J Trust Co., Ltd.

(8508 TSE2) Issue Date: October 6, 2015

Transitioning main source of profit from domestic business to overseas businsss and turning around financial business in South Korea

Independent financial group known as "JT" with prominent position in South Korea and Southeast Asia

J Trust Co., Ltd. is an independent financial group known by sponsorship to Takefuji and the acquisition of KC Card. Current core businesses are: (i) domestic financial business centered on credit guarantee, (ii) savings bank business in South Korea and (iii) commercial banking business in Indonesia J Trust may not be well known in Japan, but is broadly recognized as "JT" ("J TRUST") in the Southeast Asia region, particularly in South Korea and Indonesia. After TOB by Nobuyoshi Fujisawa (current CEO), it has rapidly expanded the business scale through M&A, and as a result, total assets surged from c.12.2 billion yen to c. 540.7 billion yen (c.44-fold increase) and operating revenue increased rapidly from c.3.2 billion yen to c. 63.3 billion yen (about 20-fold increase) over about seven years. While it has accumulated assets primarily through M&A in Japan over several years after TOB, it has looked into tie-up with banks in the domestic business (credit guarantee, etc.) from the early stage, and promoted M&A strategies under the mid- to long-term vision to develop retail banking business in Asia. From FY2016, a shift of focus from the domestic business to financial businesses in South Korea and Southeast Asia has become apparent, and in the near term, these two business segments will drive the overall growth.

Surplus in Indonesian business and accumulation of loans in South Korea is primary task

Operating revenue of 19.5 billion yen in Q1 FY2016 (up c.22% year-on-year), achieving 24% of this fiscal year’s target was a reasonable start. Operating income lagged at deficit of c.1.9 billion yen, caused by additional provision of allowance for doubtful accounts (1.9 billion yen) at Bank JTrust Indonesia which was reflected in this quarter due to a delay in voluntary adoption of IFRS. However, given the background that Bank JTrust Indonesia used to be a failed bank, there are many challenges in its earning structure, and restructuring of business is now rapidly under way.

Domestic financial business scaled down but remained in surplus, though contracted, as guarantee for rental housing loans, etc. showed a steady growth. Financial business in South Korea achieved surplus in this quarter, and both revenue and income are expected to increase for the full year driven by accumulation of loans. Considering that the financial business in South Korea has completed transition to profitable structure but from the mid- to long-term viewpoint, to what extent it can expand the loan balance and gain the market share will decide the future of the South Korean business.

Basic Report
(FY2016-3, 1st Quarter)

SQUADD Research & Consulting, Inc.
Tomoko Okuyama / Sadao Sakamoto

Company Information	
Name	J Trust Co.,Ltd.
Equity Code	8508
Market Section	TSE's 2nd Section
Location	Toranomon, Minato-ku, Tokyo
President	Nobuyoshi Fujisawa
Foundation Date	1977/3/18
Capital	53,611 mil yen
Listed Date	Sep-1998
URL	http://www.jt-corp.co.jp/en/
Industry	Financials＞Other Financing Business
Accounting Period	March

Key Indicators As of 2015/9/25	
Stock Price	1,001 yen
Yearly High	1,335 yen (2015/5/26)
Yearly Low	890 yen (2015/8/25)
Shares Outstanding	118,667,754 Stock
Unit of Trading	100 Stock
Market Cap	118,786 mil yen
Dividend (Est)	12.00 yen (FY2016/3)
Div-Yield (Est)	1.20 % (FY2016/3)
EPS (Est)	39.77 yen (FY2016/3)
EPS (Act)	85.92 yen (FY2015/3)
PER (Est)	25.17 times (FY2016/3)
PBR (Act)	0.64 times (FY2015/6)

◆Business Overview (mil yen)

FY		Operating revenue	y/y	Operating income	Operating profit ratio	Ordinary income	Ordinary income Margin	Net income	Net margin	EBITDA	EPS（yen）
Mar-14	Actual	61,926	111.2%	13,745	22.2%	13,351	21.6%	11,145	18.0%	17,376	109.66
Mar-15	Actual	63,281	102.2%	(5,217)	-8.2%	(2,385)	-3.8%	10,143	16.0%	(926)	85.92
Mar-16	Company Est.	81,900	-	7,500	9.2%	n.a.	n.a.	4,700	5.7%	n.a.	39.77
Cumulative		Operating revenue	y/y	Operating income	Operating profit ratio	Ordinary income	Ordinary income Margin	Net income	Net margin	EBITDA	EPS （yen）
2015/3-1Q	Actual	15,928	109.5%	(358)	-2.2%	(294)	-1.8%	(395)	-2.5%	n.a.	n.a.
2016/3-1Q	Actual	19,490	122.4%	(1,951)	-10.0%	(1,585)	-8.1%	(2,789)	-14.3%	n.a.	n.a.
2016/3-1Q	Progress Rate	23.8%	n.a.	-	n.a.	n.a.	n.a.	-	n.a.	n.a.	n.a.

Since voluntary adoption of IFRS is scheduled from FY2016-3, the company estimates are projected figures based on IFRS.

Brief Investor Summary

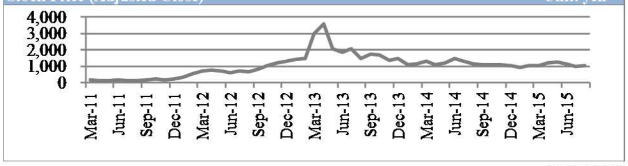
(As of 2015/03) (mil yen)

Name(J)	Jトラスト株式会社	Name(E)	J Trust Co.,Ltd.	Foundation Date	1977/3/18
Location	Toranomon, Minato-ku, Tokyo	URL	http://www.jt-corp.co.jp/	President	Nobuyoshi Fujisawa
Market Section	TSE's 2nd Section	Equity Code	8508	Company Rating	n.a.
Industry	Financials＞Other Financing Business	Capital	53,611 mil yen	Number of Employee	non-consolidated 30
Underwriter	SMBC Nikko Securities	Main Bank	n.a.	(permanent staff)	consolidated 3,986
Auditor	Hibiki Audit Corporation	Going concern note	n.a.	Average Salary	non-consolidated (thousand yen) 6,747

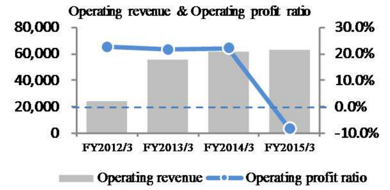
Business Profile: J Trust is an independent financial group carrying out (i) credit guarantee, receivable collection and business finance in Japan, (ii) savings bank business in South Korea and (iii) banking business in Indonesia. Fujisawa (current CEO) became the largest shareholder of a predecessor business finance company Ikko through TOB in 2008 and renewed the management structure. Since then, it has rapidly expanded the business through M&A, such as Lopro, Takefuji, Standard Chartered Savings Bank Korea.

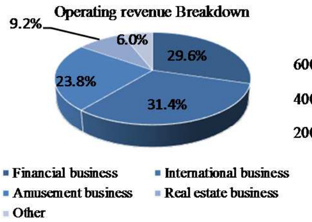
Future Outlook: Growth driver has shifted from domestic business to overseas with South Korea (savings bank) and Indonesia (commercial bank) as core business. Savings bank business in South Korea achieved surplus in Q1 FY2016-3, and extent of growth in the loan balance will determine the performance going forward. Bank business in Indonesia now focuses on improvement in profitability right after the acquisition, while future development is expected from this high potential growth market.

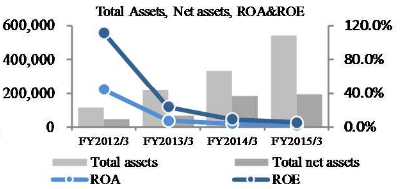
Stock Price (Adjusted Close) Unit: yen



Major Shareholders	Share
Nobuyoshi Fujisawa	19.4%
TAIYO FUND, L.P.	8.7%
NLHD Co., Ltd.	6.3%
FUJISAWA PTE. LTD.	5.9%
Others	59.8%
Total	100.0%







as of 2015/9/25

Close Price	Market Cap	EV**	PER*	PBR**	Div-Yield*
1,001	118,786	(11,184)	25.17	0.64	1.20%

FY	Mar-12	Mar-13	Mar-14	Mar-15	year to date
FYE Price	729	2,995	1,304	1,034	n.a.
High Price	1,642	3,335	2,350	1,615	1,335
Low Price	274	564	905	930	890
EPS	575.95	214.45	109.66	85.92	n.a.
PER	1.41	15.55	11.89	12.03	n.a.
PBR	1.02	3.29	0.87	0.65	n.a.

* Company Forecast, **Calculation is based on Balance Sheet as of 2015/6

PL	Mar-12	Mar-13	Mar-14	Mar-15
Operating revenue	24,508	55,683	61,926	63,281
Operating gross profit	19,969	34,897	35,586	33,996
Operating income	5,539	12,005	13,745	(5,217)
Ordinary income	5,486	13,704	13,351	(2,385)
Net income	34,500	13,309	11,145	10,143
Depreciation	216	2,560	2,311	2,957
Amortization of goodwill	110	687	1,320	1,334
EBITDA (*1)	5,865	15,252	17,376	(926)
CAPEX (*2)	268	2,501	4,914	5,719
EBITDA-CAPEX	5,597	12,751	12,462	(6,645)
Interest expenses(inc. OPEX)	1,161	1,634	1,248	1,303

(*1) EBITDA=Operating Income + Depreciation + Amortization of goodwill
(*2) CAPEX=Purchase of property, plant and equipment + Purchase of intangible assets on CF Statement

Balance Sheet	Mar-12	Mar-13	Mar-14	Mar-15
Cash and deposits	10,362	62,140	132,235	141,742
Operating loans receivable(†)	97,166	118,755	140,615	302,113
Securities	-	788	10,787	17,874
Operational investment securities	-	-	8,918	6,595
Inventories	1,314	1,691	2,570	3,203
Other current assets	4,929	17,456	15,317	17,253
Allowance for doubtful accounts	(6,813)	(11,574)	(11,657)	(20,525)
Total current assets	106,963	189,262	298,790	468,260
Property, plant and equipment	5,095	10,836	12,309	9,352
Intangible assets	1,120	6,764	8,633	47,102
Operating loans receivable (LT)	8,487	4,686	3,951	2,405
Other	3,601	11,623	15,546	23,688
Allowance for doubtful accounts	(7,723)	(4,469)	(4,498)	(10,092)
Investments and other assets	4,366	11,842	15,001	16,002
Total non-current assets	10,582	29,443	35,945	72,458
Total assets	117,546	218,706	334,736	540,718
Current liabilities	43,995	99,471	118,904	322,598
Non-current liabilities	24,079	48,339	31,601	23,254
Total liabilities	68,074	147,810	150,505	345,853
Shareholders' equity	48,099	62,716	170,928	180,062
Other net assets	1,371	8,178	13,300	14,802
Total net assets	49,471	70,895	184,230	194,865

(†)=Commercial notes + Accounts receivable - Operating loans + Loans by banking business + Advances paid - installment + Purchased receivables

Key data on BS	Mar-12	Mar-13	Mar-14	Mar-15
Consumer loan	27,495	17,397	49,900	59,660
Business loan	3,708	3,967	4,624	10,387
Loans by banking business	-	48,210	46,701	224,401
Advances paid - installment	72,139	51,338	40,814	1,422
Purchased receivables	2,310	2,529	2,527	8,647
ST & LT	105,652	123,441	144,566	304,517
Credit guarantee balance	22,072	33,194	40,839	36,712
Interest bearing debt(‡)	43,022	40,058	43,760	29,455
Deposits by banking business	-	73,194	77,142	287,452

(‡)Interest bearing debt=Notes discounted + Bonds payable + Loans payable. Loans by banking business

CF	Mar-12	Mar-13	Mar-14	Mar-15
CF from Operating Activities	(16,489)	9,378	11,434	15,452
CF from Investing Activities	(12,424)	36,764	(17,775)	(15,148)
Free CF	(28,913)	46,142	(6,341)	304
CF from Financing Activities	24,165	(2,441)	74,464	(20,593)
Effect of Exchange Rate Change	10	1,090	6,938	7,000
Net CF	(4,738)	44,792	75,061	(13,288)

Segment Information FY2015-3	Operating revenue	Share%	Operating income	Operating profit ratio
Financial business	18,731	29.6%	1,852	9.9%
International business	19,857	31.4%	(5,811)	-29.3%
Amusement business	15,075	23.8%	483	3.2%
Real estate business	5,821	9.2%	402	6.9%
Other	3,795	6.0%	(69)	-1.8%
Adjustments	-	-	(2,075)	-
Total	63,281	100.0%	(5,217)	-8.2%

FY2014/3 Quarterly	1Q	2Q	3Q	4Q	Total
Operating revenue	14,545	14,300	15,172	17,909	61,926
Operating income	2,225	7	3,847	7,666	13,745
Operating profit ratio	15.3%	0.0%	25.4%	42.8%	22.2%
FY2015/3 Quarterly	**1Q**	**2Q**	**3Q**	**4Q**	**Total**
Operating revenue	15,928	16,051	16,141	15,161	63,281
Operating income	(358)	(2,274)	(689)	(1,896)	(5,217)
Operating profit ratio	-2.2%	-14.2%	-4.3%	-12.5%	-8.2%
Operating revenue Growth	109.5%	112.2%	106.4%	84.7%	102.2%

Key Indicator		Mar-12	Mar-13	Mar-14	Mar-15
Operating revenue growth	(%)	44.9%	127.2%	11.2%	2.2%
Operating gross margin	(%)	81.5%	62.7%	57.5%	53.7%
Operating profit ratio	(%)	22.6%	21.6%	22.2%	-8.2%
Ordinary profit margin	(%)	22.4%	24.6%	21.6%	-3.8%
Net margin	(%)	140.8%	23.9%	18.0%	16.0%
EBITDA margin	(%)	23.9%	27.4%	28.1%	-1.5%
SG&A/Operating revenue	(%)	58.9%	41.1%	35.3%	62.0%
ROA	(%)	44.4%	7.9%	4.0%	2.3%
ROE	(%)	111.4%	23.8%	9.3%	5.6%
Capital adequacy ratio	(%)	40.9%	29.1%	53.0%	34.8%
D/E ratio	(times)	0.87	0.57	0.24	0.15
Interest Bearing Debt / EBITDA	(times)	7.34	2.63	2.52	-

Valuation		Mar-12	Mar-13	Mar-14	Mar-15
Market cap	JPY(M)	49,087	210,709	154,375	122,621
EV	JPY(M)	81,747	187,839	55,113	(7,540)
EV/Operating revenue	(times)	3.34	3.37	0.89	-
EV/EBITDA	(times)	13.94	12.32	3.17	-

EV: Enterprise value, EV=Market cap + (Interest bearing debt − Cash and deposits − Securities)

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1. Business Overview

1-(1) Long-term Trend

Rapid business expansion through proactive M&A since TOB by Fujisawa in 2008

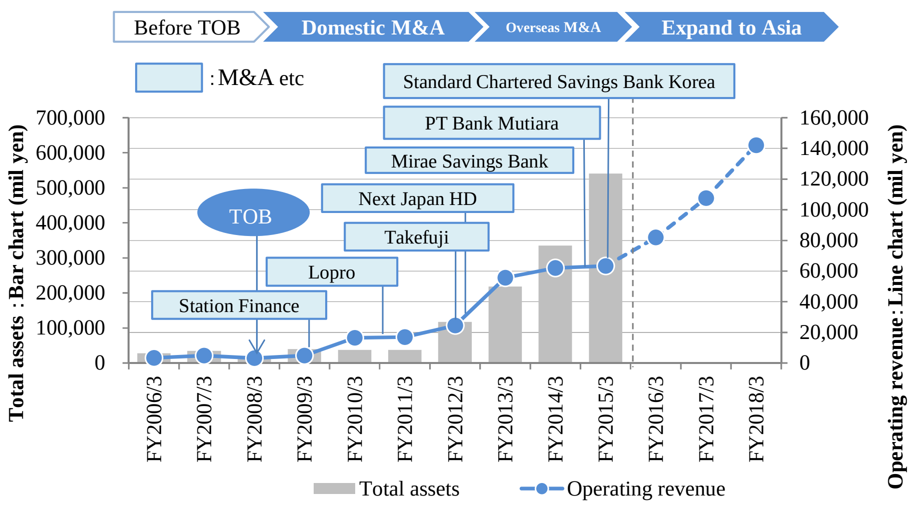
◆ Rapidly expanded business through proactive M&A since TOB by Nobuyoshi Fujisawa in March 2008

J Trust Co., Ltd. is an independent financial group, carrying out credit guarantee business and receivable collection business, etc. in Japan, as well as banking business in South Korea and other Asian region.

Ikko Corporation (formerly Ikko Shoji Co., Ltd.), a predecessor of J Trust, started B to B financial business (moneylending services such as discount on commercial notes and loan on notes) in 1977 in Osaka, smoothly expanded the business, and listed its stocks at the 2nd Section of the Osaka Stock Exchange in 1998. However, business conditions have deteriorated due to prevailing issues surrounding small business loans in 2000 and lowering of the maximum lending interest rate along with revisions of the Money Lending Business Act in 2006. Amid a flurry of competitors going out of business and bankrupt, J Trust was also forced to contract its business.

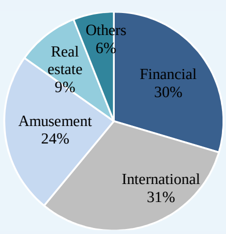
While difficult business conditions continued, Nobuyoshi Fujisawa (current CEO) acquired the Company's shares through TOB in March 2008 and became the largest shareholder. Under the completely new management structure, J Trust has proactively implemented M&A and purchase of receivables (see P.9) to rapidly expand scale and scope of its business. As a result, total assets increased from 12.2 billion yen at the end of March 2008 to 540.7 billion yen at the end of March 2015 (about 44-fold increase), while operating revenue (sales) rapidly increased from 3.2 billion yen to 63.3 billion yen (about 20-fold increase).

Total assets, operating revenue long term trend



1-(2) Segment Composition

(FY2015)
Breakdown of Operating Revenue



◆Restructured business segments from FY2016 to better adjust to expanded business domain

In FY2015, business segments were comprised of "Financial business", "International business", "Amusement business", "Real estate business" and "Other business". Until FY2012, financial business had accounted for almost 80% of total operating revenue, but the weight declined to less than 60% in FY2013 when Next Japan Holdings (amusement business) became a wholly-owned subsidiary. International business has expanded since FY2014 with start of operation of JT Chinae Savings Bank (South Korea) and the acquisition of an Indonesian commercial bank PT Bank Mutiara Tbk. As a result, breakdown of operating revenue by segment in FY2015 was: financial 30%, international 31%, amusement 24%, real estate 9% and other 6%.

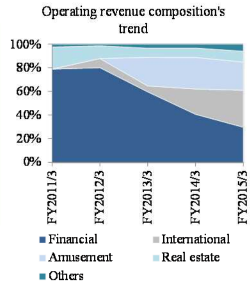
From FY2016, "International business" was split into "Financial business in South Korea" and "Financial business in Southeast Asia" along with business expansion in the Asia region (see below chart).

◆Old Segment (before FY2015-3)

Old segment	Business outline
Financial business	Credit guarantee, Credit/consumer credit, Purchase of account receivable, Consumer/business loan
International business	Bank, Savings bank, Purchase of account receivables, Investment
Amusement business	Manufacturing and sales of amusement machine toys, Operation of amusement facilities
Real estate business	Real estate sales, brokerage and rental
Other business	Operation and management of computer system, Commissioned software development

◆New Segment (after FY2016-3)

New segment	
Domestic financial business	Financial business
South Korea	Financial business
Southeast Asia	Financial business
General entertainment business	Non-financial business
Real estate business	Non-financial business
Other business	Non-financial business



	11/3	12/3	13/3	14/3	15/3
Fin	79%	80%	60%	41%	30%
Inter	-	8%	5%	21%	31%
Amuse	-	-	24%	27%	24%
RE	19%	11%	8%	8%	9%
Others	2%	1%	3%	3%	6%
	100%	100%	100%	100%	100%

- Split "International business" into "Financial business in South Korea" and "Financial business in Southeast Asia"
- Moved "International investment business" under "International business" to "Other"
- Moved "Development, manufacturing and sales of computer system for peripheral equipment of pachinko and slot machines" under "Other" to "General entertainment business"

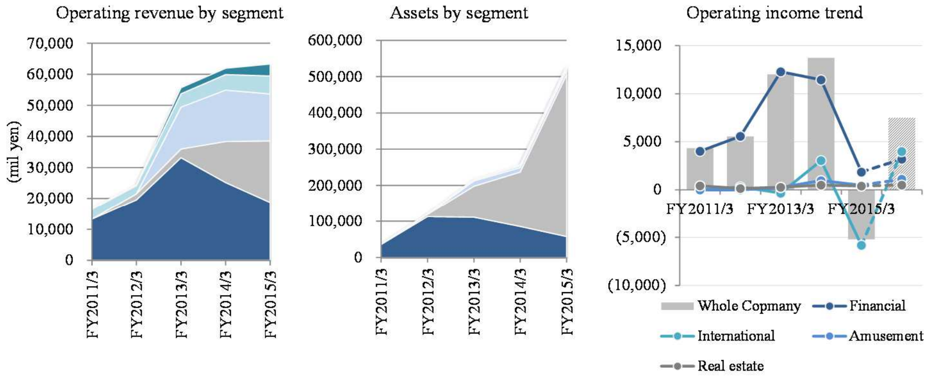
Source : Annual securities report, financial results

◆**Business results by segment** (mil yen)

		Mar-11	Mar-12	Mar-13	Mar-14	Mar-15	Plan* Mar-16
Operating revenue	Financial	13,326	19,605	33,186	25,193	18,731	11,100
	International	-	1,916	2,793	13,214	19,857	42,000
	Amusement	-	-	13,484	16,510	15,075	15,000
	Real estate	3,166	2,645	4,285	4,970	5,821	6,500
	Others	415	341	1,933	2,037	3,795	4,000
	Total	16,908	24,508	55,683	61,926	63,281	81,900
Operating income	Financial	4,017	5,571	12,293	11,435	1,852	3,200
	International	-	303	(336)	3,046	(5,811)	4,000
	Amusement	-	-	250	951	483	1,100
	Real estate	407	131	270	496	402	500
	Others	40	44	169	70	(69)	(400)
	Sub total	4,466	6,050	12,647	16,000	(3,142)	8,400
	Adjustment etc.	(142)	(510)	(642)	(2,255)	(2,075)	(900)
	Total	4,324	5,539	12,005	13,745	(5,217)	7,500
Operating profit ratio	Financial	30.1%	28.4%	37.0%	45.4%	9.9%	28.8%
	International	-	15.8%	-12.0%	23.1%	-29.3%	9.5%
	Amusement	-	-	1.9%	5.8%	3.2%	7.3%
	Real estate	12.9%	5.0%	6.3%	10.0%	6.9%	7.7%
	Others	9.6%	12.9%	8.7%	3.4%	-1.8%	-10.0%
	Total	25.6%	22.6%	21.6%	22.2%	-8.2%	9.2%
Segment assets	Financial	35,857	113,165	111,359	85,631	58,030	n.a.
	International	-	5,895	86,507	151,453	447,815	n.a.
	Amusement	-	-	14,759	12,314	12,080	n.a.
	Real estate	1,236	1,889	3,166	4,799	5,236	n.a.
	Others	332	317	1,522	3,261	7,249	n.a.
	Sub total	37,425	121,267	217,315	257,459	530,412	n.a.
	Adjustment etc.	437	(3,721)	1,391	77,277	10,307	n.a.
	Total	37,862	117,546	218,706	334,736	540,718	n.a.

*The sum of operating revenue by segment under company plan is different from total by JPY 3,300M due to figure before consolidation adjustment.

Source : Annual securities report, materials on medium term business plan



Source : Annual securities report, materials on medium term business plan

Each segment will be summarized in the following sections. Details of core businesses - "Domestic financial business", "Financial business in South Korea" and "Financial business in Southeast Asia" - will be described in "5. Segment Overview and Business Model" (P25 -).

◆Financial business (Domestic financial business)

Financial business includes various financial businesses in Japan, such as B to C/B to B financial business, credit guarantee business, receivable collection, credit card and consumer credit business. J Trust aimed to broaden the business foundation by becoming a sponsor of Lopro (formerly Nichiei) in 2010 and Takefuji Corporation (currently TFK Co., Ltd.) in 2012, both under the Corporate Rehabilitation Act. J Trust also acquired the KC Card business from Rakuten Co., Ltd. in 2011 and entered firmly into the credit card business. KC Card business was later sold to Yahoo Japan and SoftBank Payment Service Corp in January 2015.

Business conditions continue to be difficult as the domestic unsecured loan market is leveling off and becoming more competitive. In response to these conditions, J Trust has changed its direction to scale down the unsecured loan business from around FY2014 and made a decision to focus on the credit guarantee business, receivable collection (investment in NPLs and servicer) and real estate secured loan business.

◆International business (Financial business in South Korea/financial business in Southeast Asia)

✓ Financial Business in South Korea

In South Korea, (i) savings bank business as core business, (ii) receivable collection (investment in NPLs and servicer) and (iii) automobile loan, leasing and other business are carried out.

J Trust entered the South Korean market with the acquisition of Neoline Credit Co., Ltd., a consumer finance company, in April 2011. Subsequently, it expanded business scope into the savings bank business by assuming assets and liabilities of Mirae Savings Bank Co., Ltd. in 2012, accumulated the balance of receivables through the purchase of receivables from third parties, and further expanded the business scale with the acquisition of Standard Chartered Savings Bank Korea Co., Ltd. and Standard Chartered Capital (Korea) Co., Ltd. in FY2015. As a result, operating assets reached c.190 billion yen. In addition, it has improved its presence in South Korea, as the asset base (two banks combined) became the third largest in the savings bank industry after the acquisition of Standard Chartered Savings Bank Korea (see P61), and going forward, the financial business in South Korea will drive the overall business as a core business instead of the domestic financial business.

✓ **Financial business in Southeast Asia**

Financial business in Southeast Asia started full-fledged operation with the acquisition of an Indonesian bank PT Bank Mutiara Tbk. (currently PT Bank JTrust Indonesia Tbk.) in November 2014. From FY2016, J Trust plans to expand the scale of business centering on Bank Mutiara. As Bank Mutiara, which used to be under administration of the Indonesia Deposit Insurance Corporation in the past, faces many challenges, the focus is currently put on rehabilitation of its business (see P38).

J Trust also underwrote convertible bond (c.3.6 billion yen) of Group Lease PCL, a company listed in Thailand which operates hire-purchase financing business of motorcycle in May 2015, promoting enhancement of partnership with local operators from which synergies with Bank JTrust Indonesia are expected.

◆Amusement business (General entertainment business）

In April 2012, Next Japan Holdings Co., Ltd. (hereinafter, "NJHD") became a wholly-owned subsidiary of J Trust through share exchange and J Trust Group started amusement business. The largest shareholder of NJHD at the time of the share exchange was Nobuyoshi Fujisawa (about 35% ownership).

Next Japan Holdings Co., Ltd., listed on TSE Mothers was engaged in designing, production and sales of toys for amusement machine through its subsidiary, BREAK Co., Ltd. It also owned ADORES, Inc. (JASDAQ 4712), an operator of amusement facilities such as game arcades (about 34% ownership). In July 2012 after the share exchange, J Trust absorbed NJHD, and in March 2013, ADORES, Inc. became a consolidated subsidiary based on the controlling standard.

Currently, the general entertainment business is centered on (i) operation of amusement premises and (ii) production and sales of toys for amusement machines. In November 2014, ADORES, Inc. acquired Japan Care Welfare Group Co., Ltd. to enter the elderly care business. However, given the poor performance due to decline in unit rate of fee for nursing care after the revision of laws in April 2015 and fiercer competition, ADORES, Inc. decided to withdraw from the elderly care market in August 2015. Though Fujisawa concurrently serves as a director of ADORES, Inc., ADORES, Inc. independently manages its business.

During FY2015, Highlights Entertainment Co., Ltd., a relatively small company engaged in development, manufacturing and sales of pachinko hall management and operation system, became a consolidated subsidiary.

◆Real estate business (Real estate business)

Real estate business is led by a group company, Keynote Co., Ltd. It provides sales and brokerage services for both custom and ready-built houses and is also engaged in renovation of used homes mainly in Japan's Kanto and Kansai regions. It also has a track record in design, planning and construction of interiors and exteriors of more than 2,000 amusement outlets and other commercial premises. In the mid- to long-term, sales of Japanese quality houses in Southeast Asia is also being contemplated. While this segment accouts for less than 10% of total operating revenue, it contributes to the overall performance as a stable source of revenue.

2. Company Overview

2-(1) History

◆FY2016 marks 40th term

J Trust started the money lending services such as discount on commercial notes and loan on notes for small and medium-sized enterprises and sole proprietors in March 1977 in Osaka, and FY2016 will mark the 40th term. It expanded business mainly in the Kansai region, and listed its stocks on the 2nd Section of the Osaka Stock Exchange in September 1998. Subsequently, it steadily expanded the business scale by opening branches in major cities across Japan, but prevailing issues surrounding small business loans in 2000 and lowering of the maximum lending interest rate forced the Company to scaled down marketing activities.

In 2005, Zenkoku Hosho Co., Ltd. (TSE1, 7164) became the largest shareholder with about 51% ownership through underwriting of stocks issued by third-party allotment and TOB, but in March 2008, Fujisawa acquired the stocks held by Zenkoku Hosho Co., Ltd. through a TOB, leading to the current ownership structure.

◆Company History

Date	Category				Note
	Whole	Domestic	South Korea	Southeast Asia	
Mar-77	○				Ikko Shoji, Co., Ltd. was established and embarked on providing discounts of commercial bills for small and medium-sized enterprises and sole proprietors financing in the form of loan on bill.
Dec-83	○				Obtained Moneylending Business Registration, pursuant to "Moneylending Business Act".
Mar-91	○				Changed trade name to Ikko Co., Ltd.
Sep-98	○				Listed on the Osaka Securities Exchange(OSE), 2nd Section.
Jan-05	○				Zenkoku Hoshou Co., Ltd. acquired 12,600 thousand common shares of the Company (through third party allotment and TOB) and became the Company's parent company.
Mar-08	○				Nobuyoshi Fujisawa acquired 14,010 thousand common shares of the Company (through TOB) from Zenkoku Hoshou Co., Ltd. and became the largest shareholder of the Company.
Mar-09		○			Acquired all shares of Station Finance Co., Ltd. (currently Nihon Hoshou Co., Ltd.) from Hankyu Corporation.
Jul-09	○				Changed trade name to J Trust Co., Ltd. and transferred its headquarters to Kitahama, Chuo-ku, Osaka-shi.
Sep-10		○			Acquired all shares of Lopro Corporation (currently Nihon Hoshou Co., Ltd.) making it a consolidated subsidiary of the Company.
Jun-11	○				Transferred the company's headquarters to Minato-ku, Tokyo.
Mar-12		○			Transferred the consumer finance business of Takefuji Corporation under Reorganization and Rehabilitation Act (currently TFK Co., Ltd.) to Lopro Corporation (currently Nihon Hoshou Co., Ltd.) through an absorption type corporate split.
Apr-12		○			Conducted a share exchange to make the Company a wholly owning parent company and Next Japan Holdings Co., Ltd. a wholly owned subsidiary. Consequently, the latter company became the Company's consolidated subsidiary.
Jun-12	○				Conducted a stock split whereby 1 common share of the Company was divided into 2 shares.
Oct-12			○		Chinae Co., Ltd. obtained an approval to commence savings bank business in South Korea, entered savings bank business, and changed trade name to Chinae Savings Bank Co., Ltd.
Jul-13	○				Listing market was changed to the Tokyo Stock Exchange (TSE), the 2nd Section due to merger between the TSE and the OSE.
Jul-13	○				Completed fund-raising through rights offering.
Oct-13				○	Founded J TRUST ASIA PTE.LTD. in Singapore to enter financial, amusement and other markets in Southeast Asia.
Mar-14			○		Acquiried all equity interests of KJI Consumer Finance LLC (currently TA Asset Management LLC) and all shares of HICAPITAL Co., Ltd. in South Korea.
Nov-14				○	Acquired 99.0% shares of PT Bank Mutiara Tbk. (currently PT Bank JTrust Indonesia Tbk.) in Indonesia from Indonesia Deposit Insurance Corporation.
Jan-15		○			KC Co., Ltd. (currently YJ Card Corporation), KC Card's subsidiary, assumed a credit card business of KC Card Co., Ltd. and all shares of KC Co., Ltd. were sold to Yahoo Japan Corporation and SoftBank Payment Service Corp. The trade name of KC Card Co., Ltd. was changed to J TRUST Card Co., Ltd.
Jan-15			○		Acquired all shares of Standard Chartered Savings Bank Korea Co., Ltd. from Standard Chartered Korea Limited in South Korea and changed its trade name to JT Savings Bank Co., Ltd.
Mar-15			○		Acquired all shares of Standard Chartered Capital (Korea) Co., Ltd. from Standard Chartered Korea Limited in South Korea and changed its trade name to JT Capital Co., Ltd.

