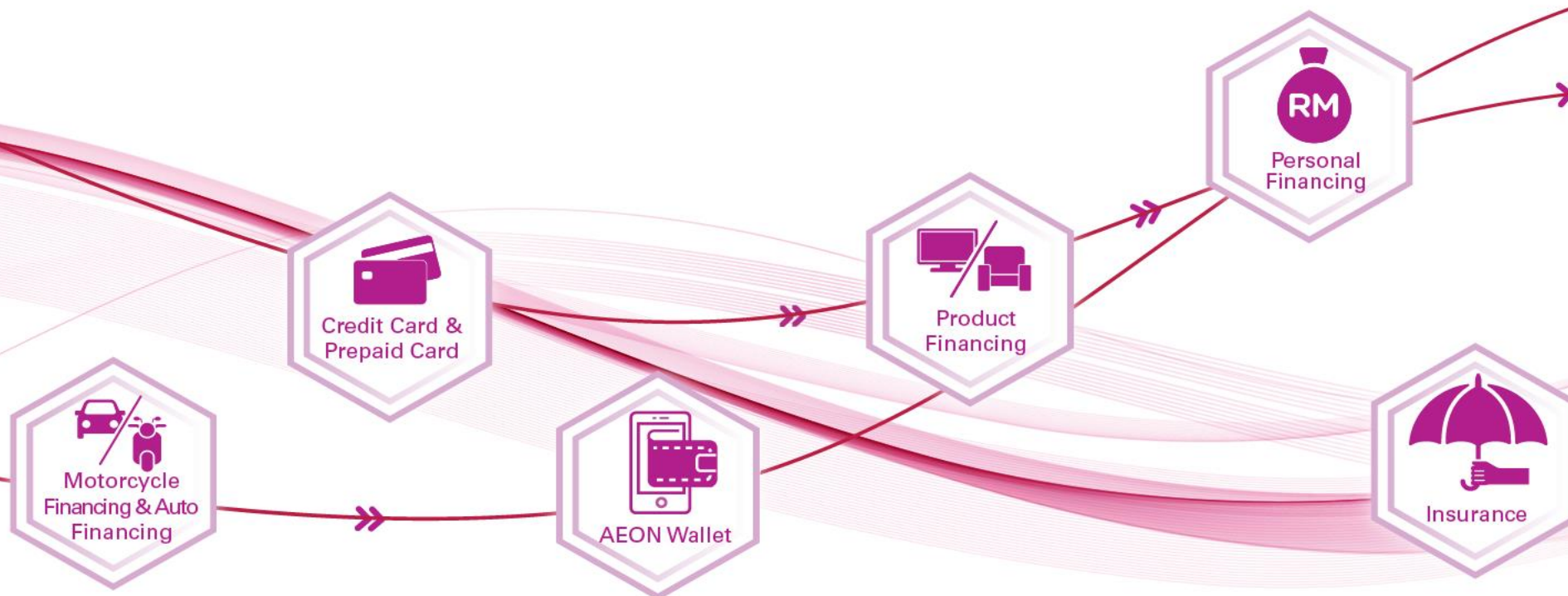




**AEON CREDIT SERVICE**

# Q1 FYE23 Financial Results

4 July 2022



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**ÆON CREDIT SERVICE**




# **FINANCIAL OVERVIEW**



# Financial Performance



Sales growth boosted by marketing strategies; asset quality remains healthy

		3M FYE22	3M FYE23	YoY
 <b>Profitability</b>	<b>Revenue</b>	RM411.0M	RM390.6M	-5.0%
	<b>PAT</b>	RM163.1M	RM163.1M	0.0%
	<b>ROE</b>	36.1%	30.7%	-5.4%
 <b>Asset Quality</b>	<b>Transaction &amp; Financing Volume</b>	RM1,408.1M	RM1,486.7M	+5.6%
	<b>Gross Financing Receivables</b>	RM10,058.4M	RM9,996.5M	-0.6%
	<b>Loan Loss Coverage Ratio</b>	409%	281%	-128.0%
	<b>Non-Performing Loan (NPL)</b>	1.75%	2.53%	+0.78%
	<b>Net Credit Cost (NCC)</b>	-0.81%	-0.72%	+0.09%
 <b>Capital</b>	<b>Capital Adequacy Ratio (CAR)</b>	25.5%	28.1%	+2.6%

