

**Q3 FY12/2020**

# **Earnings Presentation Materials**

**< November 2020 >**



- 1. Summary of Consolidated Results in Q3 FY12/2020**
- 2. Results by Segment**
- 3. Reorganization of Korean financial business**
- 4. Initiatives to expand Japanese financial business business**
- 5. Data collection**



- Figures for YOY comparisons in this document use the total from the nine month period between April and December 2019 up to third quarter FY12/2019.
- Segment revenue shows operating revenue from external customers.
- Information regarding forecasts, etc. listed in this document is estimated based on the knowledge, opinions and judgement or projection of the company at the time of the document's creation and its realization is not guaranteed. Therefore, please understand that actual results and the forecast described here are subject to change greatly depending upon various factors such as the business environment.
- This document is intended to provide information about J Trust and is not intended to solicit investments in securities issued by the company or its subsidiaries.
- The earnings forecast is not disclosed based on the notice "Revision of Financial Forecast" announced on September 23, 2020.
- This English-translated document was prepared solely for the convenience of English-speaking investors. If any discrepancies exist between this translation and the original Japanese document, the Japanese version always prevails. J Trust shall not be liable for any damages or losses of profit arising from this translation.

- Closing rates as of September 30<sup>th</sup>, 2020 are as follows for other than financial forecasts:

1 SGD=77.30 JPY

1 IDR=0.0072 JPY

1 MNT=0.037 JPY

1 KRW=0.0908 JPY

1 USD=105.80 JPY

- Figures for Investment Business do not reflect any gains or losses other than those with normally occur.
- In the third quarter, some businesses were discontinued, operating revenues and profits related to discontinued businesses are also excluded from the cumulative results for third quarter and the results for same period of previous year.

# **1. Summary of Consolidated Results for Q3 FY12/2020**

## Financial Business in Japan

**Continued strong performance in both guarantee balance and collection of receivables**

## Financial Business in South Korea and Mongolia

### **Decided to sell two savings banks strategically**

※Operating revenues and profits of Korean financial business are shown by subtracting the results of JT Chinae Savings Bank from the cumulative results for third quarter and the results for same period of previous year.

## Financial Business in Southeast Asia

**Continue to assess the impact of the spread of COVID 19 and maintain a cautious attitude**

- Although operating loss narrowed, it did not turn into operating profit due to discontinuation of part of Korean businesses. However, profit or loss attributable to owners of the parent turned into profit.

## Consolidated Results (YOY)

	<b>3Q FY12/2019</b> (2019/4/1~2019/12/31)	<b>3Q FY12/2020</b> (2020/1/1~2020/9/30)
<b>Operating revenue</b>	<b>37.6</b> billion JPY	<b>38.8</b> billion JPY
<b>Operating profit (or loss)</b>	<b>-3.9</b> billion JPY	<b>-1.2</b> billion JPY
<b>Profit (or loss) before tax</b>	<b>-4.4</b> billion JPY	<b>-1.7</b> billion JPY
<b>Profit (or loss) attributable to owners of parent</b>	<b>-3.2</b> billion JPY	<b>1.2</b> billion JPY

- Operating revenue of Korean financial business declined relatively since it sold receivables in previous fiscal year.
- Operating revenue of Southeast Asian financial business increased year-on-year due to J Trust Royal Bank joined JT group.

## Operating Revenue by Segment (YOY)

	<b>3Q FY12/2019</b> (2019/4/1~2019/12/31)	<b>3Q FY12/2020</b> (2020/1/1~2020/9/30)
<b>Financial Business in Japan</b>	<b>7.3 billion JPY</b>	<b>6.8 billion JPY</b>
<b>Financial Business in South Korea and Mongolia</b>	<b>14.7 billion JPY</b>	<b>12.9 billion JPY</b>
<b>Financial Business in Southeast Asia</b>	<b>9.6 billion JPY</b>	<b>11.9 billion</b>
<b>Investment Business</b>	<b>0.7 billion JPY</b>	<b>0.5 billion JPY</b>
<b>General Entertainment Business</b>	<b>4.8 billion JPY</b>	<b>6.1 billion JPY</b>
<b>Other Business</b>	<b>0.3 billion JPY</b>	<b>0.3 billion JPY</b>
<b>Consolidated operating revenue</b>	<b>37.6 billion JPY</b>	<b>38.8 billion JPY</b>



- Consolidated operating loss narrowed due to reduction in head office expenses and gain on sale of Keynote (currently Gro-bels).

## Operating profit by segment (YOY)

	3Q FY12/2019 (2019/4/1~2019/12/31)	3Q FY12/2020 (2020/1/1~2020/9/30)
Financial Business in Japan	3.0 billion JPY	3.4 billion JPY
Financial Business in South Korea and Mongolia	3.9 billion JPY	2.3 billion JPY
Financial Business in Southeast Asia	-4.6 billion JPY	-4.3 billion JPY
Investment Business	-1.7 billion JPY	-1.2 billion JPY
General Entertainment Business	-0.2 billion JPY	-0.4 billion JPY
Other Business	-0.2 billion JPY	-0.0 billion JPY
Consolidated operating profit (or loss)	-3.9 billion JPY	-1.2 billion JPY

Operating profit is the figure after consolidation adjustments.

## **2. Results by Segment**

### **2 – 1. Financial Business in Japan**

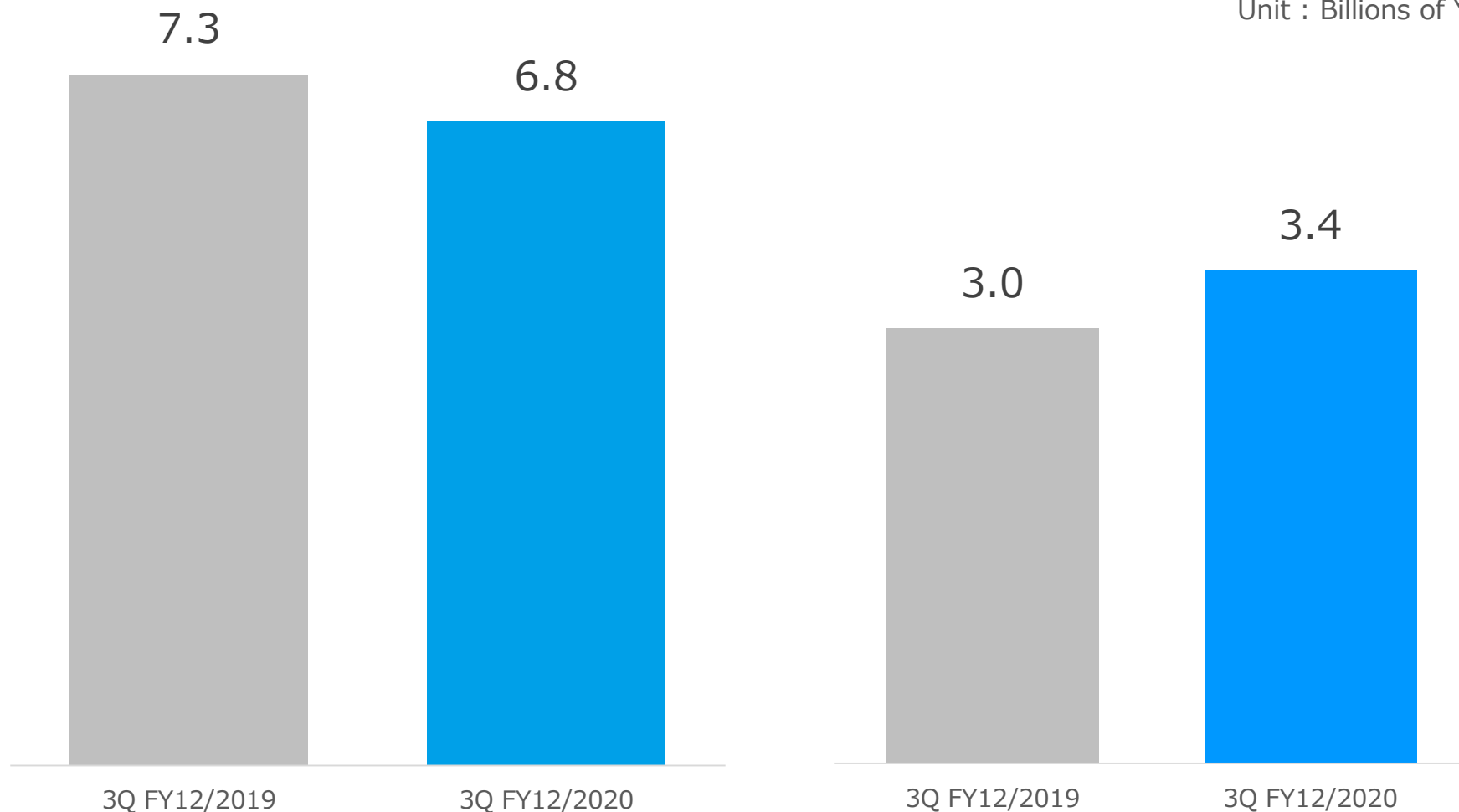
- Strong receivables collection business contributed to profits, segment profit increased by 400 million yen year-on-year.

※Operating revenue and profit of Japanese financial business are shown by subtracting the results of J Trust Card from the cumulative results for third quarter of current year and same period of previous year.

### Operating Revenue

### Operating Profit

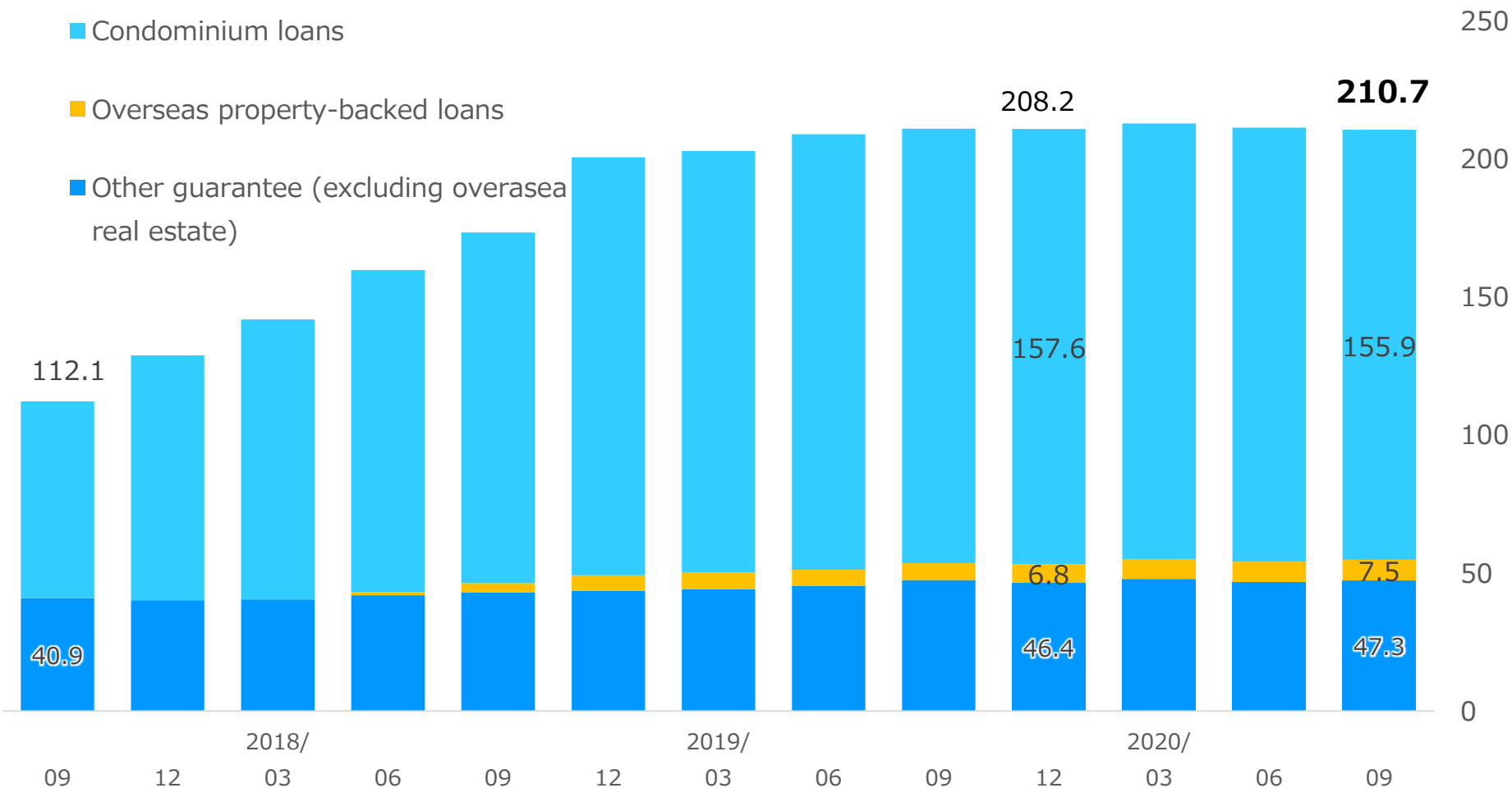
Unit : Billions of Yen



- Guarantee balance remained almost unchanged year-on-year.
- Continue to diversify guarantee products and secure stock type revenue from various guarantees.