Source : Annual securities report

2-(2) M&A Activities

In the following sections, the rapid expansion of business scale through M&A activities and accompanying shift in business will be reviewed. From an early stage, J Trust has considered that it is hard to expand the scale as money lender in Japanese market, and has focused on the business (credit guarantee, etc.) partnered with banks. Also from the mid- to long-term perspective, it has formulated a vision to develop new financial services centered on retail banking businesses in Asia, and has steadily accumulated the track record, though still half way through.

◆2008-2011：Expanded business scale through M&A in Japan

During the period from Fujisawa's TOB in 2008 to around 2011, J Trust focused on expansion of business scale through M&A and assumption of business in Japan. It accelerated expansion of business scale by accumulating receivables through the acquisition of Station Finance Co., Ltd., an affiliate of Hankyu Corporation, in March 2009, and sponsorship to Lopro Corporation in September 2010 and Takefuji Corporation in March 2012, both under the Corporate Rehabilitation Act. Most of the companies acquired during this period were distressed companies, and the business model was to purchase receivables at discount and later generate profit through collection of receivable. It was also the period when as fallout of the Lehman shock, foreign investors were unable to conduct investment actively, and not many competitors dared to purchase receivables with a risk of refunding overcharged interest*, which worked favorably to J Trust.

At one time J Trust made an effort to acquire new customers through TV CM that promotes consumer finance, but given fierce competition and poor reactions from advertisement, it quickly refrained from a path of expansion of unsecured loans and shifted its focus to the credit guarantee business. Around then, J Trust came to the conclusion that it may be difficult to achieve sustainable growth if it stayed in Japan, and since then it would accelerate development of the international market.

Meanwhile in Japan, J Trust acquired KC Card business from Rakuten Co., Ltd. in August 2011 and entered the credit card business. Though highly evaluated for customer satisfaction, etc., the card business continued to suffer from obstacles such as slow growth in the number of card holders. Under these circumstances, KC Card was sold to a consortium of Yahoo Japan and SoftBank, which were considered to be able to assess the KC Card's expertise and capitalize on its strength. The J Trust decided to downsize the card and consumer credit business.

*J Trust assumed a part of business from Takefuji Corporation without assuming the risk of refunding overcharged interest.

◆2011-2015：Expanded business scale through overseas M&A

As Japanese market was leveling off, J Trust entered the South Korean market where the maximum lending interest rate is higher than that of Japan and there is no risk of refunding overcharged interest in 2011. Also in South Korea at the time, the maximum lending interest rate had been cut, though higher than Japan, and consolidation and restructuring of money lenders had started to be seen as in the case of Japan in the past (see P25). Therefore, J Trust selected South Korea as the next target, as it had advantages to leverage its expertise and experience accumulated in Japan to date in South Korea.

In October 2012, J Trust Group assumed part of assets and liabilities of failed Mirae Savings Bank Co., Ltd. and made full-fledged entry into the savings bank business, then built operating assets through purchase of receivables from Solomon Savings Bank and HK Savings Bank, and acquired KJI Consumer Finance and HICAPITAL in March 2014 in an effort to expand the business scale. The acquisition of Standard Chartered Savings Bank

Korea in January 2015 brought the asset base to the third largest among savings banks, and the subsequent acquisition of Standard Chartered Capital (Korea) in March 2015 led to the establishment of an infrastructure to provide the comprehensive financial services.

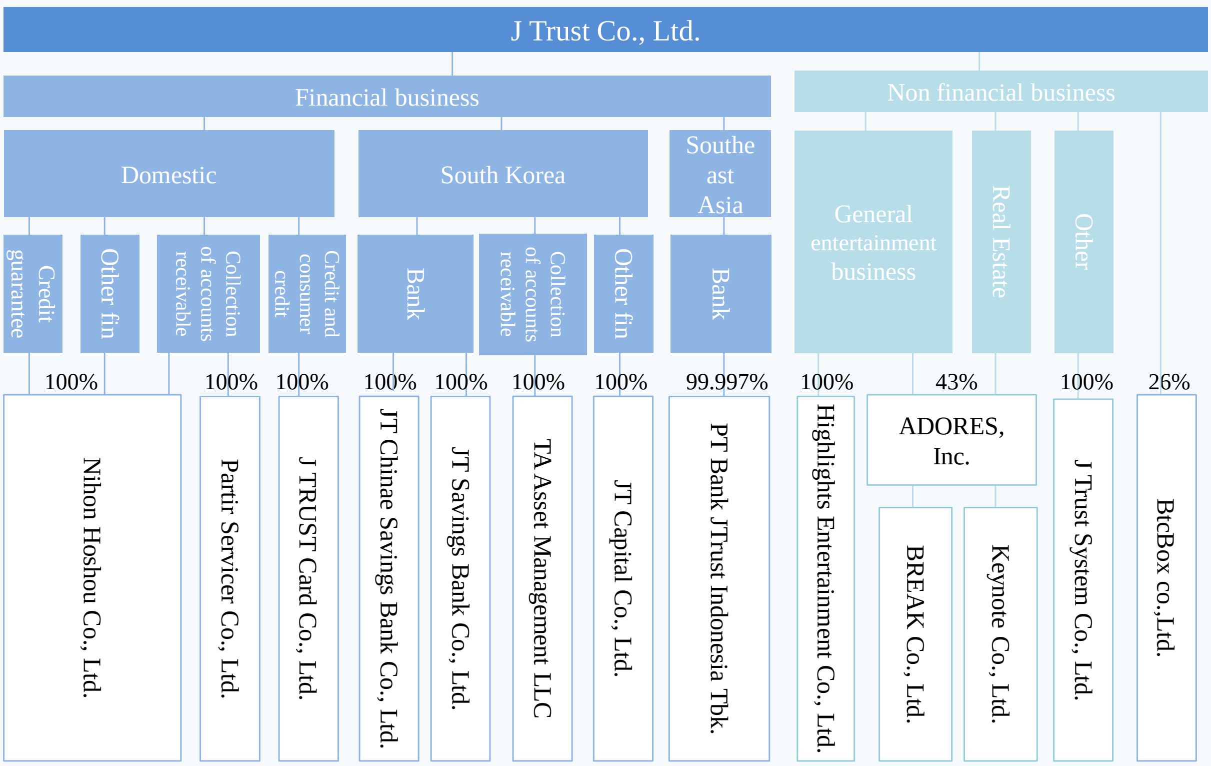
The assumption of assets of Mirae Savings Bank included transfer of employees, and as such the transaction was more like business investment than simple asset purchase. After the assumption of business, J Trust has adopted practical measures such as sending human resources from Japan to rehabilitate the business, and entering into Q1 FY2016, the South Korean business achieved surplus.

While building the business foundation in South Korea, in pursuit of further growth, J Trust acquired PT Bank Mutiara Tbk. in Indonesia in November 2014, which became a 99%-owned subsidiary. The banking industry in Indonesia has high potential and is attractive as an investment target. In addition, the knowledge of banking operation and expertise of business rehabilitation gained in the South Korean business allowed J Trust to formulate a specific rehabilitation plan for failed PT Bank Mutiara Tbk. Against these backdrops, J Trust decided the acquisition.

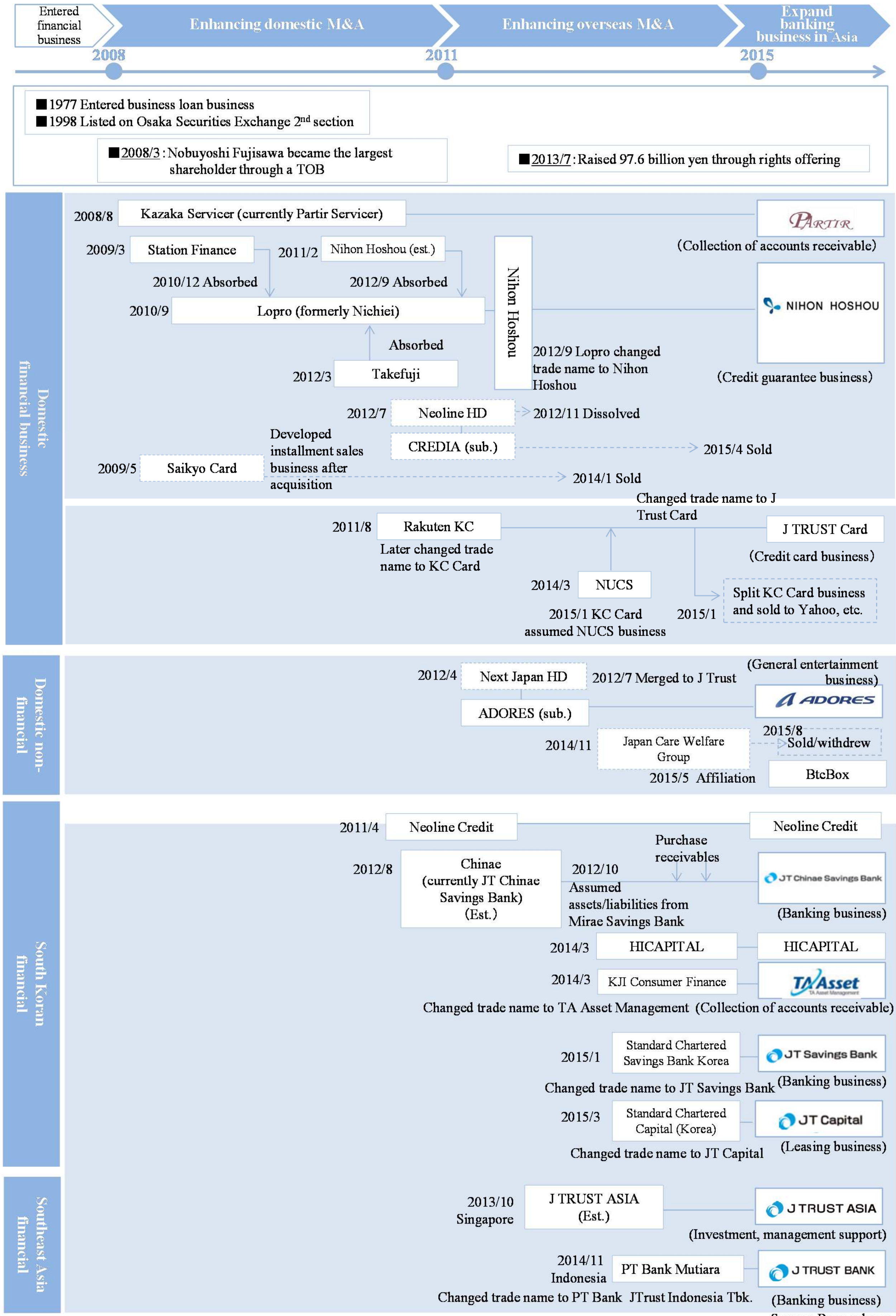
◆2015 and beyond: enter stage to seek sustainable growth by cultivating business

J Trust positions the period through to FY2015 as "the first stage when it had advanced business expansion mainly through purchase of receivables and M&A" and the period from FY2016 as "the second stage when it aims to achieve sustainable profit growth mainly in overseas banking business", and going forward, cultivating the overseas banking business will drive the overall growth. However, it plans to maintain an active stance in investment in the financial business and other businesses that are expected to generate synergies, and plans to use financial reserves of 50-100 billion yen in three years to invest in projects that are in growth areas and expected to generate more than 15% IRR, without limitation to regions.

◆J Trust Group Summary (as of 2015-6)



Source：Quarterly securities report



Source: Press release

◆Domestic financial business: major M&A activities (business finance/consumer finance/credit guarantee)

Year/Month	Target	Current Name	Amount	Description
2008/8	Kazaka Servicer Co., Ltd.	Partir Servicer Co., Ltd.	JPY 500 mil.	In 2008, acquired all shares of Kazaka Servicer from Kazaka Finance, making it a subsidiary (Kazaka Finance was owned by Advantage Partners). In 2008/9, changed its trade name to Partir Servicer Co., Ltd.
2009/3	Station Finance Co., Ltd.	Lopro Corporation→ Nihon Hoshou Co., Ltd.	Receivables JPY 23.8 bil. (Equity JPY 1 per share)	In 2009/3, acquired all shares of Station Finance (consumer/business finance) from Hankyu Corporation, and assumed Hankyu's receivable from Station Finance. In 2009/7, changed its trade name to J Trust Financial Service. In 2010/12, Lopro absorbed J Trust Financial Service.
2009/5	Saikyo Card Co., Ltd.	Sold (2014/1)	JPY 1 bil.	Acquired an 80% equity stake in Saikyo Card (30% in 2009/5 and 50% in 2010/3) from Saikyo Bank. After the acquisition, Saikyo Card suspended credit card business and carried out installment sales business. In 2014/1, sold to Saikyo Bank.
2010/9	Lopro Corporation	Nihon Hoshou Co., Ltd.	After 100% capital reduction, underwritten through 3rd party allotment (JPY 300 mil.)	In 2009/12, became a sponsor to Lopro (formerly Nichiei, small business loan provider) under rehabilitation. In 2010/9, acquired all shares of Lopro pursuant to rehabilitation plan, making it a wholly-owned subsidiary.
2011/2	–	–	–	Established Nihon Hoshou Co., Ltd. to expand credit guarantee services, and in 2012/9, Lopro absorbed Nihon Hoshou.
2012/3	Takefuji Corporation	Lopro Corporation→ Nihon Hoshou Co., Ltd.	JPY 25.2 bil.	In 2011/12, became a sponsor to Takefuji (currently TFK). In 2012/3, Lopro assumed consumer finance business split from Takefuji.
2012/7	Neoline Holdings／CREDIA Co., Ltd.	Neoline: dissolved CREDIA: sold	JPY 11 bil.	Acquired all shares of Neoline Holdings which owned CREDIA (consumer/business finance company) and two other companies from NLHD, making it a subsidiary (Nobuyoshi Fujisawa owned 100% stake in NLHD). CREDIA was sold in 2015/4.
2012/9	–	–	–	Lopro absorbed Nihon Hoshou and changed its trade name to Nihon Hoshou Co., Ltd.

(Credit Card)

Year/Month	Target	Current Name	Amount	Description
2011/8	Rakuten KC Co., Ltd.	KC Card Co., Ltd. → J TRUST Card Co., Ltd. (KC Card business has been sold)	Stocks: JPY 4.5 bil. Receivables: JPY 37.0 bil.	Acquired shares of, and receivables from, Rakuten KC from Rakuten Co., Ltd. Rakuten KC carried out credit card, money card and real estate businesses conducted by a predecessor Kokunai Shinpan. In 2015/1, after KC Co., Ltd. assumed credit card business of KC Card, all shares of KC were sold to Yahoo Japan and SoftBank Payment Service for about JPY 35 bil. Trade name was also changed to J TRUST Card.
2014/3	NUCS Co., Ltd.	NUCS J TRUST Card	n.a.	Acquired all shares of, and receivables from, NUCS, which was conducting private installment business and credit card business in Miyazaki, from Sun Marine Holdings LLC. In 2015/1, KC Card (currently J TRUST Card) assumed NUCS brand portion of business.

◆Domestic non-financial business: Major M&A activities

Year/Month	Target	Current Name	Amount	Description
2012/4	Next Japan Holdings Co., Ltd.	Absorbed by J Trust	n.a.	Made Next Japan Holdings (NJHD, TSE Mothers) a wholly-owned subsidiary of J Trust through share exchange. NJHD carries out amusement business through consolidated subsidiaries. ADORES, Inc. (JASDAQ:4712) is an affiliate company of NJHD (currently consolidated subsidiary of J Trust).
2014/11	Japan Care Welfare Group Co., Ltd.	Sold (2015/8)	n.a.	In 2014/11, consolidated subsidiary ADORES (JASDAQ:4712) acquired all shares of Japan Care Welfare Group, making it a subsidiary. However, as its core day care service business has significantly underperformed the plan and no sign of improvement is seen, ADORES sold back shares to the founder and former shareholder in 2015/8.
2015/5	BtcBox Co., Ltd.	BtcBox Co., Ltd.	JPY 200 mil.	Underwrote shares of BTC Box through the third party allotment (becoming the largest shareholder with 26.46% ownership), making it a company for which the equity method is adopted.

◆**Financial business in South Korea: Major M&A activities**

Year/Month	Target	Current Name	Amount	Description
2011/4	Neoline Credit Co., Ltd.	Neoline Credit Co., Ltd.	About JPY 800 mil.	Acquired all shares of a consumer finance company Neoline Credit, making it a subsidiary.
2012/10	(Mirae Savings Bank Co., Ltd.)	JT Chinae Saving Bank Co., Ltd.	No proceeds	In 2012/8, established Chinae Co., Ltd. as a subsidiary of KC Card. In 2012/10, Chinae assumed partial assets/liabilities of Mirae Savings Bank (determined to be a distressed financial institution in 2012/5) and entered the savings bank business. Chinae changed its trade name to Chinae Savings Bank, Co., Ltd. and further to JT Chinae Savings Bank, Co., Ltd. in 2015/7.
2014/3	HICAPITAL Co., Ltd.	HICAPITAL Co., Ltd.	About JPY 4.5 bil.	Acquired all shares of a small size credit finance company HICAPITAL Co, Ltd. (affiliate company of Hyundai Marine & Fire Insurance), making it a subsidiary.
2014/3	KJI Consumer Finance LLC	TA Asset Management LLC	About JPY 11.7 bil.	Acquired all shares of a consumer finance company KJI Consumer Finance LLC, making it a subsidiary, and changed its trade name to TA Asset Management LLC.
2015/1	Standard Chartered Savings Bank Korea Co., Ltd.	JT Savings Bank Co., Ltd.	About JPY 5.2 bil.	Acquired all shares of Standard Chartered Savings Bank Korea from Standard Chartered Korea Limited, making it a subsidiary, and changed its trade name to JT Savings Bank, Co., Ltd.
2015/3	Standard Chartered Capital (Korea) Co., Ltd.	JT Capital Co., Ltd.	About JPY 9.8 bil.	Acquired Standard Chartered Capital (Korea) from Standard Chartered Korea Limited, making it a subsidiary, and changed its trade name to JT Capital.

◆ **Financial business in Southeast Asia: Major M&A activities**

Year/Month	Target	Current Name	Amount	Description
2013/10	–	–	–	In 2013/10, established J TRUST ASIA PTE LTD as an investment hub in Asia.
2014/11	PT Bank Mutiara Tbk.	PT Bank JTrust Indonesia Tbk.	About JPY 39.7 bil.	Acquired a 99% equity stake in failed PT Bank Mutiara from the Indonesia Deposit Insurance Corporation. In 2015/6, it changed the trade name to PT Bank JTrust Indonesia Tbk.

Source: Annual securities report and press release

2-(3) Topics since April 2015

◆Underwrote shares issued by BtcBox, the largest Bitcon exchange in Japan, through third-party allotment

Press releases (extract) published since April 2015 are listed in the following table. Please refer to the specified pages of this report for each press release. This section will describe about underwriting of shares issued by BtcBox Co., Ltd. through a third-party allotment announced in April 2015.

◆**Press release after April of 2015 (excerpt)**

Date	Category				Reference	Note
	Whole	Domestic	South Korea	Southeast Asia		
Apr-15		○			–	Underwriting of BtcBox Shares Issued through Third-Party Allotment.
Apr-15		○			P18	Results of Elective Retirement Plan at Subsidiary.
Apr-15		○			P32	Guarantee Business Tie-up between Nihon Hoshou and Kinki Sangyo Credit Union.
May-15	○				P16	Decision on Matters Concerning Acquisition of Own Shares (Under the Provisions of the Articles of Incorporation Pursuant to Article 165, Paragraph 2 of the Companies Act)
May-15				○	P38	Underwriting of Convertible Bond Issued by Group Lease PCL Listed on the Stock Exchange of Thailand
May-15	○				P17	Appointment of Representative Director
Jun-15	○				P43	Postponement of Voluntary Adoption of IFRS

Source：Company HP.

◆Bitcoin is a digital currency gaining attention as innovative payment and settlement method

In May 2015, J Trust underwrote shares issued by BtcBox Co., Ltd. through a third-party allotment (200 million yen) and became the largest shareholder with 26.46% ownership. Subsequently, BtcBox became an equity method affiliate of J Trust.

Established in March 2014, BtcBox Co., Ltd. is a startup company which operates the largest Bitcoin exchange in Japan with about 55% domestic market share (based on the transaction volume as of September 21, 2015). Bitcoin (BTC) is a digital currency that started trading in January 2009 based on a study published by a person called "Satoshi Nakamoto". As of September 2015, about 14.6 million units of Bitcoin have been issued with the total market value of c.400 billion yen and the annual transaction volume of c. 10 billion dollar (c.1.2 trillion yen) (cumulative transaction volume from September 2014 to August 2015).

In Japan, Bitcoin has a negative image due to the impact of failed MTGOX, but globally, Bitcoin gains attention as an innovative payment and settlement method. Advantages of Bitcoin include its ability to effect an instant international money transfer at very low cost as there is no intermediary financial institution, and as such, Bitcoin is used as an alternative tool for money transfer in countries where transfer of foreign currency is restricted and as a safe haven at the time of financial crisis. Also in 2015, Recruit and GMO Internet via an investment fund underwrote shares issued by bitFlyer, the second largest Bitcoin exchange in Japan (with about 20% domestic market share), through a third-party allotment, and in the US, Goldman Sachs and other institutional investors invested in Circle Internet Financial, a comprehensive Bitcoin service company. These moves indicate an increasing interest in Bitcoin as a growing area.

With the launch of portal site for Bitcoin transactions as a first step, J Trust will establish exchanges in the Southeast Asian countries where high level of potential needs for Bitcoin transactions exist with an aim to provide an inexpensive payment and settlement method. It is also looking into creating new type of business using Bitcoin, such as loans secured with Bitcoin and fund raising services using the internet such as social lending.

2-(4) shareholder composition /Capital Policy

a. Shareholder composition

◆Nobuyoshi Fujisawa, the largest shareholder, effectively owns about 30% of shares

Nobuyoshi Fujisawa is the largest shareholder with about 20% ownership under his own name as of the end March 2015, and combined with shares held by NLHD Co., Ltd. (currently BOTTOMS UP Co., Ltd.) (about 6%), which is wholly owned by Fujisawa, and shares held by FUJISAWA PTE. LTD. (about 6%), an asset management company of Fujisawa, he effectively holds about 32% of shares in total.

In March 2008, Fujisawa acquired shares from then parent company Zenkoku Hosho Co., Ltd. (about 51%) through a TOB and became the largest shareholder with the majority ownership. Subsequently, his ownership has decreased to about 30% after the rights offering in July 2013, etc., but the press release in June 2015 indicated his intention to acquire additional shares.

The second largest shareholder, TAIYO FUND L.P. is a fund established by Taiyo Pacific Partners (U.S.), a pioneer of friendly activist investment. Taiyo Fund (Taiyo Fund Management Co., LLC) submitted a large shareholding report for the first time on June 12, 2013, when the Fund held about 6% of shares in total. Subsequently, the Fund has added to the holding while trading shares, and according to the latest large shareholding report (as of June 26, 2015), it appeared that the Fund held about 15% of shares. J Trust maintains a good relationship with the Fund, and while keeping moderate communication, a discretion of decision making on business is given to J Trust.

While the Resolution and Collection Corporation (RCC) ranks the eighth shareholder, those shares had been held by Incubator Bank of Japan, Limited and later transferred to RCC upon its bankruptcy.

◆Major Shareholders

FY Mar-2015						
Rank	Major shareholders	Mar-11	Mar-12	Mar-13	Mar-14	Mar-15
1	Nobuyoshi Fujisawa	49.0%	48.7%	47.6%	26.5%	19.4%
2	TAIYO FUND, L.P.	-	-	-	8.0%	8.7%
3	NLHD Co., Ltd.*	-	-	-	5.1%	6.3%
4	FUJISAWA PTE. LTD.*	-	-	-	-	5.9%
5	Japan Trustee Services Bank, Ltd.(Trust account)	-	3.7%	7.4%	3.8%	3.3%
6	The Master Trust Bank of Japan, Ltd.(Trust account)	-	1.4%	1.9%	3.2%	2.6%
	J.P. Morgan Whitefriars Inc. London Branch	-	-	-	3.2%	-
	Goldman Sachs International	-	-	-	2.5%	-
7	THE SAIKYO BANK, LTD.	4.7%	4.6%	4.6%	2.4%	2.4%
8	The Resolution and Collection Corporation (Resolution and Collection Bank Account)	-	4.4%	4.2%	2.2%	2.2%
9	State Streer Bank and Trust Company 505019	-	-	-	-	2.2%
10	TAIYO HANEI FUND, L.P.	-	-	-	2.0%	2.1%
	Incubator Bank of Japan, Ltd.	4.4%	-	-	-	-
	L'espoir Investment Limited Partership	4.2%	4.1%	-	-	-
	Osaka Securities Financing Co., Ltd.	2.0%	-	1.5%	-	-
	Morgan Stanley & Co. LLC	-	2.1%	0.7%	-	-
	Othre major shareholders	3.8%	2.7%	2.2%	-	-
	Top 10 shareholders total	68.0%	71.7%	70.1%	59.0%	55.2%
	Others	32.0%	28.3%	29.9%	41.0%	44.8%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%

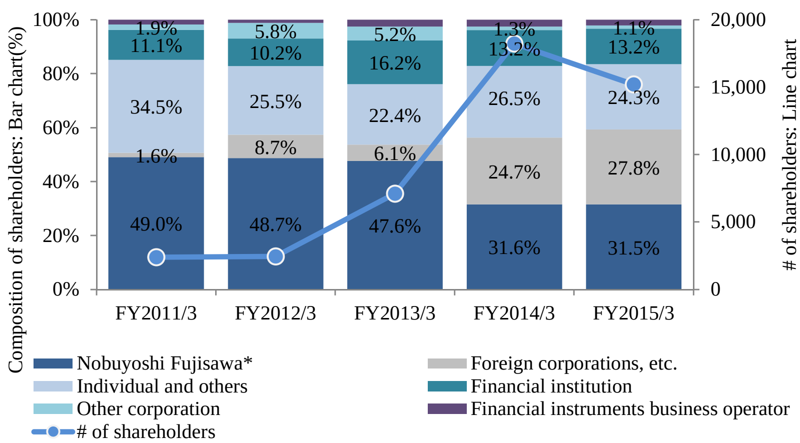
100% shares of "NLHD Co., Ltd." are held by Nobuyoshi Fujisawa. "FUJISAWA PTE. LTD." is Nobuyoshi Fujisawa's private asset management company.

(Reference)

Nobuyoshi Fujisawa／ NLHD ／FUJISAWA PTE. Tota	49.0%	48.7%	47.6%	31.6%	31.5%

Source : Annual securities report

Shareholders composition & # of shareholders' trend



Source : Annual securities report

b. Capital Policy

June 2012:
Two-for-one stock split

◆July 2013: Raised about 97.6 billion yen through rights offering

J Trust implemented a two-for-one split of common shares in June 2012, for the purpose of improving the liquidity of shares and broadening the investor diversification, and a share exchange with Next Japan Holdings in April 2012 (allotment of two shares of J Trust for one share of Next Japan), leading to a significant increase in the number of shareholders from 2,441 at the end of Mach 2012 to 7,098 at the end of March 2013.

As mentioned earlier, after Fujisawa became the largest shareholder, J Trust has

July 2013:
Raised 97.6 billion yen through rights offering

expanded the business scale through the acquisition of external resources such as M&A and purchase of receivables mainly in Japan, but for the purpose of securing funds for M&A in the Asian region, J Trust conducted a rights offering* in July 2013, raising c.97.6 billion yen (exercise ratio: c.86%). Nearly 100 billion yen of fund raised through a rights offering was one of the largest at the time.

As a result of the rights offering, the number of outstanding shares increased from c.63 million to c.118 million shares, and the number of shareholders doubled from 7,098 at the end of March 2013 to 18,223 at the end of March 2014. The funds raised through the rights offering have been completely invested by the end of March 2015 (see below table).

Considered assignment to TSE 1st section

While J Trust shares are currently listed on the 2nd Section of TSE, assignment to the 1st Section is considered as various formal requirements such as the number of shareholders (more than 2,200) and market capitalization (more than 4 billion yen) are fulfilled.

◆Allocation of funds from rights offering

Date		Purpose	100 mil yen
FY2014/3	Oct-13	Establishment of JTRUST ASIA PTE. LTD.	100.0
	Dec-13	Repaid borrowings etc. to the Resolution and Collection Corporation	145.5
	Feb-14	Acquired KJI Consumer Finance LLC	112.9
	Feb-14	Acquired HICAPITAL Co., Ltd.	43.9
FY2015/3	Sep-14	Injected capital into JTRUST ASIA	63.9
	Nov-14	Acquired PT Bank Mutiara Tbk.	432.4
	Jan-15	Acquired Standard Chartered Savings Bank Korea Co., Ltd.	56.4
	Mar-15	Acquired Standard Chartered Capital (Korea) Co., Ltd.*	21.6
		Total	976.8

* Fund raised through rights offering is used to cover part of share acquisition expenses (approximately 9.8 billion yen).

Source : Materials on medium term business plan

*Non-commitment-type/gratis allotment of listed subscription rights, where one subscription right of new stocks is granted for one existing share.

May 2015:
Established share buyback program

◆Established share buyback program to maximize shareholder value

In May 2015, J Trust established a share buyback program for the purpose of rewarding shareholders through improvement in capital efficiency. Total number of shares that can be repurchased is up to 6,250,000 shares (5.29%) in the amount up to 7.5 billion yen. Subject to insider-free condition (i.e. shares can be repurchased when there is no important matters such as M&A and in the period other than immediately prior to the announcement of financial results), J Trust plans to flexibly repurchase shares if the share price is deemed undervalued.

J Trust was not able to repurchase shares until July 2015, but acquired 3,613,300 shares (3.04%) for c.3.6 billion yen from August to September.