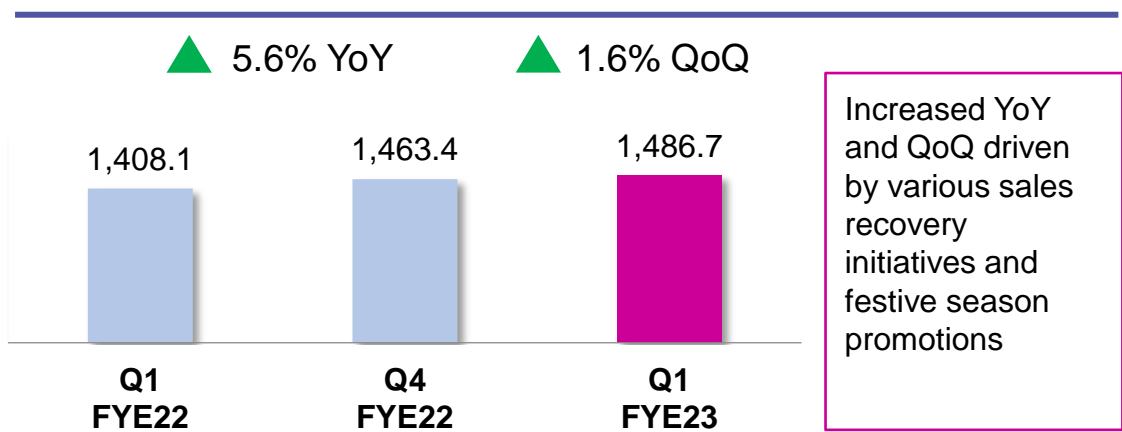


# Income Statement

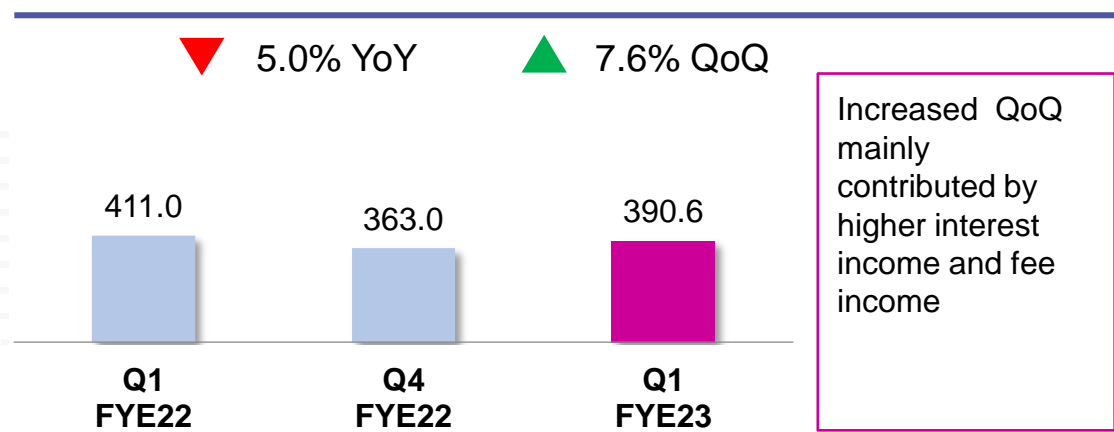


Achieved sales growth YoY and QoQ; profitability recovered from previous quarter

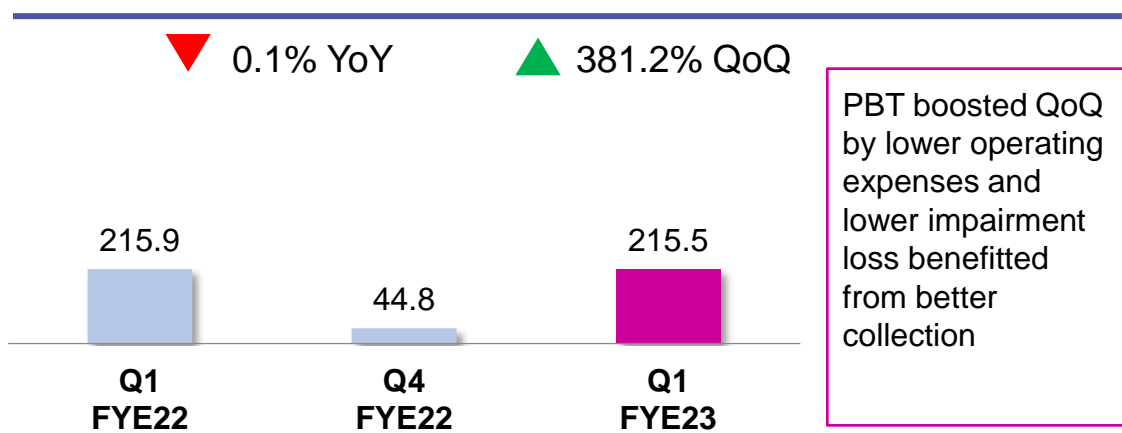
Total Transaction & Financing Volume (RM mil)



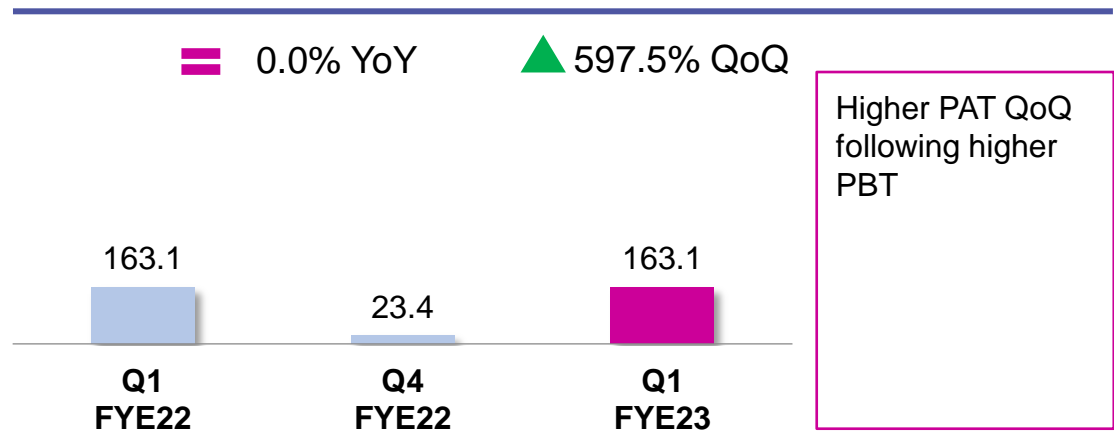
Revenue (RM mil)



Profit Before Tax (RM mil)



Profit After Tax (RM mil)

