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# **Earnings Release Conference**

## **The 2<sup>nd</sup> Quarter for the Fiscal Year Ending March 2012**

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**ACOM CO., LTD.**

**<http://www.acom.co.jp/ir/english>**

**November 11, 2011**



## Conference Schedule

Title	Presenter	Approx. Duration	Page No.
1. Drastic Changes in Business Environment	Shigeyoshi Kinoshita Chairman, President & CEO	25 min.	4
2. Measures Dealing with the Great East Japan Earthquake			5
3. Financial Results Summary			6
4. Forecast for the FY March 2012			11
1. Financial Results Summary (Non-consolidated)	Takashi Kiribuchi Chief General Manager & Chief PR & IR Officer Treasury Department	20 min.	14
2. Major Figures (Non-consolidated)			15-
Question and Answer Session		30 min.	

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.

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# **Financial Results Highlight**

## **The 2<sup>nd</sup> Quarter for the Fiscal Year Ending March 2012**

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- (1) Drastic Changes in Business Environment
- (2) Measures Dealing with the Great East Japan Earthquake
- (3) Financial Results Summary
- (4) Business Results by Segment
- (5) Forecast for the Fiscal Year Ending March 2012
- (6) Management Vision and Mid-term Outlook

**Shigeyoshi Kinoshita**  
**Chairman, President & CEO**



# Drastic Changes in Business Environment

## Macro Environment

- ✓ Outlook is uncertain due to concerns on decelerating European and American economy, deflation and worsening employment conditions, etc.
- ✓ Conditions remain severe due to damages done by the Great East Japan Earthquake.
- ✓ Improved supply chains helped manufacturing activities make recovery.



## Business Environment

Business environment remains severe: market shrinkage continues due to effects of introduction of cap on total borrowing amount, and management of requests for interest repayment is still a burden.



## Prime Objectives and Measures

- ✓ Proper response to revised Money Lending Business Act
- ✓ Expansion of management foundation and earning base
- ✓ Promotion of cost structure revision
- ✓ Conversion of business model
- ✓ Promotion of business alliance with MUFG Group



Promotion of 3 core businesses in domestic region and overseas business under the management vision



## Measures Dealing with the Great East Japan Earthquake

### As of the End of the Fiscal Year Ended March 2011

- ✓ Investigation of the impact of the disaster led to identification of 63.4 billion yen, which amount to 7.2% of balance.
- ✓ Additional 10.1 billion yen of allowance for doubtful accounts, which covered 15.9% of above-mentioned balance, were provided.



### As of the End of the First Half of the Fiscal Year Ending March 2012

- ✓ 1. Refrained from counseling activities, 2. extended due dates, 3. reduced interest rates, and 4. waived repayments depending on the damages customers suffered.
- ✓ Extended the due date to September 30 for customers in severely damaged regions.
- ✓ Partially resumed contacting customers to confirm their circumstances from August.
- ✓ Approximately 0.2 billion yen was reversed as bad debts expenses from allowance related to the disaster (10.1 billion yen).



### Outlook for the End of the Fiscal Year Ending March 2012

- ✓ We will keep up with confirmation of customers' circumstances and implementation of necessary relief measures.
- ✓ It is uncertain if we can complete confirmation of all customers; therefore, we plan to adjust the allowance by the end of this fiscal year.



# Financial Results Summary

(Millions of yen)

	Consolidated				Non-consolidated			
	2010/9 Results	2011/9 Results	yoy (%)	Compared to Forecast for 2Q	2010/9 Results	2011/9 Results	yoy (%)	Compared to Forecast for 2Q
Operating Revenue (*1)	128,753	108,042	-16.1	2,742	109,839	89,242	-18.8	2,242
Loan Business	107,556	86,846	-19.3		93,209	71,939	-22.8	
Guarantee Business	9,834	11,636	18.3		9,449	11,149	18.0	
Loan Servicing Business	4,632	4,229	-8.7	-	-	-	-	-
Other Businesses	6,729	5,327	-20.8		7,179	6,152	-14.3	
Operating Expenses (*2)	155,428	75,926	-51.2	-3,374	139,506	61,227	-56.1	-3,373
Financial Expenses	10,992	12,082	9.9		8,502	9,071	6.7	
Provision of Allowance for Doubtful Accounts	33,100	27,528	-16.8		27,563	23,197	-15.8	
Provision for Loss on Interest Repayment	68,402	-	-	-	68,402	-	-	-
Other Operating Expenses	42,934	36,316	-15.4		34,338	28,958	-15.7	
Operating Income	-26,674	32,116	-	6,116	-29,666	28,014	-	5,614
Ordinary Income	-25,985	32,729	-	6,429	-29,071	28,694	-	5,894
Extraordinary Income	318	553	73.5		316	545	72.3	
Extraordinary Loss	14,994	823	-94.5		14,868	817	-94.5	
Income Before Income Taxes	-40,661	32,458	-	-	-43,623	28,422	-	-
Income Taxes-deferred	1,476	1,739	17.9		1,518	1,710	12.6	
Net Income	-43,880	28,391	-	4,191	-45,171	26,681	-	3,981

\*1 Numbers for non-consolidated are based on operating revenue by category

\*2 Operating expenses for non-consolidated include cost of goods sold



# Loan Business (ACOM)

● Receivables Outstanding, No. of Customer Accounts, No. of New Customers, Operating Revenue (Millions of yen)

	2010/9 Results	2011/9		2012/3 (Forecast)		
		Results	yoy	(%)	yoy	(%)
Receivables Outstanding	1,008,799	846,999	-161,799	-16.0	761,000	-15.7
No. of Customer Accounts	1,837,716	1,640,333	-197,383	-10.7	1,528,800	-10.7
No. of New Customers	64,247	76,147	11,900	18.5	140,000	9.0
Operating Revenue	97,156	76,069	-21,086	-21.7	138,700	-23.3