2-(5) Executives

◆Fujisawa's backgdount prior to TOB

In this section, the background of Fujisawa, CEO and the largest shareholder, and a path to TOB of J Trust will be briefly reviewed.

Fujisawa's career as a full-time employee started at Be Japan, a real estate secured loan company in 2001. Two years later in 2003, he became a CEO and ultimately the largest shareholder.

In March 2005, Be Japan tied up with Livedoor, which at the time pursued a diversification into the financial business including consumer finance, and then was acquired by Livedoor in September 2005. At the same time, he became CEO of six financial subsidiaries*[1] of Livedoor. However, after Livedoor's executives were accused of a securities law violation in January 2006, Livedoor has been broken down, as Livedoor

Fudosan (former Be Japan) was sold to Yamachu Construction group in July 2006, and financial subsidiaries were sold to Advantage Partners in December 2006.

Fujisawa chose to become a representative of Livedoor Credit (later Kazaka Finance) which was sold to Advantage Partners. About a year since he had been engaged in the management of Kazaka Finance under Advantage Partners, he was proposed to make a TOB against Ikko (currently J Trust). At the same time, he received an offer of MBO against Kazaka Finance from Advantage Partners.

He accepted these offers and made a TOB against Ikko in March 2008 and acquired Kazaka Finance (later Neoline Capital) from Advantage Partners in January 2009, forming a corporate group led by himself. At this stage there were two separate groups - J Trust group and Neoline group, which were later consolidated into J Trust Group upon the acquisition of Neoline Holdings*[2] by J Trust in July 2012.

*1 Six companies were consisted of (i) Livedoor Fudosan (former Be Japan), (ii) Livedoor Servicer, (iii) Livedoor Real Estate, (iv) Livedoor Credit, (v) Livedoor Factoring and (vi) Livedoor Card. Livedoor Financial Holdings also existed as a holding company of these financial subsidiaries.

*2 Neoline Holdings owned Neoline Capital (former Livedoor Credit), Credia (consumer finance), Sunlife (consumer finance), NIS Group (business finance), etc.

Increased number of representative directors from two to three for swift decision making in response to expansion of business areas

◆Organizational change to be led by three representative directors

Recently, J Trust has rapidly expanded the business not only in Japan but also in the Southeast Asian region centered on South Korea and Indonesia. As prompt business decision making is required in order to strengthen the management structure of the diversified group of companies and improve the corporate value, the number of representative directors increased from the existing two to three in June 2015. Nobuyoshi Fujisawa and Nobiru Adachi will continue to be involved in company management as existing representative director, and Nobuiku Chiba, Director was newly appointed as additional representative director. At the same time, an executive officer system was introduced to establish the structure which enables swift business execution.

As a different note, characteristics of J Trust include the establishment of the Advisory Board as a consultative body to the representative directors. The Advisory Board was established for the purpose of (i) seeking opinions and advice of outside experts from a variety of perspectives and reflecting them in management strategies, which may lead to improvement in the group's corporate value and (ii) incorporating advanced knowledge and expertises of each area and thereby ensuring to strengthen compliance, eliminate antisocial forces, and further improve quality of the corporate governance.

◆**Member of Executives**

Official title	Name	Age*	from	Previous jobs
Representative Director, President & Chief Executive Officer	Nobuyoshi Fujisawa	45	Jun-08	2007 Representative Director & Chairman, Partir Servicer Co., Ltd. 2008 Representative Director & Chairman, J Trust Co., Ltd. 2010 Director & Supreme Advisor, J Trust Co., Ltd. 2011 President & CEO, J Trust Co., Ltd.
Representative Director & Senior Managing Executive Officer	Nobuiku Chiba	42	Jun-08	2008 Vice President & Director, J Trust Co., Ltd. 2010 President & Representative Director, J Trust Co., Ltd. 2012 Director, J Trust Co., Ltd.
Representative Director & Senior Managing Executive Officer	Nobiru Adachi	57	Jun-13	1980 Joined Ministry of Finance 2011 Chairman and CEO, M&A Solutions Japan Co., Ltd. 2013 Managing Director, J Trust Co., Ltd.
Director & Managing Executive Officer	Shigeyoshi Asano	45	Jun-15	2012 Joined J Trust Co., Ltd. as General Manager of President's Office 2013 Director, JTRUST ASIA PTE. LTD. (incumbent)
Director & Managing Executive Officer	Toru Myochin	50	Jun-15	2012 Executive Officer, Shinsei Bank, Limited 2013 Managing Executive Officer, Shinsei Bank, Limited
Director	Norio Igarashi	74	Jun-14	1998 Chief Public Prosecutor, Yokohama District Public Prosecutors Office 2000 Notary, Yaesu notary office 2010 Visiting Attorney, Yamada Ozaki Law Office (incumbent)
Director	Ryuji Mizuta	63	Jun-14	2006 Director-General of Kyushu Regional Police Bureau 2009 Managing Director of Japan Crime Prevention Association 2012 Advisor of Sumitomo Life Insurance Company (incumbent)
Director	Masanori Kaneko	60	Jun-15	2010 Chief of Audit & Supervisory Board, THE SAIKYO BANK, LTD. 2011 Full-Time Audit & Supervisory Board Member, THE SAIKYO BANK,
Full-Time Audit & Supervisory Board Member	Masao Onishi	66	Jun-09	2008 Associate Director, General Affairs Department, J Trust Co., Ltd. 2009 Outside Audit & Supervisory Board Member, Nihon Hoshou Co., Ltd.
Full-Time Audit & Supervisory Board Member	Hideki Yamane	63	Jun-12	2007 Full-Time Auditor, THE SAIKYO BANK, LTD. 2011 Advisor, THE SAIKYO BANK, LTD. (Compliance Control
Audit & Supervisory Board Member	Masato Inoue	67	Jun-12	2008 Full-Time Auditor, Housetec Inc. 2009 Director & Chairman, Housetec Inc.
Audit & Supervisory Board Member	Takaaki Kojima	68	Jun-15	2010 Ambassador in charge of International Counter-Terrorism Cooperation, Ministry of Foreign Affairs 2013 Advisor, Libera Corporation (incumbent) 2015 Adjunct Professor, National University of Singapore (incumbent)

*as of 2015/6

Source：Annual securities report

2-(6) Employees

Number of employees increased along with expansion of business scale

Implemented manpower reduction in domestic financial business

◆Consolidated number of full-time employees increased to about 4,000 along with expansion of business

Consolidated number of (full-time) employees significantly increased from 538 at the end of March 2011 to 3,986 at the end of March 2015, largely due to making ADORES, Inc. a subsidiary, M&A in the financial business in South Korea and the acquisition of Bank Mutiara in Indonesia.

While the overall number of employees continues to increase, number of employees in the domestic financial business decreased from the peak of 1,068 in FY2013 to 696 at the end of March 2015 mainly due to the sale of KC Card business. Also in March 2015, Nihon Hoshou Co., Ltd. (565 full-time employees) offered an elective retirement plan for around 300 employees as part of the structural business reform, and received 320 applications. While the business structure improvement expense of c.900 million yen was recorded in FY2015 in connection with this manpower reduction, reduction in personnel cost by c.1.5 billion yen per year is expected in FY2016 due to the optimization of work force.

Operating revenue per full-time employee declined from c.27 million yen in FY2014 to c.16 million yen in FY2015 as two Standard Chartered-affiliated companies in South Korea that became subsidiaries during Q4 FY2015 did not contribute to full-year revenue.

◆Number of Employees

		Mar-11	Mar-12	Mar-13	Mar-14	Mar-15
Consolidated	Financial business	427	936	1,068	1,038	696
	International business	-	91	467	842	2,485
	Amusement business	-	-	314	215	222
	Real estate business	20	22	29	31	39
	Other business	54	53	120	99	480
	All companies (common)	37	46	107	97	64
Consolidated	# of full-time employee	538	1,148	2,105	2,322	3,986
Consolidated	# of temporary employee	-	-	738	820	850
Consolidated	Total	538	1,148	2,843	3,142	4,836
						(mil yen)
Consolidated	Operating revenue/ full-time employee	31.4	21.3	26.5	26.7	15.9
	Operating Income/ full-time employee	8.0	4.8	5.7	5.9	(1.3)
	Net income/ full-time employee	6.0	30.1	6.3	4.8	2.5
Non consolidated	Average age	42.3	41.1	40.3	42.5	42.8
	Average length of service (year)	3.9	2.2	1.7	2.5	3.5
	Ave. annual salary (1,000 yen)	6,614	6,176	6,057	5,981	6,747

Source: Annual securities report

3. Performance Highlight

3-(1) Consolidated Performance

Rapid shift from domestic business to South Korean business from FY2014

◆Upward trend in revenue but significant change in its composition

Operating revenue has significantly increased over the last five years from 16.9 billion yen to 63.3 billion yen driven by expansion of business through M&A, etc. However, breakdown of operating revenue has significantly changed from FY2013 with a notable shift from the domestic financial business to the international business.

In FY2013, operating revenue jumped from 24.5 billion yen in the previous fiscal year to 55.7 billion yen due to an increase in interest income and recognition of gain on bad debts recovered (see P32) associated with transfer of receivables from Takefuji, and addition of the amusement business as ADORES, Inc. became a consolidated subsidiary. Operating income also doubled from 5.5 billion yen to 12.0 billion yen due to large contribution of gain on bad debts recovered.

In FY2014, decrease in domestic operating revenue was offset by gains in the international business, achieving 62 billion yen on a consolidated basis, up c.10% year-on-year. In the domestic business, interest income decreased from c.5 billion yen in the previous fiscal year to c.3 billion yen, reflecting a decrease in the balance of receivables along with progress in collection of receivables transferred from Takefuji, and commission fee from credit card business (installment payment paying for commission) did not grow either. In the international business, as the business scale expanded through full-fledged development of the savings bank business in South Korea and purchase of receivables, operating revenue in this segment significantly increased from 2.8 billion yen in the previous fiscal year to 13.2 billion yen. Operating income amounted to 13.7 billion yen, up by c.10%, mostly helped by reversal of allowance for doubtful accounts (c.6.9 billion yen) associated with change in estimation method of allowance for doubtful accounts by JT Chinae Savings Bank.

In FY2015, operating revenue remained at the similar level compared with the previous fiscal year, as decline in domestic operating revenue was offset by increase in the overseas revenue. Operating revenue in the domestic business decreased from 25.2 billion yen in the previous fiscal year to 18.7 billion yen partly due to decrease in installment payment paying for commission associated with the sale of the KC Card business. Meanwhile, as for operating income, deficit of 5.2 billion yen was recorded, largely affected by c.4.2 billion yen of additional provision of allowance for doubtful accounts in the South Korean business (see P40).

There was a large gap between operating income and net income, as gain on bargain purchase of 29.4 billion yen in relation to the sale of KC Card Co., Ltd. in FY2012 and

	the gain on bargain purchase of 14.6 billion yen in relation to the acquisition of two Stand Chartered-affiliated companies in South Korea in FY2015, respectively, were recorded as extraordinary income (see P46).

◆Financial Statements Summary（Annual） (mil yen)

◆PL	FY2011/3	FY2012/3	FY2013/3	FY2014/3	FY2015/3
Operating revenue	16,908	24,508	55,683	61,926	63,281
Operating expenses	5,132	4,539	20,786	26,339	29,285
Operating gross profit	11,776	19,969	34,897	35,586	33,996
SG&A expenses	7,451	14,429	22,892	21,841	39,214
Operating income	4,324	5,539	12,005	13,745	(5,217)
Operating income	4,323	5,486	13,704	13,351	(2,385)
Income before Income Taxes	4,614	35,319	13,821	11,689	11,016
Net income	3,233	34,500	13,309	11,145	10,143
Depreciation	120	216	2,560	2,311	2,957
Amortization of goodwill	86	110	687	1,320	1,334
EBITDA (*1)	4,530	5,865	15,252	17,376	(926)
CAPEX (*2)	144	268	2,501	4,914	5,719
EBITDA-CAPEX	4,386	5,597	12,751	12,462	(6,645)
Interest expenses(*3)	582	1,161	1,634	1,248	1,303

(*1)EBITDA=Operating Income + Depreciation + Amortization of goodwill (*3)incl operating expense
(*2) CAPEX=Purchase of PP&E + Purchase of intangible assets on CF Statement

◆BS	FY2011/3	FY2012/3	FY2013/3	FY2014/3	FY2015/3
Total assets	37,862	117,546	218,706	334,736	540,718
Total liabilities	23,900	68,074	147,810	150,505	345,853
Total net assets	13,961	49,471	70,895	184,230	194,865
Interest bearing debt(†)	16,085	43,022	40,058	43,760	29,455
Cash and deposits	14,846	10,362	62,140	132,235	141,742
Loans by banking business	-	-	48,210	46,701	224,401
Deposits by banking business	-	-	73,194	77,142	287,452
Loan-to-deposit ratio	-	-	65.9%	60.5%	78.1%
Operating loans receivable(ST)	15,068	94,856	68,016	91,387	69,065
Operating loans receivable(LT)	2,286	8,487	4,686	3,951	2,405
Total operating loans receivable(‡)	17,356	103,343	72,702	95,338	71,470
Operating loans rcv＋Loans by banking*	17,356	103,343	120,914	142,039	295,871
Purchased receivables	4,008	2,310	2,529	2,527	8,647

(†) Interest bearing debt=Notes discounted + Bonds payable + Loans payable, exc Loans by banking business
(‡) Operating loans receivable = Commercial notes + Accounts receivable - operating loans + Loans by banking business + Advances paid - installment. *Loans by banking represents Loans by banking business

◆Key Indicators	FY2011/3	FY2012/3	FY2013/3	FY2014/3	FY2015/3
Operating revenue growth	2.2%	44.9%	127.2%	11.2%	2.2%
Operating gross margin	69.6%	81.5%	62.7%	57.5%	53.7%
Operating profit ratio	25.6%	22.6%	21.6%	22.2%	-8.2%
EBITDA margin	26.8%	23.9%	27.4%	28.1%	-1.5%
Ordinary income margin	25.6%	22.4%	24.6%	21.6%	-3.8%
Net margin	19.1%	140.8%	23.9%	18.0%	16.0%
ROA	8.5%	44.4%	7.9%	4.0%	2.3%
ROE	26.0%	111.4%	23.8%	9.3%	5.6%
Interest bearing debt / EBITDA	3.6	7.3	2.6	2.5	-
Capital adequacy ratio	36.7%	40.9%	29.1%	53.0%	34.8%

◆Operating loans receivable		FY2011/3	FY2012/3	FY2013/3	FY2014/3	FY2015/3
Domestic	For consumers	11,728	22,226	13,431	7,976	5,985
	For businesses	4,152	3,708	3,967	4,624	4,362
	Advances paid-installment	1,475	72,139	51,338	40,814	1,422
	Sub total for domestic	17,356	98,074	68,736	53,415	11,769
International	For consumers	-	5,269	3,966	41,924	53,675
	For businesses	-	-	-	-	6,025
	Loans by banking business	-	-	48,210	46,701	224,401
	Sub total for international	-	5,269	52,177	88,625	284,102
Total		17,356	103,343	120,914	142,039	295,871
Credit guarantee balance		9,699	22,072	33,194	40,839	36,712

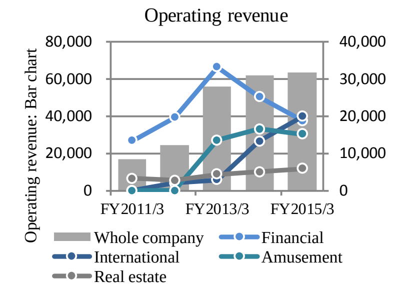
◆Operating revenue	FY2011/3	FY2012/3	FY2013/3	FY2014/3	FY2015/3
Discount revenue	141	204	190	183	188
Interest on loans	2,960	3,639	5,123	3,054	4,934
Collection from purchased receivable	2,669	2,740	2,403	3,018	3,439
Installment payment paying for commission	616	9,236	10,016	7,463	4,701
Guarantee commission	513	801	1,751	2,377	2,443
Other financial revenue	5,823	3,358	6,868	3,091	1,051
Gain from bad debts recovered	-	536	6,634	5,135	4,809
Banking business revenue	-	-	1,222	12,392	14,376
Sales on real estate business	3,167	2,645	4,285	4,970	5,821
Sales on amusement business	-	-	14,823	16,510	15,073
Completed work	-	-	-	1,372	1,747
Other	1,015	1,346	2,364	2,356	4,693
Total	16,908	24,508	55,683	61,926	63,281

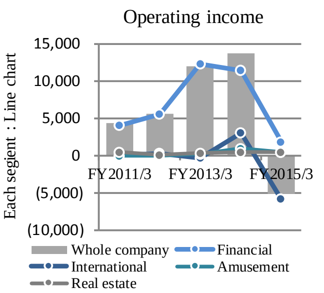
◆Per Share Information	FY2011/3	FY2012/3	FY2013/3	FY2014/3	FY2015/3
Earnings per share	54.30	575.95	214.45	109.66	85.92
EPS(After potential stock adj)	53.85	567.68	208.30	108.05	85.61
Book value per share	232.40	798.18	1,013.88	1,502.54	1,591.09
Dividend per Share	5.00	6.00	7.00	10.00	10.00

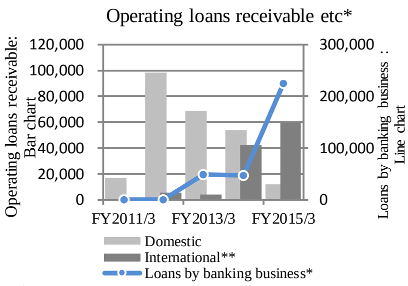
(The above figures is adjusted to reflect stock split.)

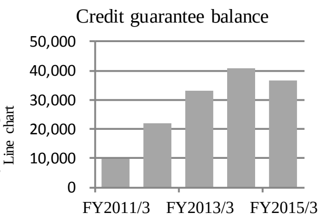
◆Operating revenue by seg	FY2011/3	FY2012/3	FY2013/3	FY2014/3	FY2015/3
Financial business	13,326	19,605	33,186	25,193	18,731
International business	-	1,916	2,793	13,214	19,857
Amusement	-	-	13,484	16,510	15,075
Real estate	3,166	2,645	4,285	4,970	5,821
Other / adjustment	415	341	1,933	2,037	3,795
Total	16,908	24,508	55,683	61,926	63,281

◆Operating income by seg	FY2011/3	FY2012/3	FY2013/3	FY2014/3	FY2015/3
Financial business	4,017	5,571	12,293	11,435	1,852
International business	-	303	(336)	3,046	(5,811)
Amusement	-	-	250	951	483
Real estate	407	131	270	496	402
Other / adjustment	(102)	(466)	(473)	(2,185)	(2,144)
Total	4,324	5,539	12,005	13,745	(5,217)









*Operating loans receivable = Commercial notes + Accounts receivable - operating loans + Advances paid - installment **exc loans by banking business

Source：Annual securities report, earnings presentation materials

3-(2) Recent Quarter Overview

◆Recorded deficit on a quarterly basis due to delay in adoption of IFRS, but expects surplus for full-year

In this section, performance in the most recent quarter (Q1 FY2016) is highlighted.

Remained in surplus, though contracted, in domestic business

The size of domestic business was significantly reduced in association with the sale of KC Card business and CREDIA Co., Ltd. Rationalization measures including large scale reduction in personnel were also implemented in connection with withdrawal from the unsecured loan business (see P33). Segment income of 900 million yen was secured through reduction in costs, particularly personnel expenses, marking a good start although the profit declined.

Achieved surplus in South Korea, aim for profit growth through accumulation of loans

Financial business in South Korea achieved operating revenue of 7.4 billion yen, up about 50% year-on-year, with progress rate reaching to about 25%, as the contribution from JT Savings Bank and JT Capital has started. Operating income achieved surplus due to increase in income from accumulated loans, reduction in funding costs and improvement in delinquency rate and loan loss ratio. While the loan balance was c.190 billion yen at the end of June, J Trust aims to extend new loans of c.120 billion yen in the remaining nine months. Given new loans of 33.6 billion yen extended during April - June, new loans need to be extended at a higher pace than Q1, which is not totally impossible to achieve, and J Trust aims to achieve the target segment income of 2.5 billion yen for the current fiscal year by accumulating loans.

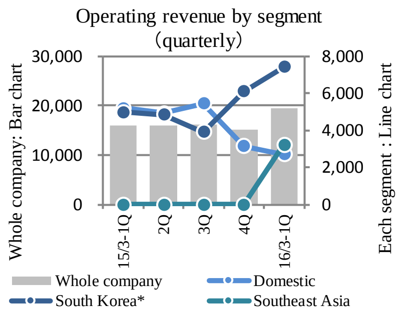
In the financial business in Southeast Asia, Bank JTrust Indonesia started to be included in the scope of consolidation in terms of income statement from the current fiscal year. Operating revenue amounted to 3.2 billion yen (progress rate of about 27%), almost in line with the plan, but recorded deficit of c.2.5 billion yen due to the impact of additional provision of allowance for doubtful accounts (c.1.4 billion yen). Also in terms of profitability, it faces challenges including heavy dependence on time deposits with high interest rates, and is promoting various measures to overcome such challenges (see P42). Q1 results were recorded under JGAAP, but J Trust plans to start voluntary adoption of IFRS by the fiscal year-end. Under IFRS, financial results in Indonesia (from January till March 2015) reflected in Q1 results will not be reflected and results from April 2015 till March 2016 will be reflected in the consolidated results.

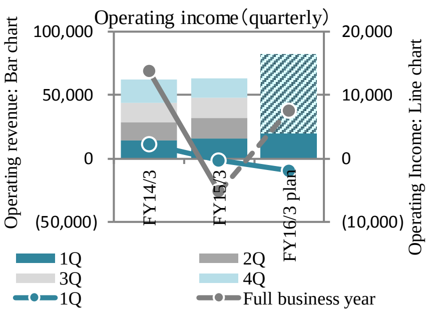
◆Quarterly Business Trend (mil yen)

		FY2015/3					FY2016/3		
		1Q	2Q	3Q	4Q	FY	1Q	Plan	Progress rate
Operating revenue									
	Domestic	5,205	4,928	5,451	3,147	18,731	2,698	11,100	24.3%
	South Korea*	4,977	4,840	3,926	6,114	19,857	7,412	30,000	24.7%
	Southeast Asia	-	-	-	-	-	3,227	12,000	26.9%
	General entertainment	3,631	4,055	3,827	3,562	15,075	3,904	15,000	26.0%
	Real Estate	1,846	1,626	1,287	1,062	5,821	1,244	6,500	19.1%
	Other adj.	269	602	1,650	1,276	3,795	1,002	7,300	13.7%
	Total	15,928	16,051	16,141	15,161	63,281	19,490	81,900	23.8%
Operating income									
	Domestic	1,011	(201)	617	425	1,852	903	3,200	28.2%
	South Korea*	(1,319)	(1,999)	(980)	(1,513)	(5,811)	15	2,500	0.6%
	Southeast Asia	-	-	-	-	-	(2,519)	1,500	-
	General entertainment	187	212	40	44	483	44	1,100	4.0%
	Real Estate	241	117	56	(12)	402	73	500	14.6%
	Other adj.	(479)	(403)	(422)	(840)	(2,143)	(469)	(1,300)	-
	Total	(358)	(2,274)	(689)	(1,896)	(5,217)	(1,951)	7,500	-
Ordinary income		(294)	(2,165)	2,143	(2,069)	(2,385)	(1,585)	n.a.	-
Net income		(395)	(3,359)	2,612	11,285	10,143	(2,789)	4,700	-

*Figures for international business is reffered from FY2015/3 data.

Source：Financial results, materials on medium term business plan





4. Market Environment

4-(1) South Korea: Type of Financial Institutions

Savings banks belong to "2nd tier" of financial institutions

◆South Korea: category of financial institutions

In this section, the financial system in South Korea and environments surrounding savings banks is highlighted.

Financial market in South Korea is categorized into three tiers (see table below), and generally the 1st tier refers to banks and financial institutions subject to supervision excluding banks belonging to the 2nd tier. Financial institutions subject to supervision are financial institutions which operate business with an approval from financial authorities in South Korea and governed directly by financial authorities.

The 2nd tier is further divided into (i) nonbank deposit taking institution, (ii) specialized credit financial institution and (iii) other. J Trust's savings banks belong to (i) nonbank deposit taking institution and the capital company belongs to (ii) specialized credit financial institution. Consumer finance companies and other financial institutions not subject to supervision belong to the 3rd tier.

◆Classification of financial market in South Korea

Legislative system	Category(*1)	Broad category	Sub category
Financial institutions in system (*2)	1st (approval base)	Bank	● Commercial bank (city bank, local bank, foreign bank) ● Specialized bank ((NongHyup Bank, National Federation of Fisheries Cooperatives, Korea Development Bank etc.)
	2nd (approval base)	Nonbank deposit taking institution	● Savings bank ● Credit cooperative (credit cooperative, Korean Federation of Community Credit Cooperative etc.) ● Diversified financial company etc.
		Specialized credit financial institution	● Capital company ● Credit card company
		Other	● Insurance company ● Securities company
Financial institutions outside system	3rd (registration base)	Moneylender	● Moneylender

(*1) Above category is not a legal classification but is generally used in South Korea.
(*2) Financial institutions in system: Financial institutions which operate business with an approval from financial authorities in South Korea and governed directly by financial authorities of South Korea

Source：Materials on medium term business plan

Savings banks mainly provide loans for consumers and small and mid-sized enterprises with moderate credit risk

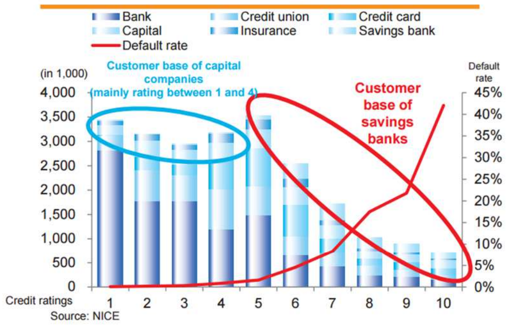
◆Savings banks mainly provide loans for consumers and small and medium-sized enterprises with moderate to high risk

Savings banks are "financial institutions established under the Mutual Savings Bank Act to improve convenience of financial system and increase savings for general public and small and medium-sized enterprises". Compared with general banks such as city banks, one of their characteristics lies in that they mainly provide loans for consumers and small and medium-sized enterprises.

Also, with respect to consumer loans, while banks and capital companies focus on high quality customers with credit ratings*[1] between 1 - 4, savings banks mainly hold receivables of high default risk with credit rating of 5 or more (below normal receivables). Compared with Japan's so-called consumer finance companies, savings banks are different in terms of funding by deposits, but similar in terms of type of customers.

As of the end of December 2014, there existed 81 savings banks with the total deposit amount of c.32 trillion won. With the average deposit amount per bank calculated c.400 billion won (c.40 billion yen), the size is smaller than general banks (average deposit amount per bank is c.17 trillion won).

Distribution of credit ratings and default rate



Source: NICE

Classification of credit ratings

- Credit ratings range from 1 to 10 depending on the individual's default rate (probability of bankruptcy).

1 - 4	5 - 6	7 - 8	9 - 10
Good	Ordinary	Watch	At risk

Superior/low risk → Inferior/high risk

* Above ratings classification is arbitrary standard and each financial company has own standard in interpretation of credit ratings.

Number of customers

Number of customers	(in 10,000)
Bank	1,076
Credit card	333
Savings bank	122
Capital	268
Insurance	114
Population (South Korea 2014)	About 50 mil
Nominal GDP (South Korea 2014)	About 1,492 tril won

Source: Materials on medium term business plan

◆**Number of Insured Financial Institutions**

	2009	2010	2011	2012	2013	2014
Banks	54	54	55	56	57	56
Domestic	17	17	17	17	17	17
Foreign	37	37	38	39	40	39
Financial InvestmentCompani	115	118	117	115	117	116
Insurance Companies	44	44	44	46	48	48
Merchant Banks	2	1	1	1	1	1
Mutual Savings Banks	106	105	107	101	92	81
Total	321	322	324	319	315	302

◆**Insurable Deposits by Financial Sector**

(tril won)	2009	2010	2011	2012	2013	2014
Banks	633	738	850	892	940	970
Domestic	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Foreign	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Financial InvestmentCompani	19	22	20	20	16	19
Insurance Companies	294	323	358	450	508	565
Merchant Banks	2	1	1	1	1	1
Mutual Savings Banks	73	77	51	42	33	32
Total	1,020	1,161	1,281	1,405	1,497	1,587

Source: Korea Deposit Insurance Corporation

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*1 Credit ratings (credit ratings for individual) are granted by credit rating agencies based on evaluation of individual's credit, and are used for decision making regarding loan disbursement and lending interest rate. They are also used as the standards for underwriting when issuing credit cards and insurance policies. Korean Credit Bureau (KCB) and National Information & Credit Evaluation Information Service (NICE) are private credit rating agencies. They gather information on financial transaction provided by banks, savings banks and credit card companies and credit transaction breakdown provided by public organizations, and grant credit ratings. NICE's ratings are categorized into 1 - 10, where lower number represent higher quality and higher number represent lower quality. (Source: Summary by SQUADD based on the medium term business plan)

4-(2) South Korea: Trend of Credit to Households

Sharp increase in loans by savings banks since June 2014

◆Credit to households in South Korea exceeded 1,000 trillion won in 2013

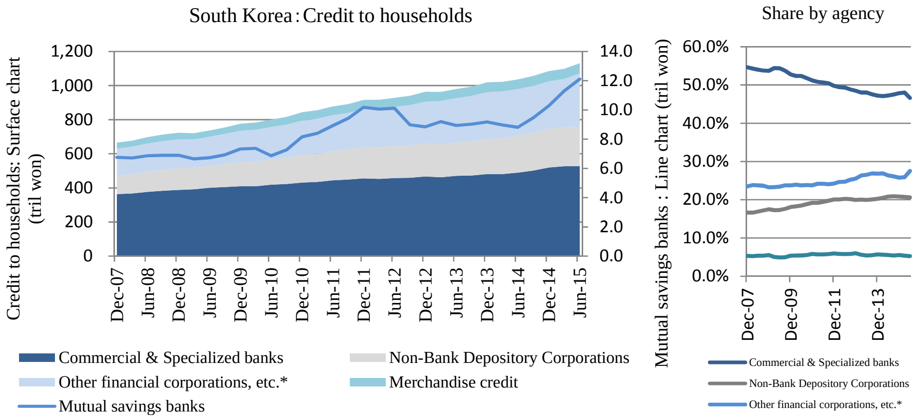
Credit to households (including housing loans)*2 has been increasing and reached 1,130 trillion won in June 2015, about 1.7-fold increase (CAGR: about 7%) compared to December 2007 (665 trillion won).

About half of credit to households are provided by commercial and special banks (c.47%), and the remaining half are consisted of nonbank deposit taking institutions (c.21%), other financial institution (c.28%) and sales credit (c.5%). The share of commercial and special banks is trending downward, as it fell below 50% in December 2012 and remained between 45 to 49% since then.

One of factors behind the lower share of commercial and special bank is expansion of "other loans" provided by nonbank deposit taking institutions. The balance of other loans provided by nonbank deposit taking institutions expanded from 63 trillion won in December 2007 to 138 trillion won in June 2015, about 2.2-fold increase (CAGR: about 11%), while the balance of other loans provided by commercial and special banks have remained around 150 trillion won, narrowing the gap year-by-year.