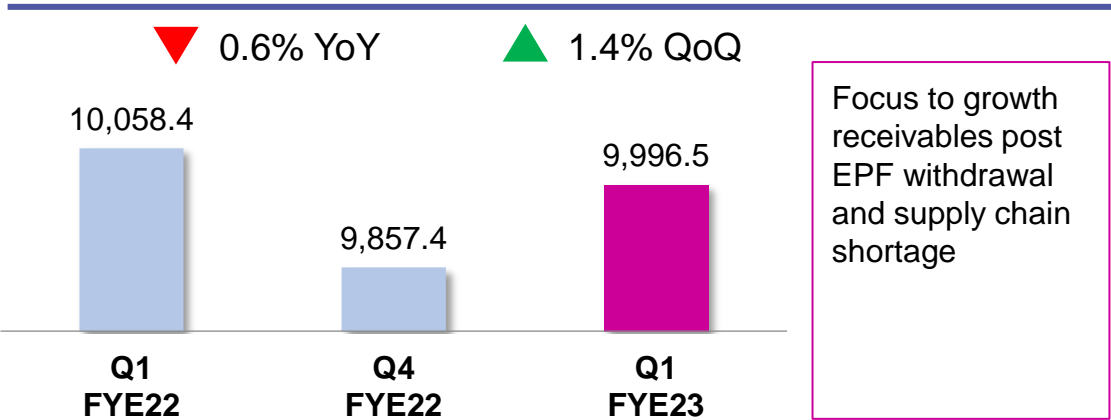


# Shareholder Value & Capital Management

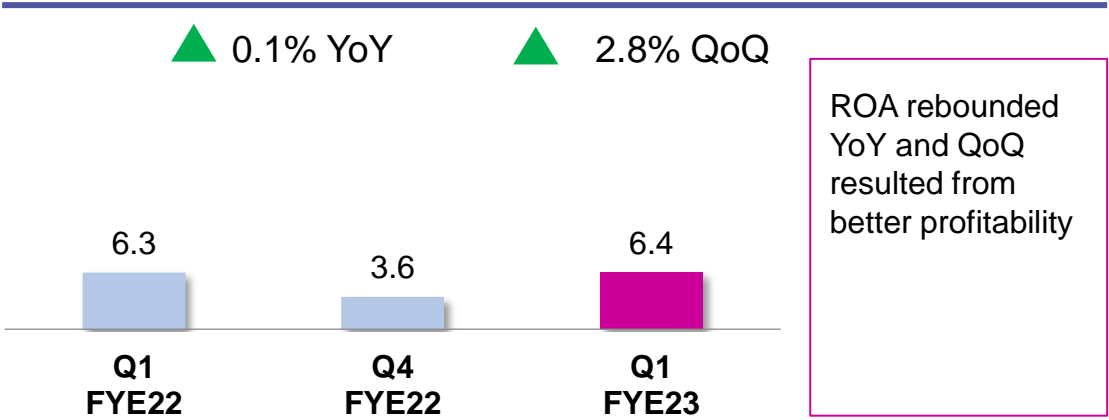


Strong CAR ratio of 28.1% allows ample room for growth

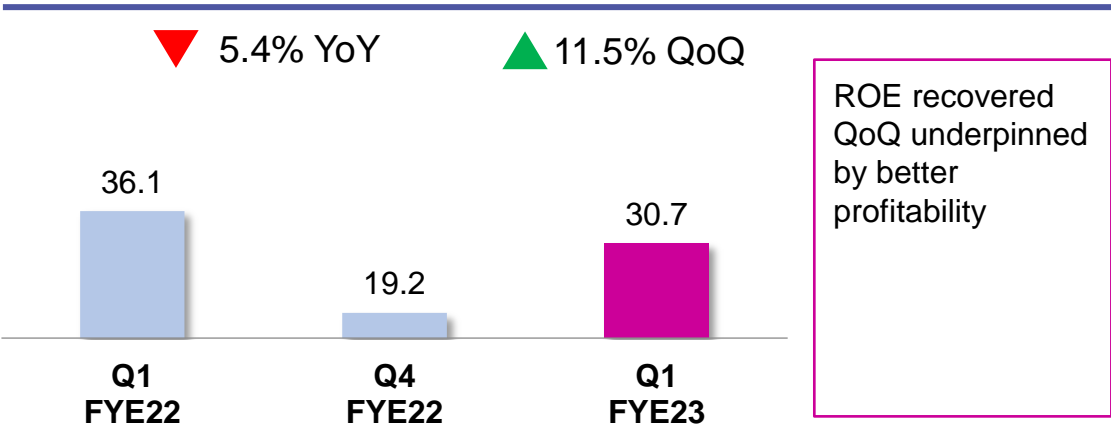
Gross Receivables (RM mil)



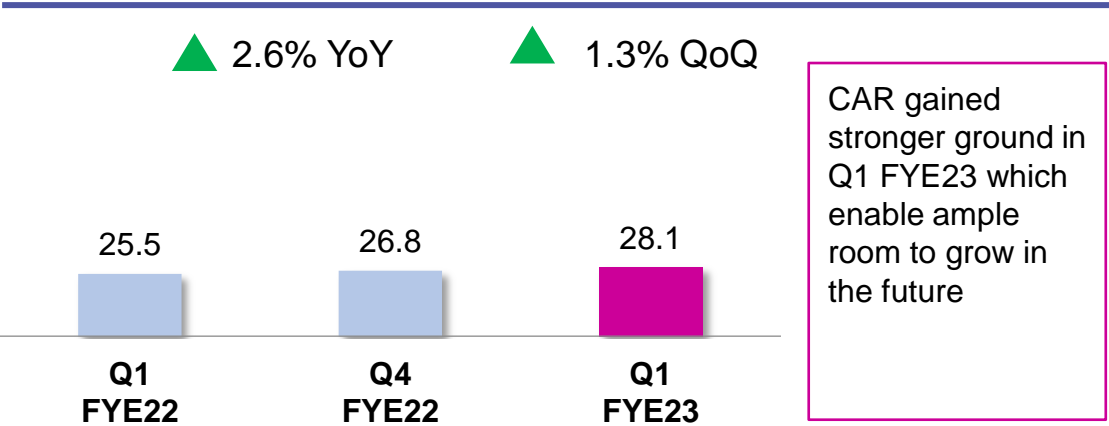
Return On Asset (%)



Return On Equity (%)

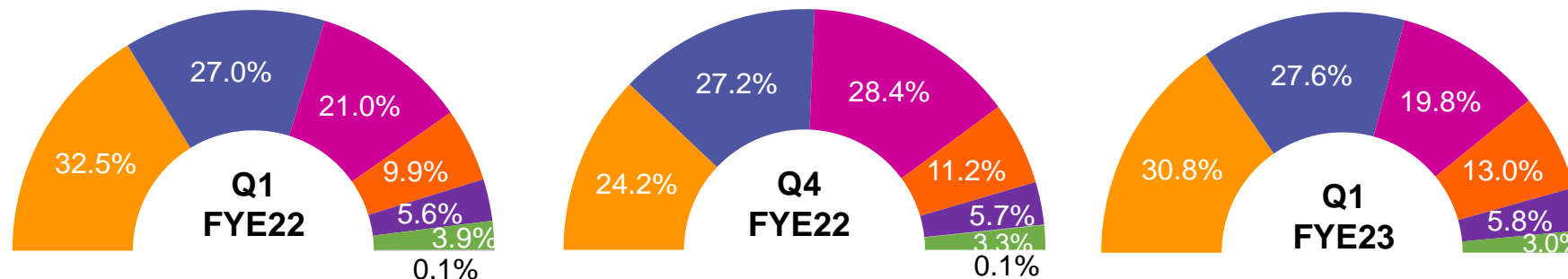


Capital Adequacy Ratio (%)



# Total Transaction & Financing Volume

Overall upped. Motorcycle Financing increased by 29.7%, driven by higher sales claimed

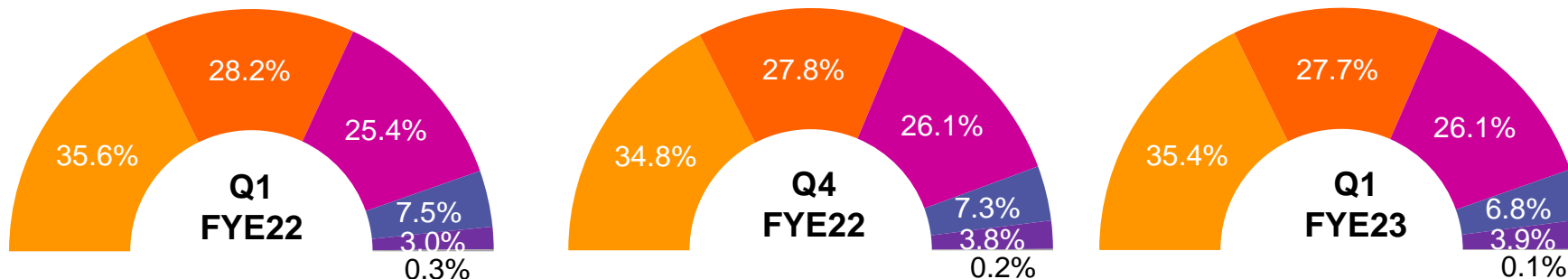


Volume (RM mil)	Q1 FYE22	Q4 FYE22	Q1 FYE23	QoQ	YoY
Motorcycle Financing	458	353	458	29.7%	0.0%
Auto Financing	139	163	194	18.6%	39.7%
<b>Vehicle Financing Group</b>	<b>597</b>	<b>516</b>	<b>652</b>	<b>26.4%</b>	<b>9.2%</b>
Credit Card	381	398	410	3.1%	7.7%
E-money	54	48	44	-8.4%	-18.8%
<b>Payment Business Group</b>	<b>435</b>	<b>446</b>	<b>454</b>	<b>1.8%</b>	<b>4.4%</b>
Personal Financing	295	416	295	-29.0%	0.0%
Objective Financing	79	84	86	2.6%	8.2%
SME Financing	2	1	-	-100.0%	-100.0%
<b>Personal Financing Group</b>	<b>376</b>	<b>501</b>	<b>381</b>	<b>-24.0%</b>	<b>1.3%</b>
<b>Total</b>	<b>1,408</b>	<b>1,463</b>	<b>1,487</b>	<b>1.6%</b>	<b>5.6%</b>

