



NSX

AUTO FINANCE FORUM

February 11, 2016

Caution with Respect to Forward-Looking Statements:

These slides contain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 of the United States that involve a number of risks and uncertainties. Certain such forward-looking statements can be identified by the use of forward-looking terminology such as “believes,” “expects,” “may,” “will,” “should,” “seeks,” “scheduled,” or “anticipates” or similar expressions or the negative thereof or other variations thereof or comparable terminology, or by discussions of strategy, plans or intentions. Such forward-looking statements are necessarily dependent on assumptions, data, or methods that may be incorrect or imprecise and that may be incapable of being realized. Factors such as declines in the financial condition or performance of Honda or Honda Canada Finance Inc. (“HCFI”) or the sales of Honda or Acura products, changes in general business and economic conditions, and fluctuations in interest rates and currency exchange rates, among others, could cause actual results and other matters to differ materially from those in such forward-looking statements.

Accounting standards:

Consolidated financial information and HCFI financial information in this presentation are prepared in conformity with U.S. generally accepted accounting principles.

Exchange rates:

Throughout this presentation, U.S. dollar amounts described with respect to Honda Motor Co., Ltd. have been translated from Japanese yen solely for the convenience of the reader at the approximate exchange rate prevailing on the Tokyo Foreign Exchange Market on March 31 of the relevant year for which such dollar amounts are presented, unless otherwise noted.

This presentation does not constitute an offer to sell or a solicitation of an offer to purchase any securities. Any offer or sale of securities will be made only by means of an offering memorandum and related documents.

This information is presented as of February 11, 2016 and does not purport to be accurate as of any other date. We undertake no obligation to update this information. This presentation is posted on the American Honda Financial Services website:

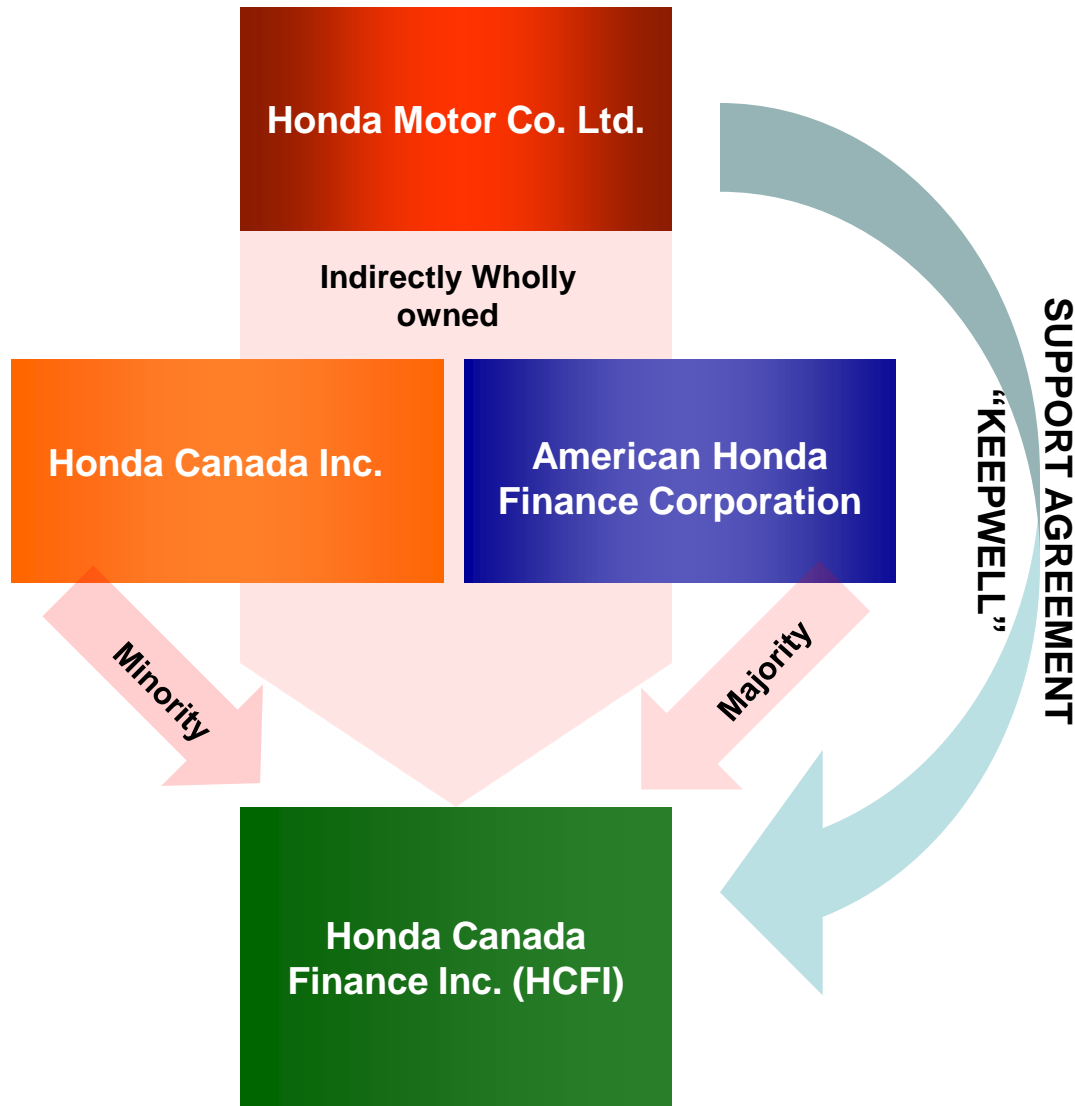
<http://www.hondafinancialservices.com/investor-relations>