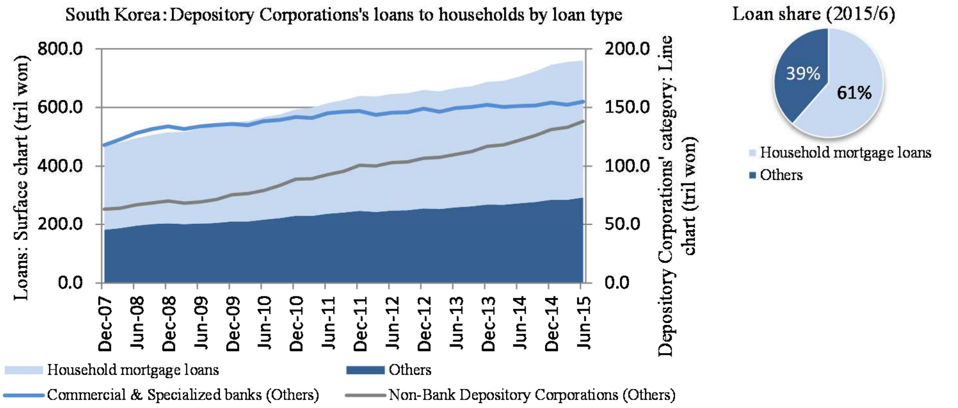
The balance of loans provided by savings banks, one of nonbank deposit taking institutions, saw a decline from 2012 to early 2014, but hit the bottom in June 2014 (8.8 trillion won). Also, the balance has rapidly increased since June 2014 and exceeded 12 trillion won in June 2015.

Although increase in credit to households is favorable for J Trust, as there are concerns about a recent sharp rise in credit to households amid slowing economy, the future trend should be closely monitored.



*: Insurance companies, Specialized credit financial companies, Public financial institutions

Source：The Bank of Korea, Economic Statistics System



Source：The Bank of Korea, Economic Statistics System

*[2] Breakdown of credit to households is as follows:

Credit to Households's Composition (tril won)

	Classification1	Classification2	Classification3		Jun-15	
Credit to households	Loans to households	Depository corporations	Commercial & Specialized banks	Household mortgage loans	372	32.9%
				Others	155	13.7%
			Non-Bank Depository Corporations(*1)	Household mortgage loans	95	8.4%
				Others	138	12.2%
		Other financial corporations, etc.(*2)			311	27.5%
	Merchandise credit				60	5.3%
				Total	1,130	100.0%

(*1) Mutual savings banks, Credit unions, Mutual credits, Community credit cooperatives, Postal savings, etc.
(*2) Insurance companies, Specialized credit financial companies, Public financial institutions etc.

Source：The Bank of Korea, Economic Statistics System

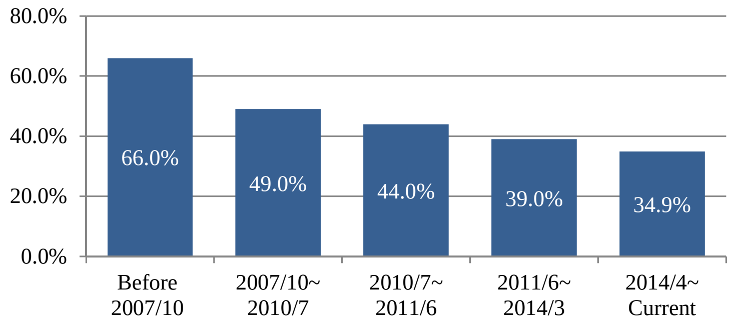
4-(3) South Korea: Industry Reorganization Trend

◆Japanese companies accelerated acquisition of savings bank in early 2010s

The statutory maximum lending interest rate of 34.9% in South Korea is, though it has been lowered since 2007, still higher than that of 20% in Japan (under the Investment Act). The maximum lending interest rate under the Japan's Investment Act, which was 40.004% in 1991, was lowered to 29.2% in 2000, and further to 20% in 2006 along with the revision of the Money Lending Business Act. As the maximum lending interest rate has been lowered in Japan, Japanese companies entered the South Korean market to pursue new profit opportunities. While many small and medium-sized enterprises entered the South Korean market, APRO Service Group, which conducts its business under "Rush & Cash" brand, enjoys a high market share as an industry leader.

Admist fear regarding expansion of shares by Japanese money lenders, savings banks were expected to counter such threat. However savings banks have gone bankrupt as bad debts increased due to default of real estate development loans and sloppy management. Around the same time, Japanese companies accelerated acquisition of savings banks, as ORIX acquired mid-sized PRUN2 Mutual Savings Bank (currently ORIX Savings Bank) in 2010, and Smile Savings Bank in 2013. SBI Holdings also acquired the largest in the industry, Hyundai Swiss Savings Bank (currently SBI Savings Bank) and affiliated three banks in 2013 (four banks merged in 2014). J Trust assumed assets and liabilities of Mirae Savings Bank in 2012, and acquired Standard Chartered Savings Bank Korea in 2015. APRO Service Group acquired Ye Joo Savings Bank and Yenare Savings Bank and started operation of OK Savings Bank. While restructuring of the savings bank industry appears to be settling down, further restructuring across categories is also likely as the move that the money lending services of financial institutions outside system (the 3rd category) will be included in financial institutions in system started to be seen,.

South Korea：Change in maximum lending interest rate



Source：Materials on Medium Term Business Plan

5. Segment Overview and Business Model

5-(1) Domestic Financial Business

a. Domestic Financial Business: Outline

Focus on credit guarantee, real estate secured loan and receivable collection businesses

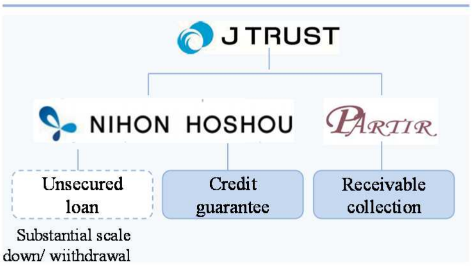
◆ Focus of domestic financial business shifted to credit guarantee and receivable collection

Domestic financial business (former financial business) has driven the business as a main source of revenue since TOB by Fujisawa in March 2008. Starting with the acquisition of Station Finance Co., Ltd. (consumer finance company affiliated with Hankyu Corporation) in March 2009, J Trust has aggressively expanded the business scale through the acquisition of a leading small business loan provider Lopro Corporation in September 2010 and assumption of consumer finance business from Takefuji Corporation in March 2012. Subsequently, through the intra-group reorganization, the loan business and guarantee business were consolidated into Nihon Hoshou Co., Ltd. Also, J Trust made a full-fledged entry into the credit card business through the acquisition of Rakuten KC Card Co., Ltd. from Rakuten KC in August 2011*[1].

Domestic financial business in FY2015 consists of (i) business/consumer finance, (ii) credit guarantee, (iii) credit and consumer credit and (iv) receivable collection (investment in NPLs and factoring). While each business segment is highlighted in the following sections, basic direction is that J Trust plans to downsize the new loan disbursement operation, and develop the domestic financial business with focus on credit guarantee, investment in NPLs and factoring as core businesses.

*[1] A main brand of credit card business "KC Card" has been already sold to Yahoo Japan and SoftBank Payment Service Corp in January 2015. J Trust scaled down its card business significantly from FY2016.

◆Domestic business structure



◆Overview for domestic financial business

Category	Note
Business loan Consumer loan	Stop extending new unsecured loan, focus on real estate secured loan
Credit guarantee	Strengthen credit guarantee for housing loan
Credit and consumer credit	Significantly scale down along with sale of KC Card business
Receivable collection	Continue developing

Source: Materials on medium term business plan

<Business/Consumer Finance>
Decided to withdraw from unsecured loan business

(1) Domestic financial business: business/consumer finance business

(1) Business/consumer finance industry were hit hard by lowering of the maximum lending interest rate along with revision of Money Lending Business Act in 2006 (fully enforced in June 2010) and introduction of the total loan volume control. Though contraction of the market size has been recently slowing down, the balance of loans extended by money lenders which exceeded 40 trillion yen prior to revision of the Money Lending Business Act has dramatically decreased to c.30 trillion yen in 2010 and further to c.23 trillion yen in 2014.

With respect to the unsecured loan business in Japan, J Trust has not been active in extending new loans, and adopted a business model to purchase receivables from failed companies at prices lower than the face value and achieve profit. As the market size is not likely to expand going forward and competition is fierce, J Trust decided to stop the disbursement of new loans and focus on credit guarantee and secured loan business. It continues to carry out business finance such as discount on commercial notes, etc.

<Credit Guarantee>
Focus on accumulation of guarantee balance centered on real estate-related secured loans

(2) Domestic financial business: credit guarantee business

(2) Credit guarantee business is conducted in partnership with financial institutions such as banks and shinkin banks, providing guarantee for consumer and business loans extended by those partnered institutions. Guarantors receive guarantee commission from borrowers and, in the case of default, repay to financial institutions on behalf of borrowers. Expansion of the credit guarantee business is J Trust's mid- to long-term strategy, and J Trust has established partnership with five regional financial institutions*[2] including Saikyo Bank (Yamaguchi) and Tokyo Star Bank (Tokyo) as of the end of April 2015.

Consumer finance companies have focused on the credit guarantee business to establish a new source of revenue as an alternative to unsecured loans, and the balance of credit guarantee provided by money lenders for loans of financial institutions increased from c.3.4 trillion yen in March 2011 to c.5.6 trillion yen in March 2015, about 1.6-fold increase. Rapid growth of the credit guarantee balance of consumer finance companies was driven by increase in revolving credit, etc. extended by banks. As banks are not subject to the Money Lending Business Act (not subject to total loan volume control), the balance of revolving credit, etc. extended by banks hit the bottom in March 2011 (c.3.2 trillion yen) following full enforcement of the revised Money Lending Business Act (2010), and reached c.4.1 trillion in March 2015, up about 30%. Consumer finance companies take risks by providing guarantee for bank loans, and benefit from growth of bank's consumer loans.

The consumer finance industry has undergone consolidation and restructuring after revision of the Money Lending Business Act, and many companies have become affiliates of mega banks. Top 2 consumer finance companies ACOM and SMBC Consumer Finance (Promise) have significantly increased the guarantee balance by exploiting the parent bank's brand and marketing network as part of Mitsubishi UFJ and SMBC Group, respectively. Though Nihon Hoshou Co., Ltd., J Trust subsidiary has also increased the guarantee balance (see P32), others are left far behind top 2 companies.

Under these circumstances, J Trust aims to differentiate itself by focusing on guarantee for rental housing loans and strives to expand the credit guarantee business. Rental housing loans are provided to landlords who construct rental houses attached to their residence for reduction of inheritance tax. Generally, in the case of inheritance tax-reduction purpose, banks often reject underwriting of loans due to unstable income stream as borrowers are old, though secured by the property. Therefore, Nihon Hoshou Co., Ltd. provides guarantee and have banks, etc. extend loans. As needs for rental housing loans are strong, supported by progress in aging and revision of Inheritance Tax Act, J Trust aims to strengthen tie-up with housing manufacturers (currently 20 companies, targeting 60 companies in 3 years) and further accumulate the balance. The strength of Nihon Hosho in the guarantee tie-up is that it provides one-stop guarantee services from screening to collection.

Additionally, among receivables transferred from Takefuji, J Trust has sold performing loans to banks, etc. and provided guarantee for them. It then earns guarantee commission. Including the Takefuji portion, the average guarantee commission rate was 5.17% in Q1 FY2016. Also, when looking at the entire money lender industry, about 80% of the guarantee balance are for unsecured loans, but in the case of J Trust, about 60% of the guarantee balance are for secured loans, which is one of unique characteristics.

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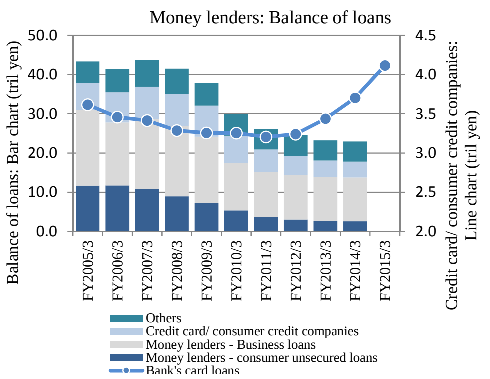
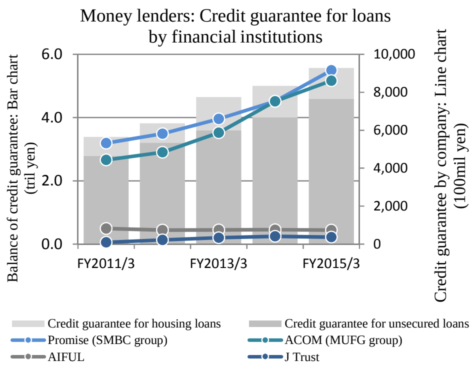
*2 Saikyo Bank (Yamaguchi), Tokyo Star Bank (Tokyo), Ehime Bank (Ehime), Seikyo Credit Union (Osaka) and Kinki Sangyou Credit Union (Osaka)



Source：Financial Services Agency "Money lending business data", BOJ Statistics



Source：Money Lending Business Association, Company IR materials

<Credit and Consumer Credit>
Significantly contracted the scale by sale of KC Card business in January 2015

(3)Domestic financial business: credit and consumer credit business

J Trust entered the credit card business with the acquisition of KC Card Co., Ltd. (Rakuten KC) in August 2011. After the acquisition, the card business has not progressed smoothly, as the number of new card holders has not increased much, though the number of card holders has been maintained, and the balance of cash advance decreased. Also, while the strength of KC Card was "integration of internet and finance", severe business environment has continued as competition with major internet-related and e-commerce-related companies has intensified.

Under these circumstances, J Trust sold the KC Card business to Yahoo Japan and SoftBank Payment Service Corp. in January 2015 and decided to restructure the credit and consumer credit business.

This transaction used the scheme that the KC Card business, split from KC Card Co., Ltd., was transferred to a newly established company (KC Co., Ltd.), which was then sold to Yahoo Japan and SoftBank Payment Service Corp. At the same time, KC Card Co., Ltd. changed the trade name to J Trust Card Co., Ltd. Along with the sale of the KC Card business, J Trust Card Co., Ltd. assumed the card business of Miyazaki-based NUCS Co., Ltd. acquired in March 2014, and going forward, the credit card business will be carried out under the J trust brand.

However, the business environment for the credit card industry is not necessarily bright, as the highly profitable cash advance market has contracted after revision of the Money Lending Business Act, and competition with major credit card companies, etc. on acquisition of customers has intensified.

<Receivable Collection>
Strong in unsecured NPL

(4) Domestic financial business: receivable collection business

Receivable collection business (factoring business), carried out by Partir Servicer Co, Ltd., mainly consists of investment in and collection of NPLs.

Investment in NPLs is the business that generates returns by purchasing default and delinquent receivables from financial institutions through SPCs, etc. at lower price than the face amount and collecting them at higher price than the purchase price. Partir Servicer Co., Ltd. is highly skilled in collection of unsecured NPL, which are mainly purchased from banks through auction.

Strong in collection expertise accumulated through M&A

While Partir Servicer has achieved high profitability, generating IRR of over 40% from investment in NPLs, as the domestic NPL market has peaked out and is in a contracting trend, the investment balance cannot be built up quickly.

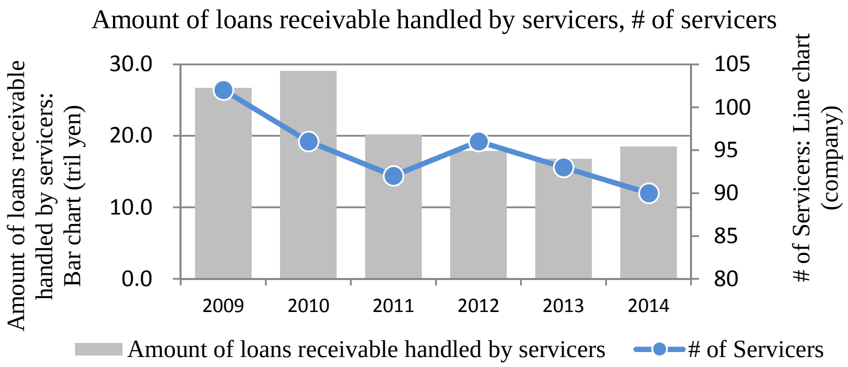
J Trust's strength lies in expertise of receivable collection. Given its involvement in many M&As, J Trust has employees who used to work for various companies, and has developed its unique collection expertise incorporating advantages of legacy companies. Advantages of the strong collection expertise include that it allows J Trust to pursue higher return and bid high at auction, which increases the probability of successful bids and chance to be invited to auction.

As mentioned earlier, the domestic NPL market has peaked out and the amount of receivables handled by receivable collection companies has been leveling off (see below table). The number of receivable collection companies is also decreasing along with contraction of the market. However, as a certain level of the market size can be expected in this industry, it can be said that consolidation of companies creates the environment where gain of the market share can be sought.

Receivable collection company (servicer) means a private company specialized in management and collection of receivables with an approval by the Minister of Justice to carry out management and collection of specified monetary claims*[3]. The Lawyers Act had prohibited parties other than lawyers or legal professional corporation from carrying out this business, but the "Act on Special Measures Concerning Claim Management and Collection Business (Servicer Act)" was enacted in 1999 to promote disposal of bad debts, making it possible to establish a private company as an exception to the Lawyers Act. *Servicers* are required to take measures to eliminate entry of anti-social forces such as organized crime groups in obtaining a license, and are also required to comply with laws as they are put under regulations of the Servicer Act and subject to control and supervision of the Ministry of Justice.

Partir Servicer Co., Ltd. is a *servicer* established in 2007 pursuant to the Servicer Act (License Number 113). Partir Servicer has passed all audit and inspection by supervisory authorities from its establishment to date, and strives to maintain compliance with laws and improve the control level in the receivable collection process.

The NPL collection business is generally called a special servicing, while normal receivable collection business is called a primary servicing.



Source：Ministry of Justice, materials on medium term business plan

*3 Specified monetary claims stipulated by the Servicer Act primarily consists of: (i) monetary claims held by financial institutions, (ii) lease and credit claims, (iii) monetary claims relating to asset liquidation, (iv) monetary claims held by factoring company, (v) monetary claims held by a party undergoing legal bankruptcy proceedings, (vi) claims arising from a contract of guarantee and (vii) claims established by other governmental ordinance (source: Loan Servicers Association of Japan)

b. Domestic Financial Business: Performance Trend (annual)

◆Domestic financial business contracted after peak in FY2013

Operating revenue in the domestic financial business has been in a contracting trend after the peak of 33.2 billion yen in FY2013, and decreased to 18.7 billion yen in FY2015, down about 25% year-on-year. Though guarantee commission which J Trust puts focus on has remained strong, revenue in the domestic financial business as a whole declined along with progress in collection of existing receivables and sales of the KC Card business. Segment income also decreased in proportion to operating revenue. Additionally, in FY2015 provision for loss on interest repayment of KC Card (c.2.2 billion yen) heavily weighed on segment income which decreased from 11.4 billion yen in FY2014 to 1.9 billion yen in FY2015 (down 36% year-on-year).

As the core business is currently shifting from the domestic financial business to the international business, J Trust is rapidly constructing the framework that the domestic financial business can record stable income (see P.33).

◆Domestic financial business : Business trend (mil yen)

	Mar-11	Mar-12	Mar-13	Mar-14	Mar-15	change	y/y
Operating revenue	13,326	19,605	33,186	25,193	18,731	(6,462)	74.4%
Operating income	4,017	5,571	12,293	11,435	1,852	(9,583)	16.2%
Operating profit ratio	30.1%	28.4%	37.0%	45.4%	9.9%	-35.5%	-
Segment assets	35,857	113,165	111,359	85,631	58,030	(27,601)	67.8%
Segment liabilities	23,399	66,147	61,947	38,734	25,124	(13,610)	64.9%

Source : Annual Securities Report

◆Domestic financial business : Operating income trend by account (mil yen)

	Mar-11	Mar-12	Mar-13	Mar-14	Mar-15	change	y/y
Interest on loans / Discount revenue(*1)	3,101	1,927	3,742	2,248	1,186	(1,062)	52.8%
Collection from purchased receivables(*2)	2,669	2,740	2,403	3,018	3,439	421	113.9%
Installment payment paying for commission(*2)	616	9,236	10,016	7,463	4,701	(2,762)	63.0%
Guarantee commission(*2)	513	801	1,751	2,377	2,443	66	102.8%
Gain on bad debts recovered(*2)	-	536	6,634	5,135	4,809	(326)	93.7%
Other financial revenue(*2)	5,823	3,358	6,868	3,091	1,051	(2,040)	34.0%
Other(*3)	604	1,007	1,772	1,861	1,102	(759)	59.2%
Operating revenue	13,326	19,605	33,186	25,193	18,731	(6,462)	74.4%
(Reference)							
Collection from purchased receivable(*2)	2,669	2,740	2,403	3,018	3,439	421	113.9%
Cost of purchased receivable(*2)	1,661	939	614	700	843	143	120.4%
Return on investment from NPL	1,008	1,801	1,789	2,318	2,596	278	112.0%
Margin	37.8%	65.7%	74.4%	76.8%	75.5%	-1.3%	-

(*1) Figures in FY2014/3 and FY2015/3: figures of subsidiary "Nihon Hoshou"; figures until FY2013/3: figures of the entire group minus operating revenue of Neoline Credit (South Korea) (*2) Figures of the entire group (*3) Calculated as difference with the sum of segment revenue.

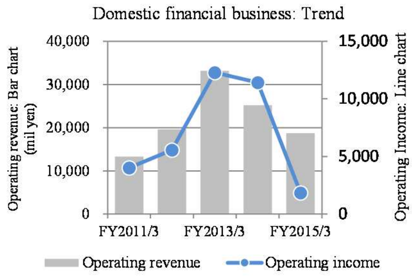
Source : Annual securities report, materials on medium term business plan

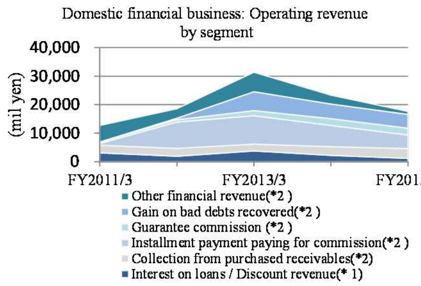
◆Domestic financial business : Balance of operating loans receivable etc. trend (mil yen)

	Mar-11	Mar-12	Mar-13	Mar-14	Mar-15	change	y/y
Consumer loans	11,728	22,226	13,431	7,976	5,985	(1,991)	75.0%
Business loans	4,152	3,708	3,967	4,624	4,362	(262)	94.3%
Loans amount	15,881	25,935	17,398	12,601	10,347	(2,254)	82.1%
Advances paid - installment	1,475	72,139	51,338	40,814	1,422	(39,392)	3.5%
Total	17,356	98,074	68,736	53,415	11,769	(41,646)	22.0%
Credit guarantee balance (Unsecured)	4,594	9,614	16,458	21,007	13,890	(7,117)	66.1%
Credit guarantee balance (Secured)	5,104	12,457	16,735	19,832	22,821	2,989	115.1%
Total Credit guarantee balance	9,699	22,072	33,194	40,839	36,712	(4,127)	89.9%
Principal balance of receibable	125,100	147,100	257,200	283,300	349,200	65,900	123.3%
Purchased receivables (*)	4,008	2,310	2,529	2,527	4,599	2,072	182.0%

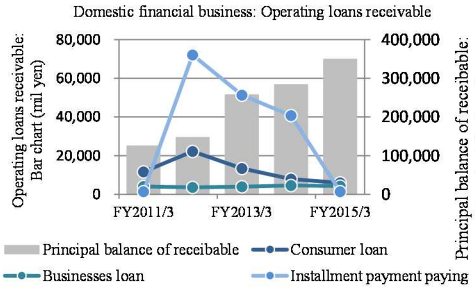
(*) Figures from FY2011/3 til FY2014/3: the entire group; figures in FY2015/3: figures of the entire group minus the balance at TA Asset Management (South Korea).

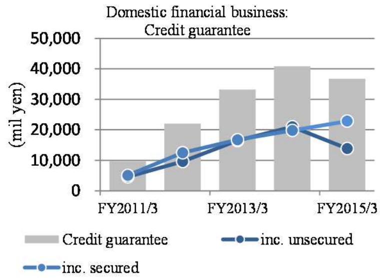
Source : Annual securities report, materials on medium term business plan





(* 1) Figures in FY2014/3 and FY2015/3: figures of subsidary "Nihon Hoshou; figures until FY2013/3: figures of the entire group minus operating revenue of Neoline Credit (South Korea).
(*2) Figures of the entire group.





Source : Annual securities report, materials on medium term business plan

Interest on loans and discount revenue continue decreasing , reflecting decrease in balance of unsecured consumer loans

(1) Interest on loans and discount revenue

Interest on loans and discount revenue are interest and discount revenue on consumer/business loans and discount on commercial notes, etc. The consumer loan balance doubled from 11.7 billion yen in the previous fiscal year end to 22.2 billion yen, along with assumption of consumer business from Takefuji Corporation under the Corporate Rehabilitation Act in March 2012. In FY2013, interest on loans and discount revenue increased from 1.9 billion yen in the previous fiscal year to 3.7 billion yen due to collection of the assumed receivables.

In FY2014, while there was no large scale M&A, along with the sale of Saikyo Card Co. Ltd. and progress in collection of Takefuji receivables, the consumer loan balance decreased from 13.4 billion yen in the previous fiscal year to 8.0 billion yen, with interest and discount revenue ending at 2.2 billion yen, down about 40% year-on-year. In FY2015, similar to the previous fiscal year, operating receivables decreased to 6.0 billion yen and interest and discount revenue decreased to 1.2 billion yen, along with progress in collection of the existing receivables.

Consumer loan business has been centered on collection of receivables assumed through acquisition of default or distressed companies, and while historically new loans have not been actively extended, currently, J Trust Group has stopped extending new loans in Japan.

Business loans are centered on discount on commercial notes and secured loans, and the loan balance has remained around 4.0 billion yen. Going forward, J Trust intends to carry out the business centered on real estate secured loans with limited risk.

Investment in NPLs (receivable collection business) constantly contributes to income

(2) Collection of purchased receivables

Collection from purchased receivable is revenue from investment in NPLs and the collected amount of NPLs purchased by the *servicer* is recorded as revenue. While the collected amount is recorded as revenue, purchased receivables (asset account) are recognized as expenses as cost of purchased receivable. There are two methods of recognition as expenses depending on type of receivables. (i) If periodical repayment is expected (if future cash flow can be estimated), the amount of receivables are recognized as expenses over time (depreciation method), while (ii) if periodical repayment is not expected, the amount equivalent to the collected amount is recorded as expenses as cost of purchased receivable. Therefore, in the case of (ii), no income is earned until the collected amount reaches the purchased amount, and the portion of the collected amount in excess of the purchased amount will be recorded as income.

One of leading indicators for NPL investment business is claim amount (principle of purchased receivables + accrued interest). The claim amount increased from 125.1 billion yen in March 2011 to 349.2 billion yen in March 2015 due to purchase of NPLs from financial institutions, and collection from purchased receivable also increased from 2.7 billion yen in FY2011 to 3.4 billion yen in FY2015 along with accumulation of investment. Investment in NPLs should be evaluated by cash flow from investment to exit by using an index such as IRR, but when looking at income from investment in NPLs (collection from purchased receivable - cost of purchased receivable) in each year, the collected amount tends to exceed the purchased amount over time from implementation of investment, as the income increased from 1.0 billion yen in FY2011 to 2.6 billion yen in FY2015.

Significant decrease in installment payment paying for commission along with sale of KC Card business	**(3) Installment payment paying for commission** Credit card-related interest and commission income are recorded as installment payment paying for commission. This revenue increased sharply from 600 million yen in FY2011 to 10 billion yen in FY2013 due to the acquisition of KC Card (in August 2011). Subsequently, though the shopping balance largely remained flat, revenue decreased to 7.5 billion yen in FY2014 along with decrease in the balance of cash advance and significantly decreased to 4.7 billion yen in FY2015 due to the sale of the KC Card business in January 2015.
Commission fee remains strong driven by increase in number of partnered financial institutions and start of guarantee for rental housing loans	**(4) Guarantee commission** Guarantee commission is revenue associated with underwriting of credit guarantee. J Trust promotes expansion of the credit guarantee business as mid- to long-term strategy, and increased number of partnered banks to five: (i) Saikyo Bank (Yamaguchi, July 2009), (ii) Tokyo Star Bank (Tokyo, July 2010), (iii) Ehime Bank (Ehime, December 2012), (iv) Seikyo Credit Union (Osaka, March 2014), (v) Kinki Sangyo Credit Union (Osaka, April 2015). The credit guarantee balance also increased from 9.7 billion yen in FY2011 to 40.8 billion yen in FY2014, about 4-fold increase, along with an increase in the number of partnered financial institutions. As the business to provide guarantee for revolving credit was sold as part of the sale of the "KC Card" brand in January 2015, the credit guarantee balance temporarily decreased in FY2015 to 36.7 billion yen (by 4.1 billion yen year-on-year). However, guarantee commission maintained an increasing trend in proportion to an increase in the guarantee balance, significantly increasing from 500 million yen in FY2011 to 2.4 billion yen in FY2015. Within the credit guarantee business, J Trust puts a particular emphasis on guarantee for secured loans and started the guarantee business for rental housing loans from April 2014. J Trust is focusing on accumulation of the credit guarantee balance through a new guarantee scheme. For example, in February 2015, J Trust started providing guarantee for syndicated loan-type rental housing loans in partnership with leading housing manufacturers, Flat 35 loan agency* and banks. With regards to rental housing attached to owner's residence constructed by a housing manufacturer, "Flat 35" loan of Japan Housing Finance Agency is provided by J Mortgage Bank Co., Ltd. (Flat 35 agent) to the residential portion, and Saikyo Bank extends loan to the rental portion with guarantee by Nihon Hoshou Co., Ltd. *Flat 35 is name of a long-term fixed rate housing loan product provided by private financial institutions in partnership with Japan Housing Finance Agency.
Gain on bad debts recovered corresponds to collected receivables already written off when transferred from Takefuji	**(5) Gain on bad debts recovered** Gain on bad debts recovered is the collected amount of off-balance sheet receivables already written-off. In the case of J Trust, large part of gain on bad debts recovered represents the collected amount of written-off receivables assumed from Takefuji. J Trust makes use of its expertise to collect receivables that were already written-off when assumed from Takefuji. However, the collected amount has recently decreased from the peak of around 700 million yen per month and mostly stays around 250 million yen per month. The balance of receivable subject to collection is estimated to amount to around 100 billion yen and assuming the collected amount of c.17.0 billion yen to date (cumulative gain on bad debts recovered after FY2013), there is still room for collection. However, as those receivables that are hard to collect tend to remain, basically, gain on bad debts recovered should gradually decrease.

(6) Other financial revenue

"Other financial revenue" records mainly the difference between the purchase prices of receivables assumed at discount from Takefuji and the value of those receivables based on the depreciation method, etc.

Performing loans were also transferred from Takefuji at the price lower than the face amount, of which the receivables that can be underwritten by banks have been sold to financial institutions. J Trust has provided guarantee for such receivables sold. This reflects a shift from the balance sheet business owning receivables to the business that generates guarantee commission. However, as the balance of Takefuji's receivables has decreased due to the sale, other financial revenue decreased from 6.8 billion yen in FY2013 to 1.0 billion yen in FY2015.

c. Domestic Financial Business: Recent Quarter Performance

Achieved surplus of 900 million yen despite significant decrease in revenue due to sale of card business

◆Started structural reform in response to change in business, and achieved surplus in Q1

The scale of domestic financial business significantly shrank in Q1 FY2016, in association with the sale of the KC Card business and CREDIA Co., Ltd. Operating revenue decreased by about 48% year-on-year to 2.7 billion yen. However, decrease in revenue in the domestic financial business was within expectation, and with the progress rate of 24% relative to the full-year plan, it was in line with the original plan. Despite significant decrease in revenue, as the segment income achieved surplus of 900 million yen by seeking to reduce costs through the following rationalization, the structural reform of the domestic financial business is well under way.