● Accounts Receivable-operating Loans by Interest Rate (Unsecured Loans for Consumers, Outstanding Basis)

%	2010/9	2011/3	2011/9	2012/3 (Forecast)
Over 18%	30.4	26.2	20.9	17.1
18% or less	69.6	73.8	79.1	82.9

● Average Loan Yield (Unsecured Loans for Consumers)

%	2010/9	2011/3	2011/9	2012/3 (Forecast)
Average Yield of FY	17.53	17.18	16.52	16.05
Average Yield for a Year	17.84	17.18	16.63	16.05

● Ratio of Customers in Breach of the Regulation of Total Borrowing Amount (Unsecured Loans for Consumers, No. of Customer Accounts Basis)

%	2010/9	2011/3	2011/9	2012/3 (Forecast)
Corresponding Ratio	57.2	47.9	42.0	-

● Ratio of Income Certificate Collection (Unsecured Loans for Consumers, No. of Customer Accounts Basis)

%	2010/9	2011/3	2011/9	2012/3 (Forecast)
Ratio of Collection	74.3	77.0	80.6	-

\* Ratio of customers in breach of the regulation: Population = all customer accounts

\* Definition of ratio of income certificate collection (Meet all conditions listed below)

1. Customers capable of further transactions, excluding homemakers and solo proprietors
2. Customers with borrowing balance over half million yen at ACOM, or over one million yen including other lenders
3. Customers with borrowing balance less than one third of their annual income



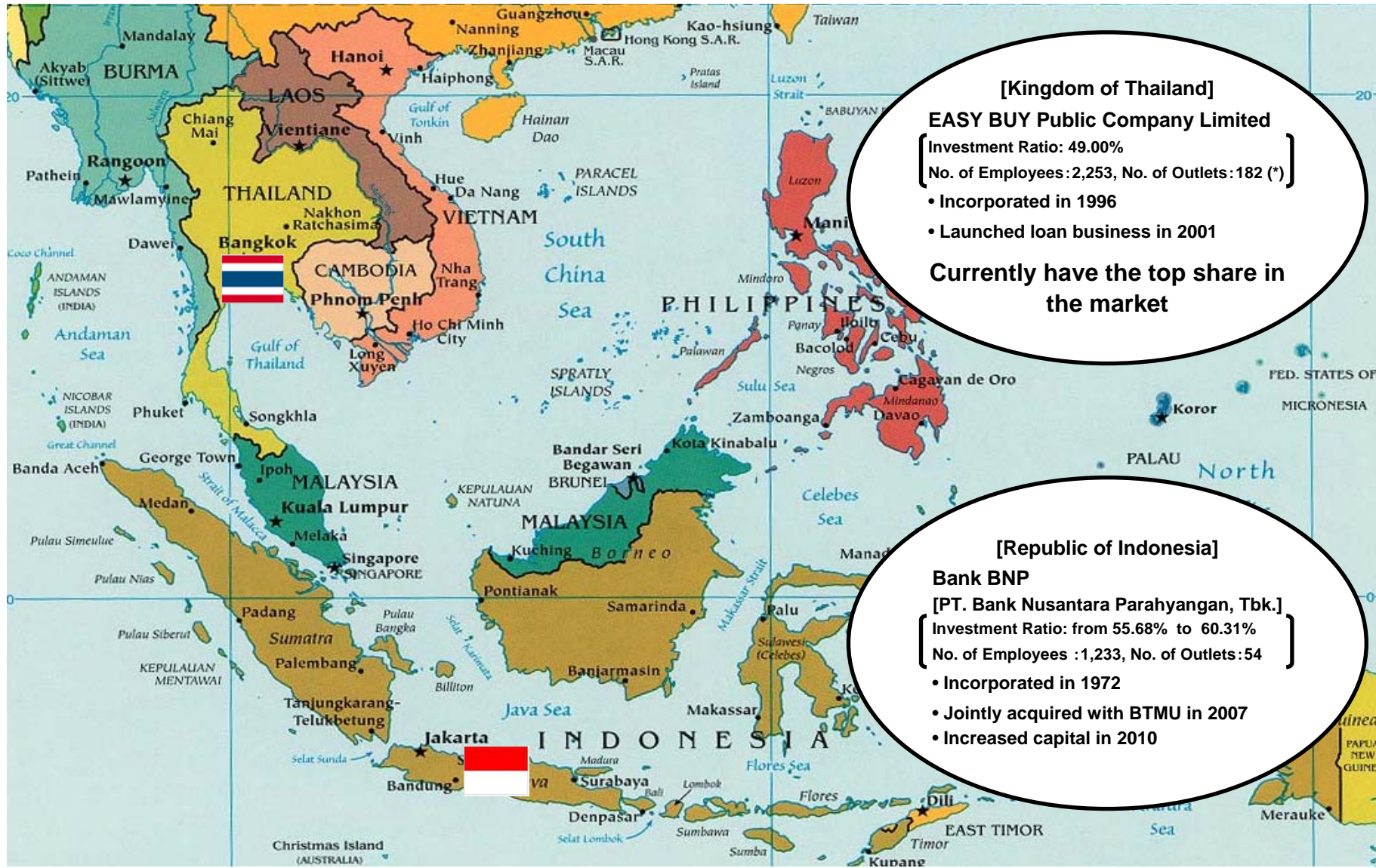
# Guarantee and Loan Servicing Business

(Millions of yen)

