

# AEON Credit Service (M) Berhad

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Q3FYE2022 Results Update  
23 December 2021

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The background of the slide is a vibrant night cityscape with illuminated skyscrapers and streetlights. A large magenta graphic element, consisting of a triangle and a horizontal bar, is overlaid on the left and top portions of the image.

# AEON Credit Service (M) Berhad

## Financial Overview





# Financial Highlights

Record high profitability backed by strong asset quality





Profitability

	9M FYE21	9M FYE22	YoY (%)
Revenue	RM1,155.3M	RM1,161.9M	+0.6%
PAT	RM120.2M	RM342.0M	+184.5%
ROE	9.7%	24.5%	+14.8%



Asset  
Quality

Transaction & Financing Volume	RM3.0B	RM3.3B	+11.5%
Gross Financing Receivables	RM10.2B	RM9.6B	-6.0%
Loan Loss Coverage Ratio	318%	410%	+92.0%
Non-Performing Loan (NPL)	2.88%	1.75%	-1.13%
Net Credit Cost (NCC)	4.65%	0.42%	-4.23%



Capital

Capital Adequacy Ratio (CAR)	22.7%	27.2%	+4.5%
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# Quarterly Performance

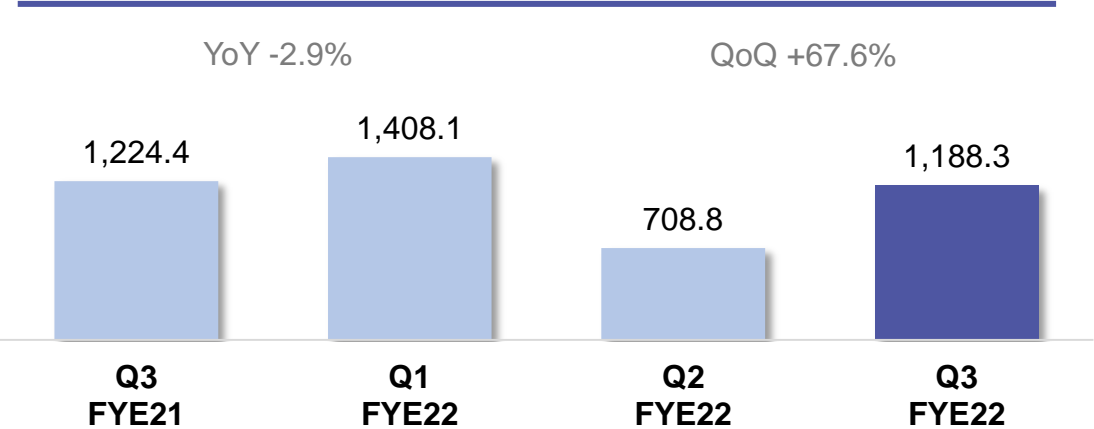


Transaction & Financing recovered QoQ in tandem with NRP progress; Profit grew healthily

Total Transaction & Financing Volume (RM mil)

YoY -2.9%

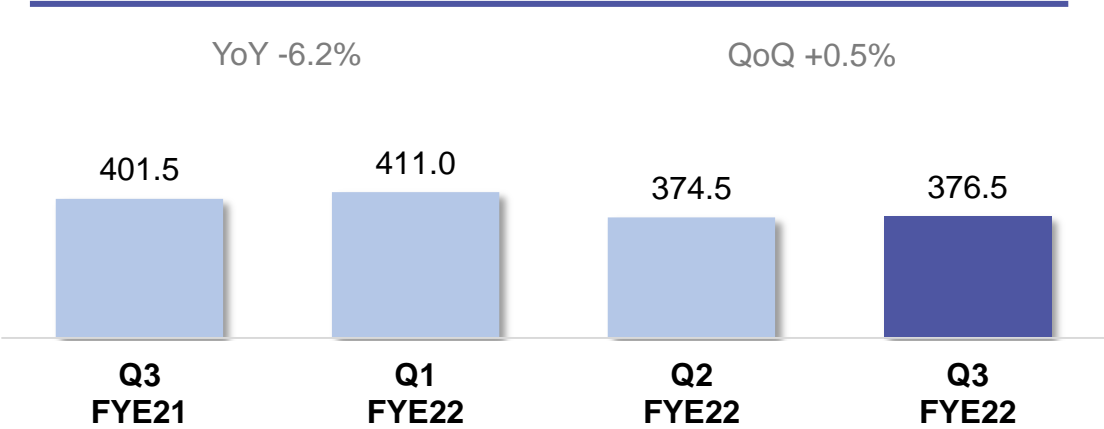
QoQ +67.6%



Revenue (RM mil)

YoY -6.2%

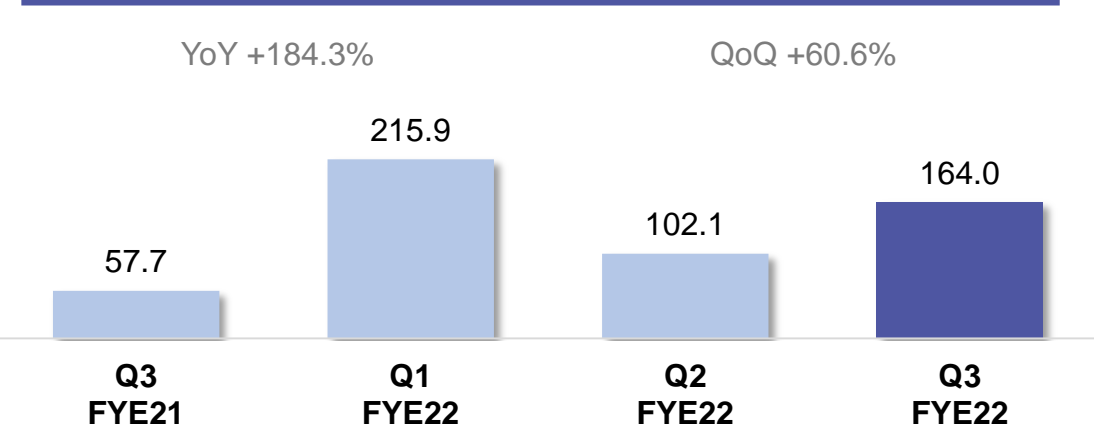
QoQ +0.5%



Profit Before Tax (RM mil)

