



# AEON CREDIT SERVICE

Investor Relation Engagement

9 Aug 2023



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# ABOUT AEON CREDIT

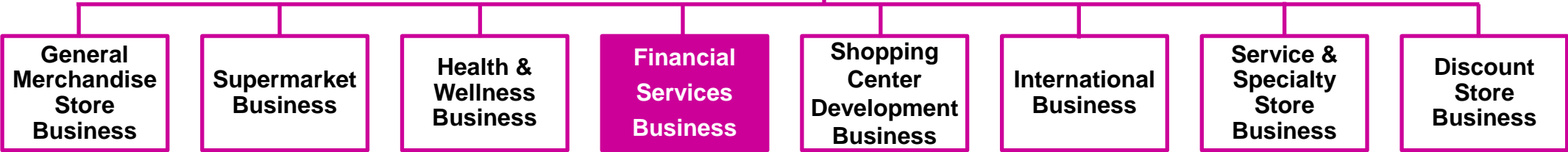




# CORPORATE STRUCTURE



AEON CO., Ltd., Japan



AEON Financial Service Co., Ltd. (AFSJ)

61.5%



AEON Credit Service (M) Berhad (ACSM)

100.0%



AEON Insurance Brokers (M) Sdn Bhd

- ❖ Incorporated on 6 Dec 1996
- ❖ Listed on the main market of Bursa Malaysia Securities Berhad on 12 Dec 2007
- ❖ Acquired 100% equity interest in AEON Insurance Brokers (M) Sdn Bhd on 30 Sep 2021
- ❖ Received MOF letter for Islamic Digital Bank license on 8 Apr 2022



63 branches and service centres









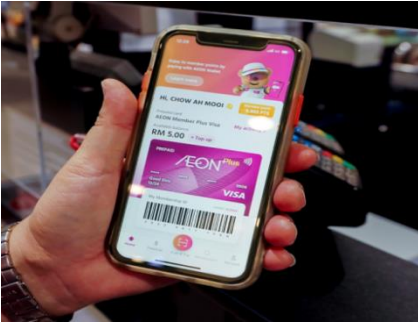
> 3,000 employees



# OUR PRODUCTS



More than 5.3 million members; Receiving 2 mil+ applications yearly

Easy Payment			Settlement	Insurance Broker
Vehicle Financing	Objective Financing	Personal Financing	Credit Card, AMP and AEON Wallet	AEON Insurance Brokers
				<p>&gt; 205k Credit Card Members</p> <p>&gt; 2.4 mil AMP card members</p> <p>&gt; 1.9 mil AEON wallet sign up</p>
				
