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公益社団法人 日本証券アナリスト協会

First Half of Fiscal Year 2015 Earnings Presentation

J Trust Co., Ltd.

November 25, 2014

1. Overview of Consolidated Financial Result for the 1st Half of FY2015

Director & General Manager
General Accounting & Finance Department
Taiji Hitachi

2. J Trust Group's Future Management Strategy

President & CEO
Nobuyoshi Fujisawa

3. Q & A

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Major Achievement During the 1st Half of FY2015

Major achievement regarding M & A

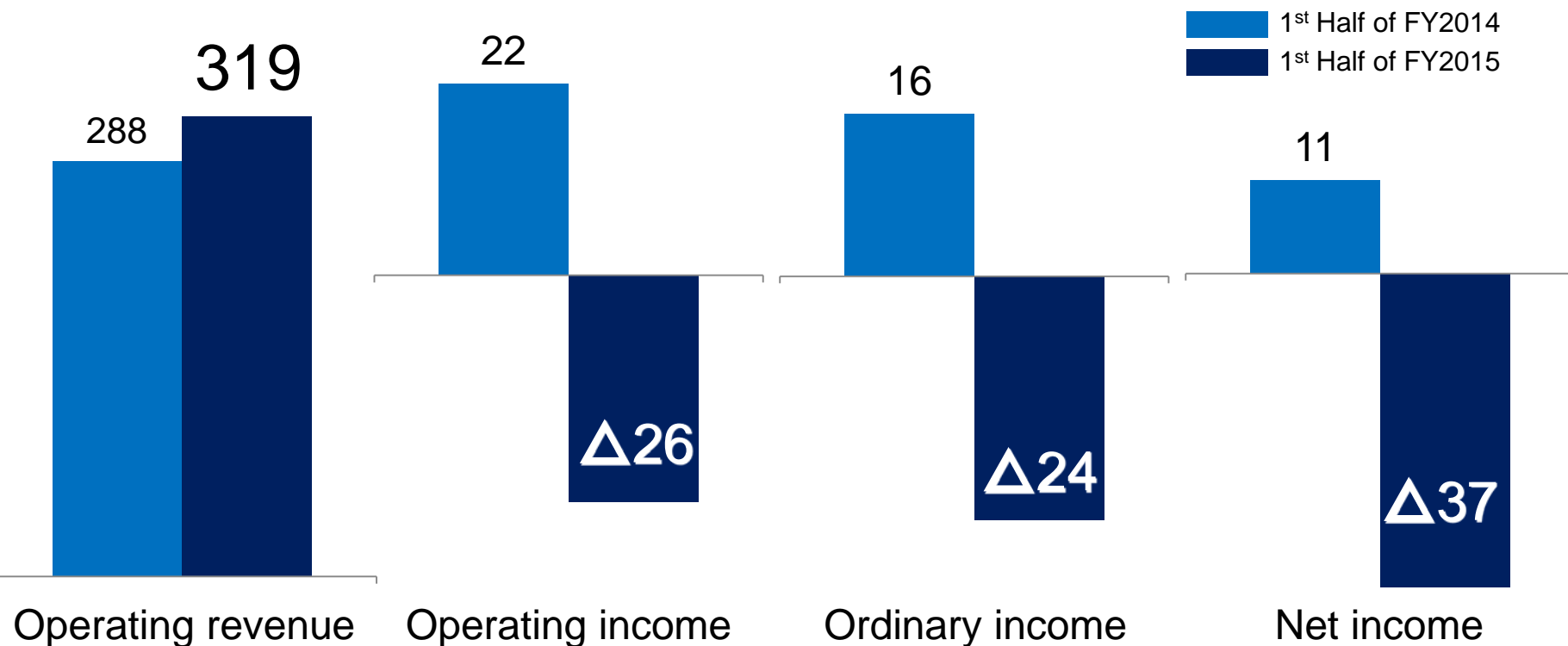
- Announced the plan to acquire Standard Chartered Capital (Korea) and Standard Chartered Savings Bank Korea
 - Procedure to acquire shares in progress
- Sale of KC Card's credit card business to SoftBank group
 - Sales price: 35 billion yen + Repayment of loans 5.4 billion yen = Total 40.4 billion yen (original share acquisition price: 4.4 billion yen)
- Transferred loan business of three consumer finance companies in South Korea to Chinae Savings Bank
 - Amount of transferred loans receivable: 25.3 billion yen (Established the organization structure of business in South Korea)
- Selected as a successful bidder to acquire shares of Bank Mutiara in Indonesia
 - Acquired shares after obtaining approval from Financial Services Authority of Indonesia for J Trust to become the major shareholder of Bank Mutiara (November)
- Obtained the right of first refusal regarding the acquisition of Aju Capital (November)
 - Negotiation regarding various conditions with sellers in progress

Overview of Consolidated Financial Result for the 1st Half of FY2015

Point

- Achieved the best operating revenue (31.9 billion yen)
- Operating loss 2.6 billion yen, ordinary loss 2.4 billion yen, net loss 3.7 billion yen
 - Temporary expenses at KC Card and Chinae Savings Bank (approximately 3.6 billion yen) put downward pressure on profit

