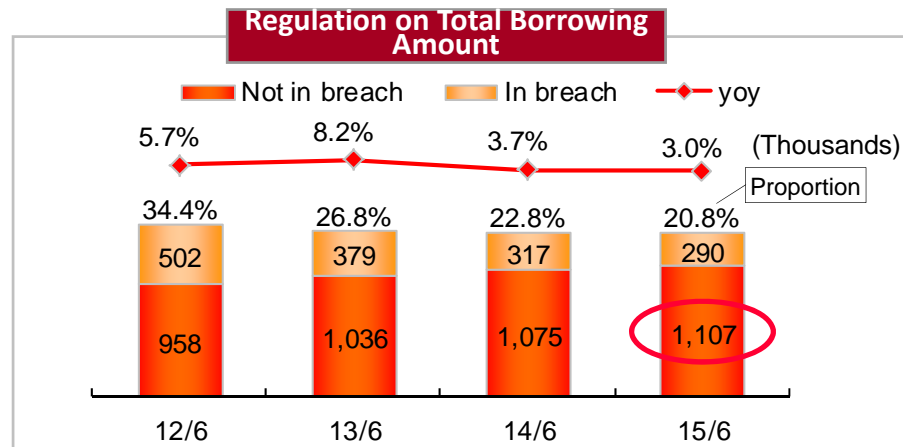
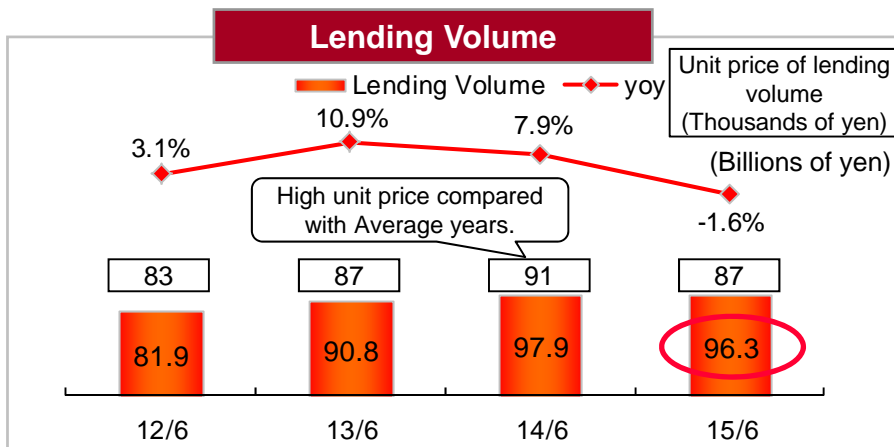
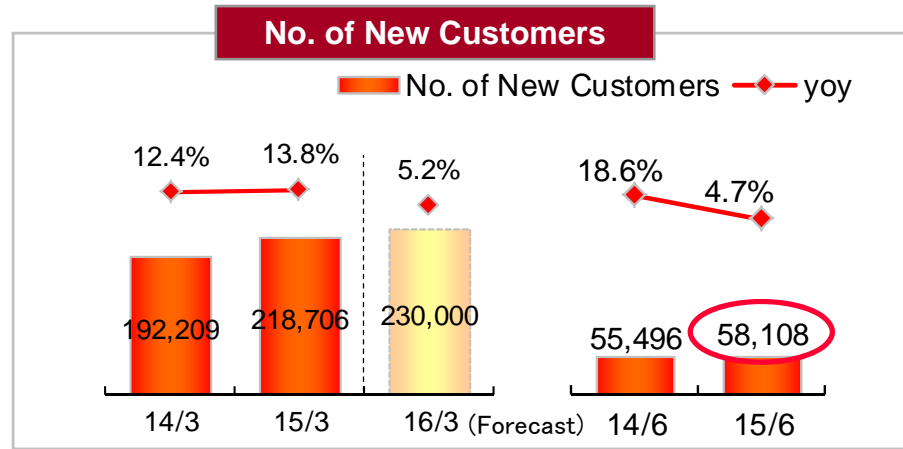
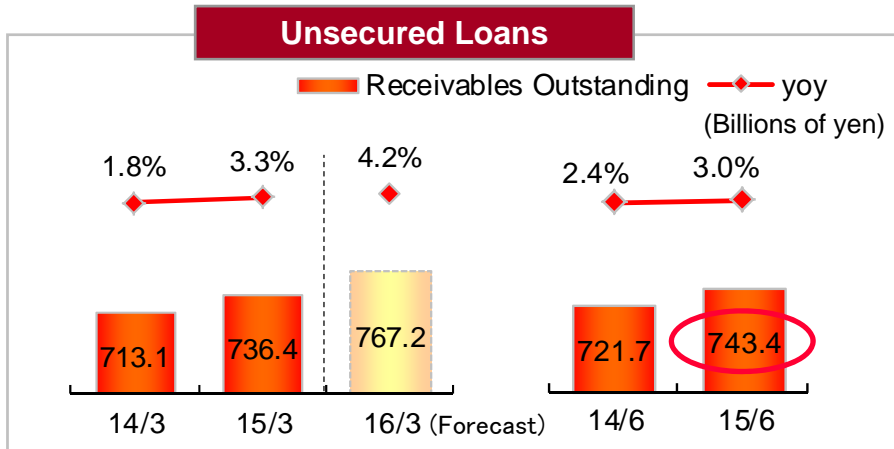
* "yoy" values in loan yield are the amount of changes from prior periods.