Unit : Billions of Yen

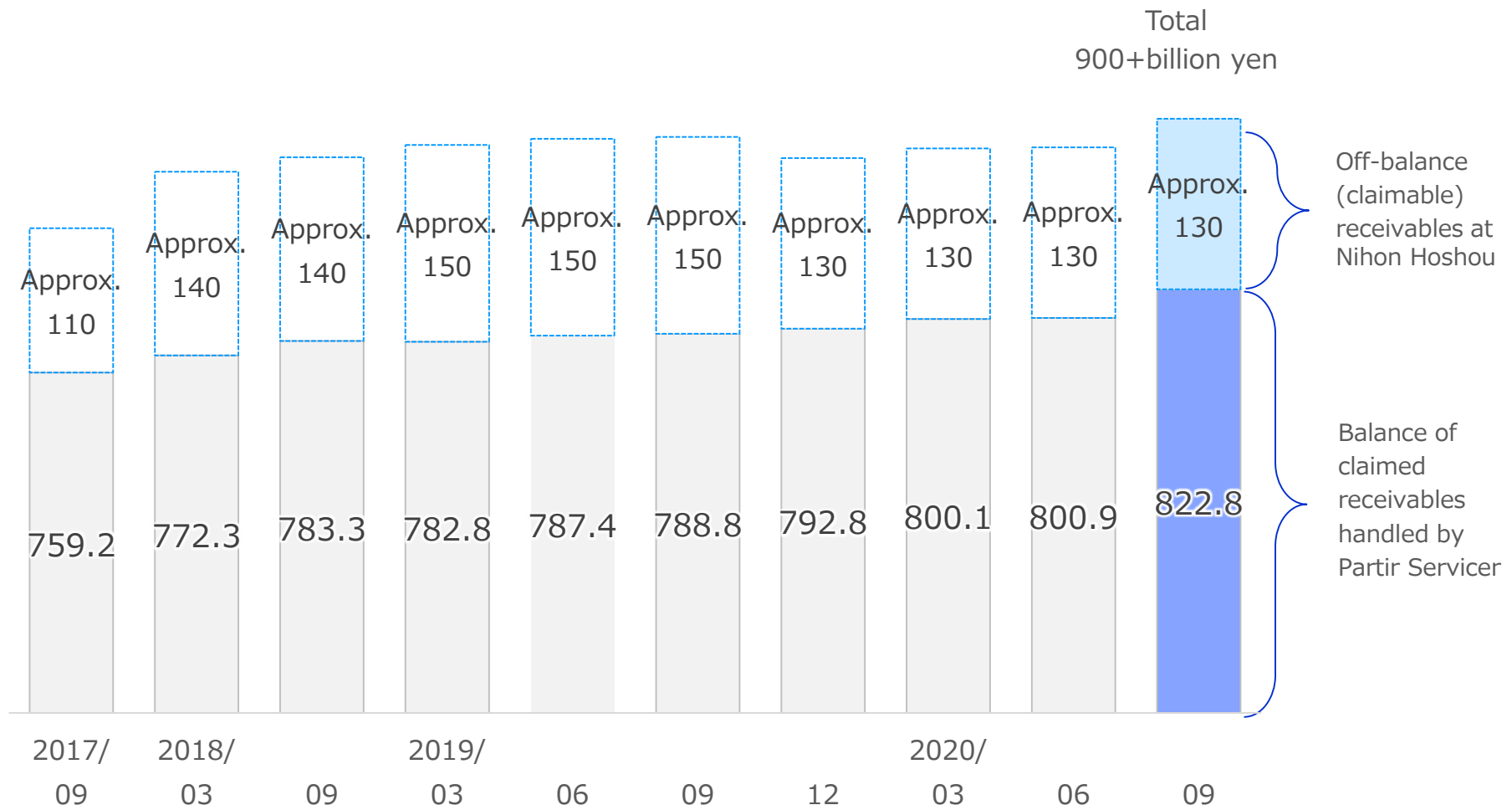
## Outstanding Balance of Guarantees



- Purchases from major credit card companies contribute to an increase in the balance of claimed receivables.
- The balance of claimed receivables increased approximately 20 billion yen from previous quarter.

## Balance of claimed receivables in servicer business

Unit: Billions of yen



Balance includes both purchased and entrusted receivables.  
Balance includes some on-balance receivables.

## **2. Results by Segment**

### **2 – 2. Financial Business in South Korea and Mongolia**

- Two savings banks are discontinued and earnings structure significantly changed.

※For information on sale of savings banks, please refer to “Reorganization of Korean Financial Business” in later pages.

※Regarding operating revenue and profit of Korean financial business, the results of JT Chinae savings bank was deducted from the results of previous fiscal year.

Unit: Billions of yen

### Operating Revenue

14.7

12.9

3Q FY12/2019

3Q FY12/2020

### Operating Profit

3.9

2.3

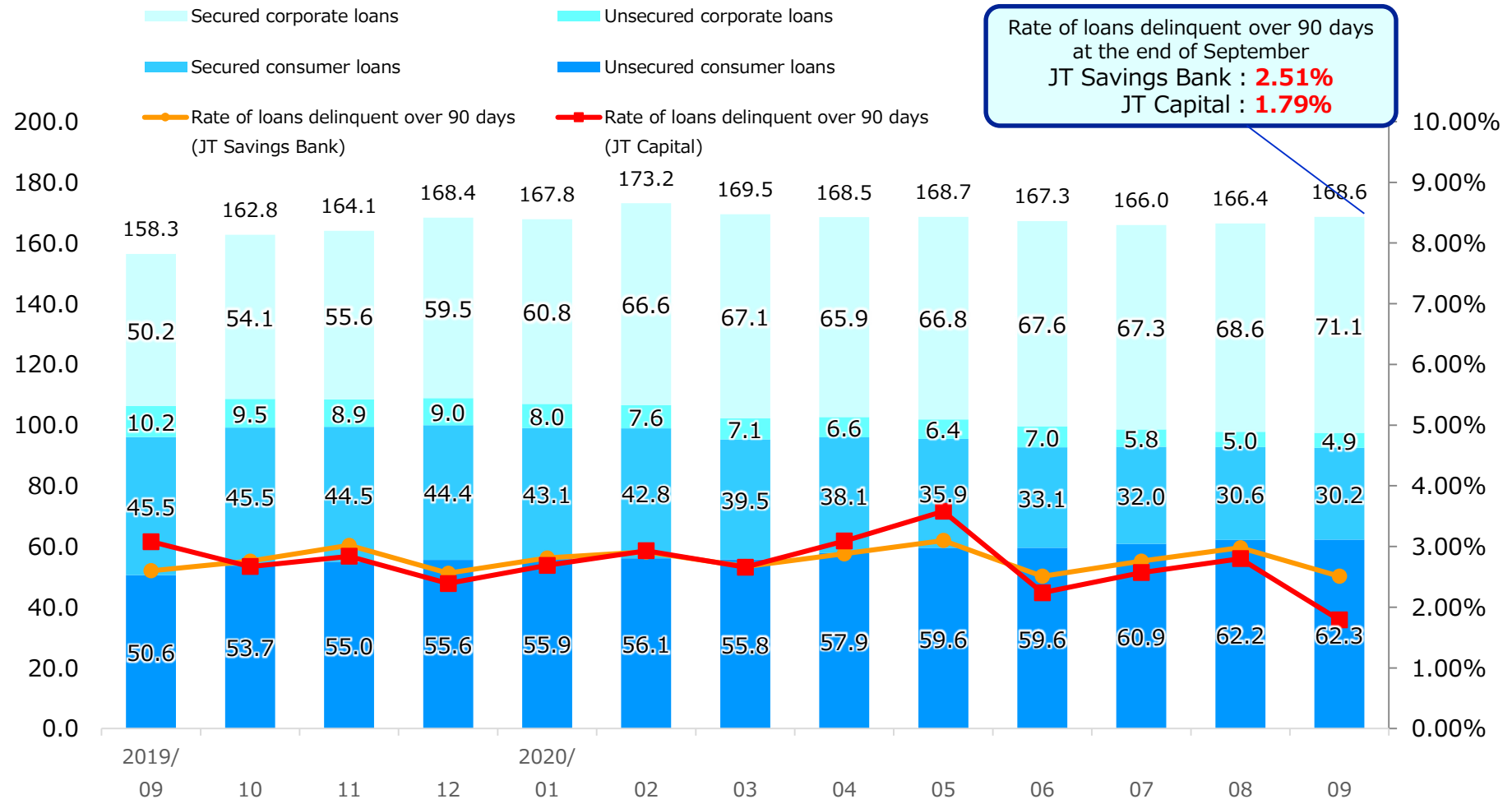
3Q FY12/2019

3Q FY12/2020

## ➤ Portfolio performance by the end of September 2020 in Korean financial business

## Loan portfolio (bar graph) and Delinquency rate over 90 days of two companies (line graph)

Unit: Billions of yen



Combined total of JT Savings Bank and JT Capital

※Figures are displayed in local currency and multiplied by September end 2020 rate.

※Balance is based on local accounting standard.



