

J TRUST

Q3 FY03/2019

Earnings Presentation

February 2019
J Trust Co., Ltd.



- 1. Policies Implemented During Q3 FY03/2019 and Future Strategy**
- 2. Key Points from Q3 FY03/2019**
- 3. Summary of Consolidated Financial Results from Q3 FY03/2019**
- 4. Results by Segment**

- J Trust has adopted the International Finance Report Standards (IFRS) since FY03/2018.
- From the Q2 FY03/2019 results, J Trust has classified the results of Highlights Entertainment, which it decided to sell, as discontinued operations and classified it as such in both YOY comparisons of operating revenue and operating profit.
- 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 and forecasts listed here 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.
- 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. Policies Implemented During Q3 FY03/2019 and Future Strategy

**Representative Director, President
& Chief Executive Officer
Nobuyoshi Fujisawa**

- ✓ **Investment Business**
- ✓ **Financial Business in Southeast Asia**
- ✓ **Financial Business in Japan**
- ✓ **Directionality of Future Profits**
- ✓ **Company President's Perspective**

➤ Allowance booked against potential losses related to investment business

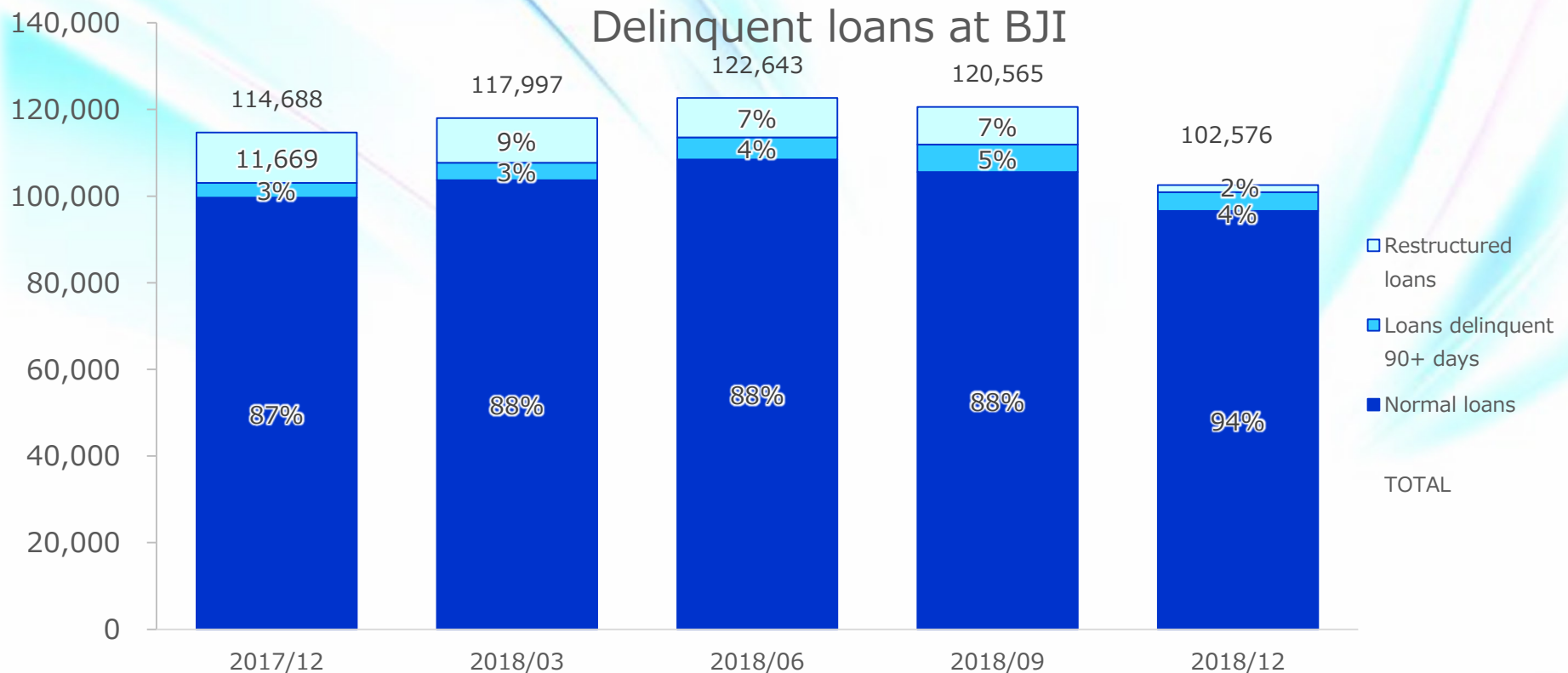
- ✓ **With regard to the assets which J Trust lent to Group Lease PCL, we have set aside an allowance against the total amount and booked 19.9 billion JPY as an allowance against possible loan losses.**

**The recovered funds will be recorded as profit in the future.
Profit will be recovered by fully concentrating efforts on collection.**

➤ Policies applied to Bank J Trust Indonesia

✓ **BJI's ※ non-performing loans and at-risk loans were processed all at once.**

Unit: 100 million IDR



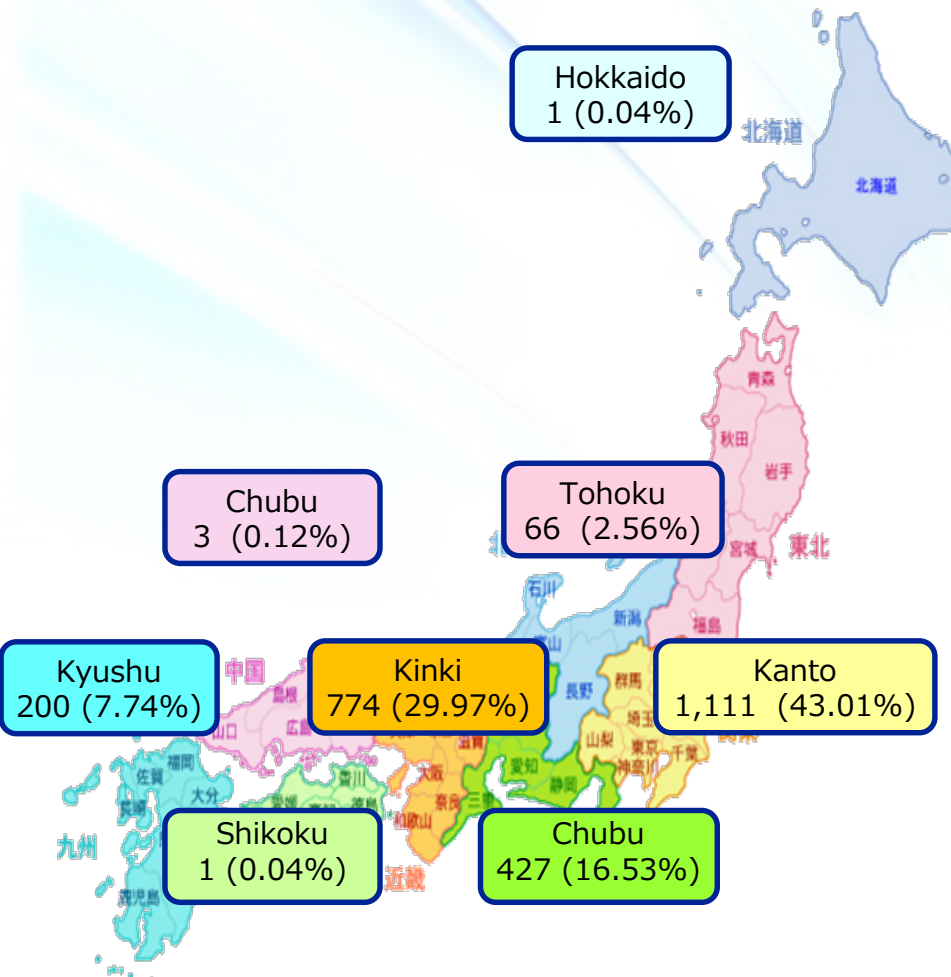
※ BJI = Bank J Trust Indonesia

※ Trends of delinquent loans according to local accounting standards

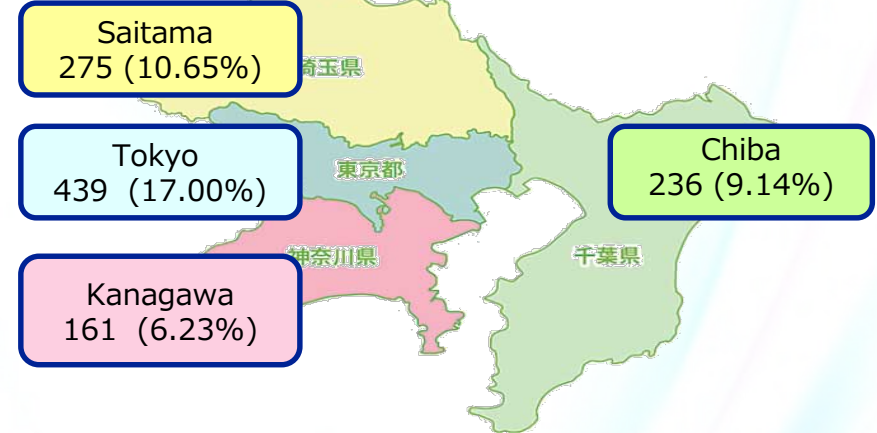
Reference rate : 1 IDR=0.0077 JPY (Calculated using rate on December 31st, 2018)