		2010/9	2011/9		2012/3 (Forecast)			
		Results	Results	yoy	(%)		yoy (%)	
Guarantee Business	ACOM	Guaranteed Receivables	324,941	464,202	139,261	42.9	482,200	8.7
		No. of Accounts with Outstanding Receivables	683,939	925,582	241,643	35.3	979,300	8.8
		Operating Revenue	9,834	11,636	1,801	18.3	26,100	16.2
		Operating Income	2,230	3,858	1,628	73.0	-	-
Loan Servicing Business	IR Loan Servicing	Receivables Outstanding	13,179	10,908	-2,271	-17.2	10,500	-12.0
		No. of Customer Accounts	300,016	305,302	5,286	1.8	-	-
		Total Principals	3,627,421	3,717,871	90,450	2.5	-	-
		Purchased Receivables	3,599,350	3,710,156	110,805	3.1	-	-
		Consignment Receivables	28,071	7,715	-20,355	-72.5	-	-
		Operating Revenue	4,632	4,229	-402	-8.7	7,200	-19.5
		Collection of Purchased Receivables	4,321	3,826	-494	-11.5	-	-
		Operating Income	406	558	152	37.4	-	-



# Overseas Business - 1



\* The number of outlets of EASY BUY includes 100 counters set at member stores



## Overseas Business - 2

(Millions of yen/baht, Billions of rupiah)

		2010/9 Results	2011/9		2012/3 (Forecast)			
			Results	yoy	(%)	yoy (%)		
EASY BUY (Kingdom of Thailand)	Loan Business	Receivables Outstanding	67,903 [24,964]	68,940 [26,313]	1,036 [1,349]	1.5 [5.4]	73,600 [26,764]	7.3 [5.3]
		No. of Customer Accounts	775,449	798,242	22,793	2.9	807,800	2.7
		Operating Revenue	10,399 [3,714]	10,777 [3,991]	377 [277]	3.6 [7.5]	21,900 [7,964]	3.9 [4.7]
	Installment Sales Finance Business	Receivables Outstanding	1,276 [469]	807 [308]	-469 [-161]	-36.7 [-34.3]	800 [291]	-19.1 [-20.5]
		No. of Customer Accounts	35,880	25,692	-10,188	-28.4	22,700	-22.7
		Operating Revenue	295 [105]	188 [70]	-106 [-35]	-36.2 [-33.9]	200 [73]	-62.0 [-61.6]
Bank BNP (Republic of Indonesia)	Banking Business	Receivables Outstanding	29,637 [2,993.6]	41,872 [4,407.5]	12,234 [1,413.9]	41.3 [47.2]	38,400 [4,000.0]	15.0 [10.2]
		No. of Customer Accounts	5,420	9,276	3,856	71.1	-	-
		Operating Revenue	1,963 [196.3]	2,666 [280.6]	703 [84.3]	35.8 [43.0]	5,800 [604.1]	38.3 [41.2]
Total Overseas Business	Operating Revenue	12,658	13,631	973	7.7	27,900	8.1	
	Operating Income	1,970	3,036	1,066	54.1	-	-	

\* Bank BNP: PT. Bank Nusantara Parahyangan, Tbk.

\* Amounts in brackets are the amount in local currencies



# Forecast for the Fiscal Year Ending March 2012

(Millions of yen)

	Consolidated				Non-consolidated			
	2011/3	2011/9	2012/3 (Forecast)		2011/3	2011/9	2012/3 (Forecast)	
	Results	Results		yoy (%)	Results	Results		yoy (%)
Operating Revenue (*1)	245,831	108,042	204,300	-16.9	207,767	89,242	167,500	-19.4
Loan Business	201,855	86,846	160,600	-20.4	173,209	71,939	132,100	-23.7
Guarantee Business	22,461	11,636	26,100	16.2	21,689	11,149	25,200	16.2
Loan Servicing Business	8,945	4,229	7,200	-19.5	-	-	-	-
Other Businesses	12,568	5,327	10,400	-17.3	12,868	6,152	10,200	-20.7
Operating Expenses (*2)	430,617	75,926	158,100	-63.3	398,600	61,227	127,800	-67.9
Financial Expenses	22,534	12,082	24,300	7.8	17,340	9,071	18,800	8.4
Provision of Allowance for Doubtful Accounts	78,136	27,528	60,200	-23.0	66,904	23,197	49,800	-25.6
Provision for Loss on Interest Repayment	243,456	-	-	-	243,456	-	-	-
Other Operating Expenses	86,491	36,316	73,600	-14.9	70,198	28,958	59,200	-15.7
Operating Income	-184,785	32,116	46,200	-	-190,832	28,014	39,700	-
Ordinary Income	-183,506	32,729	47,000	-	-189,551	28,694	40,700	-
Extraordinary Income	608	553	-	-	561	545	-	-
Extraordinary Loss	16,740	823	100	-99.4	16,079	817	100	-99.4
Income before Income Taxes	-199,638	32,458	46,900	-	-205,069	28,422	40,600	-
Income Taxes-deferred	-530	1,739	-	-	-210	1,710	-	-
Net Income	-202,648	28,391	42,900	-	-204,929	26,681	40,500	-

\*1 Numbers for non-consolidated are based on operating revenue by category

\*2 Operating expenses for non-consolidated include cost of goods sold



# Management Vision and Mid-term Outlook

## Management Vision

We aim to become the “leading company” which provides prime satisfactions to as many customers as possible and earns trust in the consumer finance industry.