## 2. Results by Segment

### 2 – 3. Financial Business in Southeast Asia

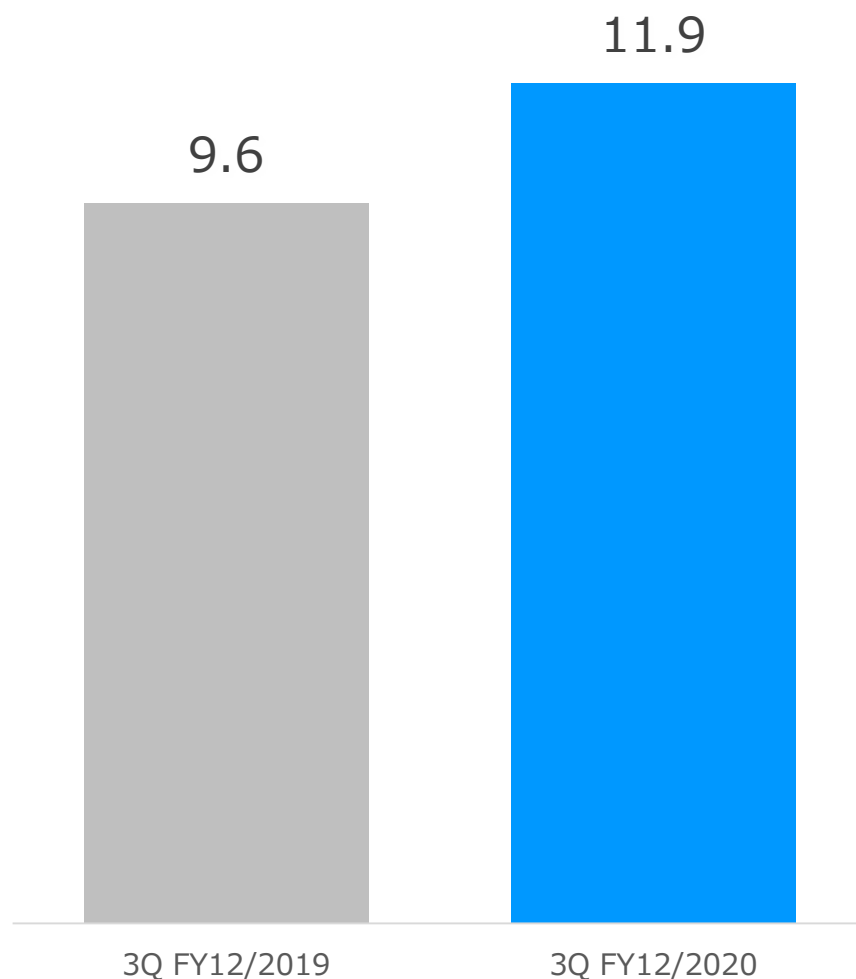
Company names have been abbreviated in the following pages:

- JTrust Bank Indonesia (BJI)
- JTRUST OLYMPINDO MULTI FINANCE (JTO)
- JTRUST INVESTMENTS INDONESIA (JTII)
- J Trust Royal Bank (JTRB)

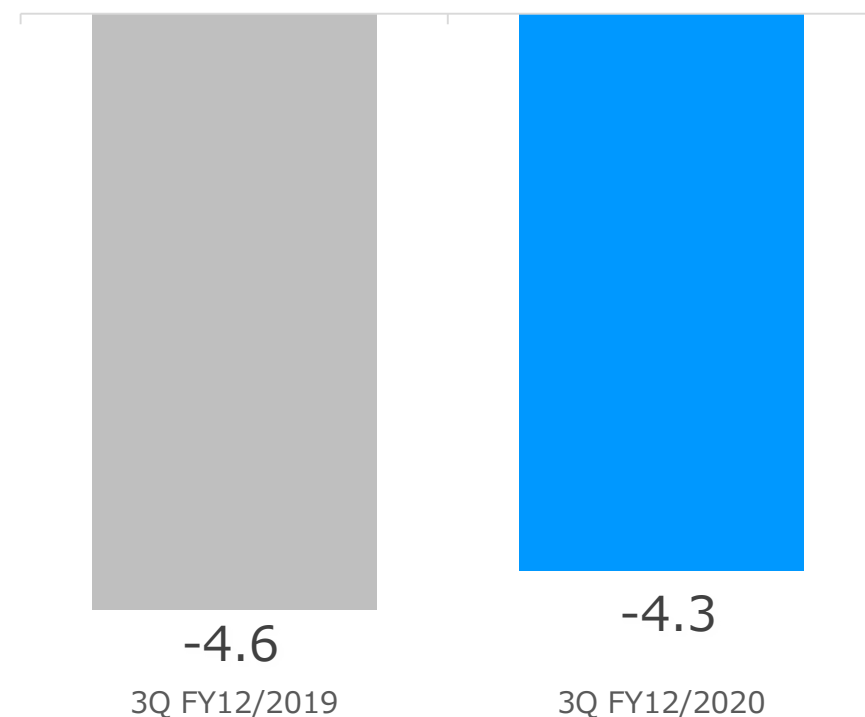
- Operating revenue increased year-on-year due to JTRB joined JT group.
- Operating loss continued, but narrowed compared to same period of previous year, we aim for recovery by increasing loan balance in Cambodia.

Unit: Billions of yen

## Operating Revenue



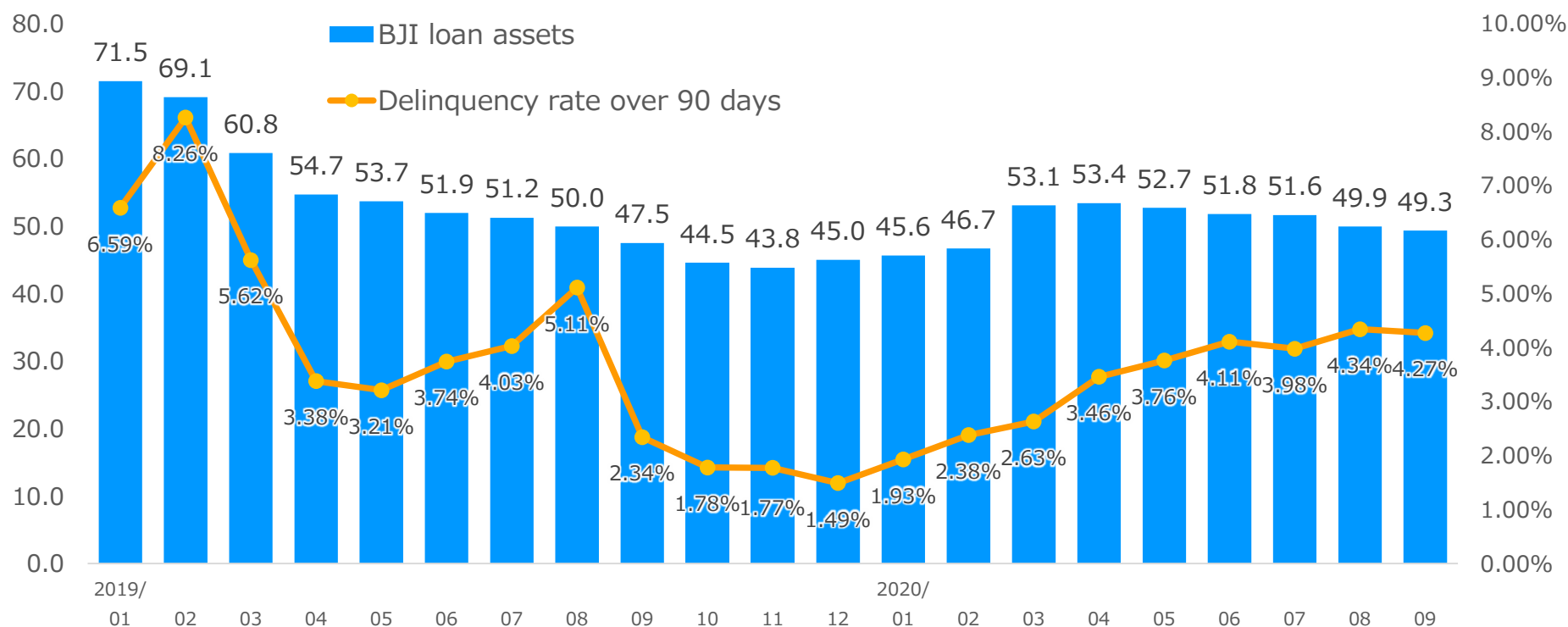
## Operating Profit



- Control the quality and quantity of assets based on the influence of corona.
- NPL ratio tends to rise slightly as denominator of loans decreases due to lending restraint.

Outstanding loan balance at BJI (**Bar graph**) and delinquency rate over 90 days (**Line graph**)

Unit: Billions of yen



※ Figures are calculated in local currency and multiplied using September end 2020 rate.

※ Please refer to data collection pages regarding balance of deposits.

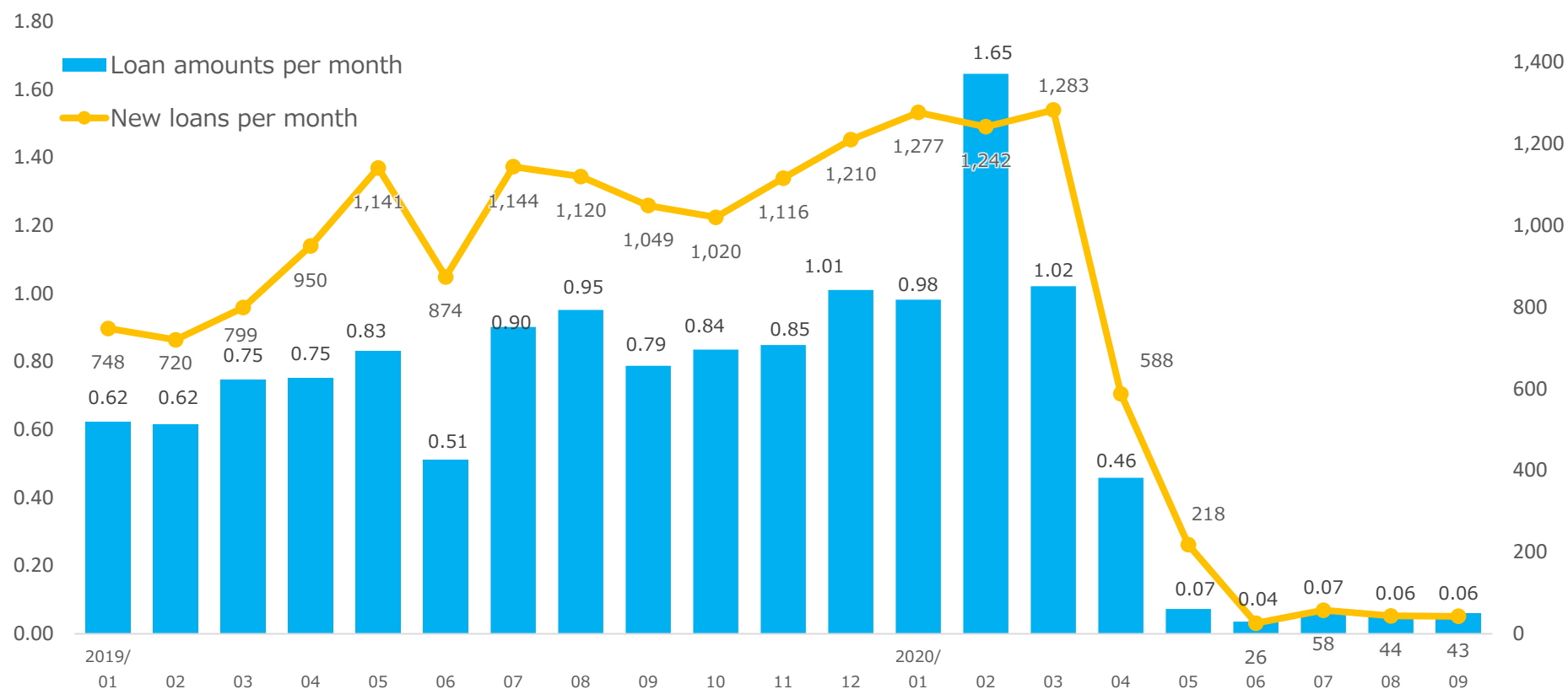
- Continue to be cautious about new loans due to the spread of coronavirus infection
- Suppress new loan executions other than farm equipment loans that are not affected by the spread of new corona infection
- Under these circumstances, we started handling microfinance products that are not relatively affected by new corona

