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J Trust acquires more firms in South Korea and Mongolia to accelerate its integrated Financial Service in Asia

J Trust will take over a savings bank in Busan, South Korea and a finance firm in Mongolia. It is definitely a company to worth watching.

As a group vision of “aiming to be a provider of unique financial services not constrained by existing paradigms,” J Trust Co., Ltd. (“The Company”) (President & CEO: Nobuyoshi Fujisawa / TSE: 8508) provides financial services in Asia. The Company announced in succession that it passed a resolution for acquiring all the outstanding common shares of South Korean’s DH Savings Bank Co., Ltd. (“DH Savings Bank”) and Mongolian’s Capital Continent Investment NBFI (“CCI”) to make them join J Trust Group (“the Group”).

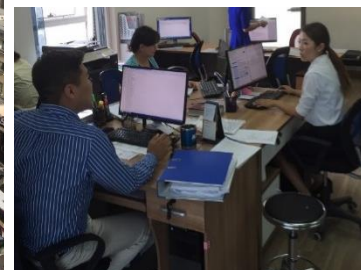
These acquisitions will further accelerate the Group’s business expansion in Asia and strengthen the brand recognition as an Asia’s Integrated Financial Group.



CCI’s office building
in Ulan Bator



from the office



office scene





JT Chinae Savings Bank in South Korea



Bank Counter of JT Chinae Savings Bank



Back in October 2012, the Group started operation of savings bank and currently runs two savings banks in South Korea, namely, JT Chinae Savings Bank and JT Savings Bank.

JT Chinae Savings Bank commenced its operation after obtaining a bank license from FSA in South Korea and assumed a portion of assets and liabilities of failed Mirae Savings Bank in South Korea.

On the other hand, JT Savings Bank is a bank acquired from a London-based Standard Chartered Group, which offers banking service globally. The total operating assets of two savings banks now rank top 5 out of 79 savings bank in South Korea.

Though savings banks are subject to sales area restrictions, adding DH Savings Bank's into the Group will enable to cover 5 out of 6 operating areas in South Korea. This will reinforce the Group's marketing activities nationwide.

Through DH Savings Bank's sales area in Busan, the Group can optimize the human resources in the Busan area of JT Capital and TA Asset Management. This will lead to create a group-wide synergy, prompting further solid and efficient business operations in South Korea.

Mr. Nobuiku Chiba, Representative Director & Senior Managing Executive Officer



in charge of financial business in South Korea showed confidence and explained:

“Although we still need to obtain an approval of FSA in South Korea, we will be able to demonstrate our capabilities in marketing, credit screening, receivable management almost the entire country after acquiring Busan’s savings bank. We have been successfully building up our operating assets since the launch of our savings bank in 2012. Operating assets have grown about 8 times in 4 years. We expect the speed of business expansion will accelerate going forward.”

“We truly appreciate the support of our customers, financial authorities in South Korea and all relevant parties who appraised our value properly. Without their cooperation, we could not have grown such rapidly. We will further enhance our compliance, meet a wide range of financing requirements in South Korea, and help contribute to South Korea’s economic development.

In the meantime, J Trust will make the first entry into Mongolia and acquire CCI, a finance firm handling various loans such as an auto loan in Mongolia.

Although the lending interest rates are capped at 20% in Japan and 27.9% in South Korea, there are no regulations on the maximum lending interest rates in Mongolia. In addition, corporate taxes in Mongolia are lower than the level of Japan, which are the great advantages in the Mongolian market.

CCI was established in March 2014, based in Ulan Bator. It is a financial institution in the Mongolian People's Republic. CCI has been expanding its business steadily as evidenced by the accumulated loan balance of about 418 million yen (as of the end of August 2016) in 2.5 years since its establishment.

The Group has already had an experience in acquiring South Korea’s financial firm in 2011, which was promoted to a banking business. Going forward, the Group expects further development of the Mongolian financial business, too.

The Group acquired a number of companies including Takefuji and Rakuten’s KC Card in Japan last few years and banking/financial units of Standard Chartered Group in South Korea. Those experiences led to the Group’s strength of mobilizing various expertise and diverse human resources.

Mr. Chiba says, “We expect to accelerate the growth of CCI in the market of Mongolia because our financial expertise developed in Japan and abroad to date can be utilized in financial business in Mongolia. In addition, making CCI a subsidiary of J Trust - listed in Japan will enhance the credibility of CCI in Mongolia.”



Another Group company, Bank J Trust Indonesia, is engaged in banking business in Indonesia. The bank, which collapsed in the wake of the Lehman's fall in 2008, joined the Group in November 2014. The bank is still making its way towards a corporate turnaround but the process is expected to be completed by the end of this year. It aims to establish a profit-making structure from next year onward.

Indonesia is a growing country with a population of 255 million. The market offers immeasurable potentials to operate a banking business.

The Group also set up a joint venture - Group Lease Finance Indonesia (GLFI) with Group Lease, a Thai listed company, to launch a Digital Finance in Indonesia (new platform of hire-purchase financing featuring IT technology). Bank J Trust Indonesia will provide financing to GLFI exclusively.

Further, J Trust is eyeing the possibility of embarking on financial business in Asia's other promising nations along with GLFI's expansion. It is worth watching how the Group's business will develop in the future.



GLFI's Point of Sales (POS) in Indonesia



office scene

Note: Share acquisitions of DH Savings Bank and CCI are both conditional subject to obtaining approvals from the local financial authorities.



