

FY 2016 – FY 2018 Medium Term Business Plan

J Trust Co., Ltd.

May 26, 2015

- 1. Summary of Medium Term Business Plan**
 - 2. Plan Overview for Each Business**
 - 3. Increasing Shareholder Value**
 - 4. Detailed Business Plan for Each Business**
 - 5. Investment Policy**
- Appendices**

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Vision

Aim to be a provider of unique financial services not constrained by existing paradigms














Numerical target

	FY 2015 (ended March 2015)		FY 2018 (ending March 2018)
➤ Operating revenue	63.2	➔	140
➤ Operating income (loss) (5.2)		➔	22
➤ ROE	5.6%	➔	10.0%

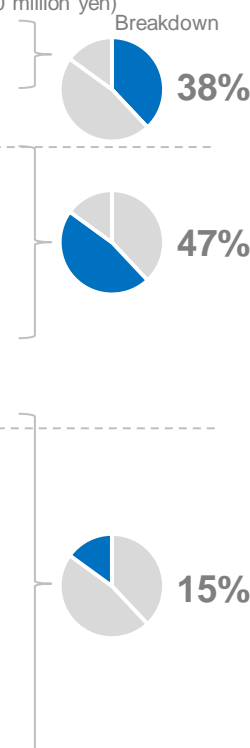
(Unit: billion yen)

1. Summary of Medium Term Business Plan: Business Segment and Accounting Standards

- In view of business expansion, restructured business segment from FY2016
- To improve management transparency, adopt International Financial Reporting Standards (IFRS) from FY 2016

Business Segment		Major Group Company	Business	Operating Income Breakdown (FY 2016 forecast)
Domestic Financial Business		 NIHON HOSHOU 	Credit guarantee and receivable collection business	Operating income (100 million yen) 32
Financial Business (South Korea)		 Chinae Savings Bank  JT Capital  JT Savings Bank  TA Asset Management	Banking, leasing, installment financing, purchase and collection of receivable business	25
Financial Business (Southeast Asia)		 J TRUST BANK ^{*1}  J TRUST ASIA	Banking and hire-purchase financing business	15
Non-Financial Business	Amusement Business	 ADORES  Break co., Ltd.	Operation of amusement facilities Manufacturing of entertainment related equipment	11
	Real Estate Business	 KEYNOTE	Construction of custom built housing Purchase and sales of income property	5
	Other Non-Financial Business (Elderly Care etc.)	 Group  J TRUST SYSTEM	Elderly care business IT System business	(2)

Breakdown



38%
47%
15%

Note 1: Currently "Bank Mutiara." We are waiting for an approval regarding the usage of its new trade name "PT Bank J Trust Indonesia, Tbk." from financial authorities of Indonesia.

1. Summary of Medium Term Business Plan: Overseas Business Advancement

- Proactively advanced into Asia since 2011
- Own 6 wholly owned overseas group companies*1

Indonesia



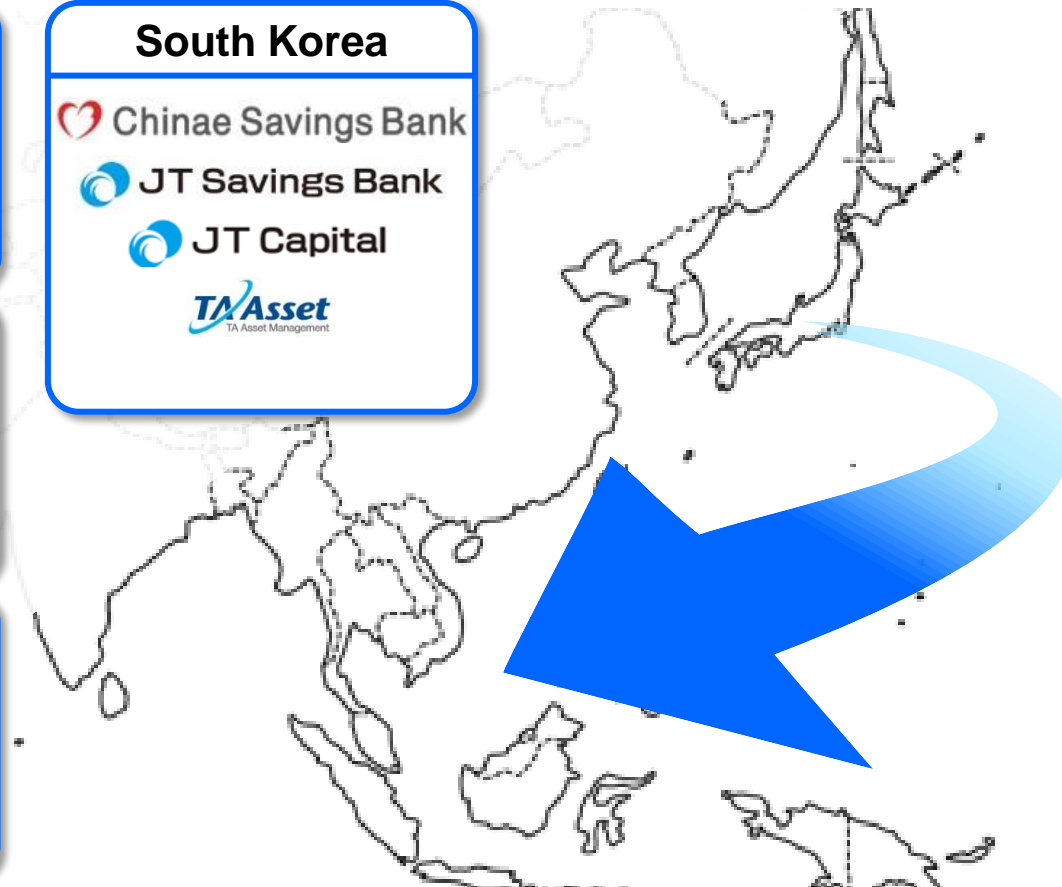
South Korea



Singapore



Thailand



Note 1: Including Bank J Trust Indonesia (current shareholding ratio: 99.0%)

Note 2: Shareholding ratio: 10.0%

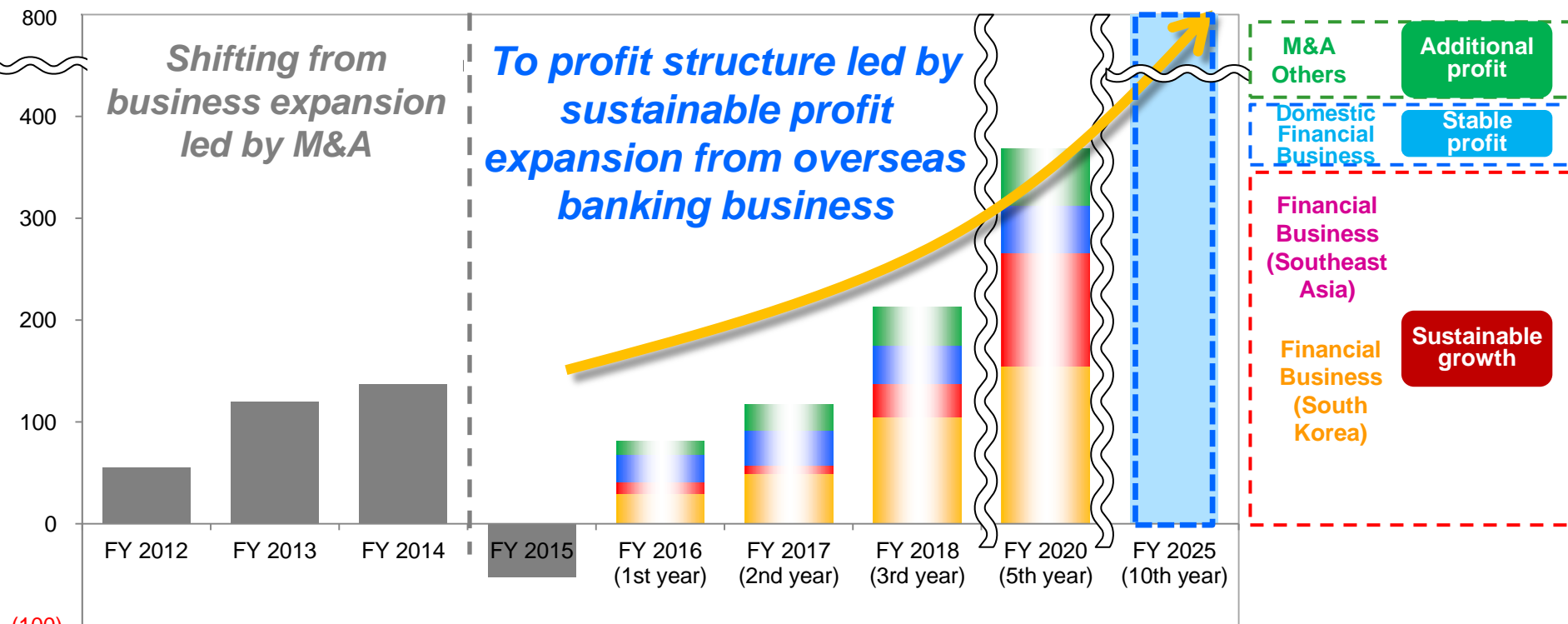
Note 3: Shareholding ratio after full conversion of convertible bond: 8.3%

1. Summary of Medium Term Business Plan: Future Profit Structure

- In the past, M&A including purchase of receivable led business expansion
- Going forward, profit from banking business which is expected to continuously expand in fast-growing Asia will play a major role

Operating income (forecast)

(Unit: 100 million yen)



- 1st stage: Business expansion through M&A, mainly purchase of receivable
- 2nd stage: Sustainable profit growth mainly in banking business
- 3rd stage: Giant leap through reinvestment and proactive profit return to shareholders

1st Stage

Business expansion led by purchase of receivable

2nd Stage

Sustainable profit growth

Term covered by
Medium Term
Business Plan

3rd Stage

Giant leap forward

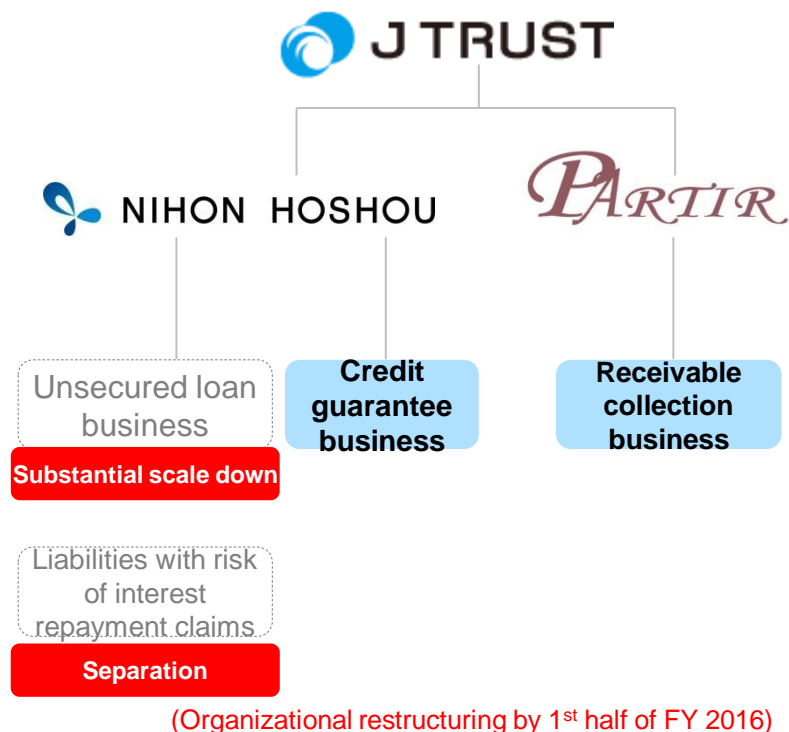
(Unit: 100 million yen, %)	FY 2008 Actual	FY 2015 Actual	FY 2016 Target	FY 2017 Target	FY 2018 Target	CAGR ^{*1}	FY 2020 Target in five years
Operating revenue	32	632	819	1,075	1,421	+31%	Operating revenue 200 billion yen
Operating income	0	(52)	75	151	217	+70%	Operating income 35 billion yen
Operating income on operating revenue (operating profit ratio)	0.7%	N/A	9.2%	14.0%	15.3%		
EPS (yen)		86	40	116	164	+24%	
ROE	1.5%	5.6%	2.5%	7.0%	10.0%		

Note 1: CAGR from FY 2015 till FY 2018
(Operating income from FY 2016 till FY 2018)

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- Scale down consumer finance business (unsecured loan) substantially and focus on credit guarantee for property related loan
- Through organizational restructuring, completely separate liabilities with risk of interest repayment claims and control risk arising out of contingent liabilities
- Expand receivable collection business and enter new area through M&A
- Target IPO in the future

Domestic business structure



Scale down unsecured loan business substantially and focus on credit guarantee business

- Aim to achieve credit guarantee balance of **100 billion yen** mainly in rental housing loan in three years

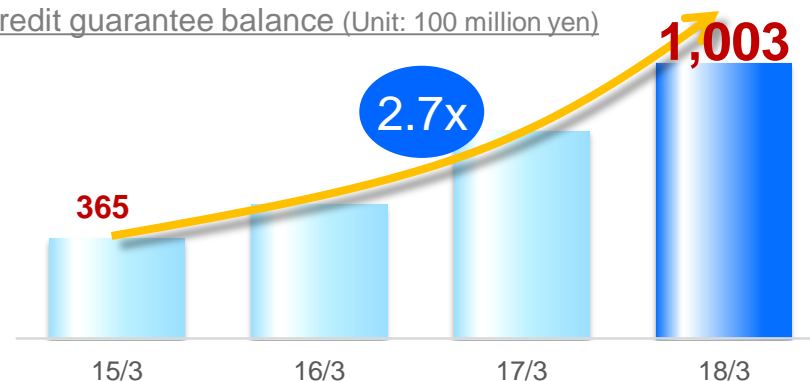
Completely separate liabilities with risk of interest repayment claims and avoid risk arising out of contingent liabilities

- Organizational restructuring by 1st half of FY 2016

Supported by strong collection capability and pricing power, expand receivable collection business

- Aim to achieve principal balance of **500 billion yen** in three years
- Enter areas such as business rehabilitation, business succession and provision of support regarding entry into overseas market

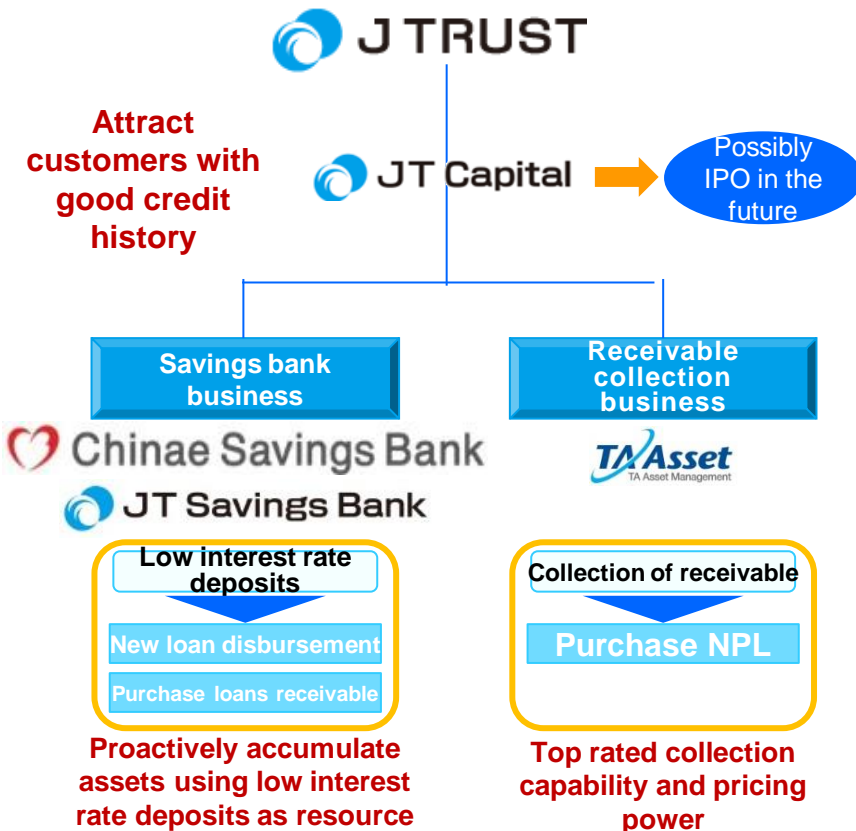
Credit guarantee balance (Unit: 100 million yen)



2. Plan Overview for Each Business: Financial Business (South Korea)

- Acquired savings banks, capital company and receivable collection companies and established business foundation by previous fiscal year
- Through organic coordination of each business, aggressively accumulate loan balance and aim at profit expansion

Business structure in South Korea (plan)



Aim to become top rated savings bank in South Korea

- Operating area covering **70%** of South Korea
- Number of branch offices ranks **top level**

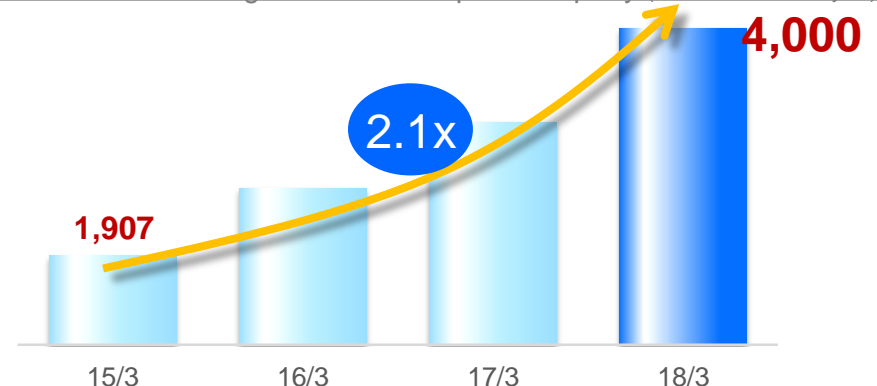
Pursue rigorous risk control and high return

- Average lending interest rate: **15%**^{*1}
- Deposit interest rate **2.2%**^{*2}
- Default rate **3.0%**^{*3}

Accelerate countrywide mass marketing and accumulate balance

- Increase asset of savings banks and capital company to **400 billion yen** in three years

Asset balance of savings banks and capital company (Unit: 100 million yen)



Note 1: Average of all loan product as of March 2015

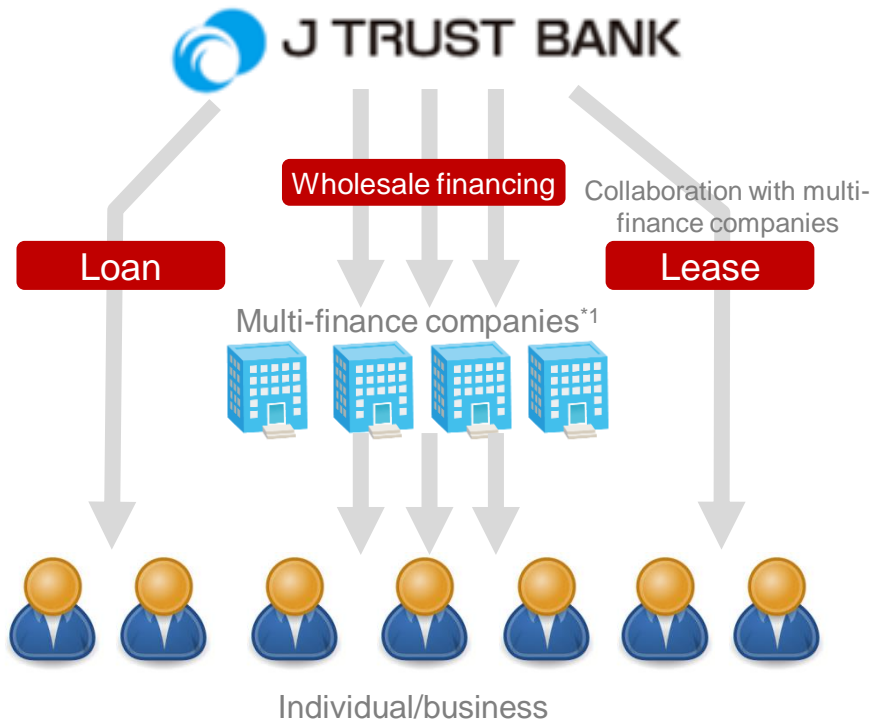
Note 2: As of end April 2015

Note 3: Default rate of loan disbursed by Chinae Savings Bank

2. Plan Overview for Each Business: Financial Business (Southeast Asia)

- Improve financial health of Bank J Trust Indonesia and seek to increase balance
- Going forward, conduct property-related loan, leasing and insurance business in Southeast Asia

Business structure in Southeast Asia



Note 1: Multi-finance companies provide leasing and installment financing services (mainly automobile and motorcycle).