## Number of new loans (Right axis) and Loan Amounts (Left axis) at JTO

Unit: Billions of yen



Unit: Number of loans

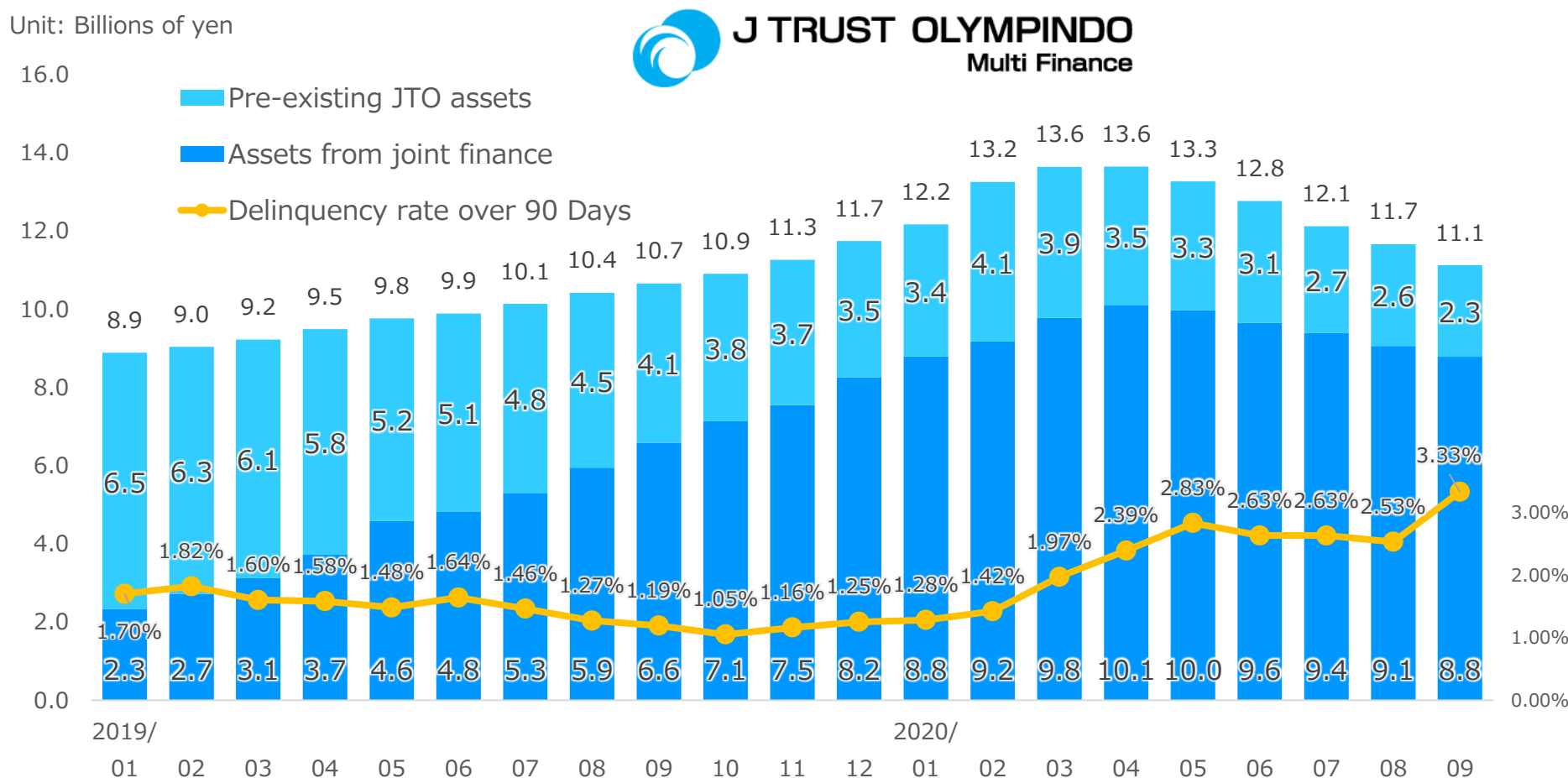


※ Figures are calculated in local currency and multiplied using September end 2020 rate.

- Suppress new lending. As asset collection progresses, the denominator becomes smaller and NPL ratio rises. However, NPL ratio is stable at a low level compared to industrial average due to strengthening receivables collection system. (NPL ratio of Indonesian multi-finance industry average was 4.93% at the end of September, so it remained low compared to industrial average)

## Assets at JTO (Bar graph) and Delinquency rate Over 90 Days (Line graph)

Unit: Billions of yen

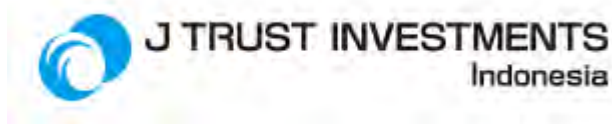


※ Figures are calculated in local currency and multiplied using September end 2020 rate.

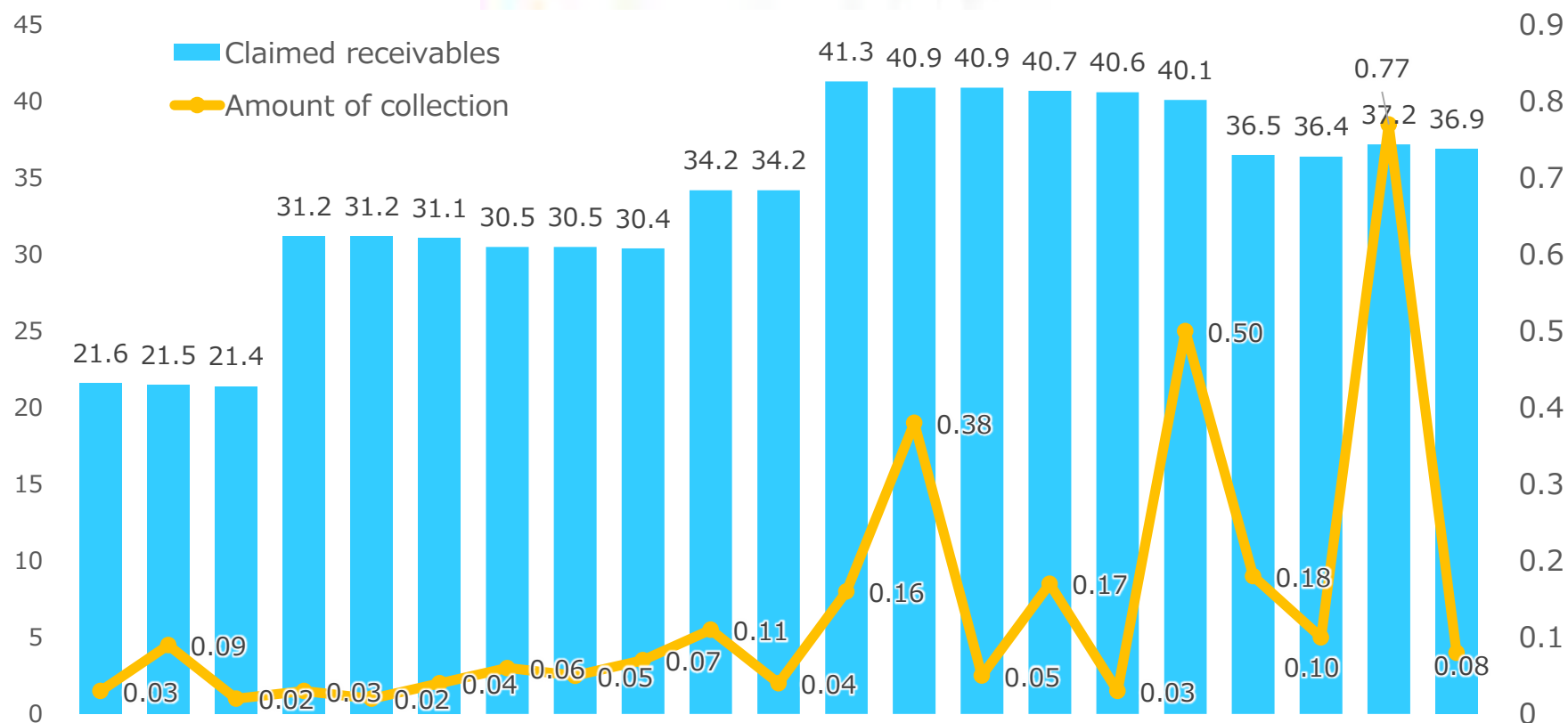
- Large-scale collection projects in August also contributed to collection results of JTII.

Balance of claimed receivables (Bar graph: Left axis) and Actual amount of collections (Line graph : Right axis) at JTII

Unit: Billions of yen



Unit: Billions of yen

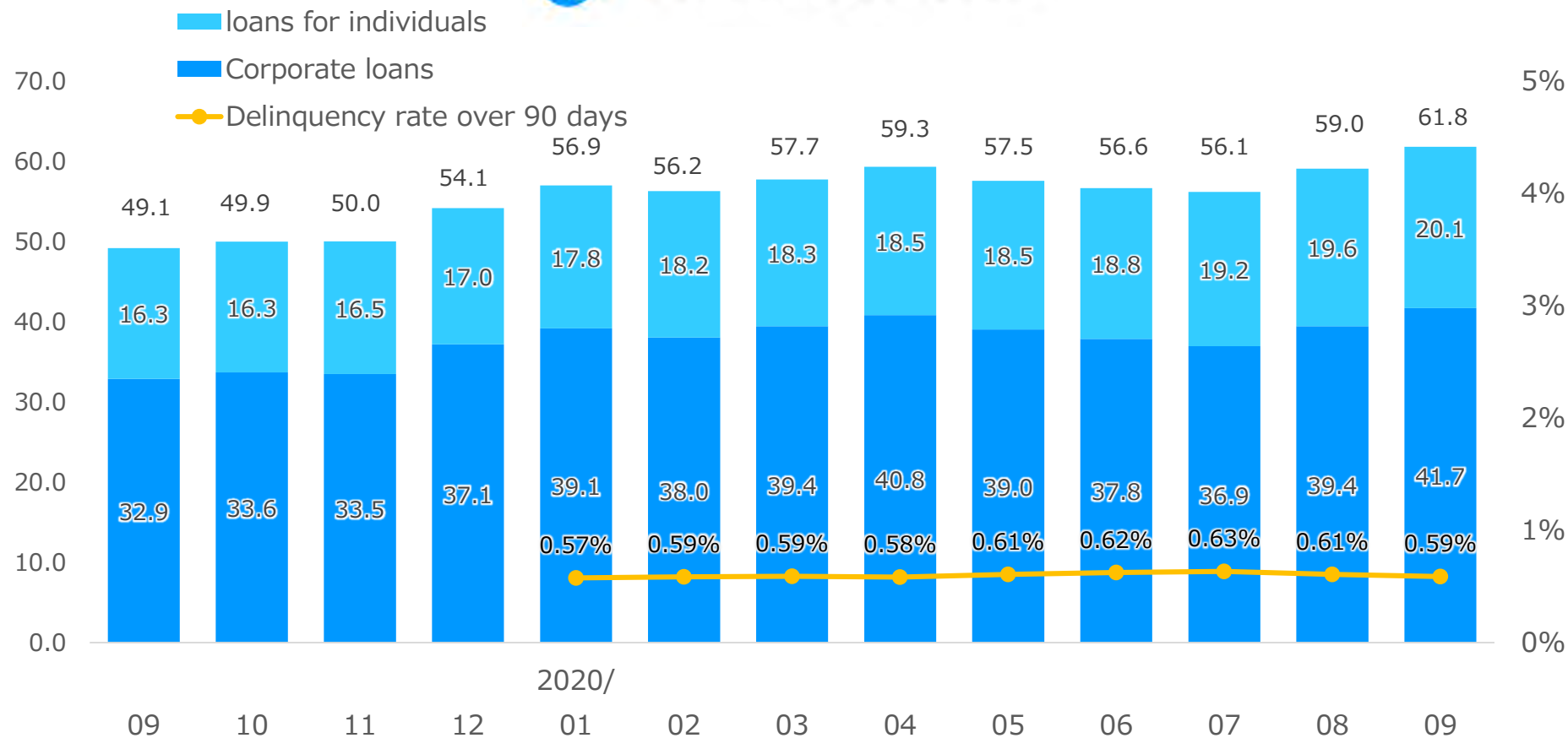


※ Figures are calculated in local currency and multiplied using September end 2020 rate.

- In Cambodia, the spread of new coronavirus infection is suppressed compared to neighboring countries.
- Resuming accumulation of loan balances for improvement of profitability.

## Outstanding loan balance at JTRB

Unit: Billions of yen



※ Figures are calculated in local currency (USD) and multiplied using September end 2020 rate.

※ Please refer to data collection pages regarding balance of deposits.

