



AEON CREDIT SERVICE

26TH ANNUAL GENERAL MEETING

21 JUNE 2023

Presentation to Shareholders
by Chief Financial Officer

Table of Contents

3

Financial
Overview



9

Business and
Operational
Highlights



15

Key Strategies and
Moving Forward





AEON CREDIT SERVICE

Financial Overview

Operating Environment Overview

Registered growth across all key segments despite challenging landscape

Transaction & Financing Volume

RM2.50 BIL

↑ **+39%** vs. FYE22

Vehicle Financing



- Automotive supply chain disruption
- Normalised in 2nd half year

Initiatives

Incentivizing selected merchants for good score customers, **contributed >30% sales**

RM1.94 BIL

↑ **+44%** vs. FYE22

Personal Financing



- One-off EPF withdrawal impacted Q1 volume
- Digital financing via mobile apps by new plat-formers

Initiatives

- Digital on-boarding live Q1 FYE24
- Using Visa analytic tool to drive **cross selling** activities

RM1.81 BIL

↑ **+10%** vs. FYE22

Payment Business



- Competitive landscape
- KPIs are improving despite lower cards in circulation

Initiatives

Established **direct sales team** resulted in 8% increase in credit card issuance

Global Economy

- Global economy slowed down to 2.9% in 2022
- Heightened Russia-Ukraine war
- High inflation pressure
- Tightening of monetary policy

Malaysian Economy

- Strong 8.7% GDP growth
- Resilient domestic demand
- Recovery of labour market

FYE2023 Financial Highlights

Achieved a record high net profit, driven by strategic marketing activities and collaboration campaigns as well as disciplined cost management

Profit After Tax

RM 417.7 million

▲ 14.3%



Total Transaction & Financing Volume
RM 6.25 billion
▲ 31.0%



Revenue
RM 1.64 billion
▲ 7.6%



Cost-to-Income Ratio
53.0%
▲ 3.3%



Gross Receivables
RM 10.84 billion
▲ 9.9%



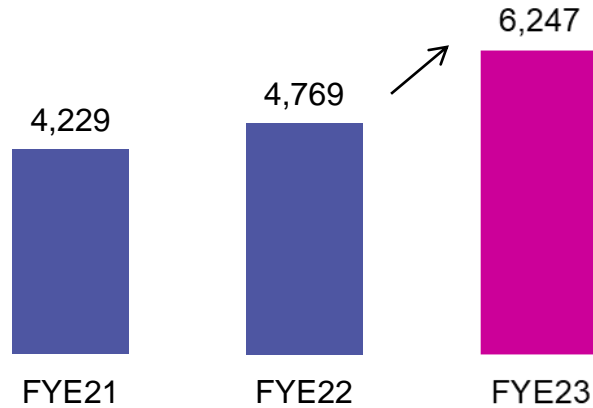
ROE
18.8%
▼ 0.4%

Contribution by Business Segment

Registered growth across all key segments

Total Transaction & Financing Volume (RM mil)

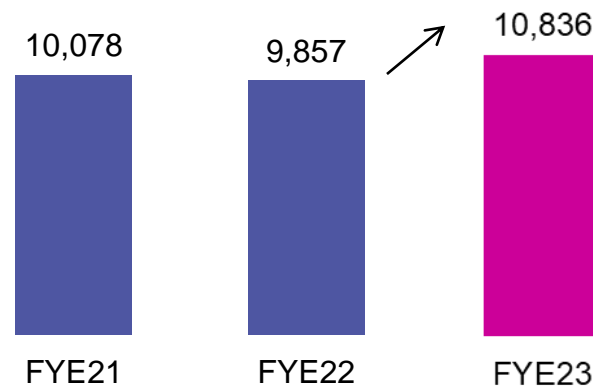
▲ 31% YoY



Volume (RM mil)	FYE23	YoY
Vehicle Financing Business	2,498	39.9%
Payment Business	1,807	10.0%
Personal Financing	1,942	44.8%
Total	6,247	31.0%

Gross Receivables (RM mil)

