



J TRUST

FY03/2019

Earnings Presentation Material

May 2019
J Trust Co., Ltd.



- 1. Overview of FY03/2019 Results and Future Policies**
- 2. Summary of FY03/2019 Consolidated Financial Results**
- 3. Results by Segment**

- J Trust has adopted the International Financial Reporting Standards (IFRS) since the fiscal year ended March 2018.
- J Trust has classified the results of Highlights Entertainment, which it decided to sell in FY03/2019, as discontinued operations and has similarly classified “operating revenue”, “operating profit” and “profit before tax” from the March 2018 fiscal year.
- Information regarding forecasts listed in this document is estimated based on the knowledge, opinions and judgement of the company at the time of the document’s creation and contains underlying risks and uncertainties. Therefore, please understand that actual results are subject to change greatly depending upon various factors such as the business environment.
- The earnings presentation as well as this document are intended to provide information about J Trust and are not intended to solicit investments in securities issued by the company or its subsidiaries.
- As a principle, the units listed on each page have been rounded down to the nearest unit of display. In addition, differences listed next to charts and graphs illustrating YOY comparisons are calculated using the display unit of 100 million.
- This English-translated document was prepared solely for the convenience of English-speaking investors. If any discrepancies exist between this translation and the original Japanese document, the Japanese version always prevails. J Trust shall not be liable for any damages or loss of profit arising from this translation.

1. Summary of Consolidated Financial Results

➤ Year-on-year, revenue increased while profit decreased.

Consolidated Results (YOY Comparison)

	FY03/2018	FY03/2019	Difference
Operating revenue [※]	74.3 billion JPY	74.9 billion JPY	+0.6 billion JPY
Operating profit [※]	4.7 billion JPY	-32.6 billion JPY	-37.3 billion JPY
Profit before tax [※]	2.8 billion JPY	-31.1 billion JPY	-33.9 billion JPY
Profit attributable to owners of parent	-0.7 billion JPY	-36.1 billion JPY	-35.4 billion JPY

※ Operating revenue/ operating profit and profit/loss before taxes do not include amounts resulting from discontinued operations.

- In our Japanese, South Korean and Mongolian financial business segments, revenue increased. Revenue decreased in the segments Financial Business in Southeast Asia and Investment Business.

Operating Revenue by Segment (YOY Comparison)

	FY03/2018	FY03/2019	Difference
Financial Business in Japan	9.0 billion JPY	10.5 billion JPY	+1.5 billion JPY
Financial Business in South Korea & Mongolia	35.8 billion JPY	39.5 billion JPY	+3.7 billion JPY
Financial Business in Southeast Asia	13.5 billion JPY	13.0 billion JPY	-0.5 billion JPY
Investment Business	7.2 billion JPY	1.0 billion JPY	-6.2 billion JPY
Non-financial Business	6.9 billion JPY	7.9 billion JPY	+1.0 billion JPY
Other businesses	1.6 billion JPY	2.8 billion JPY	+1.2 billion JPY
Consolidated operating revenue	74.3 billion JPY	74.9 billion JPY	+0.6 billion JPY

Figures shown do not include amount from discontinued operations.

- Profits decreased greatly in Financial Business in Southeast Asia due to processing of NPLs and in Investment Business due to allowances against potential loan losses.

Operating Profit by Segment (YOY Comparison)

	FY03/2018	FY03/2019	Difference
Financial Business in Japan	4.1 billion JPY	4.2 billion JPY	+0.1 billion JPY
Financial Business in South Korea & Mongolia	3.5 billion JPY	4.8 billion JPY	+1.3 billion JPY
Financial Business in Southeast Asia	1.5 billion JPY	-17.7 billion JPY	-19.2 billion JPY
Investment Business	-2.8 billion JPY	-20.5 billion JPY	-17.7 billion JPY
Non-financial Business	0.6 billion JPY	0.0 billion JPY	-0.6 billion JPY
Other businesses	0.0 billion JPY	0.0 billion JPY	-0.0 billion JPY
(Adjustments, etc.)	-2.3 billion JPY	-3.4 billion JPY	-1.1 billion JPY
Consolidated operating profit	4.7 billion JPY	-32.6 billion JPY	-37.3 billion JPY

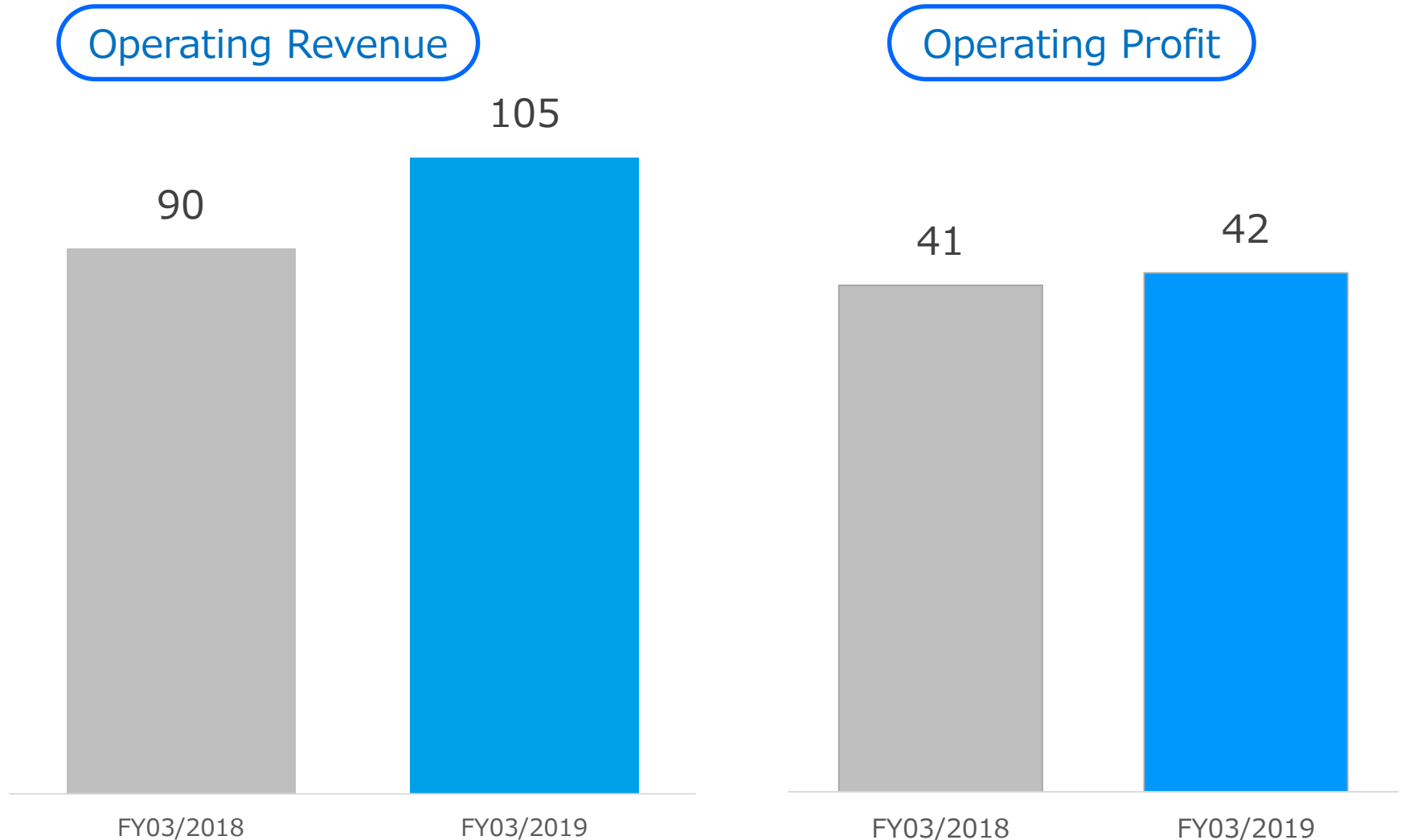
Figures shown do not include amount from discontinued operations.