➤ Condominium Loan Guarantees

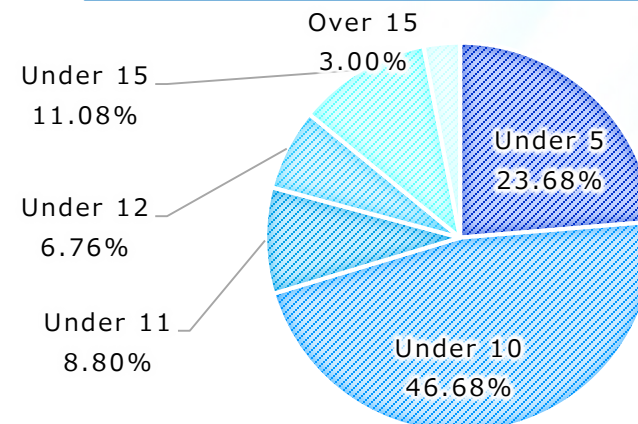
Distribution by Region
(Number of properties)



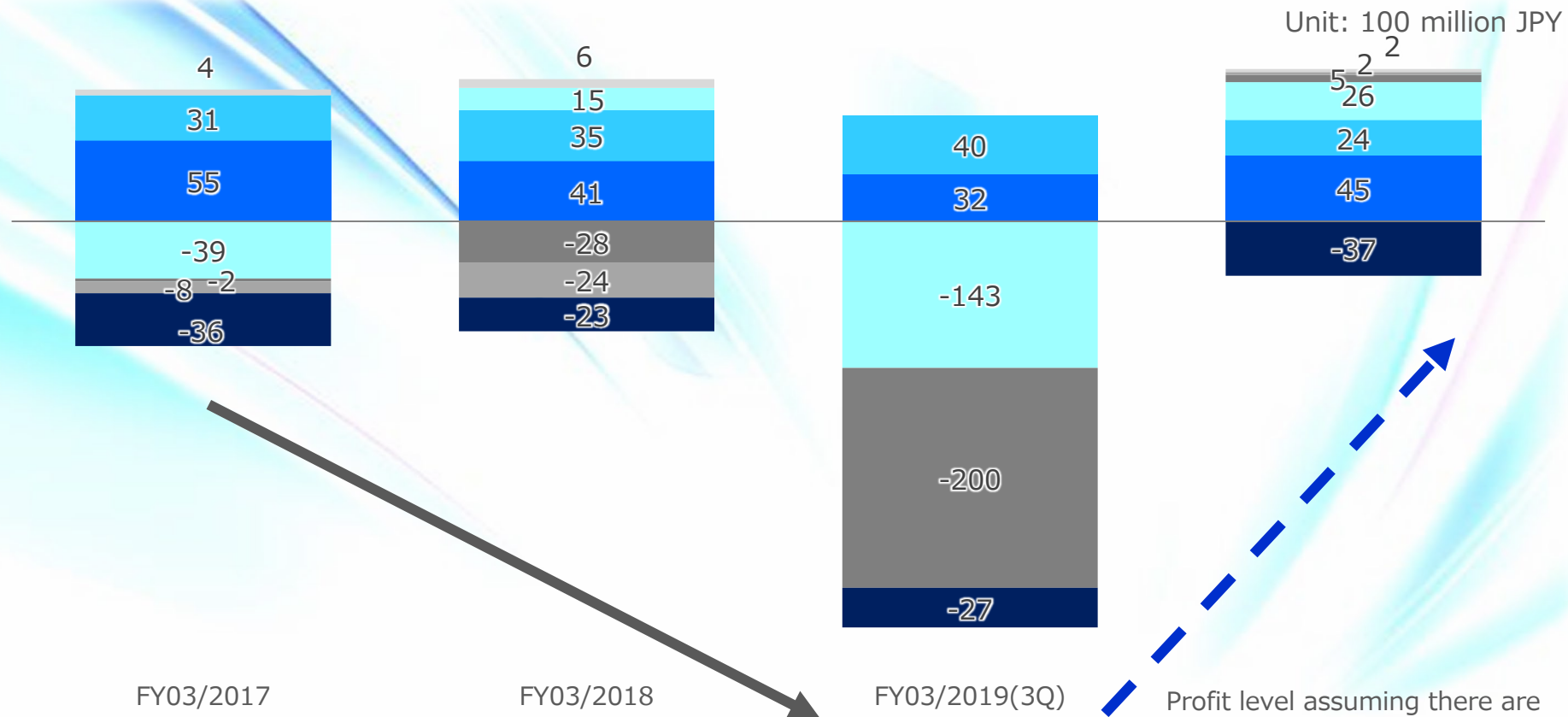
Distribution in Kanto Region



Walking distance from nearest station (min.)



➤ Directionality of Future Profits



FY03/2017

FY03/2018

FY03/2019(3Q)

Profit level assuming there are no temporary costs
(Initial estimates listed for reference)

Key:

Financial Business in Japan

Financial Business in South Korea & Mongolia

Financial Business in Southeast Asia

Investment Business

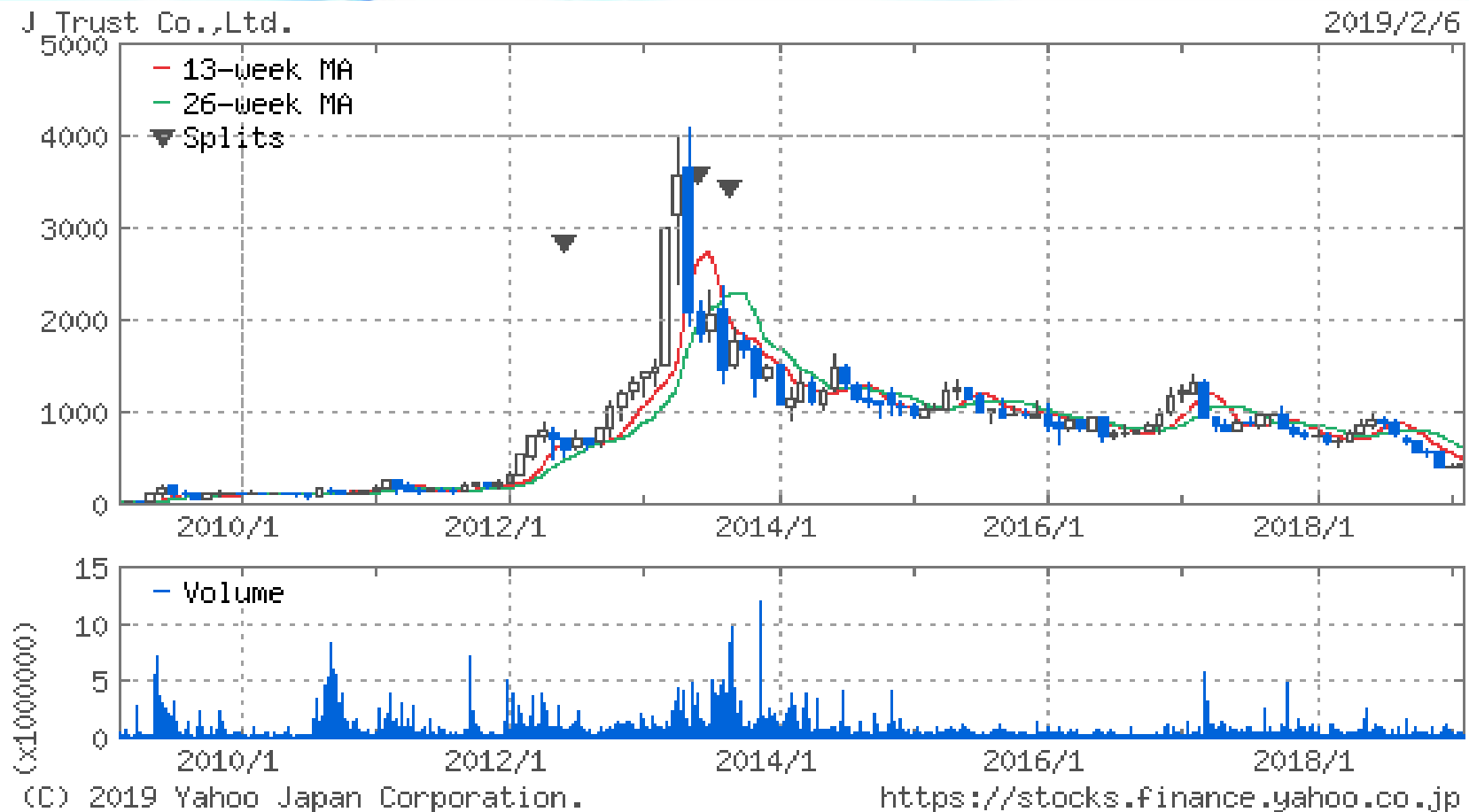
Expenses for all companies

General Entertainment Business

Real Estate Business

➤ Company President`s Perspective : A look back and thoughts about stock prices

Changes in Stock Price



2. Key Points from Q3 FY03/2019

Director, Executive Officer
General Manager of Corporate Planning
Department and PR & IR Division Representative
Takehito Yamanaka

- Aiming for a V-shaped path toward profit recovery, our company has taken steps to handle all expected risks.