▲ 9.9% YoY



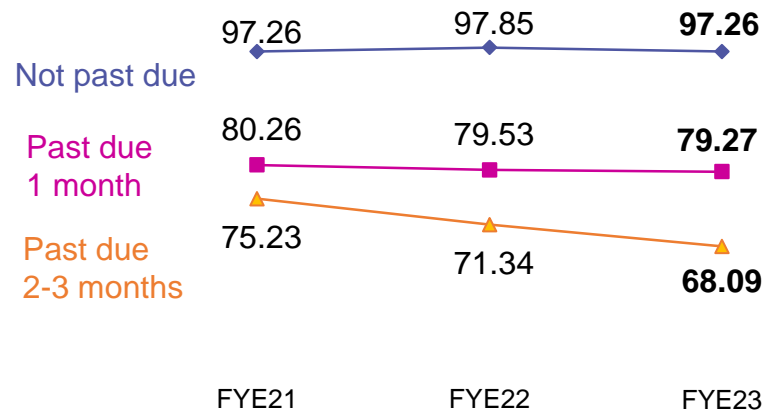
Receivables (RM mil)	FYE23	YoY
Vehicle Financing Group	6,612	7.1%
Payment Business Group	718	-0.6%
Personal Financing Group	3,506	18.3%
Total	10,836	9.9%

- **Loan growth momentum** contributed by vehicle and personal financing business
- **Instant conditional approval** scheme backed by e-KYC solutions to acquire good score customers
- Credit card sales growth attributed to **higher average spending** via acquisition campaigns
- Focus on completion of **digitalisation** processes and **AI credit scoring** model to drive sales and member expansion

Collection & Credit Cost

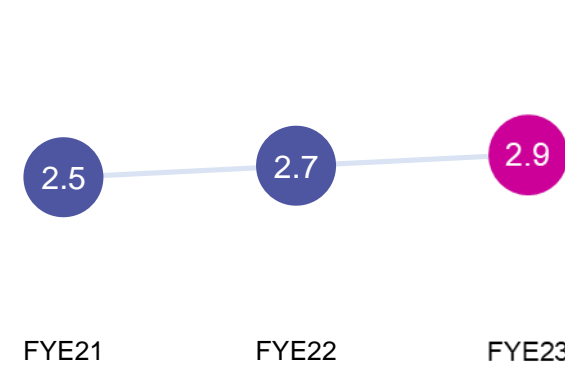
Balanced approach of sales expansion and credit management;
strengthen risk-based approach collection strategy

Average Collection (%)



- Collection was driven by effective credit management strategies
- Credit policies refinement
- AI risk-based collection strategy

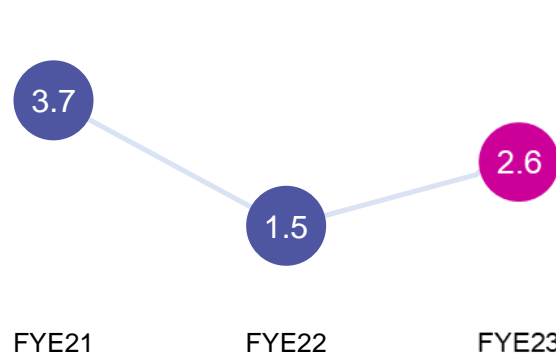
Non-Performing Loan ("NPL") (%)



▲ 0.2% YoY

- Higher due to low income & young aged group
- Adopted AI for risk based calling strategy and credit scoring

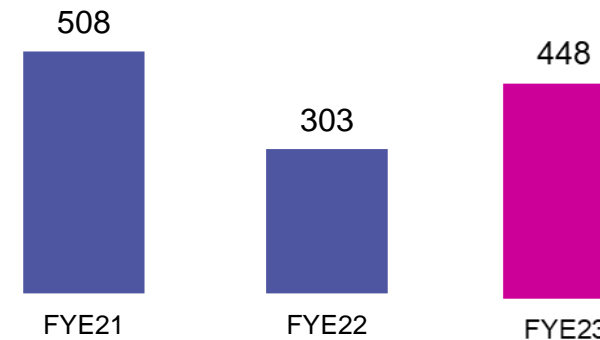
Net Credit Cost ("NCC") (%)