YoY +184.3%

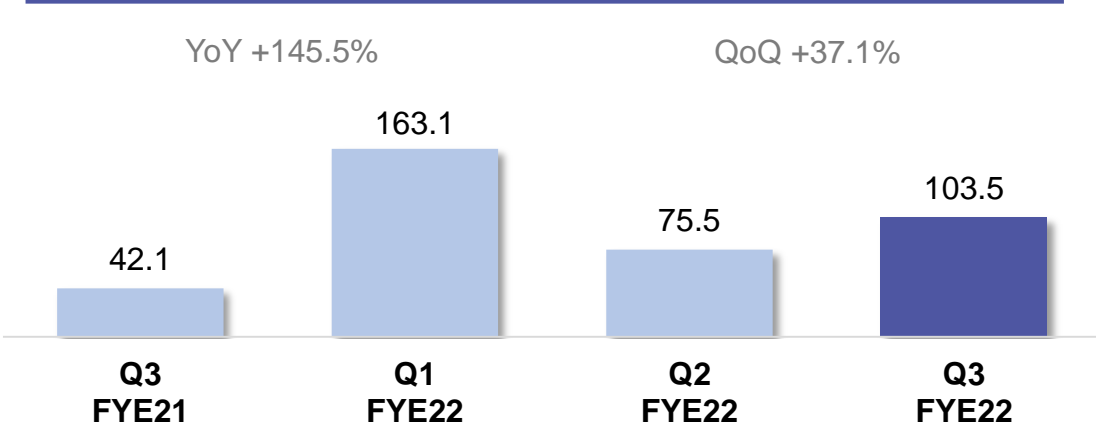
QoQ +60.6%



Profit After Tax (RM mil)

YoY +145.5%

QoQ +37.1%



# Shareholder Value & Capital Management

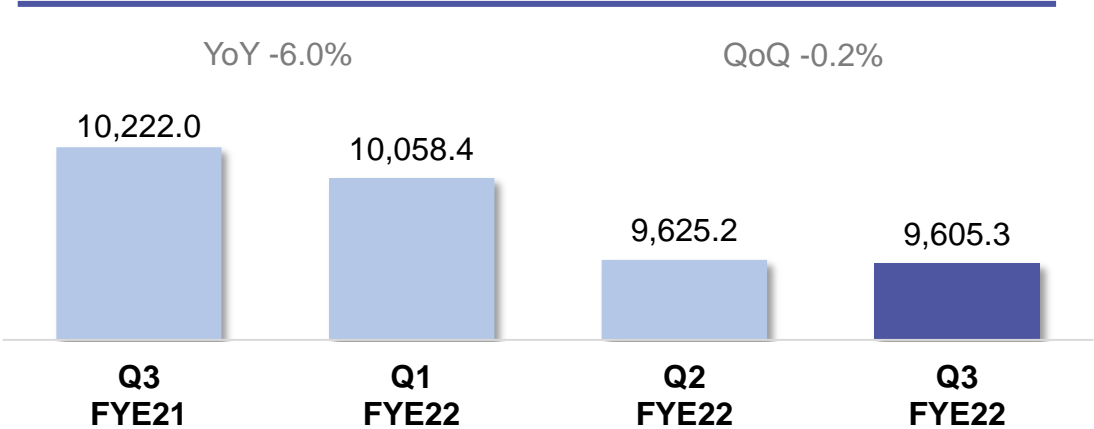


Solid balance sheet with ROE rebounded with strong capital position

Gross Receivables (RM mil)

YoY -6.0%

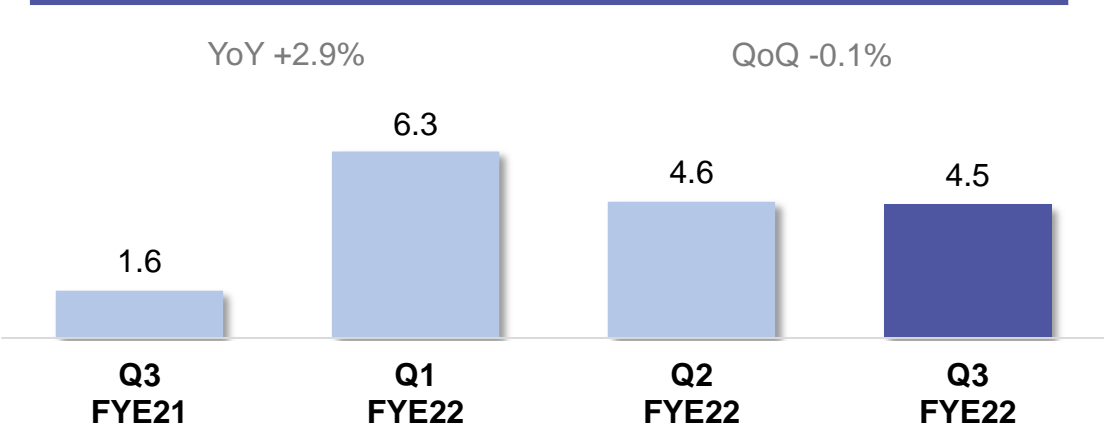
QoQ -0.2%



Return On Asset (%)

YoY +2.9%

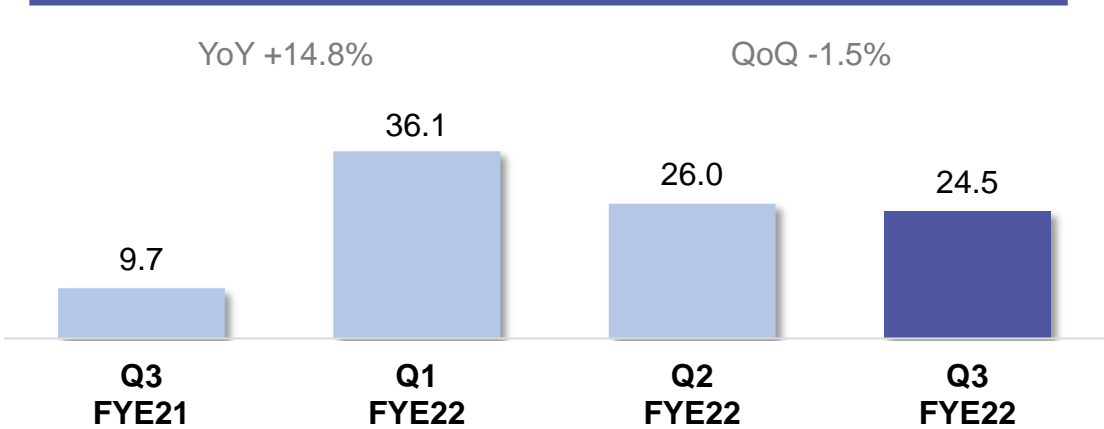
QoQ -0.1%



Return On Equity (%)