### Mid-term Target

Achieve the position of company with top share in personal loan market

### Mid-term Objectives

- Strengthening compliance
- Enhance marketing capability to acquire customers
- Improve loan portfolio and fully practice risk control
- Nurture guarantee business to core business
- Expand group collectivity basis
- Realize proper cost structure
- Enhance nurturing our personnel for future growth

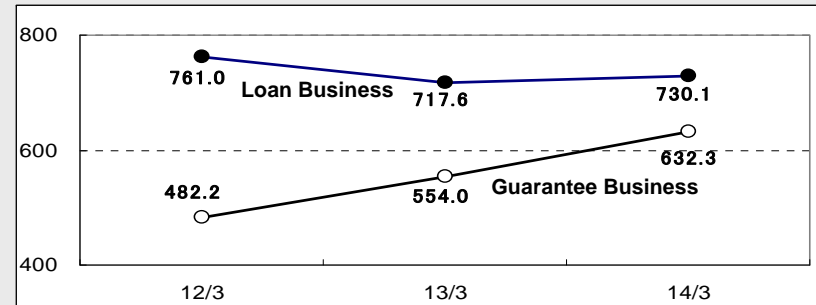
### Management Policy for this Fiscal Year

Aim to become the “company with top share” in personal loan market and achieve “the highest customer support,” and “the highest profitability.”

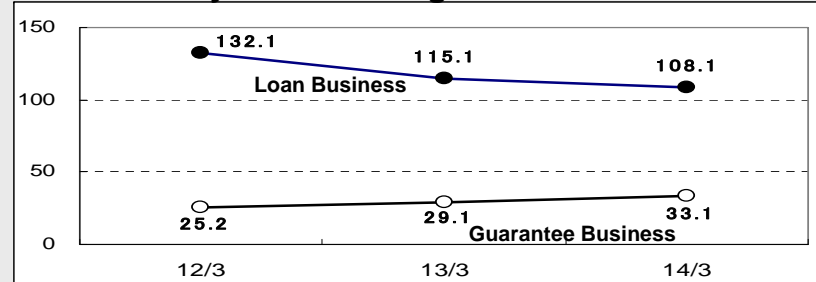
## ◆ Mid-term Outlook (ACOM)

(Billions of yen)

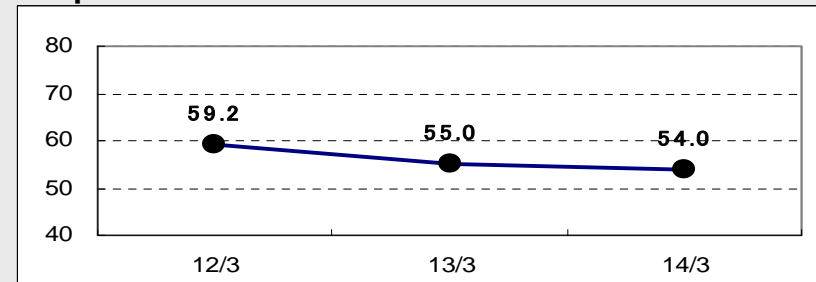
### ● Receivables Outstanding by Business Segment



### ● Revenue by Business Segment



### ● Operation Cost



\* Revenue in Mid-term Outlook are based on those by category

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# **Financial Results Highlight**

## **The 2<sup>nd</sup> Quarter for the Fiscal Year Ending March 2012**

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- (1) Financial Results Summary (ACOM)
- (2) Major Figures (ACOM)

**Takashi Kiribuchi**  
**Chief General Manager &**  
**Chief PR & IR Officer**  
**Treasury Department**



# Financial Results Summary (ACOM)

(Millions of yen)

	2010/9 Results	2011/9			Compared to Forecast for 2Q	2012/3 (Forecast)	
		Results	yoy	(%)			yoy (%)
<b>Operating Revenue (*1)</b>	109,839	89,242	-20,597	-18.8	2,242	167,500	-19.4
Loan Business	93,209	71,939	-21,270	-22.8		132,100	-23.7
Guarantee Business	9,449	11,149	1,700	18.0	-	25,200	16.2
Other Businesses	7,179	6,152	-1,027	-14.3		10,200	-20.7
<b>Operating Expenses (*2)</b>	139,506	61,227	-78,279	-56.1	-3,373	127,800	-67.9
Financial Expenses	8,502	9,071	568	6.7		18,800	8.4
Provision of Allowance for Doubtful Accounts	27,563	23,197	-4,365	-15.8	-	49,800	-25.6
Provision for Loss on Interest Repayment	68,402	-	-68,402	-		-	-
Other Operating Expenses	34,338	28,958	-5,380	-15.7		59,200	-15.7
<b>Operating Income</b>	-29,666	28,014	57,681	-	5,614	39,700	-
<b>Ordinary Income</b>	-29,071	28,694	57,765	-	5,894	40,700	-
Extraordinary Income	316	545	228	72.3		-	-
Extraordinary Loss	14,868	817	-14,050	-94.5		100	-99.4
<b>Income Before Income Taxes</b>	-43,623	28,422	72,045	-	-	40,600	-
Income Taxes-deferred	1,518	1,710	191	12.6		-	-
<b>Net Income</b>	-45,171	26,681	71,853	-	3,981	40,500	-