J Trust clearly states its policy to withdraw from the unsecured loan business and shift its focus to the real estate-related guarantee business, and in March 2015, offered an elective retirement plan for about 300 employees at Nihon Hoshou Co., Ltd. (565 full-time employees) as part of the structural business reform. Eventually, as there were 320 applications, J Trust expects to reduce labor costs by c.1.5 billion yen annually. It also strives to improve the cost structure and profitability by implementing rationalization measures including scrap-and-build of sales offices. In addition, in September 2015, J Trust separated unsecured loans with interest repayment related liability through a company split, and put in place the framework that allows J Trust to focus on core business centered on the guarantee business.

◆Balance of both credit guarantee and claim currently show stagnant growth but likely to achieve full-year target

This section reviews the trend of "credit guarantee balance" and "claim balance" as leading indicator of core domestic financial business "credit guarantee business" and "receivable collection business", respectively.

At the end of Q1 FY2016, the credit guarantee balance was 38.4 billion yen, up 1.7 billion yen from the previous fiscal year-end. However, compared with expected increase of 12 billion yen for the full-year, the progress rate of about 14% undeniably looks slow. With the balance of rental housing loans at 1.4 billion yen in June 2015, accumulation of over 10 billion yen is required to achieve the full-year target of 12.3 billion yen. However, considering that both number and amount of applications have been increasing since April 2015 and the cumulative amount of applications during April-June reached 6 billion yen, the full-year target can be achieved.

Though the claim balance was 342.1 billion yen, down about 7.0 billion yen from the previous fiscal year-end, as there are transactions closing soon, the year-end balance is expected to exceed the full-year target.

◆Domestic financial business : Business trend (quarterly) (mil yen)

	FY2014/3				FY2015/3				FY2016/3		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	Change	y/y
Operating revenue	6,269	5,912	5,874	7,138	5,205	4,928	5,451	3,147	2,698	(2,507)	51.8%
Operating income	2,357	1,527	4,576	2,975	1,011	(201)	617	425	903	(108)	89.3%
Operating profit ratio	37.6%	25.8%	77.9%	41.7%	19.4%	-4.1%	11.3%	13.5%	33.5%	14.0%	-

◆Domestic financial business : Business trend (quarterly, cumulative) (mil yen)

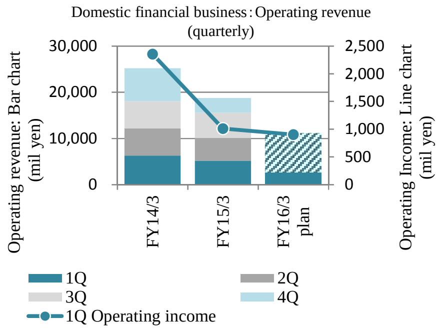
	FY2014/3				FY2015/3				FY2016/3		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	Plan	Progress rate
Operating revenue	6,269	12,181	18,055	25,193	5,205	10,133	15,584	18,731	2,698	11,100	24.3%
Operating income	2,357	3,884	8,460	11,435	1,011	810	1,427	1,852	903	3,200	28.2%
Operating profit ratio	37.6%	31.9%	46.9%	45.4%	19.4%	8.0%	9.2%	9.9%	33.5%	28.8%	-
Credit guarantee balance	33,983	34,814	36,050	40,839	42,795	44,373	45,725	36,712	38,426	48,700	78.9%
inc rental housing loan	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	1,401	12,300	11.4%
Net growth	789	831	1,236	4,789	1,956	1,578	1,352	(9,013)	1,714	11,988	14.3%
Loans claimed balance	n.a.	n.a.	n.a.	283,300	n.a.	n.a.	n.a.	349,200	342,100	384,100	89.1%
Net growth	n.a.	n.a.	n.a.	26,100	n.a.	n.a.	n.a.	65,900	(7,100)	34,900	-

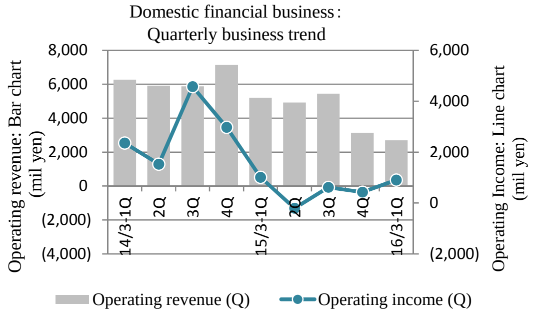
◆Domestic financial business : Application for rental housing loan

	2015/4	2015/5	2015/6	累計
# of application	8	21	42	71
Amount of application(*)	600	1,300	4,100	6,000

Source : Financial results, earnings presentation materials

(*) Construction costs are generally paid 1/3 at start, 1/3 in interim and 1/3 upon completion, and loans are extended accordingly.
Therefore, the guarantee balance for rentail housing loans (JPY 1.4 bil) is less than the aggregate amount of application till June (JPY 6.0 bil.)





Source : Annual securities report, financial results

5-(2) International Financial Business

◆Splited international business into "financial business in South Korea" and "financial business in Southeast Asia" from FY2016

International business includes financial business carried out in the Southeast Asian region centered on South Korea and Indonesia. Along with expansion of financial business in Asia, entering FY2016, international business was split into "financial business in South Korea" and "financial business in Southeast Asia". The following sections outline development of financial business in South Korea and Southeast Asia.

a. Financial Business in South Korea

Leveraged expertise and track record developed in Japan to start financial business in South Korea

◆Development of financial business in South Korea

J Trust entered the South Korean market with the acquisition of Neoline Credit Co., Ltd., a consumer finance company, in April 2011. At that time, restructuring of the consumer finance industry in Japan had settled down, while the maximum lending interest rate had been lowered and the restructuring of industry had started to emerge in South Korea as Japan had experienced in the past. Under these circumstances, J Trust decided to enter the South Korean market, based on judgment that it could leverage the expertise and experience obtained in Japan to date.

Following the period of trial whether its expertise works or not, J Trust established Chinae Co., Ltd.*[1] as a subsidiary of KC Card Co., Ltd. in August 2012. Chinae obtained a license of savings bank business, and in October 2012, assumed partial assets and liabilities of Mirae Savings Bank*[2] which was categorized as a distressed financial institution, entering the savings bank business. Subsequently, J Trust has accumulated the receivable balance through the acquisition of commercial credit loan receivables from Solomon Savings Bank (c.30 billion yen) in January 2013 and HK Savings Bank (c.15 billion yen) in June 2013, and acquired KJI Consumer Finance LLC (currently TA Asset Management LLC) and HICAPITAL Co., Ltd. to expand the business scale.

At this point, there were three consumer finance subsidiaries (Neoline Credit, KJI Consumer Finance and HICAPITAL), but in August 2014, the three consumer finance subsidiaries transferred their loan business to Chinae Savings Bank, establishing the structure under which the loan business was consolidated into Chinae Savings Bank and the three subsidiaries would specialize in the NPL collection business going forward.

Also, J Trust acquired Standard Chartered Savings Bank Korea (currently JT Savings Bank) in January 2015 and Standard Chartered Capital (Korea) (currently JT Capital) in March 2015.

Develop South Korean business through (i) savings bank, (ii) capital business and (iii) receivable collection as core business from FY2016 following M&A

Following these M&A and purchase of receivables, from FY2016, J Trust started to carry out following three businesses: (i) savings bank business (JT Chinae Savings Bank and JT Savings Bank), (ii) capital business (automobile loan, leasing, etc.) and (iii) receivable collection business (NPL investment and factoring).

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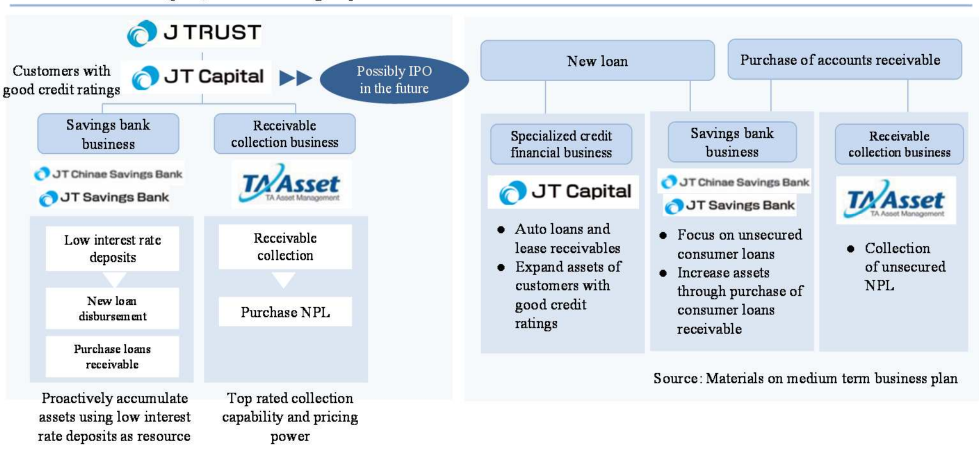
*1 Chinae Co., Ltd. changed its trade name to Chinae Savings Bank Co. Ltd. in October 2012 and to JT Chinae Savings Bank Co., Ltd. in July 2015.

*2 Transfer from Mirae Savings Bank: 72.2 billion yen of assets (excluding goodwill, including cash of 40.8 billion yen), 75 billion yen of liabilities.

◆**Business structure (plan) / Overview of group's financial business in South Korea**



<Savings Bank>
The 3rd largest savings bank in South Korea after acquisition of Standard Chartered Savings Bank Korea

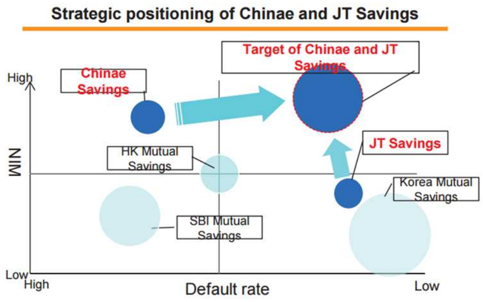
(1) Financial business in South Korea: overview of savings bank business

Upon the acquisition of Standard Charted Savings Bank Korea in January 2015, J Trust Group's savings bank business (total assets of c.1.9 trillion won) became the third largest in South Korea on the asset base, following SBI Savings Bank (c.3.9 trillion won) and HK Savings Bank (c.2.0 trillion won) (as of March 2015). Operating areas of two companies have also expanded from c.50% to c.70% of total population, allowing J Trust to provide services and conduct marketing activities throughout the country.

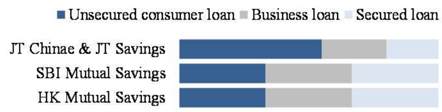
Savings banks are nonbank deposit taking institutions primarily targeting consumers and small and mid-sized enterprises with medium-to-low credit quality (credit rating of 5-9) that are difficult to borrow from banks. J Trust Group also plans to develop business centered on consumer loans of relatively higher profitability and set a target of the average credit rating of 5.8 in three years. As the average credit rating was 6.8 as of May 2015, J Trust will raise the weight of quality customers to stabilize the loan portfolio in the near term. It plans to use the name of JT Capital in obtaining quality customers, and fund loans extended by JT Capital from deposits obtained by the savings banks.

While anticipating decline in the average lending interest rate from the current 18% to around 15% in FY2016 due to an increase in the weight of quality customers, J Trust aims to achieve net interest margin of over 10% driven by reduction of funding cost. Also, the maximum lending interest rate is kept below the statutory maximum lending interest rate in anticipation of the potential cut in the maximum lending interest rate in the future.

As there is no difference in business strategies and target customers between two subsidiaries, J Trust considers the merger of these companies, taking into account advantages and disadvantages.



◆**Portfolio of savings banks (image)**



◆**Savings bank: Lending interest rate & default rate by loan type**

Type	Industry average lending interest rate	Industry average default rate	Profitability
Consumer loan	25%-35%	10%～15%	5.0%
Business loan	4%～10%	3%～10%	0.5%
Secured loan	4%～10%	3%～10%	1.0%

◆**JT Chinae Savings Bank and JT Savings Bank**

	Q1 of FY 2016 Actual	FY 2016 Target
Average lending interest rate	18.0%	14.9%
Average deposit interest rate	2.9%	2.8%
Net interest margin	9.56%	10.10%

Source: Materials on medium term business plan

<Capital Business>
Capital companies carry out installment loan and leasing business for high-quality customers with credit ratings between 1-4

(2) Financial business in South Korea: overview of capital business

Capital companies are specialized credit financial institutions established pursuant to the Specialized Credit Finance Business Act, belonging to the 2nd tier financial market (approval base). Business of capital companies consists of (i) installment loan business, (ii) leasing business and (iii) venture capital business. However, most capital companies mainly carry out (i) installment loan business and (ii) leasing business, as does JT Capital. Targeting low-risk quality customers with the credit rating of 1-4 is also one of characteristics.

There are 61 capital companies registered to the Credit Finance Association, of which 44 companies registered as leasing and installment loan business operator (2014). In addition, the leasing and installment loan business is categorized as automobile finance-driven-type and personal credit loan-driven-type, and JT Capital falls under the personal credit loan-driven-type capital company.

The aggregate total assets of top 20 leasing and installment loan business operators amount to c.80 trillion won. JT Capital is a medium size company ranking 19th with the total assets of 1.2 trillion won. Hyundai Capital (22.5 trillion won) ranks the 1st, Aju Capital (6.4 trillion won) ranks the 2nd and Lotte Capital (5.5 trillion won) ranks the 3rd. Top two companies are both automobile finance companies, and the largest Hyundai Capital has dominant size.

As regulators are moving towards reduction of the maximum consumer loans extended by capital companies from 50% to 20%, restructuring and consolidation of capital companies, particularly personal credit loan-type companies, are likely to advance.

<Receivable Collection> Specialized in investment in unsecured NPL

(3) Financial business in South Korea: overview of receivable collection business

Upon transfer of the loan business from three money lending subsidiaries to JT Chinae Savings Bank, the structure was established to develop the receivable collection business centered on TA Asset Management (formerly KJI Consumer Finance). Other two consumer finance companies (Neoline Credit and HICAPITAL) are in effect dormant companies.

Investment targets are unsecured NPLs that J Trust has abundant experience in Japan and that have the potential of higher growth and higher profitability, and the asset size as of June 2015 was 276 billion won on the basis of claimed face value (book value of purchased receivables was 4.4 billion yen).

Despite expanding trend in market itself, number of new entrants is gradually increasing

As there have been a limited number of companies involved in unsecured NPLs until the previous fiscal year, the investment could generate IRR of around 26% (estimate), but entering in FY2016, prices of NPLs started to surge as an increasing number of companies enter the business. It is J Trust's policy to avoid irrational purchase while prices remain elevated and to make an investment on selective basis, and conversely, it also considers to actively sell NPLs held by saving banks in the current environment where they can be sold at higher prices.

As the NPL market in South Korea is growing, J Trust expects the size of unsecured loan market (currently c.3.3 trillion yen) to expand at a pace of around 10% p.a. As communication with borrowers is essential in collection of unsecured NPLs, requiring intensive business operations, foreign business operators tend to be hesitant about entry. On the other hand, J Trust Group has the advantage in that infrastructure for collection of receivables is already in place, such as branches all over the country.

Though, unlike Japan, laws and regulations on receivable collection companies have not been established in South Korea, J Trust Group has independently established the high level of internal control system in compliance with the Japanese system and strives to ensure compliance.

b. Financial business in Southeast Asia: Outline

◆Development of financial business in Southeast Asia

Develop business in Southeast Asia centered on Bank Mutiara acquired in November 2014

J Trust entered the Southeast Asian market in October 2013 with establishment of JTRUST ASIA PTE. LTD. in Singapore by investing in c.10 billion yen out of c.97.6 billion yen raised from the rights offering. Later in December 2013, J Trust concluded a capital tie-up agreement with Bank Mayapada International Tbk. PT, a core financial company of the Mayapada Group, one of the largest business groups in Indonesia, and acquired a 10% equity stake in Bank Mayapada for c.4.8 billion yen (SGD 57 million) from the Mayapada Group.

Also in November 2014, J Trust acquired a 99% equity stake in PT Bank Mutiara Tbk. (currently PT Bank JTrust Indonesia Tbk.), making it a consolidated subsidiary. Bank Mutiara went bankrupt in November 2008 and had proceeded with corporate rehabilitation under administration of the Indonesia Deposit Insurance Corporation, from which J Trust acquired the bank through an open bid held in 2014. While the foreign ownership on commercial banks is limited to 40%, this was the rare case where acquisition of 100% was allowed as an exception (as of September 30, 2015, 98.997% of shares are held by J Trust and 1% are held by PT JTRUST INVESTMENTS INDONESIA, a newly established local subsidiary).

Further in May 2015, J Trust underwrote convertible bond of Group Lease PCL, a listed company in Thailand, through JTRUST ASIA (c.3.6 billion yen or USD 30 million). Group Lease is a finance company mainly engaged in hire-purchase financing of automobile. As Group Lease has recently advanced into other countries in Southeast Asia, J Trust considers financing from Bank JTrust Indonesia and joint development of hire-purchase financing business within Indonesia.

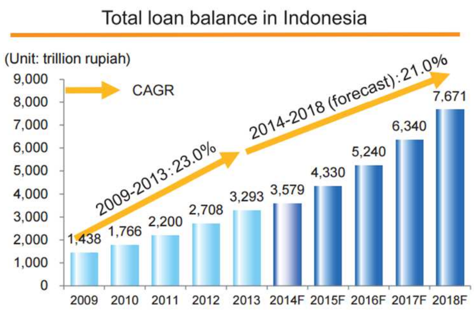
Indonesia's banking market is a growth industry with an expected CAGR of over 20%

◆Indonesian banking business is a fast-growing industry at CAGR over 20%

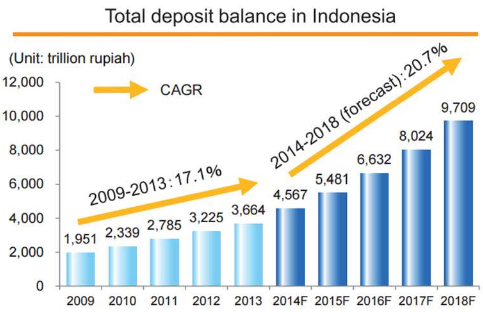
Upon the acquisition of Bank Mutiara (currently Bank JTrust Indonesia) in November 2014, J Trust plans to develop the financial business in Southeast Asia centered on Bank JTrust Indonesia from FY2016.

One of the attraction of Indonesia is the 4th largest population in the world (c.250 million), half of which are 28 years or younger, making it the high potential market where the mid- to long-term growth of middle income group is expected.

Though the economy is currently slowing down, it has maintained GDP growth ranging between 5 to 6% over more than ten years. The banking business in particular, currently at the development stage with the amount of both loans and deposits growing at higher pace than the economy, is a growing industry with expected GAGR over 20% in the future. In addition, as only about 40% of total population (c.100 million) now has bank accounts and the potential customers are estimated to amount to 80 million, there is a significant room for growth.



Source: Annual Report of Bank Indonesia



Source：Materials on medium term business plan

Started rehabilitation and reform of Bank Mutiara immediately after acquisition, leveraging strength that 100% ownership has permitted

◆History and challenges of Bank JTrust Indonesia

PT Bank Mutiara (formerly Century Bank) acquired in November 2014 is a failed bank that was distressed due to the Lehman shock, etc. and central bank of Indonesia placed Bank Mutiara under its special supervision. Later, it had proceeded with corporate rehabilitation under administration of the Indonesia Deposit Insurance Corporation, but struggled as the total assets decreased from the peak of c.500 billion yen to c.100 billion yen. It faced difficulties in collecting deposits, as it has not actively conducted marketing activities but was also negatively affected by the image of failed bank and low level of convenience such as lack of online banking, etc. As a result, it came to rely on time deposits with high interest rates of large customers for funding and has fallen in a vicious cycle of lower margin.

Then, J Trust changed the trade name to "PT Bank JTrust Indonesia Tbk." after the acquisition to eliminate the image of failed bank. The character of "J" has a positive effect on marketing, as Indonesia is a pro-Japan country. To cope with the poor user-friendliness, introduction of online banking was determined at an early stage. As for time deposits with high interest rates, the bank plans to reduce funding rates by soliciting low interest rate product at maturity.

Also as for the management team, J Trust replaced all of the former officers with well experienced team sent from Japan and established the structure that can oversee the local operation. J Trust also plans to review capabilities of employees remaining at the time of M&A and replace them as necessary.

Current challenge of highest priority is to establish the framework and, by leveraging the strength as the shareholder that was allowed to hold up to 100% equity stake to implement speedy and drastic organizational reform, J Trust aims to build the foundation which can generate profit in the near future.

◆**Competitor Analysis of Bank J Trust Indonesia（as of 2013）**

	Bank J Trust Indonesia	Best in class	Competitor average
Average loan balance per branch (100 mil rupiah)	1,830	10,040	3,540
Average deposit balance per branch (100 mil rupiah)	1,890	9,630	3,580
Average lending interest rate (%)	9.1%	10.1%	8.4%
Average deposit interest rate (%)	7.9%	2.7%	4.1%

Source：Materials on medium term business plan

c. International Business: Performance Trend (annual)

<Financial Business in South Korea>
Significant increase in new loan balance due to TV CM

◆Rapid expansion of business scale since FY2014

Operating revenue from the international business in FY2015 was 19.8 billion yen, an increase by 6.6 billion yen (up about 50%) year-on-year*[1]. Operating revenue has continued to increase in tandem with expansion of assets through the acquisition of consumer finance companies and savings banks and purchase of receivables. As the acquisition of two Standard Chartered-affiliated companies in South Korea was implemented in Q4 FY2015, the full-year results of FY2015 did not reflect the associated revenue growth. Also, as consolidation of Bank JTrust Indonesia into P&L started from FY2016, financial business in South Korea had accounted for most of the international business until FY2015.

As J Trust made a full-fledged entry into financial business in South Korea in October 2012 when J Trust assumed assets of Mirae Savings Bank, operating revenue in FY2012 and FY2013 when the savings bank business did not contribute to the full-year results was around 2-3 billion yen with virtually no profit.

J Trust expanded the business scale by accumulating loans mainly through purchase of receivables in FY2014 and extension of new loans in FY2015. In particular, new loans have significantly increased since commencement of TV CM of JT Chinae Savings Bank in May 2014, as the amount of new loans extended increased to c.47 billion yen (c.3.6-fold increase year-on-year) per year and the loan balance of JT Chinae Savings Bank increased from c.46.7 billion yen in March 2014 to c.120 billion yen in March 2015, c.2.5-fold increase.

*1 In FY2014, 15-month of P&L was reflected associated with review of consolidation period of JT Chinae Savings Bank. The amount affected by the review of consolidation period (operating revenue) was c.2.5 billion yen.

Achieved conversion to profitable structure through (i) accumulation of loan balance, (ii) decrease in delinquency rate and (iii) reduction in funding cost

◆Promoted shift to profitable structure through accumulation of loan balance and improvement in revenue structure

While operating revenue has maintained an increasing trend along with accumulation of operating assets, segment income showed a big swing from 3.0 billion yen in FY2014 to loss of 5.8 billion yen in FY2015. This fluctuation was caused by temporary factors such as reversal/additional provision of allowance for doubtful accounts.

In FY2014, reversal of allowance for doubtful accounts (c.6.9 billion yen) was recorded in association with change in estimation method of allowance for doubtful accounts*2 at JT Chinae Savings Bank. With 6.9 billion yen of reversal of allowance for doubtful accounts, segment income amounted to 3.0 billion yen; it would have been loss of c.3.8 billion yen without this reversal. Such loss was caused by higher research costs associated with purchase of receivables and M&A, while operating assets have not yet sufficiently accumulated at this time.

In FY2015, additional provision of allowance for doubtful accounts of c.4.2 billion yen in total was recorded. This additional provision was associated with (i) transfer of the loan business from three consumer finance subsidiaries and loan receivables from Standard Chartered Capital (Korea) to JT Chinae Savings Bank*3, and (ii) adoption of more conservative allowance rate to receivables under individual rehabilitation program (equivalent to private civil rehabilitation in Japan). In addition to allowance for doubtful accounts, loss on sales of NPLs of 1.3 billion yen was recorded as temporary expenses, and if these temporary expenses of c.5.5 billion yen are excluded, deficit would be reduced to around 0.3 billion yen. Despite still deficit at this stage, there was significant reduction from the figure which showed the real condition of the business in the previous fiscal year (loss of c.3.8 billion yen), driven not only by an increase in income from accumulation of the loan balance but by an expantion of margin due to improvement in delinquency rate. Also, the consolidation of loan business to the savings bank led to a shift in funding source of business operations from borrowing at higher interest rates (three consumer finance companies) to deposits at lower interest rates (JT Chinae Savings Bank), improving the earning structure. In addition, although behind the schedule, J Trust achieved expansion of business scale through the acquisition of two Standard Chartered-affiliated companies in Q4 FY2015. Against these backdrops, foundation was established to allow generation of profits both from the aspect of earning structure and scale in FY2015.

*2 Previously, as historical data of the bank's receivables was not sufficient to record the potential uncollectible amount, the potential uncollectible amount based on standards specified by the Regulations for Supervision of Mutual Savings Bank Business had been recorded, but as more precise estimation by using the historical loan loss ratio became possible due to progress in accumulation of data, estimation of allowance for doubtful accounts was changed.

*3 Additional provision was required as the standards of provision for banks are different from those for consumer finance companies (more strict for banks).

◆International business (South Korea/ Southeast Asia) : Business trend (mil yen)

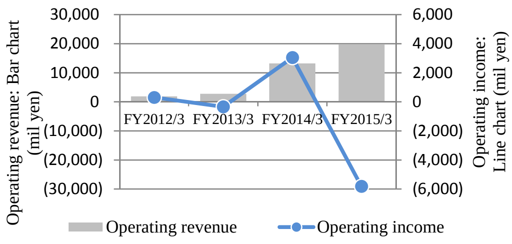
	Mar-11	Mar-12	Mar-13	Mar-14	Mar-15	change	y/y
Operating revenue	-	1,916	2,793	13,214	19,857	6,643	150.3%
Operating income	-	303	(336)	3,046	(5,811)	(8,857)	-
Operating profit ratio	-	15.8%	-12.0%	23.1%	-29.3%	-52.3%	-
Segment assets	-	5,895	86,507	151,453	447,815	296,362	295.7%
Segment liabilities	-	5,043	78,719	103,312	321,161	217,849	310.9%
◆Adjustment							
Operating Income	-	303	(336)	3,046	(5,811)	(8,857)	-
Provision of allowance for doubtful accounts	-	-	-	(6,904)	4,200	-	-
Loss on sales of loans receivable	-	-	-	-	1,300	-	-
Segment operating income after adjustment	-	303	(336)	(3,858)	(311)	3,547	-

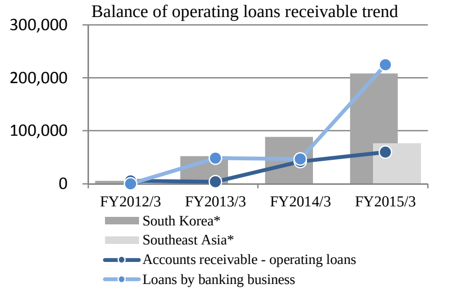
Source : Annual securities report, earnings presentation materials

◆International business (South Korea/ Southeast Asia): Balance of operating loans receivable trend (mil yen)

	Mar-11	Mar-12	Mar-13	Mar-14	Mar-15	change	y/y
Consumer loans	-	5,269	3,966	41,924	53,675	11,751	128.0%
Business loans	-	-	-	-	6,025	6,025	-
Accounts receivable - operating loans	-	5,269	3,966	41,924	59,701	17,777	142.4%
Loans by banking business	-	-	48,210	46,701	224,401	177,700	480.5%
Total	-	5,269	52,177	88,625	284,102	195,477	320.6%
South Korea*	-	5,269	52,177	88,625	208,013	119,388	234.7%
Southeast Asia*	-	-	-	-	76,089	76,089	-
Total	-	5,269	52,177	88,625	284,102	195,477	320.6%

*The amount of Southeast Asia: balance of Bank JTrust Indonesia; figures of South Korea: calculated as difference between the total international business and Bank JTrust Indonesia. Source: Annual securities report, earnings presentation materials





*The amount of Southeast Asia: balance of Bank JTrust Indonesia; figures of South Korea: calculated as difference between the total international business and Bank JTrust Indonesia.

d. International Business: Quarterly Performance

◆Operating revenue remains strong in both South Korea and Southeast Asia

In Q1 FY2016, operating revenue was 7.4 billion yen in financial business in South Korea, 3.2 billion yen in financial business in Southeast Asia, and 10.6 billion yen in the overall international business, achieving close to 2-fold increase year-on-year against 5.0 billion yen of Q1 FY2015. The significant increase in revenue was attributable to start of operation by JT Savings Bank (0.9 billion yen), JT Capital (1.6 billion yen) and Bank JTrust Indonesia (3.2 billion yen)*[4]. Relative to the plan, operating revenue has steadily grown with the progress rate of about 25% both in the South Korean and the Southeast Asian business. As for segment income, despite surplus in the South Korean business, additional provision of allowance for doubtful accounts (c.1.4 billion yen) and amortization of goodwill (c.0.5 billion yen) in the Southeast Asian business weighed on the overall income ending with deficit of 2.5 billion yen.

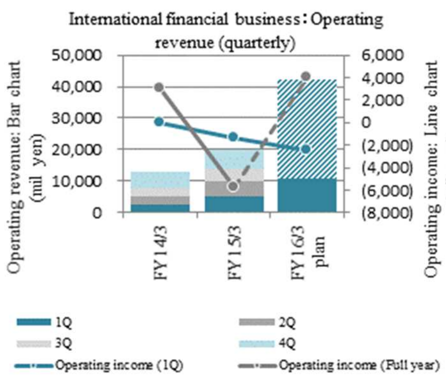
◆International financial business (South Korea/ Southeast Asia): Business trend (quarterly) (mil yen)

	FY2014/3				FY2015/3				FY2016/3		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	Change	y/y
Operating revenue	2,688	2,414	2,813	5,299	4,977	4,840	3,926	6,114	10,639	5,662	213.8%
South Korea	-	-	-	-	4,974	-	-	-	7,412	2,438	149.0%
Southeast Asia	-	-	-	-	-	-	-	-	3,227	-	-
Operating income	(31)	(1,479)	(568)	5,124	(1,319)	(1,999)	(980)	(1,513)	(2,504)	(1,185)	-
South Korea	-	-	-	-	(1,298)	-	-	-	15	1,313	-
Southeast Asia	-	-	-	-	-	-	-	-	(2,519)	-	-
Operating profit ratio	-1.2%	-61.3%	-20.2%	96.7%	-26.5%	-41.3%	-25.0%	-24.7%	-23.5%	3.0%	-

◆International financial business (South Korea/ Southeast Asia): Business trend (quarterly, cumulative)

	FY2014/3				FY2015/3				FY2016/3		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	Plan	Progress rate
Operating revenue	2,688	5,102	7,915	13,214	4,977	9,817	13,743	19,857	10,639	42,000	25.3%
South Korea	-	-	-	-	4,974	-	-	-	7,412	30,000	24.7%
Southeast Asia	-	-	-	-	-	-	-	-	3,227	12,000	26.9%
Operating income	(31)	(1,510)	(2,078)	3,046	(1,319)	(3,318)	(4,298)	(5,811)	(2,504)	4,000	-
South Korea	-	-	-	-	(1,298)	-	-	-	15	2,500	0.6%
Southeast Asia	-	-	-	-	-	-	-	-	(2,519)	1,500	-
Operating profit ratio	-1.2%	-29.6%	-26.3%	23.1%	-26.5%	-33.8%	-31.3%	-29.3%	-23.5%	9.5%	-

Source: Financial results, earnings presentation materials



Source: Financial results, earnings presentation materials

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*4 Figures in parenthesis represent operating revenue of each company. However, the figure of JT Capital excludes gain on bad debt recovered arising from the internal transaction.