> 8.1k Merchant outlets	> 2.6 mil Express Members			



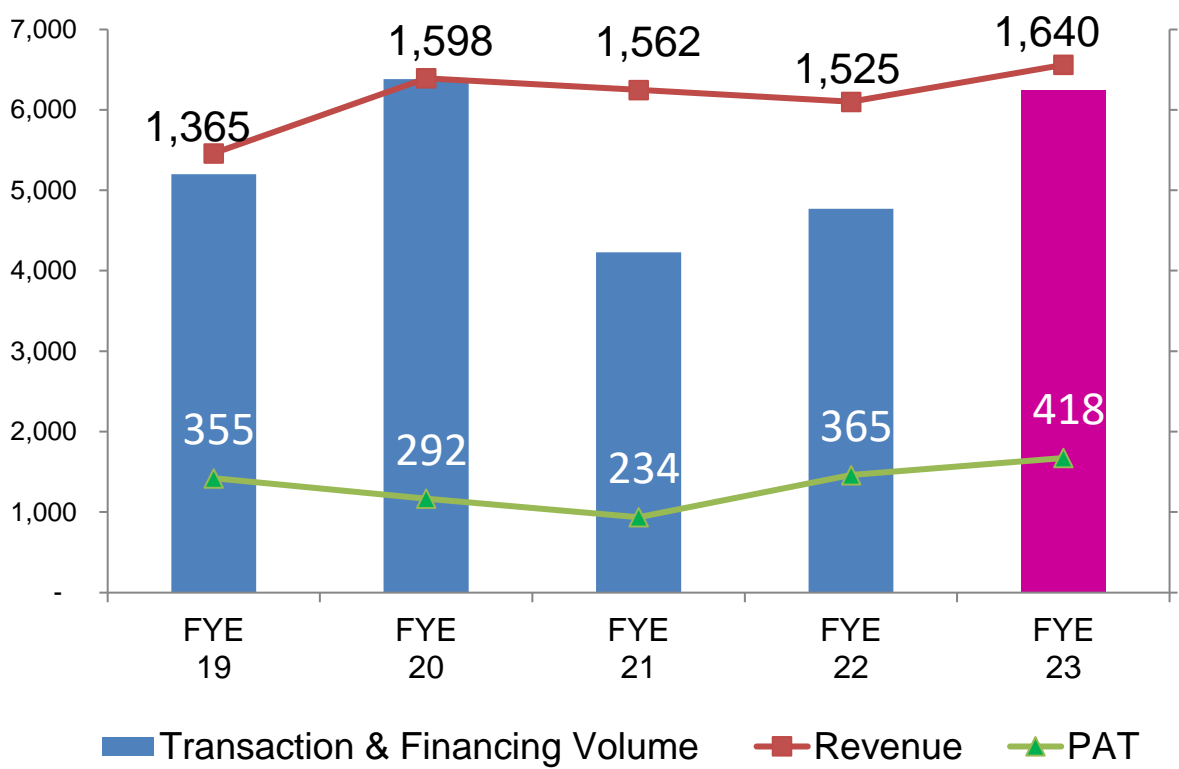
# GROUP PERFORMANCE



Steadily growing through healthy business expansion despite volatile economic condition in past years; Vehicle Financing and Personal Financing are key drivers

## Performance FYE19 – 23

(Unit: RM'mil)



**FYE23: RM 6.25 billion**  
**Total Transaction & Financing Volume**  
**▲ 31.0% YoY**

**FYE23: RM 418 million**  
**Profit After Tax**  
**▲ 14.3% YoY**

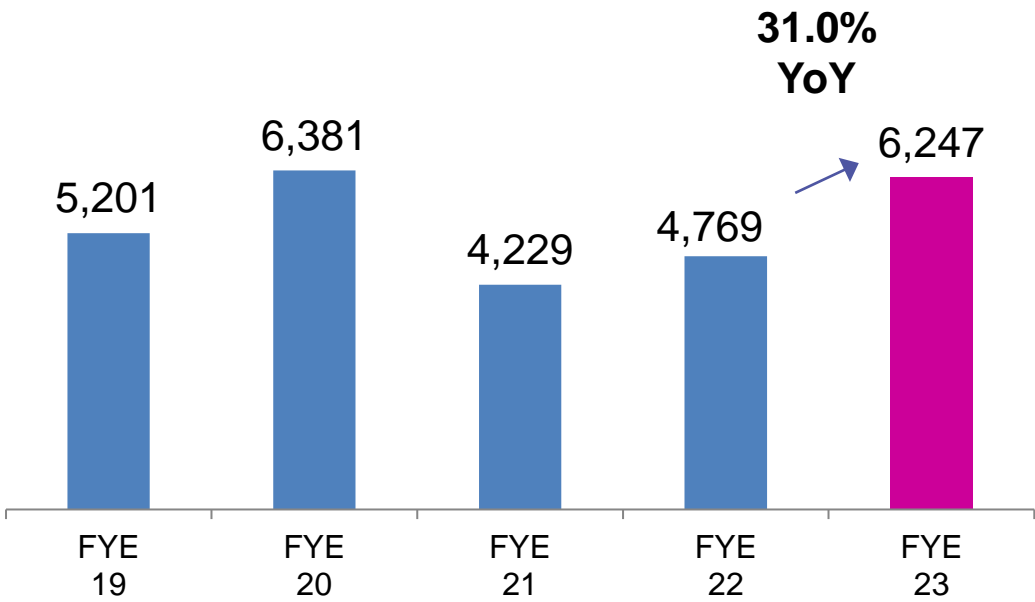


# TRANSACTION & FINANCING VOLUME



Expanded product offerings to capture customers' needs

## Total Transaction & Financing Volume (RM mil)



Financing volume recovered back to pre-COVID19 level driven by effective marketing campaigns and business plan