Stably expand assets in high growth market

- Population of 250 million/high GDP growth/low penetration of financial services
- Aim to accumulate balance above **200 billion yen** in three years by introduction of aggressive measures

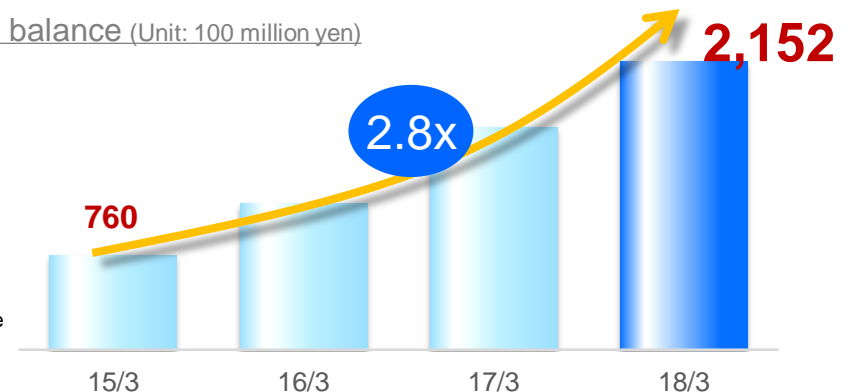
Startup of various business in Southeast Asia

- Increase mortgage loan through partnership with property developers
- Expand business utilizing leasing, insurance business and bitcoin

Conduct M&A in Southeast Asia

- Through acquisition of business listed in Singapore, contemplate to conduct financial business such as leasing and microfinance and real estate business in Southeast Asia

Asset balance (Unit: 100 million yen)



- By sending experienced management from J Trust, control local operation



Mr. Koh Yang Guan

Commissioner Independent

- Managing Director, Monetary Authority of Singapore(1998-2005), Permanent Secretary in Ministry of Defence, Commissioner of Inland Revenue, Permanent secretary, Ministries of Health and National Development
- Currently, Chairman of the Singapore Deposit Insurance Corporation and Singapore's Ambassador to Greece
- Master of Applied Science and MBA
- Honorary Doctorate, University of Toronto



Mr. Nobiru Adachi

President Commissioner

- Ministry of Finance, Executive Officer, Jasdax Securities Exchange, Inc., Country Head for Japan, ETF Securities Ltd., Chairman and CEO, M&A Solutions Japan Co., Ltd.
- Currently, Representative Director and Senior Managing Director, J Trust Co., Ltd.
- Faculty of Law, University of Tokyo



Mr. Yoshio Hirako

Director

- Joined the Sanwa Bank Limited., engaged in e-business, internet banking planning, corporate sales planning. Joined currently AEON Bank, Ltd. in 2006. Executive Officer of AEON Bank, CEO of AEON Community Bank, Ltd., Director of AEON Credit Service Co., Ltd.
- Faculty of Law, University of Tokyo

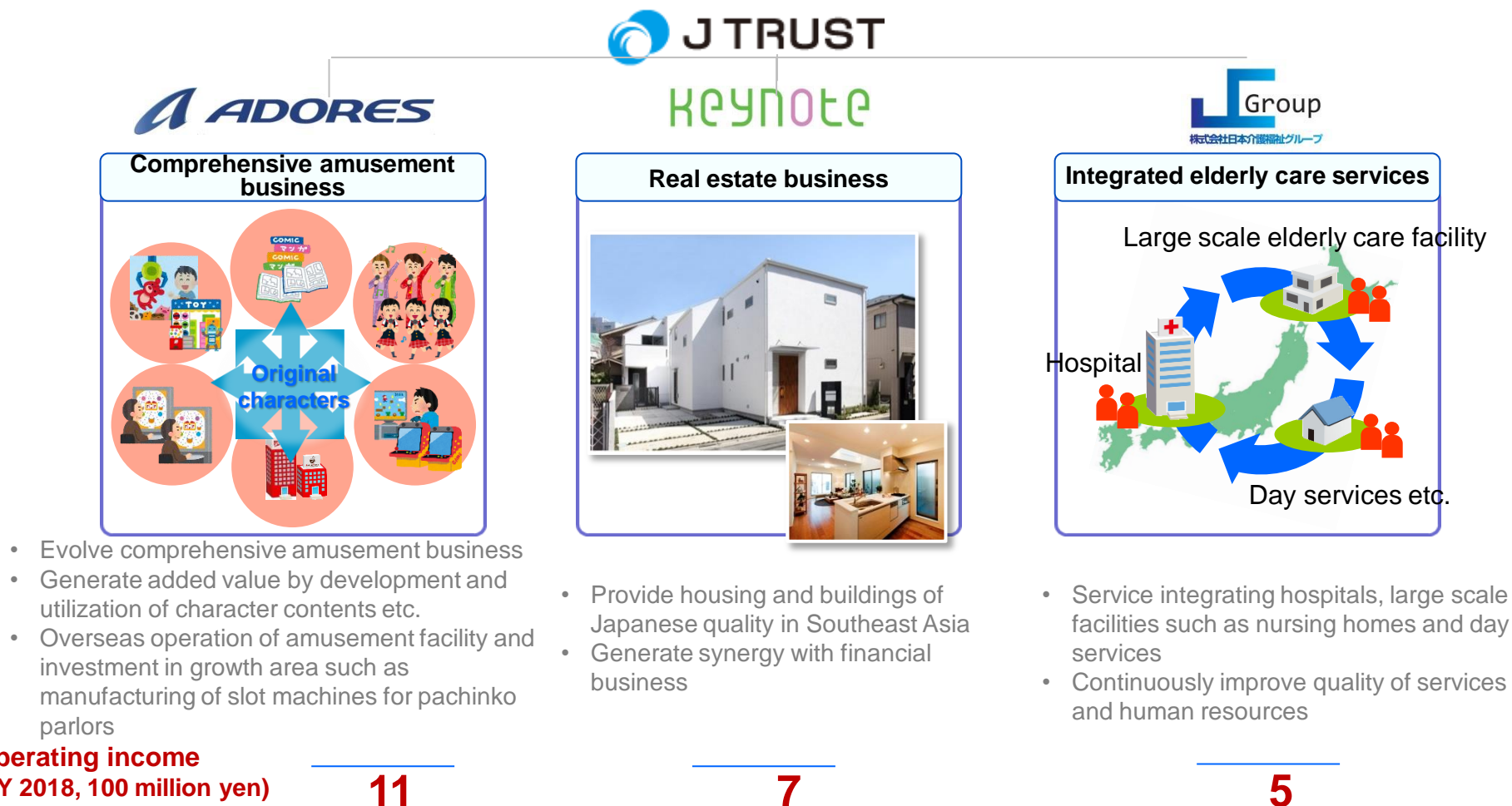


Mr. Eihito Tamura







Director

- Joined EDGE Co., Ltd. (currently LINE Corporation) engaged in consulting business and establishment of banks. Became CEO of Bitcash Inc. in 2005. Became Executive Director of Cecile Co., Ltd.
- Faculty of Engineering, University of Tokyo

- Evolve comprehensive amusement business utilizing anime contents etc.
- Aim to provide housing of Japanese quality in Southeast Asia
- Provide elderly care services integrating hospitals, large scale living facilities and day services



2. Plan Overview for Each Business: Summary

(100 million yen)		FY 2015	FY 2016	FY 2017	FY 2018	CAGR (FY 2015 – FY 2018)	
Domestic financial business		Operating revenue	120	111	111	115	(1)%
		Operating income	25	32	40	44	+21%
		Operating assets*1	365	487	756	1,003	+40%
Financial business (South Korea)		Operating revenue	187	300	408	632	+50%
		Operating income	(52)	25	55	83	+82%*3
		Operating assets*1	1,907	2,500	3,200	4,000	+28%
Financial business (Southeast Asia)		Operating revenue	-	120	229	303	+59%*3
		Operating income	-	15	32	53	+88%*3
		Operating assets	760	1,095	1,663	2,152	+41%
Amusement business		Sales	151	150	149	148	(1)%
		Operating income	9	11	11	11	+7%
Real estate business		Sales	75	65	71	80	+2%
		Operating income	5	5	6	7	+12%
Non-financial business (elderly care etc.)		Sales	7	35	70	102	+144%
		Operating income	(0)	(2)	2	5	N/A
Investment business		Operating revenue	-	5	22	30	+145%*3
		Operating income	-	(2)	15	23	N/A
Group total*2		Operating revenue	632	819	1,075	1,421	+31%
		Operating income	(52)	75	151	217	+70%*3
		Operating profit ratio	-	9.2%	14.0%	15.3%	-
		EPS (yen)	86	40	116	164	+24%
		ROE	5.6%	2.5%	7.0%	10.0%	-

Note 1: Excluding principal balance of purchased receivables in receivable collection business (operating assets in domestic financial business refer to credit guarantee balance) Note 2: After consolidation adjustment
 Note 3: CAGR from FY 2016 till FY 2018

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- Pursue proportional capital allocation to maximize shareholder value
- Implement proactive share buyback when stock is deemed undervalued (attractive as investment target)
- Continuously reinforce organizational structure of J Trust and IR structure and information disclosure

Appropriate capital allocation to maximize shareholder value

Share buyback

Flexibly implement when stock is deemed undervalued

On May 14, disclosed total share acquisition amount of 7.5 billion yen (equals the total amount available for dividend)

M&A

Seek deals with high probability of stable return
(hurdle rate: IRR 15%)

Achieved IRR of 20% and higher in the past

Dividend

Proactively return excess fund

Set numerical target such as dividend payout ratio etc. once we can secure stable profit



Reinforce organizational structure and IR

Reinforce J Trust's structure

Reinforce IR team structure and information disclosure

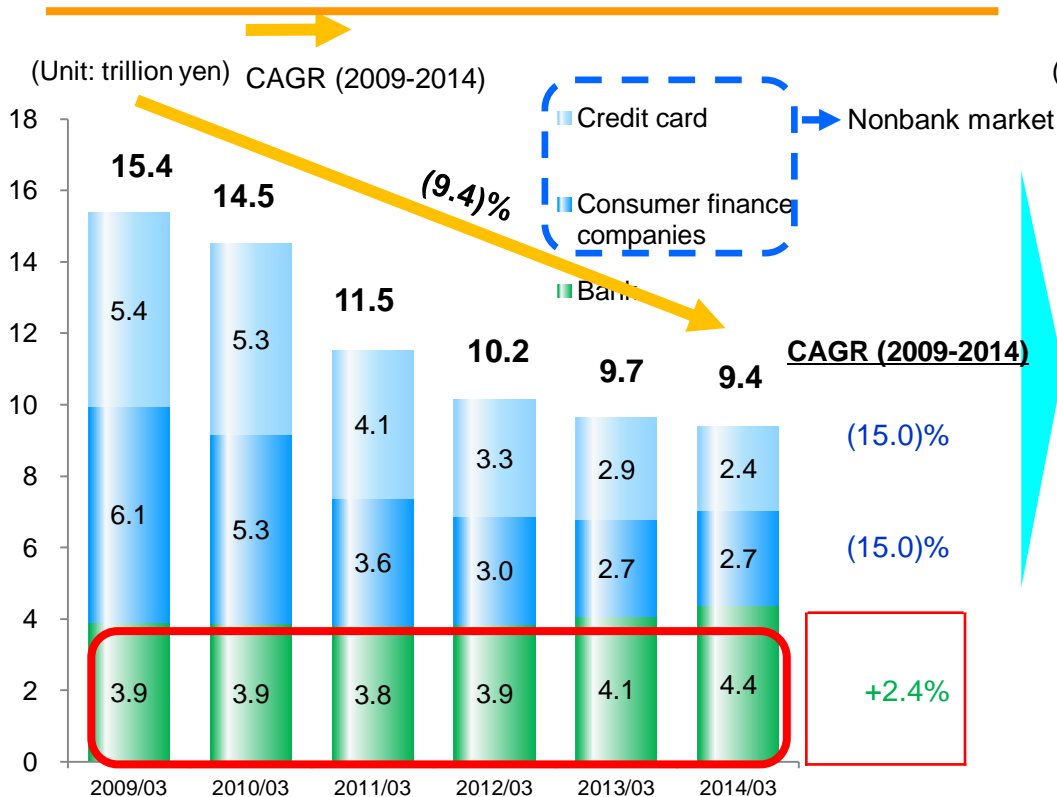
Continued communication with shareholders

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- Appendices

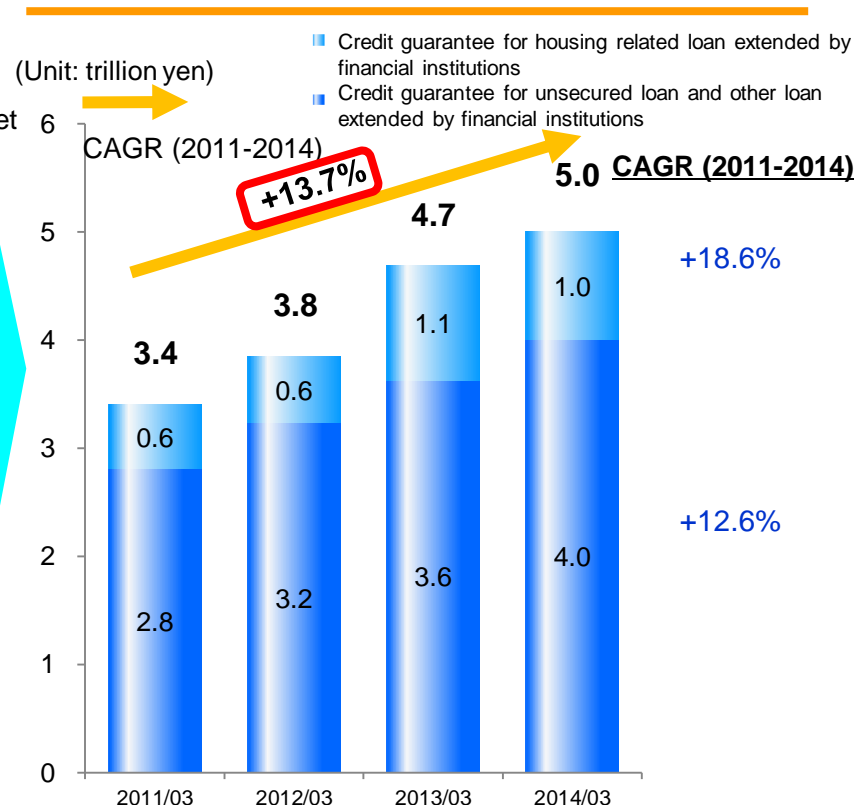
4-1 : Domestic Financial Business

- Domestic financial institutions increase loan balance by offering low interest rate product while unsecured loan market shrinks
- Nonbanks increase credit guarantee balance for loans extended by financial institutions (especially credit guarantee for housing related loan)

Domestic unsecured consumer loan balance



Credit guarantee balance at nonbanks



• Balance of nonbank market refers to month end loan balance at consumer finance companies and credit card companies registered with Japan Financial Services Association excluding unsecured housing related loan and secured loan. Bank market refers to balance of loan extended to consumers by domestic banks and credit associations through credit card. Credit guarantee balance at nonbanks refers to credit guarantee balance, total of unsecured loans, housing related loans and other loans

Source: Japan Financial Services Association and Bank of Japan

- Strength in credit guarantee business is capability to develop customized product taking market demand into consideration
- Going forward, focus on credit guarantee for property related loan taking advantage of property related know-how

Our strength

Strategy

- Product development capability
 - ✓ Capability to develop new product and marketing model quickly to meet market demand
 - ✓ Develop unique new product
 - ✓ Secure high profitability by providing partnered banks with sales know-how
- Unique screening of property related loan
 - ✓ Capitalizing on know-how accumulated in nonbank market, conduct credit screening for property related loan which does not meet generic credit screening standard of financial institutions