YoY +14.8%

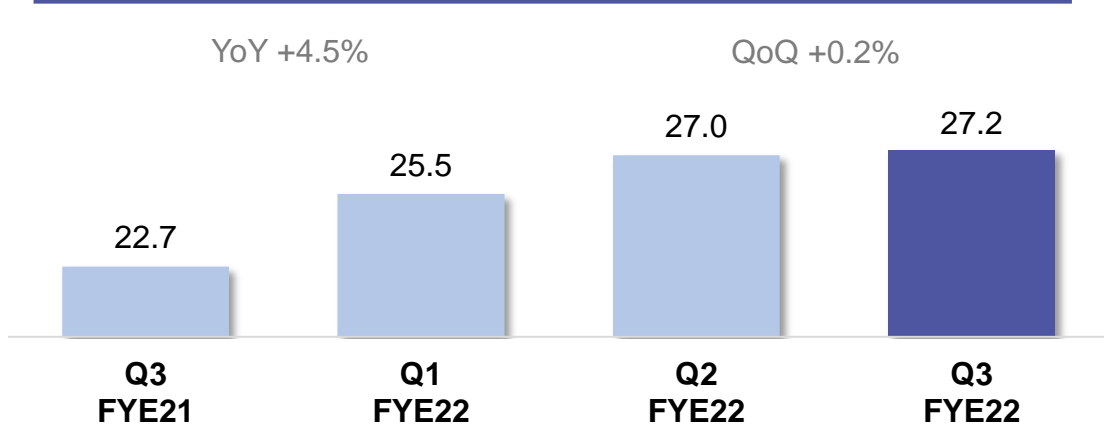
QoQ -1.5%



Capital Adequacy Ratio (%)

YoY +4.5%

QoQ +0.2%



















# Total Transaction & Financing Volume



Volume for all segments registered QoQ growth following economy recovery and market reopening

	Volume (RM mil)	Q3 FYE21	Q2 FYE22	Q3 FYE22	QoQ	YoY
	Motorcycle Financing	427	142	346	144.1%	-19.1%
	Credit Card	377	299	378	26.5%	0.4%
	Personal Financing	217	99	198	100.1%	-8.8%
	Auto Financing	111	59	125	112.1%	13.3%
	Objective Financing	54	70	96	37.0%	78.1%
	E-money	38	40	44	10.8%	15.2%
	SME Financing	0.4	0.4	1	176.5%	148.0%
	<b>Total</b>	<b>1,224</b>	<b>709</b>	<b>1,188</b>	<b>67.6%</b>	<b>-2.9%</b>

	Segmental Breakdown (%)	Q3 FYE21	Q2 FYE22	Q3 FYE22	QoQ	YoY
	Motorcycle Financing	34.9%	20.0%	29.1%	9.1%	-5.8%
	Credit Card	30.8%	42.2%	31.8%	-10.4%	1.0%
	Personal Financing	17.7%	14.0%	16.7%	2.7%	-1.0%
	Auto Financing	9.1%	8.3%	10.6%	2.3%	1.5%
	Objective Financing	4.4%	9.8%	8.0%	-1.8%	3.6%
	E-money	3.1%	5.6%	3.7%	-1.9%	0.6%
	SME Financing	0.0%	0.1%	0.1%	0.0%	0.1%
	<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>0.0%</b>	<b>0.0%</b>

















# Total Financing Receivables

Managing receivables with sustainable asset quality



	Volume (RM mil)	Q3 FYE21	Q2 FYE22	Q3 FYE22	QoQ	YoY
	Motorcycle Financing	3,456	3,389	3,389	0.0%	-1.9%
	Auto Financing	2,939	2,748	2,713	-1.3%	-7.7%
	Personal Financing	2,640	2,450	2,420	-1.2%	-8.3%
	Credit Card	839	707	720	1.9%	-14.2%
	Objective Financing	310	308	342	11.3%	10.3%
	SME Financing	38	23	21	-10.9%	-45.2%
	<b>Total</b>	<b>10,222</b>	<b>9,625</b>	<b>9,605</b>	<b>-0.2%</b>	<b>-6.0%</b>

	Segmental Breakdown (%)	Q3 FYE21	Q2 FYE22	Q3 FYE22	QoQ	YoY
	Motorcycle Financing	33.8%	35.2%	35.3%	0.1%	1.5%
	Auto Financing	28.8%	28.6%	28.2%	-0.4%	-0.6%
	Personal Financing	25.8%	25.5%	25.2%	-0.3%	-0.6%
	Credit Card	8.2%	7.3%	7.5%	0.2%	-0.7%
	Objective Financing	3.0%	3.2%	3.6%	0.4%	0.6%
	SME Financing	0.4%	0.2%	0.2%	0.0%	-0.2%
	<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>0.0%</b>	<b>0.0%</b>