- Personal Financing Group dropped by 24.0% QoQ, mainly due to low demand in market impacted from special EPF withdrawal program in Apr 22
- Vehicle Financing Group increased 26.4% QoQ driven by higher application and gradually supply chain normalised since March 2022

# Total Gross Financing Receivables

Overall products grew QoQ except Credit Card and SME Financing



	Volume (RM mil)	Q1 FYE22	Q4 FYE22	Q1 FYE23	QoQ	YoY	
	Motorcycle Financing	3,578	3,435	3,537	3.0%	-1.2%	Gross financing receivables marginal increased by 1.4% QoQ to RM9.997bil  Lower growth impacted by : <ul style="list-style-type: none"> <li>• Early settlement due to special EPF withdrawal program</li> <li>• Low demand in the market for Personal Financing &amp; Objective Financing</li> <li>• Supply chain shortage for Motor and Auto Financing</li> </ul>
	Auto Financing	2,840	2,738	2,774	1.3%	-2.3%	
	<b>Vehicle Financing Group</b>	<b>6,418</b>	<b>6,173</b>	<b>6,311</b>	<b>2.2%</b>	<b>-1.7%</b>	
	<b>Credit Card</b>	<b>756</b>	<b>722</b>	<b>676</b>	<b>-6.4%</b>	<b>-10.5%</b>	
	Personal Financing	2,557	2,574	2,605	1.2%	1.9%	
	Objective Financing	300	370	391	5.6%	30.3%	
	SME Financing	27	18	14	-19.9%	-48.2%	
	<b>Personal Financing Group</b>	<b>2,884</b>	<b>2,962</b>	<b>3,010</b>	<b>1.6%</b>	<b>4.4%</b>	
	<b>Total</b>	<b>10,058</b>	<b>9,857</b>	<b>9,997</b>	<b>1.4%</b>	<b>-0.6%</b>	

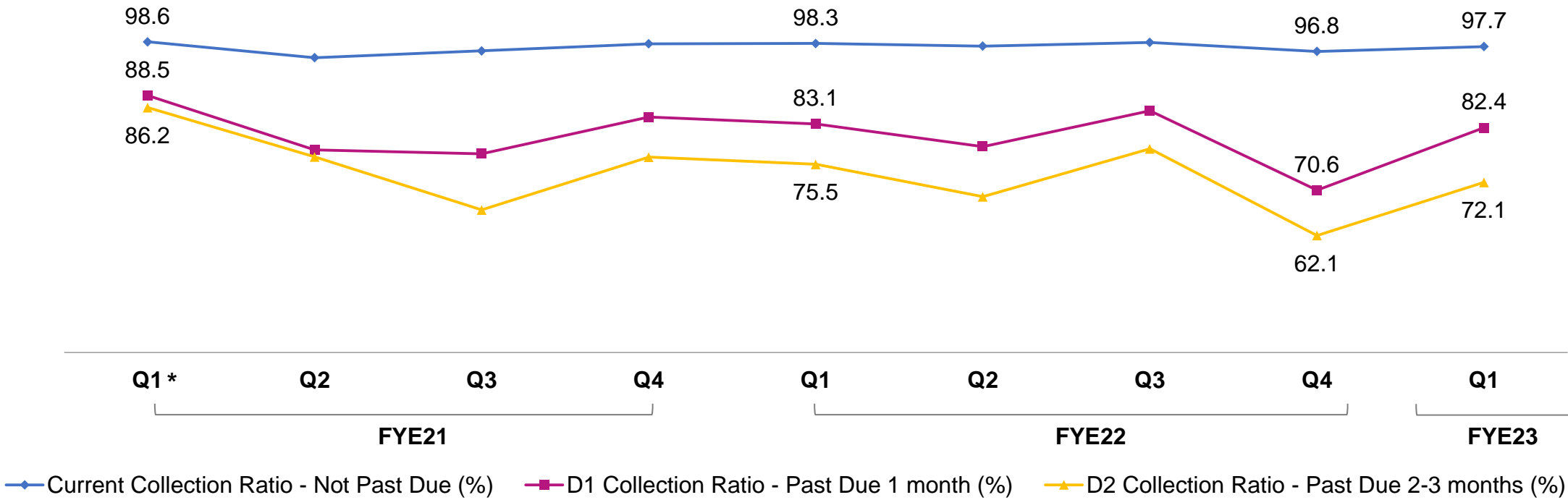


# Receivables Collection



Collection activities normalised on top of special EPF withdrawal program

Receivables Collection Trend



Overall better collection result in Q1 driven by

- Special EPF withdrawal program improved customer repayment capacity
- Normalisation of collection productivity in March

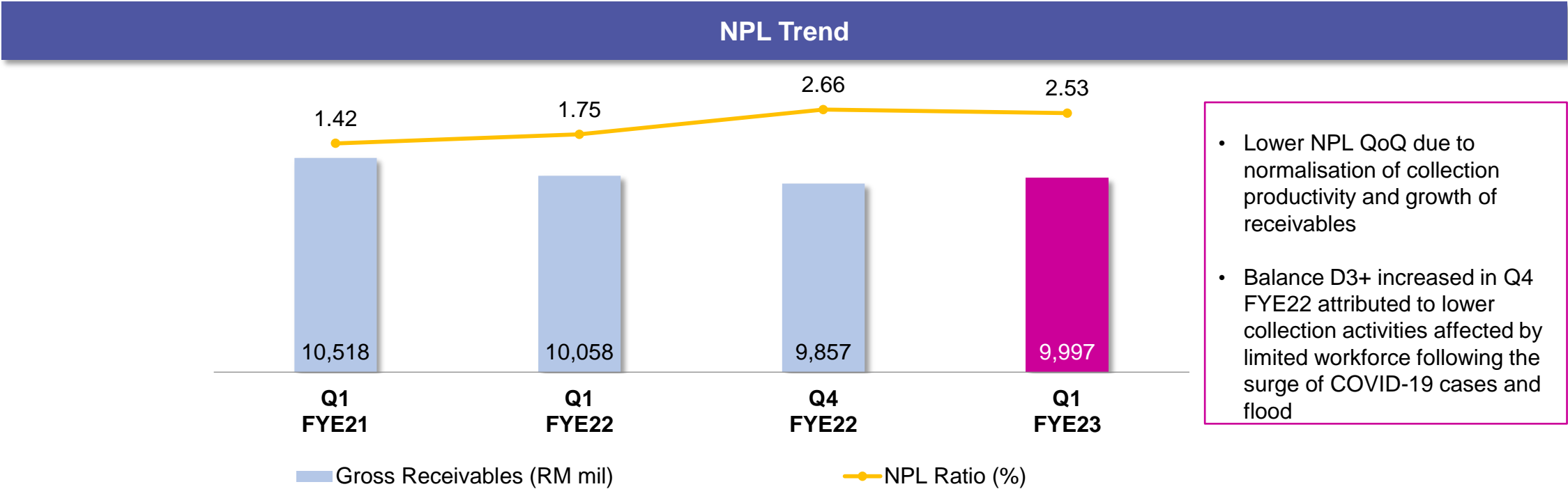
- The Group will continue to control its credit cost by refining credit policies and increasing collection efforts
- Focus on good score customers
- Increase of down payment for score F customers