Unit: 100 million yen

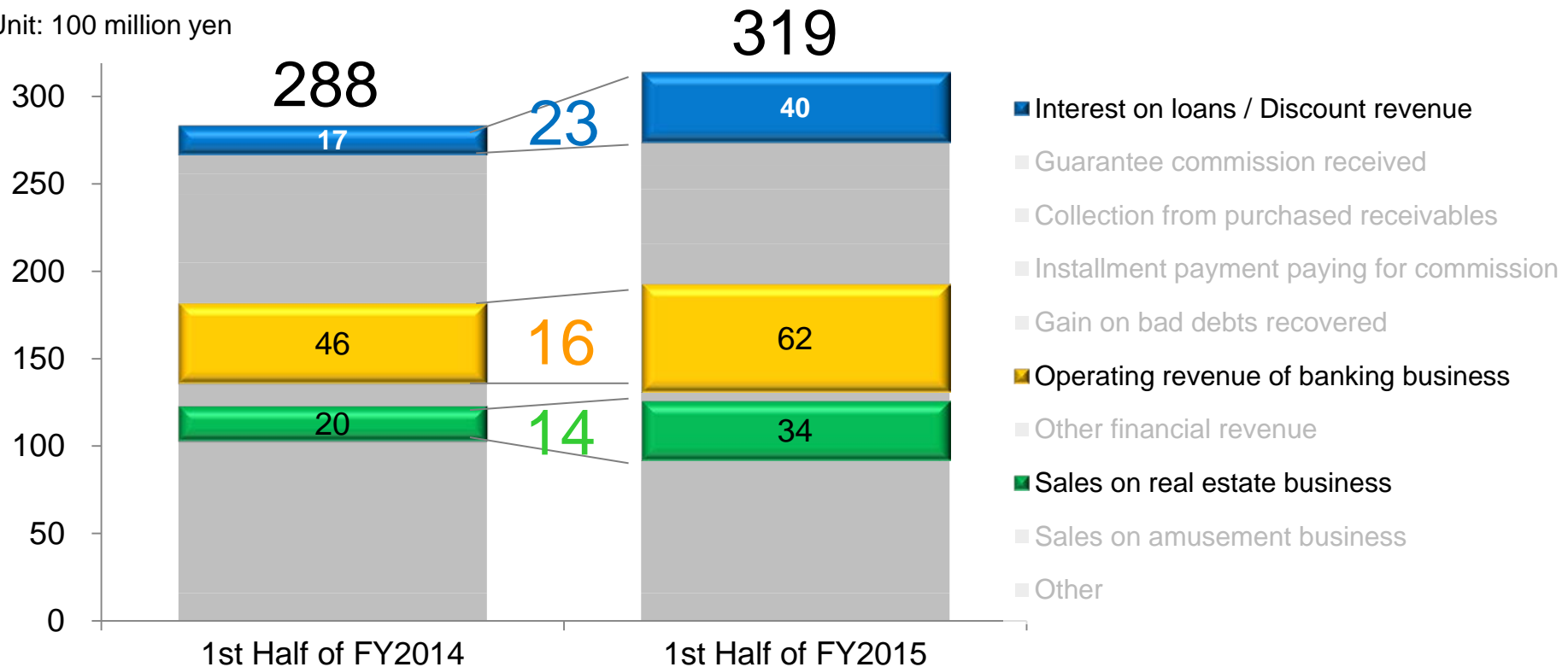


- Reasons Behind Increase in Operating Revenue -

Point

- Operating revenue increased by 3.1 billion yen (YOY)
 - Transfer of loans receivable (25.3 billion yen) from three consumer finance subsidiaries and increase in new loan account boosted operating revenue of banking business by 1.6 billion yen
 - Inclusion of KJI and HICAPITAL 's P/L in consolidated financial statement increased interest on loans by 2.3 billion yen
 - Completion and delivery of properties was carried over from the previous fiscal year and it contributed to increase in sales on real estate business by 1.4 billion yen

Unit: 100 million yen

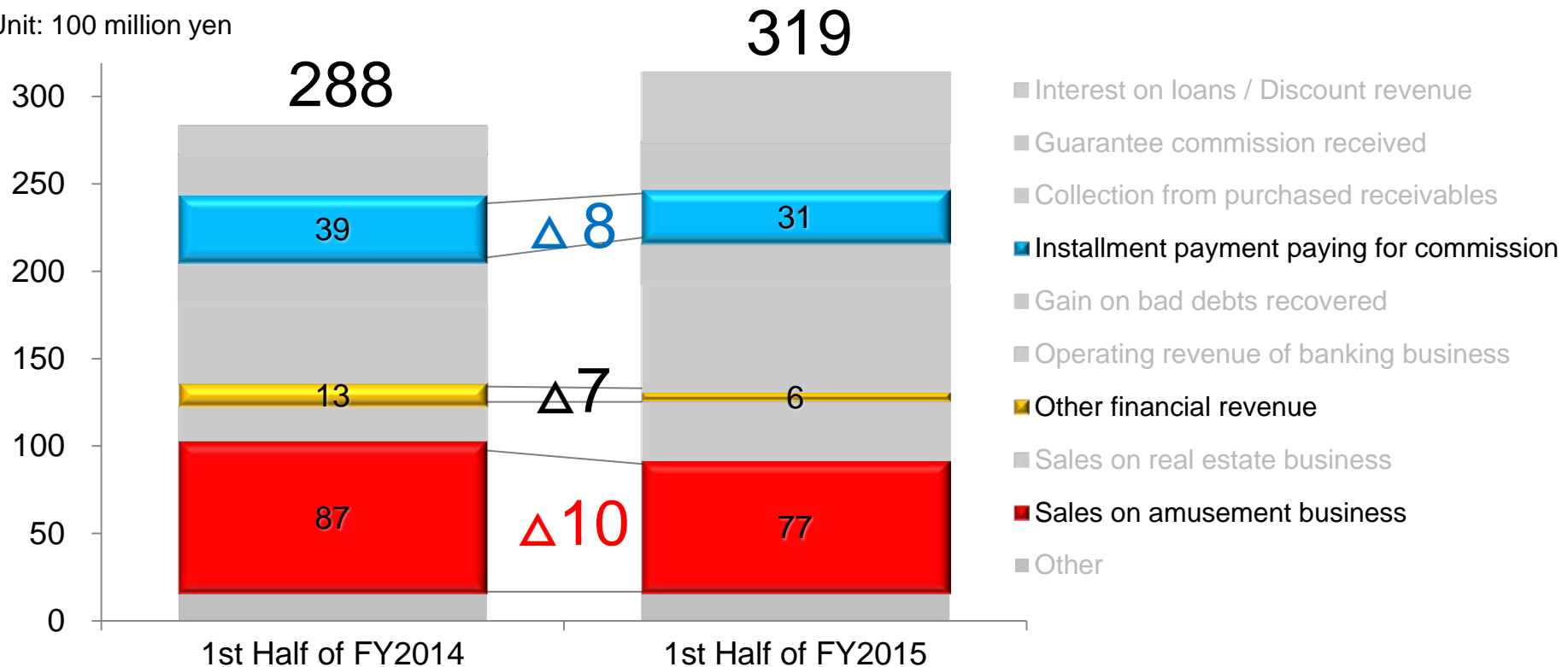


- Reasons Behind Decrease in Operating Revenue -

Point

- Decrease in balance of advances paid-installment led to decrease in installment payment paying for commission by 0.8 billion yen
- Progress with collection of loans receivable caused decline in balance of loans receivable which led to decrease in other financial revenue by 0.7 billion yen
- Increase in consumption tax and surge in popularity for free social network game etc. resulted in decline in sales on amusement business by 1 billion yen