2. Result by Segment

2-1. Financial Business in Japan

- We made up for the reduction in interest revenue through guarantee revenue and generated a stable profit.

Unit: 100 million JPY

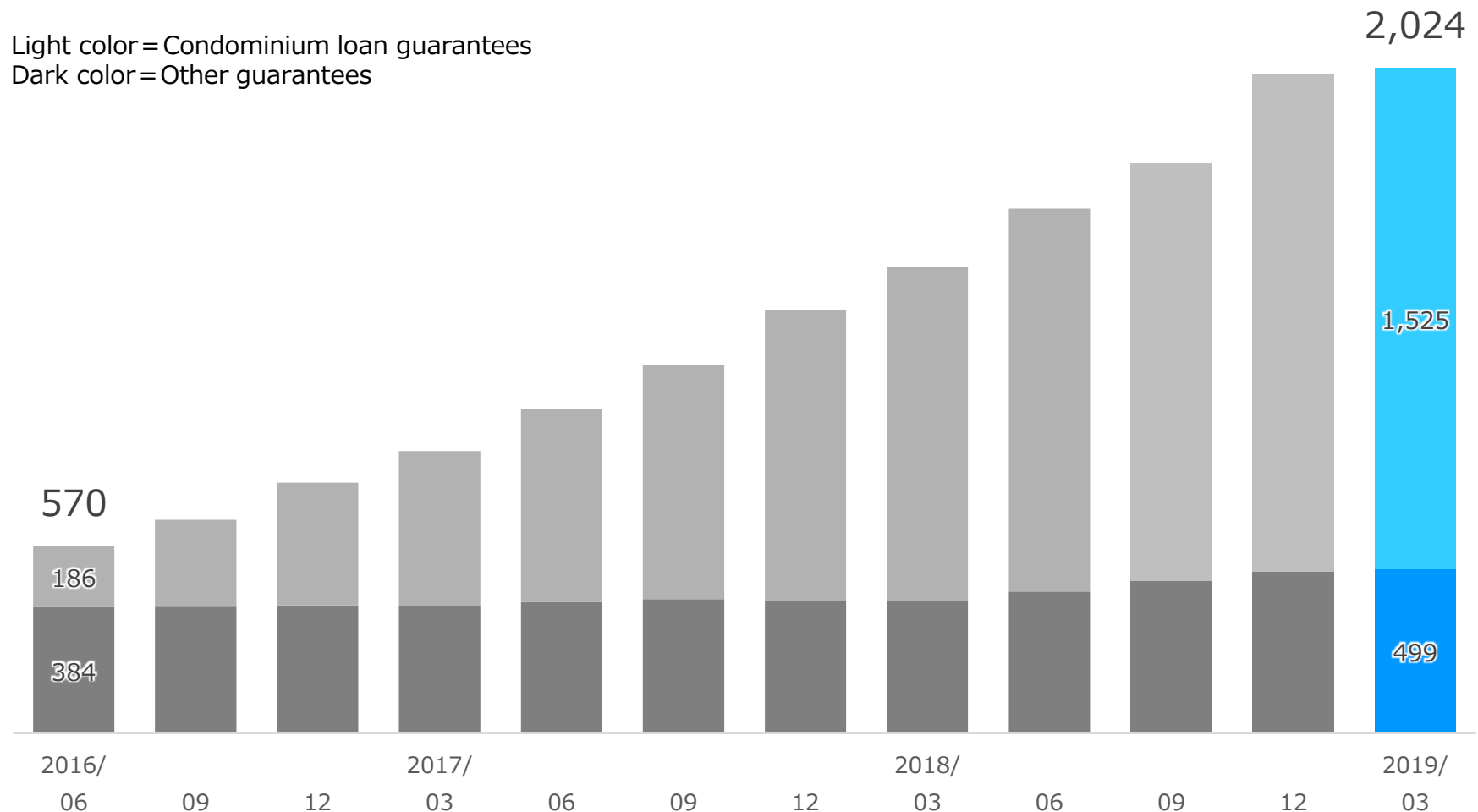


➤ We will continue to diversify our loan guarantees.

Unit: 100 million JPY

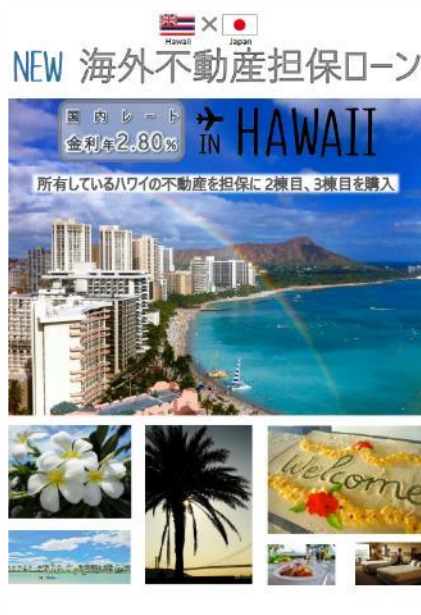
Balance of guarantees

Light color = Condominium loan guarantees
Dark color = Other guarantees



➤ We will continue to diversify our loan guarantees.

- ✓ Transitioning to new types of guarantees (such as loans backed by overseas properties and reverse mortgages)
- ✓ Create a website to attract customers and offer suitable products (as a contact point for finances) : <https://madoguchi.jp-g.co.jp/>