- *Honda Motor Co., Ltd. (HM)*
Corporate Profile
- *Honda Canada Finance Inc (HCFI)*
Honda in Canada
Business Environment
Performance
Funding

- **Established:** September 24, 1948
- **Headquarters:** Tokyo, Japan
- **Segments of Business:**
 - Motorcycles (from 1948)
 - Power Products (from 1953)
 - Automobiles (from 1963)
- **Regions of Operation:** Japan, North America, Europe, Asia & Other Regions
- **Number of Employees:** 204,730 as of March 31, 2015
- **Capital:** ¥86 billion as of March 31, 2015

Source: *world.honda.com*

Rating Information:**Moody's
S&P
DBRS****A1 Stable
A+ Stable
A (High) Stable**



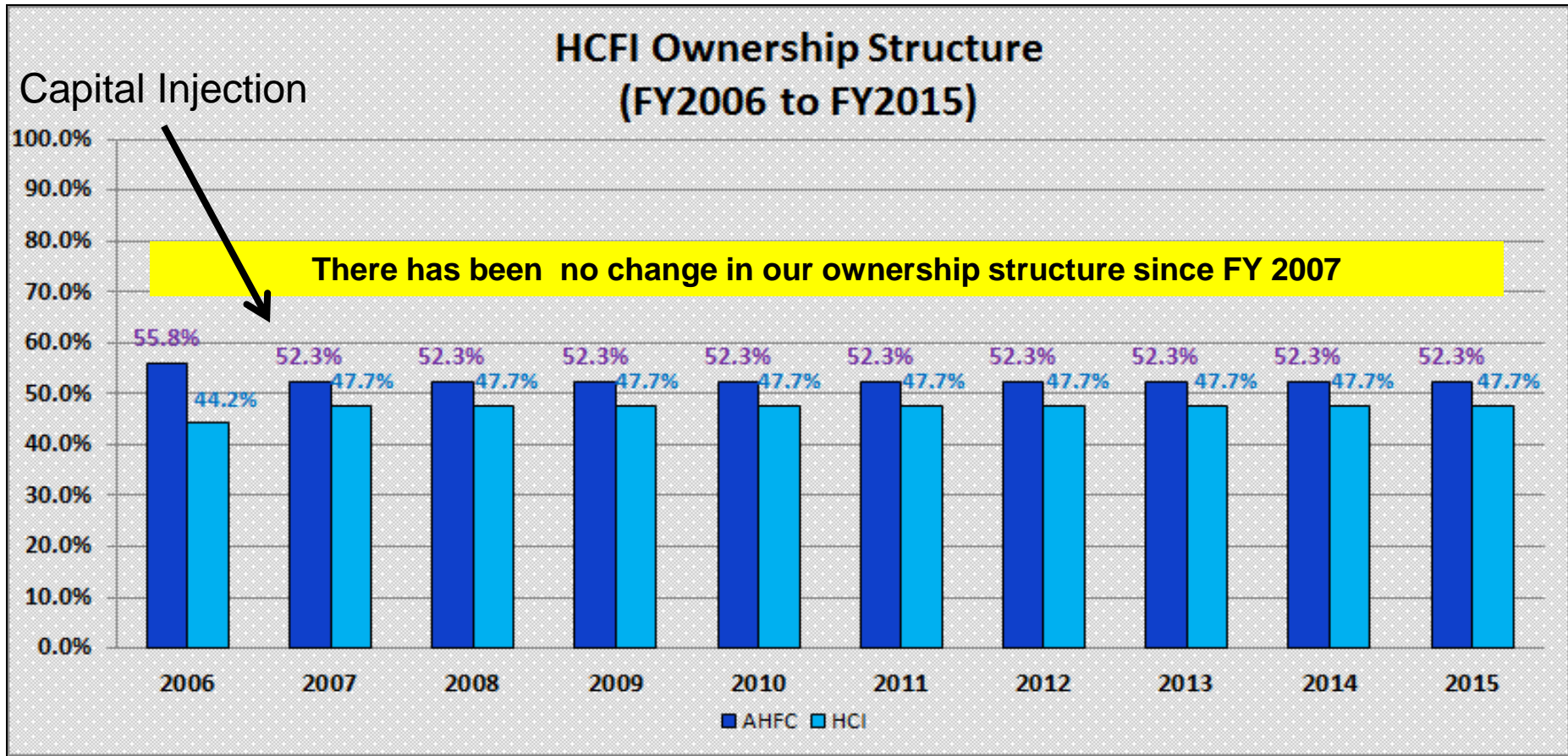
OWNERSHIP STRUCTURE

- *Honda Motor Co. Ltd is 'the Parent' company of both Honda Canada Inc. and American Honda Finance Corp.*
- *HCFI is jointly owned by AHFC and Honda Canada Inc.*
- *AHFC holds a majority of the equity and HCFI is consolidated with AHFC.*

HONDA SUPPORT AGREEMENT HIGHLIGHTS

- *Maintain 80% ownership*
- *Ensure HCFI maintains a positive net worth*
- *Cause HCFI to maintain liquidity to meet obligations*

HCFI OWNERSHIP STRUCTURE



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
% Ownership	82 Ki	83 Ki	84 Ki	85 Ki	86 Ki	87 Ki	88 Ki	89 Ki	90 Ki	91 Ki
AHFC	55.8%	52.3%	52.3%	52.3%	52.3%	52.3%	52.3%	52.3%	52.3%	52.3%
HCI	44.2%	47.7%	47.7%	47.7%	47.7%	47.7%	47.7%	47.7%	47.7%	47.7%

Honda Canada Finance Inc.