Unit: 100 million yen



- Reasons Behind Change in Operating Income -

Point

- Operating income decreased by 4.8 billion yen (YOY)
- Recorded loss on sale of loans receivable(1.3 billion yen) at Chinae Savings Bank
 - Cost of goods in real estate business increased by 1.1 billion yen
 - SG & A increased due to inclusion of KJI and HIC in consolidated P/L
 - Increase in provision for loss on interest repayment at KC Card
 - Temporary increase in provision for doubtful accounts at Chinae Savings Bank due to the transfer of loan business from three consumer finance companies and disposal of NPL

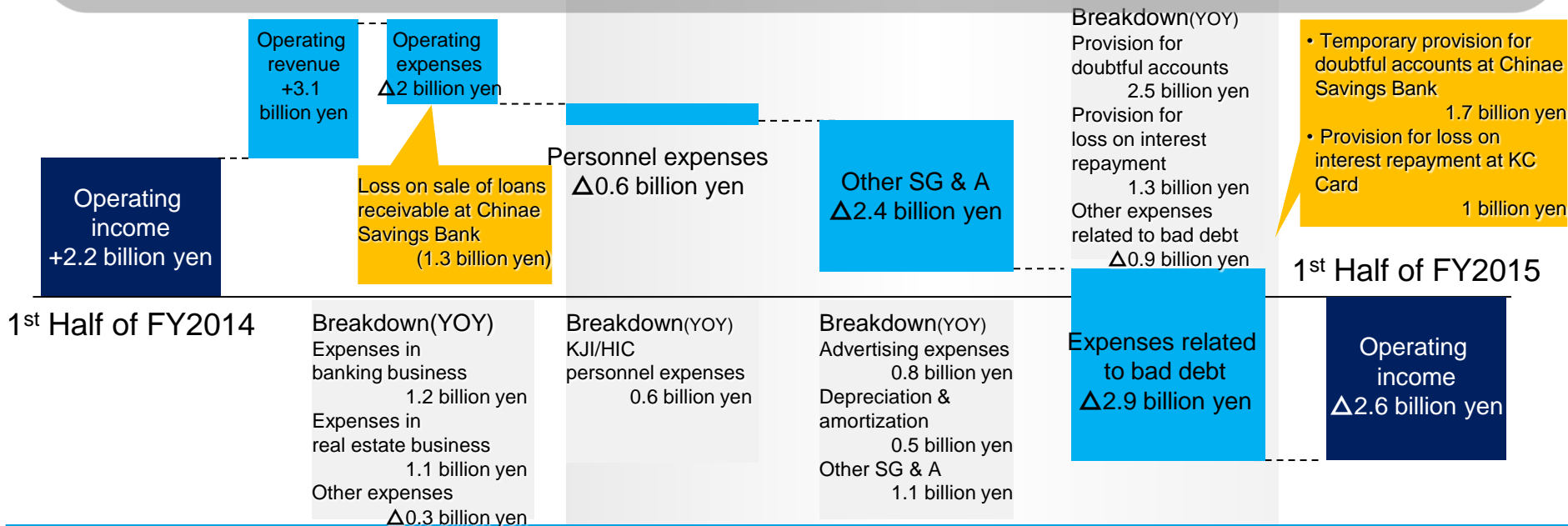


Operating expenses
increase by
2 billion yen



SG & A increase
by 5.9 billion yen

- After the sale of KC Card, no provision for loss on interest repayment will be posted after January



Point

- Decrease in ordinary income by 4 billion yen (YOY)
 - Recorded ordinary loss of 2.4 billion yen (FY2015) against ordinary income of 1.6 billion yen (FY2014)
- Decrease in net income by 4.8 billion yen (YOY)
 - Recorded net loss of 3.7 billion yen (FY2015) against net income of 1.1 billion yen (FY2014)
 - Recorded extraordinary loss of 0.7 billion yen due to posting of impairment loss of goodwill (0.6 billion yen) etc. at Chinae Savings Bank