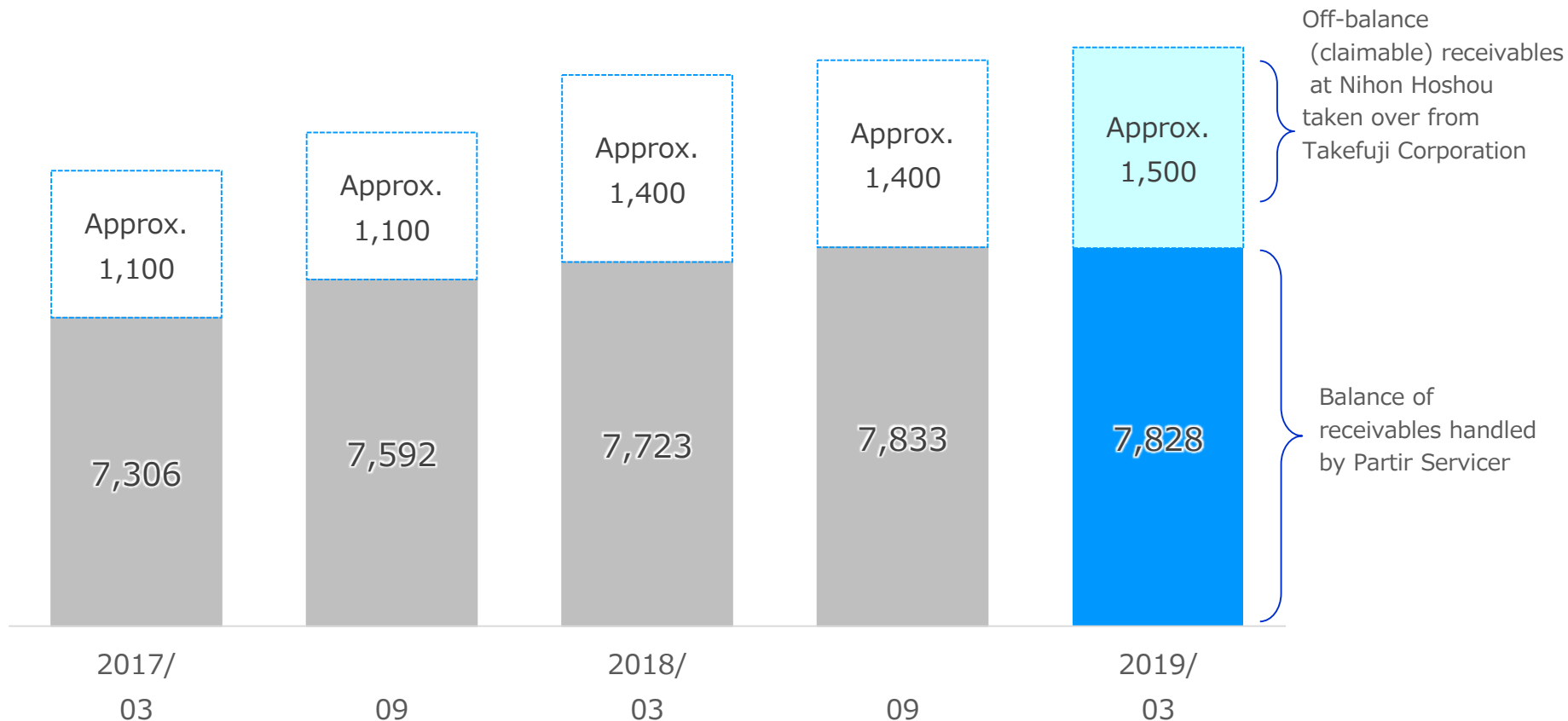


➤ Purchases of NPLS continue to be successful.

Unit: 100 million JPY

Balance of claimed receivables in servicer business

Total:
900+ billion JPY



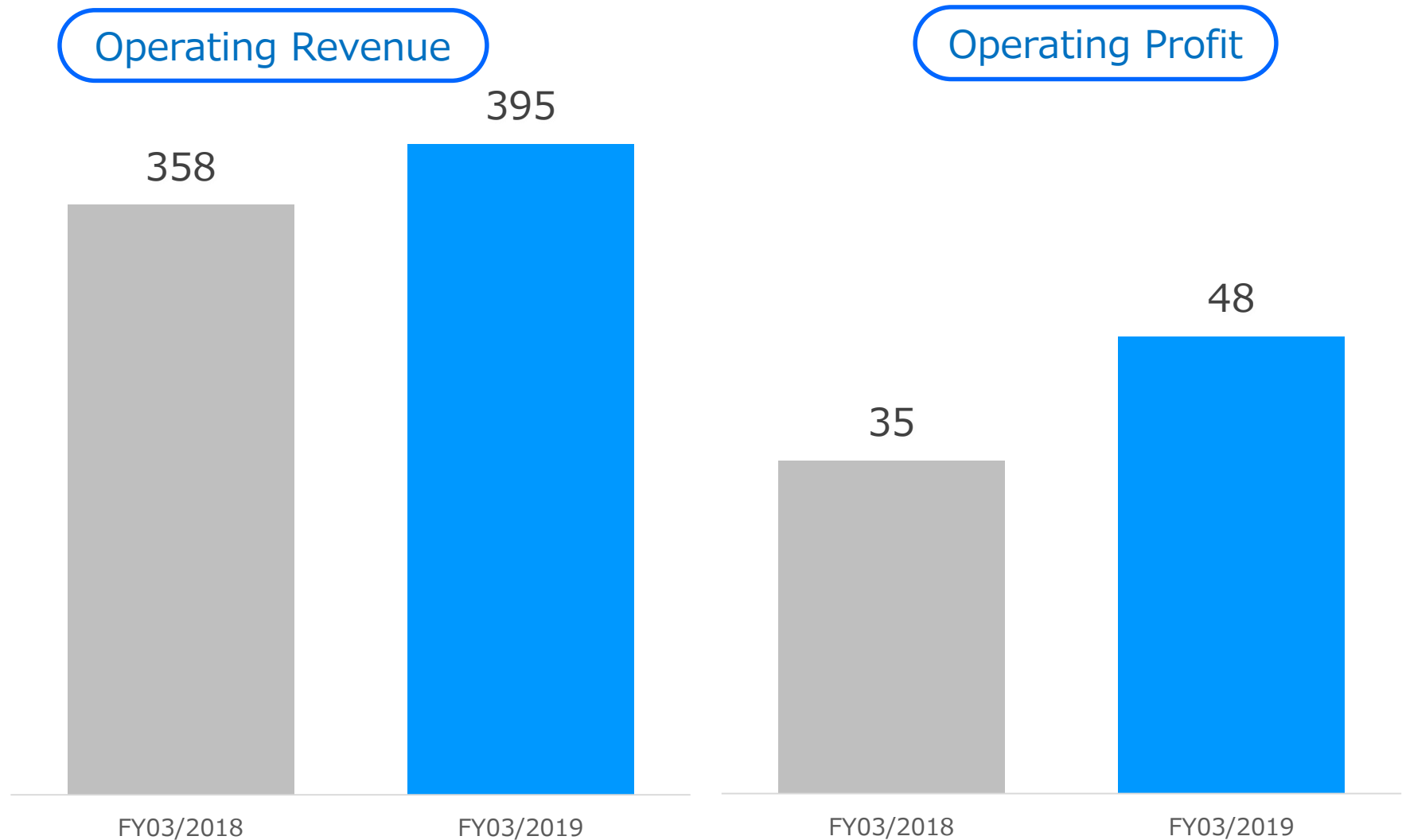
Balance includes both purchased and claimed receivables.
Balance includes some on-balance assets.

2. Results by Segment

2-2. Financial Business in South Korea and Mongolia

- Interest revenue increased steadily starting with our savings bank business.