* Operating income consists of loan and credit card business.



Unsecured Loans (ACOM)

- **Unsecured Loans** : Increased by 3.0% yoy to 743.4 billion yen, making a smooth progress on the whole.
- **No. of New Customers** : Increased by 4.7% yoy to 58 thousands (progress rate: 25.3%), making a smooth progress.
- **Lending Volume** : Decreased by 1.6% yoy to 96.3 billion yen.



*Unit price of lending volume is quotient of division of lending volume by the number of customers not in breach of regulation. (quarterly average)

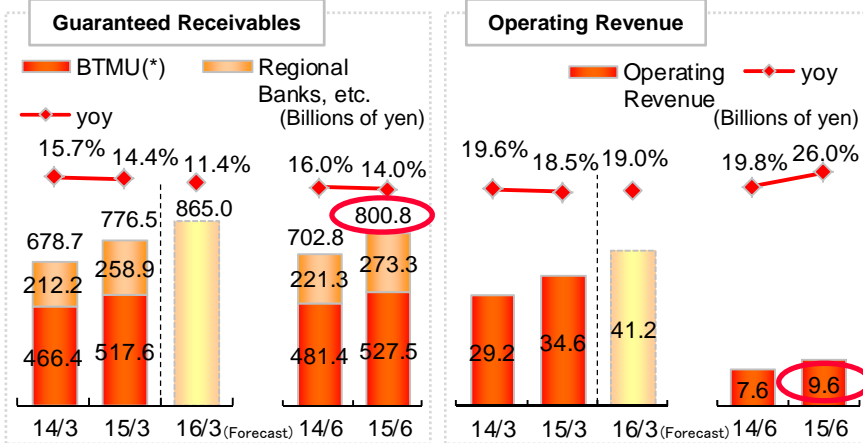
* "yoy" values in "Regulation on Total Borrowing Amount" are the rate of changes from prior periods.



Guarantee Business (ACOM and MU Credit Guarantee)

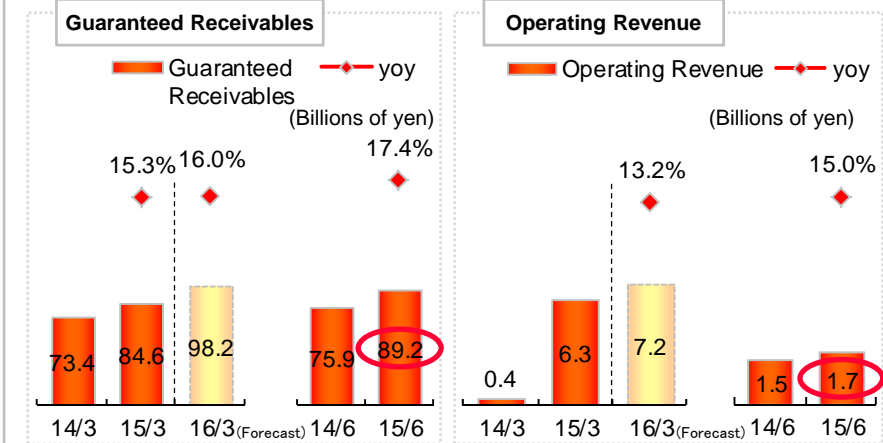
ACOM

- Guaranteed Receivables : Increased by 14.0% yoy to 800.8 billion yen, making a smooth progress.
- Operating Revenue : Increased by 26.0% yoy to 9.6 billion yen, making a smooth progress.



MU Credit Guarantee

- Guaranteed Receivables : Increased by 17.4% yoy to 89.2 billion yen, making a smooth progress.
- Operating Revenue : Increased by 15.0% yoy to 1.7 billion yen, making a smooth progress.