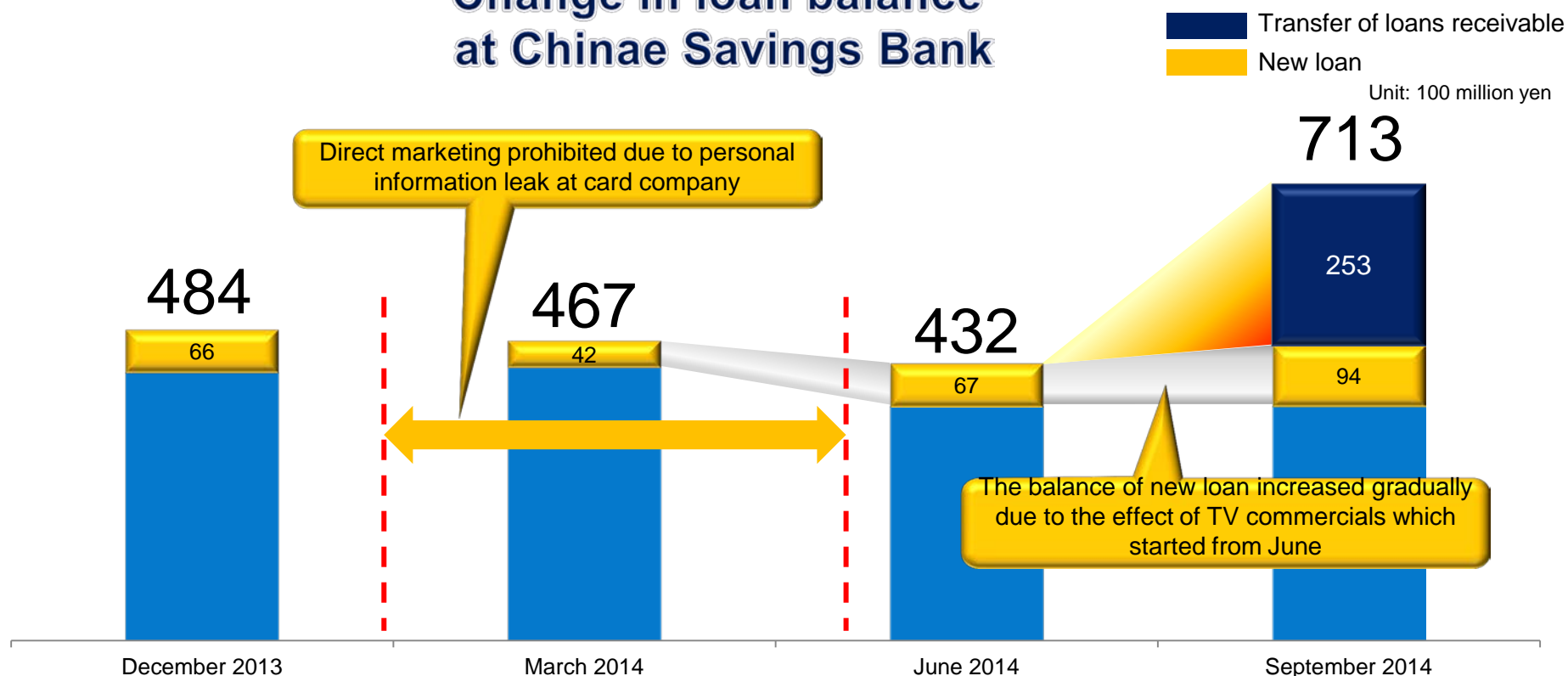
Unit: 100 million yen

	FY2014	FY2015	Change
Operating income	22	Δ26	Δ48
Non-operating income	6	2	Δ4
Non-operating expenses	12	1	Δ11
Ordinary income	16	Δ24	Δ40
Extraordinary income	1	0	Δ1
Extraordinary loss	1	7	Δ6
Income tax and minority interests	5	5	0
Net income	11	Δ37	Δ48

Point

- Prohibition of direct marketing for 4 months from January 2014
- Commencement of TV commercial from June 2014 resulted in increase in number of new loan account
- After assumption of consumer loans receivable (25.3 billion) in August 2014, balance of loans receivable reached 71.3 billion yen

**Change in loan balance
at Chinae Savings Bank**

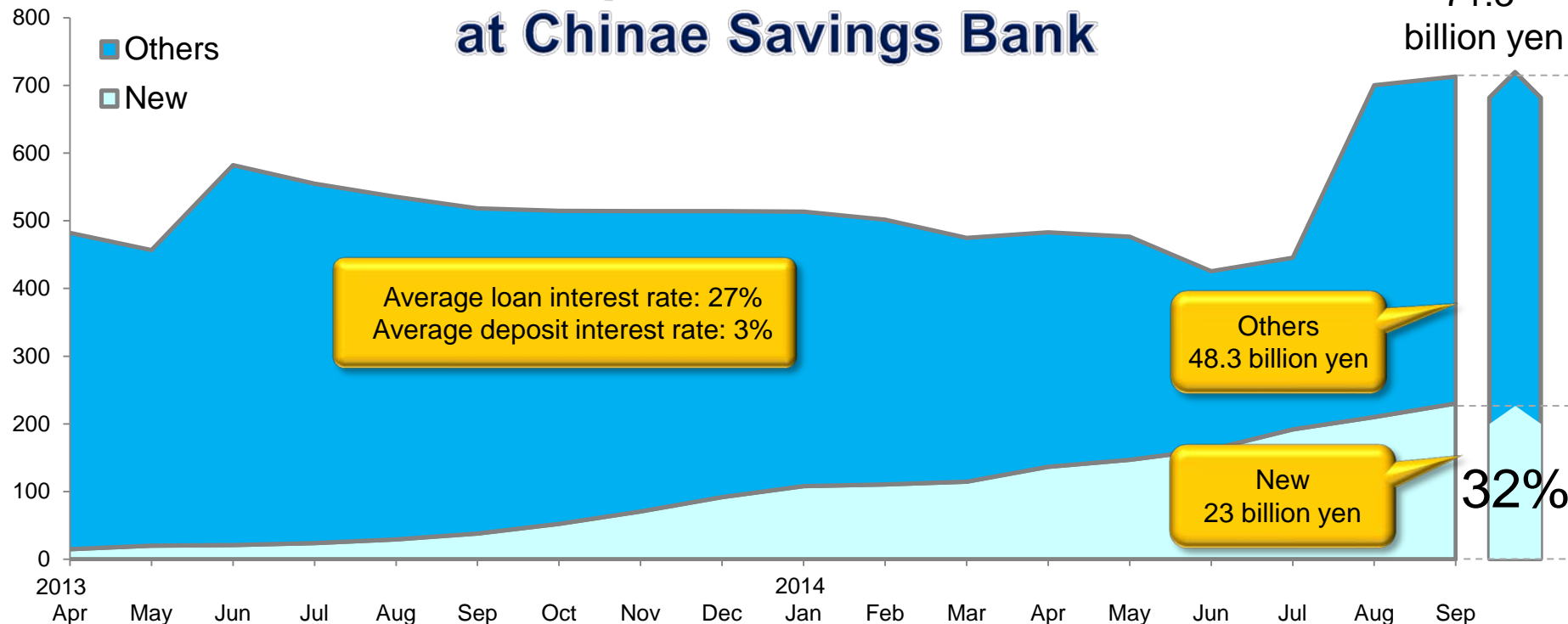


Point

- As of September 2014, balance of new loans is 23 billion yen, consisting 32% of total loan balance
- Bad debt ratio of new loans receivable is below 5%, the quality of loans receivable improved