Unit: 100 million JPY

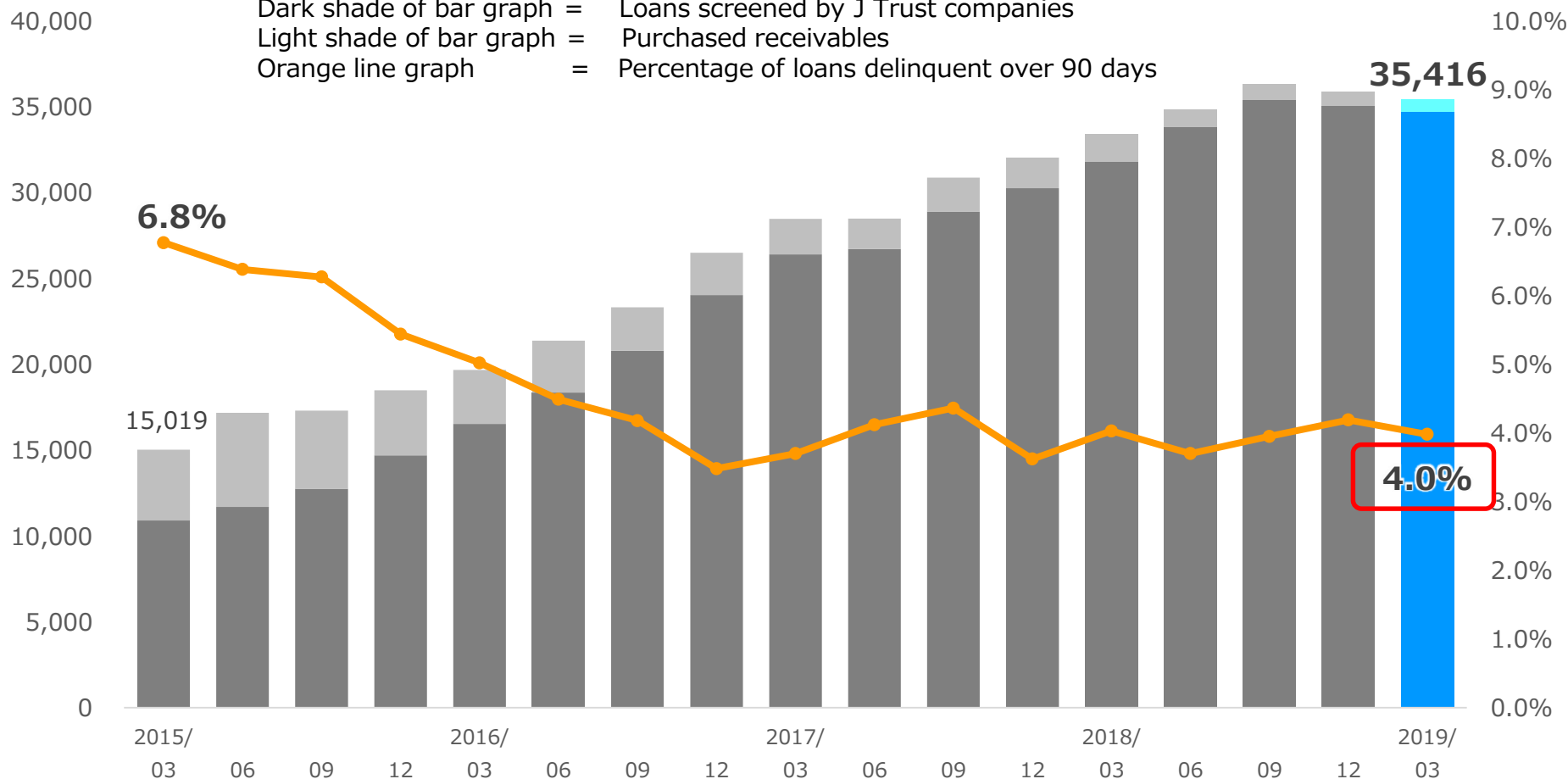


➤ We conducted strategic rearrangement of portfolios.

Loan balance and balance of loans delinquent over 90 days at
JT Savings Bank, JT Chinae Savings Bank and JT Capital

Unit : 100 million KRW

Dark shade of bar graph = Loans screened by J Trust companies
Light shade of bar graph = Purchased receivables
Orange line graph = Percentage of loans delinquent over 90 days



※ Figures in graph are listed using local standards.

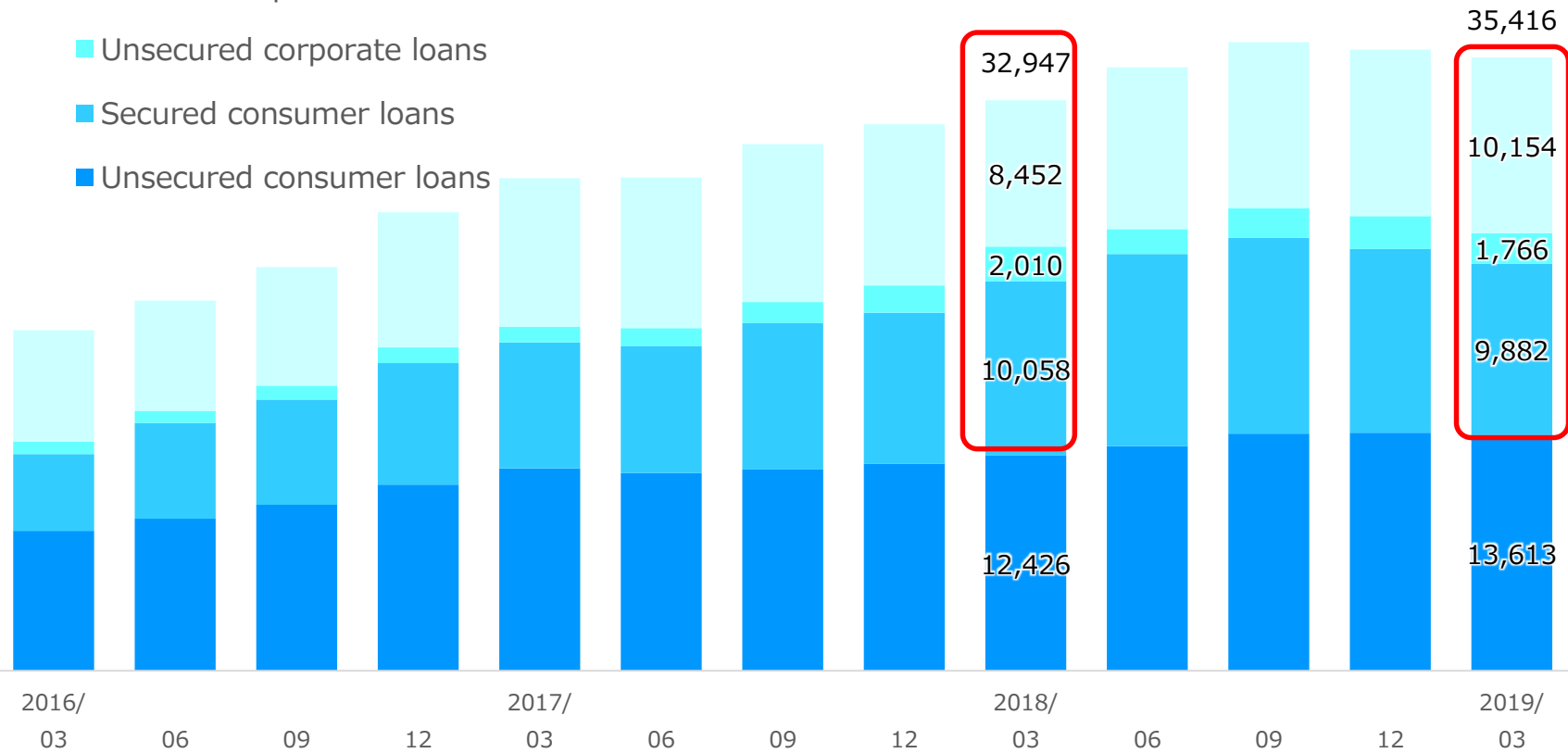
Reference rate : 1KRW=0.098 JPY (Rate calculated at end of March)

➤ We aimed for stable assets while focusing on the level of “quality”

Unit: 100 million KRW

Loan portfolio (in KGAAP standards)