- Reinforce credit guarantee for property related loan
 - ✓ Expand partnership with major and medium-sized house manufacturers
Increase from 20 companies to 60 companies in three years
- Expansion of partnership network
 - ✓ Expand partnership with regional banks
- Enhance profitability by improving cost structure
 - ✓ Optimization of personnel composition



Three-year target

Unit: 100 million yen

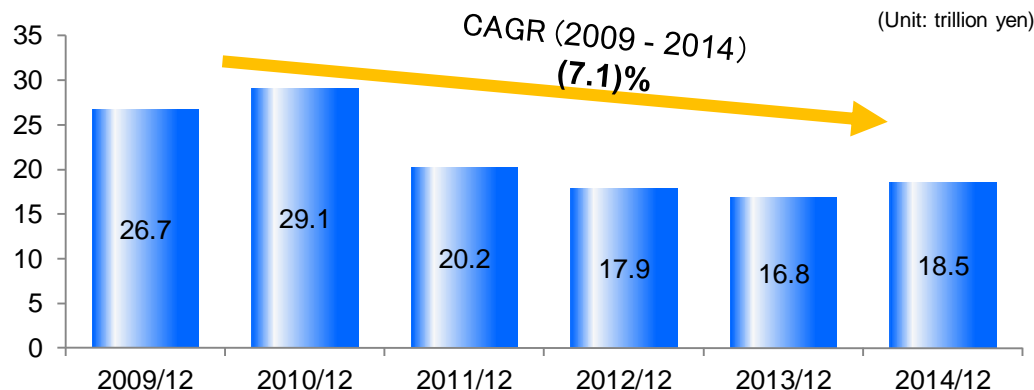
	Current	In 3 years
Credit guarantee balance for property related loans	225	850
Fee income from credit guarantee for property related loans	8	15

- Only business with approval from Ministry of Justice can operate servicer business and high level of compliance is required under strict regulation
- Market of receivables handled by domestic servicers is shrinking

Market environment of servicer business

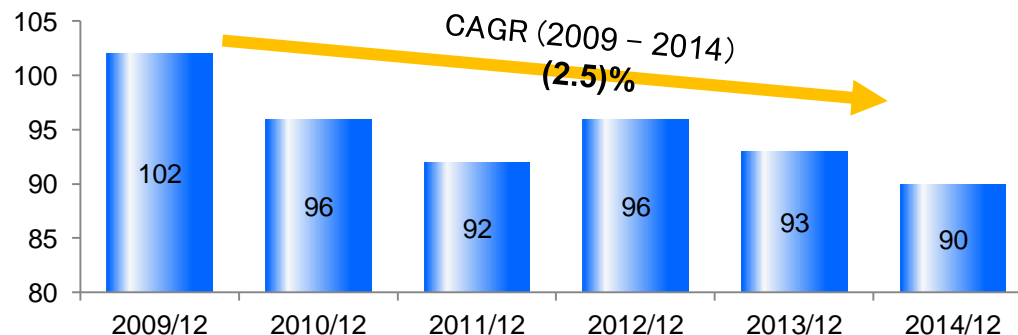
- ✓ Shrinking market
5 years ago: 27 – 30 trillion yen
Current: 18 trillion yen
- ✓ Decrease in number of servicers
Exit by foreign servicers
- ✓ Ratio of business loan increasing while NPL market shrinks

Amount of receivables handled by servicers



Source: Ministry of Justice

Number of servicers



Source: Ministry of Justice

➤ Achieved IRR above 40%

Achievement in collection of NPL in Japan (as of end March 2015)

(Unit: 100 million yen)

Period since acquisition of receivable	Principal balance	Purchase price (a)	Cumulative total of collection (b)	Return on investment (b)/(a)
4 years and more	1,320	64	136	213%
Between 2 and 4 years	817	18	32	178%
Less than 2 years	1,158	34	11	32%
Total	3,297^{*1}	117	180	

IRR
43.0%^{*2}

Note 1: Excluding receivables entrusted by financial institutions

Note 2: IRR calculated based on receivables which are purchased more than two years ago.

4-1. Domestic Financial Business: Strength and Strategy in Receivable Collection Business

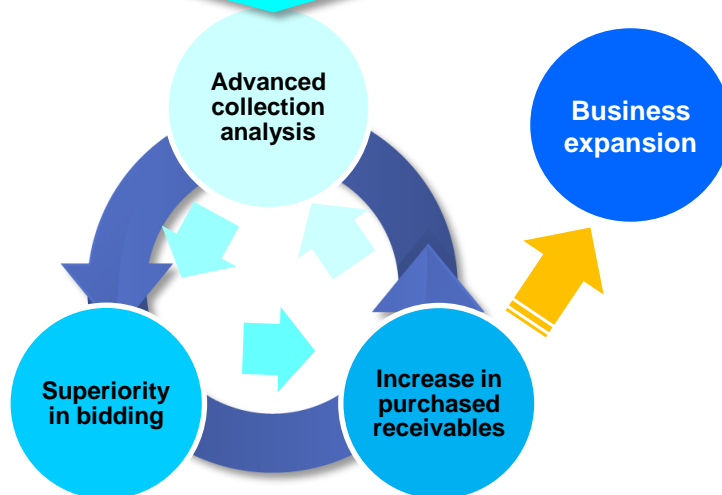
- Top rated collection capability based on know-how possessed by employees with various background
- Good cycle of advancement in collection analysis ⇒ superiority in bidding ⇒ increase in purchased receivables
- Aim at further expansion through M&A and reinforcement of business loan collection services

Our Strength

- ✓ Strength in collection from consumer loans with high profitability
- ✓ Supported by advanced collection analysis, superiority in bidding
- ✓ Strong sales team to establish various strategies

Strategy

- ✓ Pursue profit of remaining players through M&A of competitors while number of domestic servicers decrease
- ✓ Enhance business loan collection services
- ✓ Enter business rehabilitation services
- ✓ Increase balance of receivables entrusted for collection from financial institutions



Three-year target

(Unit: 100 million yen)

	Current	In 3 years
Principal balance	3,400	5,000
Operating income	15	20

4-1. Domestic Financial Business: Three Year Plan for Credit Guarantee Business and Receivable Collection Business

- In credit guarantee business, aim to achieve operating income of 2.4 billion yen in three years by increasing credit guarantee balance for rental housing loans
- In receivable collection business, estimate increase in operating income to 2 billion yen in three years through increase in principal balance of receivable

Profit plan

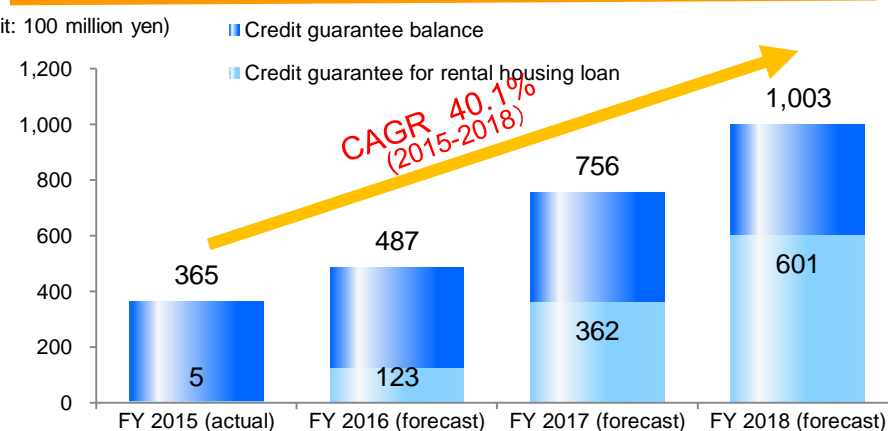
(Unit: 100 million yen)

	FY 2015 (actual)	FY 2016 (forecast)	FY 2017 (forecast)	FY 2018 (forecast)
Operating revenue ^{*1}	120	111	111	115
Credit guarantee business	79	67	63	62
Receivable collection business	39	38	41	47
Operating income	25	32	40	44
Operating profit ratio	21%	29%	36%	38%
Credit guarantee business ^{*2}	10	20	24	24
Operating profit ratio	13%	30%	38%	37%
Receivable collection business	15	12	16	20
Operating profit ratio	38%	32%	39%	43%

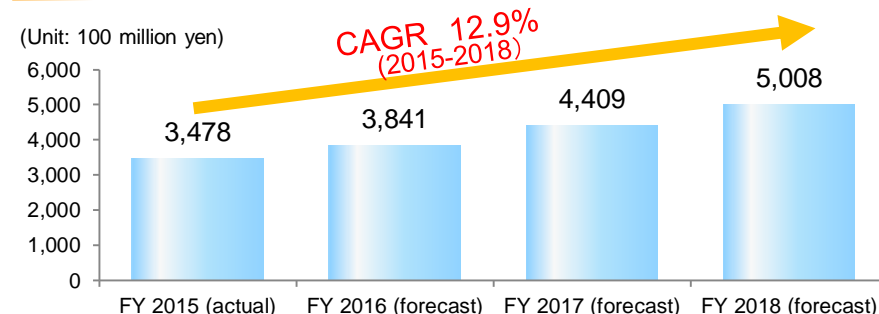
Note 1: Total operating revenue and operating income includes figures for credit card business in addition to credit guarantee business and receivable collection business.

Note 2: Figures in credit guarantee business include figures of financial business and business to collect off-balance receivable at Nihon Hoshou.

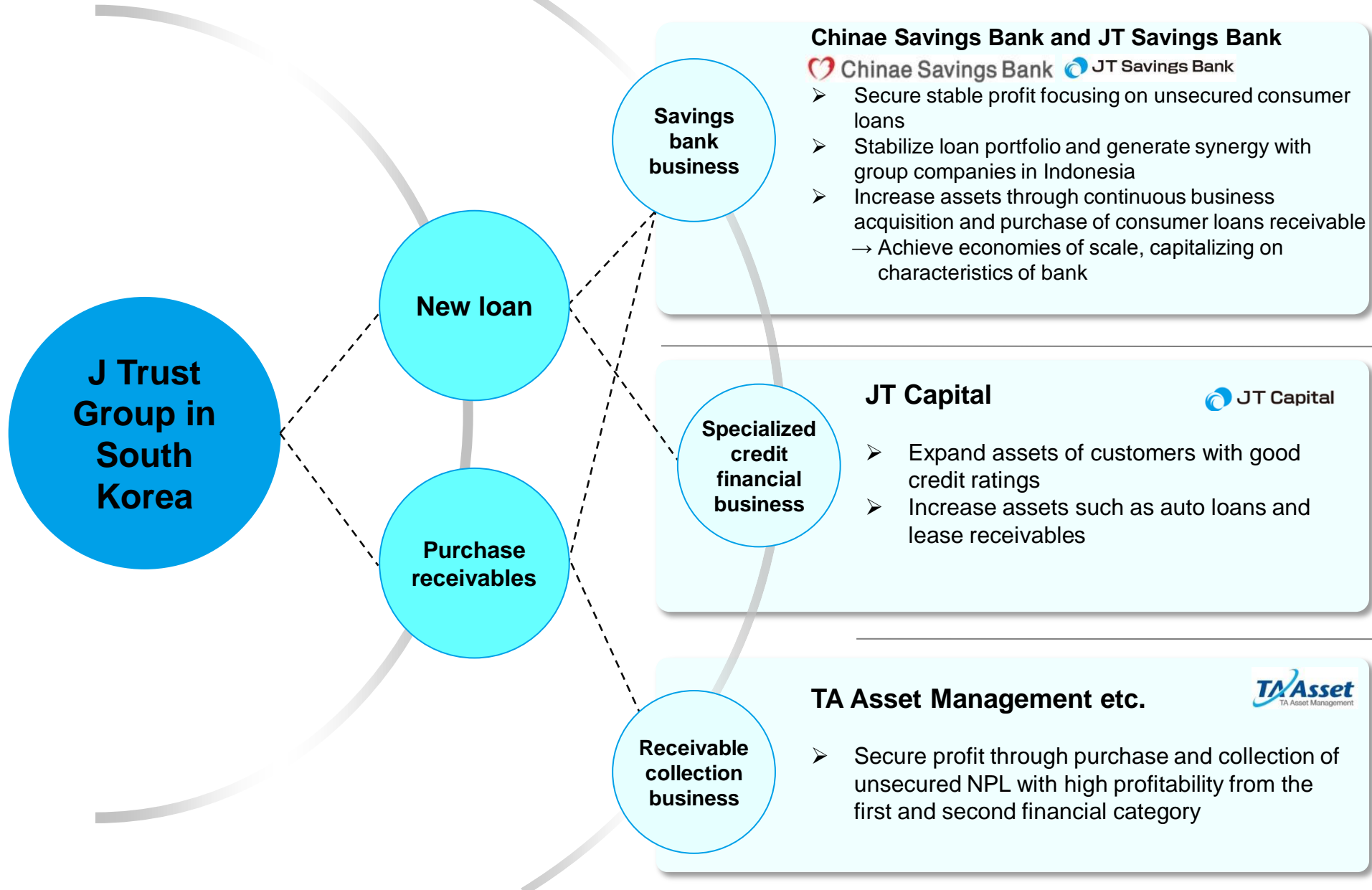
Credit guarantee balance



Principal balance



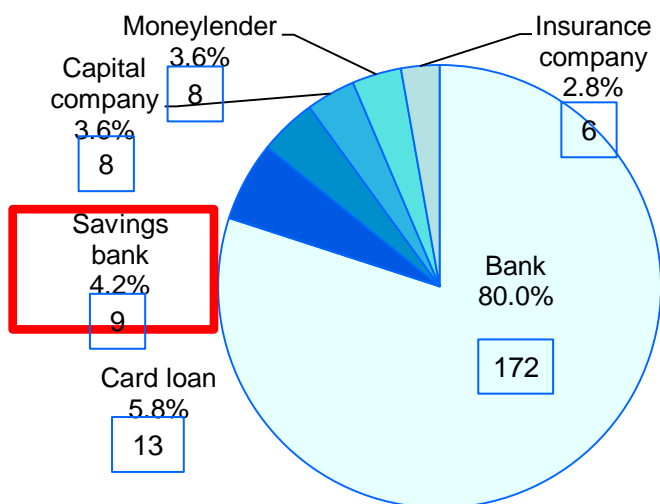
4-2: Financial Business (South Korea)



4-2-1 : Savings Bank Business and Capital Business

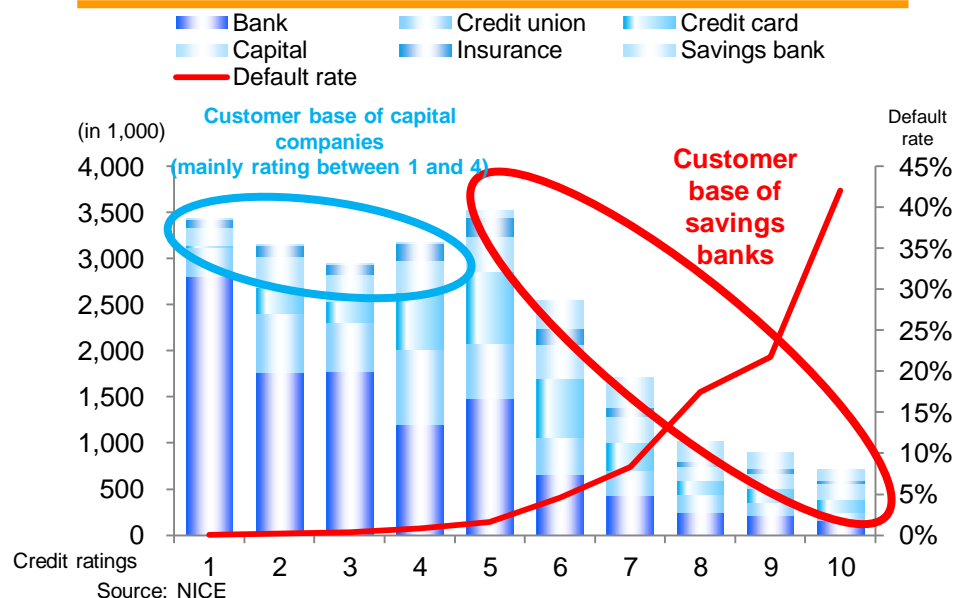
- Share of savings bank industry in total loan balance in South Korea: 4.2%
- Loan balance of savings bank industry stays at similar level
- Savings banks handle loan mainly for individual customers with credit ratings between 5 and 9, relatively high probability of default

Breakdown of loan balance (Unit: trillion won)



Source: Financial Services Commission, Financial Supervisory Service and Korea Institute of Finance

Distribution of credit ratings and default rate



Increase in loan balance for overall industry

CAGR of loan balance (from 2011 till 2014)	
Total consumer loan balance	5.9%
Disbursed by savings banks	0.3%

Source: The Bank of Korea

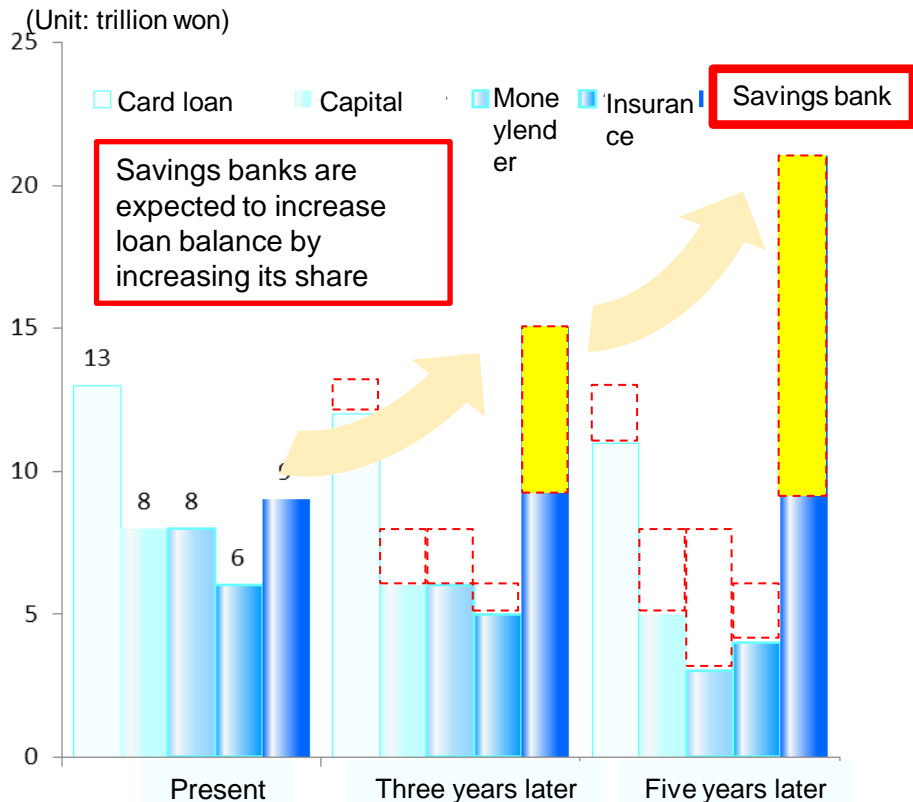
Number of customers (in 10,000)