Change in loan balance at Chinae Savings Bank

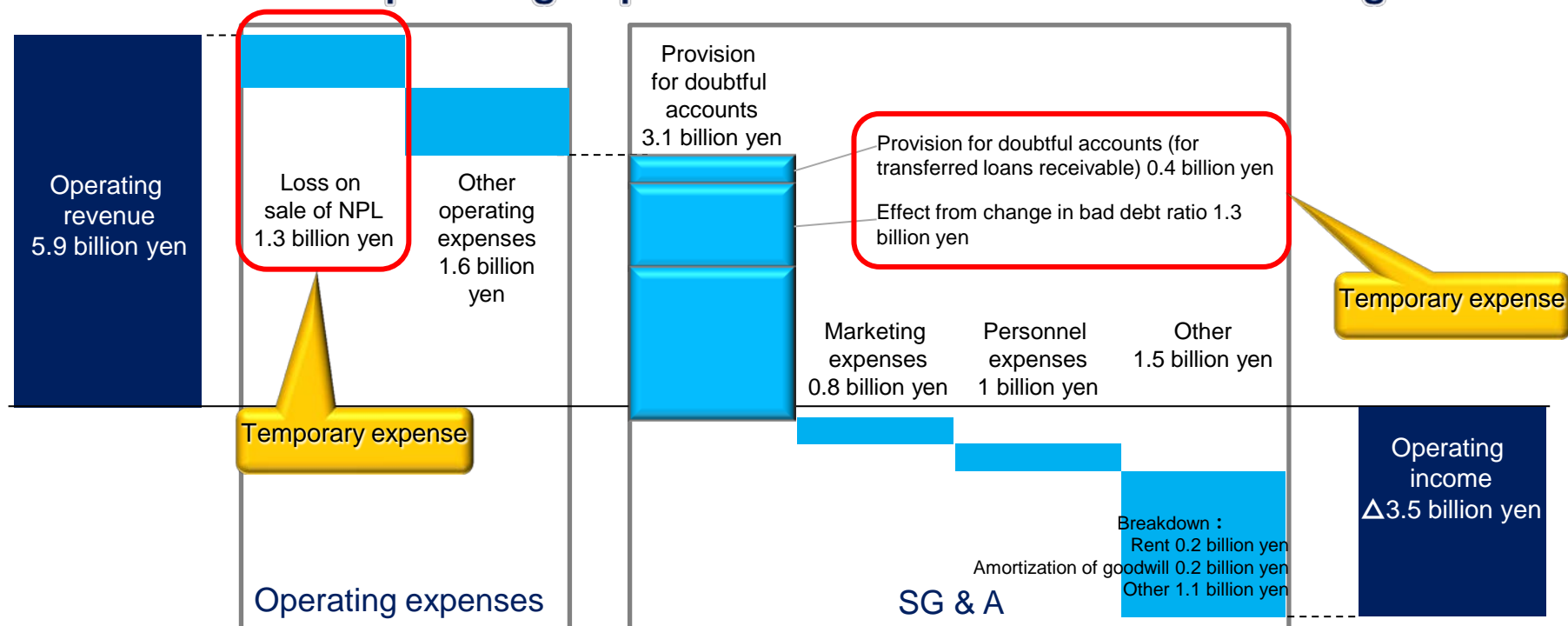
Unit: 100 million yen



Point

- Owing to the reversal of provision for doubtful accounts (6.9 billion yen) during the previous fiscal year, loss on sale of NPL (1.3 billion yen) was recorded due to sale of NPL (4.5 billion yen)
- Provision for doubtful accounts (0.4 billion yen) was posted due to the assumption of loans receivable from three consumer finance companies
- Due to the change in bad debt ratio, additional allowance for doubtful accounts (1.3 billion yen) was recorded

Breakdown of operating expenses and SG & A at Chinae Savings Bank



J Trust Group's Future Management Strategy

President & CEO
Nobuyoshi Fujisawa

Point

- Reasons behind net loss for the 1st half of FY2015
 - Additional allowance for doubtful accounts at Chinae Savings Bank
 - Amortization of goodwill at Chinae Savings Bank
 - Provision for loss on interest repayment at KC Card
- Reasons for no change in full year forecast
 - Planned acquisition of shares of SC Savings Bank Korea and SC Capital (Korea)
 - Various factors such as negative goodwill from other M & A will boost profit

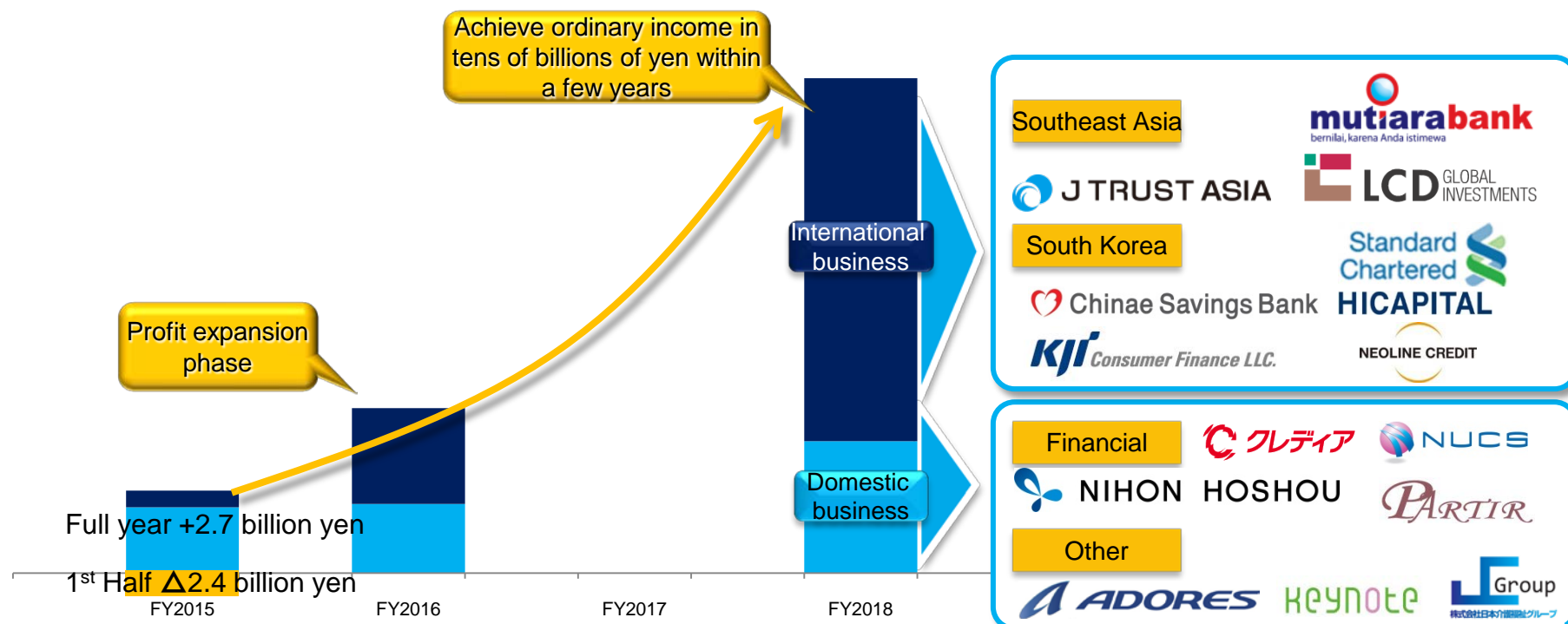


Hit the bottom during the 1st half of FY2015
Moving on to the turnaround phase

J Trust Group's Direction and Growth Strategy

Point

- Through M & A, established business structure with capacity to generate profit in tens of billions of yen
 - Alliance with and acquisition of Indonesian banks
 - Investment in overseas real estate business and casino business
 - Entry into elderly care business in Japan