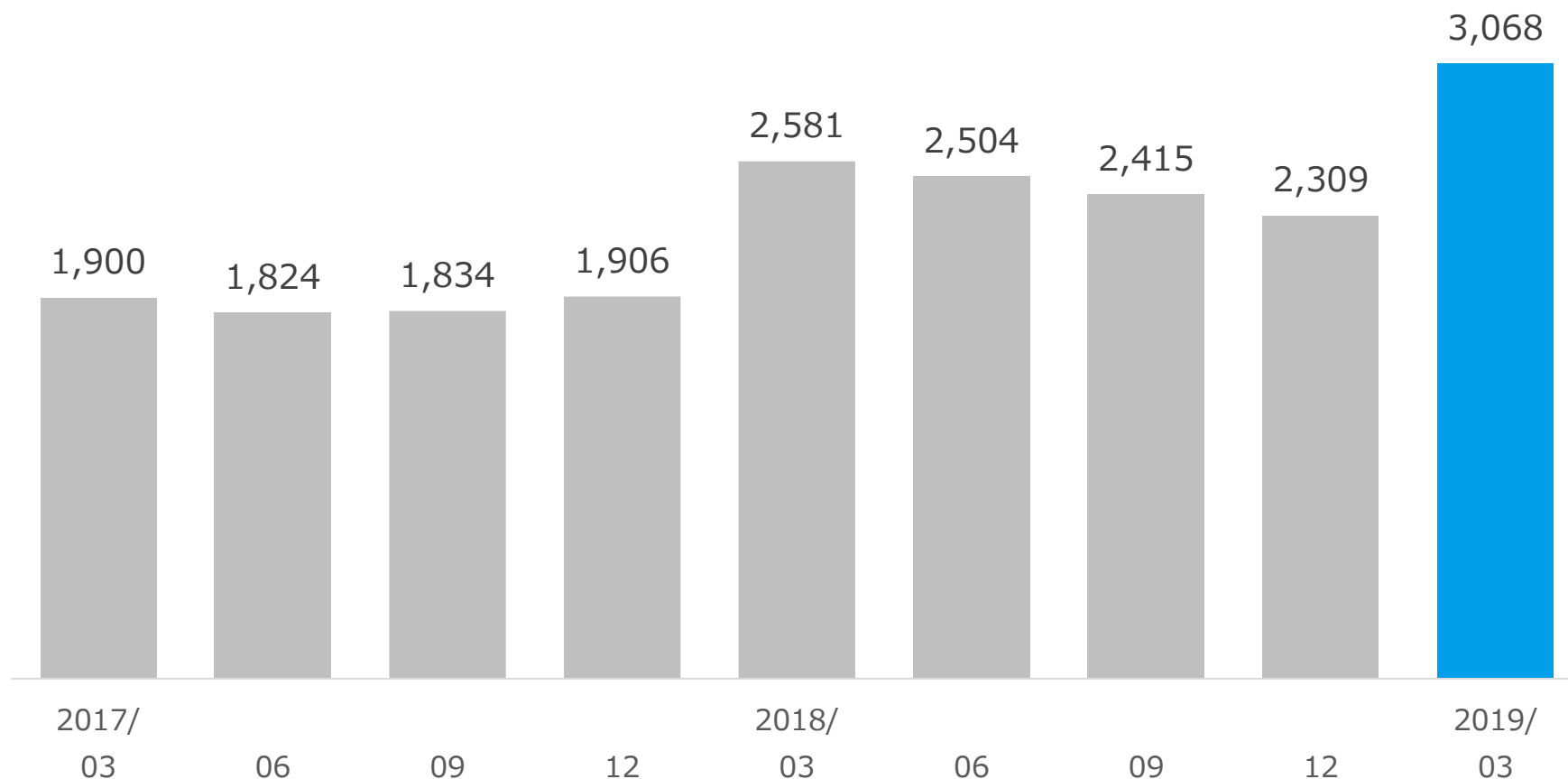
- Secured corporate loans
- Unsecured corporate loans
- Secured consumer loans
- Unsecured consumer loans



➤ Purchases of receivables in the servicer business also went well.

Unit: 100 million JPY

Balance of receivables at TA Asset Management



- We continued business, backed up advanced collection abilities.

Indices from TA Asset Over Three Fiscal Years

Unit: 1 billion JPY

	FY03/2017	FY03/2018	FY03/2019
Total Assets	11.0	11.5	9.7
Equity Capital	11.2	11.4	8.8
Operating Profit	1.3	0.4	0.8
Net Profit	0.9	0.2	0.9
ROA	8.97%	2.35%	9.81%
ROE	8.86%	2.37%	10.87%
IRR	44.0%	53.4%	42.8%

IRR is based on assets which were purchased more than two years prior.
Other indices are based in IFRS.

➤ Our strategy involved shifting the focus from “quantity” of assets to “quality” and accumulating assets with reasonable returns according to credit risk.

- ✓ Introduced screening system which utilizes Fintech
- ✓ Conducted effective business operations through marketing and brand strategy

Added machine learning capabilities to our credit scoring system

Chatbot consultation service for smartphones

Conducted a marketing campaign to reach highly-creditworthy customers

Customer info

Loan amount
Delinquency record
Attributes
Ability to repay

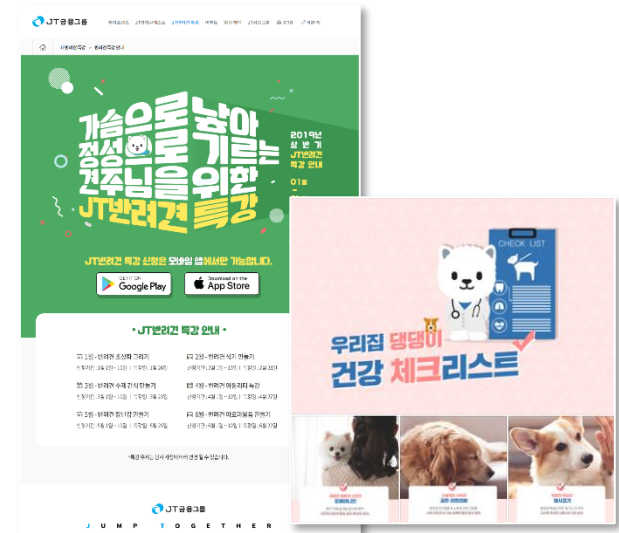
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Other info
Real estate market
Market situation according to each industry



Provides improved screening

More detailed scoring (screening) can be achieved through the use of Fintech.