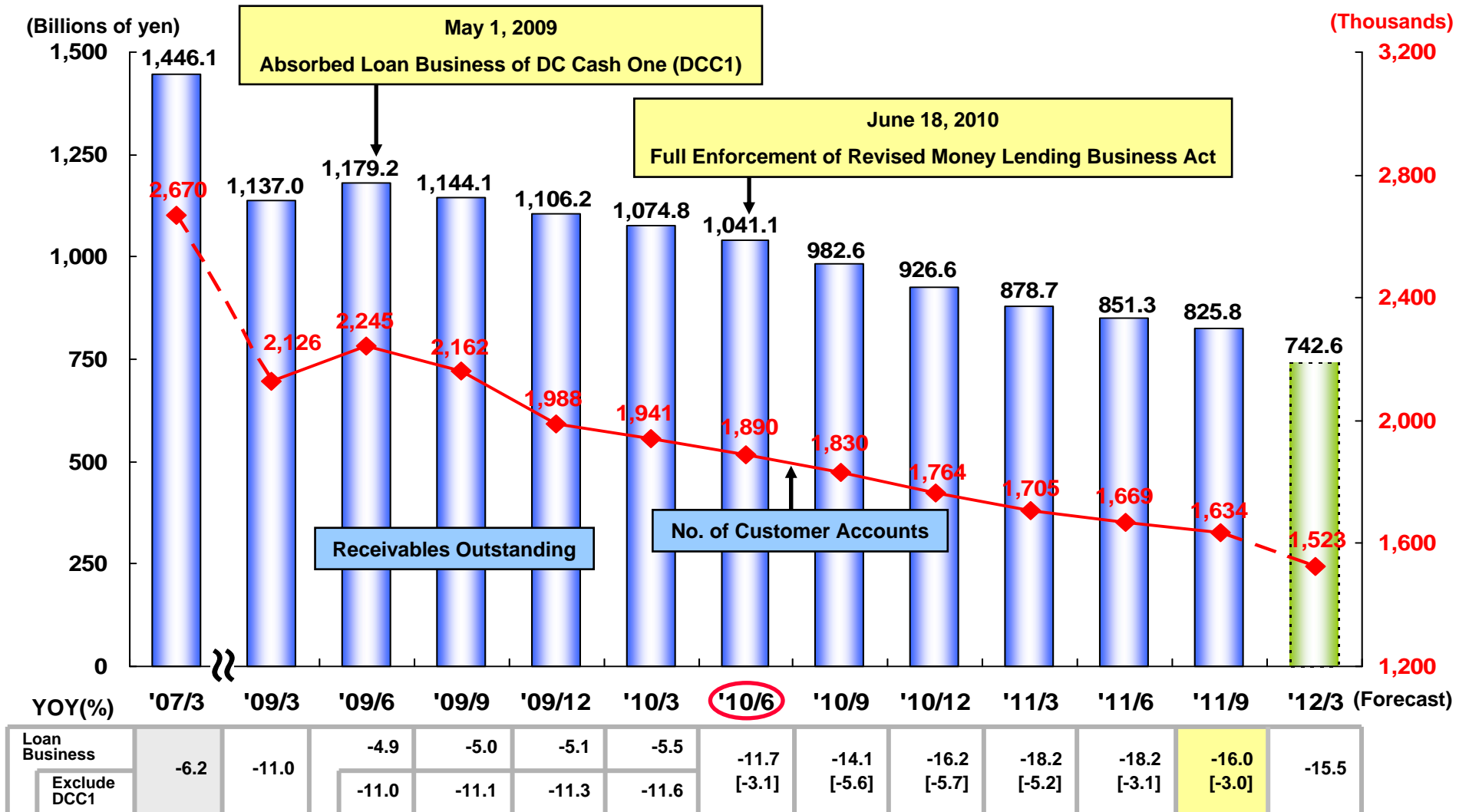
\*1 Numbers are based on operating revenue by category