Investment Business

19.5 billion yen booked as an allowance against possible loan losses in Q3

Financial Business in Southeast Asia

11.5 billion JPY booked as an allowance against potential loan losses in Q3



We are now fully prepared to pursue a V-shaped path toward profit recovery from the next fiscal year onward.

3. Summary of Q3 FY03/2019 Consolidated Financial Results

➤ Revenue and profit decreased year-on-year.

Consolidated Results (YOY Comparison)

	Q3 FY03/2018	Q3 FY03/2019	Difference
Operating revenue ※	56.9 billion JPY	55.1 billion JPY	-1.8 billion JPY
Operating profit ※	3.5 billion JPY	-29.7 billion JPY	-33.2 billion JPY
Profit/loss before tax ※	2.4 billion JPY	-28.6 billion JPY	-31.0 billion JPY
Profit/loss attributable to owners of parent	-0.0 billion JPY	-32.7 billion JPY	-32.7 billion JPY

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

- Stable revenue was recorded for Financial Business in both Japan and South Korea.

Operating Revenue by Segment (YOY Comparison)

	Q3 FY03/2018	Q3 FY03/2019	Difference
Financial Business in Japan	7.0 billion JPY	7.3 billion JPY	+0.3 billion JPY
Financial Business in South Korea & Mongolia	26.7 billion JPY	30.1 billion JPY	+3.4 billion JPY
Financial Business in Southeast Asia	10.5 billion JPY	9.4 billion JPY	-1.1 billion JPY
Investment Business	7.0 billion JPY	0.7 billion JPY	-6.3 billion JPY
Non-financial Business	4.0 billion JPY	5.0 billion JPY	+1.0 billion JPY
Other businesses	1.4 billion JPY	2.4 billion JPY	+1.0 billion JPY
Consolidated operating revenue	56.9 billion JPY	55.1 billion JPY	-1.8 billion JPY

Figures shown do not include amounts resulting from discontinued operations.

➤ Aiming for V-shaped recovery,
we conservatively booked risks in advance

- ① Processing NPLs
- ② Booking allowance against lending to GL

Operating Profit by Segment

	Q3 FY03/2018	Q3 FY03/2019	Difference
Financial Business in Japan	3.4 billion JPY	3.2 billion JPY	-0.2 billion JPY
Financial Business in South Korea & Mongolia	3.0 billion JPY	4.0 billion JPY	+1.0 billion JPY
Financial Business in Southeast Asia	1.1 billion JPY	-14.3 billion JPY	-15.4 billion JPY
Investment Business	-2.7 billion JPY	-20.0 billion JPY	-17.3 billion JPY
Non-financial Business	0.2 billion JPY	0.0 billion JPY	-0.2 billion JPY
Other businesses	0.0 billion JPY	-0.0 billion JPY	-0.0 billion JPY
(Adjustments, etc.)	-1.5 billion JPY	-2.7 billion JPY	-1.2 billion JPY
Consolidated operating profit	3.5 billion JPY	-29.7 billion JPY	-33.2 billion JPY

Figures shown do not include amounts resulting from discontinued operations.

➤ Revisions to Financial Forecast

Operating Revenue and Operating Profit by Segment

	Operating Revenue			Operating Profit		
	FY03/2019 Initial Estimates	FY03/2019 Forecast	Total Q3 Results	FY03/2019 Initial Estimates	FY03/2019 Forecast	Total Q3 Results
Financial Business in Japan	9.9 billion JPY	10.6 billion JPY	7.3 billion JPY	4.5 billion JPY	4.4 billion JPY	3.2 billion JPY
Financial Business in South Korea & Mongolia	37.9 billion JPY	40.0 billion JPY	30.2 billion JPY	2.4 billion JPY	4.6 billion JPY	4.0 billion JPY
Financial Business in Southeast Asia	19.2 billion JPY	12.9 billion JPY	9.4 billion JPY	2.6 billion JPY	-18.3 billion JPY	-14.3 billion JPY
Investment Business	1.2 billion JPY	0.9 billion JPY	0.9 billion JPY	0.5 billion JPY	-20.4 billion JPY	-20.0 billion JPY
Non-financial Business	13.3 billion JPY	8.3 billion JPY	5.0 billion JPY	0.4 billion JPY	0.2 billion JPY	0.0 billion JPY
Other businesses	2.2 billion JPY	3.3 billion JPY	2.6 billion JPY	0.2 billion JPY	0.1 billion JPY	-0.0 billion JPY
(Adjustments, etc.)	-0.6 billion JPY	-0.7 billion JPY	-0.5 billion JPY	-3.7 billion JPY	-6.5 billion JPY	-2.7 billion JPY
Consolidated operating profit/revenue	83.3 billion JPY	75.4 billion JPY	55.1 billion JPY	7.0 billion JPY	-32.7 billion JPY	-29.7 billion JPY

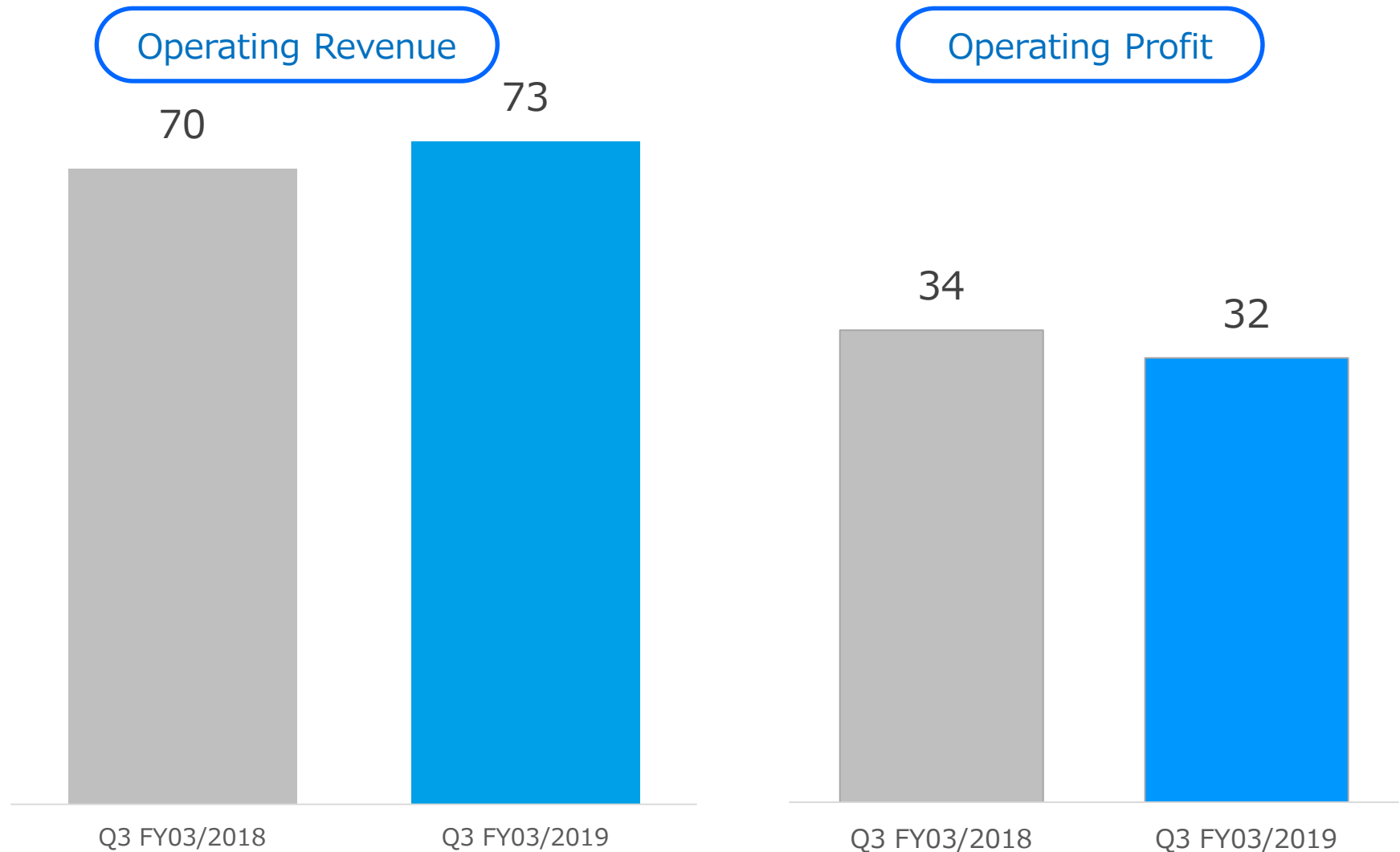
Figures shown do not include amounts resulting from discontinued operations.

4. Results by Segment

4 – 1. Financial Business in Japan

➤ Consolidated results remained at a stable level.