	Bank	Credit card	Savings bank	Capital	Insurance
Number of customers	1,076	333	122	268	114

Source: NICE

- Change in regulatory environment for capital industry presents great opportunity for savings banks to increase its share
- Aim to increase loan balance in target market (loan by financial institutions other than banks)

Target market of Chinae and JT Savings (lending)



Source: J Trust based on data from Financial Services Commission and Financial Supervisory Service

Trend in target market

- Increase in savings banks' share in target market
 - ✓ Change in regulatory environment for capital industry (Regulation of financial authorities requires capital companies to reduce consumer loan)
 - ✓ From end of 2014, transfer of moneylenders' receivables is allowed
- While other industry's share decline in 2013 and 2014, savings banks' share expanded

- Focus on consumer loan with high profitability of 5%
- Combined assets of Chinae Savings Bank and JT Savings Bank rank third in savings bank industry

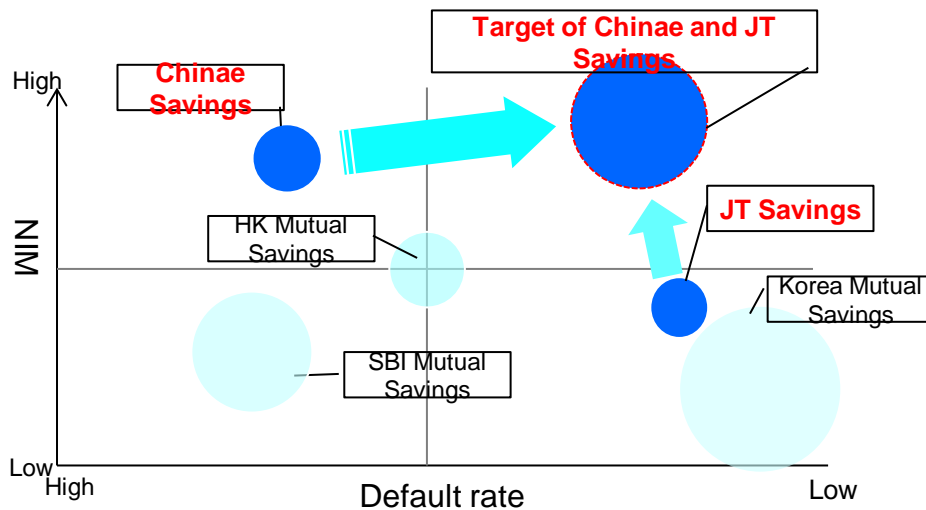
Lending interest rate and default rate

	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%

Portfolio of savings banks (image)

	Unsecured consumer loan	Business loan	Secured loan
Chinae and JT Savings	High profitability		
SBI Mutual Savings			
HK Mutual Savings			

Strategic positioning of Chinae and JT Savings



Asset ranking of savings banks

Name	Total assets	Deposits	Loans	# of branch offices
SBI Mutual Savings (total of 4 banks)	38,173	32,959	30,488	20
HK Mutual Savings	19,973	17,386	19,469	19
Chinae Savings and JT Savings	14,791	13,178	9,776	19
Korea Mutual Savings	14,269	11,186	13,384	12
Moa Mutual Savings	13,925	12,680	11,488	6
Chinae Savings	11,422	10,453	7,195	15
Dongbu Mutual Savings	10,963	8,670	6,652	9
Hana Savings	10,729	8,859	8,832	11
Shinan Mutual Savings	9,238	8,254	8,199	1
Pureun Mutual Savings Bank	9,138	7,010	7,657	5
	:	:	:	:
JT Savings	3,369	2,725	2,581	4

- Achieved default rate of 3% or less by utilizing credit screening know-how accumulated in Japan
- Reduced delinquency rate from 50% to 12% by utilizing collection know-how accumulated in Japan

Strength of Chinae and JT Savings Bank

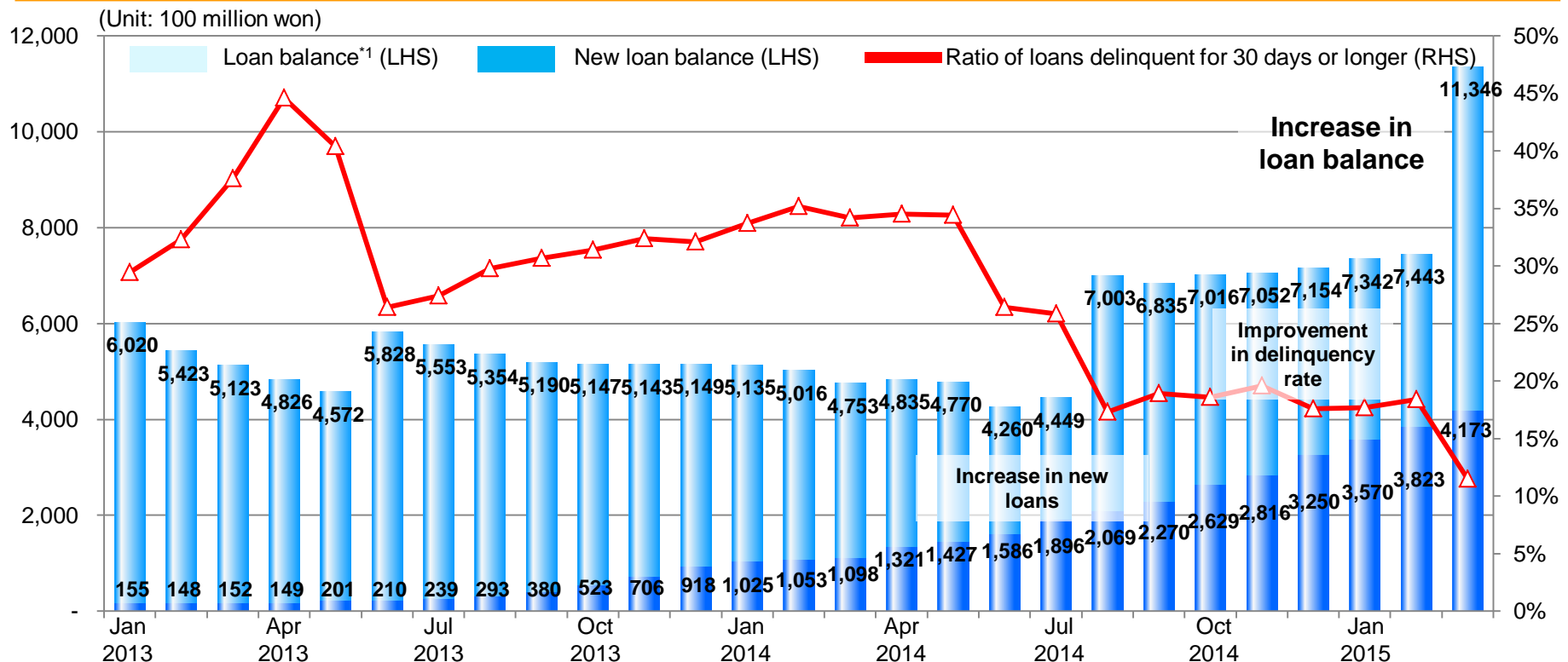
- Strong credit screening capability
 - ✓ Utilize credit screening know-how accumulated in Japan
 - Achieved default rate of 3% or less (competitors: 10 – 15%)
- Strong collection capability
 - ✓ Utilize collection know-how accumulated in Japan
 - Decrease in delinquency rate (From initial level of 50% to 12%)
- Strong product development capability
 - ✓ Developed more than 10 types of product in past two years
 - Automatic wire transfer system through smart phone application (first of its kind in the industry)
 - Daily installment loan
 - Launched “Super refinance loan”



4-2. Financial Business (South Korea): Achievement of Chinae Savings Bank

- At one time, ratio of customers with extremely low probability of default increased to around 50% with new loan disbursement
- Accordingly, delinquency rate decreased significantly from 50% to 12%
- Loan balance steadily increased and achieved threefold increase in two years since its founding

Loan balance and delinquency rate of Chinae Savings Bank



Note 1: Loan balance includes purchased loan receivable

➤ Increase loan balance to 4 trillion won in three years while keeping high profitability

Strategy

Action

Three-year target

Strategy	Action	Three-year target																						
<ul style="list-style-type: none"> ✓ Improve profitability by increasing loans to consumers with good credit history 	<ul style="list-style-type: none"> ● Obtain JT Capital's customers with good credit history and focus on consumers with credit ratings ranging between 1 and 5. ● Reinforce marketing effort in newly expanded operating area (operating area expanded from 50% to 70% of total population) ● Gain customers more efficiently through continued mass marketing 	<table border="1"> <thead> <tr> <th></th> <th>Current</th> <th>Three year</th> </tr> </thead> <tbody> <tr> <td>Consumer loan balance</td> <td>900 billion won</td> <td>1.8 trillion won</td> </tr> <tr> <td>Credit ratings</td> <td>Average 6.9</td> <td>Average 5.8</td> </tr> <tr> <td>Cost to obtain a customer</td> <td>0.6 million won</td> <td>0.3 million won</td> </tr> <tr> <td>Ratio of loan to large corporations, secured loan and loan with government guarantees</td> <td>50% (900 billion won)</td> <td>55% (2.2 trillion won)</td> </tr> <tr> <td>Marketing effort towards South Korean companies with operation in Indonesia</td> <td></td> <td>830 companies</td> </tr> <tr> <td>Purchased receivables</td> <td></td> <td>1 trillion won in three years</td> </tr> </tbody> </table>		Current	Three year	Consumer loan balance	900 billion won	1.8 trillion won	Credit ratings	Average 6.9	Average 5.8	Cost to obtain a customer	0.6 million won	0.3 million won	Ratio of loan to large corporations, secured loan and loan with government guarantees	50% (900 billion won)	55% (2.2 trillion won)	Marketing effort towards South Korean companies with operation in Indonesia		830 companies	Purchased receivables		1 trillion won in three years	
	Current	Three year																						
Consumer loan balance	900 billion won	1.8 trillion won																						
Credit ratings	Average 6.9	Average 5.8																						
Cost to obtain a customer	0.6 million won	0.3 million won																						
Ratio of loan to large corporations, secured loan and loan with government guarantees	50% (900 billion won)	55% (2.2 trillion won)																						
Marketing effort towards South Korean companies with operation in Indonesia		830 companies																						
Purchased receivables		1 trillion won in three years																						
<ul style="list-style-type: none"> ✓ Stabilize loan portfolio 	<ul style="list-style-type: none"> ● Increase loan to large corporations ● Increase secured loan and loan with government guarantees ● Disburse loan to South Korean companies which have operation in Indonesia capitalizing on synergy with our business in Indonesia 																							
<ul style="list-style-type: none"> ✓ Expand purchase of receivables through business acquisition 	<ul style="list-style-type: none"> ● Purchase consumer loan receivable from capital companies 																							

4-2-2: Receivable Collection Business (South Korea)

- Capitalizing on Group's collection capability, achieved IRR of 26%
- Recover cost in three years and forecast to achieve ROI of 250% and higher in five years

TA Asset's achievement in collection of NPL

	Number of month since purchase	Principal amount	Purchase price (a)	Accumulated collection (b)	Return on investment (b)/(a)
A Bank	12	36.7	5.6	3.9	68.2%
B Bank	7	159.9	16.2	6.6	40.7%
C Bank	5	75.7	9.9	2.3	23.3%
D Bank	4	70.5	8.8	1.2	14.0%
E Bank	3	69.1	9.1	1.8	19.7%
F Bank	2	85.0	10.0	1.1	10.8%
Total		496.9	59.6	16.9	28.4%

IRR
 (estimate)
Above
26%*1

(Unit: 100 million won)

Note 1: Estimate IRR assuming that the current collection pace continues for five years

- Focus on collection of unsecured NPL with high growth, high profitability and estimated ROI of 250%

TA Asset Management's target market

 Target market

	Expected market size (unit: trillion won)	Annual market growth rate	Profit (simulation)			
			Principal	Purchase price(a)	Collection total (forecast)(b)	ROI (b/a)
Unsecured NPL	3.3	10.0%	100	10	25	250%
Receivable structured through individual rehabilitation program and credit recovery program	8.0	19.3%	100	70	80	114%
Property –based NPL	25.7	0.0%	100	110	115	105%

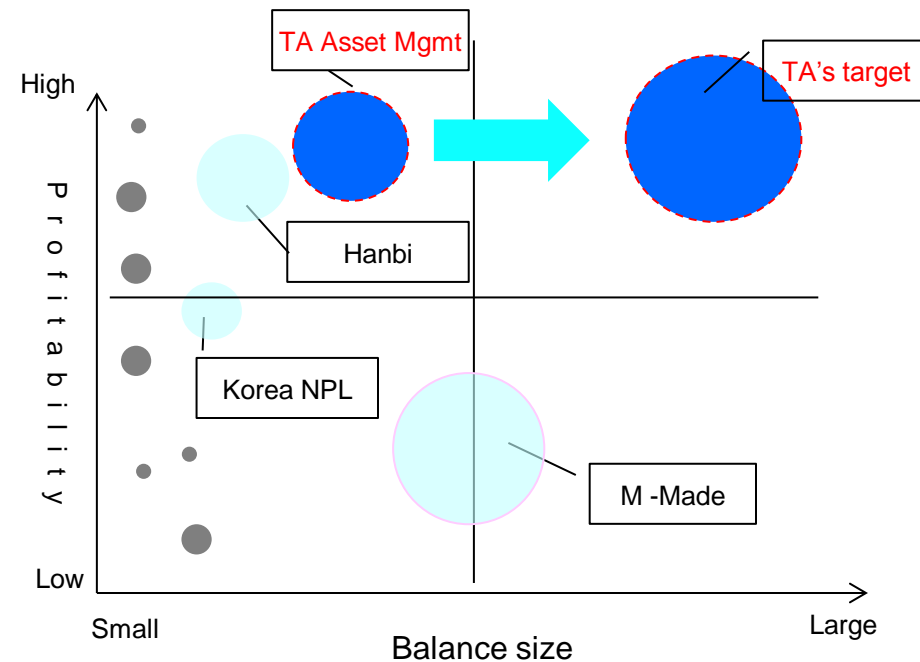
Source: analysis by J Trust

- Establish and reinforce competitive superiority in unsecured NPL market with many small sized business and limited number of business which can participate in large scale auction

Characteristics of unsecured NPL market

- Not many participants
 - ✓ Labor intensive business
 - ✓ High level of internal control required
 - ✓ Collection know-how is required
- Many small sized business
 - ✓ Due to funding restriction, limited number of companies can participate in large scale auction of NPL

Strategic positioning of TA Asset Management



- Supported by strong collection capability and high level of compliance, possess top rated competitive power

Strength of TA Asset Management

- Strong collection capability

- Top rated collection capability
 - ✓ Integration of know-how accumulated in Japan and South Korea
 - ✓ Collection handled by top rated employees experienced in receivable collection market in South Korea
 - ✓ With branch offices throughout South Korea, door-to-door collection is possible
- Strong collection capability enables us to bid high. Hence high probability to succeed in bidding

- High level of compliance

- Strong focus on compliance
 - ✓ Enables participation in large scale NPL auctions by megabanks
 - ✓ Never received instructions from financial authorities
 - ✓ Introduced management structure of bank quality under executives with experience in banking industry

- Supported by strong collection capability and high level of compliance, aim to become the number one unsecured loan collection business operator

Strategy in receivable collection business

- Specialize in unsecured NPL collection business
- Focus on compliance and monitoring

Action

- Invest management resources in unsecured NPL collection business
 - ✓ Introduction of automated dialing system
 - ✓ Regularly contact all financial institutions
- Appoint full-time advisor with background in Financial Supervisory Service (former Deputy Commissioner)
- Reinforce employee training
- Hire human resources with qualification as a lawyer
- Rigorous monitoring by compliance team

Numerical target

	Current	In three years
Principal balance	260 billion won	1 trillion won
Principal per employee	4 billion won	8 billion won
ROI	Maintain 250%	

- To expand receivable collection business, promote reinforcement of internal control
 - ✓ When multiple banks conducted due diligence on us as a counterparty for sales of receivable, they praised us for having the highest level of internal control including handling of personal information as a receivable collection business operator

With Legal Compliance Audit Team placed directly under Representative Director, promote high level of internal control utilizing knowledge in banking industry and inspection know-how of Financial Supervisory Service and proactively participate in volunteer activities

- Installed two experienced executives and one full-time advisor

One of executive's background: After management related position in Japan, assigned as Director of Chinae Savings Bank
Another executive's background: After 19 years with mega bank in South Korea, worked as Representative Director of a savings bank

Hired former Deputy Commissioner of Financial Supervisory Service who worked for Financial Supervisory Service for 13 years

➤ History and measure

- Eight years since its founding in 2006, never received instruction in audit and inspection by governing authorities
- In October 2012, received "Cabinet Chairperson Award" in recognition of our social contribution activities
- Mandatory recording of all conversation via phone and home visit and Legal Compliance Audit Team conducts daily monitoring
- Established department in charge of main phone line and avoid concealment of claims through handling of claims by somebody other than interested parties
- Obligates daily reporting to executives on current situation involving claims
- Same as servicers supervised by Ministry of Justice in Japan, preparing to hire attorney(s) as employee(s)

➤ Internal group training



- Increase balance of receivable and aim to achieve operating revenue of 63.2 billion yen and operating income of 8.3 billion yen in three years