- Transaction growth supported by:**
- ❖ Adapted localized credit policies and effective marketing campaigns
  - ❖ Expand M40 segment via premium portfolio to acquire good score customers
  - ❖ Embarked to settlement business and issue of variance credit card types with exclusive rebates and privilege

We continue focus on completion of digital transformation to drive member expansion and provide seamless experience

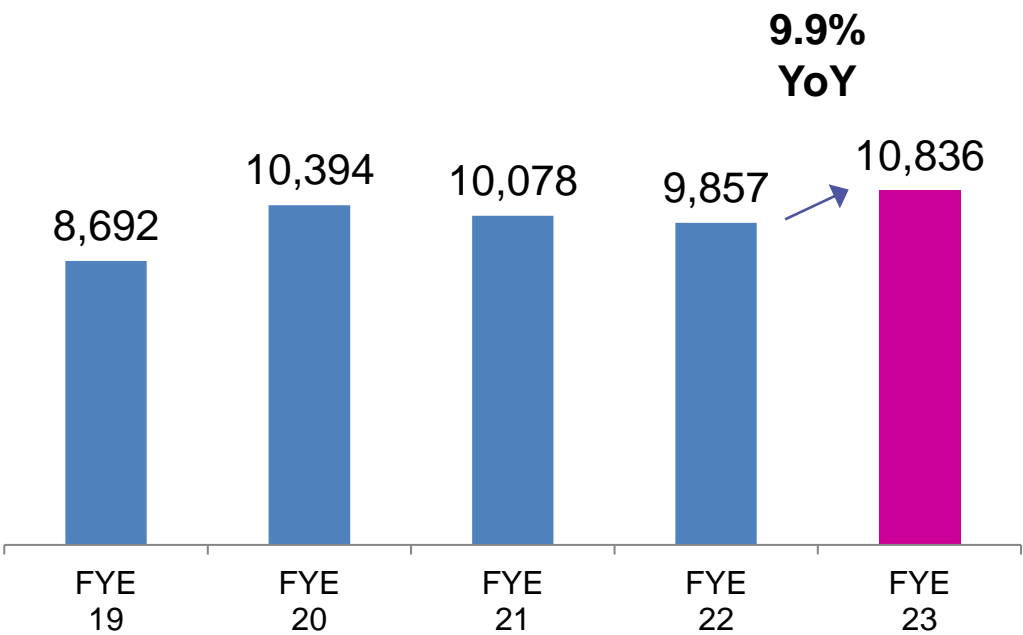


# RECEIVABLES GROWTH

Loan growth momentum driven by merchant network expansion, branch and online channel



## Gross Receivables (RM mil)



Receivable growth slow down in FYE21 – 23 affected by COVID-19 pandemic related restrictions

❖ 10-year CAGR growth: 11.6%

❖ Providing a wide range of products

Product milestones			
Year	1997 - 2004	2005 - 2010	2011 - Present
Product	Objective Financing Motor Financing Personal Financing	Credit card Insurance	Prepaid card AEON Wallet Car Financing

❖ Expansion of branch and network

❖ Effective merchant development and partnership programme

We continue to enhance our data analytical tools and adapt external scoring model to improve asset quality and speed up decision making



# CUSTOMER FINANCIAL NEEDS

To attract the growing middle class by providing both financial and retail service through digital bank



## Customer Lifecycle

### Financing Product



Settlement

Hire Purchase

Personal Loan



### Banking Product



Saving



Mortgage



Investment product

We aim to improve customer stickiness by serving wider range of products; Digital bank is a platform to provide comprehensive financial business