Unit: 100 million JPY

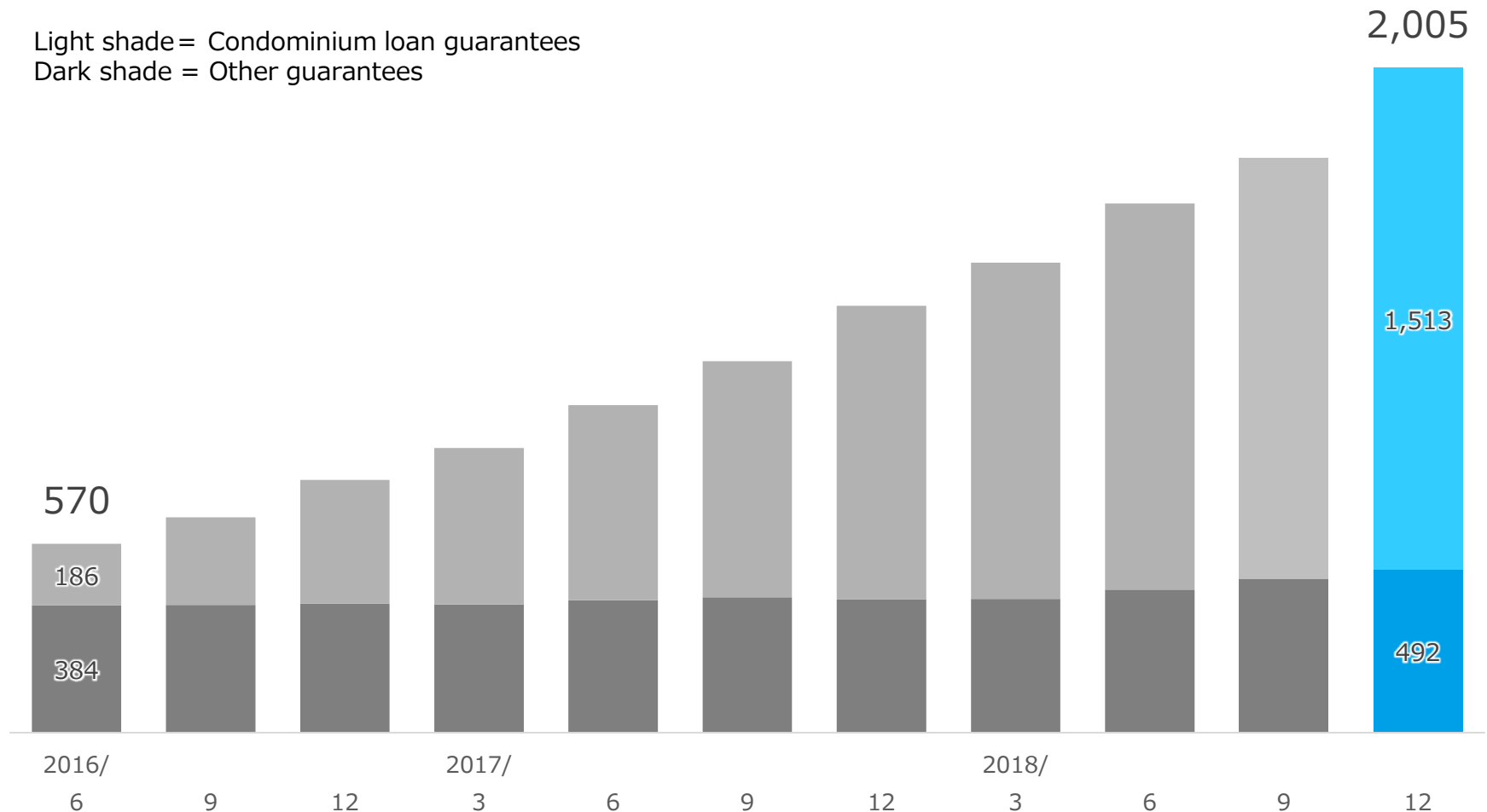


➤ From now on, J Trust will work on diversifying guarantees.

Balance of guarantees

Unit: 100 million JPY

Light shade = Condominium loan guarantees
Dark shade = Other guarantees

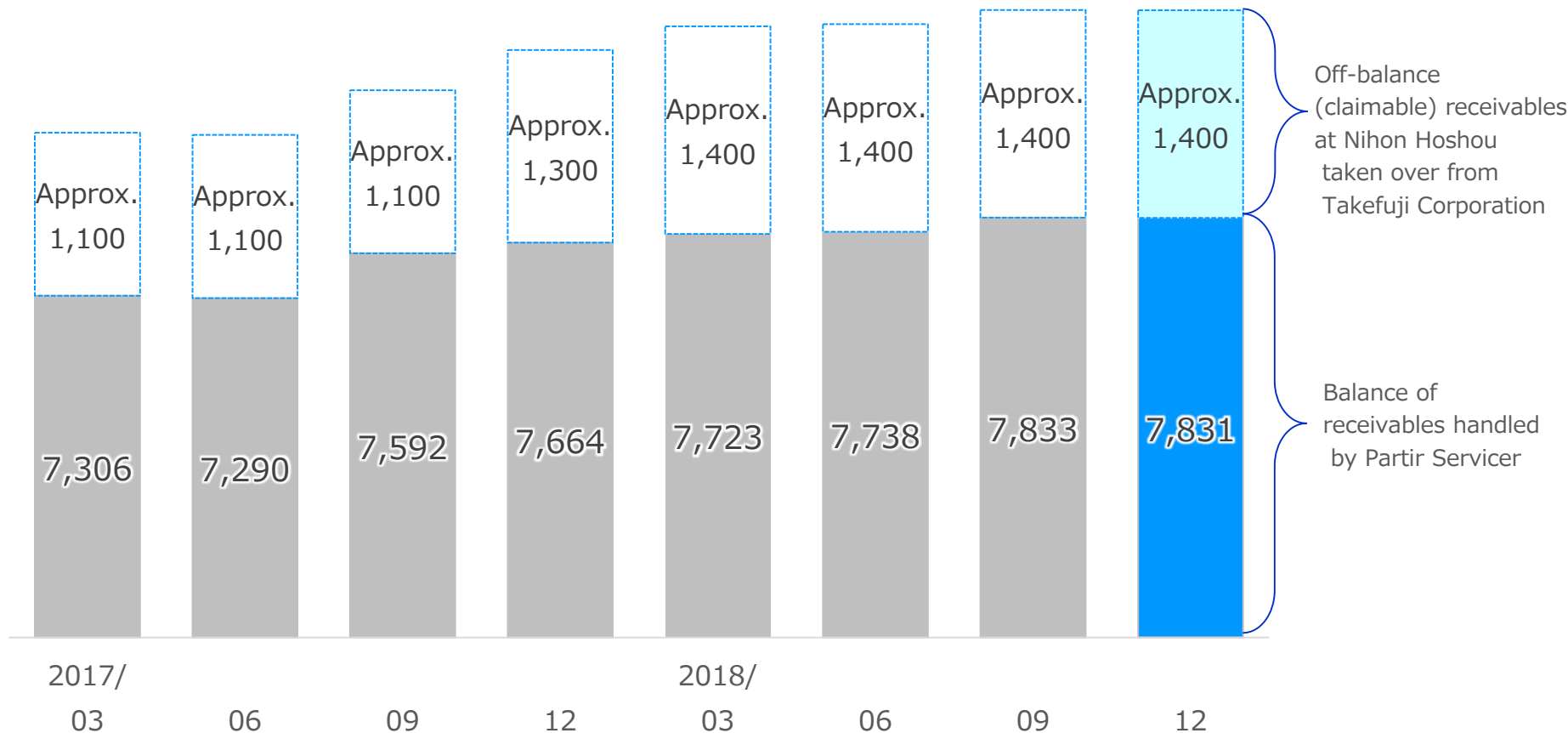


➤ Purchases of NPLs continue to be successful.

Unit: 100 million JPY

Balance of receivables in servicer business

Total:
900+ billion JPY



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

4. Results by Segment

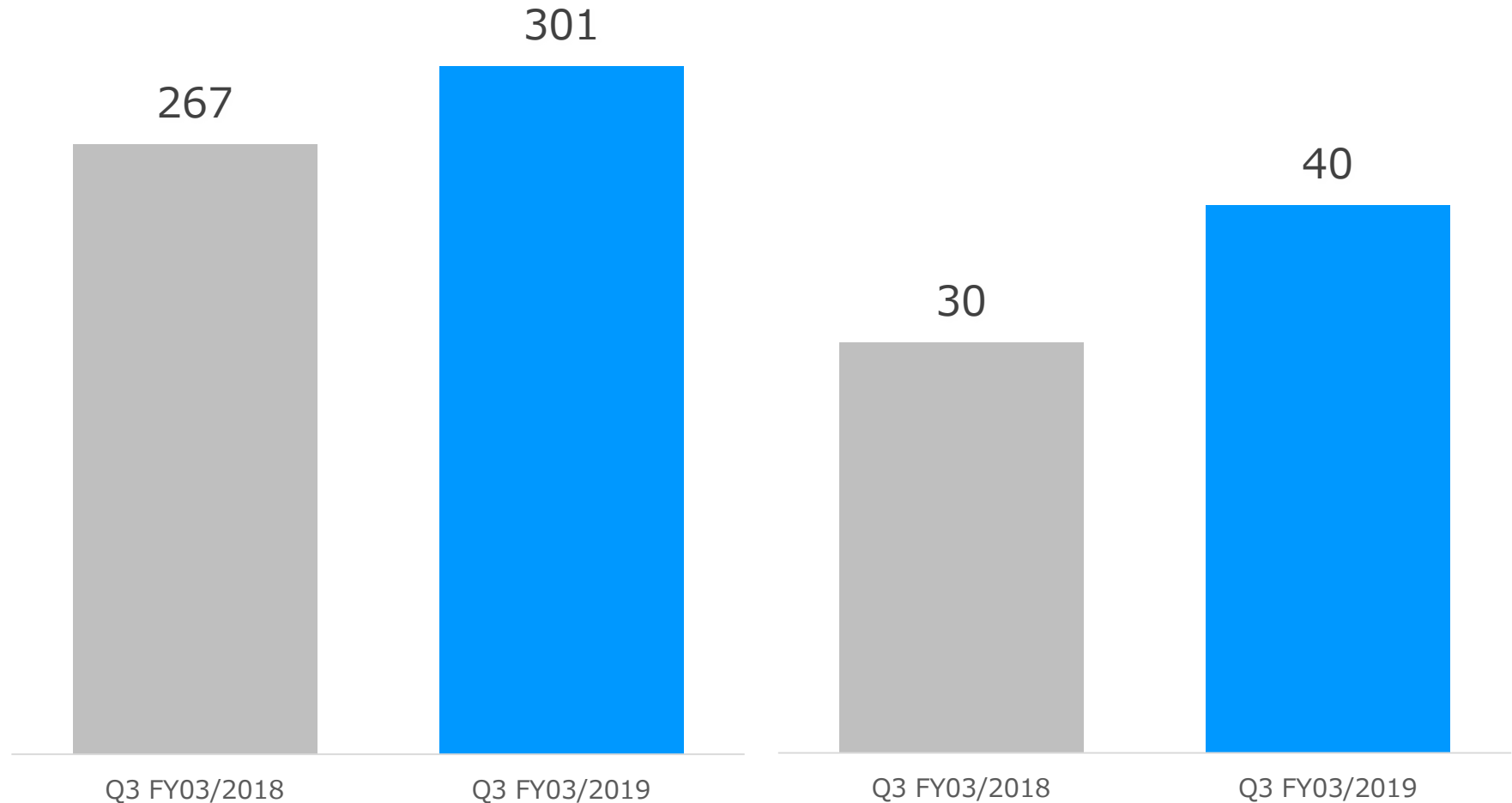
4 – 2. Financial Business in South Korea & Mongolia