(O/A HFS - Honda Financial Services and AFS - Acura Financial Services) **is a captive auto finance company incorporated on January 21, 1987 to assist with sales of all types of Honda manufactured products in the Canadian Market.**

The core mandate continues to remain unchanged, but in recent years we have also focused in supporting the Honda Canada's effort in customer Lifetime Owner Loyalty

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Honda in Canada
Business Environment
Performance
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- **Established a Canadian presence:** 1969
- **Canadian Manufacturing Facilities:** In 2016, Honda will be celebrating 30 years of manufacturing in Alliston, Ontario (2 vehicle and 1 engine plant)
- **Production Capacity:** 390,000 vehicles
- **Number of Employees:** 19,000
- **Vehicles Manufactured in Canada:** Honda: CRV, Civic Sedan, Si and Coupe

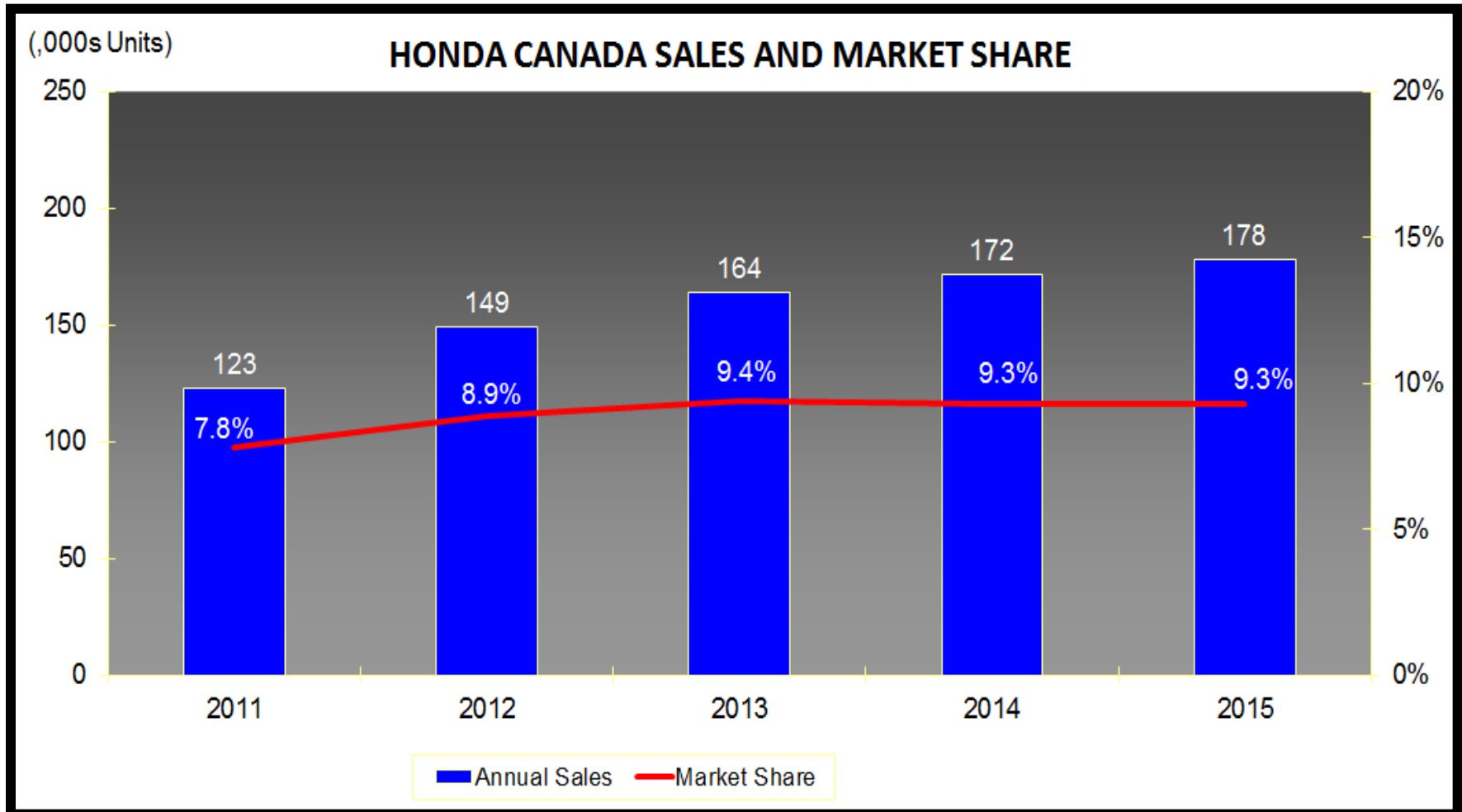


Canadian Sales Flash December 2015

	December 2015	Market Share	December 2014	Market Share	YTD 2015	Market Share	YTD 2014	Market Share	% Changes
Honda/Acura	11,718	9.1%	13,818	10.5%	177,506	9.3%	172,426	9.3%	2.9%
Acura	1,630	1.3%	1,884	1.4%	21,003	1.1%	19,533	1.1%	7.5%
ILX	267	0.2%	163	0.1%	2,551	0.1%	2,752	0.1%	-7.3%
RLX	7	0.0%	24	0.0%	182	0.0%	243	0.0%	-25.1%
TLX	337	0.3%	488	0.4%	5,075	0.3%	3,497	0.2%	45.1%
Acura Passenger Car	611	0.5%	675	0.5%	7,808	0.4%	6,698	0.4%	16.6%
MDX	552	0.4%	658	0.5%	5,814	0.3%	6,272	0.3%	-7.3%
RDX	467	0.4%	551	0.4%	7,380	0.4%	6,557	0.4%	12.6%
Acura Light Truck	1,019	0.8%	1,209	0.9%	13,195	0.7%	12,835	0.7%	2.8%
Honda	10,088	7.8%	11,934	9.1%	156,503	8.2%	152,893	8.3%	2.4%
Accord	1,035	0.8%	1,031	0.8%	14,465	0.8%	16,962	0.9%	-14.7%
Civic	3,987	3.1%	4,031	3.1%	64,950	3.4%	66,057	3.6%	-1.7%
Fit	455	0.4%	898	0.7%	9,088	0.5%	11,732	0.6%	-22.5%
Honda Passenger Car	5,477	4.2%	5,966	4.5%	88,558	4.7%	94,851	5.1%	-6.6%