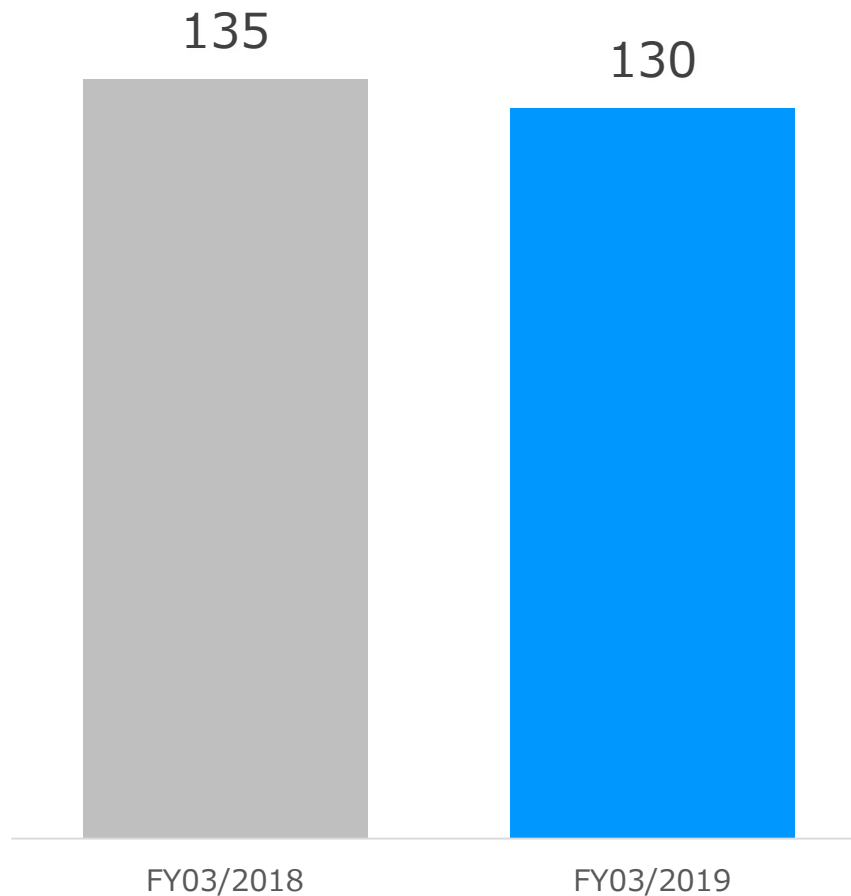
Held events geared toward the upper class who own pets and gained customers

2. Results by Segment

2-3. Financial Business in Southeast Asia

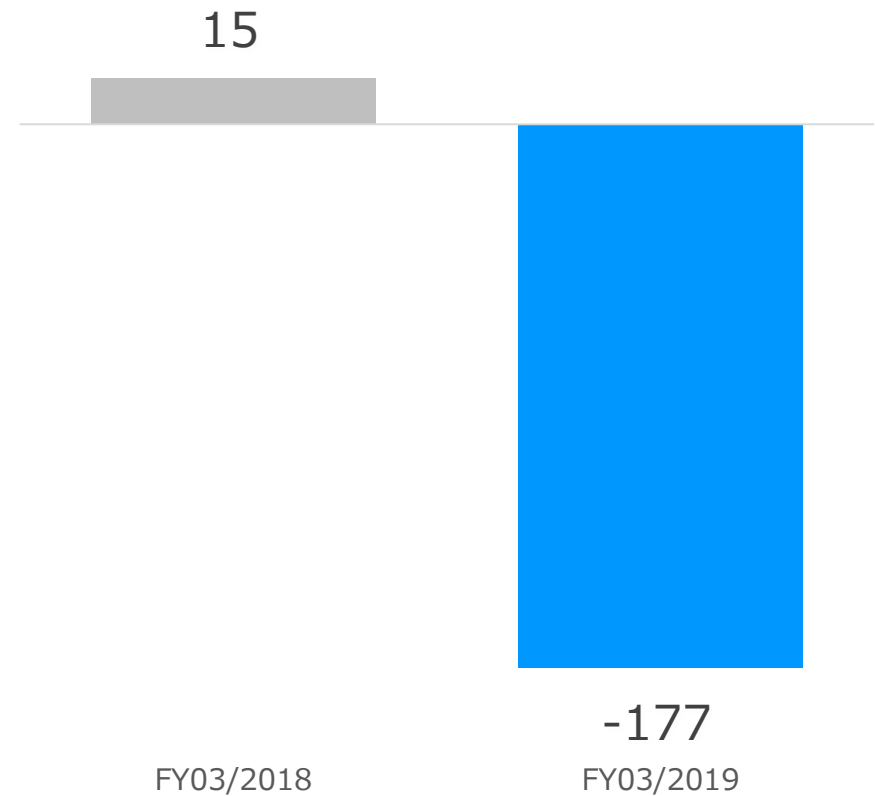
- Allowances booked in order to process NPLs resulted in our greatest losses.

Operating Revenue



Operating Profit

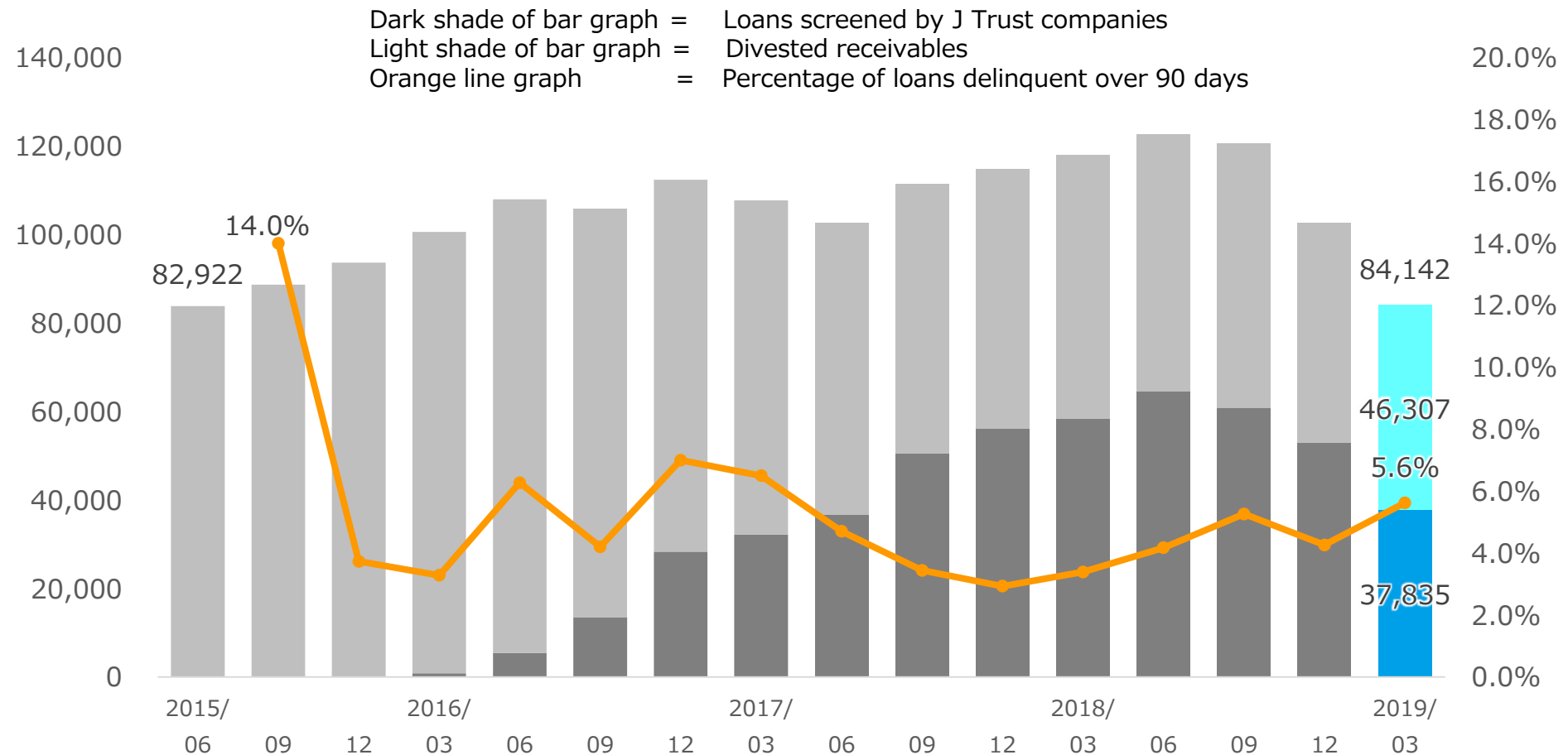
Unit: 100 million JPY



- Balances decreased due to termination of loans offered by BJI and processing of NPLS.