## 2. Results by Segment

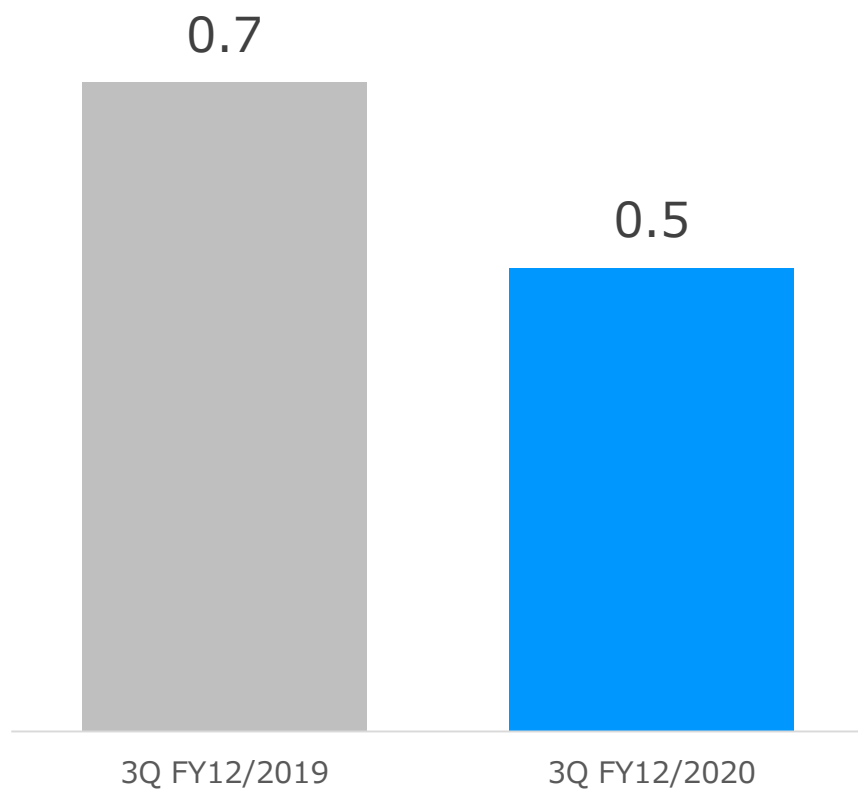
### 2 – 4. Investment Business



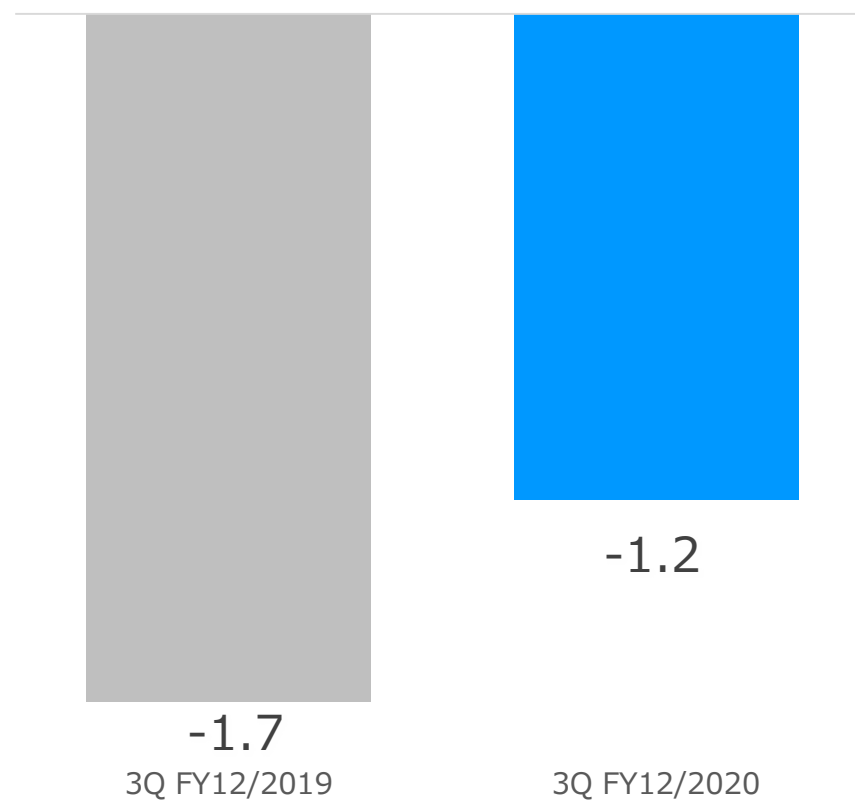
- Operating loss decreased year-on-year due to a decrease in legal expenses.

Unit: Billions of yen

## Operating Revenue



## Operating Profit



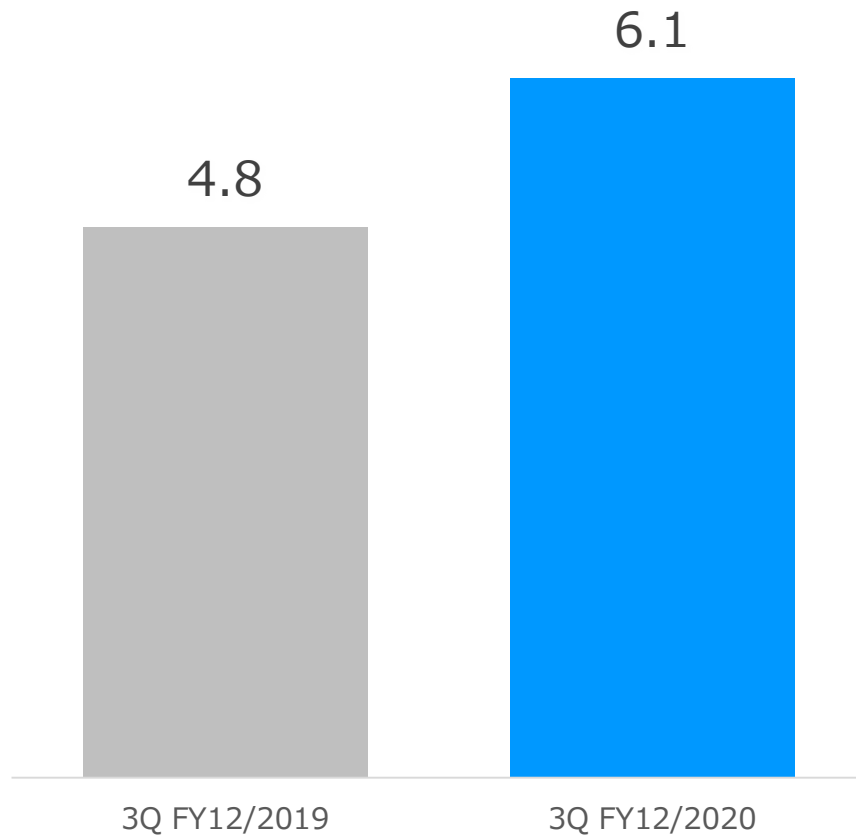
## **2. Results by Segment**

### **2 – 5. General Entertainment**

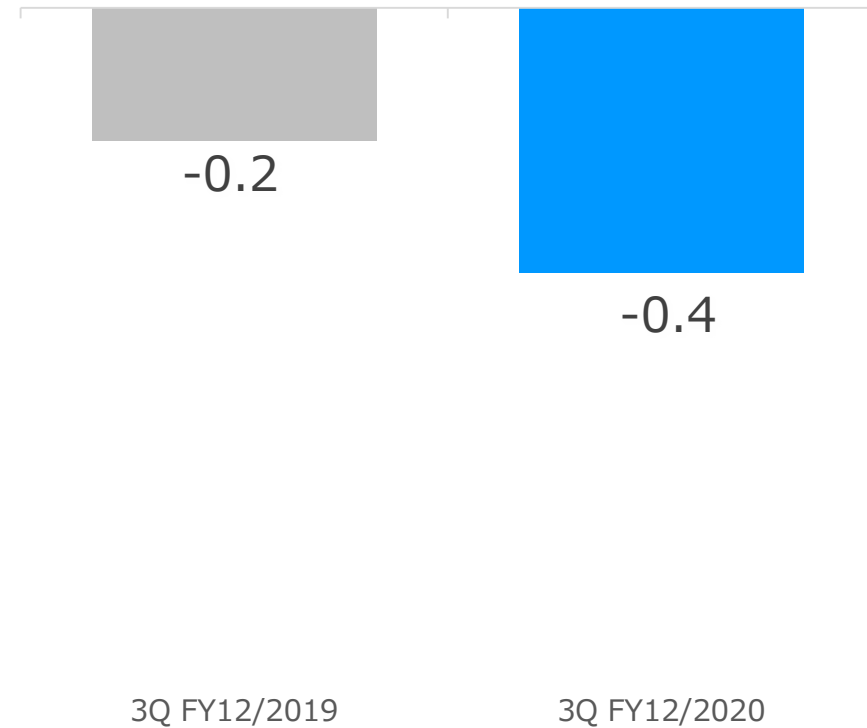
- Operating revenue increased year-on-year due to an acquisition of North River Co., Ltd. However, struggle continues regarding operating profit due to the influence of new corona.

Unit: Billions of yen

## Operating Revenue



## Operating Profit



### **3. Reorganization of Korean financial business**

- We decided to transfer JT Chinae Savings Bank and JT Savings Bank in Korean financial business.

- ✓ We decided to sell two Savings Banks ( JT Chinae Savings Bank and JT Savings Bank) in Korean financial business.

Issues regarding our business portfolio under the spread of Corona infection

※In third quarter, revenue and profit regarding JT Chinae Savings Bank was discontinued. JT Savings Bank is expected to be discontinued in fourth quarter.

- ① The world economy changed rapidly due to the spread of Corona infection. It is likely that the volatile situation will continue for a couple of years. We need to improve our business portfolio since it is vulnerable to risk.
- ② To further strengthen financial soundness in preparation for a prolonged corona disaster, it is necessary to gradually increase liquidity on hand and reduce interest-bearing debt.



**As a first step of restructuring our business portfolio, we decided to transfer the savings banking business of Korean financial business.**

## ➤ Regarding the buyers of two Savings Banks

- ✓ We decided to sell JT Savings Bank to VI Investment Corporation at 146.3 billion KRW.
- ✓ We sold JT Chinae Savings Bank, along with direct parent company J Trust Card, to NEXUS BANK Co., Ltd. (hereinafter referred to as “NEXUS BANK”) by the Share exchange method. (Market value was 28.9 billion yen on November 9※)

### Basis information of buyer

JT Savings Bank (VI Investment corporation)		JT Chinae Savings Bank (NEXUS BANK)	
Buyer	VI Investment Corporation	Buyer	NEXUS BANK Co., Ltd.
Location of Headquarter	15th F, Gukjegeumyung-ro 10, Yeongdeungpo-gu, Seoul Special City, Republic of Korea	Location of Headquarter	1-7-12, Toranomom, Minato-Ku, Tokyo
Representative	CEO Byungjoo Rhee	Representative	CEO Keiichi Yamaguchi
Capital	23 billion KRW (Approximately 2,088 million JPY)	Capital	2,105 million JPY
Date of Establishment	January 21, 1997	Date of Establishment	February 6, 1996
Fiscal year end	December	Fiscal year end	December
Principal Business	Investment Management Business	Principal Business	Fintech, Investment Banking Business
Acquisition Method	Payment in Cash	Acquisition Method	Share exchange method

※Calculated based on stock price level of NEXUS BANK on November 9, 2020.

### ➤ Benefits of this business reorganization

- ✓ The company, NEXUS BANK, and our shareholders will be able to enjoy the benefits of growth.

#### Merit①

• **We sold with the corporate value of the two savings banks maximized, ensuring liquidity on hand and further strengthening financial soundness.**

→ We are considering using the liquidity on hand, which will increase this time from the sale, to reduce interest-bearing debt.