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



# Non-Performing Loan (NPL)

Supported by ongoing collection efforts and receivables growth strategies



(RM mil)	Q1 FYE21	Q1 FYE22	Q4 FYE22	Q1 FYE23
Receivables	10,518	10,058	9,857	9,997
Balance D3+	150	176	262	253
NPL (%)	1.42	1.75	2.66	2.53

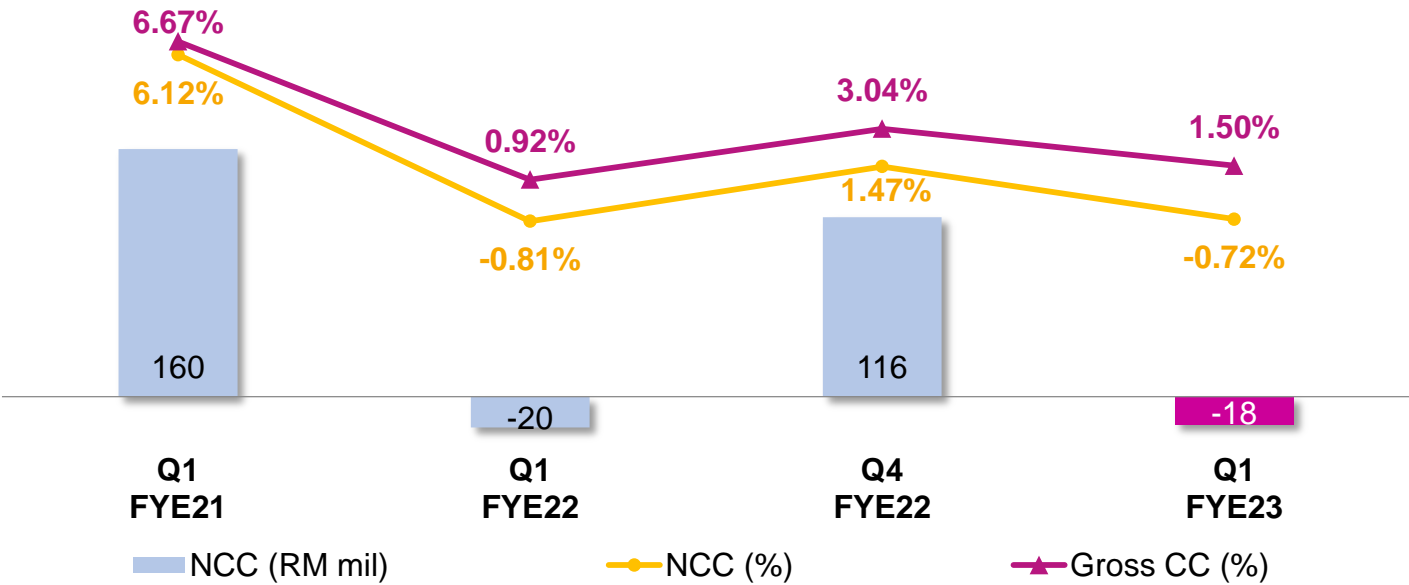


# Net Credit Cost (NCC)



Improved QoQ mainly attributable to lower impairment loss provisions and higher bad debt recovered

## NCC Trend

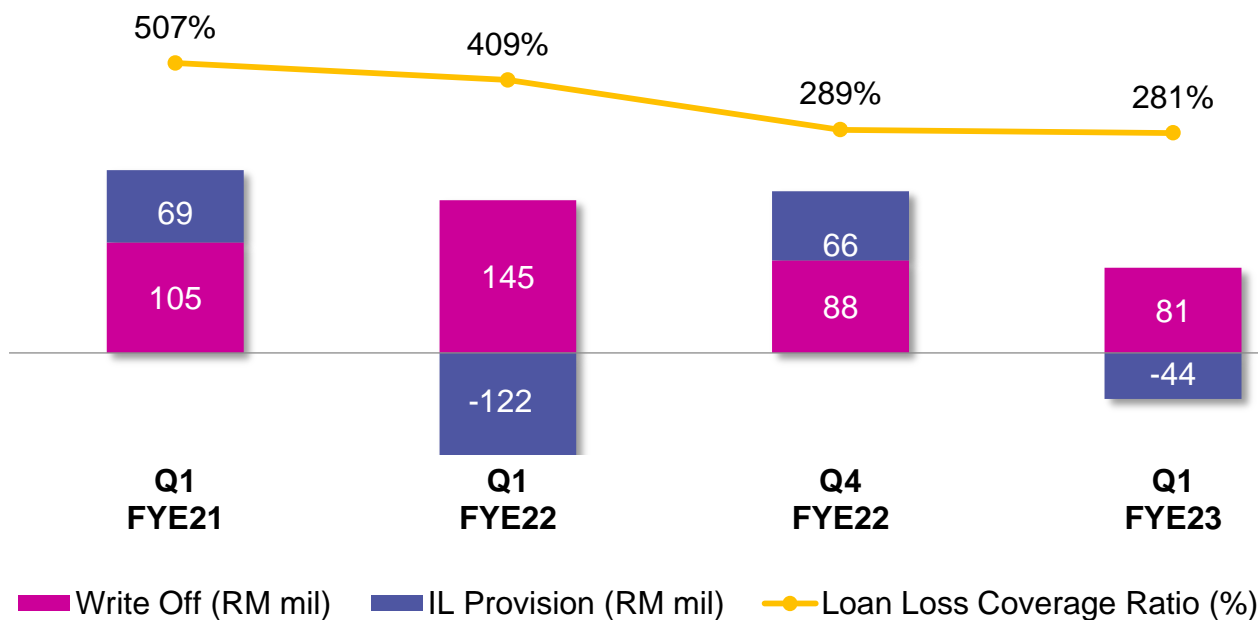


- Lower NCC attributed to:
- Effective measures taken to manage asset quality
  - Lower impairment loss provision and improved bad debt recoveries benefitted from special EPF withdrawal program