1. Share Acquisition of DH Savings Bank

■ Overview of DH Savings Bank

(1) Trade name	DH Savings Bank Co., Ltd.		
(2) Headquarters	1287-11, Yeonsan-dong, Yeonje-gu, Busan, South Korea		
(3) Representative	Kim Jin-Gyu, Chief Executive Officer		
(4) Business	Savings bank business		
(5) Capital*1	14.5 billion Korean won (about 1,337 million yen) (As of the end of June 2016)		
(6) Date of establishment	July 11, 1970		
(7) Major shareholder and shareholding	Daeho Co., Ltd.	100.00%	
(8) Relationship, etc. with J Trust	Capital relationship	None	
	Personal relationship	None	
	Trading relationship	None	
	Relevant circumstances for related parties	None	
(9) Financial results and position for the last 3 years*2	(Millions of yen)		
	June 2014	June 2015	December 2015 *2
Net assets	1,124	1,567	1,733
Total assets	14,254	14,539	15,332
Operating revenue	995	1,143	608
Operating profit/loss	(110)	442	175
Net income/loss	(129)	433	175

*1 1 Korean won = 0.0922 yen

*2 6-month results due to the change in the fiscal year-end

■ Overview of the company as the contracting party

(1) Trade name	Daeho Co., Ltd.		
(2) Headquarters	69, Jangin-ro 77 Beon-gil, Sasang-gu, Busan, South Korea		
(3) Representative	Jeong, Tae Soo, Representative Director		
(4) Business	Steel products sales, real estate leasing, machine repairs, etc.		
(5) Capital*	504 million Korean won (about 46 million yen) (As of the end of August, 2016)		
(6) Date of establishment	December 3, 1998		
(7) Major shareholders and shareholding	Jung Kyung Tae	60.00%	
	Jung Yun Ju	40.00%	
(8) Relationship, etc. with J Trust	Capital relationship	None	
	Personal relationship	None	



	Trading relationship	None
	Relevant circumstances for related parties	None

* 1 Korean won = 0.0922 yen

■ Number of shares to be acquired, share acquisition value and shareholding before and after the acquisition

(1) Shareholding before acquisition:	0 share (Ownership: 0.0%)
(2) Number of shares to be acquired:	1,449,143 (Acquisition value: 32.3 billion won; shares about 2,978 million yen*)
(3) Shareholding after acquisition:	1,449,143 (Ownership: 100.0%) shares

* 1 Korean won = 0.0922 yen

■ Schedule

Resolution at the Board of Director's meeting:	October 13, 2016
Conclusion of Share Transfer Agreement:	October 14, 2016 (planned)
Date of share transfer:	TBD (no later than 6 months after concluding the Share Transfer Agreement [as soon as possible after obtaining approvals from the Financial Services Commission in South Korea])



2. Share Acquisition of CCI

- Overview of the company to be acquired as a subsidiary

(1) Trade Name	Capital Continent Investment NBF I		
(2) Headquarters	Peace Tower building, 3rd khoroo, Chingeltei district, Ulaanbaatar, Mongolia		
(3) Representative	Shuhei Tsuji, Representative Director		
(4) Business	Moneylending		
(5) Capital	679 million Mongolian Tugrik (29 million yen) (As of the end of September 2016)		
(6) Date of establishment	March 10, 2014		
(7) Major shareholder and shareholding ratio	JAPAN POCKET Co., Ltd.	100.00%	
(8) Relationship, etc. with J Trust	Capital relationship	None	
	Personnel relationship	None	
	Trading relationship	None	
	Relevant circumstance for related parties	Capital Continent Investment NBF I falls under a related party, wholly and beneficially owned by Mr. Nobuyoshi Fujisawa, a major shareholder and President & CEO of J Trust Co., Ltd.	
(9) Financial results and position for the last three years	(Millions of yen)		
		December 2014	December 2015
Net assets		20	33
Total assets		20	84
Operating revenue		0	16
Operating profit/loss		(3)	8
Net income/loss		(3)	7

Note: 1 Mongolian Tugrik = 0.044 yen

- Overview of the company as the contracting party

(1) Trade name	JAPAN POCKET Co., Ltd.		
(2) Headquarters	5-7-11, Nishinakajima, Yodogawa-ku, Osaka-shi		
(3) Representative	Tomomi Toyooka, Representative Director		
(4) Business	Investment		
(5) Capital	90 million yen (as of the end of August 2016)		
(6) Date of establishment	November 28, 2012		
(7) Major shareholder and	BOTTOMS UP Co., Ltd.	100.00%	



shareholding ratio		
(8) Relationship, etc. with J Trust	Capital relationship	JAPAN POCKET Co., Ltd. owns 1,135,300 shares (shareholding ratio:1.01%) of the Company's stock.
	Personnel relationship	None
	Trading relationship	None
	Relevant circumstance for related parties	JAPAN POCKET CO., Ltd., falls under a related party, wholly and beneficially owned by Mr. Nobuyoshi Fujisawa, a major shareholder and President & CEO of J Trust Co., Ltd.

- Number of shares to be acquired, share acquisition value^{*1} and number of shares before and after the acquisition

(1) Shareholding before acquisition 0 share

(Shareholding ratio: 0.0%)

(2) Number of shares to be acquired 67,900 shares

(Acquisition value: about 1,274 million Mongolian Tugrik, [56 million yen])^{*2}

(3) Shareholding after acquisition 67,900 shares

(Shareholding ratio: 100.0%)

^{*1} The share acquisition value is determined by reference to the rating of the third party agency.

^{*2} Converted at the foreign exchange rate of 1 Mongolian Tugrik = 0.044 yen.

- Schedule

Date of resolution at the Board of Directors' meeting: October 13, 2016

Date of the Share Transfer Agreement: October 14, 2016 (planned)

Date of Share Transfer: TBD (after obtaining an approval from the Financial Regulatory Commission of Mongolia)

-End-