#### Merit②

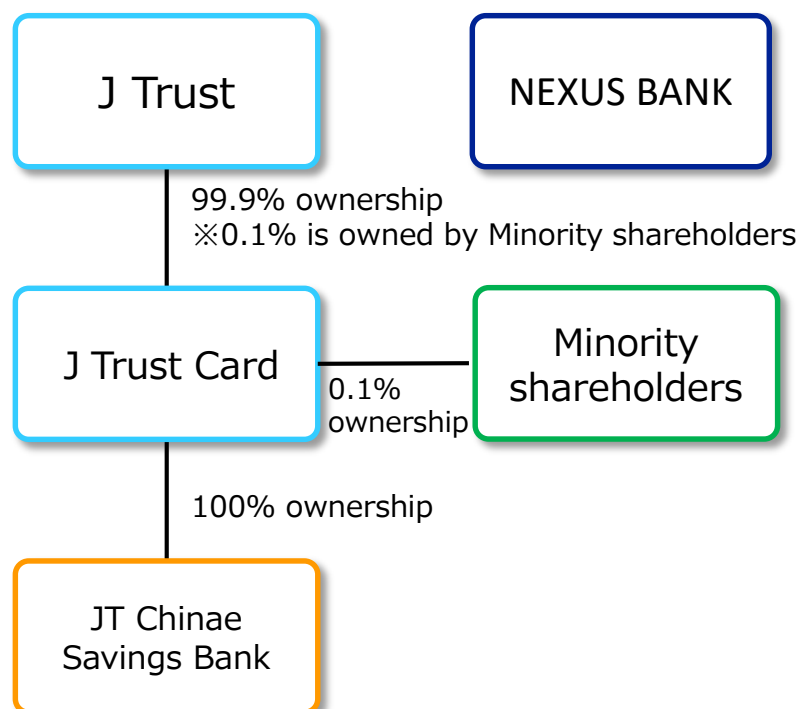
• **It is possible to pursue growth for NEXUS BANK shareholders by issuing new shares with minimal impact on stock prices**

→ NEXUS BANK's preferred shares to be subscribed to at the time of sale of JT Chinae Savings Bank are given a conversion restriction clause of up to 15%, and will not be significantly diluted at once. Additionally, our purpose is not to gain control, but to obtain the fruit of NEXUS BANK's growth (by capital gains).

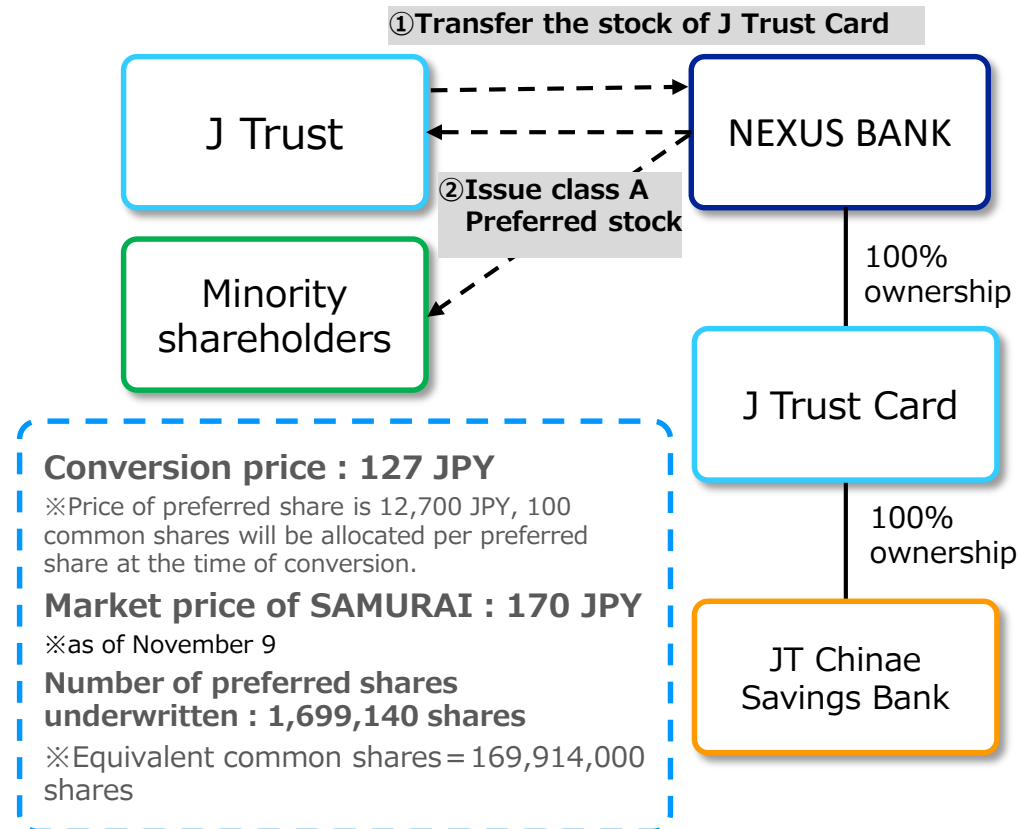
- Share Exchange scheme with NEXUS BANK regarding the sale of JT Chinae Savings Bank.

- ✓ By conducting a share exchange with NEXUS BANK, we transferred the shares of J Trust Card, the parent company of JT Chinae Savings Bank, to NEXUS BANK and underwrote the preferred shares of NEXUS BANK.

### Before the Share Exchange



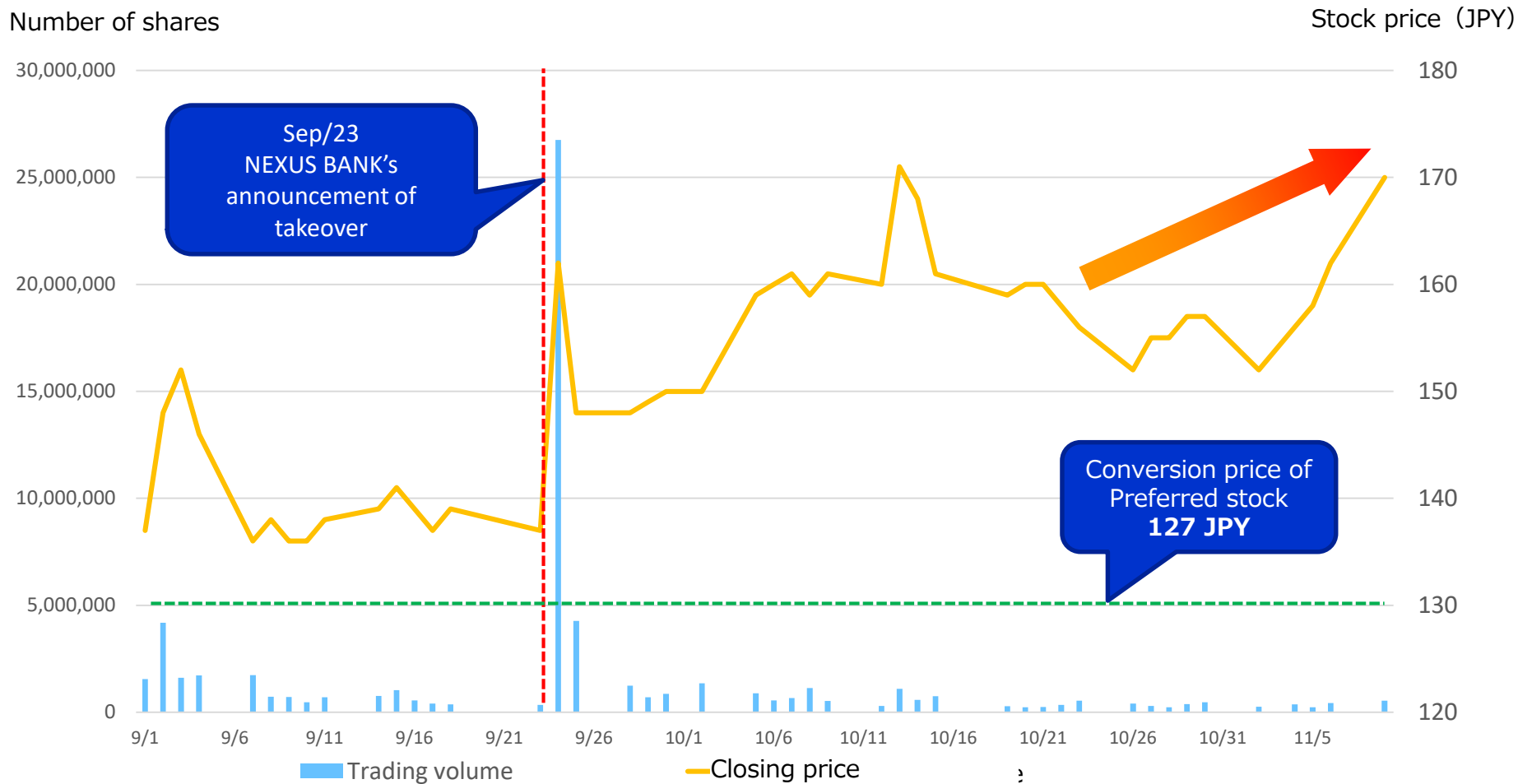
### After the Share Exchange





## (Reference) Changes in NEXUS BANK's stock price

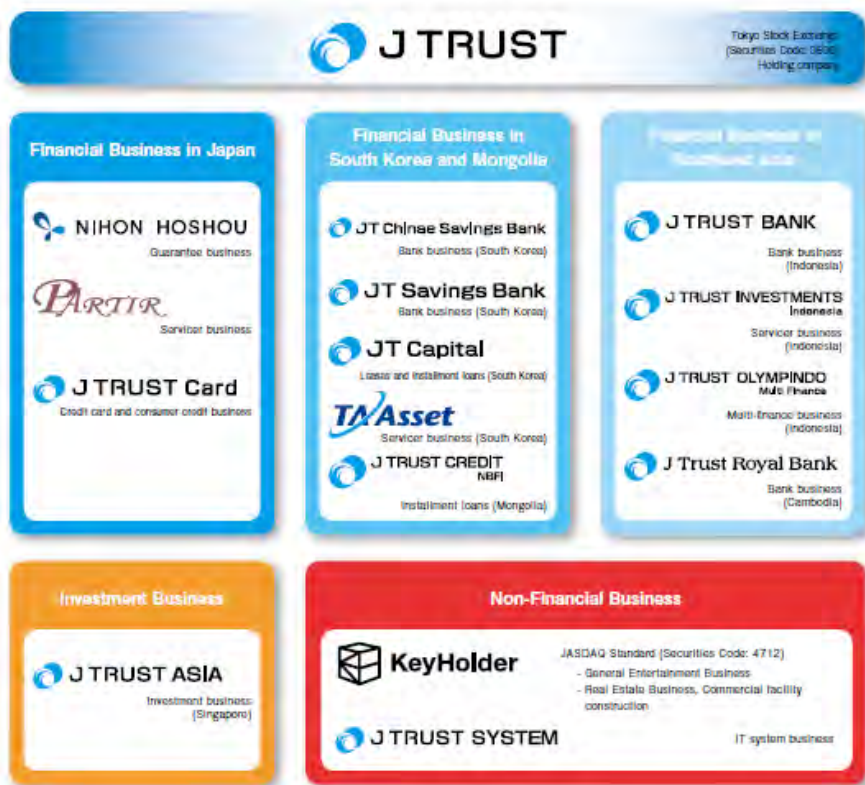
- ✓ After announcing the takeover of a part of our Korean financial businesses, NEXUS BANK's stock price is on the rise .  
→Toward a market environment where it is easier to pursue capital gains



## ➤ Our group structure after reorganization

- ✓ Savings banking business and credit card business in Japan are excluded from our group. We withdraw from South Korea's savings banking business and credit card business in Japan. We continue to review our business portfolio.