\*2 Operating expenses include cost of goods sold



# Loan Business (ACOM) [Trend of Receivables Outstanding]

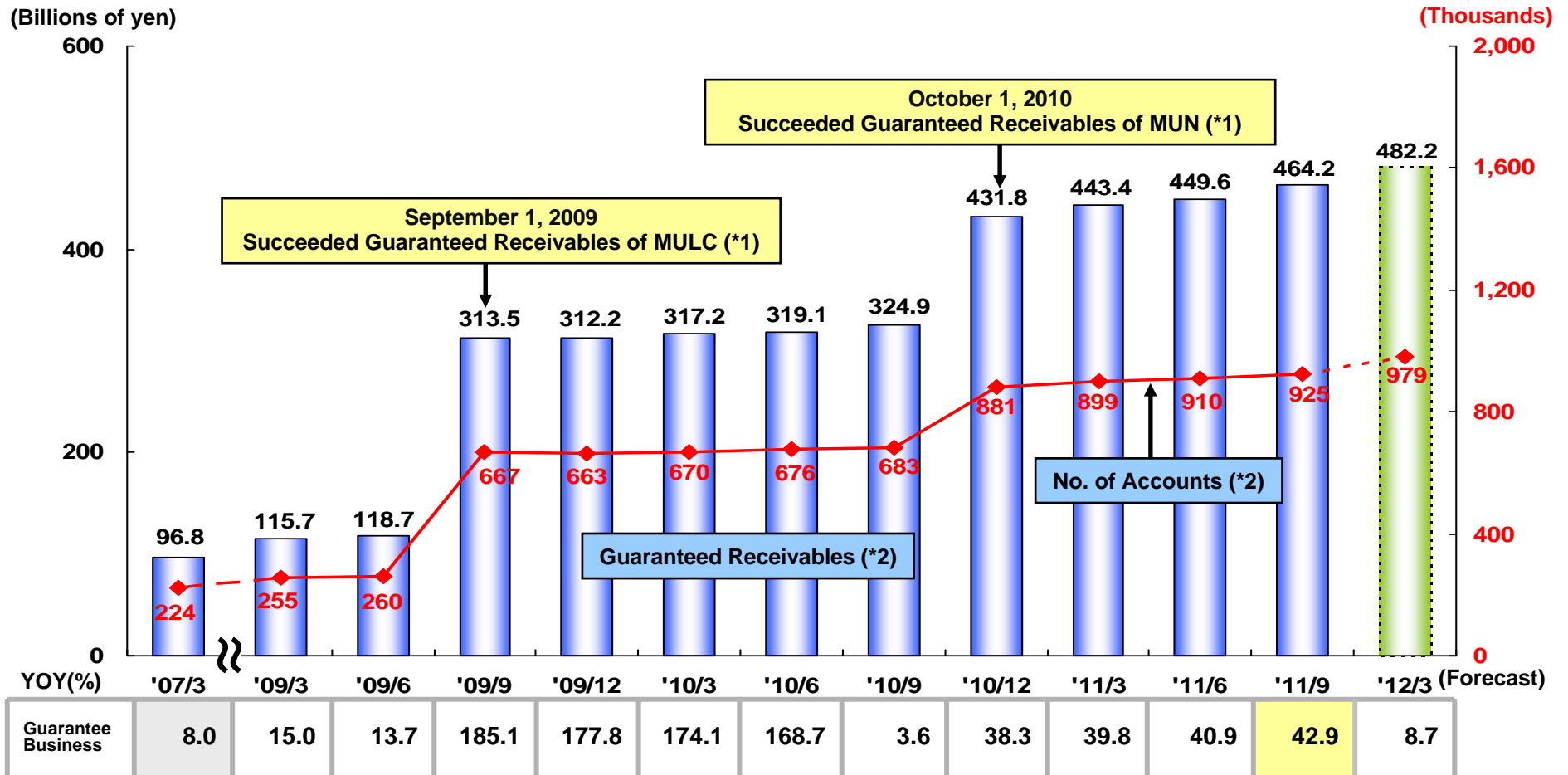
## ◆ Unsecured Loans for Consumers



\* The numbers in brackets indicate quarter-on-quarter changes



# Guarantee Business (ACOM) [Trend in Guaranteed Receivables]



## 21 Affiliates (as of November 1, 2011)

- ✓ Hokkaido Bank, Hiroshima Bank, Suruga Bank, Juroku Bank, Aomori Bank, HACHIJUNI BANK, NISHI-NIPPON CITY BANK, NAGASAKI BANK, Nanto Bank, HOKURIKU BANK, Joyo Bank, Gunma Bank, Bank of Iwate, Bank of Tokyo-Mitsubishi UFJ, Yamagata Bank, Jibun Bank, Seven Bank, Iyo Bank, Daisan Bank, Hyakujushi Bank, Miyazaki Bank

\*1. MULC: The Mitsubishi UFJ Home Loan Credit Co., Ltd. MUN: Mitsubishi UFJ NICOS Co., Ltd.

\*2. Guaranteed receivables and No. of Accounts are listed in consolidated basis (guaranteed by ACOM)



## Loan Business (ACOM) [Provision for Loss on Interest Repayment and Provision of Allowance for Doubtful Accounts]

### ◆ Provision for Loss on Interest Repayment

(Millions of yen)

	2011/3					2012/3			2012/3
	1Q	2Q	3Q	4Q	Total	1Q	2Q	Total	(Forecast)
Provision for Loss on Interest Repayment	2,239	66,163	15,642	159,412	243,456	-	-	-	-
Interest Repayment	21,621	23,924	21,563	37,371	104,479	23,373	23,524	46,898	-
Interest Repayment (Cash out basis)	21,669	23,909	21,563	37,310	104,451	23,443	22,783	46,227	-
Bad Debts Expenses (ACOM's voluntary waiver of repayment)	11,318	13,738	14,380	20,740	60,176	10,909	8,879	19,789	-
Increase or Decrease in Provision for Loss on Interest Repayment	-30,700	28,500	-20,300	101,300	78,800	-34,283	-32,404	-66,687	-
<b>Provision for Loss on Interest Repayment</b>	<b>173,800</b>	<b>202,300</b>	<b>182,000</b>	<b>283,300</b>	<b>249,016</b>	<b>249,016</b>	<b>216,612</b>	<b>-</b>	<b>-</b>

### ◆ Provision of Allowance for Doubtful Accounts

(Millions of yen)

	2010/6	2010/9	2010/12	2011/3	2011/6	2011/9	2012/3
							(Forecast)
Provision of Allowance for Doubtful Accounts	12,269	27,563	42,666	66,904	10,251	23,197	49,800
Bad Debts Expenses	17,219	32,769	49,219	63,037	14,848	28,533	59,400
Loss on Sales of Accounts Receivable-Operating Loans	-	914	1,381	3,071	-	661	1,500
Increase or Decrease in Allowance for Doubtful Accounts	-4,600	-5,700	-7,400	1,199	-4,496	-5,696	-11,200
Increase or Decrease in Provision for Loss on Guarantees	-350	-420	-533	-403	-100	-300	100
<b>Allowance for Doubtful Accounts</b>	<b>57,100</b>	<b>56,000</b>	<b>54,300</b>	<b>62,900</b>	<b>58,400</b>	<b>57,200</b>	<b>51,700</b>



## Loan Business (ACOM) [Trend of No. of Requests for Interest Repayment and Interest Repayment (Cash Out Basis) ]

### ◆ No. of Requests for Interest Repayment (\*1) and Interest Repayment (Cash Out Basis) by Month

(Millions of yen)