- Year-on-year, operating revenue grew by 13% while operating profit grew by 33%.

Unit: 100 million JPY

Operating revenue

Operating profit



➤ Loan balances decreased due to progress in collections and purchase of non-performing loans.

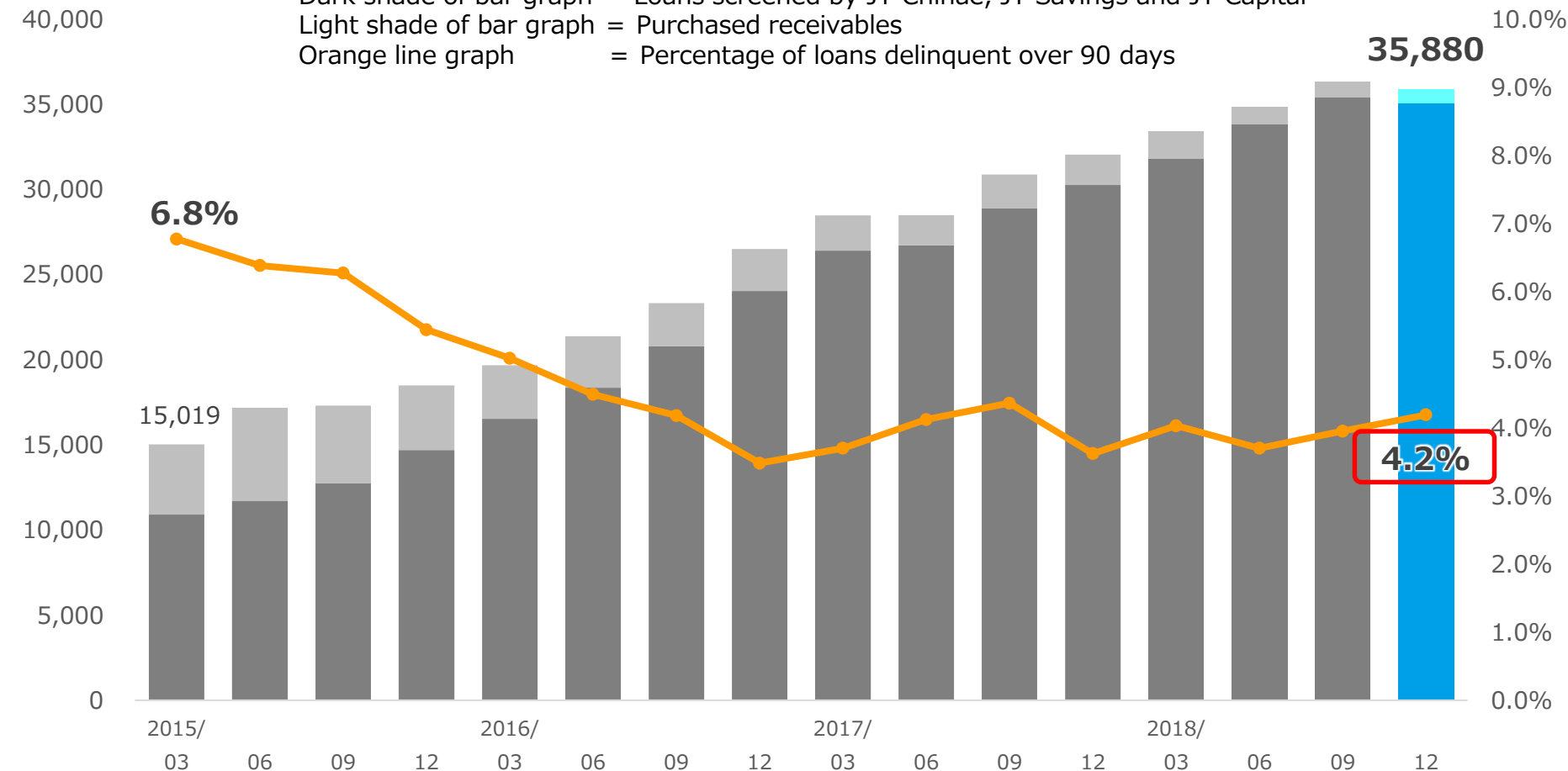
Loan balance and balance of loans delinquent over 90 days at JT Savings Bank, JT Chinae Savings Bank and JT Capital

Unit: 100 million KRW

Dark shade of bar graph = Loans screened by JT Chinae, JT Savings and JT Capital

Light shade of bar graph = Purchased receivables

Orange line graph = Percentage of loans delinquent over 90 days



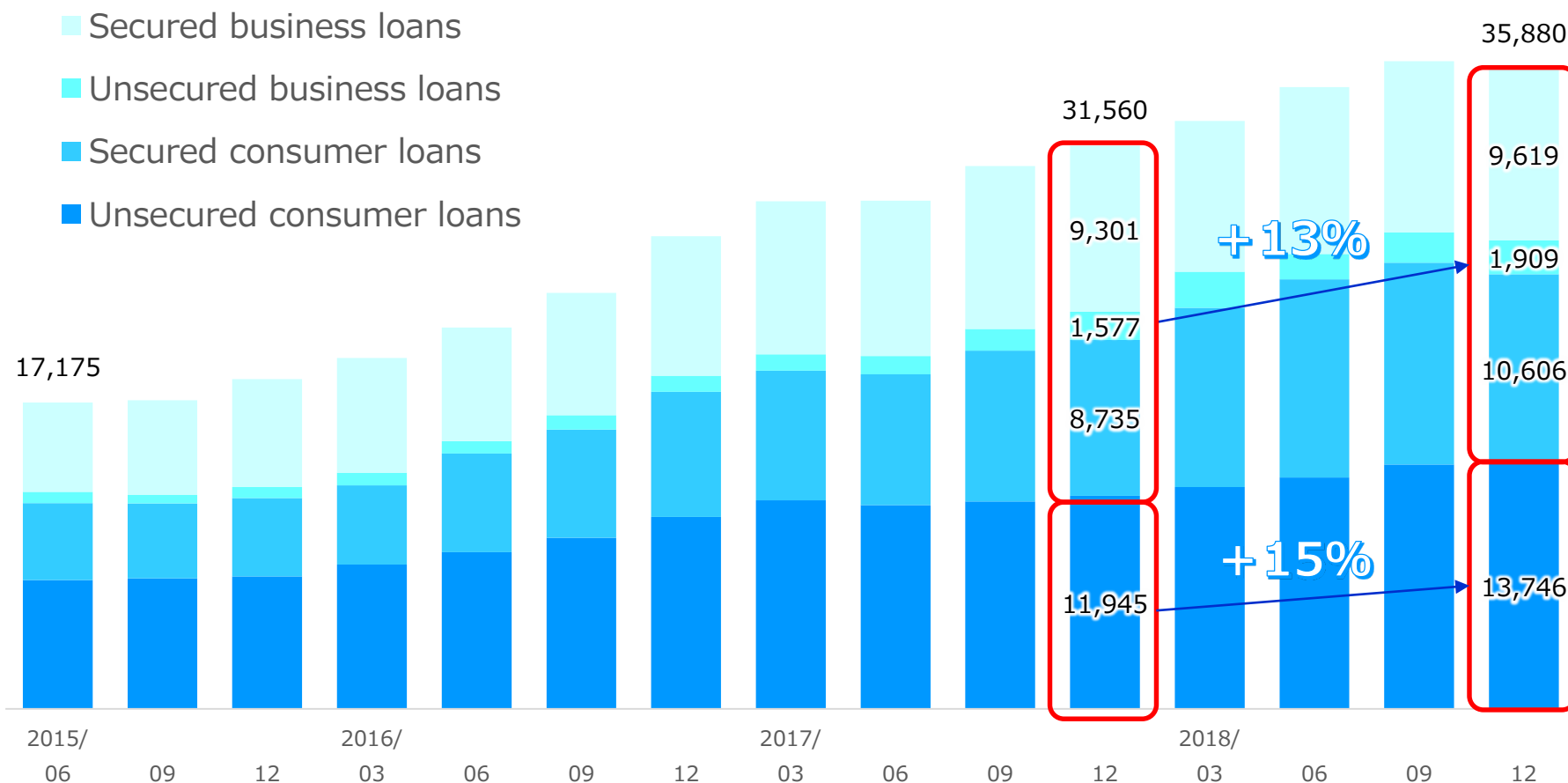
※Graph figures listed using local accounting standards

Reference rate : 1 KRW = 0.0994 JPY (Calculated using rate on December 31st, 2018)

➤ We worked on building high-quality assets.