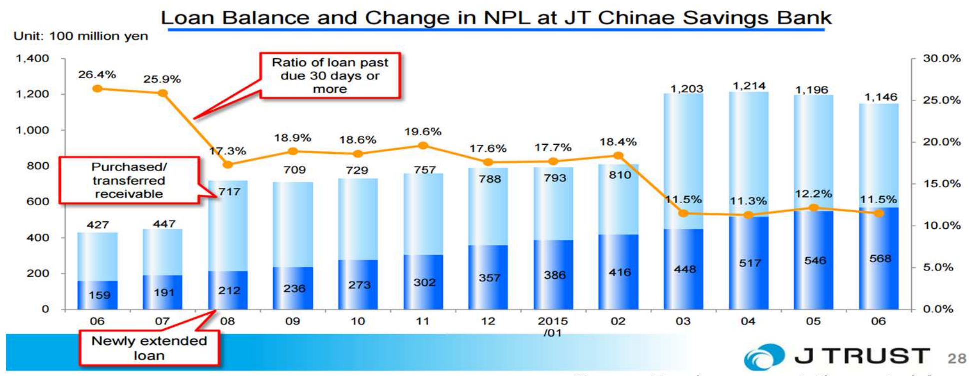
<Financial Business in South Korea>
Achieved surplus on quarterly basis. Aim to expand profit through improvement in loan-to-deposit ratio

◆Financial business in South Korea: achieved surplus in Q1

Financial business in South Korea finally achieved surplus in the recent quarter. In addition to increased revenue and income from accumulation of loans and decline in initial costs, efforts to improve gross operating margin by reducing funding cost through consolidation of the loan business to the savings bank contributed to surplus.

Ratio of delinquent receivables (30 days or more) declined from the peak of close to 50% to around 20% in the previous fiscal year and to around 10% in entering FY2016 due to increase in new loans extended since J Trust took over management, and overall bad debts-related expenses decreased as loan loss ratio of new loans was kept at around 3% versus about 8% for purchased/assumed receivables, also contributing to surplus.

Successful transition to profitable structure is noteworthy, and going forward, as the loans increase more, the income will grow more. As loan-to-deposit ratio was 81% as of June 2015 and there is still room for improvement, J Trust aims to achieve income target of 2.5 billion yen in this fiscal year by focusing on accumulation of loans.



Source: Earnings presentation materials

<Financial business in Southeast Asia>
Despite smooth accumulation of operating assets, reform of revenue structure is imperative

◆Financial business in Southeast Asia: near term challenges are to improve cost structure and reduce NPLs

In the financial business in Southeast Asia, consolidation of Bank JTrust Indonesia into P&L started from FY2016. Operating revenue in the recent quarter was 3.2 billion yen, ending with the progress rate of about 27%, almost as scheduled. J Trust aims to expand business scale centered on its strong points, loans for consumers and small and medium-sized enterprises and loans in partnership with multi-finance companies*5. Operating assets of Bank JTrust Indonesia bottomed at 78 billion yen in January 2015 after continuous decline and increased to 83.8 billion yen in June 2015. The balance of loans in partnership with multi-finance companies also increased from 19.2 billion yen

	in January 2015 to 26.7 billion yen in June 2015, up about 40% in less than six months, marking good start of accumulation of operating assets. However, there are a number of challenges from the aspect of profitability. First, from the aspect of funding, as mentioned earlier, due to high weight of time deposits with higher interest rates owned by major customers, average interest rate on deposits at Bank JTrust Indonesia is 9.3% (January 2015), while the industry average is about 4%. Though it lowered to 8.4% in June 2015, further reduction of funding cost is necessary. As for time deposits with very high interest rate of major customers, plan is to negotiate at maturity to switch to products with lower interest rates, improve convenience with introduction of online banking and raise the current account/savings account ratio (CASA ratio).
Launched special project towards reduction in bad debts	Disposal of NPLs is also a challenge, as additional provision of allowance for doubtful accounts (c.1.4 billion yen) was recorded in the recent quarter. To reduce NPLs a special project to handle doubtful accounts was launched, establishing the framework to prevent deterioration of the debtor category by an early response. J Trust also plans to construct a separate entity or organization that specializes in disposal of NPLs, transfer NPLs to this entity, and send specialists of receivable collection from Japan to enhance collection capability.
Deficit attributable to different timing of consolidation due to delay in voluntary adoption of IFRS	Another negative factor was that amortization of goodwill recorded at the time of the acquisition (c. 0.5 billion yen) was required due to delay in voluntary adoption of IFRS. If IFRS is adopted for the consolidated results of FY2016, financial results in Indonesia (from January till March 2015) reflected in the recent quarter results will be removed and results from April 2015 till March 2016 will be reflected in the consolidated results*[6]. In the recent quarter, the Southeast Asian business recorded loss of 2.5 billion yen, largely affected by additional provision of allowance for doubtful accounts (c.1.4 billion yen) and amortization of goodwill (c.0.5 billion yen). However, as operating loss will amount to c.0.6 billion yen even after excluding impact of the above special factors, J Trust continues to improve the business towards the state that constantly generates profit, by accumulating loans, lowering funding cost and seeking to increase commission (e.g. money transfer commission and foreign exchange commission). Deficit has been recently reduced and, if things go well, Southeast Asian business is expected to turn to surplus in early next year. Gain on collection of NPLs is also expected in FY2016. As almost all NPLs held by Bank JTrust Indonesia are secured, by proceeding with collection through disposal of collaterals, it plans to achieve full-year operating income target of 1.5 billion yen. *5 Finance companies in Indonesia represent the companies that obtain license of leasing, factoring, consumer finance (sales finance) and credit card businesses, and the companies that have multiple licenses are called multi-finance companies. (Ernst & Young ShinNihon LLC "Basic Survey for Support to Establishment of Financial Infrastructure in Indonesia, 2012") *6 J Trust has initially planned to start voluntary adoption of IFRS in June 2015, but postponed it to March 2016. As a result, Q1 FY2016 results reflect financial results of Bank JTrust Indonesia from January till March 2015 under JGAAP. While, under JGAAP, results from January till December 2015 are reflected in consolidated results of FY2016, under IFRS, results from April 2015 till March 2016 will be reflected in consolidated results of FY2016, and results from January till March 2015 will be removed.

5-(3) Non-Financial Business

a. General Entertainment Business

Difficult business environment continues due to emergence of social games

◆ General entertainment business: Q1 results saw increase in revenue year-on-year but lower income

"Amusement business" was renamed to "general entertainment business" from FY2016.

Core services in the general entertainment business are medal games provided at amusement outlet, which consist about 40% of segment revenue. It also provides crane games (c.25%), arcade games (c.20%) and production and sales of toys for amusement machine (c.10%). In FY2014, operating revenue achieved 16.5 billion yen, up about 20% year-on-year, mainly helped by full-scale campaign of lower medal price at "1,000 yen = 500 medals", combined with highly unique events suitable for customer base. In FY2015, operating revenue was 15.1 billion yen, about 10% decline, affected by the end of the medal price campaign and increase in consumption tax.

In Q1 FY2016, though operating revenue of 3.9 billion yen surpassed 3.6 billion yen in the same period of the previous year, operating income decreased with the effect of increased cost of toys for amusement machine due to the depreciation of yen.

Recently, the business environment surrounding the overall amusement industry has remained severe, such as emergence of social games through smart phones. Going forward, J Trust aims to expand the business scale through active implementation of events at existing outlets in collaboration with popular character contents and development of original contents.

◆General entertainment business : Business trend (mil yen)

	Mar-11	Mar-12	Mar-13	Mar-14	Mar-15	change	y/y
Operating revenue	-	-	13,484	16,510	15,075	(1,435)	91.3%
Operating income	-	-	250	951	483	(468)	50.8%
Operating profit ratio	-	-	1.9%	5.8%	3.2%	-2.6%	-
Segment assets	-	-	14,759	12,314	12,080	(234)	98.1%
Segment liabilities	-	-	3,593	1,610	2,634	1,024	163.6%

Source : Annual securities report

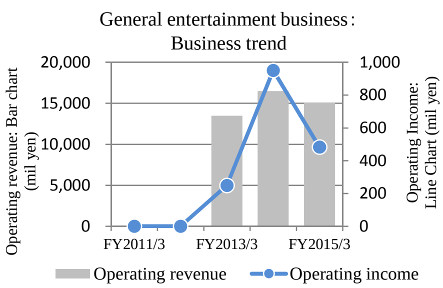
◆General entertainment business : Business trend (quarterly) (mil yen)

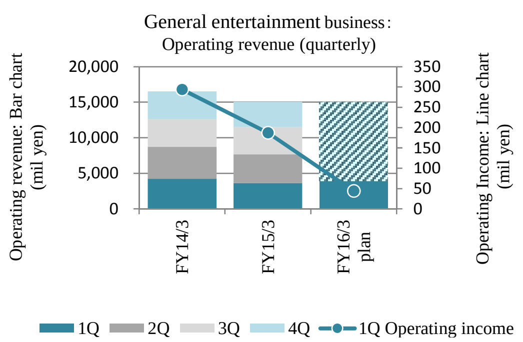
	FY2014/3				FY2015/3				FY2016/3		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	Change	y/y
Operating revenue	4,222	4,494	3,947	3,847	3,631	4,055	3,827	3,562	3,904	273	107.5%
Operating income	294	494	110	53	187	212	40	44	44	(143)	23.5%
Operating profit ratio	7.0%	11.0%	2.8%	1.4%	5.2%	5.2%	1.0%	1.2%	1.1%	-4.0%	-

◆General entertainment business : Business trend (quarterly, cumulative) (mil yen)

	FY2014/3				FY2015/3				FY2016/3		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	Plan	Progress rate
Operating revenue	4,222	8,716	12,663	16,510	3,631	7,686	11,513	15,075	3,904	15,000	26.0%
Operating income	294	788	898	951	187	399	439	483	44	1,100	4.0%
Operating profit ratio	7.0%	9.0%	7.1%	5.8%	5.2%	5.2%	3.8%	3.2%	1.1%	7.3%	-

Source : Financial Results, Earnings Presentation Materials





Source : Annual securities report, financial results

b. Real Estate Business

Contributed to financial results as stable source of revenue

◆Real estate business: slow start in Q1 due to repercussion of strong demand prior to consumption tax increase

Entering in FY2013, the real estate market recovered from stagnation affected by the Great East Japan Earthquake, operating revenue exceeded 4.0 billion yen in FY2013. In FY2015, operating revenue amounted to 5.8 billion yen (up 17% year-on-year), helped by carry-over of completion and delivery of properties ordered when demand rose prior to the consumption tax increase in the previous fiscal year and gain on sales of properties held in the metropolitan area. In contrast, in Q1 FY2016, operating revenue was 1.2 billion yen (down c.33% year-on-year) as the number of units sold did not increase due to repercussion of strong demand prior to the consumption tax increase in the previous fiscal year, ending with the progress rate of 19%.

◆Real estate business : Business trend (mil yen)

	Mar-11	Mar-12	Mar-13	Mar-14	Mar-15	change	y/y
Operating revenue	3,166	2,645	4,285	4,970	5,821	851	117.1%
Cost of sales - real estate	2,486	2,277	3,700	4,045	4,919	874	121.6%
Operating gross profit	680	368	585	925	902	(23)	97.5%
Operating expenses etc.	273	237	315	429	500	71	116.6%
Operating income	407	131	270	496	402	(94)	81.0%
Operating gross margin	21.5%	13.9%	13.7%	18.6%	15.5%	-3.1%	-
Operating profit ratio	12.9%	5.0%	6.3%	10.0%	6.9%	-3.1%	-
Segment assets	1,236	1,889	3,166	4,799	5,236	437	109.1%
Segment liabilities	423	1,165	2,034	2,881	3,223	342	111.9%

Source : Annual securities report

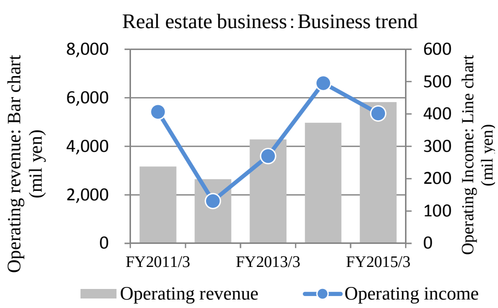
◆Real estate business : Business trend (quarterly) (mil yen)

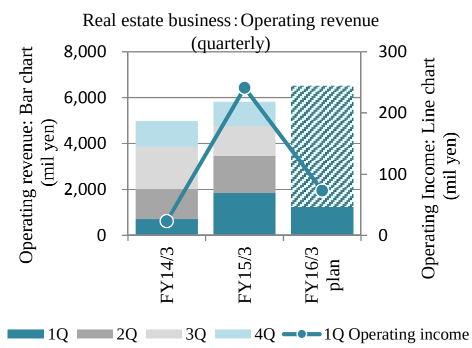
	FY2014/3				FY2015/3				FY2016/3		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	Change	y/y
Operating revenue	703	1,327	1,836	1,104	1,846	1,626	1,287	1,062	1,244	(602)	67.4%
Operating income	23	126	308	39	241	117	56	(12)	73	(168)	30.3%
Operating profit ratio	3.3%	9.5%	16.8%	3.5%	13.1%	7.2%	4.4%	-1.1%	5.9%	-7.2%	-

◆Real estate business : Business trend (quarterly, cumulative) (mil yen)

	FY2014/3				FY2015/3				FY2016/3		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	Plan	Progress rate
Operating revenue	703	2,030	3,866	4,970	1,846	3,472	4,759	5,821	1,244	6,500	19.1%
Operating income	23	149	457	496	241	358	414	402	73	500	14.6%
Operating profit ratio	3.3%	7.3%	11.8%	10.0%	13.1%	10.3%	8.7%	6.9%	5.9%	7.7%	-

Source : Financial Results, Earnings Presentation Materials





Source : Annual securities report, financial results

6. Financial Analysis

6-(1) Cost Overview

◆Operating expenses

Among items within operating expenses, (i) discount on notes payable expense, (ii) interest on loans and (iii) banking business expenses are related to funding in the financial business. Most of (iii) banking business expenses are interest paid on deposits. Other than the above, cost of purchased receivables is related to the financial business, but it recognizes the price of purchased NPLs (purchased receivables account) as expense (see P31). Cost of sales-real estate corresponds to sales on real estate business, and includes cost of buildings and lands of ready-built houses constructed and sold. Cost of sales on amusement business corresponds to sales on amusement business and includes cost related to operation of amusement premises and toys for amusement machine.

◆Selling, general and administrative expenses

Selling, general and administrative expenses are broadly divided into provisions of various allowances related to financial business such as provision of allowance for doubtful accounts and personnel expenses. In FY2015, provisions sharply increased to 9.5 billion yen due to additional provision of allowance for doubtful accounts in the savings bank business in South Korea for c.4.2 billion yen (see P40). Also, as the receivable balance of the overall group has increased, provision of allowance for doubtful accounts is also on an increasing trend. Provision for loss on interest repayment is expected to significantly decrease from FY2016, as the interest repayment related liability for advances paid- installment will cease to exist due to the sale of the KC Card business (see P50).

Salaries and allowances significantly increased, due to increase in consolidated number of employees as a result of entry into the amusement business in FY2013, from 4.0 billion yen in the previous fiscal year to 7.5 billion yen, and are also expected to increase in FY2016 due to increase in the number of full-time employees from c.2,300 to c.4,000 as two Standard Chartered-affiliated companies and Bank JTrust Indonesia became consolidated subsidiaries. Meanwhile, cost reduction has been implemented, such as reduction of personnel expense by c.1.5 billion yen through manpower reduction at Nihon Hoshou Co., Ltd.

Commission fee includes M&A fee and outsourcing fee for electronic processing at KC Card. Advertising expense (CM fee, etc.) at JT Chinae Savings Bank is the remaining major expense.

◆Extraordinary income

A major item among extraordinary income is gain on bargain purchase which amounted to 29.4 billion yen in FY2012 in association with purchase of KC Card. Gain on bargain purchase amounted to 14.6 billion yen in FY2015, of which c.5.1 billion yen was related to the acquisition of Standard Chartered Savings Bank Korea and c.8.4 billion yen was related to the acquisition of Standard Chartered Capital (Korea). Gain on bargain purchase implies that stocks were purchased at discount, but generally, it is considered to arise when (i) it is likely that assets are overvalued or liabilities are undervalued or (ii) that contingent liability exists, and (iii) acquired business is assessed that it will not generate profit as is.

Other extraordinary income includes gain on sales of non-current assets and gain on sales of investment securities.

◆**Extraordinary loss**

- ✓ **Impairment loss**: large part of impairment loss is related to amusement facilities. Impairment loss of c.1.0 billion yen recorded in Q1 FY2016 was also related to the elderly care business that ADORES Inc decided to withdraw from.

- ✓ **Provision for loss on litigation:** In February 2010, a former subsidiary CREDIA Co., Ltd. (sold in April 2015) extended loan of 8.0 billion yen to its subsidiary SF Corporation (bankrupt in August 2011). As for repayment of c.5.4 billion yen until June 2011 and security by way of assignment set on loan receivables held by SF Corporation, administrator in bankruptcy (plaintiff) filed lawsuit against CREDIA Co. Ltd. in September 2012, claiming denial of repayment of c.5.46 billion yen and act of setting security. The lower court approved the plaintiff's claim in December 2013 and ordered CREDIA Co., Ltd. to pay c.5.46 billion yen to the plaintiff. J Trust immediately appealed to the court, but recorded provision for loss on litigation of c.2.9 billion yen in FY2014. Parties reconciled in November 2014 and the case was resolved with the settlement payment in the amount of 2.85 billion yen in May 2015.
  Separately, as for selection process of sponsor to Takefuji Corporation under the Corporate Rehabilitation Act, one of sponsor candidates Apro Financial Co., Ltd., etc. demanded compensation for damages suffered by alleged joint tort in June 2012, but the court dismissed plaintiffs' claim completely in January 2015. The plaintiffs appealed the court ruling in February 2015, but the appeal was again dismissed in July 2015.

- ✓ **Business structure improvement expenses**: business structure improvement expenses of 0.9 billion yen in FY2015 represented additional allowance for early retirement related to elective retirement plan (target c.300 employees) implemented in March 2015 at Nihon Hoshou.

(mil yen)

◆PL Summary	Mar-11	Mar-12	Mar-13	Mar-14	Mar-15	Composition	change	y/y	2015/3-1Q	2016/3-1Q	Composition
Discount revenue	141	204	190	183	188	0.3%	5	102.7%			
Interest on loans	2,960	3,639	5,123	3,054	4,934	7.8%	1,880	161.6%			
Collection from purchased receivable	2,669	2,740	2,403	3,018	3,439	5.4%	421	113.9%			
Installment payment paying for commission	616	9,236	10,016	7,463	4,701	7.4%	(2,762)	63.0%			
Guarantee commission	513	801	1,751	2,377	2,443	3.9%	66	102.8%			
Other financial revenue	5,823	3,358	6,868	3,091	1,051	1.7%	(2,040)	34.0%	n.a.	n.a.	n.a.
Gain from bad debts recovered	-	536	6,634	5,135	4,809	7.6%	(326)	93.7%			
Banking business revenue	-	-	1,222	12,392	14,376	22.7%	1,984	116.0%			
Sales on real estate business	3,167	2,645	4,285	4,970	5,821	9.2%	851	117.1%			
Sales on amusement business	-	-	14,823	16,510	15,073	23.8%	(1,437)	91.3%			
Completed work	-	-	-	1,372	1,747	2.8%	375	127.3%			
Other	1,015	1,346	2,364	2,356	4,693	7.4%	2,337	199.2%			
Total operating revenue	16,908	24,508	55,683	61,926	63,281	100.0%	1,355	102.2%	15,928	19,490	100.0%
Discount on notes payable expense	30	55	58	50	63	0.1%	13	126.0%			
Interest on loans	539	1,082	1,412	979	1,076	1.7%	97	109.9%			
Guarantee commission	22	14	10	-	-	-	-	-			
Cost of purchased receivable	1,661	939	614	700	843	1.3%	143	120.4%	n.a.	n.a.	n.a.
Cost of sales - real estate	2,486	2,277	3,700	4,045	4,919	7.8%	874	121.6%			
Cost of sales on amusement business	-	-	11,867	13,982	12,942	20.5%	(1,040)	92.6%			
Banking business expenses	-	-	816	4,630	6,031	9.5%	1,401	130.3%			
Other operating expenses	392	170	2,305	1,950	3,407	5.4%	1,457	174.7%			
Total operating expenses	5,132	4,539	20,786	26,339	29,285	46.3%	2,946	111.2%	7,739	9,918	50.9%
Operating gross profit	11,776	19,969	34,897	35,586	33,996	53.7%	(1,590)	95.5%	8,188	9,571	49.1%
Provision of allowance for doubtful accounts	-	2,019	71	213	9,513	15.0%	9,300	4466.2%			
Bad debts expenses	31	288	988	1,161	54	0.1%	(1,107)	4.7%			
Provision for loss on interest repayment	2,535	1,460	1,195	(209)	2,229	3.5%	2,438	-			
Provision for loss on guarantees	-	87	1,484	(3,575)	108	0.2%	3,683	-			
Directors' compensations	278	393	536	601	690	1.1%	89	114.8%			
Salaries and allowances	2,284	3,952	7,537	9,395	9,432	14.9%	37	100.4%	n.a.	n.a.	n.a.
Share-based compensation expenses	40	76	77	67	72	0.1%	5	107.5%			
Provision for bonuses	-	48	(75)	-	-	-	-	-			
Retirement benefit expenses	-	113	(7)	246	328	0.5%	82	133.3%			
Commission fee	470	2,340	2,497	3,483	3,824	6.0%	341	109.8%			
Amortization of goodwill	86	110	687	1,320	1,334	2.1%	14	101.1%			
Other	1,723	3,538	7,898	9,135	11,624	18.4%	2,489	127.2%			
Total SG&A expenses	7,451	14,429	22,892	21,841	39,214	62.0%	17,373	179.5%	8,546	11,523	59.1%
Operating income (loss)	4,324	5,539	12,005	13,745	(5,217)	-8.2%	(18,962)	-	(358)	(1,951)	-10.0%
Interest income, Dividend income	4	23	948	178	51	0.1%	(127)	28.7%	13	13	0.1%
Foreign exchange gains	-	-	530	243	2,814	4.4%	2,571	1158.0%	35	251	1.3%
Other	39	210	499	587	298	0.5%	(289)	50.8%	71	223	1.1%
Total non-operating income	44	234	1,979	1,010	3,166	5.0%	2,156	313.5%	120	489	2.5%
Interest expenses	13	24	164	219	164	0.3%	(55)	74.9%	41	46	0.2%
Other	31	262	113	1,183	168	0.3%	(1,015)	14.2%	16	75	0.4%
Total non-operating expenses	45	287	279	1,404	333	0.5%	(1,071)	23.7%	57	123	0.6%
Ordinary income (loss)	4,323	5,486	13,704	13,351	(2,385)	-3.8%	(15,736)	-	(294)	(1,585)	-8.1%
Gain on bargain purchase	6	29,444	294	1,060	14,573	23.0%	13,513	1374.8%	-	-	-
Other	376	473	349	840	908	1.4%	68	108.1%	11	12	0.1%
Total extraordinary income	385	29,919	645	1,902	15,482	24.5%	13,580	814.0%	11	12	0.1%
Impairment loss	49	48	283	429	782	1.2%	353	182.3%	62	1,066	5.5%
Provision for loss on litigation	-	-	-	2,951	200	0.3%	(2,751)	6.8%	-	-	-
Business structure improvement expenses	-	-	158	27	908	1.4%	881	3363.0%	-	-	-
Other	42	36	85	155	188	0.3%	33	121.3%	86	106	0.5%
Total extraordinary losses	94	86	528	3,564	2,080	3.3%	(1,484)	58.4%	150	1,175	6.0%
Income before income taxes and minority interests	4,614	35,319	13,821	11,689	11,016	17.4%	(673)	94.2%	(434)	(2,747)	-14.1%
Income taxes	1,372	703	581	(85)	679	1.1%	764	-	(161)	377	1.9%
Income before minority interests	3,241	34,615	13,240	11,774	10,337	16.3%	(1,437)	87.8%	(273)	(3,124)	-16.0%
Minority interests in income	8	114	(69)	629	194	0.3%	(435)	30.8%	121	(335)	-1.7%
Net income	3,233	34,500	13,309	11,145	10,143	16.0%	(1,002)	91.0%	(395)	(2,789)	-14.3%
Operating income (loss)	4,324	5,539	12,005	13,745	(5,217)	-8.2%	(18,962)	-	(358)	(1,951)	-10.0%
Depreciation	120	216	2,560	2,311	2,957	4.7%	646	128.0%	698	647	3.3%
Amortization of goodwill	86	110	687	1,320	1,334	2.1%	14	101.1%	357	831	4.3%
EBITDA	4,530	5,865	15,252	17,376	(926)	-1.5%	(18,302)	-	697	(473)	-2.4%

◆Key Indicator	Mar-11	Mar-12	Mar-13	Mar-14	Mar-15	change	2015/3-1Q	2016/3-1Q	change
Operating revenue growth	2.2%	44.9%	127.2%	11.2%	2.2%	-9.0%	9.5%	22.4%	12.9%
Operating expenses/Operating revenue	30.4%	18.5%	37.3%	42.5%	46.3%	3.7%	48.6%	50.9%	2.3%
SG&A/Operating revenue	44.1%	58.9%	41.1%	35.3%	62.0%	26.7%	53.7%	59.1%	5.5%
Operating gross profit margin	69.6%	81.5%	62.7%	57.5%	53.7%	-3.7%	51.4%	49.1%	-2.3%
Operating profit ratio	25.6%	22.6%	21.6%	22.2%	-8.2%	-30.4%	-2.2%	-10.0%	-7.8%
Ordinary profit margin	25.6%	22.4%	24.6%	21.6%	-3.8%	-25.3%	-1.8%	-8.1%	-6.3%
Net margin	19.1%	140.8%	23.9%	18.0%	16.0%	-2.0%	-2.5%	-14.3%	-11.8%

Source：Annual securities report, financial results, earnings presentation materials

6-(2) BS Overview

◆Cash and deposits

The cash and deposit balance amounted to 141.7 billion yen at the end of March 2015 due to progress in collection of funds invested in M&A and purchase of receivables through repayment and sales. The near term plan is to deploy funds on share buyback. As for cash flow in each year, see P53 "6-(3) Cash Flow Overview".

◆Accounts receivable-operating loans/loans by banking business/advances paid-installment

Accounts receivable-operating loans have maintained an increasing trend since FY2013, driven by increase in the overseas balance associated with the acquisition of consumer finance companies and a capital company in South Korea, while the balance associated with its business in Japan has decreased after the peak in March 2012 immediately after assumption of the consumer finance business of Takefuji.

The item “loans by banking business” is on its balance sheet since FY2013 along with the entry into the savings bank business in October 2012. In FY2015, the balance sharply increased from 46.7 billion yen in the previous fiscal year to 224.4 billion yen due to the acquisition of Standard Chartered Savings Bank Korea and Bank Mutiara.

Advances paid-installment represent receivables related to the credit card business, and significantly decreased from 39.8 billion yen at the end of March 2014 to 1.4 billion yen at the end of March 2015, along with the sales of KC Card business in January 2015. The balance has not become zero, as the card business continues, despite small, under the J Trust brand after assumption of NUCS brand.

◆Securities and operational investment securities

Out of securities of 10.8 billion yen at the end of March 2014, 10.0 billion yen was negotiable CD, representing part of funds raised by the rights offering temporarily invested in negotiable CD. The balance of securities has subsequently increased to 17.9 billion yen at the end of March 2015 and to 39.2 billion yen at the end of June 2015. The majority of securities consists of government bonds and local government bonds, mainly held for the purpose of investing excess funds that are not used for loans in the banking business. While the loan-to-deposit ratio stayed around 78% since March 2015, it is one of ongoing targets to improve the loan-to-deposit ratio through development of loan customers and reduce investment in government bonds, etc.

Operational investment securities are investment securities held by a subsidiary JTRUST ASIA. Such investment securities had been disclosed as part of "Investment securities" under "Investments and other assets" until FY2014, but J Trust judged that the significance of JTRUST ASIA's investment business would increase in the future and, from FY2015, separately recorded as "Operational investment securities" under "Current assets". Operational investment securities mainly include shares of Bank Mayapada in Indonesia (SGD 57 million) acquired in December 2013 and convertible bond of Group Lease in Thailand (USD 30 million) underwritten in May 2015.

◆Interest-bearing liabilities (excluding deposits by banking business)

"Cash flow management not dependent upon borrowing from financial institutions" is a basic policy, and interest-bearing liabilities are kept to the minimum. However, in FY2012, interest-bearing liabilities increased from 16 billion yen in the previous fiscal year to 43 billion yen, as Fujisawa provided a bridge loan of 22 billion yen in total to fund part of compensation for split of Takefuji (7 billion yen) and part of the acquisition of receivables and shares of KC Card (15 billion yen) (later, borrowing from Fujisawa was replaced with borrowing from banks).

In FY2014, funds raised from the rights offering in December 2013 was used for full prepayment of borrowings, etc. (21.58 billion yen) to the Resolution and Collection Corporation (RCC) (including accrued interest and borrowings by subsidiaries). Borrowings from RCC were originally loans extended by the Incubator Bank of Japan to the J Trust Group and later transferred to RCC along with its bankruptcy. However, as borrowing from RCC may cause misunderstanding that J Trust receives public support via RCC, J Trust decided to make full prepayment. Also, in FY2014, bonds including the current portion increased by c.4.5 billion yen, as a result of consolidation of privately-placed bonds issued by HICAPITAL as it became a subsidiary.

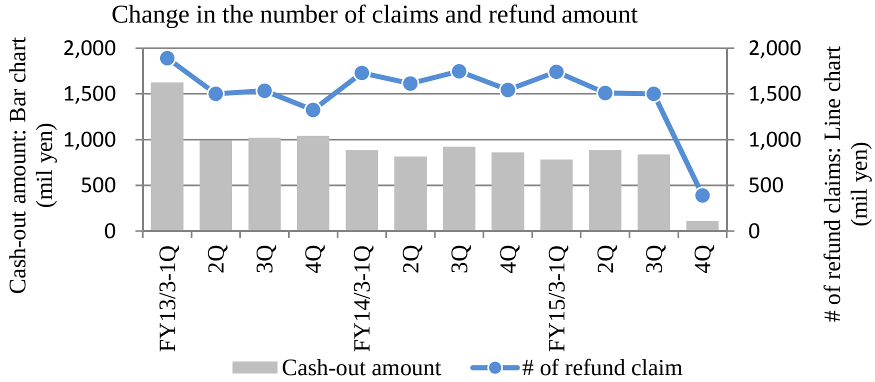
In Q1 FY2016, the balance of interest-bearing liabilities increased by c.13.0 billion from 29.5 billion yen at the end of March 2015 to 42.3 billion yen in association with the acquisition of JT Capital.