Bank J Trust Indonesia : Balance of loans delinquent over 90 days

Unit: 100 million IDR



※ Figures in graph are listed using local standards.

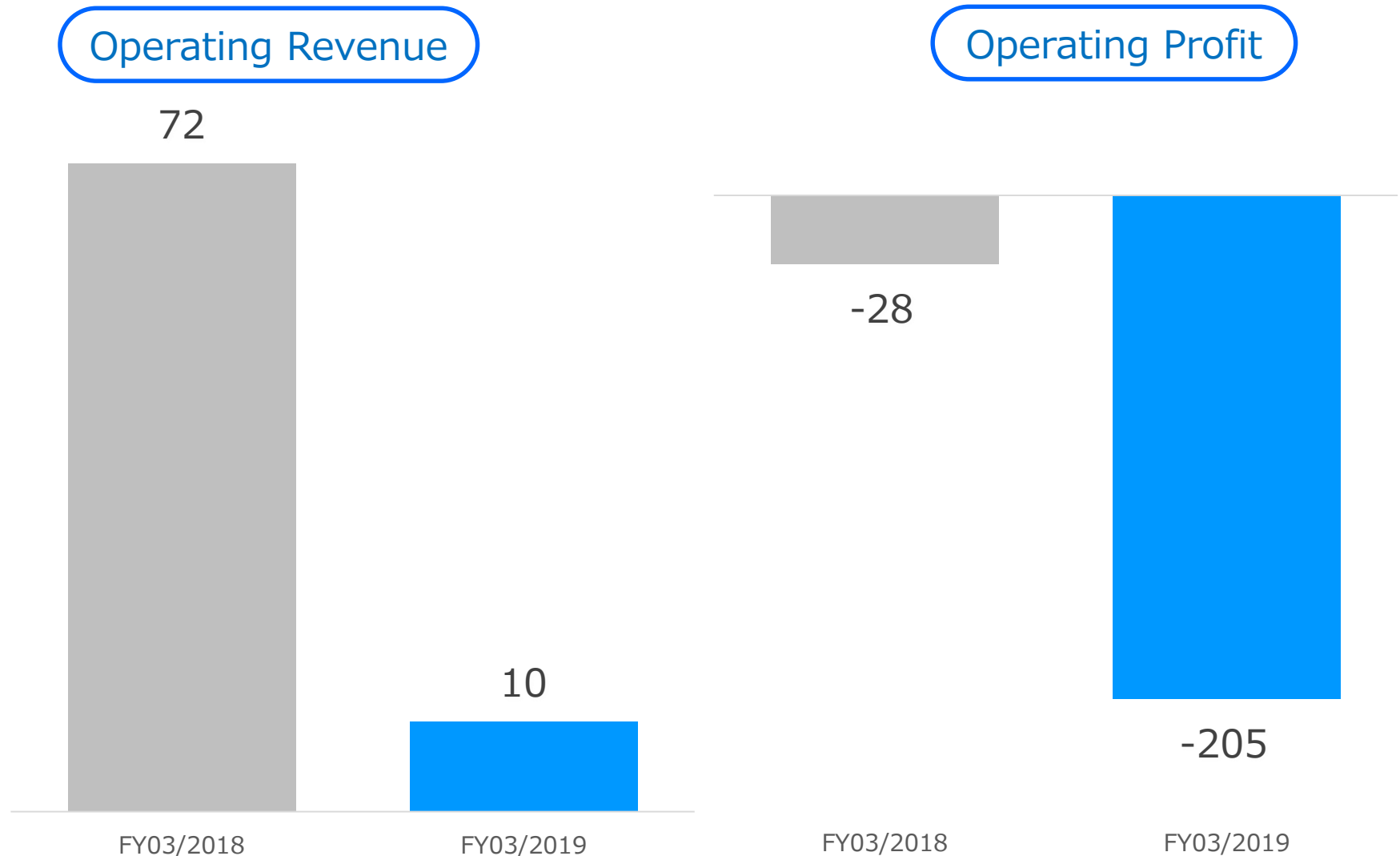
Reference rate : 1 IDR=0.0077 JPY (Calculated at the end of March)

2. Results by Segment

2-4. Investment Business

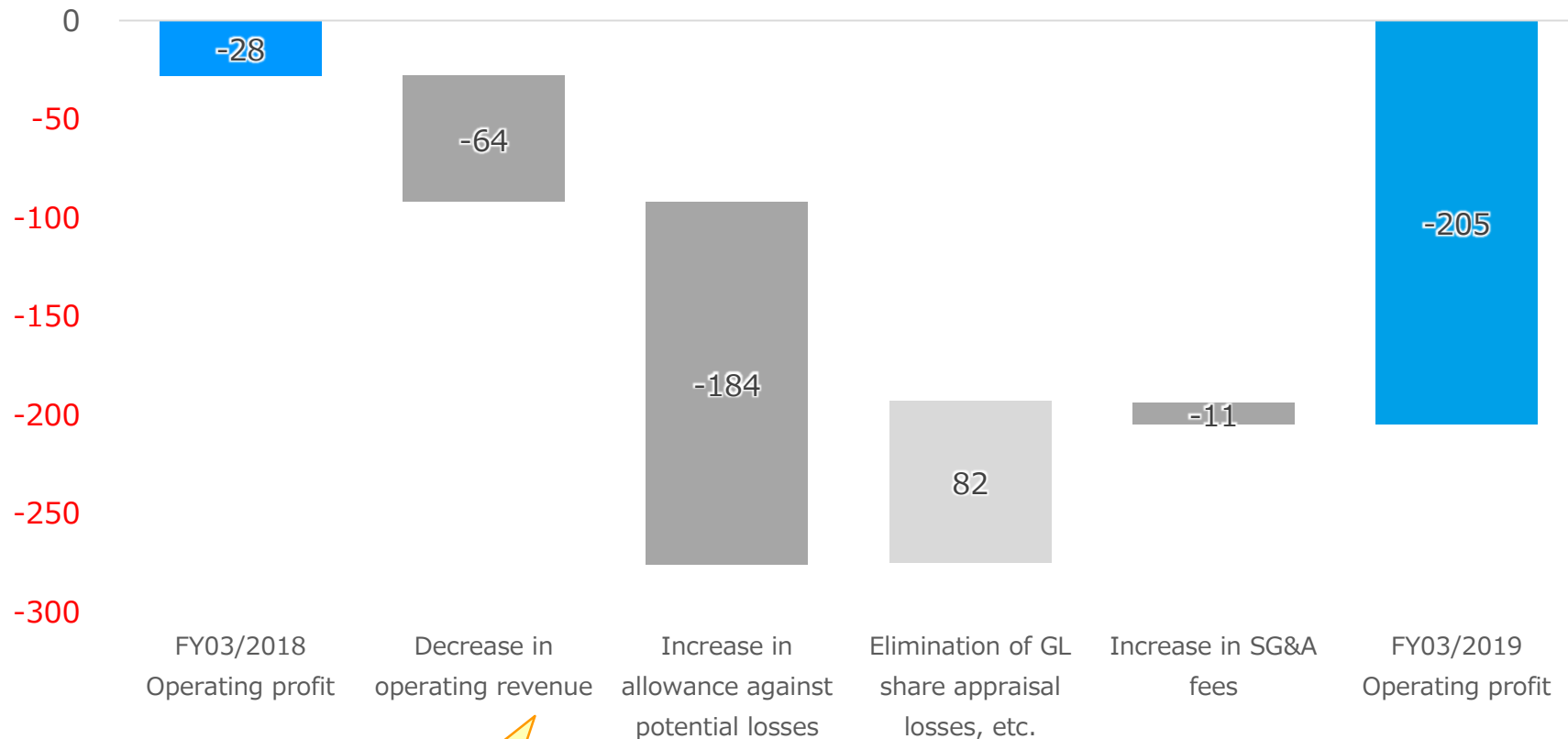
- We booked an allowance against potential losses to cover the full amount of J Trust Asia's assets which were lent to GL.