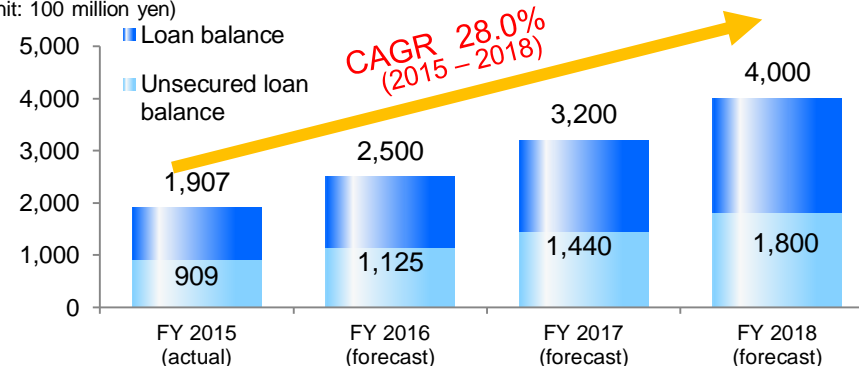
Profit plan

(Unit: 100 million yen)

	FY 2016 (forecast)	FY 2017 (forecast)	FY 2018 (forecast)
Operating revenue	300	408	632
Savings banks & capital company	283	380	590
Receivable collection	17	28	42
Operating income	25	55	83
<i>Operating profit ratio</i>	<i>8%</i>	<i>13%</i>	<i>13%</i>
Savings banks & capital company	19	42	68
Operating profit ratio	7%	11%	12%
Receivable collection	6	13	15
Operating profit ratio	35%	46%	36%

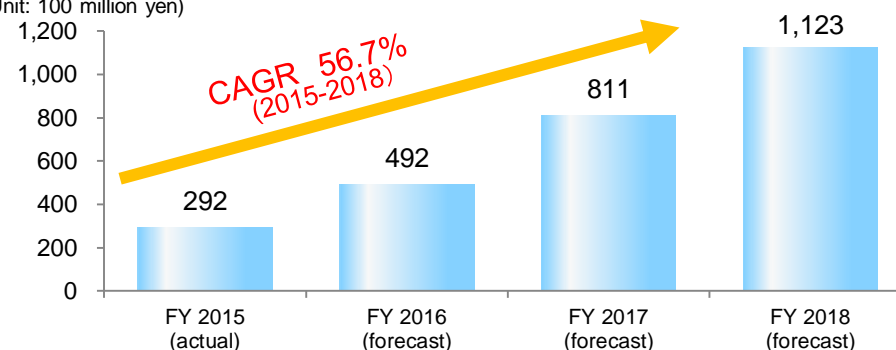
Operating assets of savings banks and capital company

(Unit: 100 million yen)



Principal balance of receivable in receivable collection business

(Unit: 100 million yen)



4-3 : Financial Business (Southeast Asia)

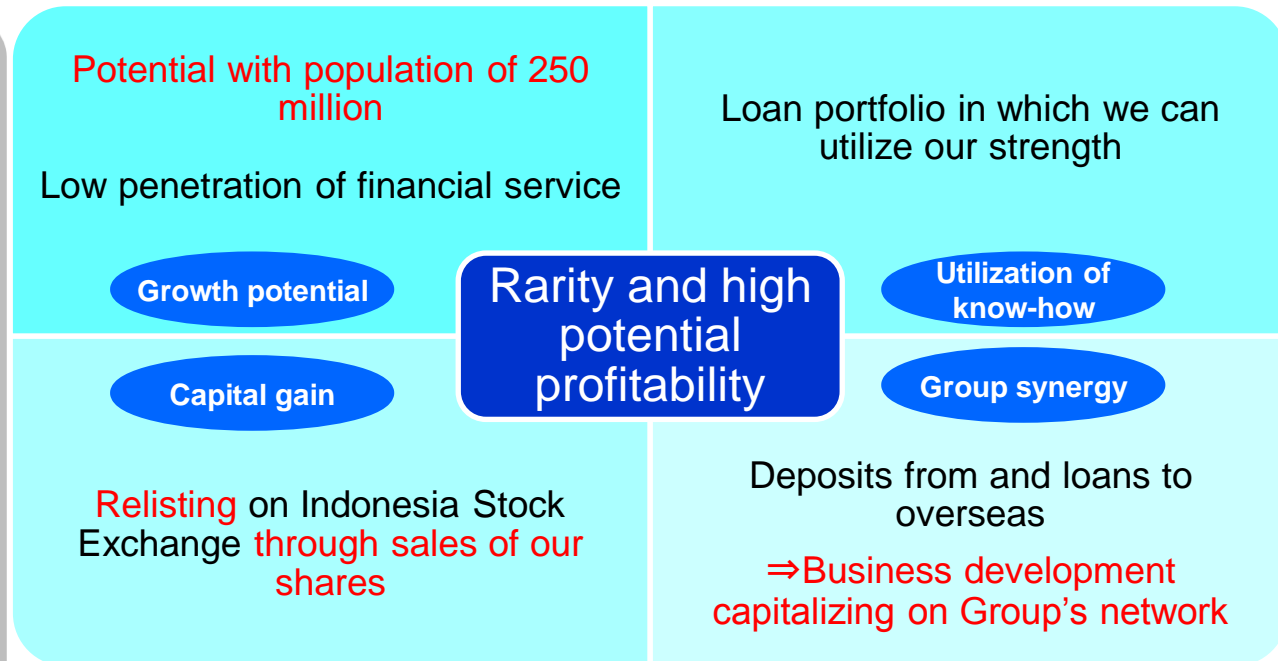
- With reinforcement of restriction on foreign ownership in Indonesia underway, acquired 100% shares of commercial bank as a growth driver for the future

Overview of Bank J Trust Indonesia

- Extremely rare opportunity for foreign company to acquire 100% shares of commercial bank

- In 2014, auction took place and J Trust was chosen as a successful bidder out of 11 companies

- Total assets approx. 110 bil. yen
- Net assets approx. 12 bil. yen
- Number of branch offices: 62
- Number of employees 1,500



As a wholly owned subsidiary, we control local operation by sending experienced management from J Trust Group

- By sending experienced management from J Trust, control local operation



Mr. Koh Yang Guan

Commissioner Independent

- Managing Director, Monetary Authority of Singapore(1998-2005), Permanent Secretary in Ministry of Defence, Commissioner of Inland Revenue, Permanent secretary, Ministries of Health and National Development
- Currently, Chairman of the Singapore Deposit Insurance Corporation and Singapore's Ambassador to Greece
- Master of Applied Science and MBA
- Honorary Doctorate, University of Toronto



Mr. Nobiru Adachi

President Commissioner

- Ministry of Finance, Executive Officer, Jasdac Securities Exchange, Inc., Country Head for Japan, ETF Securities Ltd., Chairman and CEO, M&A Solutions Japan Co., Ltd.
- Currently, Representative Director and Senior Managing Director, J Trust Co., Ltd.
- Faculty of Law, University of Tokyo



Mr. Yoshio Hirako

Director

- Joined the Sanwa Bank Limited., engaged in e-business, internet banking planning, corporate sales planning. Joined currently AEON Bank, Ltd. in 2006. Executive Officer of AEON Bank, CEO of AEON Community Bank, Ltd., Director of AEON Credit Service Co., Ltd.
- Faculty of Law, University of Tokyo



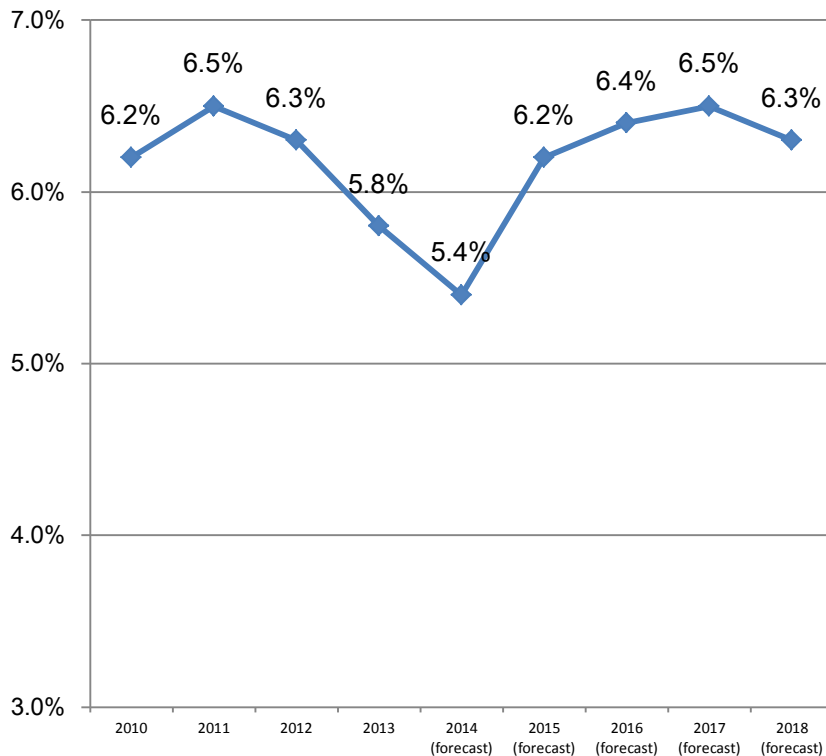
Mr. Eihito Tamura

Director

- Joined EDGE Co Ltd. (currently LINE Corporation) engaged in consulting business and establishment of banks. Became CEO of Bitcash Inc. in 2005. Became Executive Director of Cecile Co., Ltd.
- Faculty of Engineering, University of Tokyo

- With 4th largest population (250 million) and high GDP growth rate (averaging above 6%)
- Half of population is 28 years or younger and expansion of middle income bracket is expected

Real GDP growth rate in Indonesia



Source: United Nations data

Population and average age in Southeast Asia

Country	Population (million)	Average age (approximate)
Indonesia	250	28
Vietnam	90	28
Philippines	90	23
Thailand	65	34
Myanmar	65	27
Cambodia	30	22
Malaysia	30	27
Singapore	5.5	38

Source: United Nations data

4-3. Financial Business (Southeast Asia): Market Environment of Banking Industry in Indonesia

- Compared with banking industry in other countries of Southeast Asia, low penetration in Indonesia (low ratio of loans to GDP), meaning higher return
- High growth market with annual expected average growth rate of loan above 21% and deposit above 20%

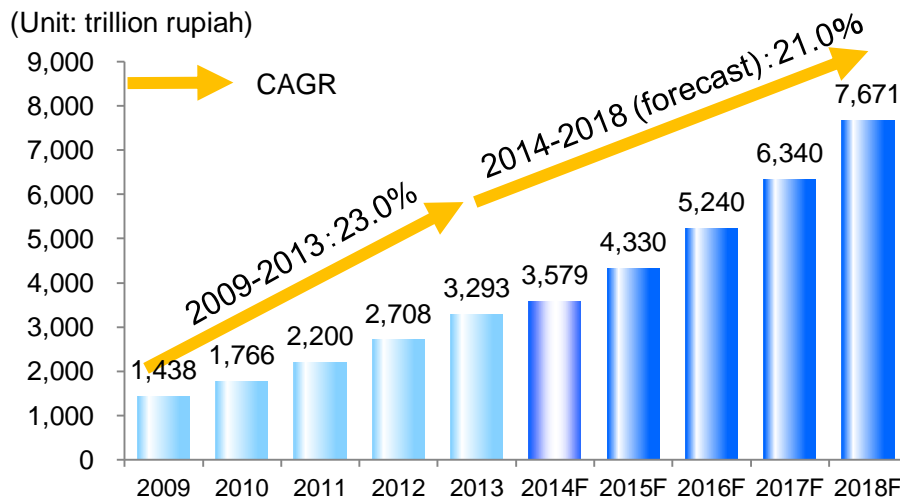
Loans to GDP in Southeast Asia (2013)

Indonesia	Philippines	Malaysia	Thailand	Singapore
34.8%	36.3%	120.9%	85.5%	151.9%

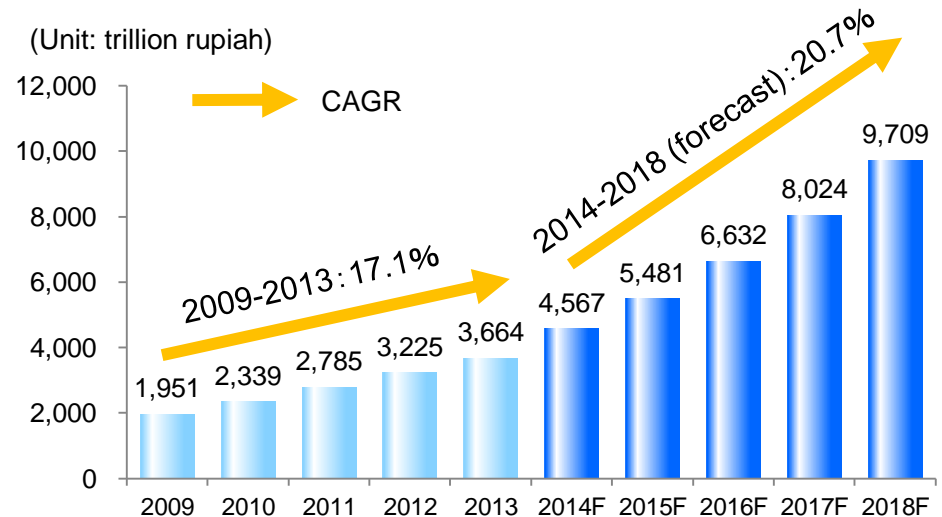
ROA of banking industry in Southeast Asia (2013)

Indonesia	Philippines	Malaysia	Thailand	Singapore
3.1%	1.9%	1.5%	1.3%	1.2%

Total loan balance in Indonesia



Total deposit balance in Indonesia

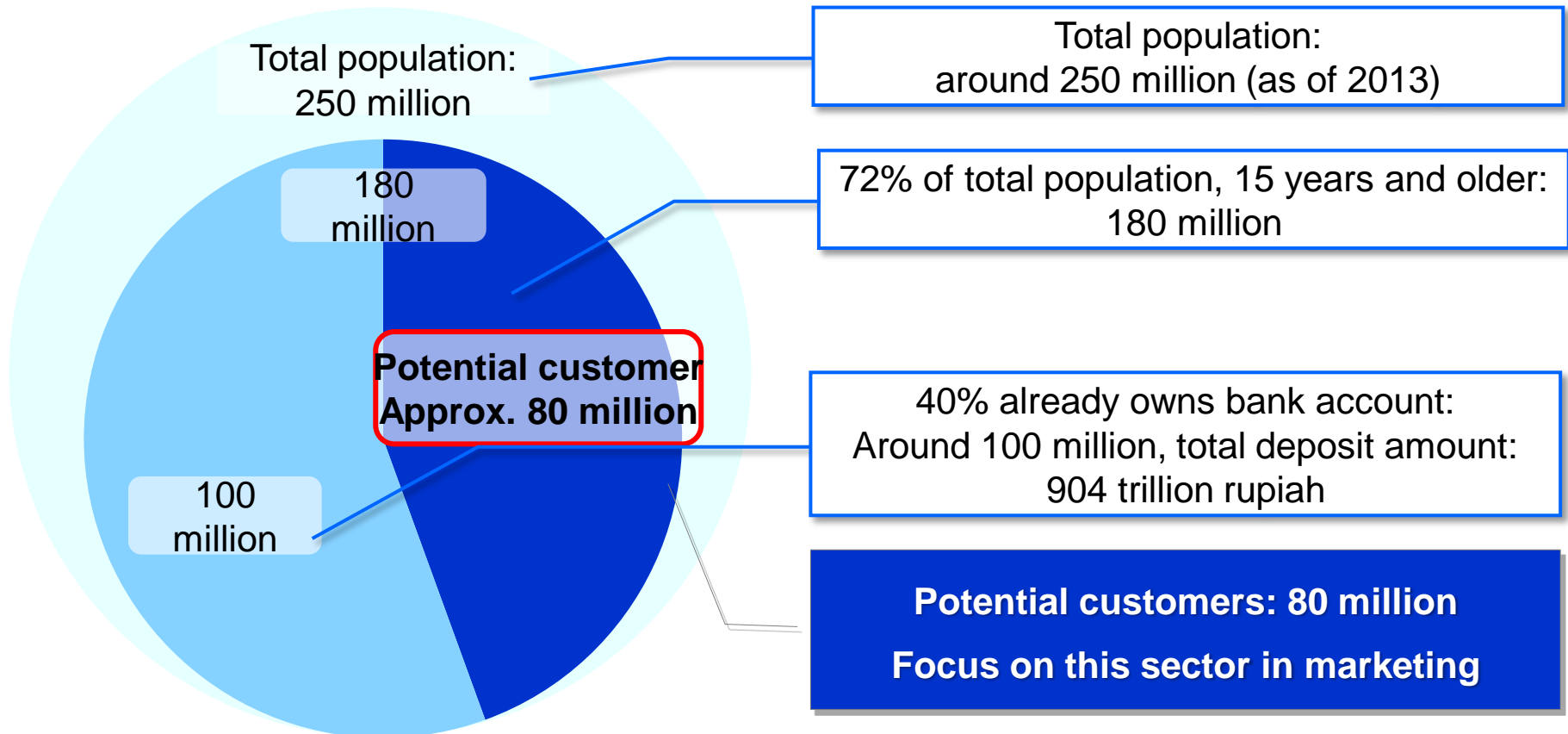


Source: Annual Report of Bank Indonesia

4-3. Financial Business (Southeast Asia): Target Customer Base for Bank J Trust Indonesia



- Only 40% of total population own bank accounts and more than 80 million people, comparative to total population of Philippine and Vietnam are potential customers with increase in their income



Source: Data BI April 2012, Data Badan Pusat Statistik (Sensus Penduduk 2010) and Data Lembaga Penjaminan Simpanan April 2012

4-3. Financial Business (Southeast Asia): Competitor Analysis of Bank J Trust Indonesia

- Under the control of Deposit Insurance Cooperation, could not take proactive stance in increasing loan and deposit balance for a long time
- Relative to competitor average, loan and deposit balance per branch is about half, inefficient
- Due to high dependency on major customers, average deposit interest rate is higher than competitors by 3.8%

Average loan balance per branch (100 million rupiah)

Bank J Trust Indonesia Best in class Competitor average

1,830 10,040 3,540

Average lending interest rate

Bank J Trust Indonesia Best in class Competitor average

9.1% 10.1% 8.4%

Average deposit balance per branch (100 million rupiah)