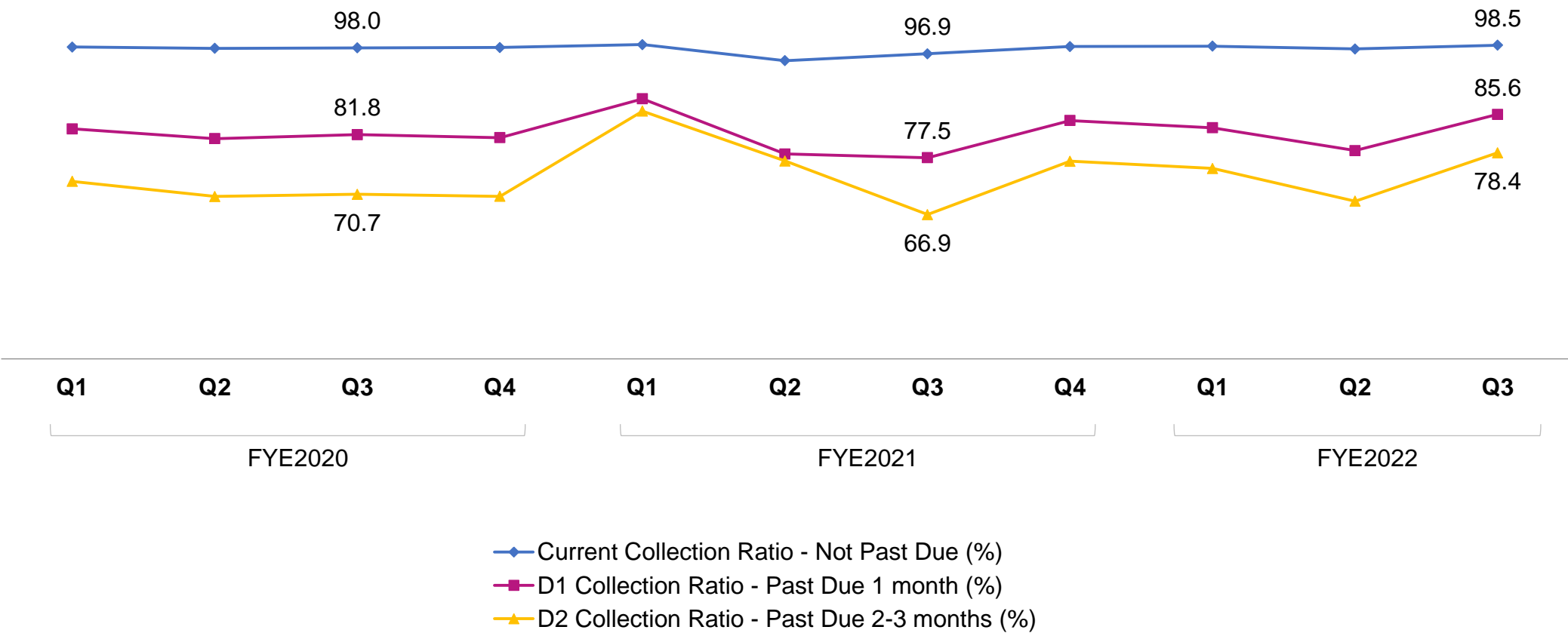


# Receivables Collection

Driven by effective credit management strategies and improved new sales quality



Receivables Collection Trend



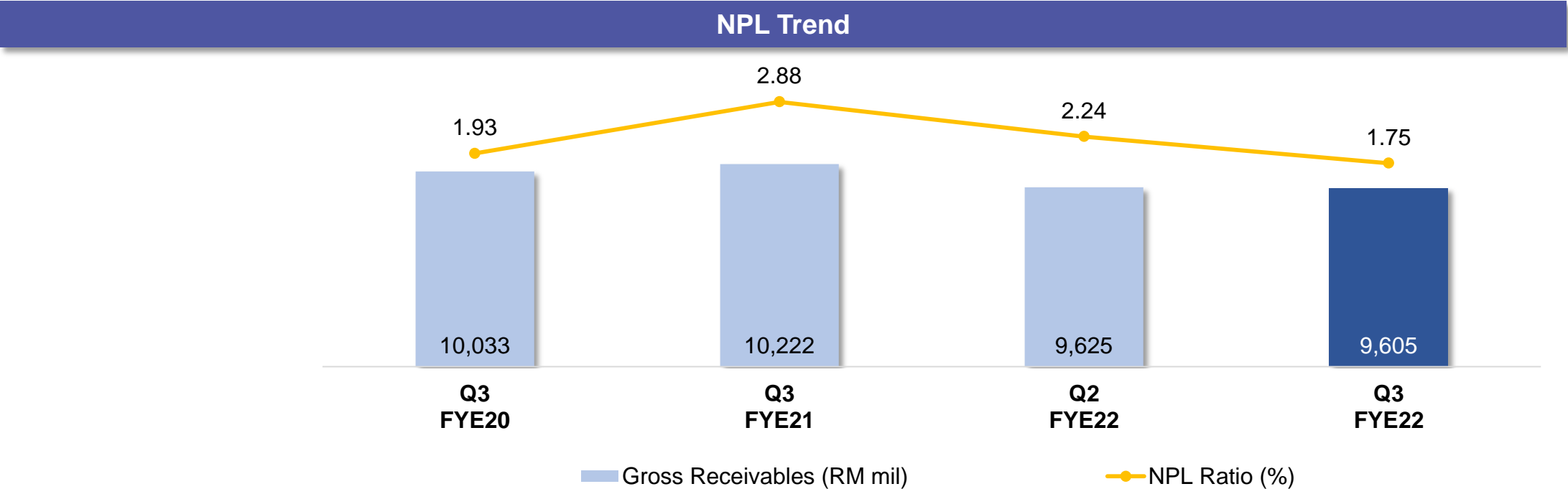
\*Q1 FYE21: collection ratio with payment holidays (actual collection ratio)



# Non-Performing Loan (NPL)



Lower NPL as continuous efforts on asset quality control



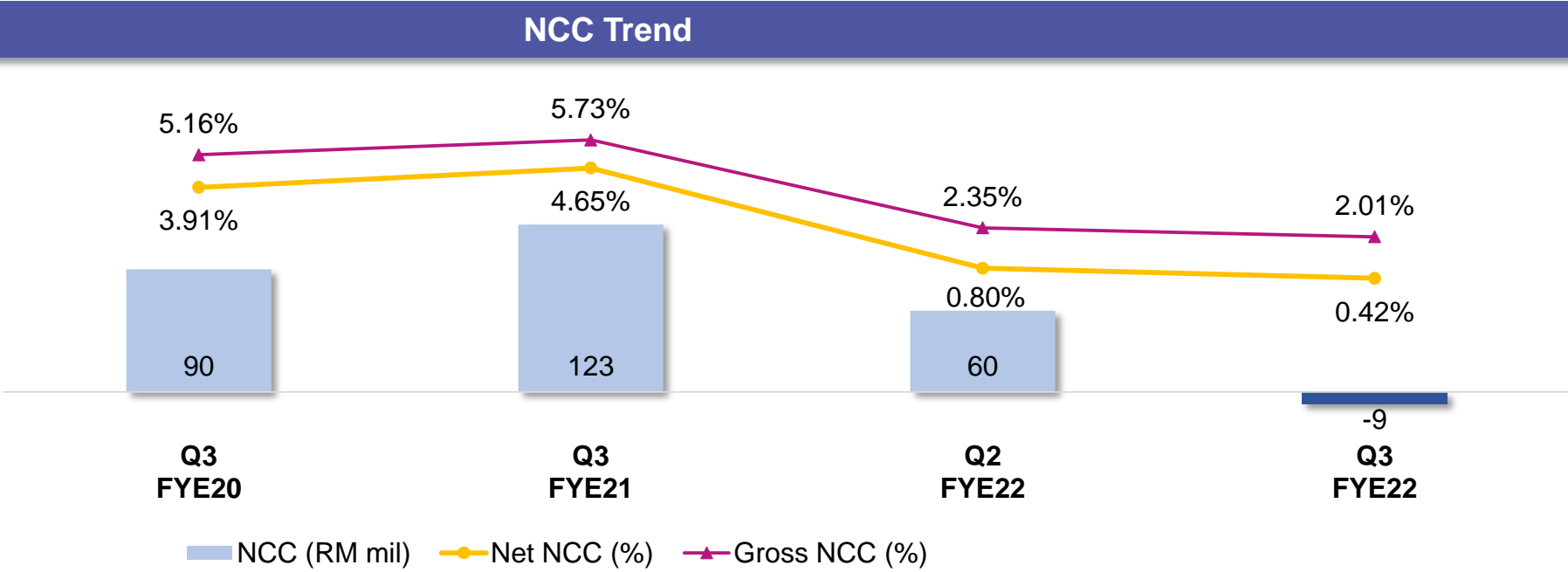
(RM mil)	Q3 FYE20	Q3 FYE21	Q2 FYE22	Q3 FYE22
Receivables	10,033	10,222	9,625	9,605
Balance D3+	194	294	215	168
NPL (%)	1.93	2.88	2.24	1.75