(Millions of yen, %)

	2014/6		2015/6		2016/3	
	Results	yoy	Results	yoy	Forecasts	yoy
Guaranteed Receivables	778,804	28.5	890,095	14.3	963,200	11.8
ACOM	702,813	16.0	800,882	14.0	865,000	11.4
MU Credit Guarantee	75,990	-	89,212	17.4	98,200	16.0
Operating Revenue	9,173	43.6	11,393	24.2	48,400	18.1
ACOM	7,652	19.8	9,643	26.0	41,200	19.0
MU Credit Guarantee	1,521	-	1,750	15.0	7,200	13.2
<Reference> Operating Income	2,385	9.5	3,785	58.7	-	-

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

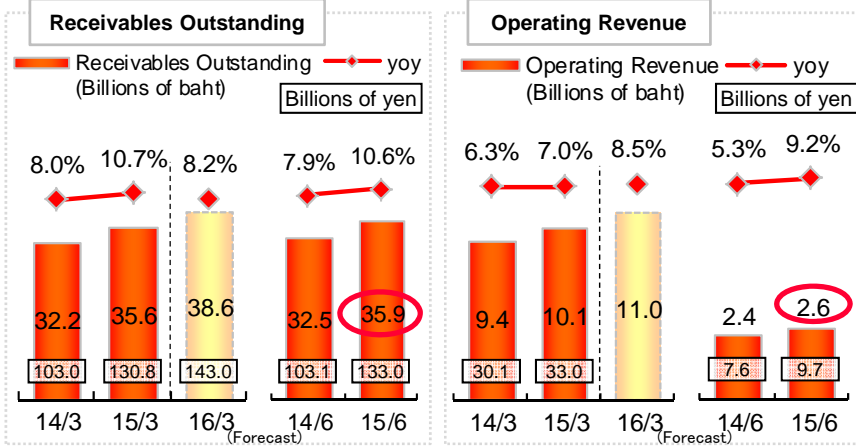
* MU Credit Guarantee Co., LTD. commenced its operation in March 2014



Overseas Financial Business (EASY BUY, Bank BNP)

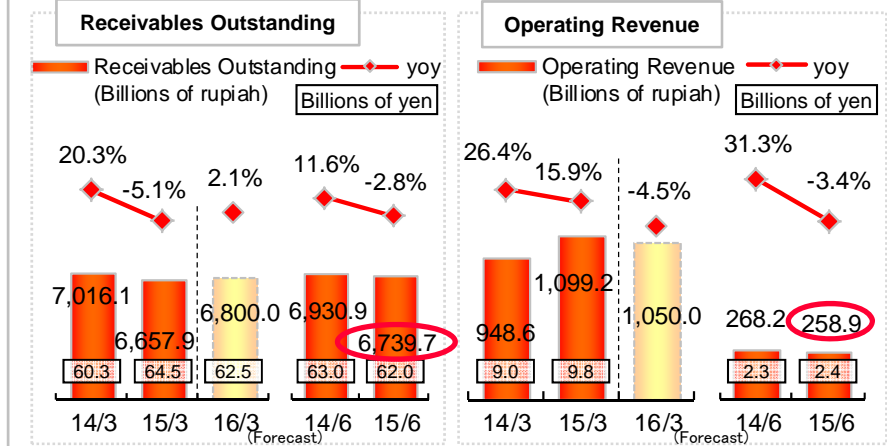
EASY BUY [Kingdom of Thailand]

- Receivables Outstanding : Increased by 10.6% yoy to 35.9 billion baht, making a smooth progress.
- Operating Revenue : Increased by 9.2% yoy to 2.6 billion baht, making a smooth progress.



Bank BNP [Republic of Indonesia]

- Receivables Outstanding : Decreased by 2.8% yoy due to economic slowdown.
- Operating Revenue : Decreased in revenue by 3.4% yoy.



	2014/6		2015/6		2016/3	
	Results	yoy	Results	yoy	Forecasts	yoy
	(Millions of yen, %)					
Receivables Outstanding	166,187	5.6	195,066	17.4	205,500	5.1
EASY BUY	103,115	6.9	133,061	29.0	143,000	9.3
Bank BNP	63,072	3.6	62,005	-1.7	62,500	-3.2
Operating Revenue	10,003	9.6	12,139	21.4	-	-
EASY BUY	7,669	7.0	9,705	26.5	-	-
Bank BNP	2,333	19.0	2,434	4.3	-	-
<Reference> Operating Income	2,432	-3.0	2,575	5.9	-	-

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

* Exchange rates for EASY BUY: B/S: ¥3.17 (2014/6), ¥3.70 (2015/6), ¥3.70 (2016/3) P/L: ¥3.15 (2014/6), ¥3.65 (2015/6)

* Exchange rates for Bank BNP: B/S: ¥0.0091 (2014/6), ¥0.0092 (2015/6), ¥0.0092 (2016/3) P/L: ¥0.0087 (2014/6), ¥0.0094 (2015/6)



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

- **No. of requests** : Decreased by 4.7% yoy to 18.4 thousands, however, slightly above our initial estimate.
- **Cause** : Requests from certain law offices decreased whereas those from other similar offices stayed at a high level.