Bank J Trust Indonesia Best in class Competitor average

1,890 9,630 3,580

Average deposit interest rate

Bank J Trust Indonesia Best in class Competitor average

7.9% 2.7% 4.1%

Source: Company disclosure (as of 2013)

- “Strength times opportunities” ⇒ Aggressively increase loans for consumers and SME and enhance fee income area. Moreover, increase loan balance by utilizing Group’s overseas network
- “Weakness times opportunities” ⇒ Reduce funding interest rate to the level comparable to peers

Strength, weakness and strategy

Strength

- 62 branch offices covering most major cities
- Partnership with many multi-finance companies
- With FOREX license, able to handle foreign exchange related services
- High ratio of fee income

Weakness

- High ratio of NPL and potential NPL as legacy
- High concentration of deposit on major customers and high funding cost
- High SG&A ratio and inefficient
- Negative image as failed bank

Opportunity

- High GDP growth rate and expansion of middle income population in need of banking service
- Large room for average deposit interest rate to decrease
- Low penetration of unsecured consumer loans and huge market to cultivate
- Increase in needs for mortgage loan
- Utilization of our overseas network

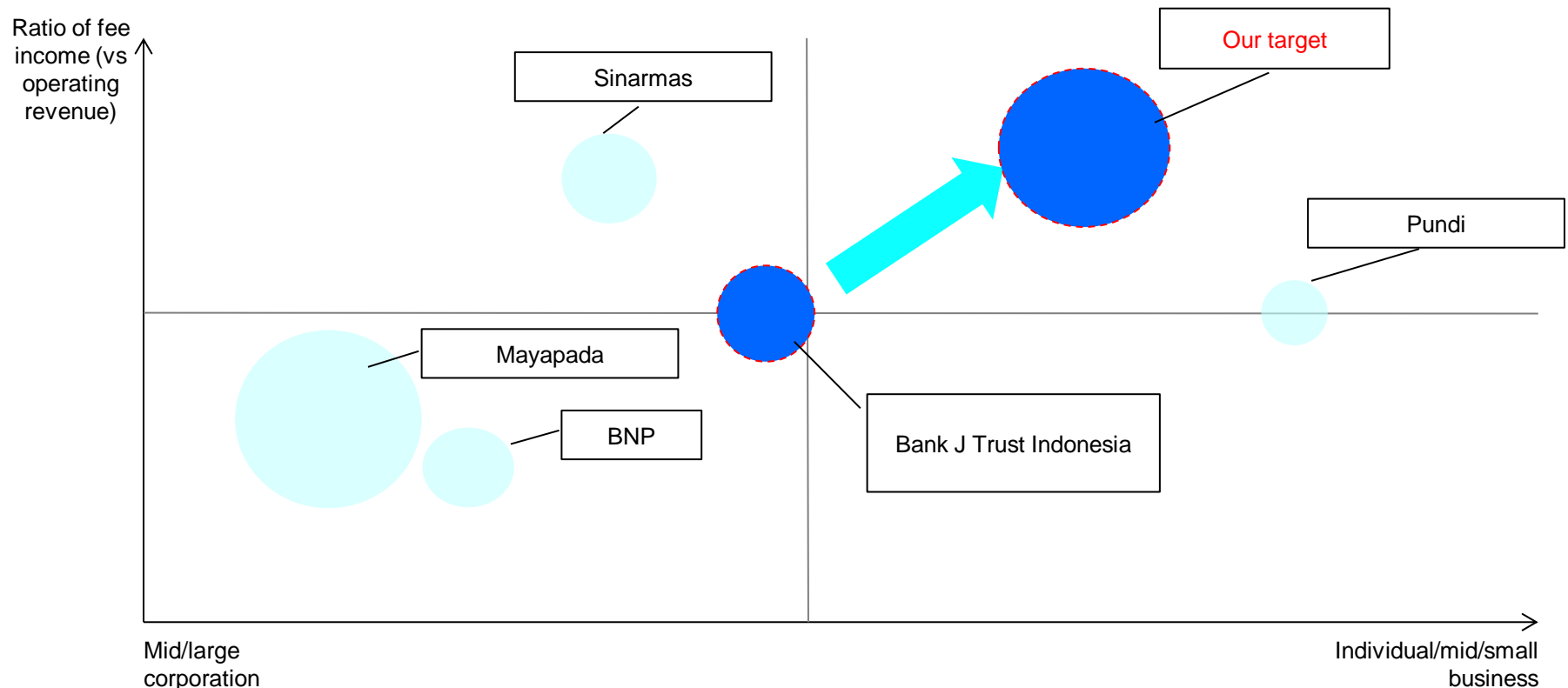
Strategy

- Expansion of loan for consumers and SME
- Enhancement of fee income
- Increase loan balance through utilization of overseas network
- Reduce funding interest rate through increase in savings accounts and deposits from overseas



- While competitors of similar size focusing on loan for medium sized and large corporations, focus on expansion of loan for consumers and SME capitalizing on our strength
- Utilizing its strength, tackle reinforcement of fee income

Strategic positioning of Bank J Trust Indonesia



- Achieve threefold increase of SME loan, twofold increase of loan in multi finance business, threefold increase of loan for overseas entities in three years

Strategy

Action

Three-year target

➤ Expand loan balance for SME and consumers

➤ Reduce funding interest rate

➤ Utilize overseas network and expand fee income

- ✓ Expand SME loan balance utilizing branch network
- ✓ Expand balance through expansion of partnership with multi-finance companies, mainly in auto leasing
- ✓ Hire human resources for sales and marketing
- ✓ Expand low interest rate deposit (CASA) through utilization of branch network and mobile banking
- ✓ Lower average deposit interest rate through increase in foreign currency denominated deposits
- ✓ Improve reputation by trade name change and mass marketing
- ✓ With our network in Japan, South Korea and Southeast Asia, increase loan for foreigners and overseas entities
- ✓ Increase fee income and money exchange income

	Current	In three years
SME loan (trillion rupiah)	3.8	13
Multi-finance (trillion rupiah)	2.4	5.2
Average deposit interest rate	8.17%	7.0%
CASA ratio	10.3%	29.2%
Balance of loan to overseas entities (trillion rupiah)	0.7	2.1
Fee income (trillion rupiah)	0.09	0.25

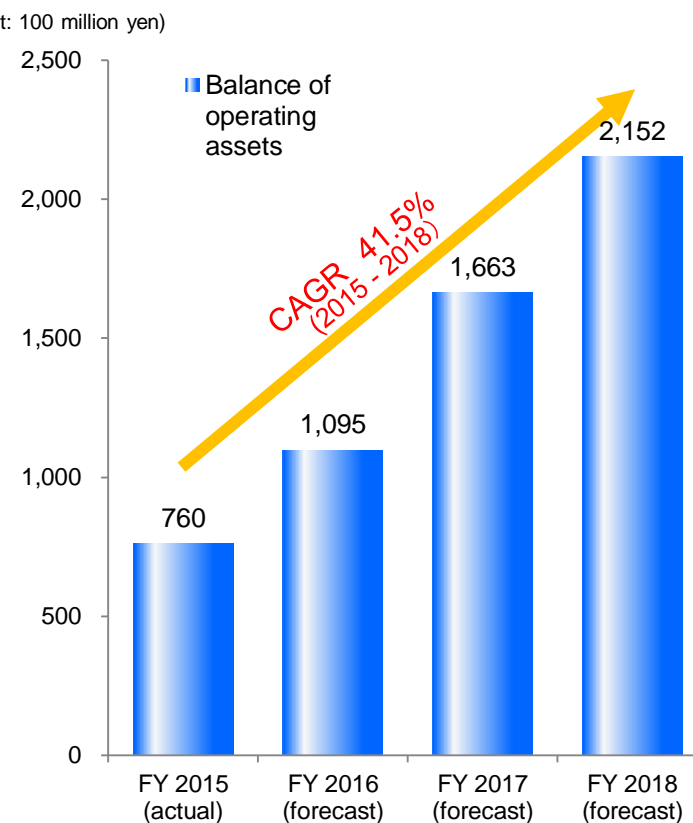
- Aggressively increase balance of operating assets centering on loan for consumers and business
- Forecast to generate operating income of 5.3 billion yen as a core business in the third year

Profit plan

(Unit: 100 million yen)

	FY 2016 (forecast)	FY 2017 (forecast)	FY 2018 (forecast)
Operating revenue	120	229	303
Operating income	15	32	53
Balance of operating assets	1,095	1,663	2,152
Average lending interest rate	12.7%	12.9%	13.4%
Average deposit interest rate	8.2%	7.5%	7.0%
NIM	4.5%	5.4%	6.4%

Operating assets balance



4-4 Non-Financial Business

- Shift from operation of game arcades to comprehensive amusement business utilizing contents
- Overseas operation of amusement facilities which meet local needs in Southeast Asia etc.
- Started development of amusement related machines as the area for future growth

Strategy

Action

Three-year target

- Countrywide operation of facilities which utilize contents such as anime



- Expand comprehensive amusement business utilizing contents

- Start overseas operation of amusement facilities

- Invest in new area for future growth

- ✓ Increase number of contents facilities by conversion of existing facilities and establishment of new facilities
- ✓ Plan and implement countrywide collaborative events
- ✓ Reinforce relationship with licensors
- ✓ Develop original contents
- ✓ Generate added value from utilization of original contents (prize, product sales, slot machine for pachinko parlors and media etc.)

- ✓ Enter expanding overseas market

- ✓ Possess function to manufacture slot machines for pachinko parlors

	Current	In three years
Number of contents facilities	4	12
Number of collaborative events	25	75

Conduct advance investment to build foundation for future growth

Note 1: (C) Café Nowhere / Hamatora
(C) 2015 avex music creative Inc. All rights reserved.

- Expand profit from domestic real estate business
- Supported by housing of Japanese quality, aim to enter Southeast Asia

Strategy	Action	Three-year target										
<ul style="list-style-type: none"> ➤ Expand profit from domestic real estate business 	<ul style="list-style-type: none"> ✓ Increase number of ready-built houses by expansion of sales area and project size ✓ Reduce cost by increasing ratio of own construction ✓ Expand number of commercial facility construction orders including new area by capitalizing on our construction capability 	<table border="1"> <thead> <tr> <th></th> <th>Present</th> <th>In three years</th> </tr> </thead> <tbody> <tr> <td style="background-color: #0070c0; color: white;">Number of ready-built houses sold</td> <td style="text-align: center;">85</td> <td style="text-align: center; color: red;">130</td> </tr> <tr> <td style="background-color: #0070c0; color: white;">Ratio of own construction</td> <td style="text-align: center;">12%</td> <td style="text-align: center; color: red;">75%</td> </tr> </tbody> </table>		Present	In three years	Number of ready-built houses sold	85	130	Ratio of own construction	12%	75%	
	Present	In three years										
Number of ready-built houses sold	85	130										
Ratio of own construction	12%	75%										
<ul style="list-style-type: none"> ➤ Operate real estate business in Southeast Asia capitalizing on Group's foundation 	<ul style="list-style-type: none"> ✓ Look for sales opportunities by integrating capability in planning and construction of residences of Japanese quality and local demands ✓ Generate synergy as a group through establishment of business scheme in collaboration with financial business 	<table border="1"> <thead> <tr> <th></th> <th>Present</th> <th>In three years</th> </tr> </thead> <tbody> <tr> <td style="background-color: #0070c0; color: white;">Number of commercial facility construction orders (*)</td> <td style="text-align: center;">25</td> <td style="text-align: center; color: red;">40</td> </tr> </tbody> </table>		Present	In three years	Number of commercial facility construction orders (*)	25	40	<p>* Number of orders for design or construction (5 million yen or larger per order)</p> <p>Aim at further profit expansion incorporating growth of real estate market in Southeast Asia</p>			
	Present	In three years										
Number of commercial facility construction orders (*)	25	40										

- Open facilities which provide in-home care support services and establish business to train licensed care providers to expand profits of existing business and develop new business
- Provide integrated elderly care services including hospitals etc.

Strategy

Action

Three-year target

➤ Expand profits from existing business through measures concerning “facility users” and “care providers”

- ✓ Open and operate facilities which provide in-home care support services next to approximately 700 day service offices countrywide to increase number of users and open nursing facilities which meet demands
- ✓ Establish additional services for FC
- ✓ Open vocational school to train licensed care providers capitalizing on own training scheme in view of acting as staffing agency

➤ In view of period when demand for elderly care service rises, provide one-stop elderly care services using day service as its first point of entry, integrating hospitals and large scale nursing homes

- ✓ Install a medical doctor as an outside executive at ADORES
- ✓ Conduct M&A utilizing group information network including that of J Trust

	Current	In three years
Number of facilities which provide in-home care support services	5	120
Number of care plans for users	130	7,200
Sales related to additional services for FC (100 million yen)	3.8	10
Operating profit ratio	(4.6)%	4.8%

Aim at further profit expansion through establishment of elderly care services of next generation and improvement of added value for users

4-4. Non-Financial Business: Three-Year Target in Non-Financial Business

- While sales decrease due to shrinkage of game arcade market, aim at improvement in revenue from expansion of existing business
- Started investment in new area such as development of slot machines for pachinko parlors

Profit plan*1

(Unit: 100 million yen)

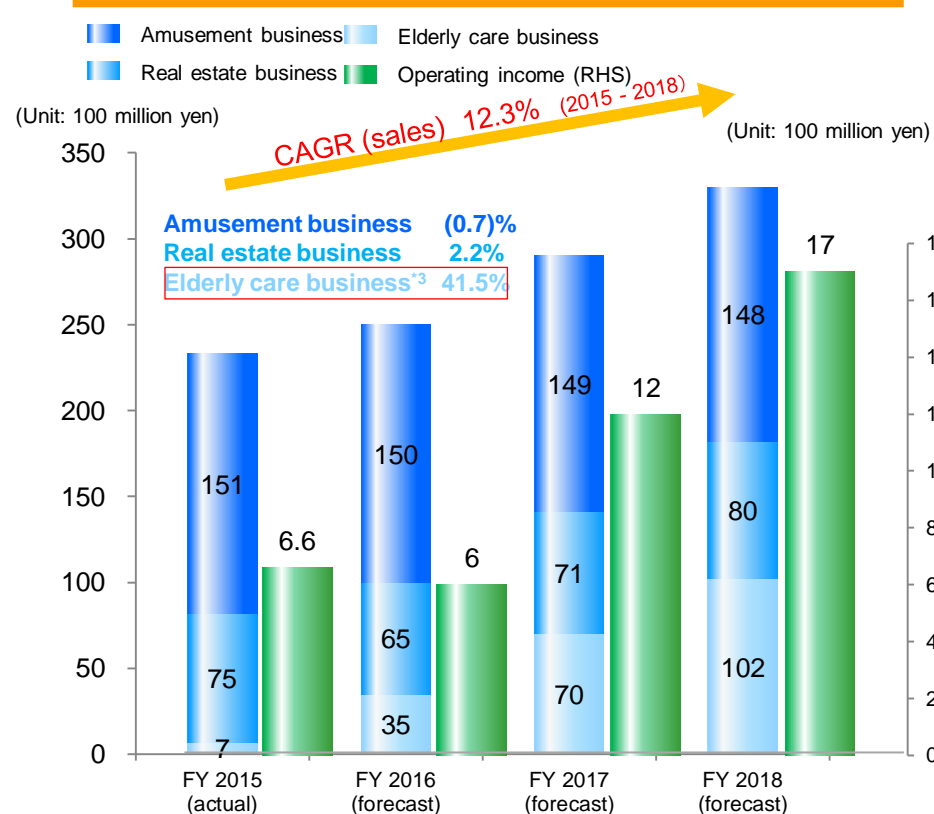
	FY 2015 (actual)	FY 2016 (forecast)	FY 2017 (forecast)	FY 2018 (forecast)
Sales	233	250	290	330
Amusement business	151	150	149	148
Real estate business	75	65	71	80
Elderly care business	7*2	35	70	102
Operating income	6.6	6	12	17
Operating profit ratio	2.8%	2.4%	4.1%	5.2%

Note 1: Sales and income related to development of slot machines for pachinko parlors in amusement business is excluded from above figures. Investment expenses are recorded under investment expenses.

Note 2: FY 2015 actual figures in elderly care business cover only 3 months (included in consolidation).

Note 3: In calculation of CAGR of sales on elderly care business, actual annual sales for FY 2015 is used as sales for FY 2015.

Sales and profits



1. Summary of Medium Term Business Plan
 2. Plan Overview for Each Business
 3. Increasing Shareholder Value
 4. Detailed Business Plan for Each Business
 - 5. Investment Policy**
- Appendices

- Aim to invest 50 to 100 billion yen in three years in investment deals with IRR at 15% and higher in growth market

Investment guideline

- Investment target: Financial business or business with which synergy with financial business can be generated
- Profitability: Target IRR at 15% and higher
- Target area: Any growth market (not limited by region)

Investment target

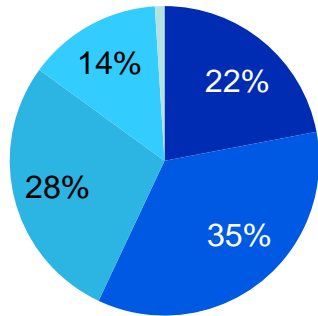
- Based on above guideline, invest 50 to 100 billion yen in three years
 - ✓ Plan to utilize cash on hand, cash flows and lending from third parties

Appendix

➤ Going forward, expect profit from overseas operation to play bigger role

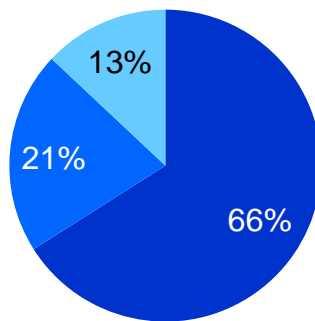
FY 2015

Operating revenue



- Domestic financial business
- Amusement business

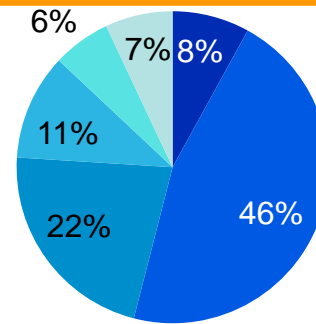
Operating income



- Financial business (South Korea)
- Real Estate business

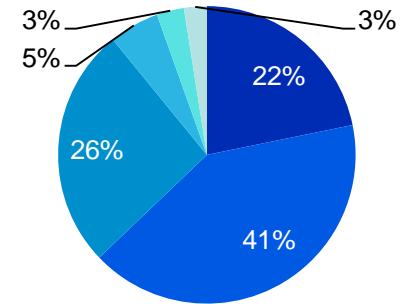
FY 2018

Operating revenue

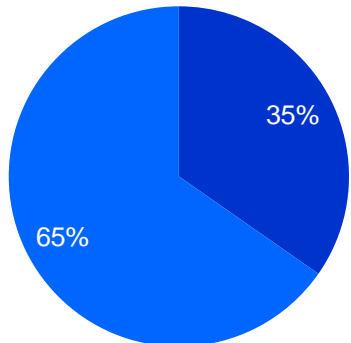


- Financial business (Southeast Asia)
- Elderly care business etc.