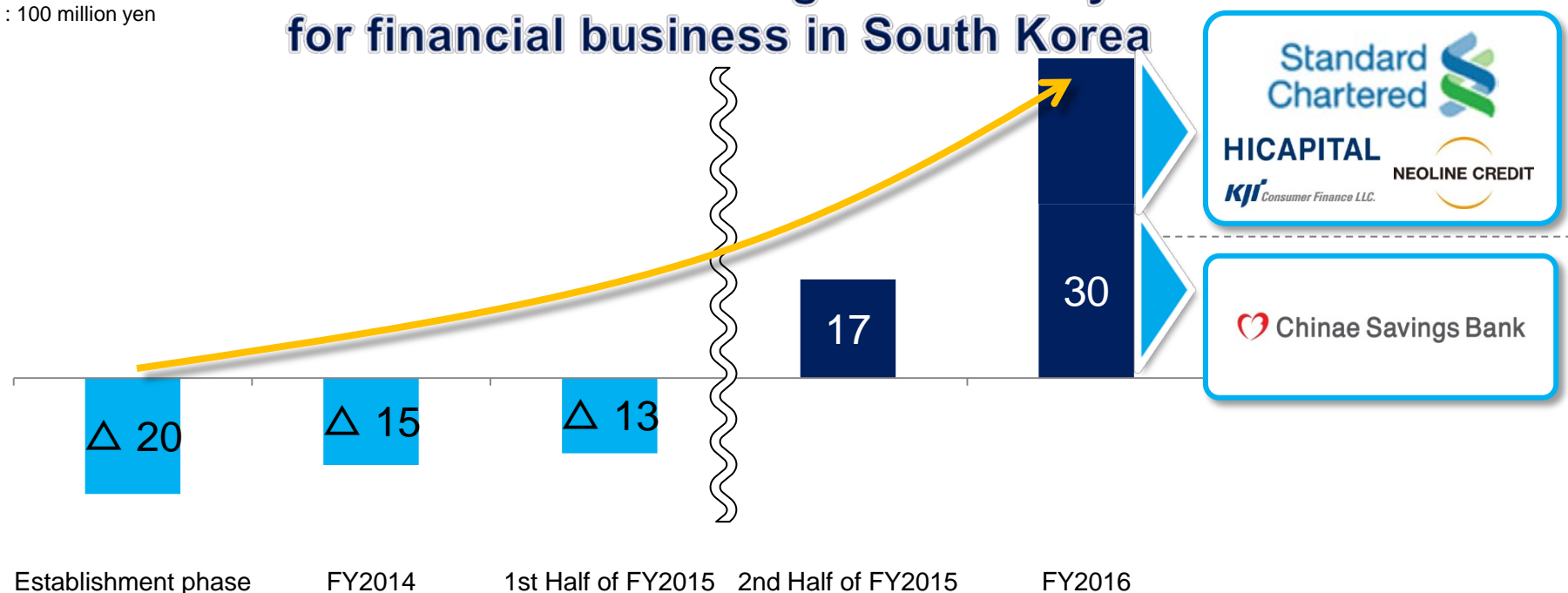
Business in South Korea

Point

- Chinae Savings Bank will post profit (based on accounting standard in South Korea) within three years from establishment
 - Establishment phase $\Delta 2$ billion yen, previous year $\Delta 1.5$ billion yen, 1st half of this fiscal year $\Delta 1.3$ billion yen
 - Forecast to post profit for full year with ordinary income of 1.7 billion yen for the 2nd half of this year
 - With the current organization structure, ordinary income for the next fiscal year is expected to be 3 billion yen

**Illustration to show the change in ordinary income
for financial business in South Korea**

Unit : 100 million yen



Point

➤ Steady increase in new loan at Chinae Savings Bank

- With aggressive direct marketing mainly with TV commercial, the new loan balance increased by 16.4 billion yen after June
- With addition of SC Savings Bank Korea, Chinae Savings Bank's operation area will expand to approximately 70% of South Korea



Unit : 100 million yen

Monthly new loan originations at Chinae Savings Bank

Prohibition of direct marketing activities
due to the personal information leak at card company

Commencement of TV commercial



Point

- Transfer of loan business from three consumer finance companies to Chinae Savings Bank completed
 - Chinae Savings Bank will accelerate consumer loan business using the low interest rate deposit as funding
- Consumer finance companies will specialize in purchase and collection of NPL
 - Accelerate the purchase of NPL
 - Promote efficient business operation through business restructuring of three companies

Savings Bank Business

 **Chinae Savings Bank**



Low interest rate deposit
as the funding for business operation

Able to provide low interest rate loan

Utilize customer base of
consumer finance companies



Transfer of
loan business

Purchase and collection of NPL

HICAPITAL
KJI Consumer Finance LLC.