▲ 1.1% YoY

- Higher IL and written off in line with higher sales growth; offset by
- higher bad debts recovered

Impairment Loss ("IL") (RM mil)



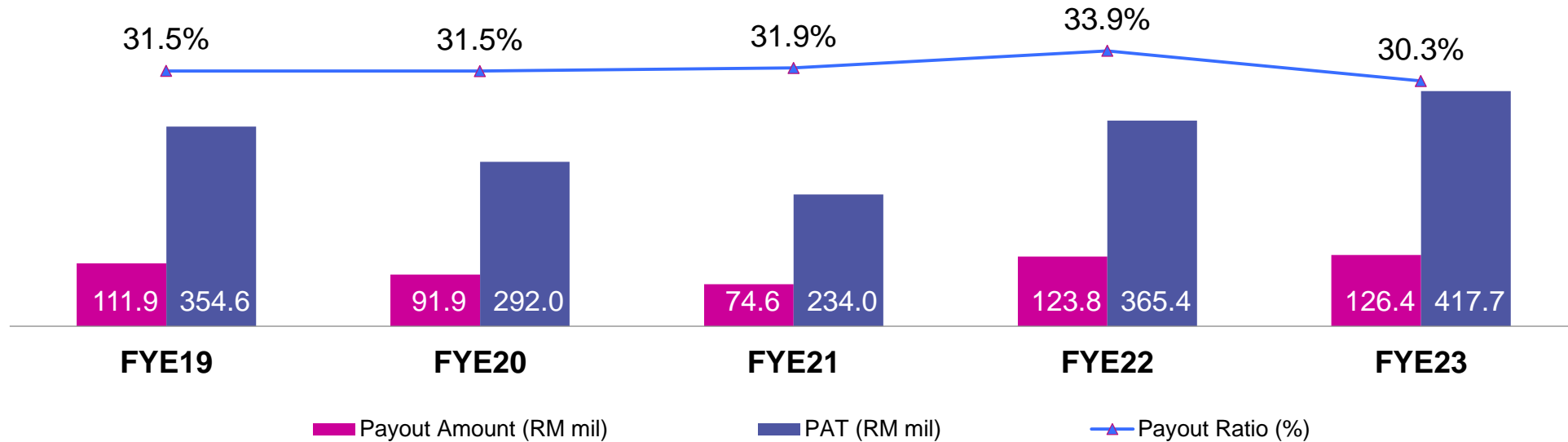
▲ 47.6% YoY

- Higher IL due to higher ECL provisions on new sales and bad debt written off
- FYE22 benefitted from IL reversal

Dividend

Consistently paying out >30% of PAT to our Valued Shareholders

Historical Dividend Data



Entitlement Date
5 July 2023

Payment Date
20 July 2023

Sen	FYE19	FYE20	FYE21	FYE22	FYE23
Interim	22.25	22.25	9.20	28.50	28.50
Final	22.35	14.00	20.00	15.00	**21.00
Special	-	-	-	*5.00	-
Total	44.60	36.25	29.20	48.50	49.50

* Declared special dividend in conjunction with AEON Credit's 25th Anniversary celebration

** Final dividend is subject to the approval of shareholders during 26th Annual General Meeting



AEON CREDIT SERVICE

Business and Operational Highlights

AEON Wallet Revamp

Upgraded AEON Wallet usability and improved user experience



WHAT'S NEW

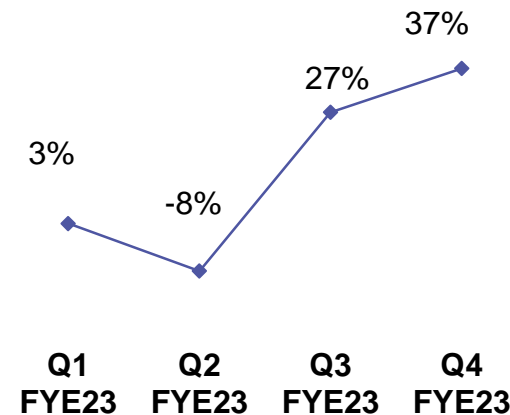


New wallet interface design launched Sep'22

- Embedded financial service application
- Peer-to Peer (P2P) transfer
- Loan Repayment
- E-Donation with AEON Points