## Our group before reorganization



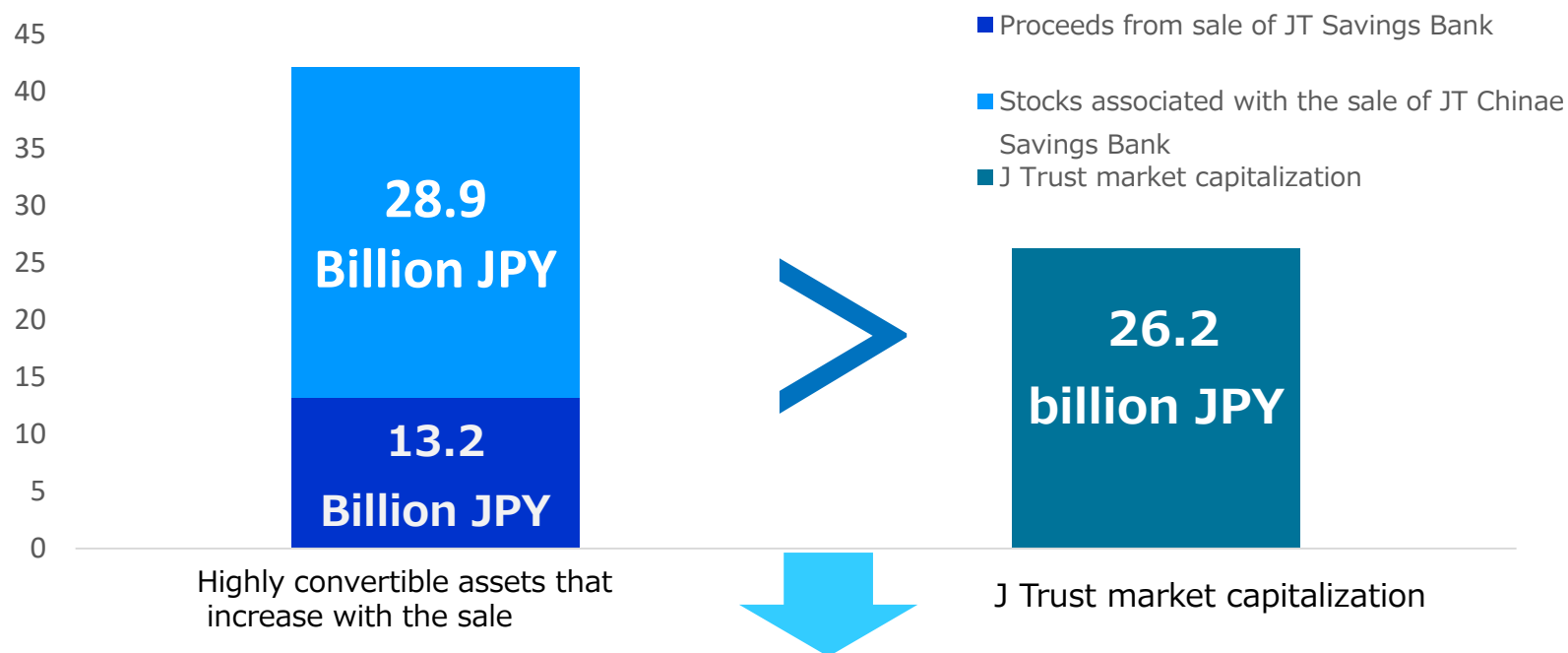
## Our group after reorganization



### ➤ Utilization of cash on hand that increased with the sale of companies

- ✓ Secure highly convertible assets at hand by selling two savings banks
- ✓ Further promote organizational restructuring by effectively utilizing **increased assets that exceed market capitalization of J Trust.**

Unit: Billions of yen



**Utilization of highly convertible assets that increase with the sale for business restructuring. In the future, we consider aggressive selection of business regardless of business or country.**

※Shares associated with sale of JT Chinae Savings Bank are converted at the closing price of Nexus Bank's stock price on November 9th

※Market capitalization of J Trust is converted at the closing price of our stock price on November 9th

## 4. Initiatives to expand Japanese financial business

## ➤ Current situation of Japanese financial business

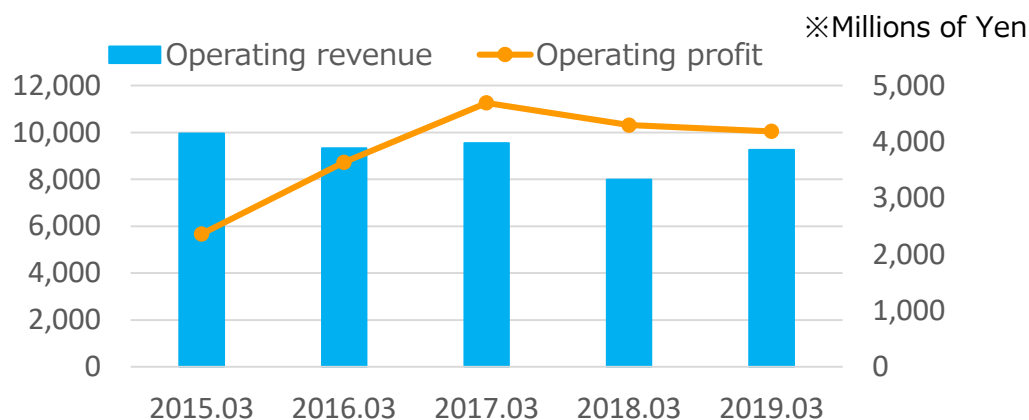
- ✓ In Japanese financial business, both the guarantee business and the receivables collection business are performing well.
- ✓ Operating profit ratio, ROE, and ROA remain high level.

### Various operating indicators for Nihon Hoshou

※Fiscal year December 2019 Japanese accounting standard

Operating revenue	Operating profit	Operating profit ratio
7,925 million JPY	3,835 million JPY	48.3%
ROE (Return on equity)	ROA (Return on total assets)	
32.2%	23.4%	

### Changes in operating revenue of Nihon Hoshou



Operating revenue has been on a downward trend since 2015. After operating profit increased, it has maintained a high level until now.

- For further expansion of the performance of Japanese financial business  
~Strengths of Nihon Hoshou~

- ✓ Knowledge of real estate accumulated through many years of handling property-backed loans
- ✓ Stable earnings base by mainly guaranteeing long-term loans for residential real estate

### Wide partnership network

The Saikyo Bank, Ltd.(Yamaguchi prefecture), The Kagawa Bank, Ltd.(Kagawa prefecture), The Tokushima Taisho Bank, Ltd.(Tokushima prefecture), The Tokyo Star Bank, Ltd. (Tokyo Metropolis), Kinkisangyo Shinkumi Bank (Osaka prefecture), Kawasaki Shinkin Bank (Kanagawa Prefecture), Shinhan Bank Japan (Tokyo Metropolis), The Ehime Bank, Ltd. (Ehime prefecture), Shonan Shinkin Bank (Kanagawa prefecture), Seikyo Shinkumi Bank (Osaka prefecture)

**Guarantee balance**  
**Approx. 210 billion JPY**

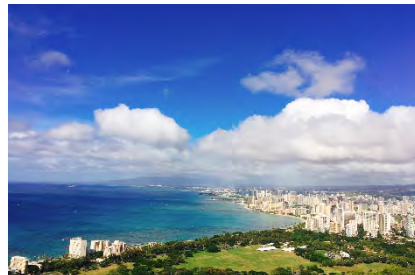
**Partnership financial institutions**  
**10 banks**

### Guarantee partnership utilizing real estate knowledge

※These pictures below are images.



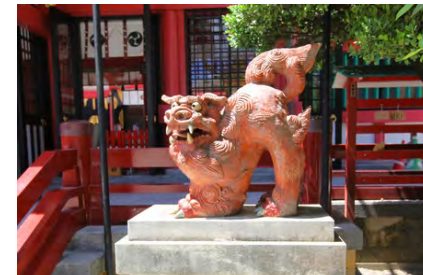
▲ Condominium loan



▲ Overseas property-backed loan



▲ Reverse mortgage



▲ Hotel and condominium loan



➤ For further expansion of the performance of Japanese financial business

- ✓ Condominium loan guarantee is handled for the purpose of asset utilization for inheritance tax measures and of loans of new condominium for investment.  
→For further development, we started handling not only new construction but also highly profitable used and renovated resale in the metropolitan area and Osaka area.

Guarantee portfolio of Nihon Hoshou

※ as of September 30, 2020



■ Condominium loan ■ Other

Guarantee balance of  
Condominium loans  
at the end of September 2020

**155.9 billion JPY**

Composition ratio : 74%



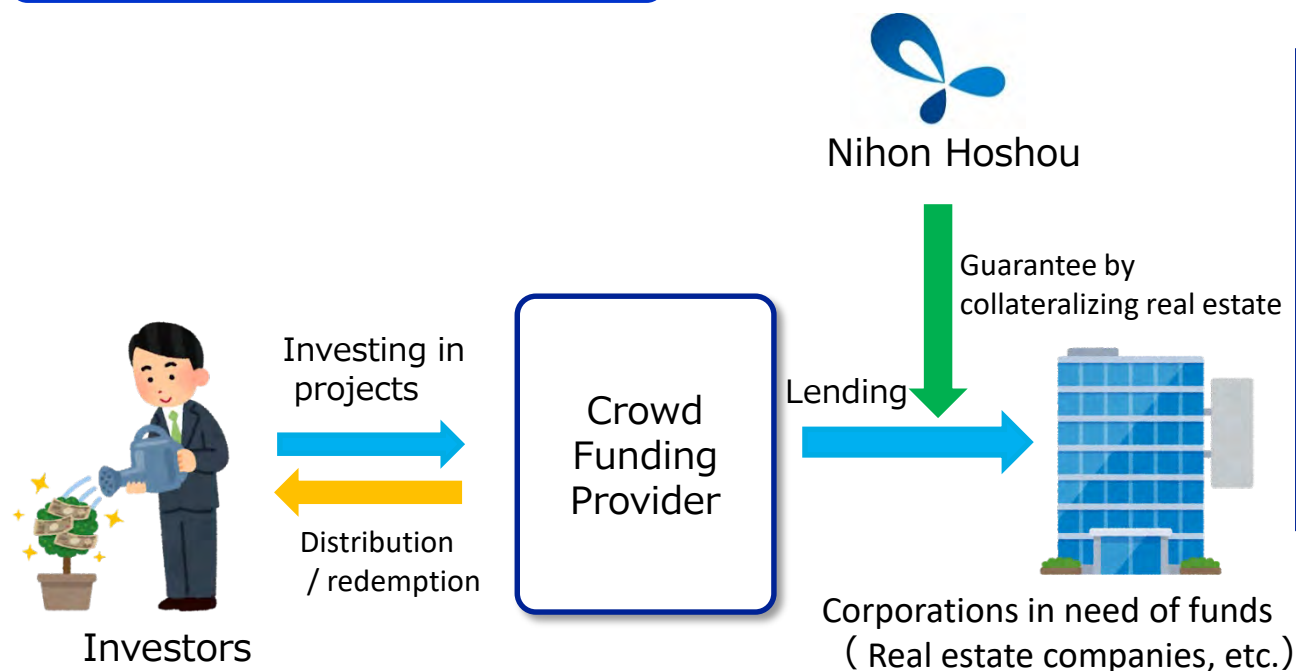
**We will continue to guarantee new loans  
only for high-quality properties.**

## ➤ Expansion of social lending guarantee business

- ✓ Established and monopolize the guarantee business in industry by social lending guarantee.
- ✓ Nihon Hoshou expanded guarantee business by using the guarantee business with NEXUS BANK as a model case.