CR-V	2,478	1.9%	4,603	3.5%	38,961	2.1%	37,684	2.0%	3.4%
HR-V	779	0.6%	0	0.0%	8,959	0.5%	0	0.0%	0.0%
Odyssey	611	0.5%	744	0.6%	11,272	0.6%	11,480	0.6%	-1.8%
Pilot	742	0.6%	413	0.3%	8,230	0.4%	6,113	0.3%	34.6%
Ridgeline	1	0.0%	114	0.1%	229	0.0%	1,803	0.1%	-87.3%
Honda Light Truck	4,611	3.6%	5,968	4.5%	67,945	3.6%	58,042	3.1%	17.1%
Totals - Canadian Vehicle Market:									
Total Passenger Car	40,819	31.7%	48,002	36.5%	715,719	37.7%	763,792	41.3%	-6.3%
Total Light Truck	88,055	68.3%	83,391	63.5%	1,182,766	62.3%	1,085,812	58.7%	8.9%
Total Light Vehicle Sales	128,874	100.0%	131,393	100.0%	1,898,485	100.0%	1,849,604	100.0%	2.6%

In 2015, Honda Canada sales reached a record of over 177,500 units with the sales growth matching the overall Canadian Auto market

Honda Canada – Market Share & Annual Sales



Market share stable at ~ 9.3% (over the past 3 years) with Honda sales climbing steadily following the Japanese Great Earthquake/Tsunami

Consumer Finance & Leasing

Type

Terms

Loans

Automobiles New	24 – 84 Months
Automobiles Used	24 – 72 Months
Motorcycles*	24 – 60 Months
ATV, Marine & Power Equipment	24 – 60 Months

Leases

Terms

Automobiles	24 to 60 months
Motorcycles** (high end)	24 to 48 months

* Up to 72 months term for High-end MC

** Dealer buy back at Residual Value

Dealer Finance

Type

Floor Plan Financing
Construction Loans
Commercial Mortgages
Equipment Finance

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Honda in Canada
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Auto Sales Environment

- New auto sales are at record levels
- Used car prices are strong
- Average age of a car in Canada is over 9.5 years old (DesRosiers)

Auto Financing Environment

- Leasing and customer retention key competitive advantages for Honda and Acura
- Cost of funds are at very low levels
- Monetary policy remains accomodative