(RM mil)	Q1 FYE21	Q1 FYE22	Q4 FYE22	Q1 FYE23
Total Impairment Loss (IL)	174	23	154	37
(-) Bad Debt Recovered	14	43	38	55
NCC	160	-20	116	-18

# Impairment Loss (IL) Analysis

Lower IL QoQ due normalised of collection performance and productivity



Net reversal of Expected Credit Loss (ECL) provision supported by improvement of delinquency account net off with reversal of management overlay on ECL

(RM mil)	Q1 FYE21	Q1 FYE22	Q4 FYE22	Q1 FYE23	QoQ RM mil	QoQ
Write Off	105	145	88	81	-7	-8.0%
IL Provision	69	-122	66	-44	-110	-166.7%
<b>Total IL</b>	<b>174</b>	<b>23</b>	<b>154</b>	<b>37</b>	<b>-117</b>	<b>-75.9%</b>



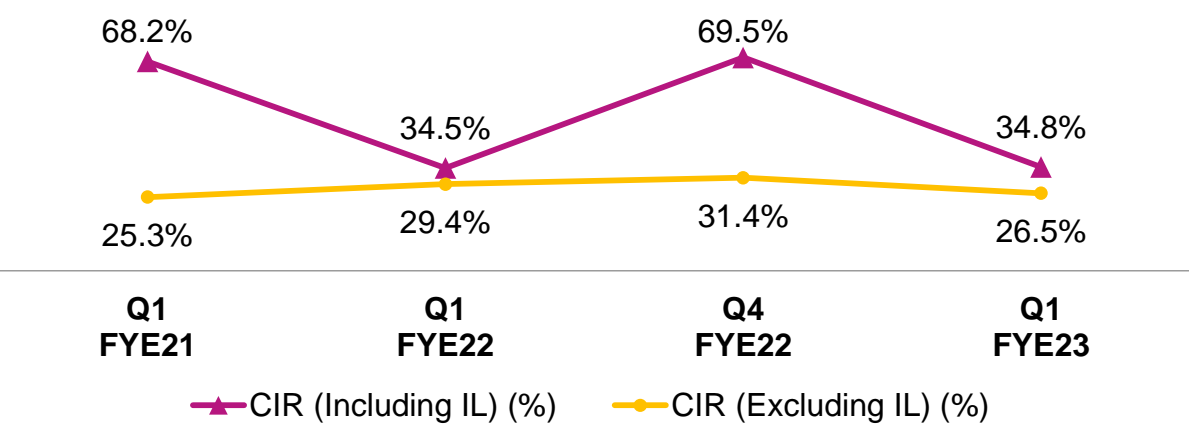
# Cost-to-Income Ratio (CIR)

Cost under well control with CIR at 34.8%



RM mil	Q1 FYE22	Q4 FYE22	Q1 FYE23	QoQ	YoY
Total Operating Income	460.2	406.1	449.3	10.6%	-2.4%
Personnel Expenses	55.4	63.9	43.1	-32.5%	-22.2%
Advertisement & Promotion	10.8	7.3	8.3	14.1%	-22.6%
Other Operating Expenses	69.2	56.3	67.5	19.8%	-2.6%
Operating Expenses	135.4	127.5	118.9	-6.7%	-12.2%
Total Impairment Loss	23.3	154.7	37.3	-75.9%	60.1%
Total Operating Expenses	158.7	282.2	156.2	-44.7%	-1.6%

## CIR Trend



Total Operating Income increased by 10.6% QoQ to RM449.3mil mainly due to higher interest income and bad debt recoveries

Total Operating Expenses in Q1 FYE23 to RM156.2mil mainly driven by lower impairment loss provision as well as lower personnel expenses due to reversal of bonus provision



**ÆON CREDIT SERVICE**

# **KEY STRATEGIES and OPERATIONAL UPDATES**



	Indicators FYE2023	Actual Q1 FYE23	Remark
Loan Growth	> 10%	- 0.6%	<ul style="list-style-type: none"> <li>Lower loan growth impacted by higher early settlement and low demand of financing in the market with special EPF withdrawal program</li> <li>The Group will continue to focus on asset quality by managing loan portfolio with refined credit underwriting to support the business growth</li> </ul>
Cost-to-Income	< 60%	34.8%	<ul style="list-style-type: none"> <li>Driven by higher operating income and lower total operating expenses</li> </ul>
Dividend Payout Ratio	> 30% of PAT	-	<ul style="list-style-type: none"> <li>No dividend was proposed or declared during the quarter</li> </ul>
ROE	> 15%	30.7%	<ul style="list-style-type: none"> <li>Better profitability</li> </ul>

# Key Strategies for 2022 - 2026



5 Pillars of focus to drive financial inclusion and sustainable growth


Digitalization	Member Expansion	Receivables Growth	ESG & Sustainability	Human Capital
<ul style="list-style-type: none"> <li>Complete end to end on-boarding process and expand channel</li> <li>Automate credit assessment to increase good portfolio &amp; provide instant approval</li> </ul>	<ul style="list-style-type: none"> <li>Consolidate all AEON members to one loyalty point platform</li> <li>Acquire customer via App, provide customise service through customer speeding behaviour</li> </ul>	<ul style="list-style-type: none"> <li>Penetration market share through digitalise onboarding process and embed to other platformers</li> <li>Transform business structure to increase settlement and fee income</li> </ul>	<ul style="list-style-type: none"> <li>Responsible corporate citizen by contribute to local community</li> <li>Embed sustainability initiatives into business model</li> </ul>	<ul style="list-style-type: none"> <li>Transform new working environment</li> <li>Talent development &amp; acquisition</li> <li>Management trainee program</li> </ul>

## Progress Updates

<p>Embed Financing Solution and Payment function into iAEON”app</p> <p>Live: Q2</p>	<p>Easy Payment End to End Digitalisation on Boarding process</p> <p>Live: Q3</p>	<p>Personal Financing End to End Digitalisation on Boarding process</p> <p>Live: Q3</p>	<p>Pre-Assessment Operation Automation (Motor Financing &amp; Personal Financing)</p> <p>Live: Q3</p>	<p>Improve collaboration with AEON Group of Companies</p> <p>On-going</p>
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Embed Financial Services and Payment Solutions into AEON Group's App with loyalty program