● **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	18,400	-4.7	301
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	-	-	-
Aug.	7,500	-11.8	5,500	-26.7	4,600	-16.4	5,900	28.3	280	-	-	-
Sept.	7,400	-22.1	5,800	-21.6	5,900	1.7	7,800	32.2	390	-	-	-
Oct.	7,300	-47.1	6,600	-9.6	6,400	-3.0	7,500	17.2	340	-	-	-
Nov.	7,100	-45.0	5,900	-16.9	5,600	-5.1	6,000	7.1	333	-	-	-
Dec.	6,200	-52.7	5,000	-19.4	5,500	10.0	6,300	14.5	300	-	-	-
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)

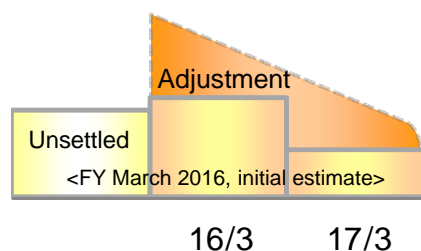
● Provision for Loss on Interest Repayment (Millions of yen, %)

	2015/3					2016/3		2016/3
	1Q	2Q	3Q	4Q	Total	1Q	yoy	Forecast
Reversal of Provision	17,159	16,664	17,052	20,484	71,359	15,793	-8.0	-
Interest Repayment	14,041	13,869	14,167	16,724	58,803	12,862	-8.4	-
<Reference> Cash-out basis	14,515	13,165	14,015	17,488	59,183	13,401	-7.7	-
Bad Debt Expenses (ACOM's voluntary waiver of repayments)	3,117	2,794	2,884	3,760	12,556	2,931	-6.0	-
Addition of Provision	-	-	10,600	39,259	49,859	-	-	-
Increase or Decrease in Provision	-17,159	-16,663	-6,451	18,775	-21,500	-15,793	-	-
Provision at the End of Respective Periods	106,940	90,276	83,824	102,600	86,806	-18.8	-	

FY March 2016

<Initial estimate: 102.6billions of yen>

<image>



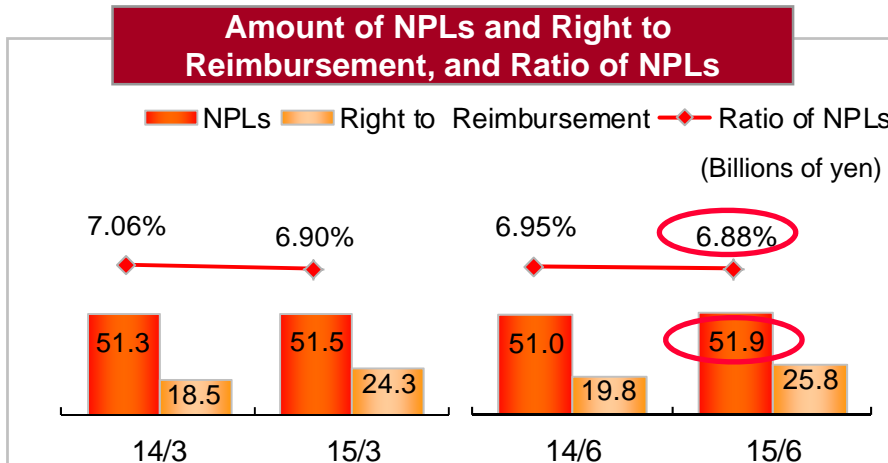
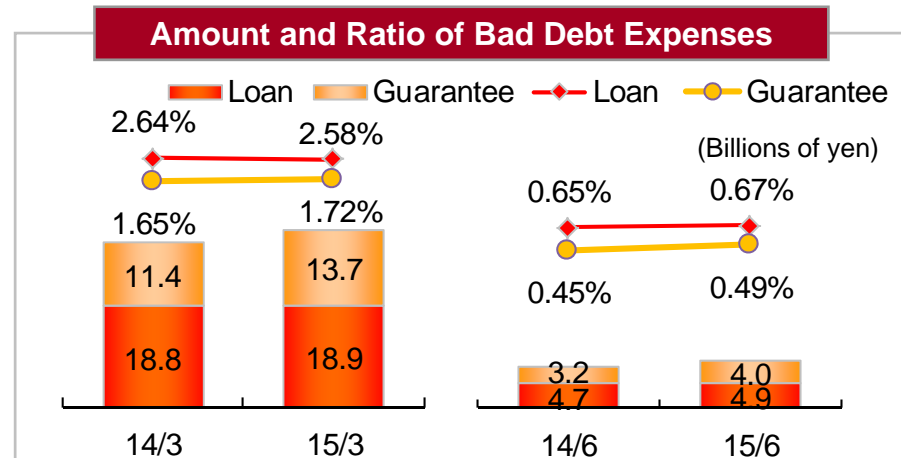
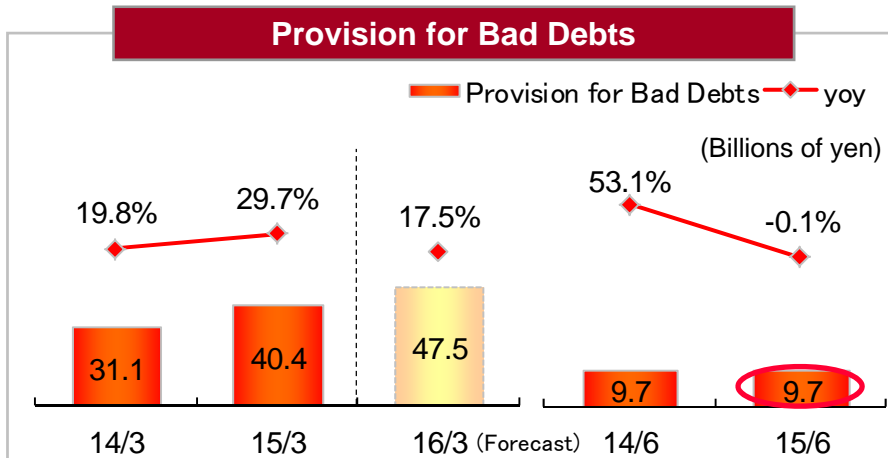
Key Points for Provision