Residual Loss Environment

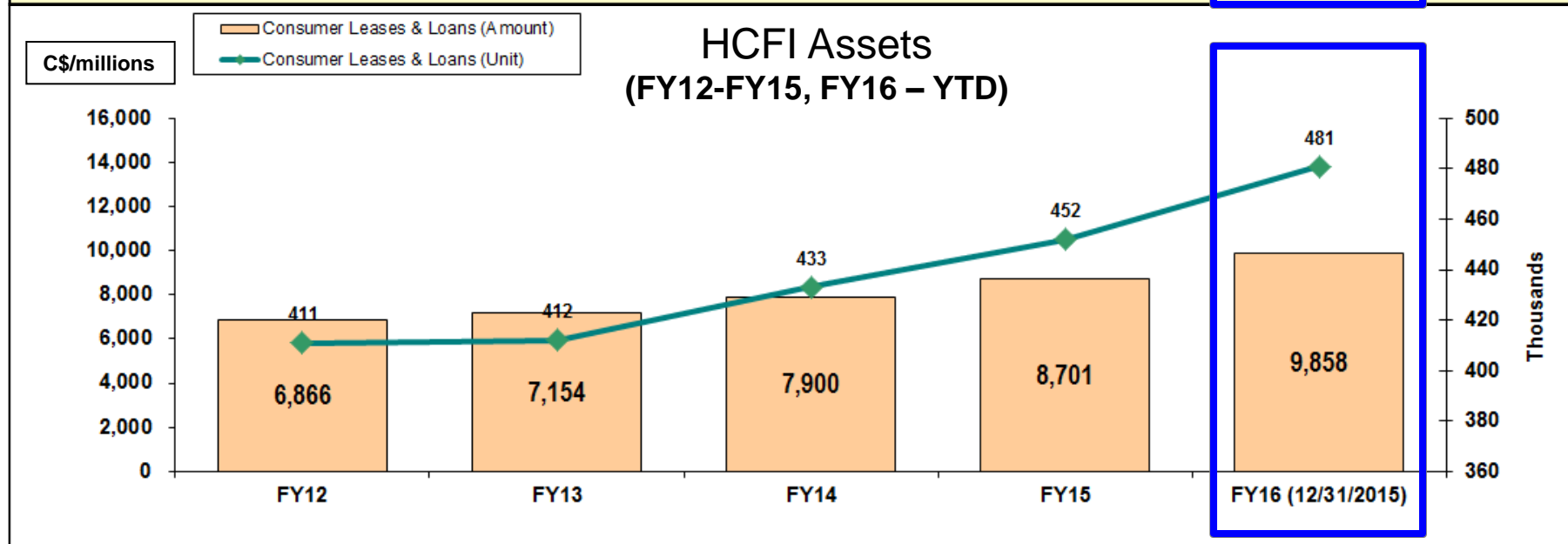
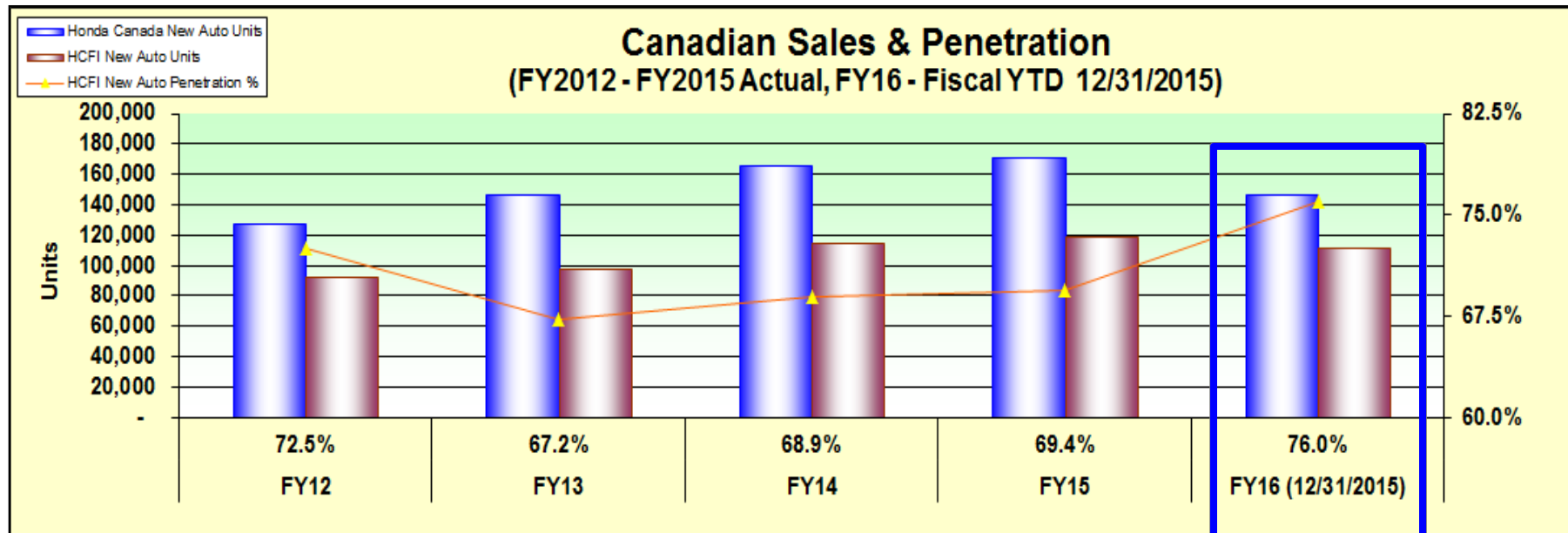
- Residual loss has declined due to the strong used car market with Honda and Acura holding #2 in ALG ranking for 2016