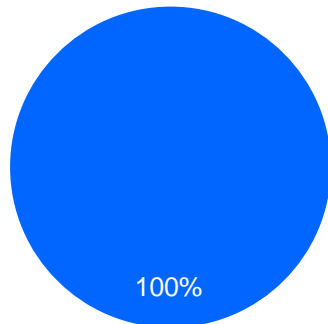
Operating income



Operating revenue

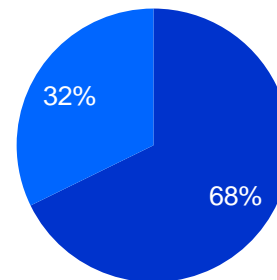


Operating income

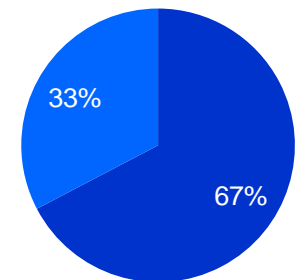


- Overseas
- Domestic

Operating revenue



Operating income



Appendix: List of Business Portfolio

Japan	Business segment	Year of investment	Investment ratio
Nihon Hoshou	Other financial	2009	100%
Partir Servicer	Receivable collection	2008	100%
ADORES	Amusement	2012	43.1%
BREAK	Amusement	2012	100%*1
Keynote	Real estate	1996	100%*1
JC-Group	Other	2014	100%*1
South Korea	Business segment	Year of investment	Investment ratio
Chinae Savings Bank	Banking	2012	100%
JT Savings Bank	Banking	2015	100%
JT Capital	Other financial	2015	100%
TA Asset Mgmt	Receivable collection	2014	100%
Indonesia	Business segment	Year of investment	Investment ratio
Bank J Trust Indonesia	Banking	2014	100%*2
Bank Mayapada	Banking	2013	10%*3
Singapore	Business segment	Year of investment	Investment ratio
JTRUST ASIA	Other financial	2013	100%
Thailand	Business segment	Year of investment	Investment ratio
Group Lease	Other financial	2015	8.3%*4

Note 1: Shareholding ratio of ADORES

Note 2: Current shareholding ratio is 99%. After specified procedure, plan to increase shareholding ratio to 100%.

Note 3: Capital contribution by JTRUST ASIA

Note 4: Shareholding ratio based on full conversion of convertible bond

- 97.6 billion yen raised through rights offering in 2013 has been completely used by the end of FY 2015

Allocation of Funds from Rights Offering

Purpose	Date	Amount (100 million yen)
Establishment of JTRUST ASIA PTE. LTD.	Oct 2013	100.0
Repaid borrowings etc. to the Resolution and Collection Corporation	Dec 2013	145.5
Acquired KJI Consumer Finance LLC	Feb 2014	112.9
Acquired HICAPITAL Co., Ltd.	Feb 2014	43.9
Injected capital into JTRUST ASIA	Sep 2014	63.9
Acquired PT Bank Mutiara Tbk.	Nov 2014	432.4
Acquired Standard Chartered Savings Bank Korea Co., Ltd.	Jan 2015	56.4
Acquired Standard Chartered Capital (Korea) Co., Ltd.	Mar 2015	21.6 ^{*1}
	Total	976.8

Note 1: Fund raised through rights offering is used to cover part of share acquisition expenses (approximately 9.8 billion yen).

➤ Achieved IRR of 20% or higher in past deals

Past investment deals

(Unit: 100 million yen)

Target	Acquisition date	Sales date	Acquisition price	Sales price	Investment term (year)	IRR ^{*1}
KC Card Co., Ltd.	Aug 2011	Jan 2015	45	356	3.4	<u>83%</u>
AAD Co., Ltd.	Jul 2012	Dec 2014	2	3	2.4	<u>18%</u>
LCD Global Investments Ltd.	Sep 2014	Feb 2015	78	89	0.3	<u>42%^{*2}</u>

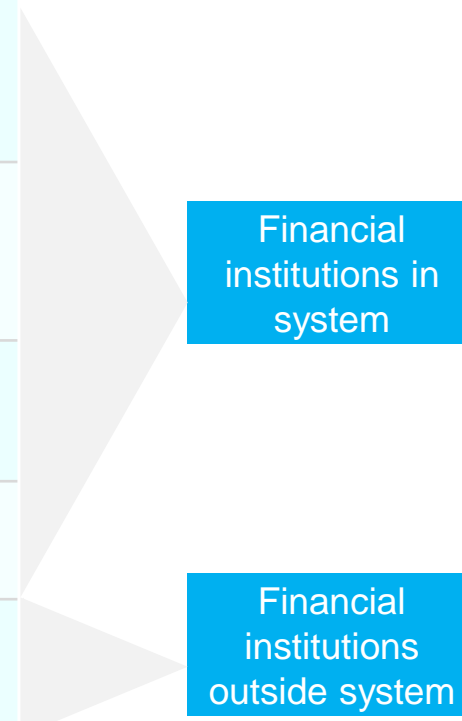
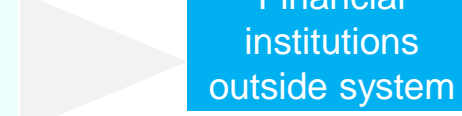
Note 1: IRR based on cash flows at acquisition and transfer.

Note 2: Annualized figure

Appendix :

Reference Materials on Financial Industry in South Korea

- Financial market in South Korea is categorized into three groups
 - ✓ The first category refers to banking sector and financial institutions (in system)*¹ excluding banks normally belong to the 2nd category
 - ✓ Financial institutions (outside system) such as moneylenders classified as the 3rd category

Category* ²	Broad category	Sub category	
1st (approval base)	Bank	<ul style="list-style-type: none"> · 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	<ul style="list-style-type: none"> · <u>Savings bank</u> · Credit cooperative (credit cooperative, Korean Federation of Community Credit Cooperative etc.) · Diversified financial company etc. 	
	Specialized credit financial institution	<ul style="list-style-type: none"> · <u>Capital company</u> · Credit card company 	
	Other	<ul style="list-style-type: none"> · Insurance company · Securities company 	
3rd (registration base)	Moneylender	<ul style="list-style-type: none"> · <u>Moneylender</u> 	

Note 1: 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

Note 2: Above category is not a legal classification but is generally used in South Korea.

- Savings bank is a “financial institution established pursuant to Mutual Savings Banks Act to improve financial convenience for people and SME and to increase savings”
 - ✓ Normally classified as nonbank deposit taking institution in the 2nd category

Market size and scope of operation

	# of savings banks	# of branches	Total assets	Loan balance	Deposit balance
Market size	80	296	Approximately 38 trillion won	Approximately 30 trillion won	Approximately 32 trillion won
Scope of operation	Principal business	Major products and services			
	Deposit taking	<ul style="list-style-type: none"> • Savings account, deposit account and corporate free deposit account etc. • Periodical savings account: Time deposit and accommodation bill etc. • Reserve savings account: Premium, installment savings and periodical installment savings 			
	Loan origination	<ul style="list-style-type: none"> • Consumer loan, real estate and personal property-based loan, sunshine loan etc. • Develop products which take characteristics of region and customers into account and contribute to revitalization of relationship banking 			
	Others	<ul style="list-style-type: none"> • Settlement of loans payable/receivable and money transfer between domestic financial institutions • Sales of insurance products • Installment financing business (recent revision of specialized credit financial business act has enabled savings bank which meets certain condition (maintain BIS ratio at 10% and higher for longer than two years) to operate installment financing business) (*JT Savings Bank already meets this criteria to operate installment financing business) • In addition to above, savings bank can operate various business and its scope of business is expanding 			

* The large scale structural change in savings bank industry which started in 2012 has completed and financial authorities have been implementing various measures to recover marketing power of savings banks. Going forward, operating environment is expected to improve.

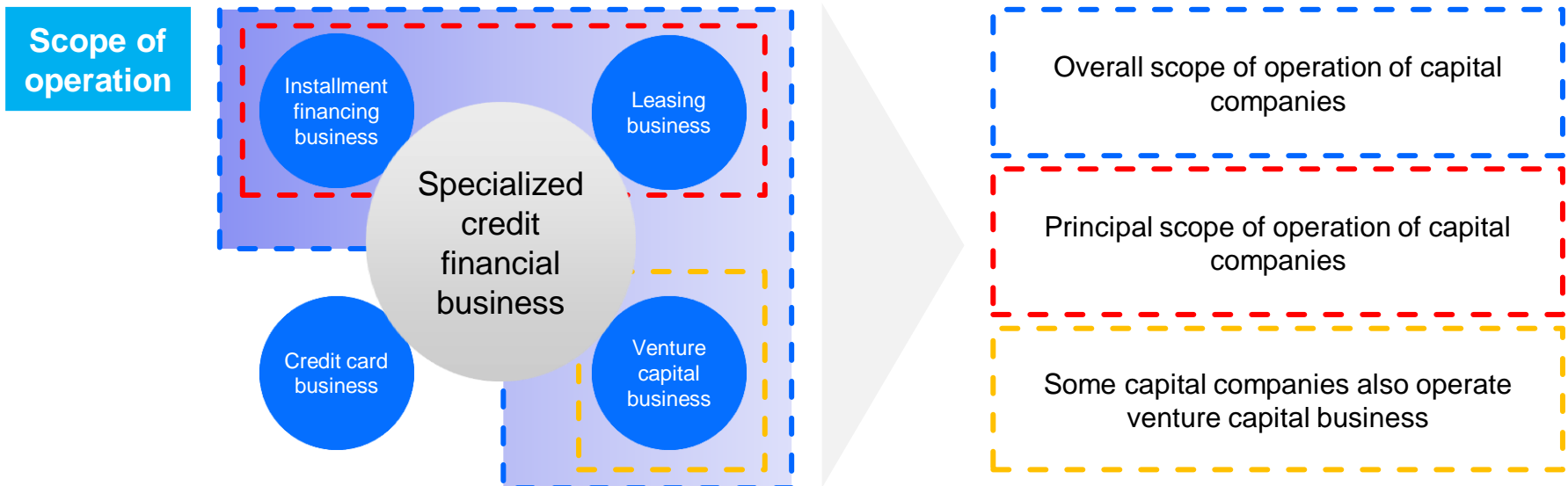
- Capital company is a type of specialized credit financial business established pursuant to Specialized Credit Financial Business Act
 - ✓ Normally classified as specialized credit financial business in the 2nd category

Market size and scope of operation

Market size	# of installment finance companies	# of branches	Total assets	Loan balance
	36	225	Approximately 51 trillion won	Approximately 23 trillion won

*Specialized credit financial institutions can conduct credit card, installment financing, leasing (facility leasing) and venture capital business with an approval or registration with FSC for each business.

*JT Capital, J Trust's affiliated company, operates installment financing and leasing business.




- Credit ratings for individual is granted by credit rating agencies based on their evaluation of individual's credit
 - ✓ Private credit rating agencies collect credit information and grant ratings reflecting repayment history, level of debt, term, type and form of transaction etc.

Utilization of credit ratings

- Credit ratings are used for decision making regarding loan disbursement and lending interest rate and as the registration screening standard in credit card issuance and insurance.

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.

Credit rating agency in South Korea

- Korea Credit Bureau(KCB) and NICE are private credit rating agencies and most financial institutions utilize credit information provided by credit rating agencies.
- Credit rating agencies 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.

- Credit recovery support program refers to various scheme which supports credit recovery of borrowers who cannot repay loan in financial distress
 - ✓ Private support program by Credit Counselling and Recovery Service and financial companies and public support program operated by court exist

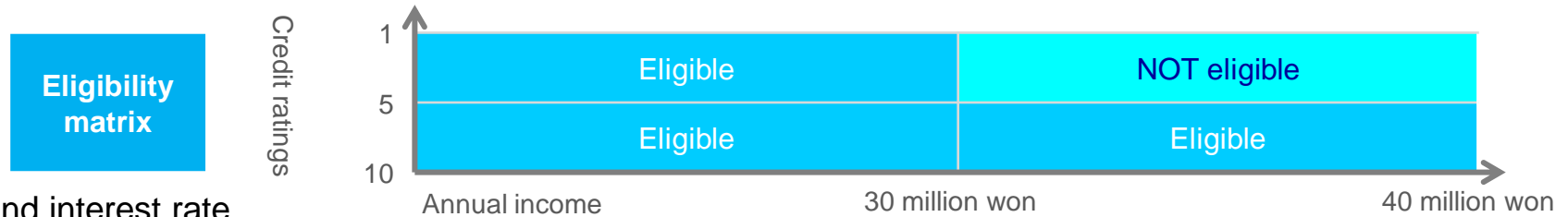
Comparison of major credit recovery support program

Category	Credit recovery		Individual Rehabilitation Program	Individual bankruptcy
	Free workout	Individual workout		
Operator	Credit Counselling and Recovery Service		Court	
Eligibility	<ul style="list-style-type: none"> • Failed to service the debt for between 30 and 90 days (even if delinquent for less than 30 days, eligible in case annual income is at or below 40 million won and accumulated days of delinquency in a past one year are 30 days or longer) 	<ul style="list-style-type: none"> • Delinquent longer than 3 months 	<ul style="list-style-type: none"> • Wage earners • Business operators 	<ul style="list-style-type: none"> • Reason of bankruptcy
Eligible debt	Borrowing from registered financial institutions		No restriction (including corporate bond)	
Amount	Secured loan: 1 billion won or less Unsecured loan: 0.5 billion won or less		No restriction	
Repayment term	Unsecured loan: 10 years or less Secured loan: 20 years or less		5 years or less (repayment amount should exceed the amount in case of liquidation)	If a borrower receives indemnification, he/she is exempt from repayment obligation.
Legal effect	Private modification		If repayment is complete according to repayment schedule, applicants receive legal indemnity.	If condition to refuse discharge is non-existent, legally discharged.

➤ Sunshine loan is low interest loan with government guarantee established by government and six financial institutions to stabilize life of people with inferior credit ratings and low income who do not have access to banking services

Eligibility

- Sole proprietors, workers in agricultural and fishery industry and workers who worked continuously for three months or longer with credit ratings of 6 or worse and annual income of 30 million won or less



Limit and interest rate

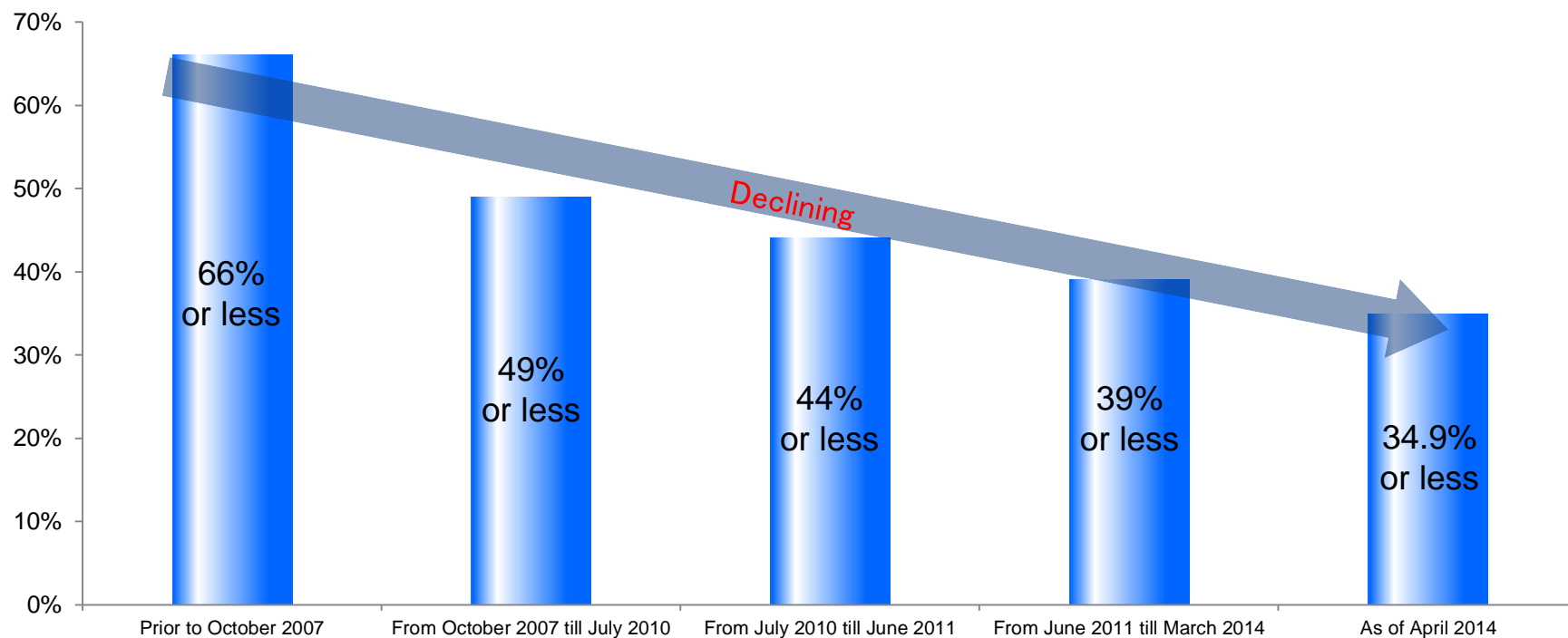
Category	Worker	Sole proprietor
Lending limit	Living expenses: 10 million won or less Refinance: 30 million won or less	Business operation: 20 million won or less (depending on credit ratings) Establishment: 50 million won or less Refinance: 30 million won or less
Lending interest rate	10.47% or less	9.35% or less

Others

- Financial resource: Local credit guarantee funds (10 trillion won, fund raising of additional fund is underway) from Korea Federation of Credit Guarantee Foundations
- Period: From July 26, 2010, until funds is completely used. (approximately 7 trillion won has been used by end February 2015)

- From 2007, maximum lending interest rate has been continuously reduced
 - ✓ Maximum interest rate financial companies can charge borrowers is restricted by “Enforcement order regarding registration of moneylenders and protection of users of financial services”

Change in maximum lending interest rate



- BIS ratio is used to judge adequacy of capital and financial health of banks and savings banks and shows the degree in which equity covers risk assets
 - ✓ Higher BIS ratio means higher quality
 - ✓ Ratio of equity capital to risk-weighted assets

Standard for savings banks

- BIS ratio is an important measure for financial authorities to regulate savings banks

Administrative measure	Assets: less than 2 trillion won	Assets: 2 trillion won or more
	BIS ratio	BIS ratio
Improvement recommendation	Less than 6%	Less than 7%
Improvement request	Less than 4%	Less than 5%
Improvement order/business suspension	Less than 1.5%	Less than 2%

Indices of financial health for each category

- Other financial business utilize various indicators to judge financial health

Insurance company	Solvency margin	Solvency in case of sudden cancellation of many contracts
Securities company	Operating net capital ratio	Liquid equity capital (operating capital) divided by total risk assets, also called "security companies' BIS ratio"
Specialized credit financial institution	Adjusted CAR	Adjusted equity capital divided by adjusted total assets This shows the financial health of loan specialized financial companies

- Loan disbursement agent mainly acts as an intermediary between savings banks and customers and obtain fees related to this service
 - ✓ If registered as moneylender with relevant organizations and conclude trust agreement with specialized credit financial business pursuant to laws^{*1}, companies can act as loan disbursement agents

Necessity of loan disbursement agent

- Compared with other financial institutions, sales network of savings banks is weak
- To supplement this, almost all savings banks disburse loans utilizing loan disbursement agents

Current status of registered loan disbursement agent

- After leakage of customer information at credit card company in January 2014, operation of loan disbursement agents was restricted and performance of loan disbursement agents deteriorated.