 **NEOLINE CREDIT**

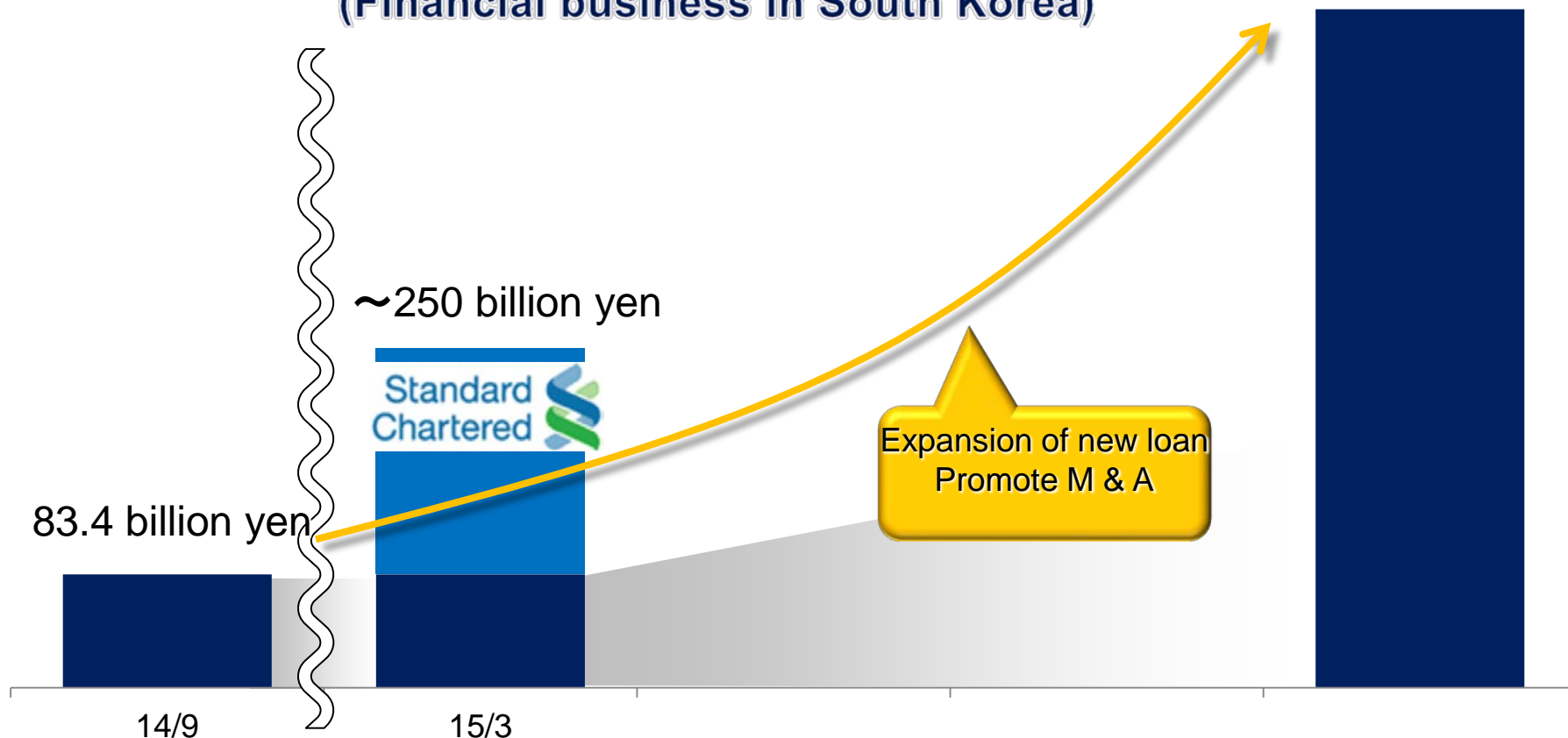


**Specialize in purchase and
collection of NPL**

Point

- The acquisition of SC Capital (Korea) and SC Savings Bank Korea will enable J Trust to achieve total assets of 250 billion yen
- In South Korea, promote consumer loan business and NPL purchase and collection business

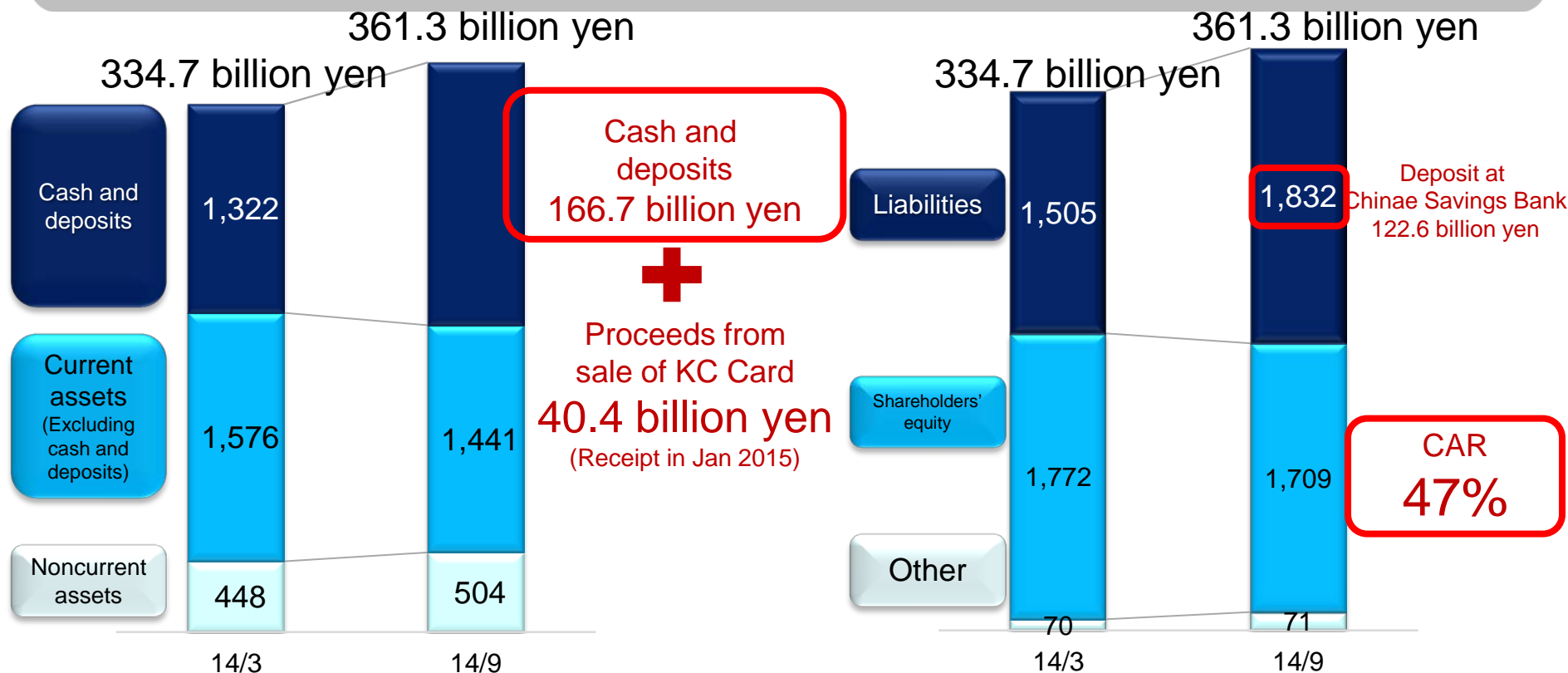
**Illustration of growth in lending
(Financial business in South Korea)**



Point

➤ Outstanding financial health will accelerate future growth

- Available cash: Cash and deposits 166.7 billion yen + Proceeds from sale of KC Card's credit card business 40.4 billion yen
- Capital Adequacy Ratio 47%
- Deposit at Chinae Savings Bank 122.6 billion yen → Secure low interest funding for business operation