### Embed into iAEON App (Aug 2022)



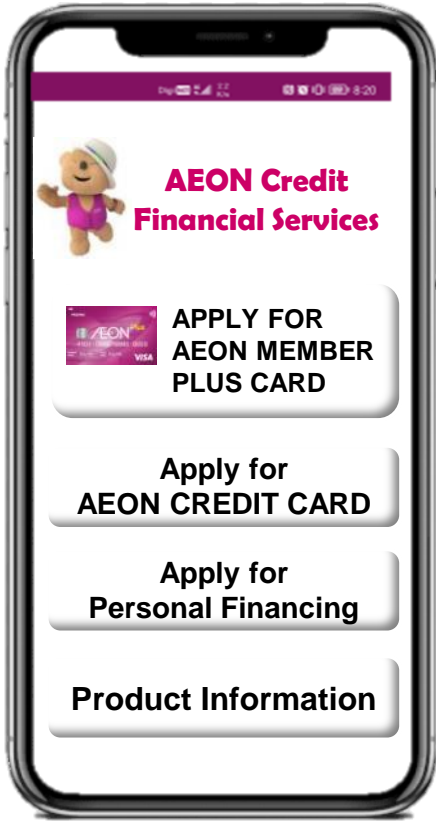
**AEON CO app**

**Settlement function:**

- Point management
- Balance & Top Up
- Single Member ID
- QR Payment



**Cards & Financing Products eApplication**



### AEON WALLET UI/UX


- Enhancement of current AEON wallet UI/UX to enhance customer experience
- Target launch Aug'22

### AEON WALLET APP



**1.43 million**  
▲ 5.9% QoQ  
downloaded

### AEON Member Plus Visa

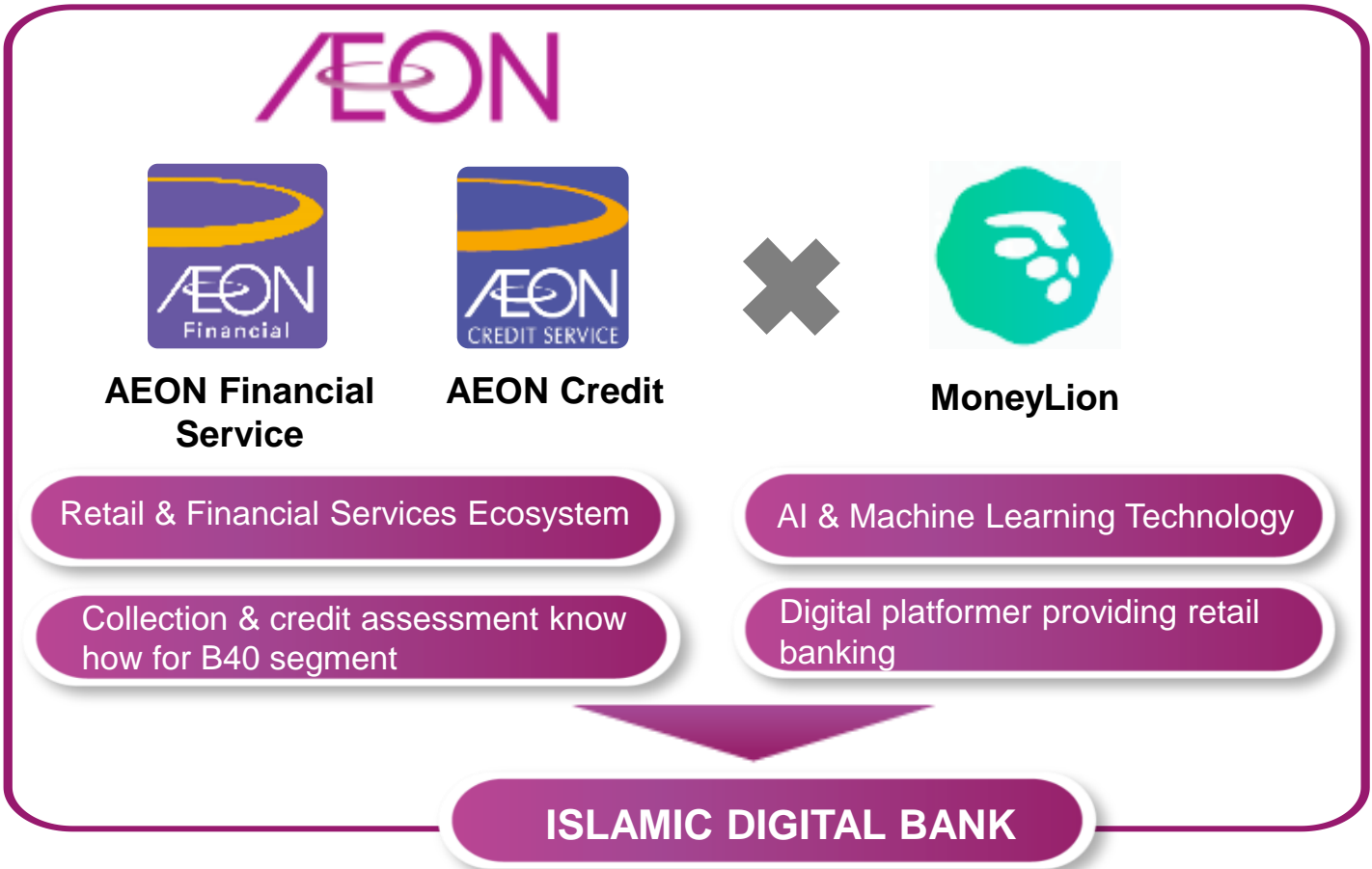


**2.24 million**  
▲ 1.8% QoQ  
member

# Islamic Digital Bank License



AEON and MoneyLion set to launch Islamic Digital Bank within 24 months



- Progress Update:**
- Target finalisation of Shareholder' Agreement by July 22
  - To seek shareholders' approval via EGM



# Sustainability Roadmap

Embed Sustainability in AEON Credit business



## Continued Value Creation

Stable profit generation underpinned by sustainability growth and portfolio management



## Positive Social Impact

Protect and add value to the well – being of employees, partners and communities



## Responsible Governance

Uphold strong governance and ethical business practices



## Safeguard the Environment

Continue Stewardship and Resource Efficiency

### ESG

FYE2023 Focus

Establish ESG Framework

Develop 3 Years ESG Roadmap

Determine 3 years ESG KPI

### Progress Update:

- ESG Sustainability Roadmap Kick off meeting was held on May 2022
- Visioning workshop for ESG Enterprise Sustainability was held on Jun 2022