As mentioned earlier, though interest-bearing liabilities were used to partially fund M&A activities, after the balance of cash and deposits exceeded interest-bearing liabilities in FY2013, net interest-bearing liabilities have remained negative (cash and deposits exceed interest-bearing liabilities).

◆Provision for loss on interest repayment

The anticipated amount of repayment based on the recent experience is recorded as provision for loss on interest repayment and has gradually decreased as interest refund claims slow down. The balance (both current and non-current) significantly decreased from 13.4 billion yen in March 2014 to 6.3 billion yen in March 2015, as provision for loss on interest repayment against advances paid-installment ceased to exist due to the sale of the KC Card business in January 2015. Also since Q4 FY2015 when the KC Card business was sold, both the number of interest refund claims and the amount of repayment of interest have significantly decreased, indicating decline in the risk associated with the claim for refund of overcharged interest.

Change in the number of claims and refund amount



Source：Earnings presentation materials

◆Capital stock and capital surplus

Capital stock and capital surplus increased from 8.6 billion yen at the end of March 2013 to 106.5 billion yen at the end of March 2014 due to funding through the rights offering (97.6 billion yen) in July 2013, and the capital ratio significantly improved from c.29% to c.53% as well. The capital ratio has stayed around c.35% since FY2015, as deposits by banking business (liabilities) increased due to the acquisition of two banks in FY2015.

(mil yen)

◆BS Summary	Mar-11	Mar-12	Mar-13	Mar-14	Mar-15	Composition	change	y/y	Jun-15	Composition	change
Cash and deposits	14,846	10,362	62,140	132,235	141,742	26.2%	9,507	107.2%	133,045	24.8%	(8,697)
Commercial notes	1,900	2,119	1,656	2,369	2,355	0.4%	(14)	99.4%	1,927	0.4%	(428)
Accounts receivable - operating loans	11,725	27,713	18,227	49,242	65,315	12.1%	16,073	132.6%	56,536	10.5%	(8,779)
Loans by banking business	-	-	48,210	46,701	224,401	41.5%	177,700	480.5%	219,512	40.9%	(4,889)
Advances paid - installment	1,443	65,024	48,133	39,776	1,395	0.3%	(38,381)	3.5%	1,560	0.3%	165
Purchased receivables	4,008	2,310	2,529	2,527	8,647	1.6%	6,120	342.2%	8,655	1.6%	8
Subrogation receivable	518	506	656	798	1,124	0.2%	326	140.9%	1,124	0.2%	0
Securities	-	-	788	10,787	17,874	3.3%	7,087	165.7%	39,199	7.3%	21,325
Operational investment securities	-	-	-	8,918	6,595	1.2%	(2,323)	74.0%	11,801	2.2%	5,206
Merchandise and finished goods	412	632	1,336	2,152	2,688	0.5%	536	124.9%	2,606	0.5%	(82)
Work in process	153	682	355	418	515	0.1%	97	123.2%	911	0.2%	396
Deferred tax assets	139	154	184	3,013	2,273	0.4%	(740)	75.4%	n.a.	n.a.	n.a.
Accounts receivable - other	-	2,381	12,032	6,614	2,399	0.4%	(4,215)	36.3%			
Other	982	1,888	4,584	4,892	11,457	2.1%	6,565	234.2%	17,628	3.3%	6,171
Allowance for doubtful accounts	(1,836)	(6,813)	(11,574)	(11,657)	(20,525)	-3.8%	(8,868)	176.1%	(24,384)	-4.5%	(3,859)
Total current assets	34,293	106,963	189,262	298,790	468,260	86.6%	169,470	156.7%	470,126	87.6%	1,866
Buildings and structures, net	623	1,811	3,774	3,984	3,729	0.7%	(255)	93.6%	n.a.	n.a.	n.a.
Amusement machine, net	-	-	2,356	1,848	1,351	0.2%	(497)	73.1%			
Land	481	2,897	4,107	4,825	3,359	0.6%	(1,466)	69.6%			
Other	60	386	596	1,650	911	0.2%	(739)	55.2%			
Total property, plant and equipment	1,166	5,095	10,836	12,309	9,352	1.7%	(2,957)	76.0%	8,829	1.6%	(523)
Goodwill	344	805	5,761	5,694	41,438	7.7%	35,744	727.7%	38,633	7.2%	(2,805)
Other	111	315	1,003	2,939	5,664	1.0%	2,725	192.7%	4,880	0.9%	(784)
Total intangible assets	455	1,120	6,764	8,633	47,102	8.7%	38,469	545.6%	43,513	8.1%	(3,589)
Investment securities	547	515	678	118	3,171	0.6%	3,053	2687.3%	n.a.	n.a.	n.a.
Long-term loans receivable	-	-	2,373	-	-	-	-	-			
Long-term operating loans receivable	2,286	8,487	4,686	3,951	2,405	0.4%	(1,546)	60.9%	2,561	0.5%	156
Other	494	3,086	8,572	15,428	20,517	3.8%	5,089	133.0%	15,152	2.8%	(5,365)
Allowance for doubtful accounts	(1,382)	(7,723)	(4,469)	(4,498)	(10,092)	-1.9%	(5,594)	224.4%	(3,349)	-0.6%	6,743
Total investments and other assets	1,947	4,366	11,842	15,001	16,002	3.0%	1,001	106.7%	14,364	2.7%	(1,638)
Total non-current assets	3,569	10,582	29,443	35,945	72,458	13.4%	36,513	201.6%	66,708	12.4%	(5,750)
Total assets	37,862	117,546	218,706	334,736	540,718	100.0%	205,982	161.5%	536,835	100.0%	(3,883)
Interest bearing debt(ST)*	5,271	29,352	9,571	27,431	16,205	3.0%	(11,226)	59.1%	29,244	5.4%	13,039
Deposits by banking business	-	-	73,194	77,142	287,452	53.2%	210,310	372.6%	282,045	52.5%	(5,407)
Provision for loss on litigation	-	-	-	-	200	0.0%	200	-	-	0.0%	(200)
Provision for loss on interest repayment	3,359	10,172	7,124	4,055	1,089	0.2%	(2,966)	26.9%	541	0.1%	(548)
Provision for loss on business liquidation	-	1,107	95	28	905	0.2%	877	3232.1%	152	0.0%	(753)
Other	1,632	3,360	9,484	10,243	16,744	3.1%	6,501	163.5%	16,433	3.1%	(311)
Total current liabilities	10,264	43,995	99,471	118,904	322,598	59.7%	203,694	271.3%	328,418	61.2%	5,820
Bonds payable*	-	-	-	1,875	2,241	0.4%	366	119.5%	2,124	0.4%	(117)
Long-term loans payable*	10,814	13,670	30,487	14,454	11,009	2.0%	(3,445)	76.2%	10,906	2.0%	(103)
Provision for loss on interest repayment	2,382	9,711	12,052	9,382	5,219	1.0%	(4,163)	55.6%	925	0.2%	(4,294)
Provision for loss on guarantees	203	290	4,017	441	422	0.1%	(19)	95.7%	375	0.1%	(47)
Net defined benefit liability **	-	9	16	197	414	0.1%	217	210.2%	1,093	0.2%	679
Provision for loss on litigation	-	-	-	2,951	399	0.1%	(2,552)	13.5%	379	0.1%	(20)
Other	234	398	1,764	2,296	3,546	0.7%	1,250	154.4%	2,725	0.5%	(821)
Total non-current liabilities	13,635	24,079	48,339	31,601	23,254	4.3%	(8,347)	73.6%	18,529	3.5%	(4,725)
Total liabilities	23,900	68,074	147,810	150,505	345,853	64.0%	195,348	229.8%	346,947	64.6%	1,094
Capital stock	4,496	4,530	4,625	53,578	53,604	9.9%	26	100.0%	53,611	10.0%	7
Capital surplus	2,230	2,265	3,966	52,920	52,945	9.8%	25	100.0%	52,571	9.8%	(374)
Retained earning	7,235	41,377	54,320	64,626	73,709	13.6%	9,083	114.1%	70,329	13.1%	(3,380)
Treasury shares	(72)	(72)	(194)	(197)	(197)	0.0%	0	100.0%	(197)	0.0%	0
Total shareholders' equity	13,889	48,099	62,716	170,928	180,062	33.3%	9,134	105.3%	176,314	32.8%	(3,748)
Accumulated other comprehensive income	5	(32)	908	6,335	7,972	1.5%	1,637	125.8%	7,469	1.4%	(503)
Subscription rights to shares	52	103	140	117	167	0.0%	50	142.7%	180	0.0%	13
Minority interests	14	1,300	7,130	6,848	6,663	1.2%	(185)	97.3%	5,922	1.1%	(741)
Total net assets	13,961	49,471	70,895	184,230	194,865	36.0%	10,635	105.8%	189,887	35.4%	(4,978)
Total liabilities and net assets	37,862	117,546	218,706	334,736	540,718	100.0%	205,982	161.5%	536,835	100.0%	(3,883)

* Refer the next page of "Composition of interest bearing debt"

Source：Annual Securities Report, Financial Results

**FY2011/3～FY2013/3 figures: Provision for retirement benefits

(mil yen)

◆Provision for loss on interest repayment	Mar-11	Mar-12	Mar-13	Mar-14	Mar-15	Composition	Change	y/y	Jun-15	Composition	Change
Short term	3,359	10,172	7,124	4,055	1,089	17.3%	(2,966)	26.9%	541	36.9%	(548)
Long term	2,382	9,711	12,052	9,382	5,219	82.7%	(4,163)	55.6%	925	63.1%	(4,294)
Total	5,742	19,883	19,176	13,438	6,308	100.0%	(7,130)	46.9%	1,466	100.0%	(4,842)
(by loan type)											
Accounts receivable - operating loans	5,742	4,150	8,438	6,833	6,308	100.0%	(525)	92.3%	1,466	100.0%	(4,842)
Advances paid - installment	-	15,733	10,738	6,605	0	0.0%	(6,605)	0.0%	0	0.0%	0
Total	5,742	19,883	19,176	13,438	6,308	100.0%	(7,130)	46.9%	1,466	100.0%	(4,842)

◆NPL Status (2015/3)	Nihon Hoshou	JT Chinae Savings Bank	JT Savings Bank	JT Capital	TA Asset Management	Bank JTrust Indonesia	other/ adjustment	Consolidated
Loan balance*	9,599	120,342	25,692	44,649	6,438	76,089	11,641	294,450
Balance of NPL (gross)	3,006	10,341	4,252	9,625	5,074	9,313	1,216	42,827
Allowance for doubtful accounts**	(756)	(8,012)	(1,512)	(1,504)	(3,781)	(5,913)	(590)	(22,068)
Balance of NPL (net)	2,250	2,329	2,740	8,121	1,293	3,400	626	20,759
NPL ratio (gross)	31.3%	8.6%	16.5%	21.6%	78.8%	12.2%	-	14.5%
NPL ratio (net)	23.4%	1.9%	10.7%	18.2%	20.1%	4.5%	-	7.1%

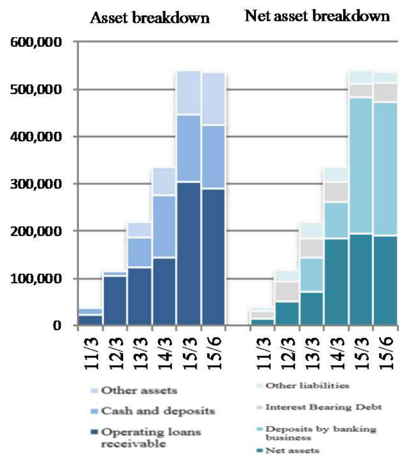
◆NPL Status (2015/6)	Nihon Hoshou	JT Chinae Savings Bank	JT Savings Bank	JT Capital	TA Asset Management	Bank JTrust Indonesia	other/ adjustment	Consolidated
Loan balance*	8,760	115,996	28,332	42,803	6,187	73,105	5,332	280,515
Balance of NPL (gross)	2,893	10,301	3,906	3,338	5,061	8,275	3	33,777
Allowance for doubtful accounts**	(843)	(8,029)	(1,542)	(1,049)	(3,854)	(6,127)	(160)	(21,604)
Balance of NPL (net)	2,050	2,272	2,364	2,289	1,207	2,148	(157)	12,173
NPL ratio (gross)	33.0%	8.9%	13.8%	7.8%	81.8%	11.3%	-	12.0%
NPL ratio (net)	23.4%	2.0%	8.3%	5.3%	19.5%	2.9%	-	4.3%

*Loan balance＝Commercial notes + Accounts receivable - operating loans + Loans by banking business + Long-term operating loans receivable（exc. Advances paid - installment）

**"Allowance for doubtful accounts" against "Loan balance"

◆Key Indicator	Mar-11	Mar-12	Mar-13	Mar-14	Mar-15	Jun-15
Interest bearing debt	16,085	43,022	40,058	43,760	29,455	42,274
Cash and deposits	14,846	10,362	62,140	132,235	141,742	133,045
Interest bearing debt (Net)	1,239	32,660	(22,082)	(88,475)	(112,287)	(90,771)
Current ratio	334.1%	243.1%	190.3%	251.3%	145.2%	143.1%
Capital adequacy ratio	36.7%	40.9%	29.1%	53.0%	34.8%	34.2%
D/E ratio（times）*	1.15	0.87	0.57	0.24	0.15	0.22
Interest bearing debt/EBITDA（times）	3.55	7.34	2.63	2.52	-	-
ROA	8.5%	44.4%	7.9%	4.0%	2.3%	-
ROE	26.0%	111.4%	23.8%	9.3%	5.6%	-
Loan-to-deposit ratio	-	-	65.9%	60.5%	78.1%	77.8%

*D/E ratio＝Interest bearing debt／Net assets



◆Composition of interest bearing debt	Mar-11	Mar-12	Mar-13	Mar-14	Mar-15	Jun-15
Notes discounted	1,291	1,776	1,500	2,173	2,226	1,877
Current portion of bonds	2,465	-	-	2,610	130	251
ST loans payable	-	3,039	3,062	6,225	7,862	20,882
ST loans payable to shareholders etc.	-	22,000	-	-	-	-
Current portion of long-term loans payable	1,515	2,537	5,009	16,423	5,987	6,234
Total short term debt	5,271	29,352	9,571	27,431	16,205	29,244
Bonds payable	-	-	-	1,875	2,241	2,124
Long-term loans payable	10,814	13,670	30,487	14,454	11,009	10,906
Total long term debt	10,814	13,670	30,487	16,329	13,250	13,030
Total	16,085	43,022	40,058	43,760	29,455	42,274

◆Interest bearing debt Repayment Plan（2015/3）	-1yr	1-2yr	2-3yr	3-4yr	4-5yr	5yr-	Total
Notes discounted	2,226	-	-	-	-	-	2,226
Current portion of bonds	130	-	-	-	-	-	130
ST loans payable	7,862	-	-	-	-	-	7,862
Current portion of long-term loans payal	5,987	-	-	-	-	-	5,987
Bonds payable	-	239	100	70	30	1,802	2,241
Long-term loans payable	-	5,062	2,478	1,689	701	1,077	11,009
Total	16,205	5,301	2,578	1,759	731	2,879	29,455
Composition	55.0%	18.0%	8.8%	6.0%	2.5%	9.8%	100.0%

Source：Annual securities report, financial results, earnings presentation materials

6-(3) Cash Flow Overview

◆Cash flow (CF) from operating activities

There is no strong connection between income and CF from operating activities, as income/loss items that are not associated with cash-out/cash-in such as provision of allowance for doubtful accounts (selling, general and administrative expenses) and gain on bargain purchase (extraordinary income) are large. Also, CF from operating activities significantly fluctuates year-by-year, as operating assets drastically move along with M&A, etc. Particularly in FY2012, CF from operating activities was negative 16.5 billion yen versus income before income tax of 35.3 billion yen and operating income of 5.5 billion yen, showing a significant gap. Gain on bargain purchase (29.4 billion yen) associated with the acquisition of KC Card and increase in purchased receivables (37.0 billion yen) to KC Card held by Rakuten was included in CF from operating activities and led to this significant gap. Also in FY2015, CF from operating activities was 15.5 billion yen versus operating income of negative 5.2 billion yen, driven by net increase of liabilities by c.16.0 billion yen, as deposits by banking business (liabilities) increased more than loans by banking business (assets) as a result of the acquisition of two banks.

◆CF from investing activities

Purchase of stocks at the time of M&A, etc. accounts for most of CF from investing activities. "Payment for the expense of company split" of 16.9 billion yen in FY2012 relates to Takefuji, "Purchase of subsidiaries stocks and others" of 14.7 billion yen in FY2014 relates to HICAPITAL and KJI Consumer Finance and the same of 34.4 billion yen in FY2015 relates to Bank Mutiara.

Also, "Proceeds from acquisition of business" of 40.8 billion yen in FY2013 represents cash and deposits transferred when assets and liabilities of Mirae Savings Bank in South Korea were assumed, and the same of 27.3 billion yen in FY2015 represents income associated with the sale of the KC Card business.

◆CF from financing activities

As mentioned in BS Overview, basic stance of J trust's policy is to reduce borrowings and use own funds to meet funding needs, and funds raised from the rights offering in FY2014 (97.6 billion yen) were used to make full repayment of borrowings and other liabilities (21.58 billion yen) to RCC. Long-term loans were also repaid by 32.6 billion yen in FY2015.

◆Cash and cash equivalents

Cash and cash equivalents amounted to 118.0 billion yen at the end of March 2015 due to progress in collection of funds invested in M&A and purchase of receivables through repayment and sales. Even after deducting the balance of interest-bearing liabilities of 29.5 billion yen, c.88.5 billion yen would be left at hand.

J Trust recognizes effective use of cash reserves as its challenge, and looks to use cash reserves to expand the international business, but its near term policy is to maximize the shareholder value through share buyback (see P16).

While cash and cash equivalents in the cash flow statement are different from cash and deposits in the balance sheet, their relationship is as follows:

(mil yen)

	Mar-11	Mar-12	Mar-13	Mar-14	Mar-15
Cash and deposits	14,846	10,362	62,140	132,235	141,742
Negotiable deposit included in securities account	-	-	-	10,000	-
Pledged deposit	(397)	(747)	(2,101)	(1,886)	(1,764)
Time deposits with maturity exceeding 3 months	(300)	(205)	(503)	(423)	(3,388)
Restricted deposit*	-	-	(3,246)	(8,575)	(18,528)
Cash and cash equivalents	14,148	9,410	56,288	131,349	118,060

* Deposits as payment reserve assets, pursuant to overseas regulations applicable to foreign consolidated subsidiaries.

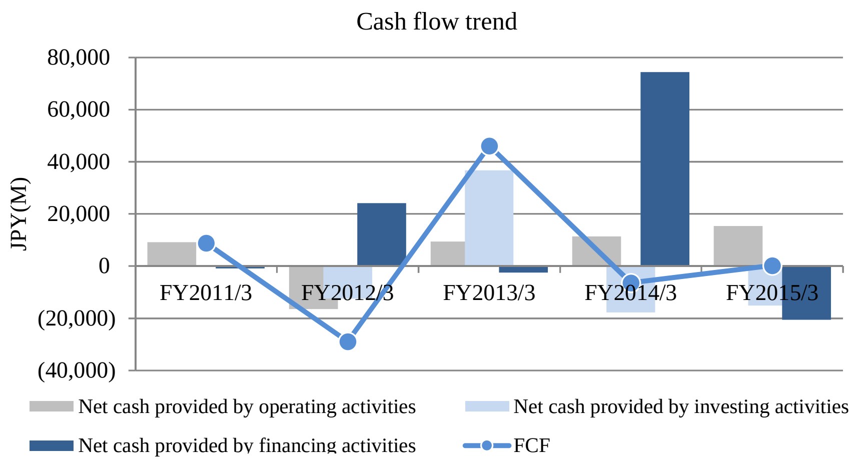
Source：Annual Securities Report

(mil yen)

◆CF Summary	Mar-11	Mar-12	Mar-13	Mar-14	Mar-15
Income before income taxes and minority interests	4,614	35,319	13,821	11,689	11,016
Depreciation	120	216	2,560	2,311	2,957
Amortization of goodwill	86	110	687	1,320	1,334
Gain on bargain purchase	-	(29,444)	(294)	(1,060)	(14,573)
Net increase in allowance for doubtful accounts& bad debt written off	1,547	4,665	5,387	2,117	3,014
Net increase in operating loans receivable	4,123	20,407	22,509	10,883	9,645
Net increase in loans by banking business	-	-	(25,392)	6,601	(43,878)
Net increase in deposits by banking business	-	-	2,311	(10,612)	60,271
Purchases of loans to subsidiaries	-	(37,000)	-	-	-
Others	(429)	(9,109)	(10,882)	(9,611)	(11,918)
Income tax paid	(828)	(1,654)	(1,324)	(2,206)	(2,411)
Net cash provided by operating activities	9,234	(16,489)	9,378	11,434	15,452
CAPEX（net）	384	977	(2,283)	(4,244)	(4,927)
Purchase of investment securities	(506)	-	(117)	(1)	(1,398)
Purchase of shares of subsidiaries resulting in change in scope of consolidation (net)	81	3,363	(6,481)	(14,662)	(34,436)
Payment for the expense of company split	-	(16,894)	-	-	-
Proceeds from acquisition of business	-	-	40,766	-	-
Proceeds from transfer of business	-	-	-	-	27,327
Others	(269)	129	4,878	1,129	(1,715)
Net cash provided by investing activities	(310)	(12,424)	36,764	(17,775)	(15,148)
FCF	8,924	(28,913)	46,142	(6,341)	304
Increase in notes discounted & short term loans payable	(291)	20,618	(2,920)	1,842	887
Proceeds from long-term loans payable	800	5,791	7,293	5,543	17,004
Repayments of long-term loans payable	(1,094)	(1,924)	(6,533)	(28,668)	(32,642)
Redemption of bonds	-	-	(33)	-	(4,742)
Proceeds from issuance of common shares	-	-	-	96,602	-
Cash dividends paid	(356)	(361)	(372)	(922)	(1,338)
Others	34	44	124	68	238
Net cash provided by financing activities	(908)	24,165	(2,441)	74,464	(20,593)
Effect of exchange rate change on cash and cash equivalents	-	10	1,090	6,938	7,000
Net CF	8,016	(4,738)	44,792	75,061	(13,288)
Cash and cash equivalents at beginning of period	6,131	14,148	9,410	56,288	131,349
Increase in cash and cash equivalents resulting from share exchange	-	-	2,085	-	-
Cash and cash equivalents at end of period	14,148	9,410	56,288	131,349	118,060

（Ref）Net cash provided by operating activities v.s. EBITDA					
Operating income	4,324	5,539	12,005	13,745	(5,217)
Depreciation & amortization of goodwill	206	326	3,247	3,631	4,291
EBITDA	4,530	5,865	15,252	17,376	(926)
Net cash provided by operating activities	9,234	(16,489)	9,378	11,434	15,452
CF by operating activities - EBITDA	4,704	(22,354)	(5,874)	(5,942)	16,378

Source：Annual securities report



Source：Annual Securities Report, Financial Results

7. Business plan, growth strategy and SWOT analysis

7-(1) Business plan and growth strategy

Aims to achieve operating revenue of c.140 billion yen with ROE of 10% in three years.

◆Business model shifted from "hunting style" to "agricultural style "

J Trust disclosed its medium term business plan (FY2016 - FY2018) in May 2015 for the first time under Fujisawa's leadership. J Trust believes that it is critical to seek to convert business in anticipation of changes in global and Japanese economies going forward, and seeks to expand business centered on the Asia region where rapid economic growth can be expected and develop business to maximize synergy effects of its network. To achieve that goal, this medium term business plan was developed under the group vision that "aim to be provider of unique financial services not constrained by existing paradigms".

Numerical target of operating revenue is set at 81.9 billion yen in FY2016, up about 30% from results in FY2015 (63.3 billion yen) and 142.1 billion yen in three years (FY2018), about 2.2-fold increase. Operating income in FY2015 was negative 5.2 billion yen due to additional provision of allowance for doubtful accounts in the South Korean business, but J Trust aims to achieve 7.5 billion yen (ROE of 2.5%) in FY2016 and 21.7 billion yen (ROE of 10%) in FY2018.

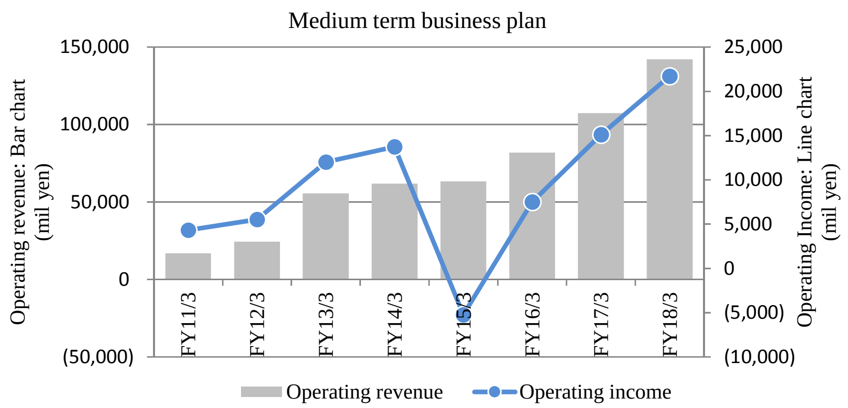
J Trust positions the period through to FY2015 as "the first stage when it had advanced business expansion mainly through purchase of receivables and M&A" and the period from FY2016 as "the second stage when it aims to achieve sustainable profit growth mainly in overseas banking business", and will convert the business model from "hunting stylle " to "agricultural style" with growth driver shifting from Japan to South Korea and Southeast Asia.

◆Medium Term Business Plan

(mil yen)	Purchase of receivable／Business expansion throughM&A						Medium term business plan Sustainable profit growth		
	FY2008/3	FY2011/3	FY2012/3	FY2013/3	FY2014/3	FY2015/3	FY2016/3	FY2017/3	FY2018/3
Operating revenue	3,201	16,908	24,508	55,683	61,926	63,281	81,900	107,500	142,100
Operating income	23	4,324	5,539	12,005	13,745	(5,217)	7,500	15,100	21,700
Operating profit ratio	0.7%	25.6%	22.6%	21.6%	22.2%	-8.2%	9.2%	14.0%	15.3%
y/y*	-35.6%	2.2%	44.9%	127.2%	11.2%	2.2%	29.4%	31.3%	32.2%
Growth ratio against FY15/3*	-	-	-	-	-	-	29.4%	69.9%	124.6%
EPS**	1.8	54.3	576.0	214.4	109.7	85.9	40	116	164
ROE	1.5%	26.0%	111.4%	23.8%	9.3%	5.6%	2.5%	7.0%	10.0%

*The company plan the voluntary adoption for IFRS from FY2016/3. Medium Term Business Plan is based on IFRS, while the other until FY2015/3 is based on Japanese GAAP. The Comparison of FY2016/3 with FY2015/3 is indicated as reference.
**2012/6/1: One common share was devided into two shares by stock split. Retroactive adjustment is made for EPS after the effect of stock split.

Source：Annual securities report, materials on medium term business plan



Source：Annual securities report, materials on medium term business plan

◆Financial businesses in South Korea and Southeast Asia as core business

In terms of segments, J Trust anticipates flat or slight decline in "Domestic finance", "General entertainment" and "Real estate", but plans to achieve growth in both revenue and income in "Financial business in South Korea" and "Financial business in Southeast Asia". Revenue composition is anticipated to change significantly in three years: from now to FY2018, domestic financial business will decrease from c.30% to c.10%, South Korean business will increase from c.30% to c.45%, and Southeast Asian business will increase from 0% to c.20%.

◆Medium Term Business Plan by Segments JPY(M)

	Act	Act	Act	Plan	Plan	Plan
◆Operating revenue	FY2013/3	FY2014/3	FY2015/3	FY2016/3	FY2017/3	FY2018/3
Domestic	33,186	25,193	18,731	11,100	11,100	11,500
South Korea*	2,793	13,214	19,857	30,000	40,800	63,200
Southeast Asia	-	-	-	12,000	22,900	30,300
General entertainment	13,484	16,510	15,075	15,000	14,900	14,800
Real estate	4,285	4,970	5,821	6,500	7,100	8,000
Others	1,933	2,037	3,795	3,500	7,000	10,200
Investment	-	-	-	500	2,200	3,000
Adjustment	-	-	-	3,300	1,500	1,100
Total operating revenue	55,683	61,926	63,281	81,900	107,500	142,100

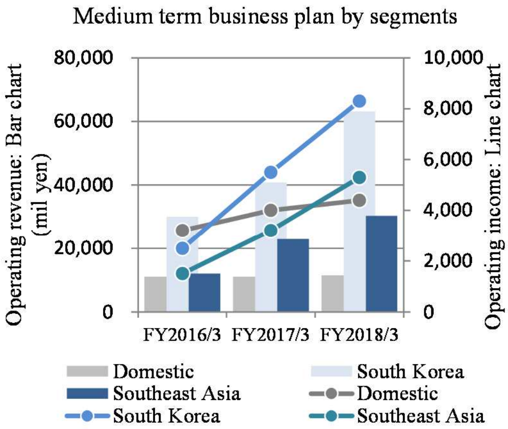
* The figure from FY2013/3 to FY2015/3 refer to the international business's data.

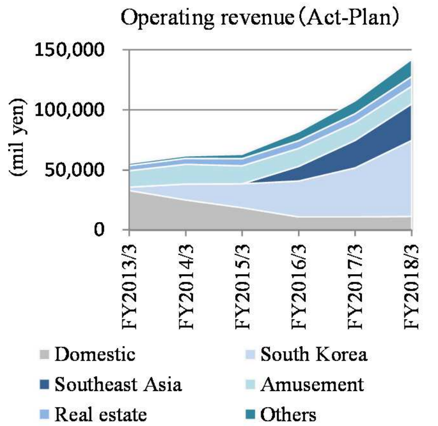
	Act	Act	Act	Plan	Plan	Plan
◆Operating income	FY2013/3	FY2014/3	FY2015/3	FY2016/3	FY2017/3	FY2018/3
Domestic	12,293	11,435	1,852	3,200	4,000	4,400
South Korea*	(336)	3,046	(5,811)	2,500	5,500	8,300
Southeast Asia	-	-	-	1,500	3,200	5,300
General entertainment	250	951	483	1,100	1,100	1,100
Real estate	270	496	402	500	600	700
Others	169	70	(69)	(200)	200	500
Investment	-	-	-	(200)	1,500	2,300
Adjustment	(642)	(2,255)	(2,075)	(900)	(1,000)	(900)
Total operating income	12,005	13,745	(5,217)	7,500	15,100	21,700

* The figure from FY2013/3 to FY2015/3 refer to the international business's data.