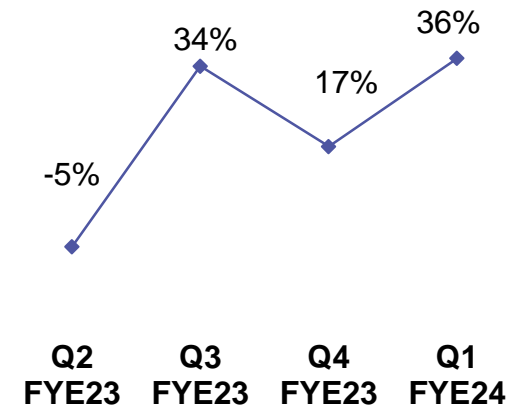
QR Payment

▲ QR payment increased by 36% YoY



Wallet New Sign up After Revamp

▲ New sign increased by 102% YoY



Pre-assessment

Offer credit limit via digital onboarding process

1



2



3

Authentication



FACIAL
RECOGNITION



BIOMETRICS

Minimum info entry



QUICK & SIMPLE
APPLICATION



EMAIL & MOBILE
VERIFICATION

Assessment

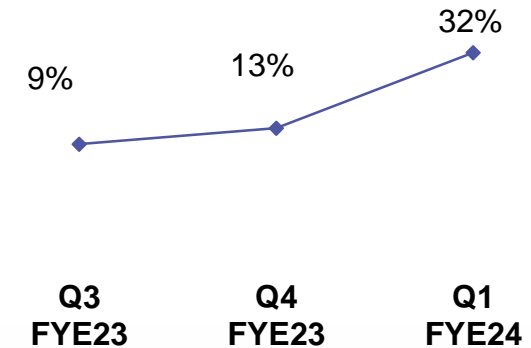


INSTANT
APPROVAL*



Pre-Assessment Application Count

▲ Achieved 32% pre-assessment application in Q1FYE24



Backed by e-KYC and external score model, eligible customer receives **credit line approval instantly**

Easy payment digital onboarding with **instant conditional approval live in Sep'22** and **Personal Financing live in May'23**

15 minutes approval turnaround time improved from 19% in FYE23 to 24% in May'23

Sustainability Strategy

The Group aims to be a leading ESG Company in the financial services industry

ESG FYE2023 Focus

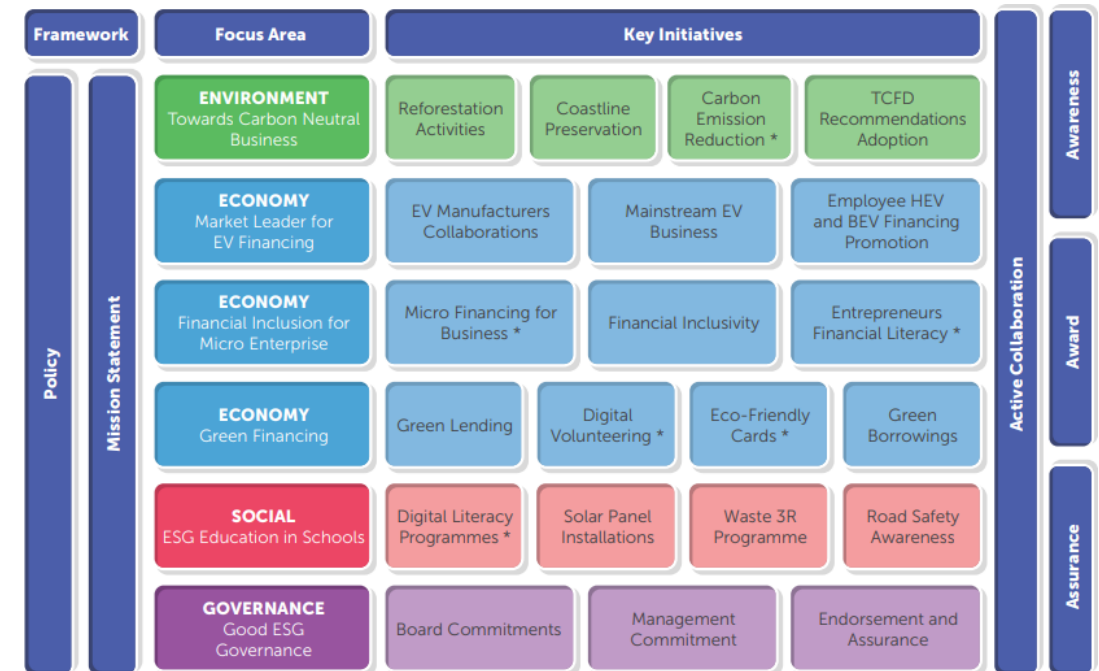
Formulation of 3-Year Sustainability Roadmap