# Net Credit Cost (NCC)



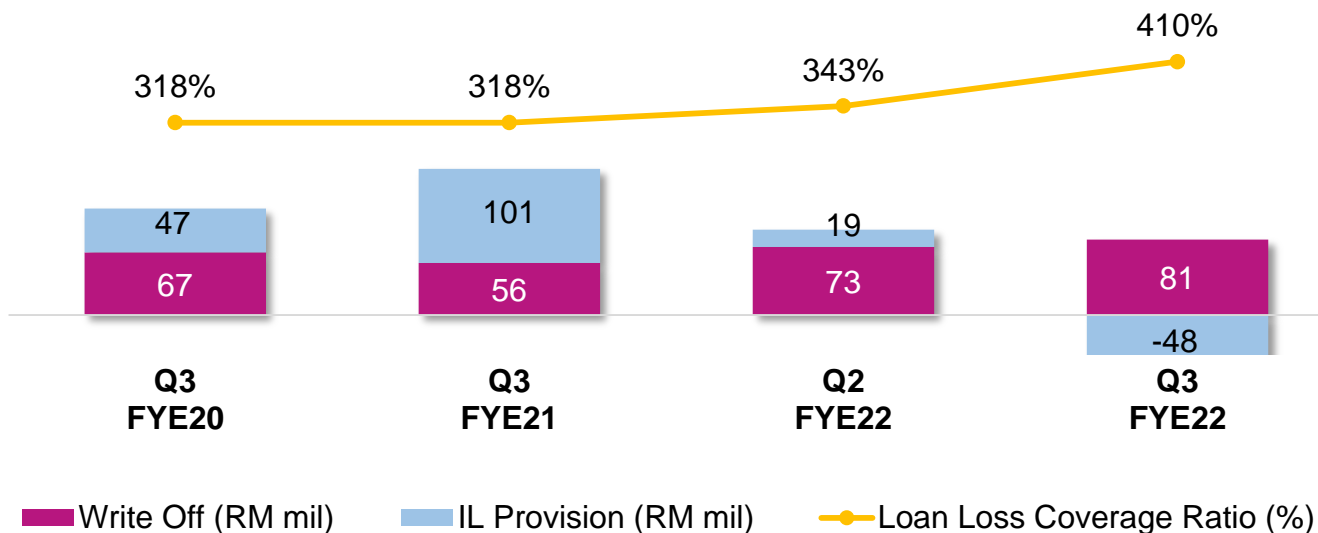
Lower NCC attributable to lower impairment loss and higher bad debt recovered



(RM mil)	Q3 FYE20	Q3 FYE21	Q2 FYE22	Q3 FYE22
Total Impairment Loss	114	157	92	33
(-) Bad Debt Recovered	24	34	32	42
NCC	90	123	60	-9

# Impairment Loss (IL) Analysis

Lower IL benefited from better collections and IL provision reversal



Lower IL YoY mainly due to writeback on allowance for **Expected Credit Loss (ECL)** of **RM48.5 mil** as compared to ECL provision of RM101.0 mil in Q3 FYE21 attributed to **lower existing delinquent receivables** (D1 – D6) in Q3 FYE22.

Overall bad debts written off was RM81.6 mil compared to RM55.9 mil in Q3 FYE21 as there was a **temporary revision in write-off criteria** from unpaid accounts with status D6 to D9 between Jul 20 to Nov 20.

(RM mil)	Q3 FYE20	Q3 FYE21	Q2 FYE22	Q3 FYE22	QoQ RM mil	QoQ %
Write Off	67	56	73	81	8	10.7%
IL Provision	47	101	19	-48	-67	-360.7%
<b>Total IL</b>	<b>114</b>	<b>157</b>	<b>92</b>	<b>33</b>	<b>-59</b>	<b>-64.1%</b>



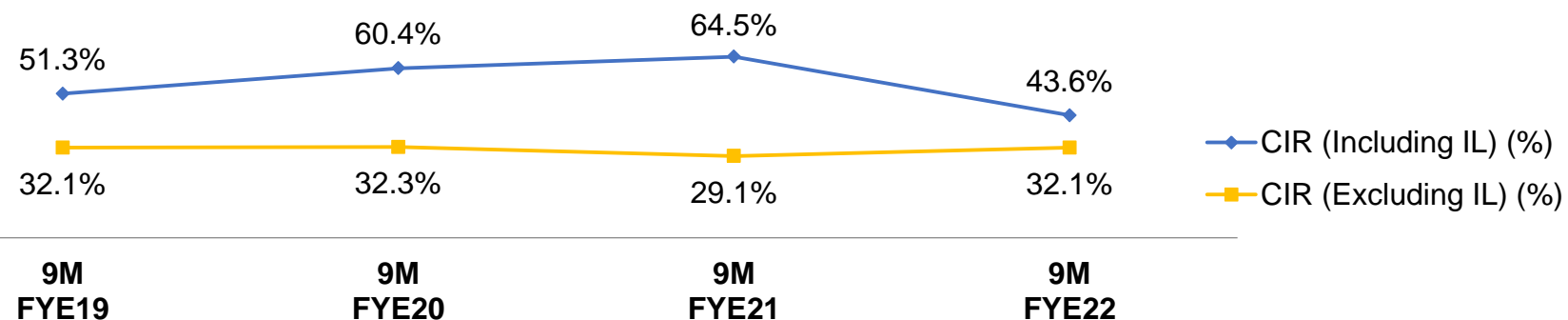
# Cost-to-Income Ratio (CIR)