As of end June 2014

	Current	Remarks
# of registered moneylenders	2,029	• Decrease by 12.7% since end December 2013
Lending through agents (100 million won)	9,239	• Decrease by 56.9% since end December 2013
# of loan contracts through agents (1,000)	242	• Decrease by 48.2% since end December 2013
Fee income (100 million won)	398	• Decrease by 55.1% since end December 2013
Average commission rate	4.3%	• Maximum statutory commission rate is 5% (depending on the loan amount)

Source: Financial Supervisory Service

- Business started to gradually recover from middle of 2014 and lending through loan disbursement agents by savings banks thrived in 2015.
(as of February 2015, loans through loan disbursement agents at major savings banks which handle consumer loans is more than half of the total.)

Note 1: Laws regarding registration of moneylenders and protection of users of financial services

- Total assets of capital companies increased by 1.4% (YoY), totaling 88 trillion won as of end June 2014
- Share of capital companies in total domestic household lending of 1,025 trillion won is approximately 3.1% (32 trillion won)

Assets composition of capital companies

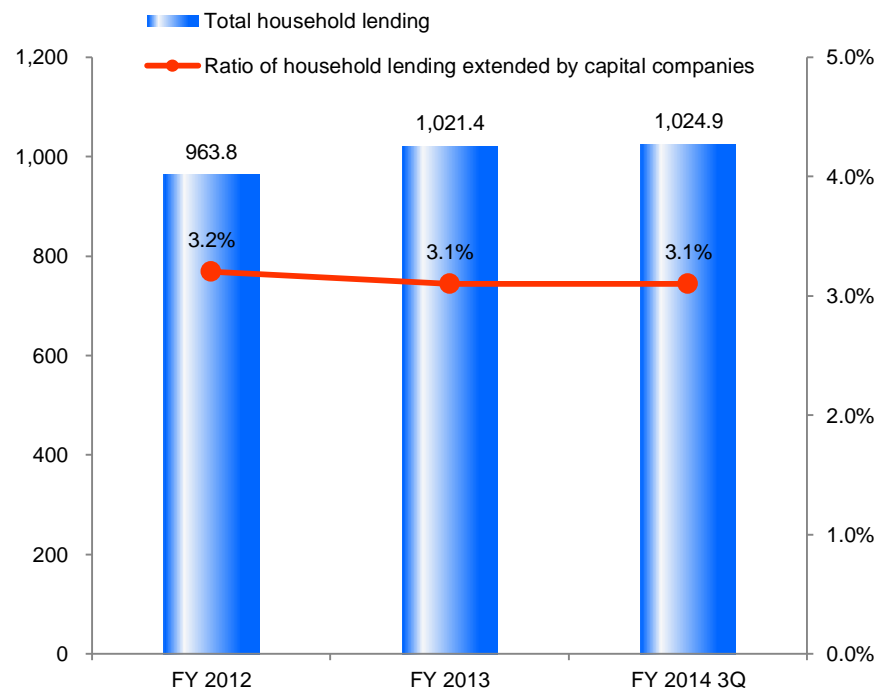
(Unit: trillion won)

Category	2012	2013	2014.06	YoY Change (%)	
Specific assets	34.1	36.4	38.2	1.8	4.9%
Installment financing	14.4	15.8	16.9	1.1	7.0%
Facilities leasing	18.8	19.5	20.2	0.7	3.6%
Venture capital	0.9	1.1	1.1	0	0.0%
Other assets	48.4	51.2	50.6	(0.6)	(1.2)%
Loans	36.8	38.3	38.9	0.6	1.6%
For business	20.2	21.4	22.1	0.7	3.3%
For household	16.6	16.9	16.8	(0.1)	(0.6)%
Securities	4.3	5.4	3.9	(1.5)	(27.8)%
Total assets	82.5	87.6	88.8	1.2	1.4%

Source: Financial Supervisory Service

Share of capital companies in domestic household lending

(Unit: trillion won)



Source: The Bank of Korea

Appendix: 11. Number, Profitability and Assets Ranking of Capital Companies

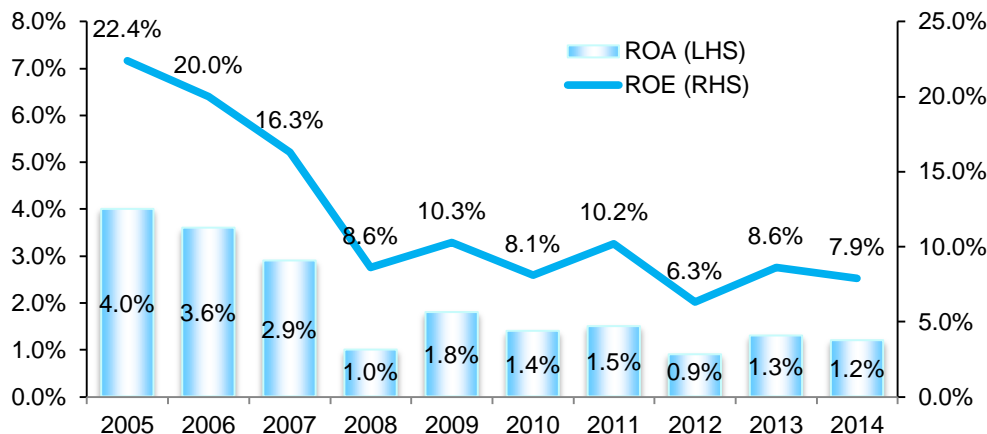
- Capital companies are categorized into companies focusing on leasing installment financing mainly in auto loans, companies focusing on consumer lending and companies focusing on investment in venture capital. JT Capital focuses on consumer lending.
- Total assets of JT Capital (as of end December 2014): 1.2 trillion won (ranks 19th in leasing installment financing category)

of registered capital companies and average profitability (of registered capital companies)

Category	Number of companies registered with Credit Finance Association
Facilities leasing installment financing	44
Venture capital*1	17
Total	61

Assets ranking

Ranking	Name	Total assets*2	Principal business
1	Hyundai Capital	22.5	Auto loan
2	Aju Capital	6.4	Auto loan
3	Lotte Capital	5.5	Unsecured loan
4	Hyundai Commercial	4.8	Auto loan
5	JB Woori Capital	4.7	Unsecured loan
6	KDB Capital	4.1	Leasing installment
7	KB Capital	4.0	Unsecured loan
8	Shinhan Capital	3.9	Unsecured loan
9	Hana Capital	3.7	Unsecured loan
10	BNK Capital	3.6	Unsecured loan
11	Hyosung Capital	2.6	Leasing installment
12	BMW Financial Services Korea	2.4	Auto loan
13	NH Capital	2.1	Unsecured loan
14	KT Capital	2.0	Leasing installment
15	Volkswagen Financial Services Korea	1.7	Auto loan
16	Meritz Capital	1.6	Unsecured loan
17	RCI Financial Services Korea	1.4	Auto loan
18	Korea Capital	1.2	Leasing installment
19	JT Capital	1.2	Unsecured loan
20	Citigroup Capital	1.1	Unsecured loan

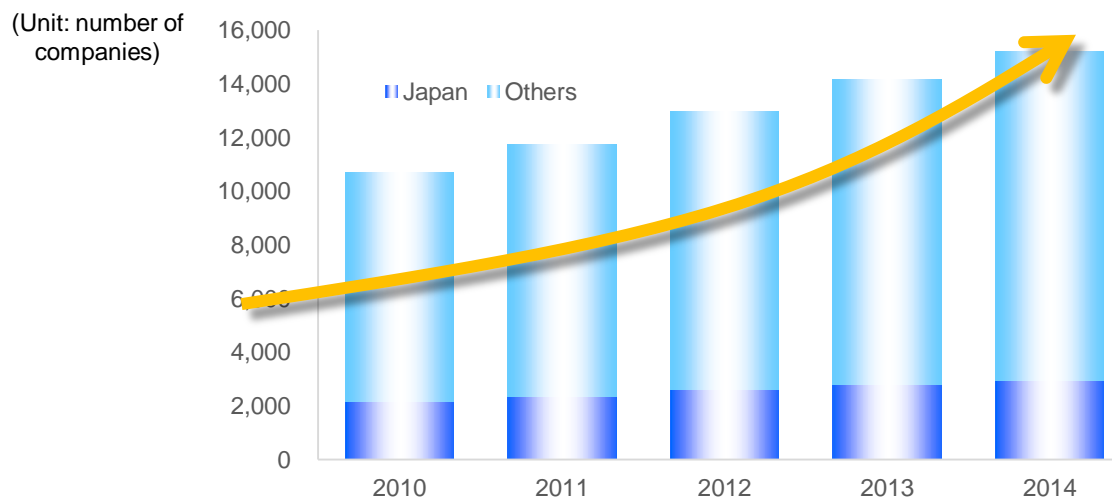


Note 1: Companies mainly invest in venture capitals
Source: Financial Supervisory Service

Source: Credit Finance Association
Note 2: as of end 2014, trillion won

Appendix : Investment in South Korea by Foreign Companies

- Situation regarding investment in South Korea by foreign companies
 - ✓ After 2010, number of foreign companies which invest in South Korea increased at 9.2% (annualized average)
 - ✓ Number of Japanese companies which invest in South Korea increased at 8.0% (annualized average) during the same period



(Unit: number of companies, accumulated)

Country of origin	2010	2011	2012	2013	2014 (share)		Annualized average growth rate (2010 – 2014)
Japan	2,165	2,372	2,615	2,822	2,948	19.4%	8.0%
Others	8,539	9,370	10,344	11,351	12,279	80.6%	9.5%
Total	10,704	11,742	12,959	14,173	15,227	100.0%	9.2%

Source: Ministry of Trade, Industry & Energy

Appendix: 2. Success Story of Investment in South Korea by Japanese Companies

Extract from Invest Korea website

Invested by	Investee (South Korea)	Industry	Major achievement
Asahi Kasei Corporation	Tong Suh Petrochemical Corp., Ltd.	Chemical	After Asahi Kasei's acquisition of 100% shares in 1998, it achieved 3.7-fold increase of sales in ten years and growth rate of 57% in the last three years (as of February 2013)
Mitsui & Co.	Mitsui & Co. Korea Ltd.	Trade	In the past 20 years till 2013, sales and net income grew by more than 10 times. Number of employees increased from less than 70 to 110 (as of January 2014)
Sumitomo Corporation	Sumitomo Corporation Korea Ltd.	Trade	Achieved record high income in 2010 and 2011. Assets increased by more than 100% in the past four years and number of employees increased from 55 to 84. (as of January 2013)
Nomura Securities Co., Ltd.	Nomura Financial Investment (Korea) Co. Limited	Securities	Acted as an advisor for major M&A in South Korea and improved its presence in South Korea. <ul style="list-style-type: none"> • KKR's acquisition of OB Beer (Acquisition price:1.8 billion dollars, advisor on issues related to fund raising for acquisition) • Lotte Shopping's acquisition of Chinese supermarket chain, "Times Ltd." (acquisition price: 629 million dollars, advisor for Lotte) • Sales of Interpark's shareholding in G Market (sales of 34% of G Market shares to e-Bay, 413 million dollars, advisor for Interpark) (as of August 2010)
Fuji Xerox Co., Ltd.	Fuji Xerox Korea Co., Ltd.	Office equipment	At the time of establishment in 1974, capital was 600 million won and later increased to 14 billion won. Number of employees increased to around 1,000. In 2011, awarded President Award in labor, management and culture area. (as of October 2011)

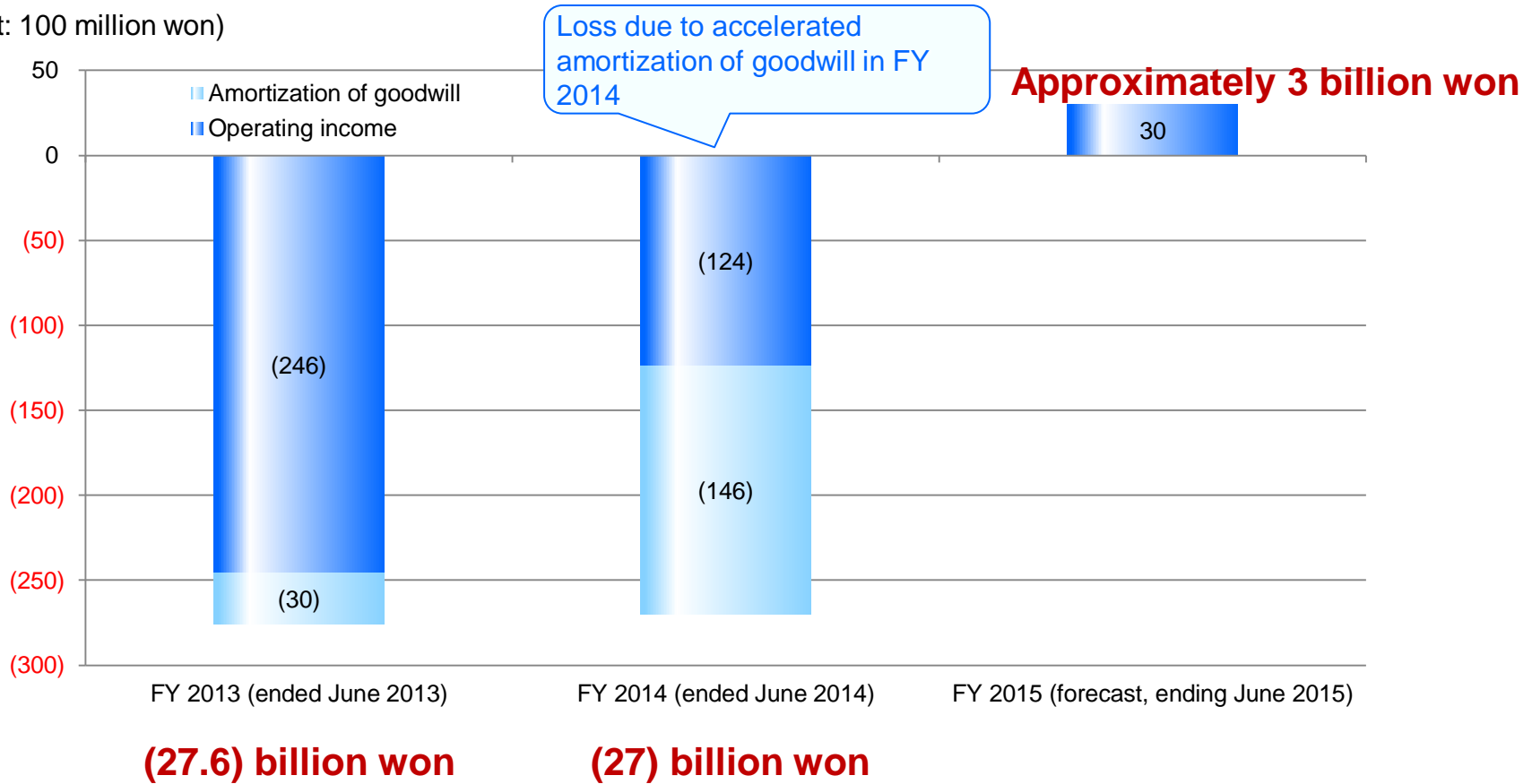
➤ 84 media in South Korea published 573 positive articles on J Trust Group in total (from January 2014 till February 2015)

Example of article on J Trust Group

Date	Media	Title
April 12, 2014	Korea Economic Newspaper	Deposit interest rate at savings banks in three percent range Wide customer base
May 27, 2014	Seoul Economic Newspaper	Savings bank industry trying to approach consumers
June 2, 2014	Asia Economy	Chinae Savings Bank attracts customers with advertisement of “Wonderful Loan”
July 29, 2014	News Way	Savings banks attracting customers with provision of loans with relatively low interest rate
October 8, 2014	Money Today	Contribute to Korean economy through provision of financial services for consumers. Chinae Savings Bank’s dream is to contribute to Korean economy
November 2, 2014	NEWSis	Japanese savings banks’ rapid progress
December 24, 2014	News Way	“South Korea as land of opportunities” J Trust is expanding its business through M&A
January 29, 2015	World Times	Performance of major savings banks show clear sign of recovery

➤ Chinae Savings Bank's net income (South Korean standard)

(Unit: 100 million won)



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