Business Development in ASEAN

Point

- Positioning of Bank Mutiara as “Core Company” for business in Southeast Asia
 - This acquisition was exempt from the 40 percent cap on foreign ownership of commercial banks in Indonesia and J Trust was allowed to acquire 100% share as an exception
 - Other financial institutions bought Indonesian banks at PBR between 3-5 times.
J Trust acquired Bank Mutiara at PBR slightly above 3 times

Unit: 100 million yen

Acquisition period	Target	Acquired by	Acquisition ratio	Acquisition price	Net asset	PBR
May 2013	Bank T	Company S	40.0%	1,561	850	4.6
November 2014	Bank Mutiara	J Trust	99.0%	397	123	3.2



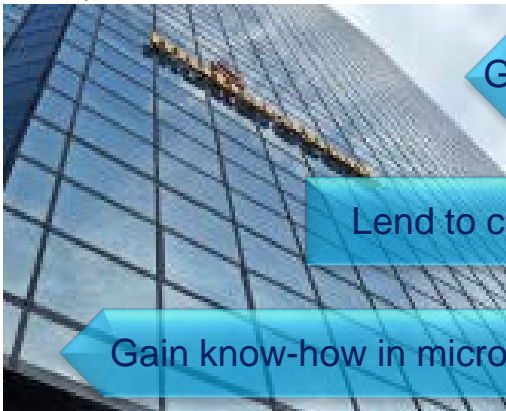
Acquired at reasonable price
Win a premium ticket


mutiara bank
bernilai, karena Anda istimewa



Point

- Able to gather deposits from all over the world and lend to companies from all over the world
 - Deposit interest rate: 8 - 11 %. Deposit in all foreign currencies is available
 - Deposit insurance limit in Indonesia is 18 million yen. Foreign currency denominated deposit and deposit by non-residents is covered by deposit insurance
- Enhance loan business in Indonesia, Japan, South Korea and ASEAN
 - Promote auto loan, credit card and micro finance etc. in Indonesia
 - Support Japanese and South Korean companies' entry into the Indonesian market
 - Gain know-how in micro finance in ASEAN through enhancement of wholesale banking



Gather foreign currency denominated deposit

Lend to companies from all over the world

Gain know-how in micro finance in ASEAN



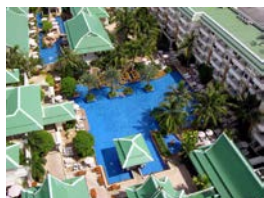
Business Development of LCD Global Investments

Point

- Became the largest shareholder of LCD which mainly operates real estate business in Singapore (shareholding 29.5%)
 - Expand asset by taking advantage of synergy between real estate business and financial business
 - Expand profit through collaboration between major real estate brokerage firm Knight Frank Singapore (LCD's subsidiary) and Bank Mutiara



Hotel & Resort



Development



Brokerage



Serviced apartment



Real estate/project management



Amusement

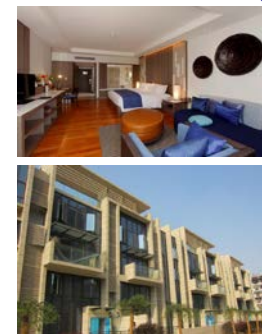


Brokerage

Loan



Individual / real estate fund etc.



Real estate in China and Singapore

Business Development in Japan

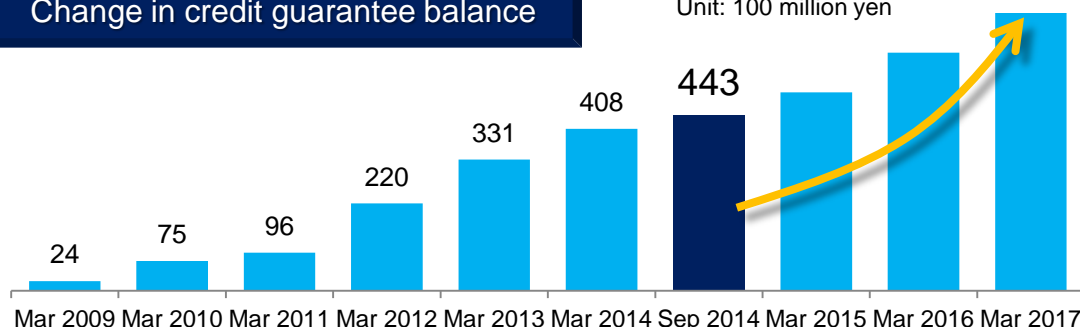
Point

➤ **Foster business with significant growth potential**

- Establish structure to generate certain level of profit from credit guarantee business /purchase and collection of NPL/ elderly care facility business etc.
- Secure stable profit from recovery of bad debts
- Foster the existing elderly day care business to enter full-scale elderly care facility business such as senior citizen's home, serviced senior residence and hospital etc.

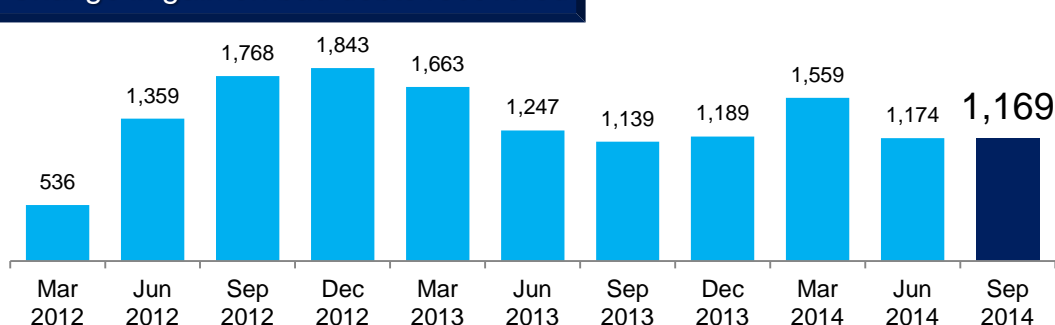
Change in credit guarantee balance

Unit: 100 million yen



Change in gain on bad debts recovered

Unit: 100 million yen



Foster existing business to enter elderly care facility business



To further improve corporate value

- Aim at establishment of business foundation through search for M & A deals etc. after rights offering



**Focus on communication with
shareholders and investors going forward**

- Focus on establishment of structure considering the possibilities of change of listing to 1st section of TSE and listing on overseas market
- Introduce IFRS with global management in mind and promote “Transparent Management”

Thank you for your time