- Formulated :
 - Sustainability Commitment Statement
 - 3-year Roadmap with 21 key initiatives
- Focus on Environment, Economy, Social and Governance
- Completed scope 1 & 2 carbon emission profile

Sustainability-Linked Loan (SLL)

- Secured **RM600 mil SLL** from CIMB, MUFG and MIZUHO
- Offer green and social financing such as EV bike
- Scope 1 & 2 carbon emission reduction by 15% in FYE24

3-Year Sustainability Roadmap



Sustainability Initiatives

Invested RM1.28 million to Corporate Social Responsibility activities

Reached out to

6,519

communities

1,573
ACSM Volunteers

Environmental



Removed 3.6 tonnes of recyclable waste via AEON Credit Nationwide Coastal Clean-up Programme

Education



MAF Smart Classroom Project
Installed Smartboard at 40 schools in Malaysia for Digital Learning

Social



MAF AEONBantu



MAF AEONBersamamu



MAF AEON Mesra



MAF Turkiye Donation

Awards & Recognition

Multiple awards and recognition from industry as a credential for our operational, corporate and sustainability excellence



THE EDGE ESG AWARDS 2022

- Most Consistent Performer over Five Years (Silver)



ASIAMONEY AWARDS 2022

- **Most Outstanding Company in Malaysia** – Financials Sector under Asia's Outstanding Companies Poll (for 2nd year)



MARKETING EXCELLENCE AWARDS 2022

- **Excellence in Programmatic Marketing (Silver)** under Personal Finance & Credit Card Acquisition Campaign



2021 ASEAN Corporate Governance Scorecard Award

- ASEAN Asset Class PLCs (Malaysia)