	2010/3		2011/3		2012/3		Daily No. of requests (*2)			
	No. of Requests for Interest Repayment	yoy (%)	No. of Requests for Interest Repayment	yoy (%)	No. of Requests for Interest Repayment	yoy (%)				
<b>Total</b>	<b>146,800</b>	<b>6.6</b>	<b>92,232</b>	<b>142,600</b>	<b>-2.9</b>	<b>104,451</b>	-	-	-	
Apr.	14,300	45.9	7,251	11,100	-22.4	6,935	10,100	-9.0	7,231	505
May	12,500	23.8	7,613	9,600	-23.2	7,565	8,900	-7.3	8,406	468
June	14,100	38.2	12,194	10,800	-23.4	7,168	9,500	-12.0	7,805	432
July	13,000	31.3	7,623	9,600	-26.2	7,683	7,300	-24.0	7,675	365
Aug.	10,600	26.2	8,048	8,500	-19.8	7,986	7,500	-11.8	7,607	326
Sept.	11,700	5.4	7,531	9,500	-18.8	8,240	7,400	-22.1	7,500	370
Oct.	13,600	7.9	6,011	13,800	1.5	4,385	-	-	-	-
Nov.	11,200	-1.8	7,338	12,900	15.2	8,244	-	-	-	-
Dec.	12,300	-3.9	6,618	13,100	6.5	8,933	-	-	-	-
Jan.	9,400	-13.8	7,685	12,500	33.0	9,742	-	-	-	-
Feb.	11,400	-18.6	7,511	16,500	44.7	12,469	-	-	-	-
Mar.	12,700	-23.0	6,803	14,700	15.7	15,098	-	-	-	-

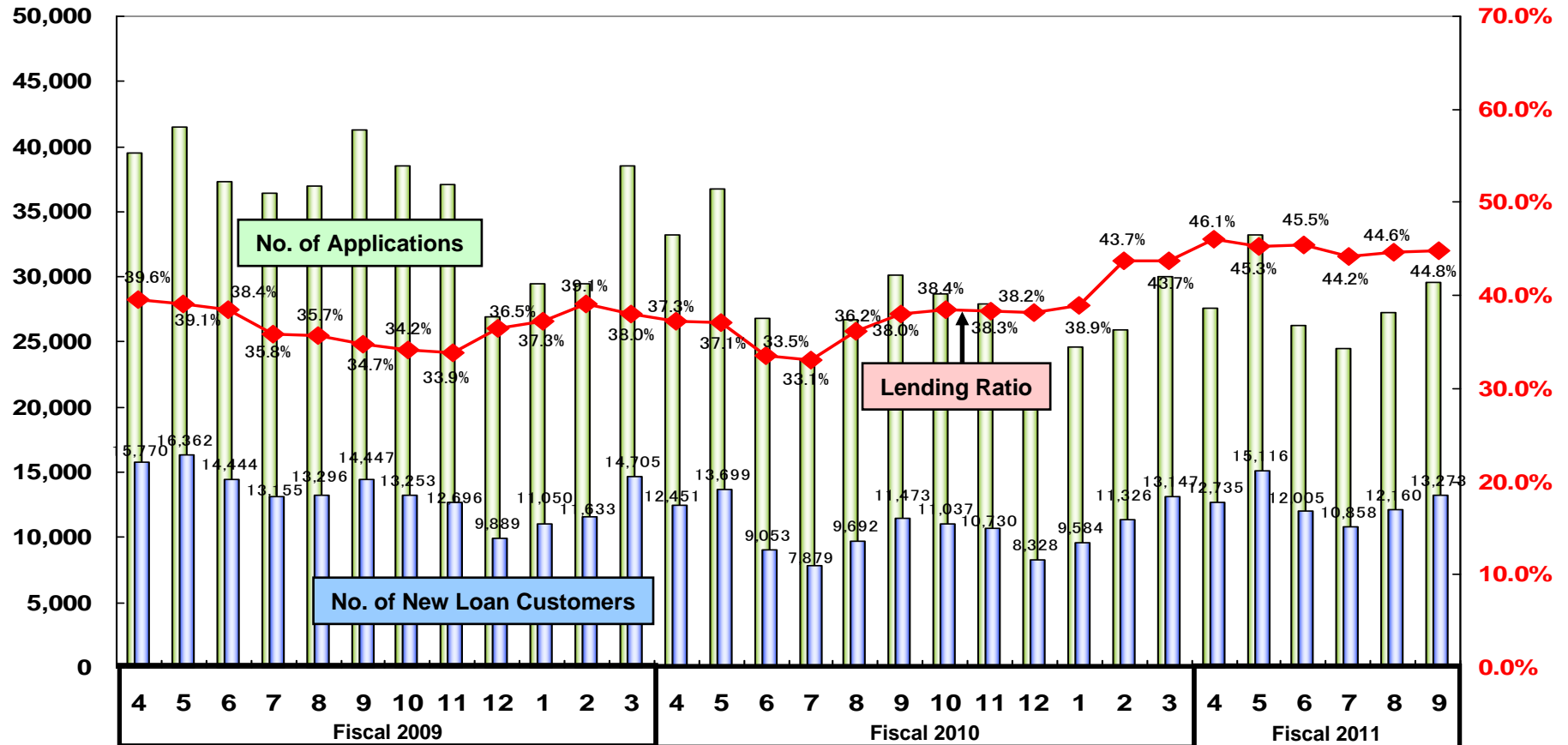
\*1 No. of requests which interest repayments occurs as a result of ACOM's recalculation based on the interest ceiling as specified in Interest Rate Restriction Act from claims which lawyers or judicial scriveners accept debt consolidation

\*2 No. of requests for interest repayment divided by the No. of ACOM's business days in the month



# Loan Business (ACOM) [Trend of No. of Applications, No. of New Loan Customers, and Lending Ratio]

## ◆ Unsecured Loans for Consumers



Quarterly	2009/6	2009/9	2009/12	2010/3	2010/6	2010/9	2010/12	2011/3	2011/6	2011/9	2012/3 (forecast)
No. of New Customers	46,576	40,898	35,838	37,388	35,203	29,044	30,095	34,057	39,856	36,291	140,000