Unit: 100 million KRW

Loan portfolio (in KGAAP standards)

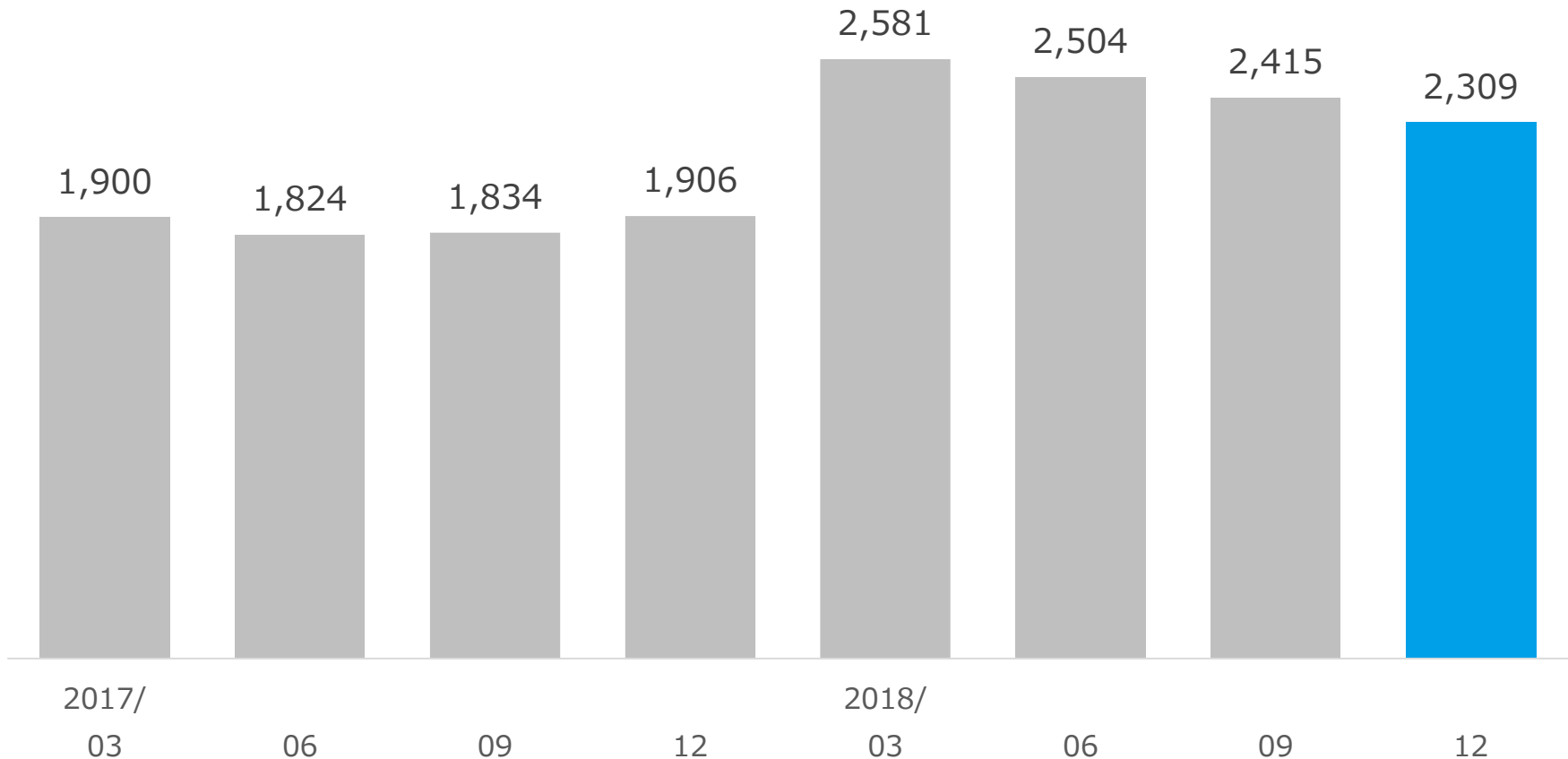


※Combined total of JT Chinae Savings Bank, JT Savings Bank and JT Capital
Reference rate : 1 KRW=0.0994 JPY (Calculated using rate on December 31st, 2018)

➤ Servicer business was also strong.

Unit: 100 million KRW

Balance of receivables at TA Asset Management



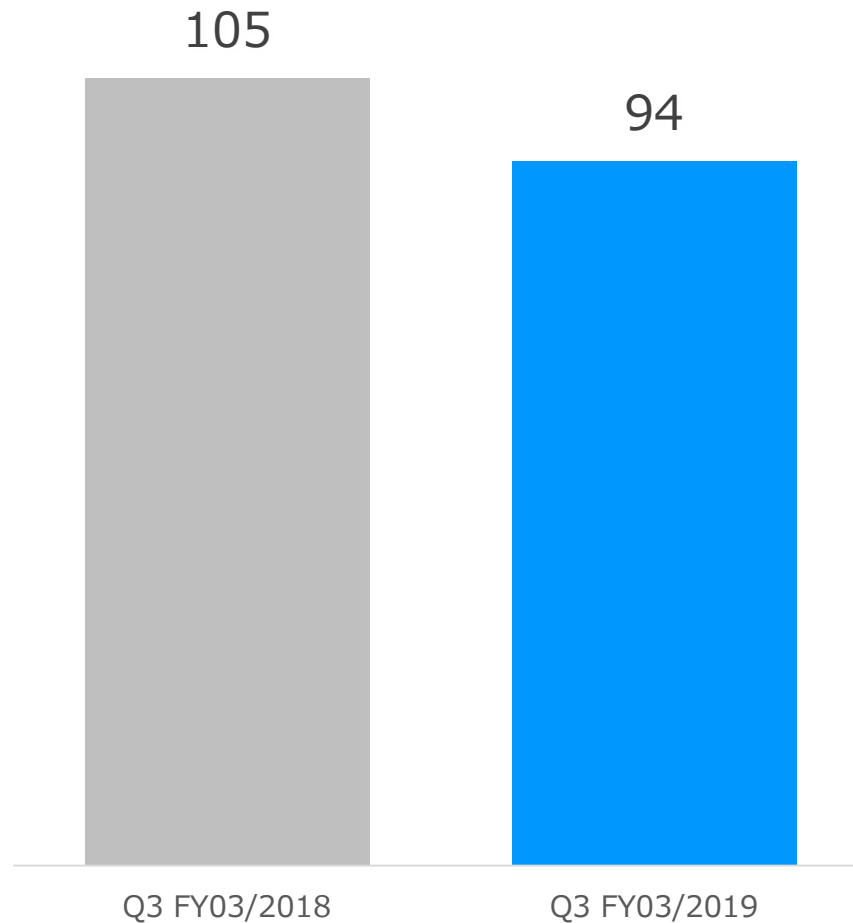
4. Results by Segment

4 – 3. Financial Business in Southeast Asia

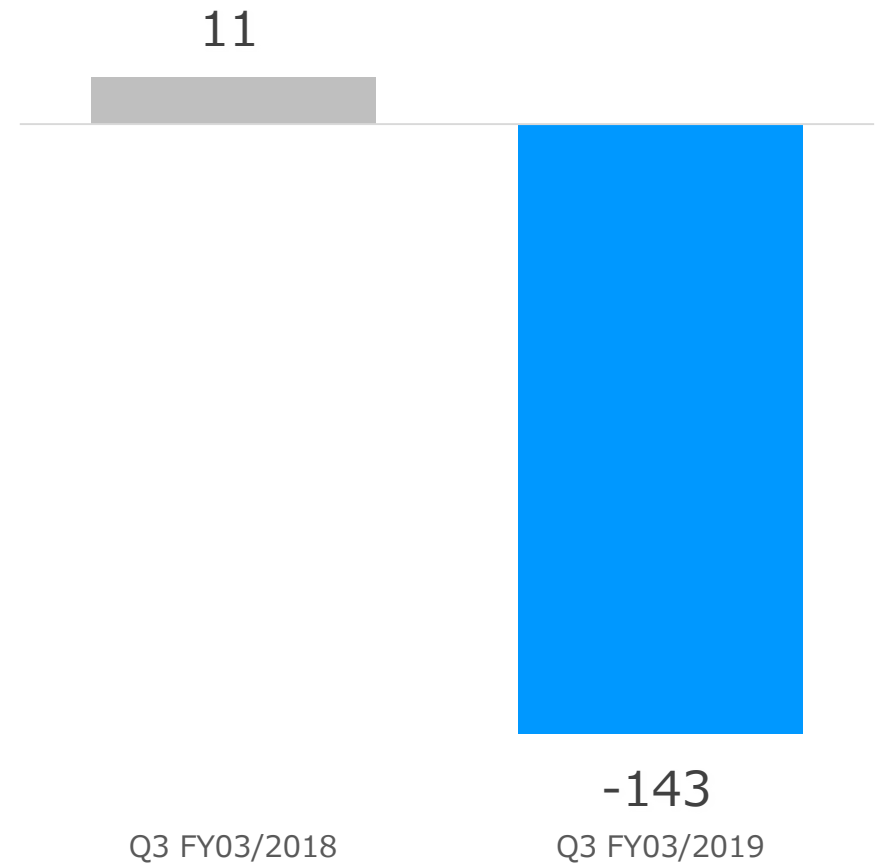
➤ Revenue and profit decreased year-on-year.