### Business scheme for social lending guarantee

Blue・Orange : Flow of funds  
Green : Solution provided by Nihon Hoshou Group



#### ■ Guarantee partnership with social lending providers

2019.5	NEXUS BANK
2020.6	 CAMPFIRE
2020.10	Zaizen Solution Co., Ltd. Pocket Funding

Guarantee balance 2.96 billion JPY  
An example of social lending with  
Guarantee by Nihon Hoshou  
It took only 48 minutes 50 seconds  
to sell out 0.5 billion JPY

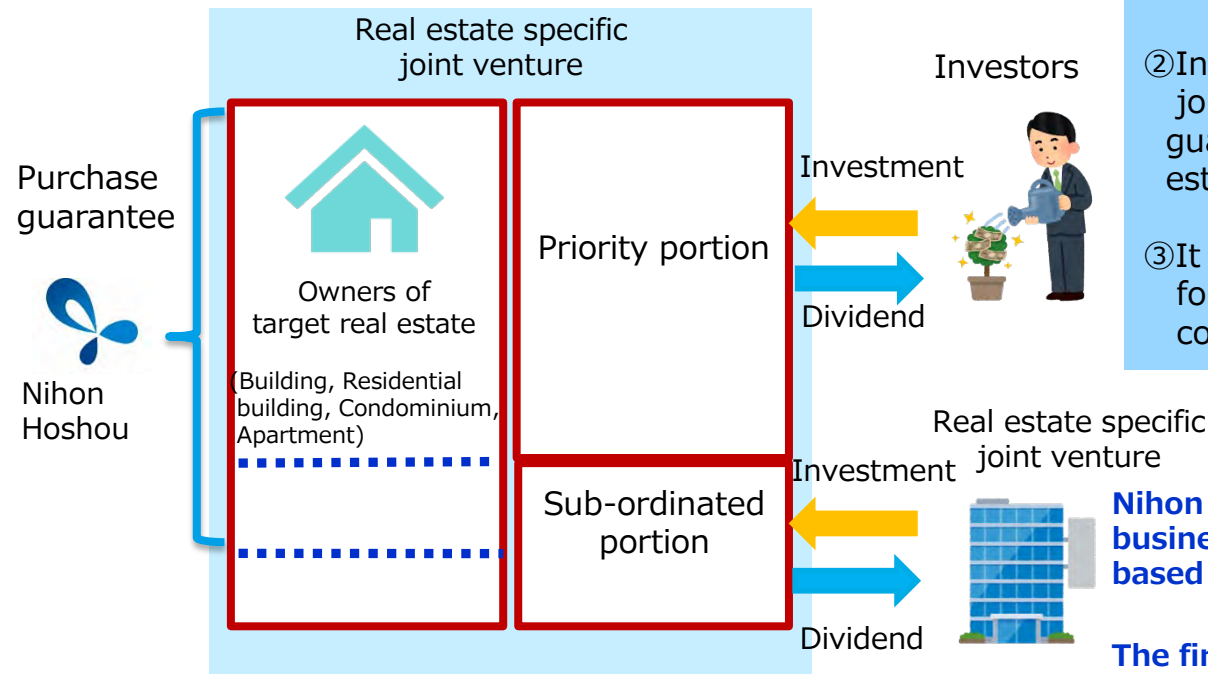
Currently in negotiations for  
guarantee partnership with  
multiple social lenders



➤ Launch the business based on Real Estate Specified Joint Enterprise Act (Purchase guarantee business)

- ✓ The business is based on “Real Estate Specified Joint Enterprise Act” that is “crowdfunding” of real estate. This business can provide products investors can invest with confidence due to purchase guarantee by Nihon Hoshou.

Scheme of business based on Real Estate Specified Joint Enterprise Act



Characteristics of business based on Real Estate Specified Joint Enterprise Act

- ① Taking advantage of Nihon Hoshou's expertise of real estate
- ② Investors can invest in real estate specific joint venture with confidence due to purchase guarantee by Nihon Hoshou for invested real estate.
- ③ It is possible to control management costs for Nihon Hoshou since the real estate company manages the property.

**Nihon Hoshou develops a new guarantee business with crowdfunding for businesses based on Real Estate Specified Joint Enterprise Act.**

**The first guarantee project will be sold in December!**

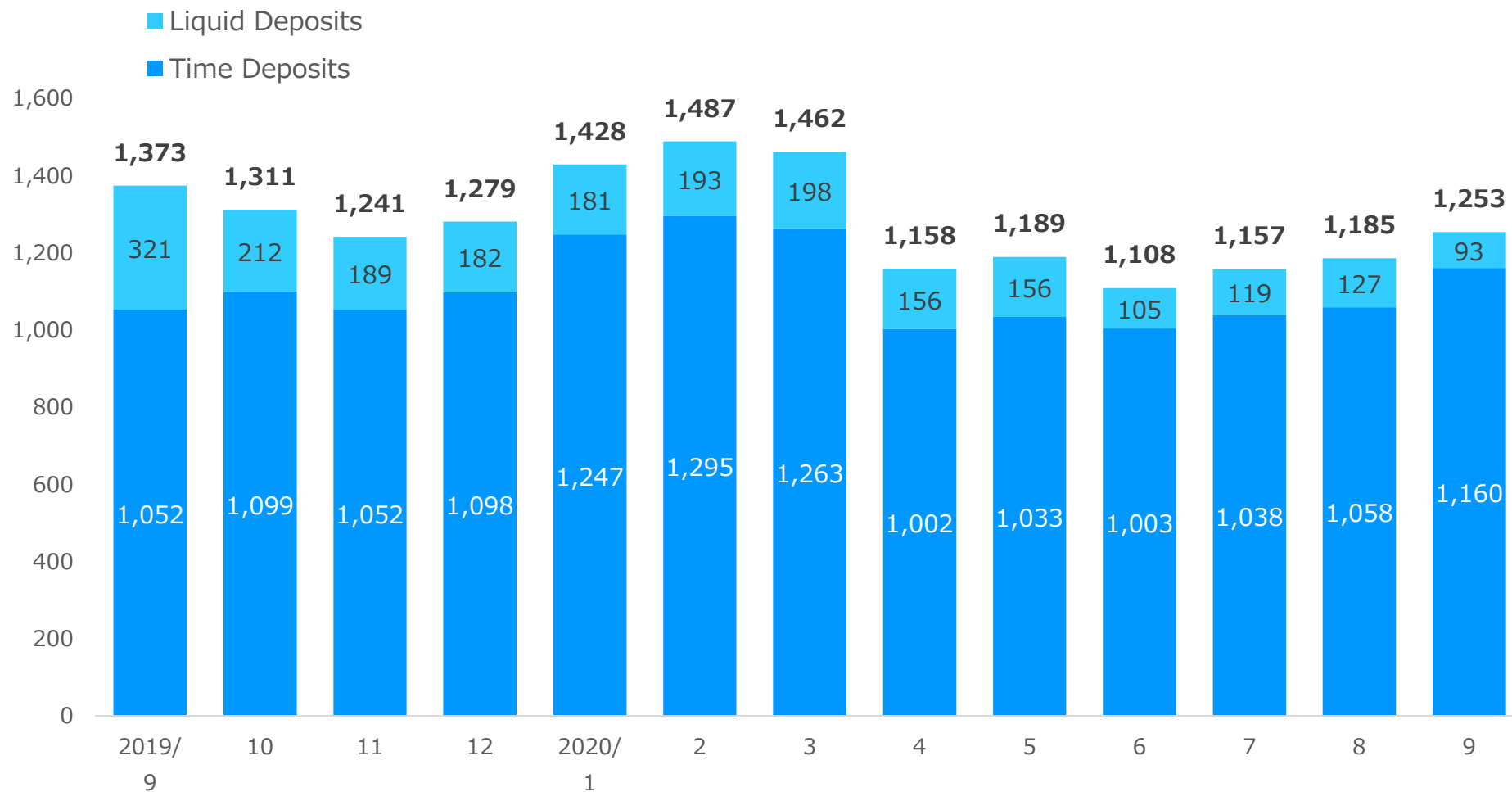
## 5. Data collection

※All amounts are displayed in local currency in data collection pages.

## ➤ BJI Balance of Deposits

Unit: 10 Billions of IDR

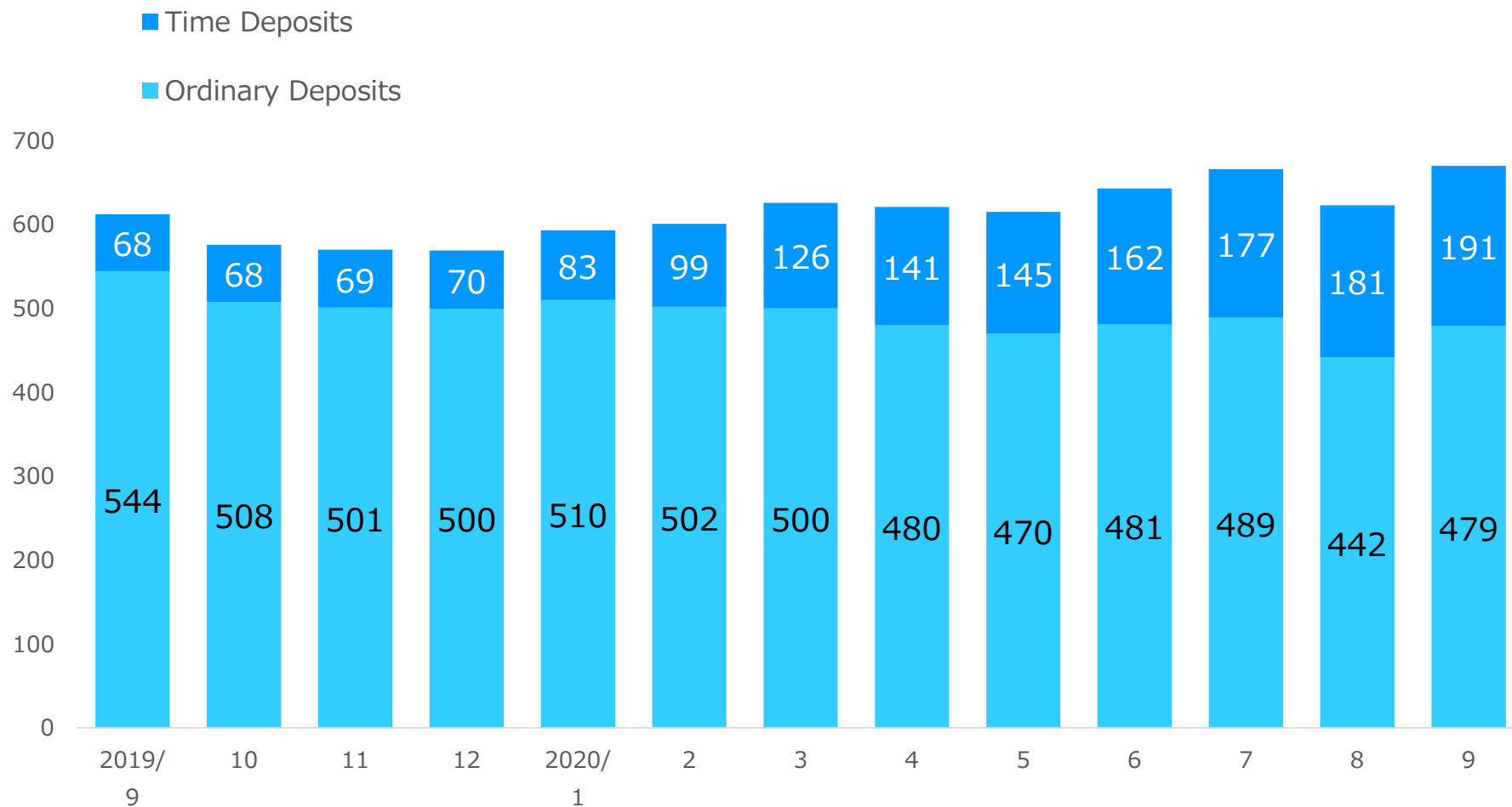
## BJI Balance of Deposits



## ➤ JTRB Balance of Deposits

Unit: Millions of USD

## JTRB Balance of Deposits



# Number of people infected with coronavirus in each country (As of November 6, 2020)

Source : World Health Organization (WHO)

- ✓ Singapore's mortality rate is kept at a low level among the countries where we conduct business
- ✓ The number of infected and death in Indonesia has significantly increased

Country	Number of infected	Number of the dead	Mortality rate (%)
Japan	103,838	1,794	1.72%
Korea	27,050	475	1.75%
Indonesia	421,731	14,259	3.38%
Singapore	57,911	28	0.04%
Cambodia	352	0	0%
Mongolia	292	0	0%
(Reference) United States of America	9,281,928	231,034	2.48%