◆Revenue composition	Domestic	South Korea	Southeast Asia	Amusement	Real estate	Others	Investment	Total
FY2015/3	29.6%	31.4%	-	23.8%	9.2%	6.0%	-	100.0%
FY2018/3	8.1%	44.5%	21.3%	10.4%	5.6%	7.2%	2.9%	100.0%

Source : Annual securities report, materials on medium term business plan





Source : Annual securities report, materials on medium term business plan

<South Korean business plan>
Business environment provides opportunity, on back of policy to consolidate consumer loans to savings bank

◆ Financial business in South Korea: completed conversion to profitable structure, accumulation of operating assets is crucial

Target operating revenue in the financial business in South Korea in three years is set at 63.2 billion yen (c.3.2-fold increase from results in FY2015). To achieve the target operating revenue of 63.2 billion yen, accumulation of operating assets (loans, etc.) is essential, and the plan is to expand operating assets from 200- billion yen to 400 billion yen. Statistically, credit to households (including housing loans) in South Korea continues increasing at a pace of about 7% CAGR (see P23). However, some are concerned about the recent sharp increase in credit to households, and depending on financial policies, it is not unlikely that the situation will completely change. Meanwhile, as financial authorities reduced the maximum weight of consumer loans at capital companies from 50% to 20%, and providers of consumer loans have been shifting from other type of institutions to savings banks, how successfully loans can be accumulated at this timing will decide the future. In addition, as consumer finance companies that rely on borrowing for funding are facing severe conditions as the maximum lending interest rate continues to be cut, and the government is in the process of downsizing the 3rd tier financial market (financial institutions outside system such as consumer finance companies), shift from consumer finance companies to savings banks is likely to accelerate.

In terms of quality of loans, J Trust seeks to stabilize the loan portfolio by lowering the average credit rating from 6.8 to 5.8 through acquisition of quality customers with credit rating between 1-5 via JT Capital, and by maintaining the weight of receivables with low default risk such as secured loans and loans to large business and government-guaranteed loans at around 55%. Also, it plans to leverage synergies with the Indonesian business to strategically extend loans to South Korean companies operating in Indonesia (about 830 companies).

The South Korean business achieved the first quarterly surplus in the recent quarter, excluding special factors such as provision of allowance for doubtful accounts, and is finally at the stage where business foundation has been established towards a leap going forward. As J Trust has successfully established the profitable structure, to what extent it can accumulate loans going forward will lie behind the successful achievement of the plan.

◆South Korea financial: Business Plan

		Act Mar-15	Act (1Q) Jun-15	Plan* Mar-16	Plan* Mar-18
Operating revenue	(mil yen)	19,857	7,412	30,000	63,200
Operating income	(mil yen)	(5,811)	15	2,500	8,300
Operating profit ratio	(%)	-29.3%	0.2%	8.3%	13.1%
Segment assets*	(mil yen)	190,700	196,351	250,000	400,000
Average lending interest rate*	(%)	n.a.	18.0%	14.9%	n.a.
Average deposit interest rate*	(%)	n.a.	2.9%	2.8%	n.a.
Net interest margin*	(%)	n.a.	9.6%	10.1%	n.a.
Consumer loan balance	(100 mil won)	9,000	7,980	n.a.	18,000
Credit rating (average)	(rating)	6.9	6.8	n.a.	5.8
Cost to obtain a customer	(10,000 won)	60	67	n.a.	30
Ratio of loan to large corporations, secured loan and loan with government guarantees	(%)	50%	56%	n.a.	55%
	(100 mil won)	9,000	9,969	n.a.	22,000

*IFRS base, Average lending interest rate, Average deposit interest rate, Net interest margin: two saving banks's weighted average. (Ref) 1won＝about 0.1yen

Source : Materials on medium term business plan, earnings presentation materials

<Southeast Asian business plan>
FY2016 is a year to build foundation

◆Financial business in Southeast Asia: focus on implementing reform of profit structure in FY2016

As Bank JTrust Indonesia has been just acquired in November 2014, FY2016 is anticipated to be a year of building foundation towards stable growth in the future. It aims to achieve operating revenue of 12.0 billion yen in the first fiscal year and 30.3 billion yen three years later.

In FY2016, it plans to focus on improvement of margin through lowering of high interest rates on deposits and improvement in current account/savings account ratio (CASA ratio), as well as enhancement of balance sheet through disposal of NPLs, and finalize the reform of earning structure soon (see P42). To achieve full-year income target of 1.5 billion yen, it is taking various measures such as enhancement of marketing to Japanese companies operating in Indonesia in partnership with financial institutions with which J Trust has tie-up relationship in the credit guarantee business in Japan, it expects gain on disposal of collateral property of NPL's in FY2016, and aims to achieve the target income together with gain on collection from NPLs.

It sets numerical target in three years: (i) 3-fold increase in loans for small and medium-sized enterprises (from 3.8 trillion rupiah to 13 trillion rupiah), (ii) double balance of loan from multi-finance (from 2.4 trillion rupiah to 5.2 trillion rupiah) and (iii) increase in the balance of loan for foreigners (from 0.7 trillion rupiah to 2.1 trillion rupiah). So-called consumer finance is not an established business category in the Southeast Asia region, compared with Japan and South Korea, so the market of loans for consumers and small and mid-sized enterprises has large room to expand. Also, while Bank JTrust Indonesia has tie-up relationship with 32 multi-finance companies, it will promote expansion of the loan balance through enhancement of existing partnership and increase in number of partnered institutions.

◆Southeast Asia financial: Business Plan

		Act Mar-15	Act (1Q) Jun-15	Plan* Mar-16	Plan* Mar-18
Operating revenue	(mil yen)	-	3,227	12,000	30,300
Operating income	(mil yen)	-	(2,519)	1,500	5,300
Operating profit ratio	(%)	-	-78.1%	12.5%	17.5%
Segment assets*	(mil yen)	76,000	77,102	109,500	215,200
Average lending interest rate*	(%)	n.a.	10.0%	12.7%	n.a.
Average deposit interest rate*	(%)	8.9%	8.4%	8.2%	7.0%
Net interest margin*	(%)	n.a.	0.4%	4.5%	n.a.
SME loan	(trillion rupiah)	3.8	3.7	n.a.	13.0
Multi finance	(trillion rupiah)	2.4	2.7	n.a.	5.2
CASA ratio	(%)	10.3%	14.7%	n.a.	29.2%
Balance of loan to overseas business	(trillion rupiah)	0.7	1.1	n.a.	2.1
Fee income	(trillion rupiah)	0.09	0.03	n.a.	0.25

*IFRS base, Ref: 1rupiah＝about 0.009yen

Source: Materials on medium term business plan, earnings presentation materials etc.

7-(2) SWOT analysis and risk factors

<Strength>
Strong "expertise in receivable collection" functions as foundation to support South Korean/Indonesian as well as domestic businesses

◆Enhancement of brand power and name recognition as financial institution is task

SWOT analysis is conducted on J Trust as follows (see table below):

✓ **Strength**

J Trust's strength includes expertise in collection of unsecured loans. As mentioned earlier, given its experience in many M&As, J Trust has developed its unique expertise incorporating advantages of legacy companies (see P28). Expertise in receivable collection is exploited not only in the domestic business but in the South Korean and Indonesian businesses that provide unsecured consumer loans, and is functioning as a foundation to support growth of J Trust.

Swift business development is also considered as its strength. Successful expansion of total assets from around 10 billion yen at TOB in 2008 to over 500 billion yen in about seven years was attributable to its ability to make sound judgment and implement investment to take advantage of opportunities. In addition, swift business development allowed it to implement multiple M&A transactions both in Japan and overseas, and experience and expertise accumulated through these M&As have become asset for J Trust. Quick decision making such as early withdrawal from the business that has limited room for growth and unprofitable business like unsecured loan business and elderly nursing business can also be highly evaluated.

Its strength also lies in high compliance standard and, particularly in entering the financial business including the banking business under strict control and supervision of financial authorities, compliance is often verified, but its solid compliance structure works favorably in implementing M&A.

<Weakness>
Weak "brand power and name recognition" and "changing core business" is part of the reason that the business of J Trust is deemed complicated

✓ **Weakness**

On the other hand, its weakness includes weak brand power and name recognition in Japan. In Japan, though the sponsorship to Takefuji has increased the chance of drawing attention, still compared to large financial institutions, its brand power and name recognition are inferior. However, its name recognition is high in the Southeast Asia region, particularly in South Korea and Indonesia, where it is frequently mentioned by media. Unfortunately, this point has not been sufficiently disseminated in Japan. On a different note, assignment from TSE 2nd section to 1st section, which is under consideration, should have positive effects on diversification of investors and its credibility.

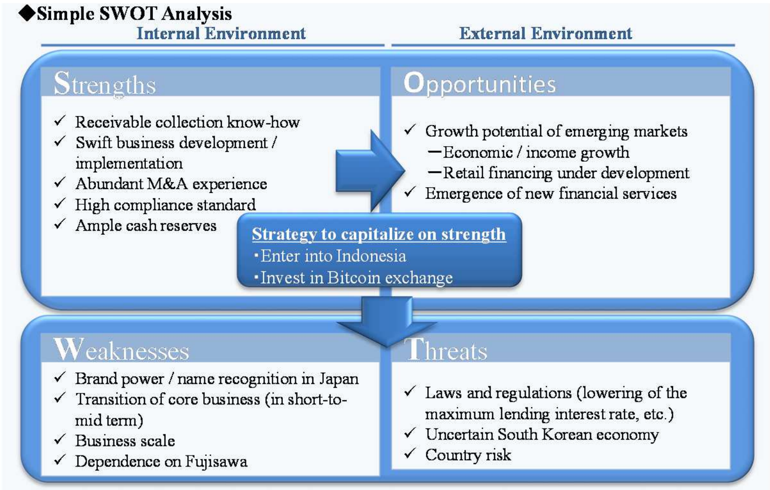
As the other side of strength, change in its core business in the short- to medium-term can also be pointed out as weakness. Though operating revenue has continued to increase, the major source of revenue has changed, giving the impression that business and performance are not stable. Though, in the near term from FY2016, the South Korean and Southeast Asian business are becoming the core business, the future picture in five years and ten years is not visible, which is another point of concern. As for this point, active communication about what vision it is drawing and what type of business group it is aiming for, etc. is expected.

<Opportunities/Threats>
Growth potential of Southeast Asia region offers growth opportunity, while uncertainty of South Korean economy is a concern

✓ **Opportunities / Threats**

The high potential of the Southeast Asian market is considered as opportunity. Not only in Indonesia but in other Southeast Asian countries, the economy is growing fast. Not only expansion of the economic size but improvement in the income level should accelerate development of financial services. Particularly, as consumer finance is the area where demand is strong but the market is less mature, retail finance in Southeast Asia is deemed to have the high potential in the future. Also, as having an office in Singapore is said to increase the chance that M&A opportunities are brought from several Southeast Asian countries, J Trust aims to further expand the business scale by selectively choosing opportunities.

On the other hand, uncertainty in the South Korean economy is a slight concern. Recently, exports have decreased due to the China shock and the weak yen/strong won, forcing the South Korean economy, highly dependent on external demands, to slow down. Though credit to households is in an increasing trend, bloated credit to households not associated with the economic growth is likely to induce vicious economic cycle. If downturn in economy is not halted, disposable income decreases and issues with heavily indebted consumers become more serious, measures such as cut of the maximum lending interest rate might be taken. On the other hand, however, if the number of failed financial institutions increases, it also means that M&A opportunities will increase, and therefore, J Trust may take a balanced approach to develop business. Though it seems that J Trust maintains a good relationship with financial authorities in South Korea, the deterioration in political relationship between Japan and South Korea is also a slight concern.



Source：Created by SQUADD

8. Competitive Environment

8-(1) Domestic Credit Guarantee

◆Two mega banks dominate guarantee for unsecured loans

In the following sections, competitive environment in each business segment is reviewed.

Two mega bank affiliate companies, SMBC Consumer Finance and ACOM, dominate the guarantee for unsecured loans business in Japan. They have accumulated the balance by expanding partnership with regional financial institutions as well as their parent banks. Zenkoku Hosho Co., Ltd. is specialized in guarantee for housing loans and its credit guarantee balance is by far the largest at c.9 trillion. As quality of loans targeted by Zenkoku Hosho Co., Ltd. are also different from that of other companies, the guarantee commission rate is lower.

Looking at the credit guarantee balance, J Trust looks slightly inferior, but it aims to secure the stable market share by focusing on specific fields such as rental housing loan.

◆Domestic financial business：Comparison with Competitors（FY2015/3） (mil yen)

Code	Name	Outline	Whole company			Corresponed segment		operating loans receivable*	Guarantee commission	Balance of Credit guarantee
			Operating revenue	Operating income	Total assets	Operating revenue	Operating income			
8508	J Trust	na	61,926	13,745	540,718	0	0	0	2,377	0
Unlisted	SMBC Consumer Finance	Operating brand is “Promise”. SMBC acquired Promise through TOB in 2011, making it the SMFG’s wholly-owned subsidiary. Largest in guarantee for unsecured loans.	228,321	16,488	1,102,879	195,733	7,025	906,109	47,311	915,351
8572	ACOM	One of the largest consumer finance companies, becoming a consolidated subsidiary of MUFG in 2008. Credit guarantee businesses within the group are consolidated into ACOM.	219,289	14,073	1,190,368	176,250	3,507	777,307	36,260	861,212
8515	AIFUL	An independent consumer finance company. Filed for business rehabilitation ADR in 2009. Completed prepayment of loans within the grace period for JPY 52.7 bil. in 2015/8.	86,352	(39,562)	560,323	86,352	(39,562)	434,349	11,381	73,874
7164	ZENKOKU HOSHO	The largest independent guarantor for housing loan. Established in 1981 for the purpose of providing credit guarantee for the employees’ pension fund housing loan program.	29,507	22,380	213,970	29,507	22,380	-	29,413	9,159,733
8772	ASAX	Focus on guarantee for real estate secured loans.	5,549	3,628	65,919	5,549	3,628	63,167	n.a.	6,627

* Operating loans receivable＝Accounts receivable - operating loans＋Advances paid - installment（exc. foreign） Source：Company's IR staff

8-(2) South Korea Savings bank

Delinquency rate lower than top SBI Savings Bank but improvement in loan-to-deposit ratio is challenge

◆SBI Savings Bank is the largest savings bank, J Trust's delinquency rate is low but loan-to-deposit ratio is below average

As of the end of 2014, 81 savings banks are members of the South Korean Deposit Guarantee Corporation with the total deposits subject to insurance amounting to 32 trillion won. The size is small, compared to deposits subject to insurance at commercial banks (56 banks), but savings banks exhibit a certain presence as provider of credit to consumers and small and medium-sized enterprises (see P23).

Top savings bank is SBI Savings Bank, a subsidiary of SBI Holdings, with the deposit balance of 3.3 trillion yen (estimated share of 10%), leaving others far behind. HK Savings Bank ranks second and JT Chinae Savings Bank (two banks combined) ranks the third. The largest shareholder of the second largest HK Savings Bank is the fund affiliated with MBK Partners, the largest PE fund in South Korea (c.78% ownership), but entering in 2015, it was reported that the fund was in a process of selling the stake.

SBI Savings Bank (formerly Hyundai Swiss Savings Bank) became a subsidiary of SBI Holdings through underwriting of additional stock offering in 2013 and merged with three banks in the group in 2014. It shifted the existing business strategy focusing on large loans and has promoted smaller loans for both consumers and corporations. It also plans to develop automobile loan business as part of product diversification. In addition, it plans to promote online banking, and strives to expand the business scale with a view of the potential IPO in the future. Its delinquency rate that was more than 50% at the time of the acquisition by SBI has declined to c.27% in FY2015, but from the aspect of quality of receivables, J Trust is in a better position (delinquency rate of JT Chinae Savings Bank in June 2015: c.12%). On the other hand, from the aspect of loan-to-deposit ratio, JT Chinae Savings Bank's 74% (two banks combined) is at the lower level than SBI Savings Bank (92%) as well as other banks, making improvement of loan-to-deposit ratio the near term challenge.

◆Asset ranking of savings banks (2014/12) (tril won)

Japanese	Rank	Name	Total assets	Deposits	Loans	Loan-to-deposit ratio	# of branch offices
○	1	SBI Mutual Savings	3.82	3.30	3.05	92.5%	20
	2	HK Mutual Savings	2.00	1.74	1.95	112.0%	19
○	3	JT Chinae Savings & JT Saving	1.48	1.32	0.98	74.2%	19
	4	Korea Mutual Savings	1.43	1.12	1.34	119.6%	12
	5	Moa Mutual Savings	1.39	1.27	1.15	90.6%	6
(○)		JT Chinae Savings	1.14	1.05	0.72	68.8%	15
	6	Dongbu Mutual Savings	1.10	0.87	0.67	76.7%	9
	7	Hana Savings	1.07	0.89	0.88	99.7%	11
	8	Shinan Mutual Savings	0.92	0.83	0.82	99.3%	1
	9	Pureun Mutual Savings Bank	0.91	0.70	0.77	109.2%	5
		:	:	:	:		:
(○)		JT Savings	0.34	0.27	0.26	94.7%	4
		Top 9's total	14.12	12.02	11.59	96.5%	

Source : Materials on medium term business plan

8-(3) Indonesia Banks

◆Indonesian banking industry structure highly concentrated in larger banks

Banks in Indonesia are categorized into commercial banks and rural banks, and 119 commercial banks and 1,643 rural banks existed at the end of 2014 (see below table). Though there are by far more rural banks, assets are concentrated in commercial banks, out of which four state owned banks hold about 36% share. Top 10 banks' share also reach to about 60%, showing the structure highly concentrated in larger banks. Recently, bank's total assets have sharply increased, as they doubled from 2,343 trillion rupiah in 2008 to 4,330 trillion rupiah in 2012 and further increased to 5,705 trillion rupiah in 2014.

While many large banks conduct business centered on loans for large companies, the largest BANK RAKYAT INDONESIA, which is strong in micro finance, has recently expanded assets and surpassed BANK MANDIRI in 2014 to become the top domestic bank in terms of total assets. Bank Mutiara Indonesia acquired by J Trust ranks in the middle among commercial banks with total assets of 13 trillion rupiah. Though there is a large room to catch up with top banks in terms of size, it aims to accumulate the balance centered on loans for consumers and small and mid-sized enterprises with high growth potential.

Other than J Trust, there are cases where Japanese companies invested in local banks. For example, Bank Nusantara Parahyangan became a subsidiary of The Bank of Tokyo-Mitsubishi UFJ and ACOM in 2007, and Sumitomo Mitsui Financial Group acquired a 40% equity stake in Bank Tabungan Pensiunan Nasional in 2013. The Bank of Tokyo-Mitsubishi UFJ itself also has several branches in Indonesia with total bank assets reaching to 119 trillion rupiah and has six affiliated companies including Bank Nusantara Parahyangan, carrying out diversified business in Indonesia.

◆Category of Indonesia Bank（2014/12）

(tril Rupiah)

Category	#	Total assets	Share
Commercial Banks			
State Owned Banks	4	2,077	36.4%
Foreign Exchange Commercial Banks	38	2,200	38.6%
Non-Foreign Exchange Commercial Banks	29	187	3.3%
Regional Development Banks	26	441	7.7%
Joint Venture Banks	12	278	4.9%
Foreign Owned Banks	10	433	7.6%
Total	119	5,615	98.4%
Rural Banks	1,643	90	1.6%
Total	1,762	5,705	100.0%

Source: INDONESIAN BANKING STATISTICS

(Ref) 1Rupiah＝about 0.008yen

◆Indonesian Major Bank（2014/12）

(tril Rupiah)

Rank	Category	Name	Bank Total assets	Share* (Est)
1	SOB	BANK RAKYAT INDONESIA	778	13.6%
2	SOB	BANK MANDIRI	756	13.2%
3	FECB	BANK CENTRAL ASIA	542	9.5%
4	SOB	BANK NEGARA INDONESIA	393	6.9%
5	FECB	BANK CIMB NIAGA	227	4.0%
6	FECB	BANK PERMATA	185	3.2%
7	FECB	BANK DANAMON INDONESIA	163	2.9%
8	FECB	PAN INDONESIA BANK	159	2.8%
9	SOB	BANK TABUNGAN NEGARA	145	2.5%
10	FECB	BANK INTERNASIONAL INDON	136	2.4%
		Total	3,484	62.0%
		:		:
	FECB	BANK MUTIARA	0	0.0%

*Estimated from INDONESIAN BANKING STATISTICS & Indonesia Financial Service Authority's data

SOB: State Owned Banks, FECB: Foreign Exchange Commercial Banks

Source: Indonesia Financial Service Authority (Otoritas Jasa Keuangan)

◆Acquisition of Indonesian Banks by Japanese company

(tril Rupiah)

Date	Company	Acquired company	Total assets Dec-14	Ownership	Purchase price
Dec-07	Bank of Tokyo-Mitsubishi UFJ ACOM	Bank Nusantara Parahyangan	9	75.4%	n.a.
May-13 Feb-15	Sumitomo Mitsui FG Sumitomo Corporation	Bank Tabungan Pensiunan Nasional	72	40.0% 20.0%	About 150 (bil yen) 56 (bil yen)（Additional acquisition of 17.5%）

Source: Company's press release

9. Stock Price Trend and Investment Return Analysis

9-(1) Stock Price Trend

Number of shareholders and foreign ownership increase

Successfully secured sufficient liquidity for institutional investors to consider purchase

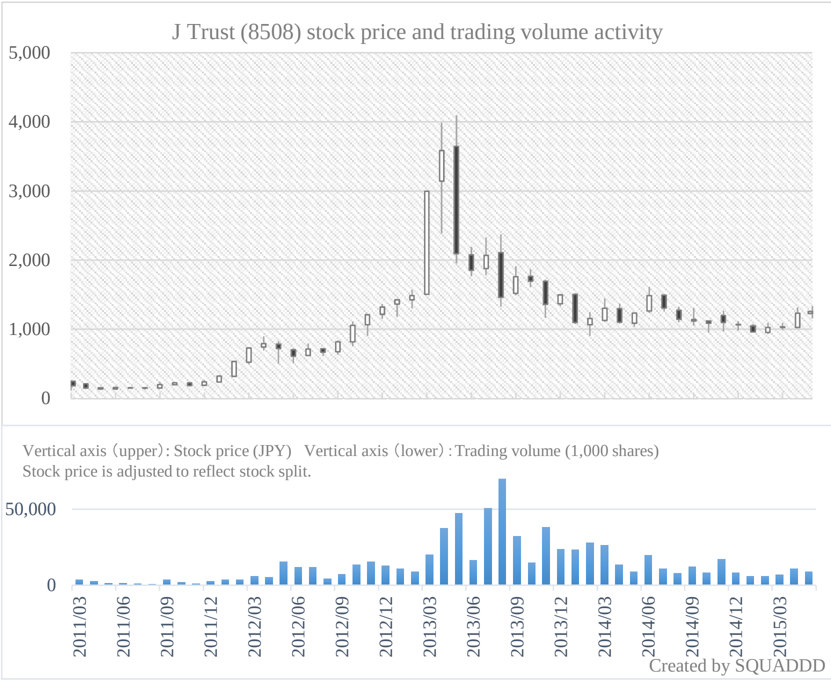
After overheating around July 2013 due to rights offering, stock prices have currently stabilized

◆Increasing trend in operating revenue over the last five years draws attention of institutional investors including foreigners

Stock price trend will be reviewed in this section. J Trust has rapidly expanded the scale and scope of business under the new management structure after Nobuyoshi Fujisawa (current CEO) acquired the Company's shares through TOB and became the largest shareholder (in March 2008). Its operating revenue (sales) significantly increased over the last five years from FY2011 till FY2015.

Liquidity per day (amount base) had initially reached the level well below 100 million yen, at which institutional investors generally consider to start purchase, but has gradually increased since the stock split implemented in June 2012. Around July 2013 when the rights offering was implemented, some overheating was observed as the liquidity reached around 5 billion yen. The overheated situation has subsequently calmed down and the liquidity has recently stayed at the level of around 500 million yen. The liquidity is sufficiently secured for institutional investors to consider starting purchase and the number of shareholders and foreign ownership have significantly increased, indicating that active capital policy under the new management structure is highly evaluated in the market.

Prior to the stock split implemented in June 2012, the liquidity had been very low and stock prices had remained at the level of less than 1,000 yen, but since then stock prices have moved up along with liquidity, also boosted by higher ROE. Particularly around July 2013 when the rights offering was implemented, stock prices sharply went up, sometimes reaching to 4,000 yen instantaneously. Stock prices subsequently regained stability and have recently stayed at the level of over 1,000 yen.



9-(2) Investment Return Analysis

◆Value stock with PBR＝0.64 and ROE＝5.55%, cheaper than industry average

The stock valuation is reviewed in this section. As of September 25, 2015, market capitalization of J Trust was c.118.8 billion yen with PBR of 0.64x, ROE (actual base) of 5.55% and dividend yield (company estimate) of 1.20%. Compared with the other

Valuation remains cheap compared to industry average

financing business industry average (30 companies) of PBR (1.49x) and ROE (7.31%), J Trust's valuation (PBR) remains low. Also, compared with other stocks in the same industry, ACOM (PBR: 2.7x, ROE: 4.2%, dividend yield: 0%, market capitalization: 894 billion yen) and Zenkoku Hosho (PBR: 4.3x, ROE: 28.0%, dividend yield: 1.4%, market capitalization: 258 billion yen), J trust still remains low. Also, although in the different industry, stocks of SBI which competes with J Trust in the South Korean savings banks (PBR: 0.68x, ROE: 12.9%, dividend yield: 0%, market capitalization: 307 billion yen) is traded at the cheap level and expected to rise going forward, together with J Trust.

For J Trust's stock price to move higher going forward, solving the following challenges will be a key.

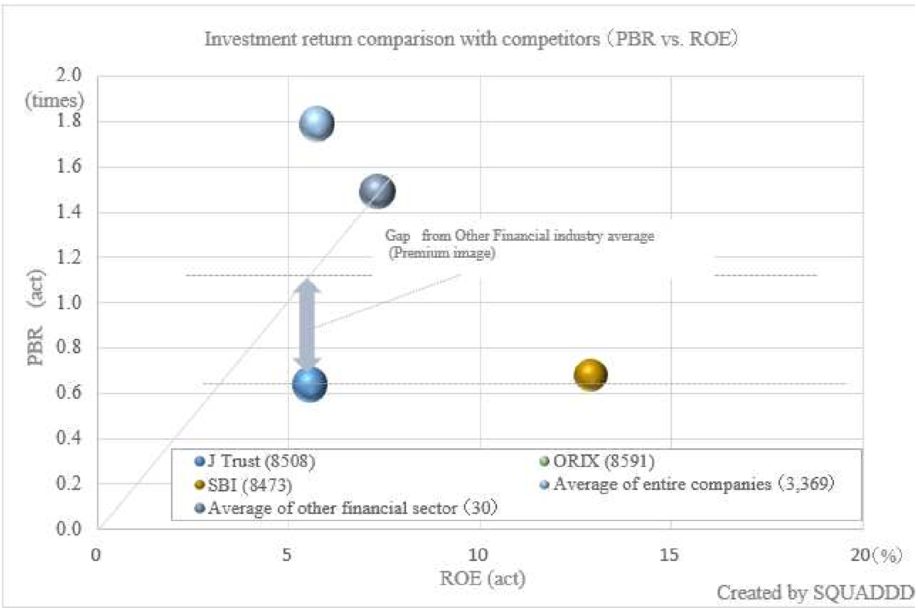
Currently, 30 companies belong to the other financing business industry. Their average market capitalization of around 262.2 billion yen is about twice as large as that of J Trust, and the liquidity of J Trust is less than half of the average (liquidity per day (amount base) of J Trust: 500 million yen vs. market average of 1.3 billion yen).

It varies by industry, but in other financing business industry, strong correlation is observed between stock prices and the size factor such as sales as well as profitability after considering the capital efficiency such as ROE and operating income relative to capital.

Expect higher valuation going forward driven by improving profitability under mid-term business plan and further expansion of scale

As for size factor such as sales and profitability such as ROE, etc., the medium term business plan (FY2016 - FY2018), which was announced for the first time after J Trust established the new management structure, anticipates further growth, as it seeks to expand business centered on the Asia region where significant economic growth is expected and aims to achieve operating income of 7.5 billion yen (ROE of 2.5%) and 21.7 billion yen (ROE of 10%) in FY2016 and FY2018, respectively.

For the stock price to go up (premium against the market average to dissolve), further expansion of the institutional (professional) investor base by increasing the liquidity per day, while seeking to expand the revenue size and improve the capital efficiency pursuant to the medium term business plan, and enhancing the disclosure and IR activities, should be critical. Going forward, trend of J Trust's stock price will be closely monitored.



9-(3) Return to Shareholders & Dividend Policy

◆Plan to add commemorative dividend of 2 yen per share in FY2016

J Trust considers fair returns to shareholders to be one of the most important management issues, and as a basic policy seeks to actively return profit to shareholders, with comprehensively taking the future business environment and industry trend into consideration. While J Trust has continued paying dividend of 10 yen per share since FY2014, in FY2016, it plans to pay 12 yen with an addition of 2 yen per share as commemorative dividend in the 40th term.

In order to realize flexible capital and dividend policy, J Trust states in its Articles of Incorporation that appropriation of dividends of surplus may be resolved by the board of directors, a decision making body on dividends of surplus.

◆Shares outstanding / Per share information

		Mar-11	Mar-12	Mar-13	Mar-14	Mar-15	Plan Mar-16
Shares outstanding at the end of the period	(1,000stock)	30,010	30,226	63,162	118,386	118,589	n.a.
# of shareholders		2,393	2,441	7,098	18,223	15,190	n.a.
Stock price (before stock split adj.)	(yen)	405	1,624	3,336	1,304	1,034	n.a.
Stock price (after stock split adj.)	(yen)	182	729	2,995	1,304	1,034	n.a.
Market Cap	(mil yen)	12,154	49,087	210,709	154,375	122,621	n.a.
Net income	(mil yen)	3,233	34,500	13,309	11,145	10,143	4,700
Total net assets	(mil yen)	13,961	49,471	70,895	184,230	194,865	n.a.
Earnings per share (EPS)*	(yen)	54.30	575.95	214.45	109.66	85.92	39.77
Diluted EPS*	(yen)	53.85	567.68	208.30	108.05	85.61	n.a.
Book value per share (BPS)*	(yen)	232.40	798.18	1,013.88	1,502.54	1,591.09	n.a.
EPS(non-consolidated)*	(yen)	19.67	11.40	17.02	12.48	42.27	n.a.
BPS(non-consolidated)*	(yen)	184.60	189.80	218.17	949.55	980.59	n.a.
PER	(times)	3.73	1.41	15.55	11.89	12.03	n.a.
PBR	(times)	0.87	1.02	3.29	0.87	0.65	n.a.

*2012/6/1: One common share was devided into two shares by stock split.

Retroactive adjustment is made for the per share information after the effect of stock split.

◆Shareholder return information

		Mar-11	Mar-12	Mar-13	Mar-14	Mar-15	Plan Mar-16
Interim dividend per share	(yen)	4.00	6.00	3.00	5.00	5.00	5.00
Year-end dividend per share	(yen)	6.00	6.00	4.00	5.00	5.00	7.00
DPS	(yen)	10.00	12.00	7.00	10.00	10.00	12.00
DPS (after stock split adj)	(yen)	5.00	6.00	7.00	10.00	10.00	12.00
Dividend payout ratio (consolidated)	(%)	9.2%	1.0%	3.3%	9.1%	11.6%	n.a.
Dividend payout ratio (non-consolidated)	(%)	25.4%	52.6%	41.1%	80.1%	23.7%	n.a.
Dividend yield	(%)	2.5%	0.7%	0.2%	0.8%	1.0%	n.a.

Source：Annual securities report, financial results, earnings presentation materials

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