# Corporate Social Responsibility – Q1 FYE23

Dedicated commitment with local community



AEON Credit Back to School Programme with Flood Victims in Banting



Engagement with Residents in Yayasan Amanah An-Nur Maisarah, Perak



Blood Donation Drive at General Hospital, Penang



Tree Planting during World Forest Day at Sabal Forest Reserve, Sarawak



Malaysian AEON Foundation Charity Raya Shopping Session at 8 locations



Bubur Lambuk Preparation with Community Nationwide during Ramadan





**ÆON CREDIT SERVICE**

# **APPENDIX**



(RM mil)	Q1 FYE22	Q4 FYE22	Q1 FYE23	QoQ	YoY
<b>Total Transaction &amp; Financing Volume</b>	<b>1,408.1</b>	<b>1,463.4</b>	<b>1,486.7</b>	<b>1.6%</b>	<b>5.6%</b>
Credit Card	380.8	397.9	410.0	3.1%	7.7%
Easy Payment Financing	677.9	601.6	737.6	22.6%	8.8%
Personal Financing	295.0	415.8	295.0	-29.0%	0.0%
E-Money	54.4	48.1	44.1	-8.4%	-18.8%
<b>Total Income</b>	<b>460.2</b>	<b>406.1</b>	<b>449.3</b>	<b>10.6%</b>	<b>-2.4%</b>
Operating Expenses	-158.7	-282.2	-156.2	-44.7%	-1.6%
Interest Expenses	-85.6	-79.1	-77.6	-1.9%	-9.4%
<b>Profit Before Tax</b>	<b>215.9</b>	<b>44.8</b>	<b>215.5</b>	<b>381.2%</b>	<b>-0.1%</b>
Income Tax	-52.8	-21.4	-52.5	145.1%	-0.6%
<b>Net Profit</b>	<b>163.1</b>	<b>23.4</b>	<b>163.1</b>	<b>597.5%</b>	<b>0.0%</b>

# Financial Summary



(RM mil)	Q1 FYE22	Q4 FYE22	Q1 FYE23	QoQ	YoY
<b>Credit Card</b>	<b>755.7</b>	<b>722.0</b>	<b>676.1</b>	<b>-6.4%</b>	<b>-10.5%</b>
Card Purchase	658.7	701.6	656.9	-6.4%	-0.3%
Cash Advance	97.0	20.4	19.2	-5.7%	-80.2%
<b>Personal Financing</b>	<b>2,556.7</b>	<b>2,574.7</b>	<b>2,604.7</b>	<b>1.2%</b>	<b>1.9%</b>
<b>Objective Financing</b>	<b>299.8</b>	<b>370.0</b>	<b>390.8</b>	<b>5.6%</b>	<b>30.3%</b>
<b>Motorcycle Financing</b>	<b>3,578.1</b>	<b>3,434.7</b>	<b>3,536.7</b>	<b>3.0%</b>	<b>-1.2%</b>
MOPED	2,791.3	2,680.5	2,769.6	3.3%	-0.8%
Superbike	786.8	754.2	767.1	1.7%	-2.5%
<b>Auto Financing</b>	<b>2,840.5</b>	<b>2,738.2</b>	<b>2,773.9</b>	<b>1.3%</b>	<b>-2.3%</b>
<b>SME Financing</b>	<b>27.6</b>	<b>17.8</b>	<b>14.3</b>	<b>-19.9%</b>	<b>-48.2%</b>
<b>Total Financing Receivables</b>	<b>10,058.4</b>	<b>9,857.4</b>	<b>9,996.5</b>	<b>1.4%</b>	<b>-0.6%</b>
Impairment Loss	-719.8	-756.3	-712.0	-5.9%	-1.1%
Other Assets	1,140.5	1,039.8	1,165.1	12.1%	2.2%
<b>Total Assets</b>	<b>10,479.1</b>	<b>10,140.9</b>	<b>10,449.6</b>	<b>3.0%</b>	<b>-0.3%</b>
<b>Total Liabilities</b>	<b>8,411.0</b>	<b>7,939.6</b>	<b>8,027.8</b>	<b>1.1%</b>	<b>-4.6%</b>
<b>Shareholders' Fund</b>	<b>2,068.1</b>	<b>2,201.3</b>	<b>2,421.8</b>	<b>10.0%</b>	<b>17.1%</b>

# Operating Income



(RM mil)	Q1 FYE22	Q4 FYE22	Q1 FYE23	QoQ	YoY
Credit Card	34.0	35.9	35.3	-1.2%	+4.4%
Personal Financing	114.5	99.1	102.8	+3.8%	-10.2%
Objective Financing	17.8	17.5	21.7	+23.8%	+21.7%
Motorcycle Financing	157.0	128.9	144.6	+12.2%	-7.9%
Auto Financing	84.5	74.0	79.4	+7.3%	-6.0%
SME Financing	0.5	0.6	0.3	-50.9%	-48.2%
E money	2.7	4.6	4.2	-10.5%	+51.9%
Brokerage Fee*	-	2.4	2.3	-6.6%	+100%
<b>Total Revenue</b>	<b>411.0</b>	<b>363.0</b>	<b>390.6</b>	<b>+7.6%</b>	<b>-5.0%</b>
Other Operating Income	49.2	43.1	58.7	+36.2%	+19.4%
<b>Total Operating Income</b>	<b>460.2</b>	<b>406.1</b>	<b>449.3</b>	<b>+10.6%</b>	<b>-2.4%</b>

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

# **Total Expenses**



(RM mil)	Q1 FYE22	Q4 FYE22	Q1 FYE23	QoQ	YoY
Impairment Loss on Receivables	23.3	154.7	37.3	-75.9%	+60.1%
Personnel Expenses	55.4	63.9	43.1	-32.5%	-22.2%
Advertisement & Promotion (A&P)	10.8	7.3	8.3	14.1%	-22.6%
Other Operating Expenses	69.2	56.3	67.5	19.8%	-2.6%
<b>Operating Expenses</b>	<b>158.7</b>	<b>282.2</b>	<b>156.2</b>	<b>-44.7%</b>	<b>-1.6%</b>
Interest expenses	85.6	79.1	77.6	-1.9%	-9.4%
<b>Total Expenses</b>	<b>244.3</b>	<b>361.3</b>	<b>233.8</b>	<b>-35.3%</b>	<b>-4.3%</b>

	FYE20	FYE21	FYE22	Q1 FYE22	Q1 FYE23
PBT (RM mil)	390.4	324.9	526.8	215.9	215.5
PAT (RM mil)	292.0	234.0	365.4	163.1	163.1
Weighted average no. of ordinary shares (mil)	255.3	255.3	255.3	255.3	255.3
Basic EPS (RM)*	1.07	0.88	1.39	2.5	2.5
NTA per share (RM)	6.1	6.6	7.8	7.3	8.7
ROE (%)*	18.0	13.8	19.2	36.1	30.7
ROA (%)*	3.1	2.3	3.6	6.3	6.4
Capital Adequacy Ratio (%)	18.9	24.0	26.8	25.5	28.1
Debt-to-Equity Ratio (x)	4.6	3.8	3.1	3.49	2.9
Share Price (RM)	13.8	11.7	14.7	11.9	14.6
PER (x)	12.9	13.3	10.6	4.7	5.7
Market Capitalisation (RM mil)	3,500	2,992	3,748	3,038	3,717

Note: \*Computed based on annualised figures



# AEON CREDIT SERVICE

## Thank You

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