MSWG-ASEAN Corporate Governance Award 2021

- Top 100 Companies for CG Disclosure 2021



AEON CREDIT SERVICE

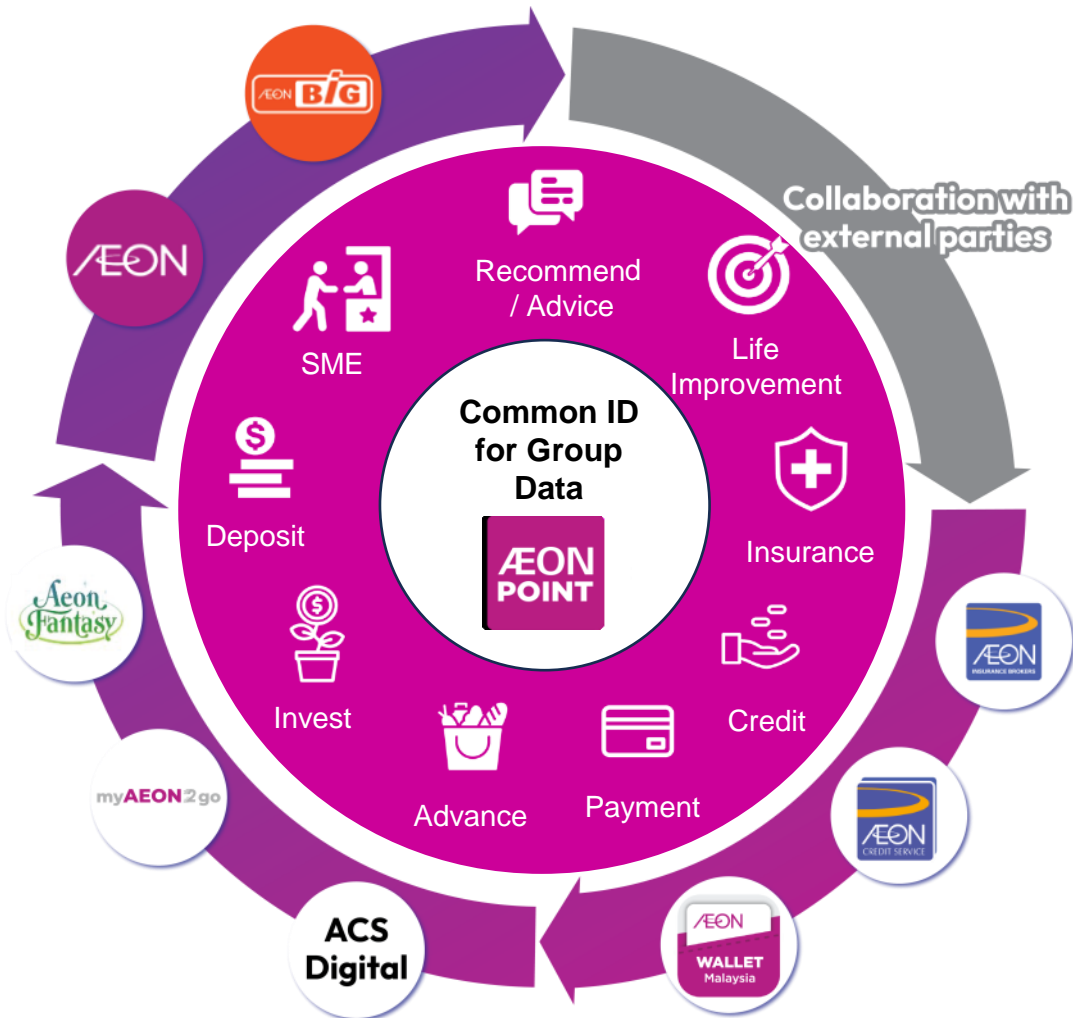
Key Strategies and Moving Forward

Our Target

To be innovative Retail Financing Company with large app user base by **FY2030**

AEON Living Zone

Connect all customers via collaboration with AEON Group of Companies and external parties by offering membership benefits and loyalty points via the AEON App as point of entry



AEON Living Zone

Where Are We Now



64
Branches &
Service Centres



>8,100
Merchant Outlets
Nationwide



>5.2 mil
Members



>3,000
Employees

Digital Onboarding

To drive receivable growth via end-to-end digital onboarding from customer application to disbursement within 1 day