Improved due to higher income and lower impairment loss



RM mil	Q3 FYE21	Q3 FYE22	YoY	9M FYE21	9M FYE22	YoY
<b>Total Operating Income</b>	<b>441.1</b>	<b>426.9</b>	<b>-3.2%</b>	<b>1,253.7</b>	<b>1,300.1</b>	<b>3.7%</b>
Personnel Expenses	55.4	53.3	-3.8%	139.4	162.9	16.8%
Advertisement & Promotion	12.4	15.3	23.6%	37.5	36.6	-2.3%
Other Operating Expenses	69.5	80.2	15.5%	188.1	218.2	16.0%
Operating Expenses	137.3	148.8	8.4%	365.0	417.7	14.4%
Total Impairment Loss	156.9	33.1	-78.9%	443.3	148.6	-66.5%
<b>Total Operating Expenses</b>	<b>294.2</b>	<b>181.9</b>	<b>-38.2%</b>	<b>808.3</b>	<b>566.3</b>	<b>-29.9%</b>

## CIR Trend



The decrease in operating expenses YoY in Q3 FYE22 was mainly due to **lower impairment losses on financing receivables** of RM33.1 mil as compared to RM156.9 mil in Q3 FYE21, partially offset by higher advertisement and promotion and other operating expenses.





# AEON Credit Service (M) Berhad

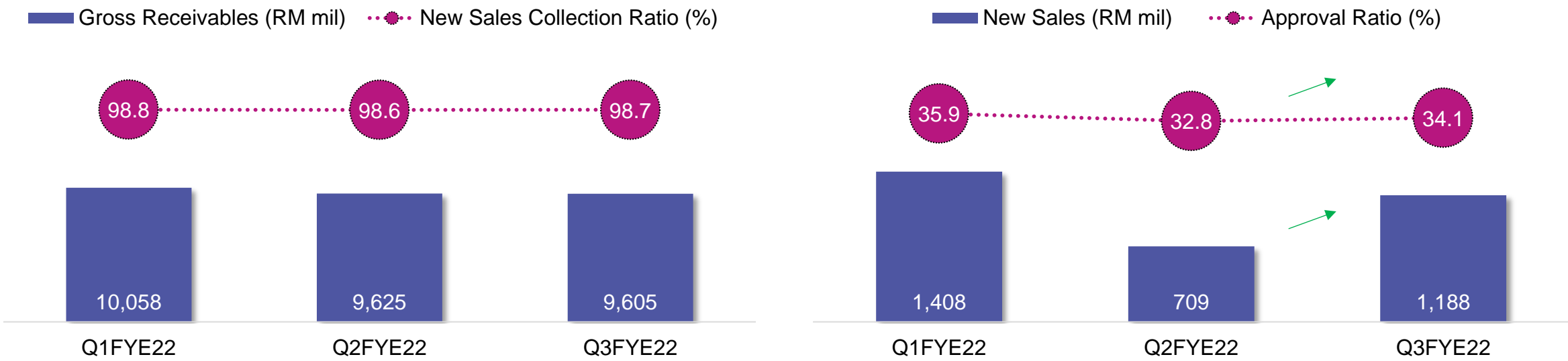
## Business & Operational Updates



# Business Recovery



Ensure asset quality is in control while expanding new sales steadily on our recovery path towards sustainable growth



## Sales and Receivables Growth Strategies

### Easy Payment

Robust marketing campaigns since Oct 2021

Ease of credit criteria – resulted in higher applications and approval ratios

Collaborate with key merchants, expedite merchant reactivation program

### Settlement Business

Set up mobile counter for credit card sales

Link all cards with AEON Member function

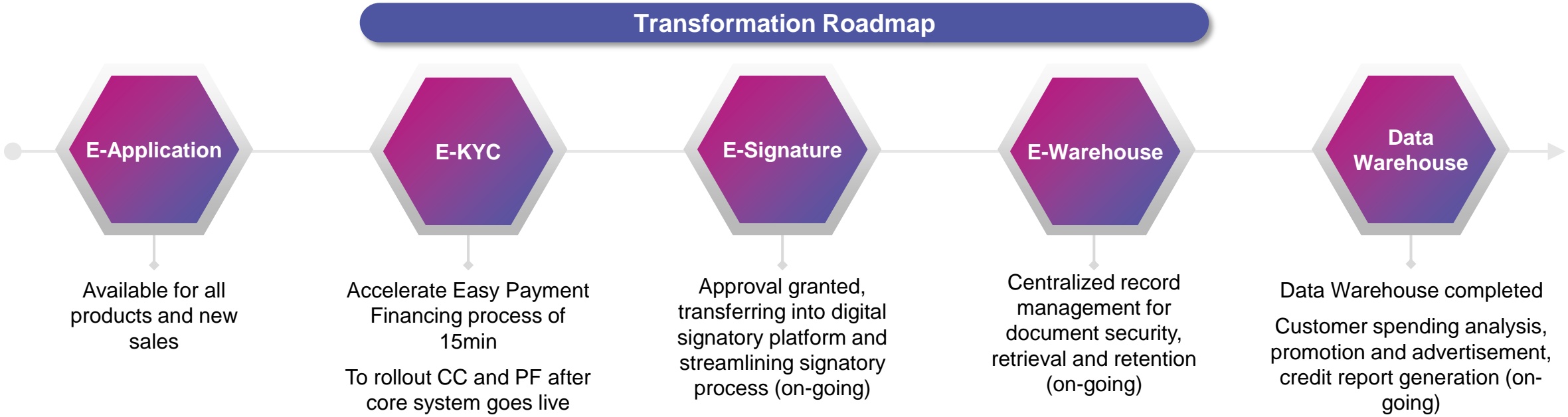
Promote through online aggregators

Cross-sell PF and AMP

# Transformation by Digital Shift



Provide seamless customer experience by create consumer digital on boarding



**AEON Wallet**

	As at Nov 2020	As at Nov 2021
E-wallet Downloads	890K	1.2M
AMP Cards Issued	1.6M	2.2M