- **Provision** : 86.8 billion yen remains as 15.7 billion yen was reversed from 102.6 billion yen of provision.
- **Addition of provision** : No additional provision was made as the actual amount requested did not surpass the value within the permissible range of the initial estimate.
- **Evaluation of provision** : We will continue to review the difference between expected amount of requests and amount actually requested every quarter to evaluate validity and sufficiency of the provision.



Bad Debts Related Figures (ACOM)

- **Provision for Bad Debts** : Remained on a plateau yoy at 9.7 billion yen due to diminution of change in allowance.
- **Raito of Bad Debt Expenses** : The loan business and the guarantee business have remained stable at a low level.
- **Quality of Loan Portfolio** : Ratio of non-performing loans decreased by 0.07pts yoy owing to improved quality in loan portfolio.



	2015/3				Total	2016/3		2016/3	
	1Q	2Q	3Q	4Q		1Q	yoy	Forecast	yoy
Provision for Bad Debts	9.72	10.33	10.13	10.23	40.42	9.72	-0.1	47.50	17.5
Bad Debt Expenses	8.28	8.26	8.37	8.97	33.90	9.29	12.1	39.50	16.5
Change in Allowance	1.30	1.90	1.60	0.70	5.50	0.50	-	6.20	-
Change in Provision	0.14	0.17	0.16	0.55	1.02	-0.07	-	1.80	-
Allowance for Doubtful Accounts	36.30	38.20	39.80	40.50	41.00	12.9	46.70	15.3	
Provision for Loss on Guarantees	5.68	5.85	6.01	6.56	6.49	14.3	8.36	27.4	