The future is now with Instant Approval

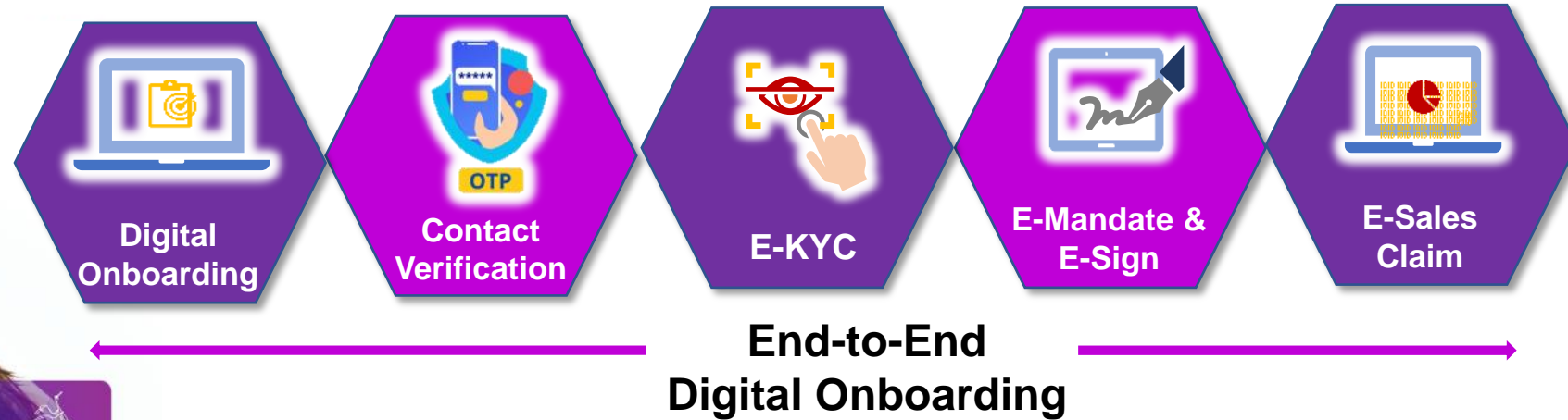
- Instant Credit Limit
- Seamless Process
- Documents Waived

Application **SUCCESSFUL!**

Approved Amount
RM 50,000.00

Visit our authorised merchant today to apply!
Auto Financing | Product Financing | Motorcycle Financing

www.aeoncredit.com.my | Terms & Conditions Apply



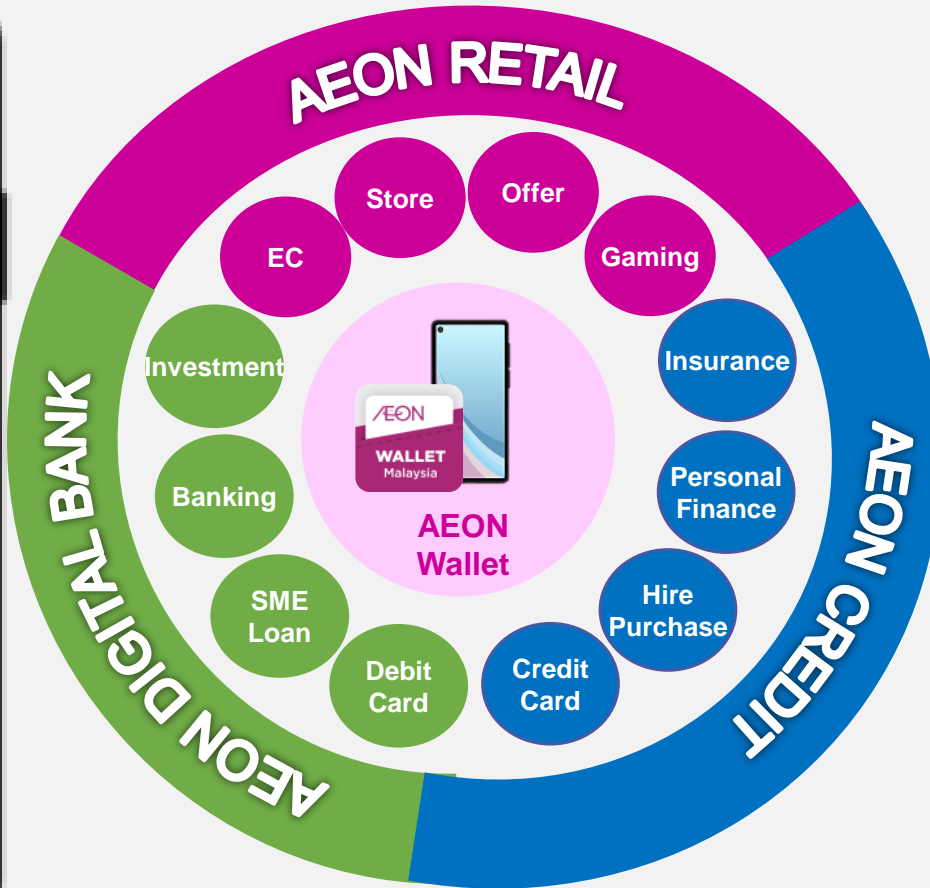
Provide instant approval to good score customer