Unit: 100 million JPY



➤ Changes in J Trust Asia's segment profits

Unit: 100 million JPY



Last year, J Trust recorded profit due to reclassification of cancelled CBs, but there were no such profits this year.

Allowance against potential losses of assets lent to GL

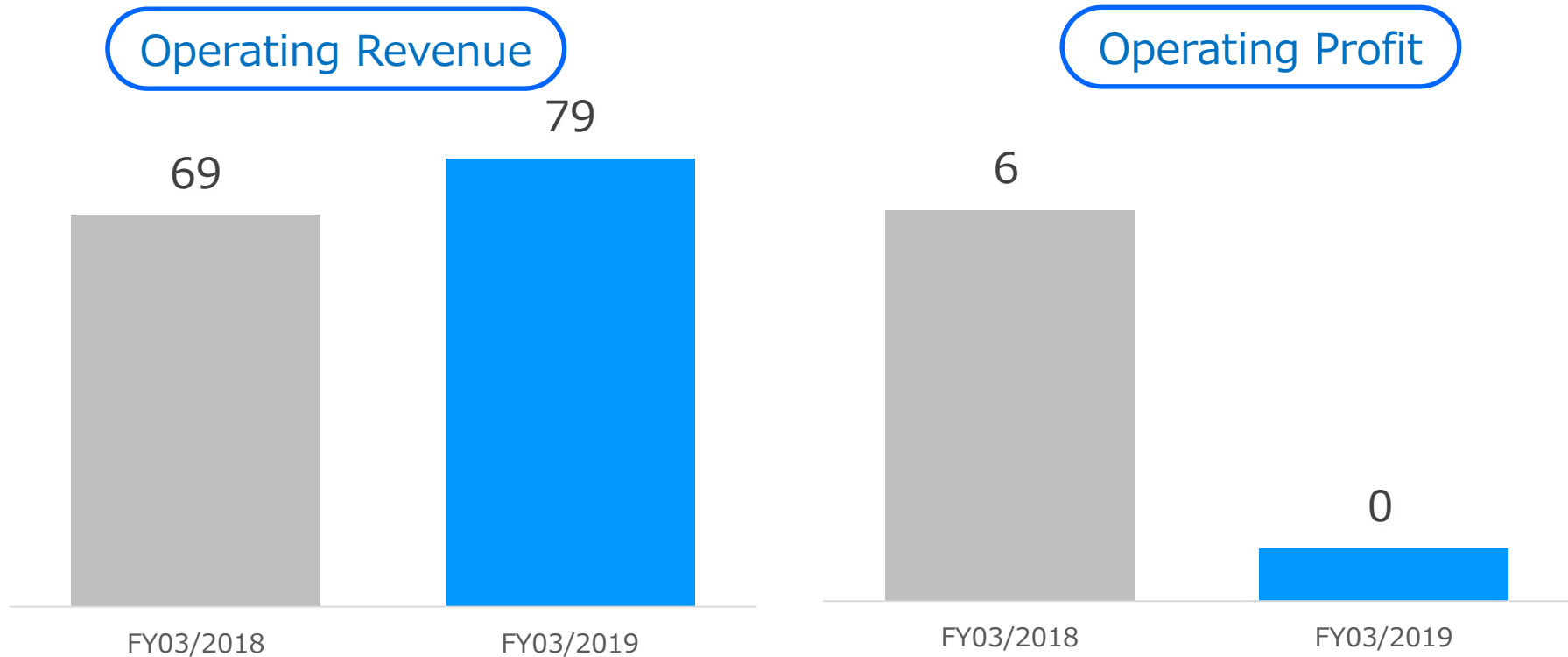
Increase in expenses such as litigation.

2. Results by Segment

2-5. Non-financial Business

- In the March 2019 fiscal year, we carried out M&A in order to expand our business.

Unit: 100 million JPY



Main factors	Real Estate (Keynote)	General Entertainment (KeyHolder Group)
Operating revenue	6.4 billion JPY	1.5 billion JPY
Operating expenses/SG&A/other expenses	6.3 billion JPY	1.5 billion JPY
Operating profit	0.1 billion JPY	-0 billion JPY

3. Forecast for FY12/2019 Consolidated Results

➤ Prior conditions for consolidated results forecast

- We plan to change our accounting period assuming approval by the General Shareholders` Meeting so that this fiscal year will last nine months from April 1st, 2019 to December 31st, 2019.
- We adopt the average exchange rates from the time when our company entered each country until the end of March 2019.

1 SGD : 82.63 JPY

1 IDR : 0.0084 JPY

1 MNT : 0.0437 JPY

1 KRW : 0.093 JPY

1 USD : 110.99 JPY

Furthermore, rates from the end of April 2019 are as follows:

1 SGD : 82.27 JPY

1 IDR : 0.0078 JPY

1 MNT : 0.0455 JPY

1 KRW : 0.099 JPY

1 USD : 109.35 JPY

- Figures for Investment Business only reflect those gains and losses which normally occur.

➤ Results Forecast by Segment

Operating Revenue & Operating Profit by Segment

		FY03/2019 Results	Nine month forecast for FY12/2019 ※4/1~12/31
Financial Business in Japan	Operating Revenue	10.5 billion JPY	6.9 billion JPY
	Operating Profit	4.2 billion JPY	2.9 billion JPY
Financial Business in South Korea	Operating Revenue	39.5 billion JPY	28.9 billion JPY
	Operating Profit	4.8 billion JPY	3.3 billion JPY
Financial Business in Southeast Asia	Operating Revenue	13.0 billion JPY	12.9 billion JPY
	Operating Profit	-17.7 billion JPY	-1.7 billion JPY
Investment Business	Operating Revenue	1.0 billion JPY	1.0 billion JPY
	Operating Profit	-20.5 billion JPY	-0.6 billion JPY
Other/ Consolidated adjustments	Operating Revenue	10.8 billion JPY	14.4 billion JPY
	Operating Profit	-1.9 billion JPY	-3.8 billion JPY
Total	Operating Revenue	74.9 billion JPY	64.3 billion JPY
	Operating Profit	-31.1 billion JPY	0.0 billion JPY

Thank you



J TRUST