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

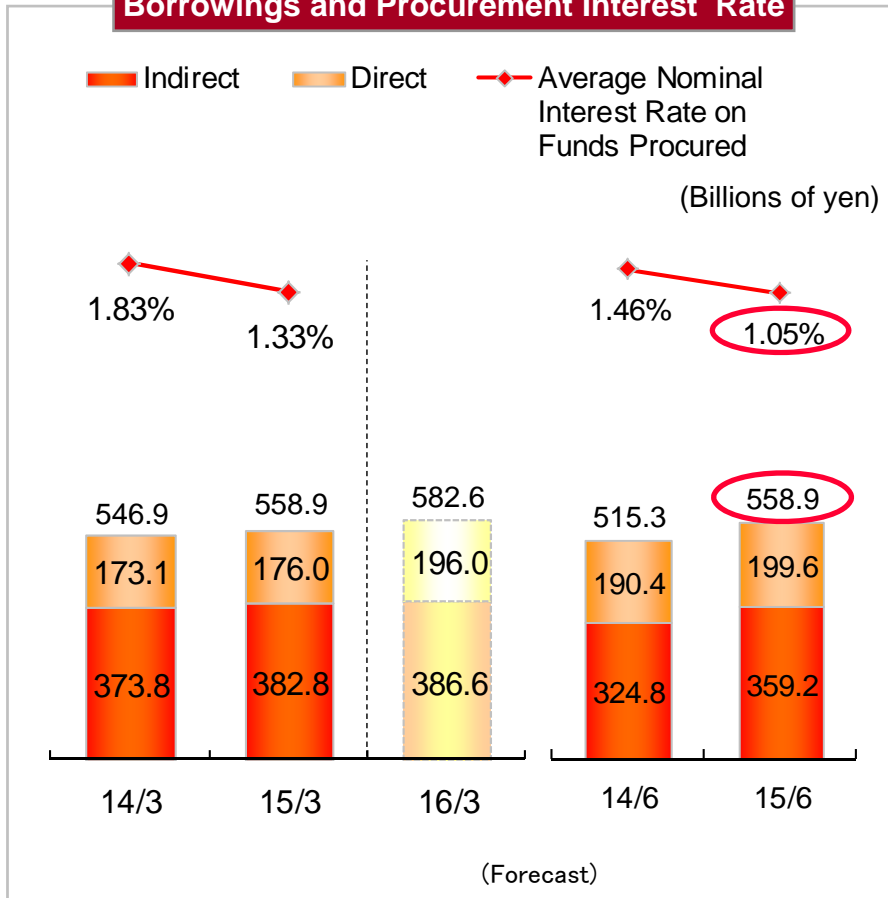
* Right to reimbursement is loans in which guarantee obligations have been performed by ACOM, but not yet written-off.



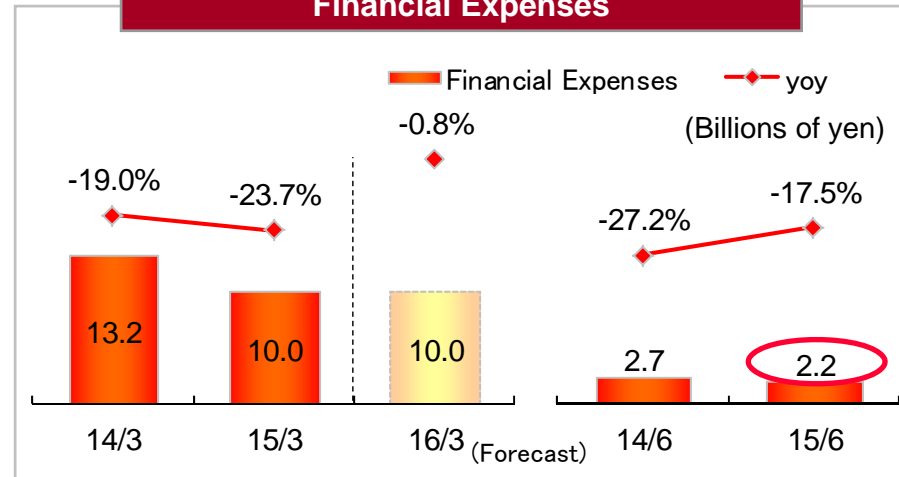
Fund Procurements (ACOM)

- **Borrowings** : Increased by 8.4% yoy to 558.9 billion yen.
- **Average Nominal Interest Rate** : Decreased by 41 basis points yoy to 1.05% as some borrowings have been replaced in on Funds Procured improving funding environment.
- **Financial Expenses** : Decreased by 17.5% yoy to 2.2 billion yen owing to decline in average nominal interest rate.

Borrowings and Procurement Interest Rate



Financial Expenses



	2015/3					2016/3	
	67 th	68 th	69 th	70 th	71 st		
Bonds Issued						(Billions of yen, years, %)	
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	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			

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



[Reference] Summary of Segment Income

● Operating Revenue and Segment Income

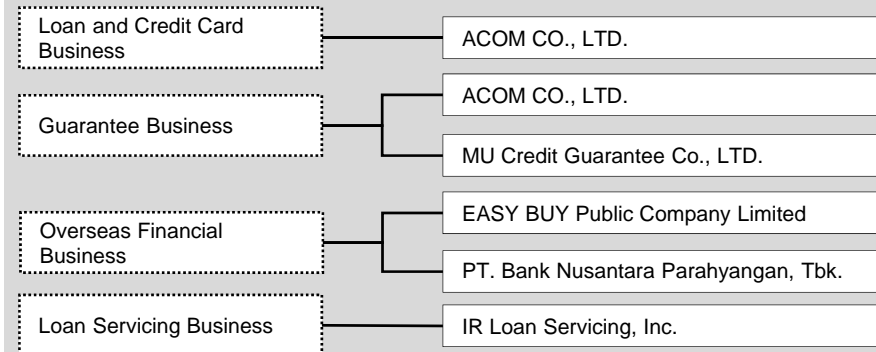
(Millions of yen, %)