Expand digital application channels for self onboarding

Improve productivity and turnaround time with 40% auto assessment

New AEON Wallet and Membership Expansion

Consolidate all AEON Group service into AEON Group Wallet



Develop New Wallet app and establish common ID to link all AEON Points accounts to

AEON Group membership platform

Earn points and enjoy membership privileges in AEON Group & partners

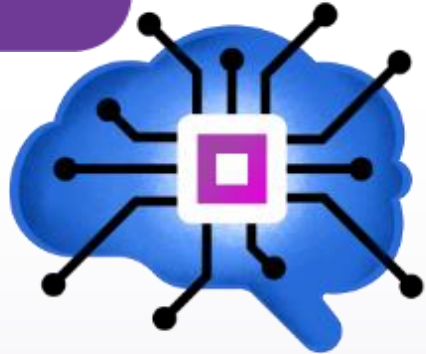
Finance Service App with digital onboarding

Cross selling within the group

Redefining our Assessment Process

Automate decision making to improve judgement accuracy and productivity

Implement AI Scoring Model



LOS 3.0 enhancement

Implement **AI scoring models** to **accelerate approval ratio** and improve accuracy in decision making



Current 4%



Productivity

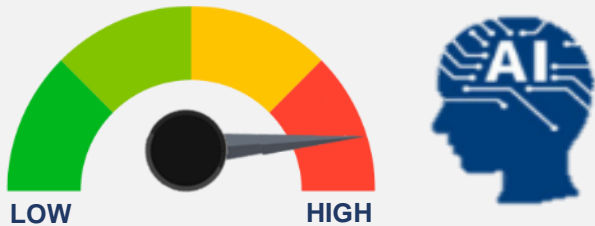
Increase
of

20%

Collection Management

Advanced Collection Approach via New Collection System to Improve Efficiency & Productivity

AI Risk-Based Scoring



**Risk Based Collection
Score Card**



**Collection System
Replacement**



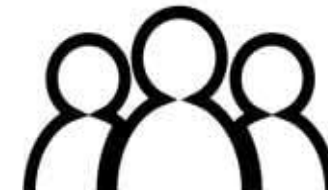
**Data Driven AI Risk-Based
Collection & Credit Scoring**

- Implemented Collection Scoring Strategy in Mar'23
- Prioritize Treatment to Higher Risk Customers
- Skip Call to Good Paymasters

100%

Efficiency Improvement

Increase Accounts-to-Collector Ratio



Sustainability Focus

Sustainability Statement

Shaping our future in financial services through sound, innovative and sustainable ESG practices and initiatives

Environmental

Carbon Emission Reduction (Scope 1 & 2)

*Target: 15% reduction by
FYE2024*



Economy

Green and Social Financing



Electric Motorcycle and Scooter Financing



Hawkers and Petty Traders Financing

Social

Education and CSR Investment



Digital Literacy



Community Investment

Governance

Taskforce on Climate-related Financial Disclosure (TCFD)

- To report climate-related financial information



Digital Bank Timeline for FYE22–23

Launch within 24 months from April 2022

AEON Consortium (“AEON”)



**AEON Financial
Service Co., Ltd.**



**AEON Credit
Service (M)
Berhad**

Received MOF letter for Islamic Digital Bank
licence on **8 April 2022**



ACS Digital Berhad

People

- ☐ Hiring of Key Personnel completed
- ☐ Dynamic & talented tech team

System Development

- ☐ System development is on schedule
- ☐ System testing and integration on-track

Operational Readiness

- ☐ Progressing as planned
- ☐ Appointed External Independent Reviewer for Operational Readiness Review (ORR)



AEON CREDIT SERVICE

Thank You