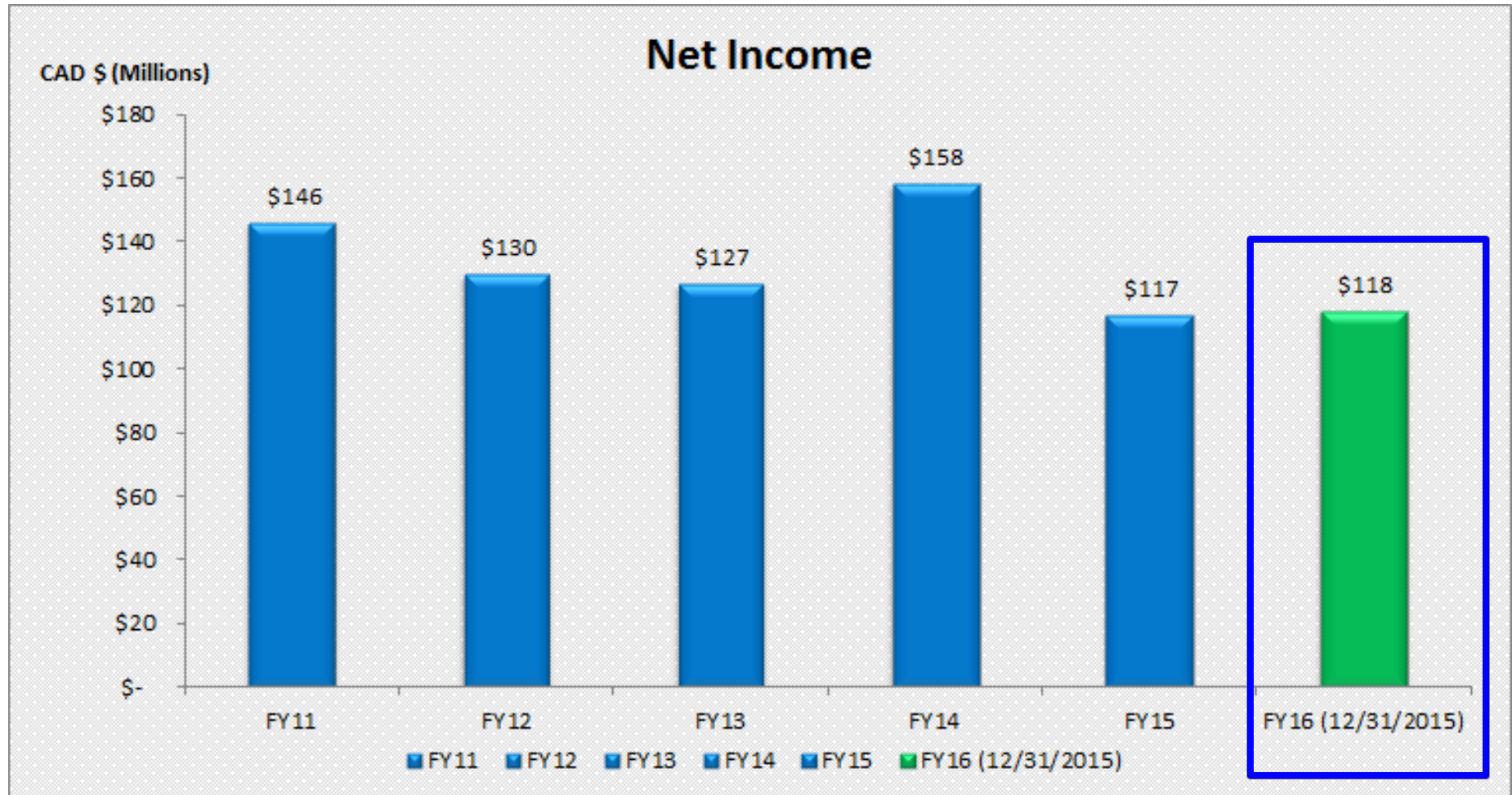


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HCFI Penetration of Canadian Sales





Net income is based upon US GAAP

HCFI Performance Data

Finance Receivable (SEC Reporting)

	FY 2012	FY 2013	FY 2014	FY 2015	Dec-15
Delinquency 60+ (%age of Ending Receivables)	0.06%	0.06%	0.08%	0.12%	0.16%
Net Charge-Offs (%age of Average Receivables)	0.18%	0.17%	0.16%	0.17%	0.28%
Allowance for Credit Loss (%age Of Ending Receivables)	0.23%	0.17%	0.16%	0.16%	0.19%

NOTE:

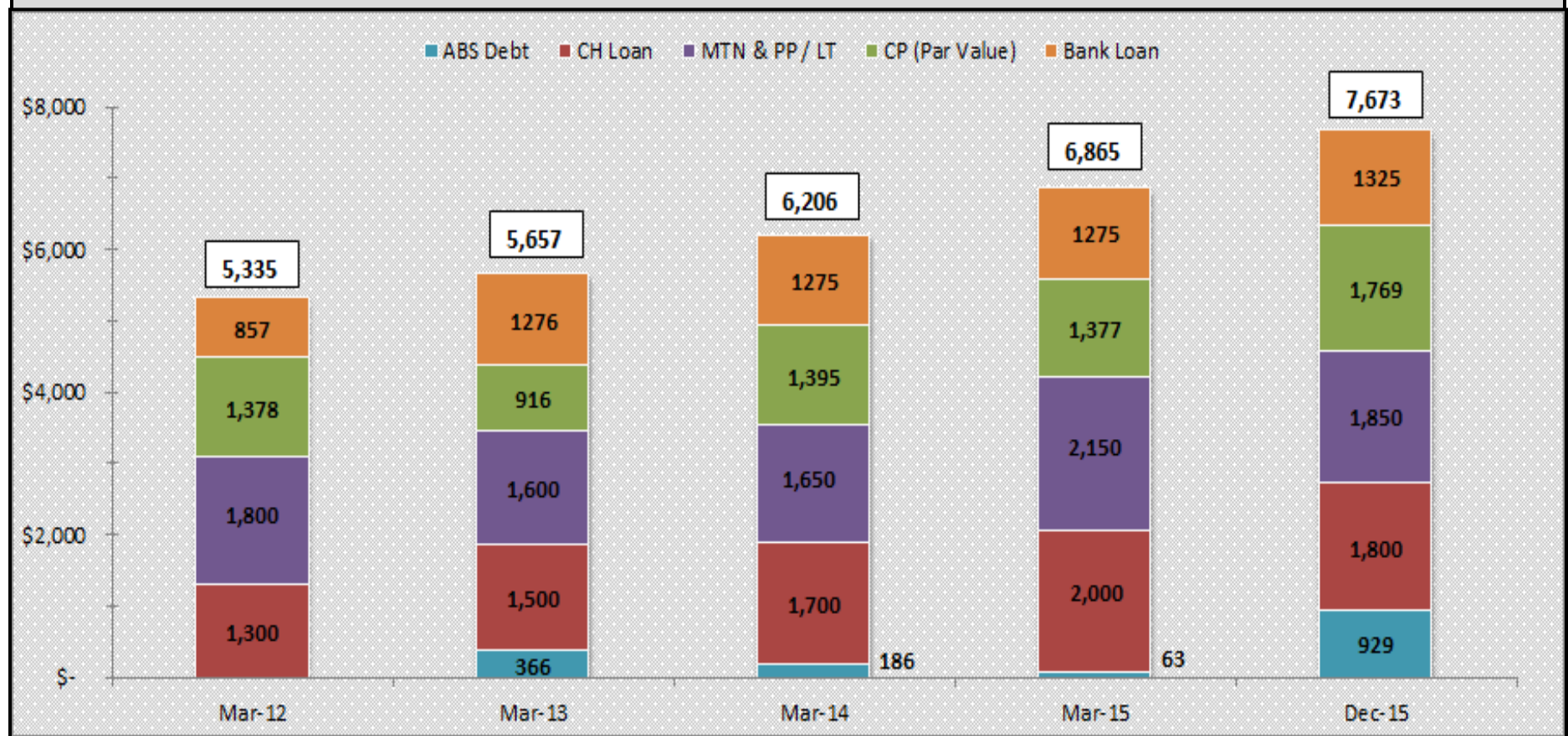
1. Finance Receivables are composed of the following, Retail, Direct Finance Lease, Wholesale Receivables and Commercial Loans.
2. Operating Leases introduced in FY2014 (July 2013) is not included in the Finance Receivable Reporting
3. Ending and Average Receivables balance exclude the allowance for credit loss, write down of lease residual value, unearned subvention income related to HCFI's incentive financing program and deferred origination cost.
4. Average receivable balances are calculated based on the average of each month's ending receivable balance for that fiscal year.
5. Percentages for the 9 months ended (Dec 31, 2015) have been annualized
6. Delinquency/Non-Performing AR are accounts that are 60 days or more past due

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- \$2.0 Billion Commercial Paper Program
- \$1.6 Billion Syndicated Credit Facility
- Private Placement Term Debt Program
- Securitization
- Inter-Company Loans (Term < 120 days)
- Bank Loans