New Features	Target Timeline
Credit card outstanding payment	Completed
Membership/card date display	Feb 2022
Auto reload function	Apr 2022
P2P transfer	Q2 2022
Tiered membership model	Q3 2022



# Initiatives Embarked in FYE2022



## Insurance Brokerage

### Moving Up the Value Chain

Insurepro Sdn Bhd became a wholly-owned subsidiary of AEON Credit on 30 Sept

### Prospect

- Unlocking the potential of insurance brokerage business through **product portfolio expansion** to include commercial and personal insurance from multiple Insurers and Takaful Operators (vs current agency model offering 1 life and 2 general insurance).
- **Capturing increase in demand** and **serving underserved markets** by leveraging on AEON Group Retail network and ecosystem.
- Tapping into Digital Insurtech and online tools.



## Digital Banking

### Facilitating Financial Inclusion in Malaysia via License Application

Proposed JV between  
AEON Financial Service  
& AEON Credit

### Prospect

- Value-adding to the dynamic financing landscape and **fulfilling the lifestyle changing needs** by providing a collaborative ecosystem, financial access and advise, innovative products and services.
- Adopting transformative technologies in **artificial intelligence, advanced analytics and machine learning models** for delivery of solutions to target customer segments.
- Pending shortlist announcement from BNM in 1QCY22.



## New Prepaid card

### Penetrating the Hawkers and Petty Traders segment via Privilege Card

Access to ~2mil of hawkers and petty traders to benefit from AEON Living Zone in the long term

### Prospect

- Enable hawkers and petty traders registered with MEDAC to make **secure and efficient cashless transactions** for their businesses via various existing e-wallets in the market.
- Provide **B2B wholesale prices** for hawkers and petty traders who conduct businesses in the **AEON ecosystem**.







# AEON Credit Service (M) Berhad

## Sustainability



# Sustainability FYE2022

## Social welfare and corporate social responsibility activities



**MAF AEONBersamamu**  
-provided 1,805 families affected by the COVID-19 pandemic  
-15 locations nationwide



**MAF AEONBantu for Frontliners**  
-provided 4,200 homcare packs to the healthcare and security frontliners



**MAF AEONBantu for upstream water rush tragedy victims in Kedah**  
-benefited 200 families



**MAF Sayap Bagimu Phase 2,**  
-contributed 2,000 units tablets to Form 3 students nationwide



- Management Sustainability Committee**
- Established on Nov 2021
  - Review, recommend and promote sustainability activities to create awareness and enhance participation among staff



- Support for COVID-19 vaccination**
- 98.2% of employees are fully vaccinated



- Privilege Card**
- Accelerate the adoption of digitalisation to the hawkers and petty traders
  - Provide similar benefits as an AEON Member Plus Card holder





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## Phone

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# AEON Credit Service (M) Berhad

## THANK YOU



# AEON Credit Service (M) Berhad

## Appendix

# Performance Highlights



(RM mil)	Q3 FYE21	Q1 FYE22	Q2 FYE22	Q3 FYE22	QoQ (%)	YoY (%)	9M FYE21	9M FYE22	YoY (%)
<b>Total Transaction &amp; Financing Volume</b>	<b>1,224.4</b>	<b>1,408.1</b>	<b>708.8</b>	<b>1,188.3</b>	<b>67.6%</b>	<b>-2.9%</b>	<b>2,965.4</b>	<b>3,305.2</b>	<b>11.5%</b>
Credit Card	376.9	380.8	299.1	378.4	26.5%	0.4%	1,103.3	1,058.3	-4.1%
Easy Payment Financing	591.9	677.9	270.8	567.6	109.6%	-4.1%	1,439.0	1,516.4	5.4%
Personal Financing	217.3	295.0	99.1	198.1	100.1%	-8.8%	329.4	592.2	79.8%
E-Money	38.3	54.4	39.8	44.2	10.8%	15.2%	93.7	138.3	47.6%
<b>Total Income</b>	<b>441.1</b>	<b>460.2</b>	<b>413.0</b>	<b>426.9</b>	<b>3.4%</b>	<b>-3.2%</b>	<b>1,253.7</b>	<b>1,300.1</b>	<b>3.7%</b>
Operating Expenses	-294.2	-158.7	-225.8	-181.9	-19.4%	-38.2%	-808.3	-566.3	-29.9%
Interest Expenses	-89.2	-85.6	-85.1	-81.0	-4.8%	-9.2%	-274.1	-251.8	-8.2%
<b>Profit Before Tax</b>	<b>57.7</b>	<b>215.9</b>	<b>102.1</b>	<b>164.0</b>	<b>60.6%</b>	<b>184.3%</b>	<b>171.3</b>	<b>482.0</b>	<b>181.4%</b>
Income Tax	-15.6	-52.8	-26.6	-60.5	127.2%	289.3%	-51.1	-140.0	174.3%
<b>Net Profit</b>	<b>42.1</b>	<b>163.1</b>	<b>75.5</b>	<b>103.5</b>	<b>37.1%</b>	<b>145.5%</b>	<b>120.2</b>	<b>342.0</b>	<b>184.5%</b>