	Loan and Credit Card Business		Guarantee Business		Overseas Financial Business		Loan Servicing Business		Subtotal		Others	Total
		yoy		yoy		yoy		yoy		yoy		
Operating Revenue	33,076	3.7	11,393	24.2	12,139	21.4	1,501	-3.8	58,111	10.4	547	58,659
Revenue from External Customers	33,076	3.7	11,393	24.2	12,132	21.3	1,501	-3.7	58,104	10.4	555	58,660
Revenue from Transactions with Other Operating Segments	-	-	-	-	7	250.0	-	-	7	75.0	-8	-
Operating Expenses	21,635	-0.1	7,607	12.1	9,564	26.3	918	-11.3	39,726	6.6	228	39,954
Segment Income	11,441	14.3	3,785	58.7	2,575	5.9	582	10.9	18,385	19.7	319	18,705

● Difference between Segment and Consolidated Operating Income

Income	Amount	
		yoy
Segment Income	18,385	19.7
Income of "Others" Category	319	625.0
Elimination of Intersegment Transactions	44	-20.0
Adjustments due to Unification of Accounting Treatment between Parent Company and Subsidiary	-138	-
Consolidated Operating Income	18,610	21.5

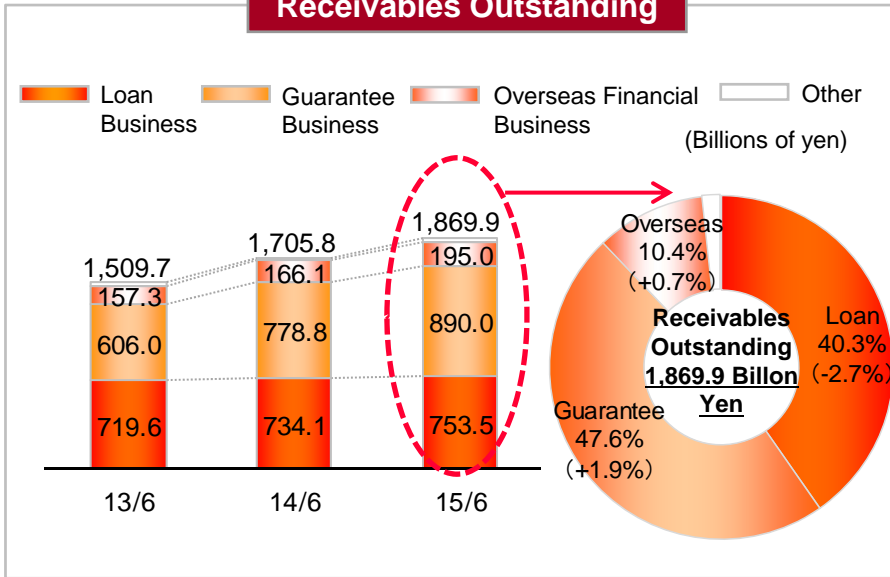
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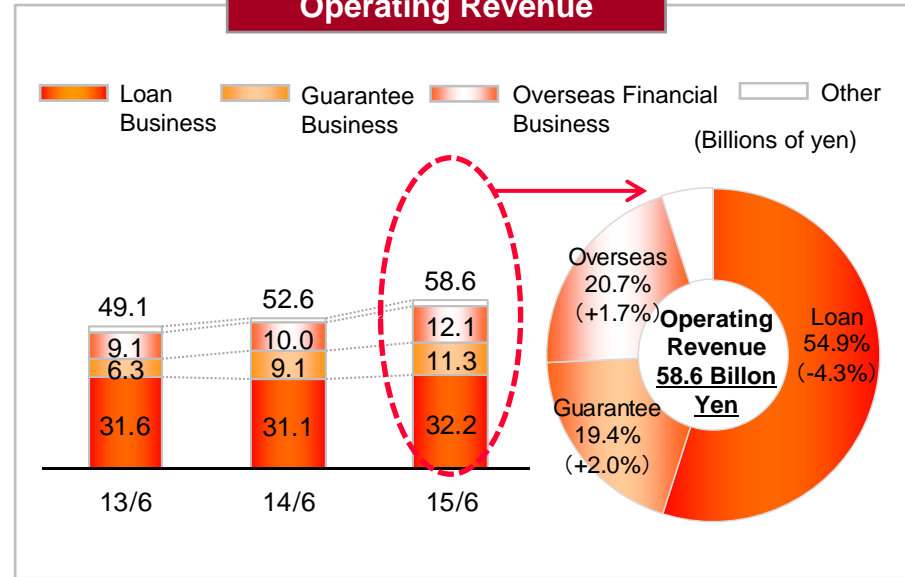