Unit: 100 million JPY

Operating revenue



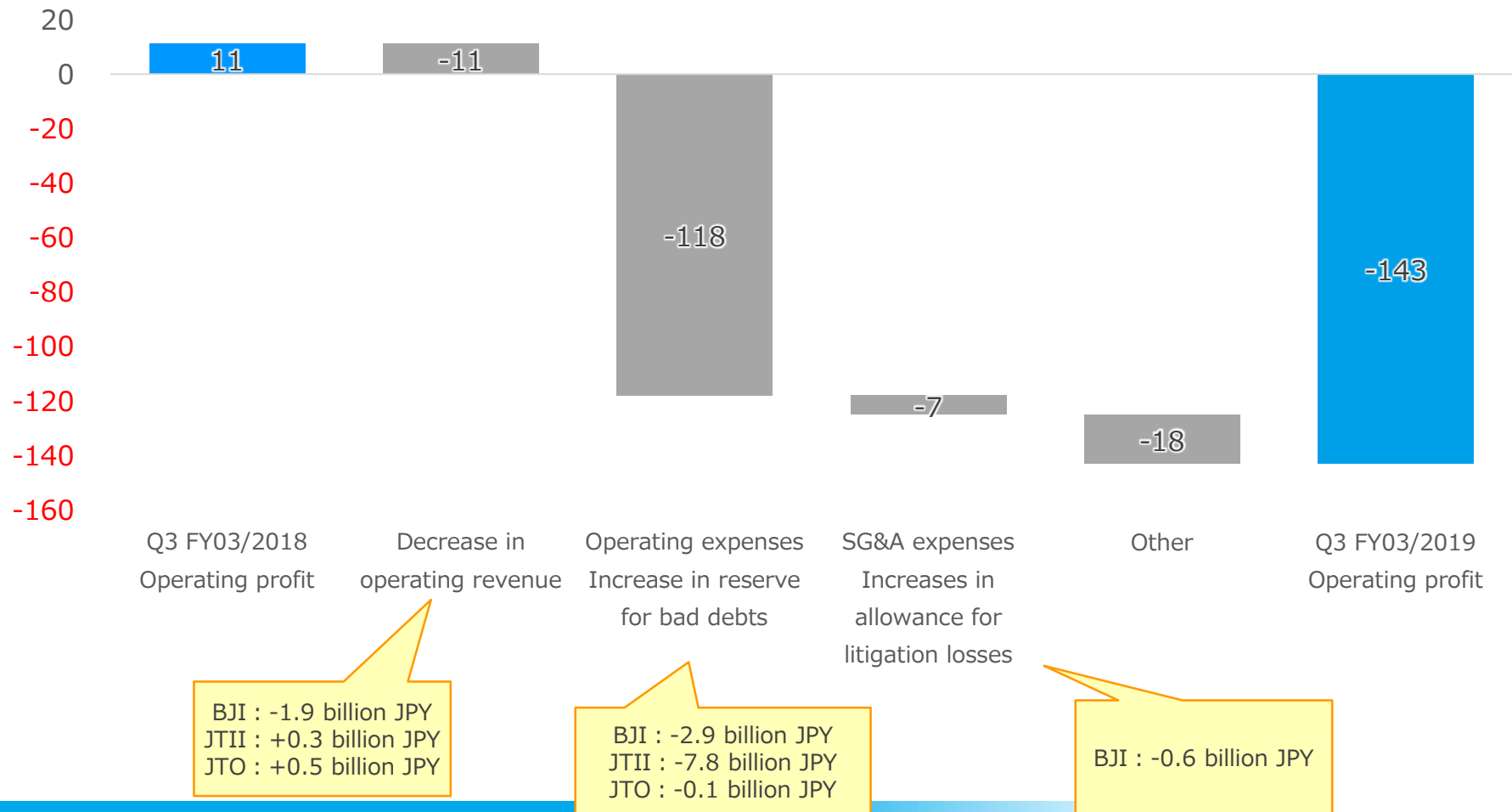
Operating profit



- This quarter, we processed almost all NPLs at once and booked 10.6 billion JPY for allowance against potential loan losses.

Unit: 100 million JPY

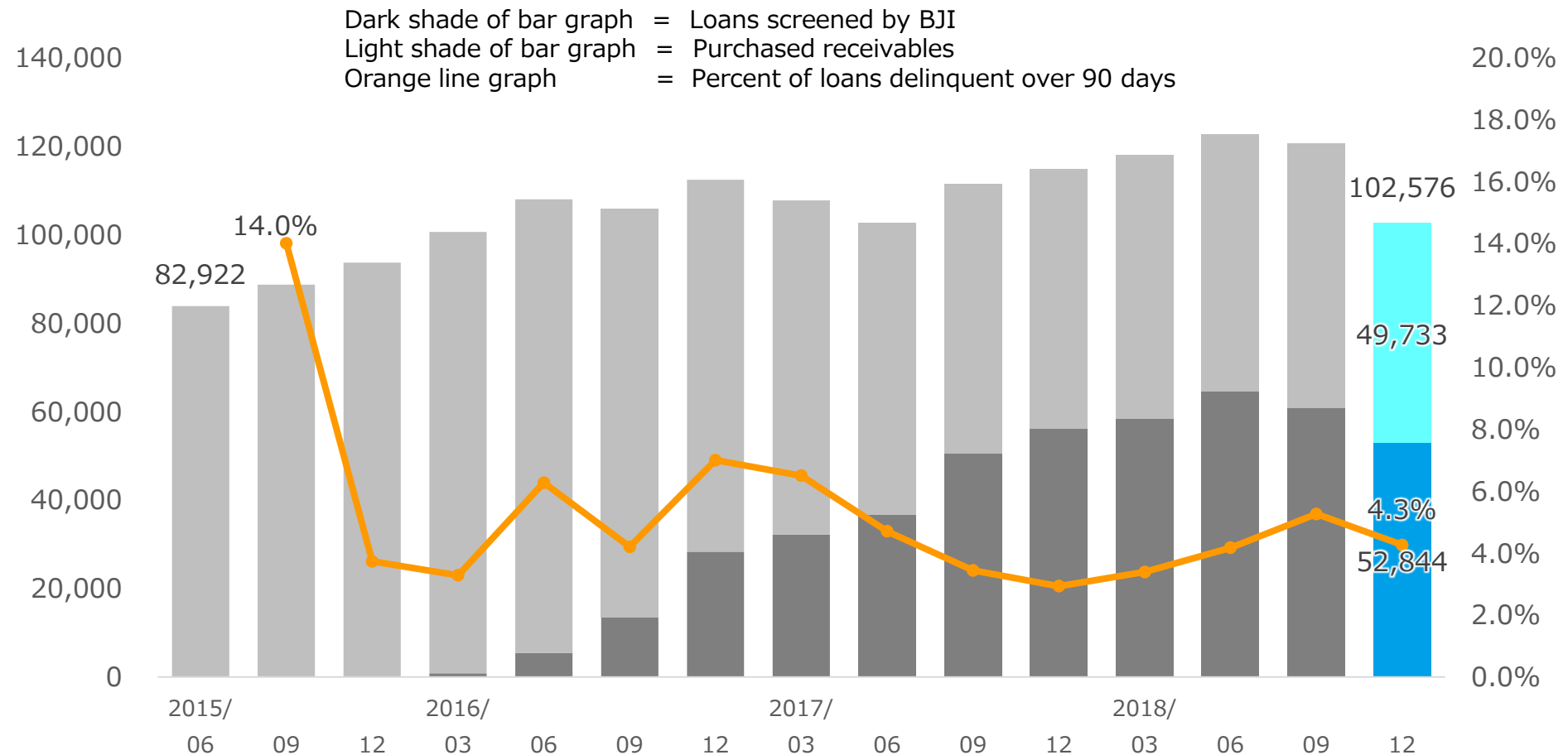
YOY Changes in Segment Profits



➤ BJI has stopped active asset increases independently. From now on the bank will increase assets by using JTO as the main axis.

BJI: Loan balance and balance of loans delinquent over 90 days

Unit: 100 million IDR



※ Graph figures listed using local accounting standards

Reference rate : 1 IDR = 0.0077 JPY (Calculated using rate on December 31st, 2018)

- We will aim to restore and increase profitability.