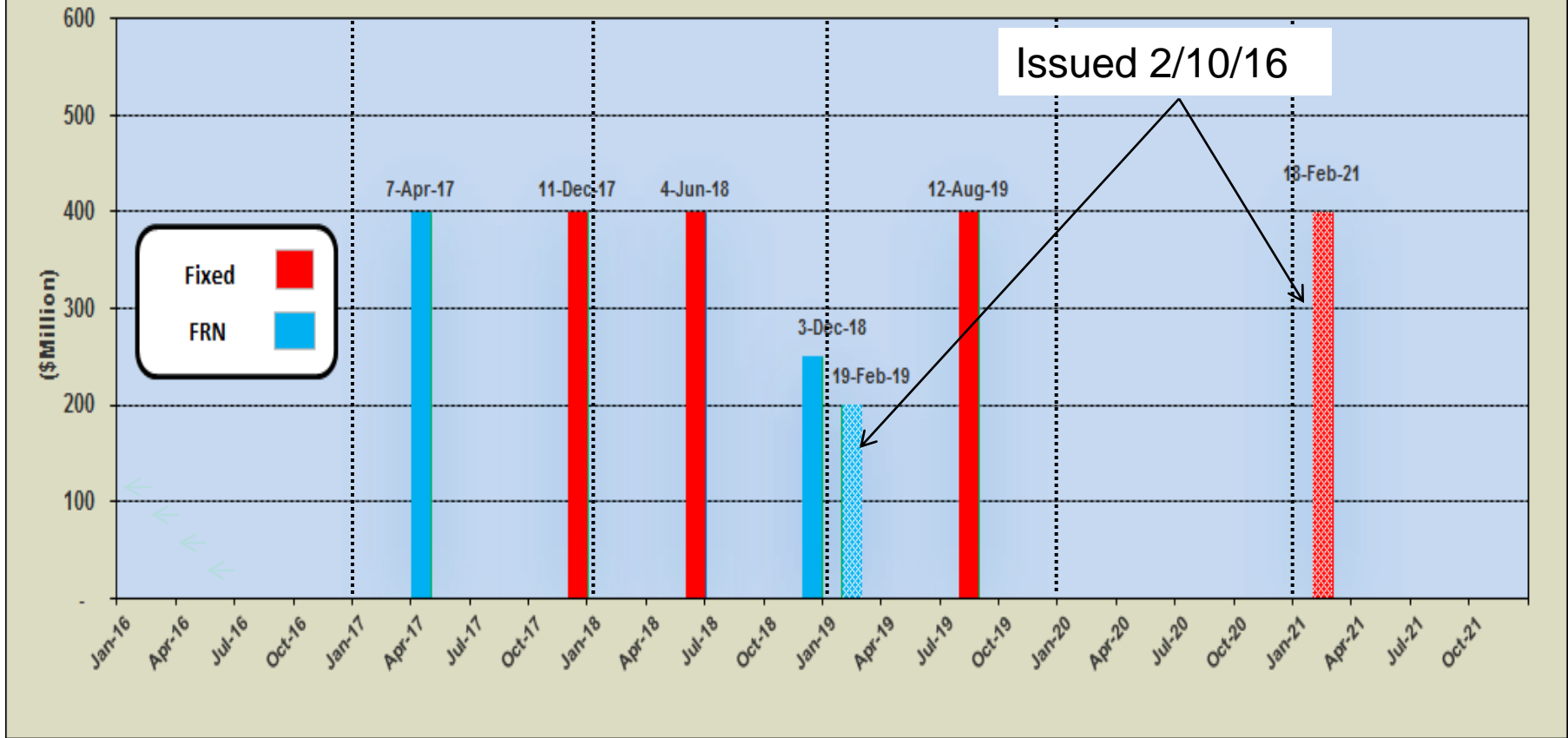
HCFI Debt Outstanding

HCFI Debt Profile
FY2012 – FY2015 Actual, FY2016 YTD 12/31/2015



Private Placement Program

PRIVATE PLACEMENT MATURITY PROFILE 2016 TO 2021

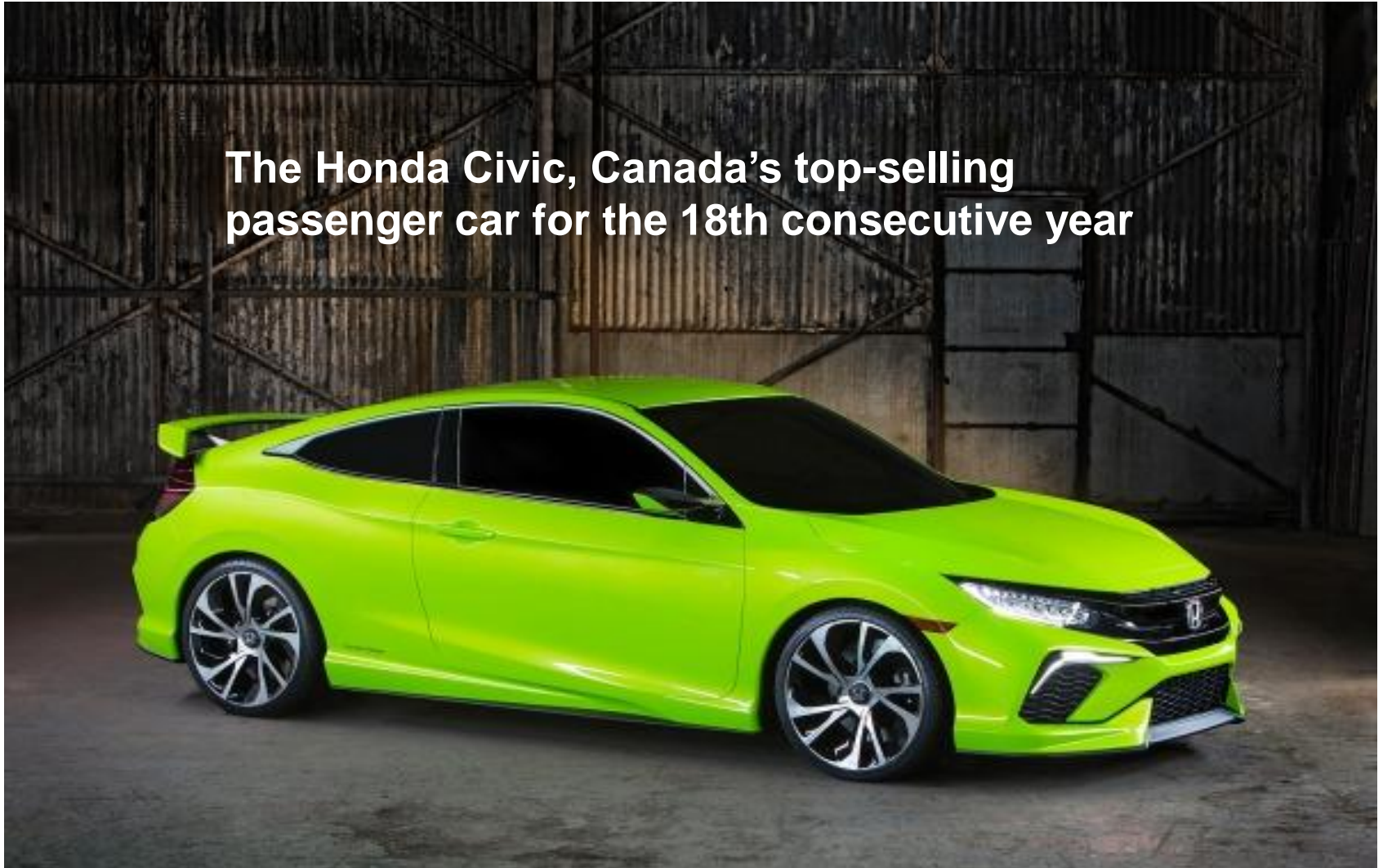


Current Outstandings: \$1.85 Billion

Provide stability to support Honda/Acura sales

- *Continue to access domestic market and bank loans*
- *Strengthen our investor relationships*
- *Conservative approach to markets*
- *Maintain prudent maturity profile*
- *Maintain Canadian Credit Curve*

**The Honda Civic, Canada's top-selling
passenger car for the 18th consecutive year**



QUESTIONS?



2016 Honda Ridgeline