[Reference] Composition Ratios by Reported Segment

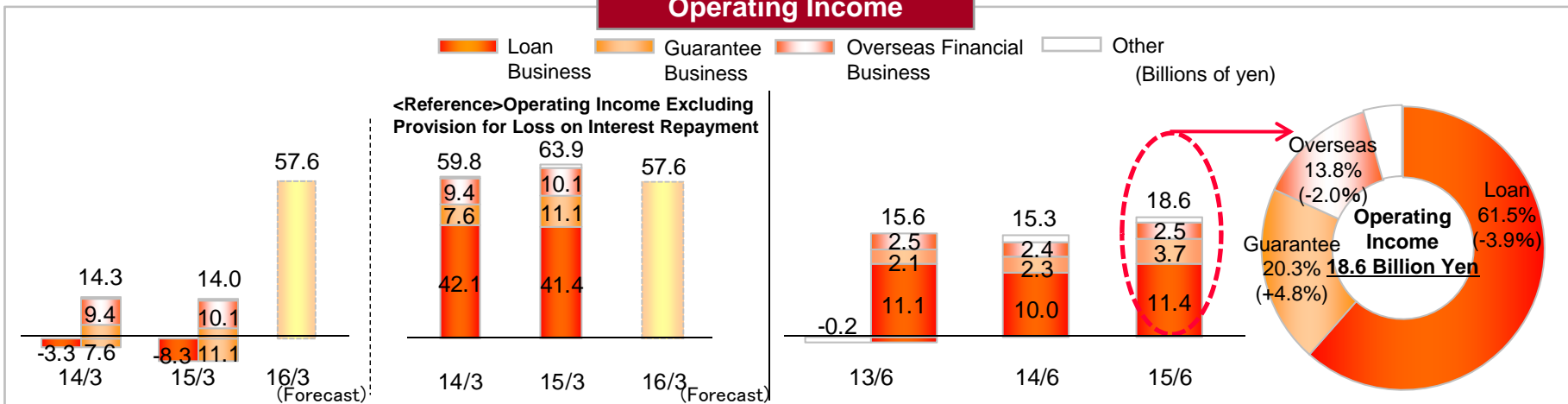
Receivables Outstanding



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] Market Volume and ACOM's Share

● Market Volume of Personal Card Loan

(Billions of yen, %)

		2011/3		2012/3		2013/3		2014/3		2015/3	
			yoy		yoy		yoy		yoy		yoy
Market Volume	Personal Card Loan Market	10,818.4	-21.8	9,495.8	-12.2	9,031.9	-4.9	8,759.9	-3.0	9,386.1	7.1
	Nonbank Market	6,996.6	-29.7	5,643.3	-19.3	4,955.1	-12.2	4,364.4	-11.9	4,207.1	-3.6
	Consumer Finance Companies	3,266.6	-34.8	2,725.9	-16.6	2,379.4	-12.7	2,302.2	-3.2	2,306.8	0.2
	Bank Market	3,821.8	-1.6	3,852.5	0.8	4,076.8	5.8	4,395.5	7.8	5,179.0	17.8
	Banks Only	3,255.4	-1.1	3,312.4	1.8	3,544.2	7.0	3,851.4	8.7	4,611.3	19.7
ACOM's Share	Personal Card Loan Market	12.4	2.1	13.5	1.1	14.4	0.9	16.0	1.6	16.2	0.2
	Nonbank Market	12.9	1.8	14.2	1.3	14.5	0.3	16.6	2.1	17.8	1.2
	Consumer Finance Companies	27.6	5.6	29.3	1.7	30.1	0.8	31.5	1.4	32.4	0.9
	Bank Market	11.6	3.4	12.5	0.9	14.4	1.9	15.4	1.0	15.0	-0.4
	Banks Only	13.6	4.0	14.6	1.0	16.5	1.9	17.6	1.1	16.8	-0.8

* Nonbank market (statistics by Japan Financial Services Association, "JFSA") refers to the receivables outstanding of nonbanks registered to JFSA (exclude housing loans).

* Bank market (statistics by Bank of Japan) refers to the volume of consumer card loans provided by domestic banks and credit unions.

* "yoy" values in ACOM's Share are the amount of changes from prior periods.

* Figures provided by JFSA for 2015/3 are preliminary figures.



Reference: Public & Investors Relations Office Treasury Department

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Disclaimer

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