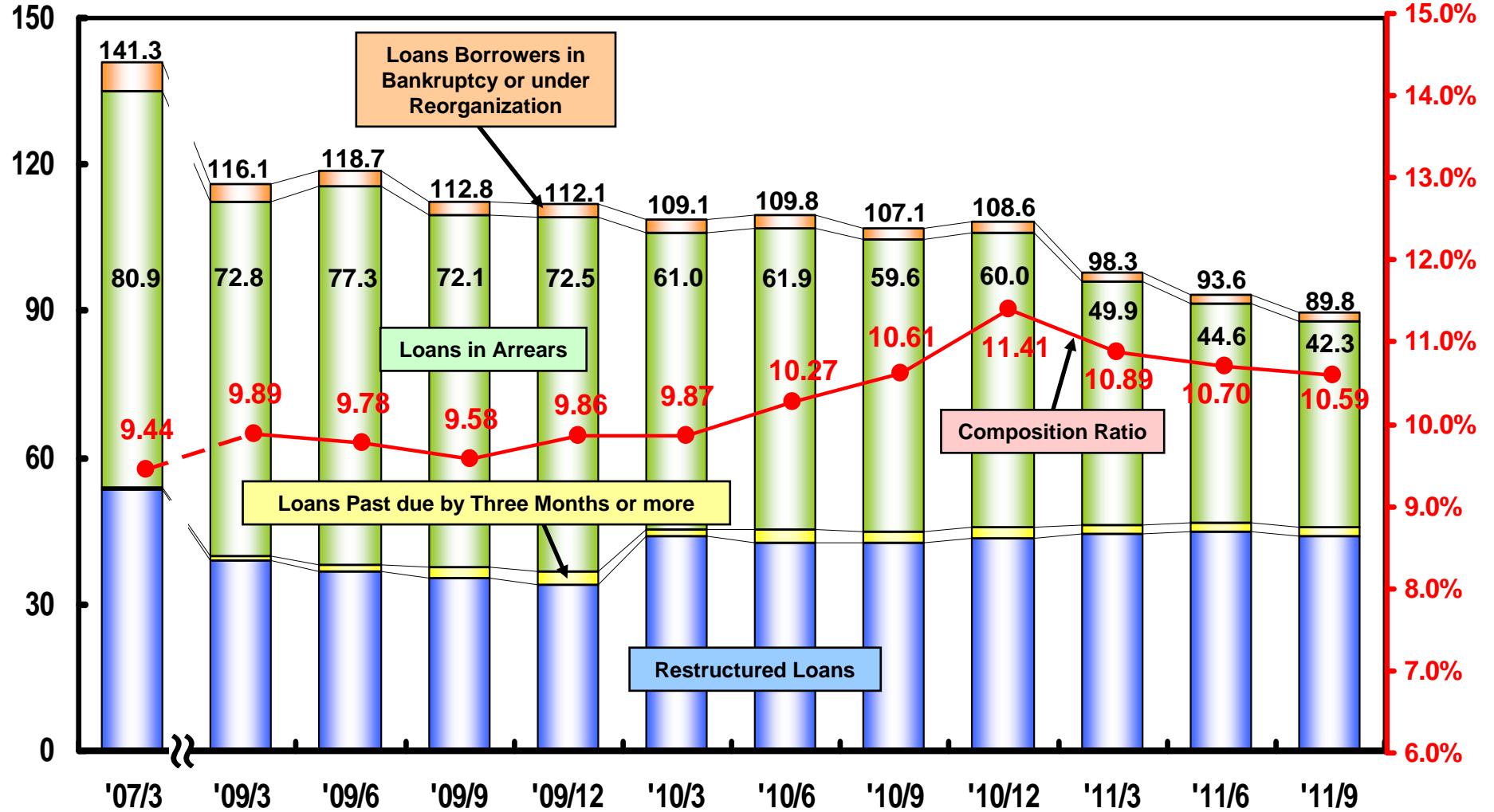
\* "No. of Applications" and "Lending Ratio" above do not include numbers for tie-up card



# Loan Business (ACOM) [Trend of Non-performing Loans]

## ◆ Non-performing Loans

(Billions of yen)





# Funds Procurements (ACOM)

(Millions of yen)

	2011/3			2011/9			2012/3 (Forecast)		
	Results	yoy (%)	C.R. (%)	Results	yoy (%)	C.R. (%)		yoy (%)	C.R. (%)
<b>Borrowings</b>	643,652	-8.8	100.0	667,331	-1.5	100.0	550,100	-14.5	100.0
Indirect	402,561	-13.2	62.5	395,717	-9.3	59.3	345,600	-14.1	62.8
Direct	241,090	-0.2	37.5	271,613	12.7	40.7	204,500	-15.2	37.2
Straight Bonds	202,840	-8.4	31.5	235,862	6.1	35.3	-	-	-
Asset Based Lending	38,250	91.3	6.0	35,751	90.7	5.4	-	-	-
<b>Borrowings with Fixed Rate</b>	558,762	-11.4	86.8	603,747	-0.4	90.5	506,800	-9.3	92.1
<b>Average Nominal Interest Rate on Funds Procured during the Year (%)</b>	1.87			2.07			2.34		
<b>Term Average of Long-term Prime Rate (%)</b>	1.50			1.51			-		
<b>Amount to be paid within one year</b>	240,308			279,926			-		
<b>Cash and Cash Equivalents and Commitments Facilities</b>	254,024			309,861			-		
Cash and Deposits	89,032			118,881			-		
Short-term Loans Receivable	39,991			69,979			-		
Certificate of Deposits	25,000			21,000			-		
Commitment Facilities (Unused amount)	100,000			100,000			-		



**Reference:  
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