# Financial Summary



(RM mil)	Q3 FYE21	Q1 FYE22	Q2 FYE22	Q3 FYE22	QoQ (%)	YoY (%)
<b>Credit Card</b>	<b>839.3</b>	<b>755.7</b>	<b>706.7</b>	<b>720.0</b>	<b>1.9%</b>	<b>-14.2%</b>
Card Purchase	769.0	658.7	688.6	701.2	1.8%	-8.8%
Cash Advance	70.3	97.0	18.1	18.8	3.5%	-73.3%
<b>Personal Financing</b>	<b>2,639.9</b>	<b>2,556.7</b>	<b>2,450.0</b>	<b>2,419.8</b>	<b>-1.2%</b>	<b>-8.3%</b>
<b>Objective Financing</b>	<b>310.4</b>	<b>299.8</b>	<b>307.6</b>	<b>342.2</b>	<b>11.3%</b>	<b>10.3%</b>
<b>Motorcycle Financing</b>	<b>3,455.1</b>	<b>3,578.1</b>	<b>3,389.4</b>	<b>3,389.6</b>	<b>0.0%</b>	<b>-1.9%</b>
MOPED	2,629.0	2,791.3	2,637.3	2,629.2	-0.3%	0.0%
Superbike	826.1	786.8	752.1	760.4	1.1%	-8.0%
<b>Auto Financing</b>	<b>2,939.5</b>	<b>2,840.5</b>	<b>2,748.2</b>	<b>2,713.0</b>	<b>-1.3%</b>	<b>-7.7%</b>
<b>SME Financing</b>	<b>37.8</b>	<b>27.6</b>	<b>23.3</b>	<b>20.7</b>	<b>-10.9%</b>	<b>-45.2%</b>
<b>Total Financing Receivables</b>	<b>10,222.0</b>	<b>10,058.4</b>	<b>9,625.2</b>	<b>9,605.3</b>	<b>-0.2%</b>	<b>-6.0%</b>
Impairment Loss	-934.8	-719.8	-738.4	-690.0	-6.6%	-26.2%
Other Assets	850.1	1,140.5	1,580.7	1,290.4	-18.4%	51.8%
<b>Total Assets</b>	<b>10,137.3</b>	<b>10,479.1</b>	<b>10,467.5</b>	<b>10,205.7</b>	<b>-2.5%</b>	<b>0.7%</b>
<b>Total Liabilities</b>	<b>8,395.6</b>	<b>8,411.0</b>	<b>8,374.3</b>	<b>8,057.2</b>	<b>-3.8%</b>	<b>-4.0%</b>
<b>Shareholders' Fund</b>	<b>1,741.7</b>	<b>2,068.1</b>	<b>2,093.2</b>	<b>2,148.5</b>	<b>2.6%</b>	<b>23.4%</b>

# Operating Income

(RM mil)	Q3 FYE21	Q1 FYE22	Q2 FYE22	Q3 FYE22	QoQ (%)	YoY (%)	9M FYE21	9M FYE22	YoY (%)
Credit Card	38.2	34.0	30.6	34.1	11.6%	-10.7%	107.4	98.6	-8.2%
Personal Financing	113.6	114.5	103.0	99.8	-3.1%	-12.1%	333.5	317.3	-4.9%
Objective Financing	16.9	17.8	17.8	18.7	4.9%	10.7%	56.1	54.3	-3.2%
Motorcycle Financing	145.6	157.0	139.4	140.7	1.0%	-3.3%	397.4	437.0	10.0%
Auto Financing	84.8	84.5	79.9	78.6	-1.6%	-7.4%	249.0	242.9	-2.4%
SME Financing	0.7	0.5	0.4	0.3	-13.1%	-53.4%	2.1	1.3	-38.9%
E money	1.7	2.7	3.4	2.9	-17.6%	74.2%	9.8	9.1	-7.5%
Brokerage Fee*	-	-	-	1.4	-	-	-	1.4	-
<b>Total Revenue</b>	<b>401.5</b>	<b>411.0</b>	<b>374.5</b>	<b>376.5</b>	<b>0.5%</b>	<b>-6.2%</b>	<b>1,155.3</b>	<b>1,161.9</b>	<b>0.6%</b>
Other Operating Income	39.6	49.2	38.5	50.4	30.9%	27.5%	98.4	138.2	40.4%
<b>Total Operating Income</b>	<b>441.1</b>	<b>460.2</b>	<b>413.0</b>	<b>426.9</b>	<b>3.4%</b>	<b>-3.2%</b>	<b>1,253.7</b>	<b>1,300.1</b>	<b>3.7%</b>

\*Insurepro Sdn Bhd becoming a wholly-owned subsidiary of AEON Credit since Oct 2021.



# **Total Expenses**



(RM mil)	Q3 FYE21	Q1 FYE22	Q2 FYE22	Q3 FYE22	QoQ (%)	YoY (%)	9M FYE21	9M FYE22	YoY (%)
Impairment Loss on Receivables	156.9	23.3	92.3	33.1	-64.1%	-78.9%	443.3	148.6	-66.5%
Personnel Expenses	55.4	55.4	54.2	53.3	-1.8%	-3.8%	139.4	162.9	16.8%
Advertisement & Promotion (A&P)	12.4	10.8	10.5	15.3	45.8%	23.6%	37.5	36.6	-2.3%
Other Operating Expenses	69.5	69.2	68.8	80.2	16.6%	15.5%	188.1	218.2	16.0%
<b>Operating Expenses</b>	<b>294.2</b>	<b>158.7</b>	<b>225.8</b>	<b>181.9</b>	<b>-19.4%</b>	<b>-38.2%</b>	<b>808.3</b>	<b>566.3</b>	<b>-29.9%</b>
Interest expenses	89.2	85.6	85.1	81.0	-4.8%	-9.2%	274.1	251.8	-8.2%
<b>Total Expenses</b>	<b>383.4</b>	<b>244.3</b>	<b>310.9</b>	<b>262.9</b>	<b>-15.4%</b>	<b>-31.4%</b>	<b>1,082.4</b>	<b>818.1</b>	<b>-24.4%</b>



	FYE19	FYE20	FYE21	Q1 FYE22	Q2 FYE22	Q3 FYE22	9M FYE22
PBT (RM mil)	472.2	390.4	324.9	215.9	102.1	164.0	482.0
PAT (RM mil)	354.6	292.0	234.0	163.1	75.5	103.5	342.0

Weighted average no. of ordinary shares (Mil)	255.3	255.3	255.3	255.3	255.3	255.3	255.3
Basic EPS (RM)*	1.34	1.07	0.88	2.5	1.8	1.7	1.7
NTA per share (RM)	6.0	6.1	6.6	7.3	7.4	7.6	7.6

ROE (%)*	22.1	18.0	13.8	36.1	26.0	24.5	24.5
ROA (%)*	4.3	3.1	2.3	6.3	4.6	4.5	4.5

Capital Adequacy Ratio (%)	22.4	18.9	24.0	25.5	27.0	27.2	27.2
Debt-to-Equity Ratio (x)	3.4	4.6	3.8	3.5	3.3	3.1	3.1

Share Price (RM)	16.5	13.8	11.7	11.9	12.06	12.9	12.9
PER (x)	11.9	12.9	13.3	4.7	6.6	7.4	7.4
Market Capitalisation (RM mil)	4,149	3,500	2,992	3,038	3,079	3,293	3,293

\*Computed based on annualised figures.