Proactive expansion of JTO's assets through capital raised by BJI and collection of non-performing loans by JTII



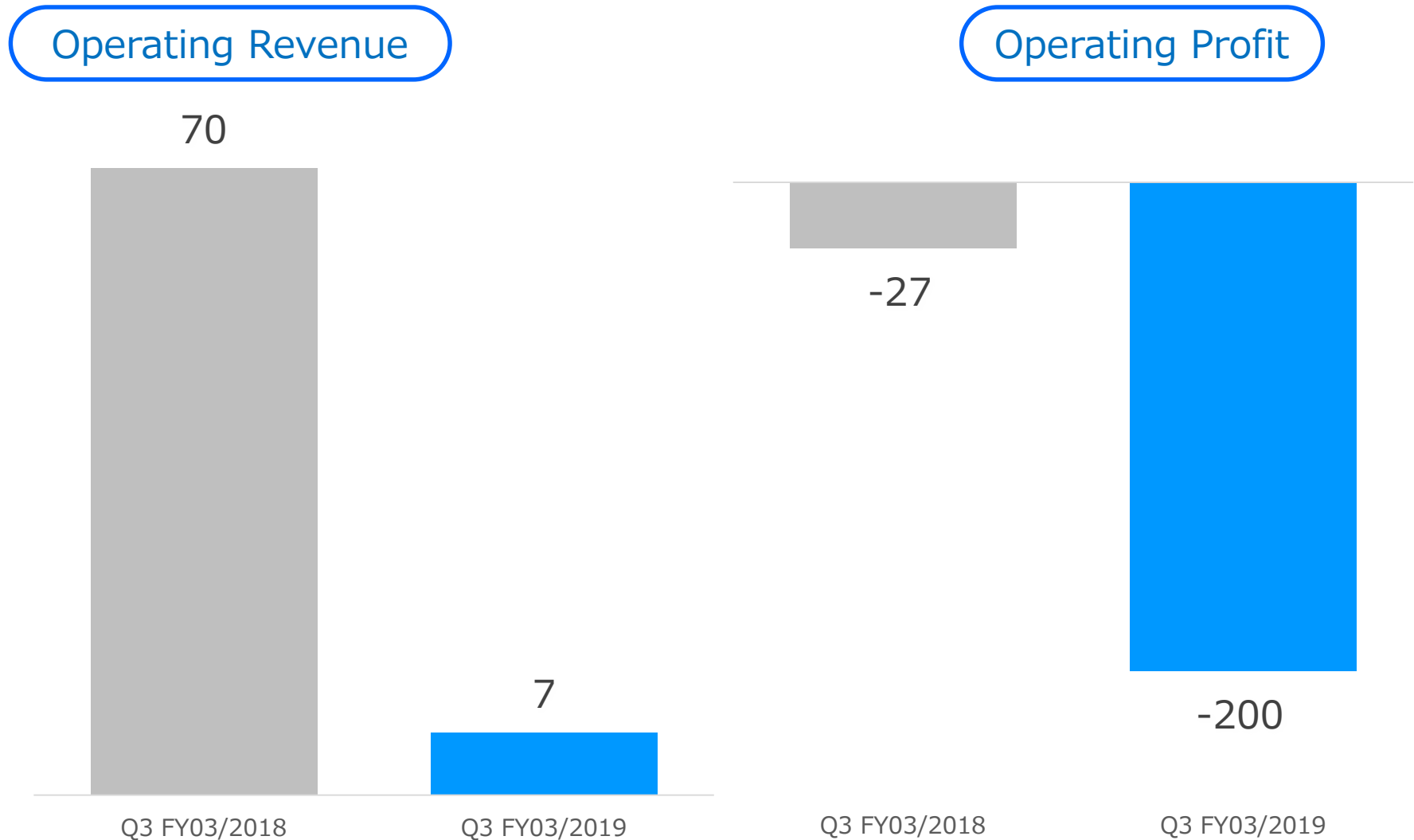
	Plan of action
BJI Business Strategy	<ul style="list-style-type: none">- Securely build assets that will not result in non-performing assets- Continue to implement policies in order to achieve a surplus within the next fiscal year
JTII NPL Collection	<ul style="list-style-type: none">- Work toward swift collection of non-performing loans
JTO Expansion of loan assets	<ul style="list-style-type: none">- Work to increase assets focused on loans for farm equipment and used automobiles
BJI/JTII/JTO Other	<ul style="list-style-type: none">- Reduce and retrain staff- Close branch locations that are ineffective- Reevaluate advertising costs

4. Results by Segment

4 – 4. Investment Business

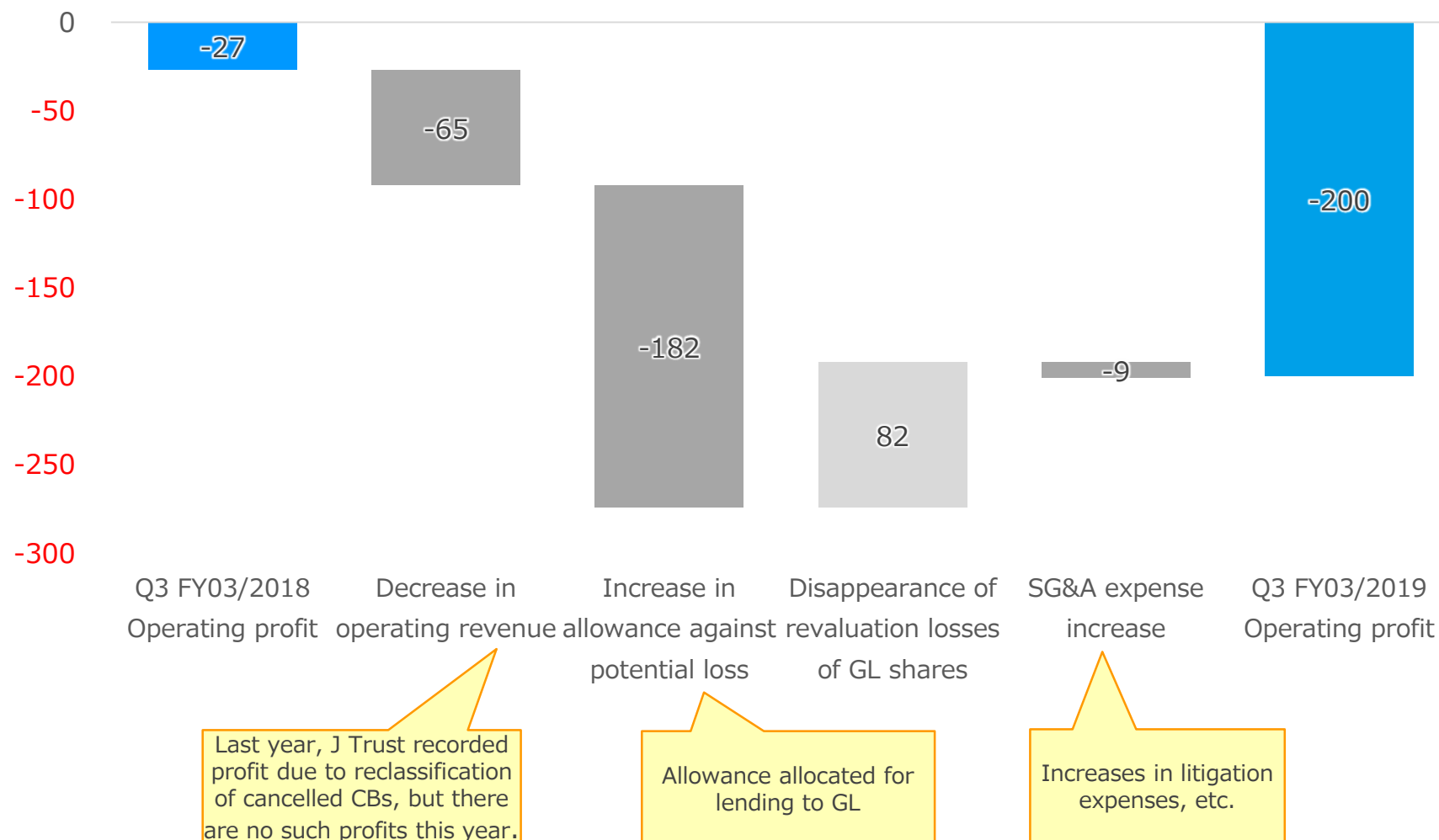
➤ Allowance set aside for JTrust Asia's financial assets which were lent to Group Lease

Unit: 100 million JPY



➤ Changes in Segment Profit

Unit: 100 million JPY



3. Results by Segment

3 – 5. Non-financial Business

- We sold off Highlights Entertainment in October to centralize our business.

Non-financial Business

	FY03/2018 3Q	FY03/2019 3Q	Difference
Operating revenue	4.0 billion JPY	5.0 billion JPY	+1.0 billion JPY
Operating profit	0.2 billion JPY	0.02 billion JPY	-0.18 billion JPY

Primary Factors	Keynote (Real estate/other)	KeyHolder (General entertainment)
Operating revenue	6.2 billion JPY	1.1 billion JPY
Operating/SG&A/Other expenses	6.2 billion JPY	1.4 billion JPY
Operating profit	0.0 billion JPY	-0.3 billion JPY

Non-financial Business= Real Estate Business and General Entertainment Business
 Figures shown do not include amounts resulting from discontinued operations.