# PROPOSED JOINT VENTURE



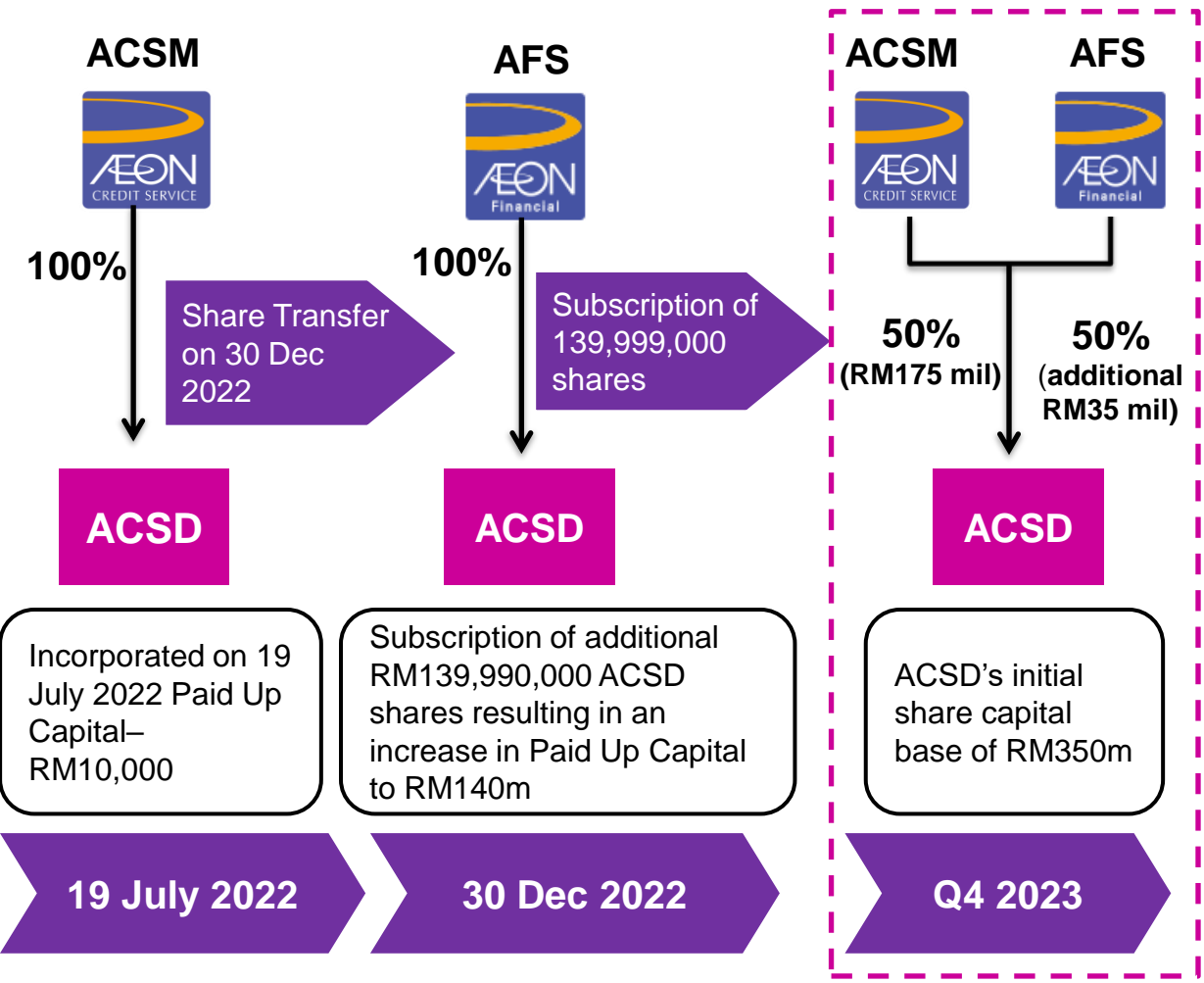


# PROPOSED JOINT VENTURE STRUCTURE AND CAPITAL INJECTION



To undertake the business of a Digital Islamic Bank

## Shareholding Structure



## Capital Injection

Total estimated capital injection of RM550 million for up to 5 years from commencement of the Digital Bank

- ❖ Capital injection via subscription shares in ACSD
- ❖ To complete subscription of RM175 million ACSD shares each by Q4 2023 (prior to complying with equity condition below)
- ❖ Eventual equity structure in ACSD will be AEON Credit (35%), AFS (35%) and *the Malaysian shareholder(s)* (30%)

## Effects to AEON Credit

- ❖ AEON Credit proposes to subscribe for 50% equity interest in ACSD equivalent to cash RM175 million which will be fully funded from internally generated funds
- ❖ ACSD will be recognized as an associated company of AEON Credit

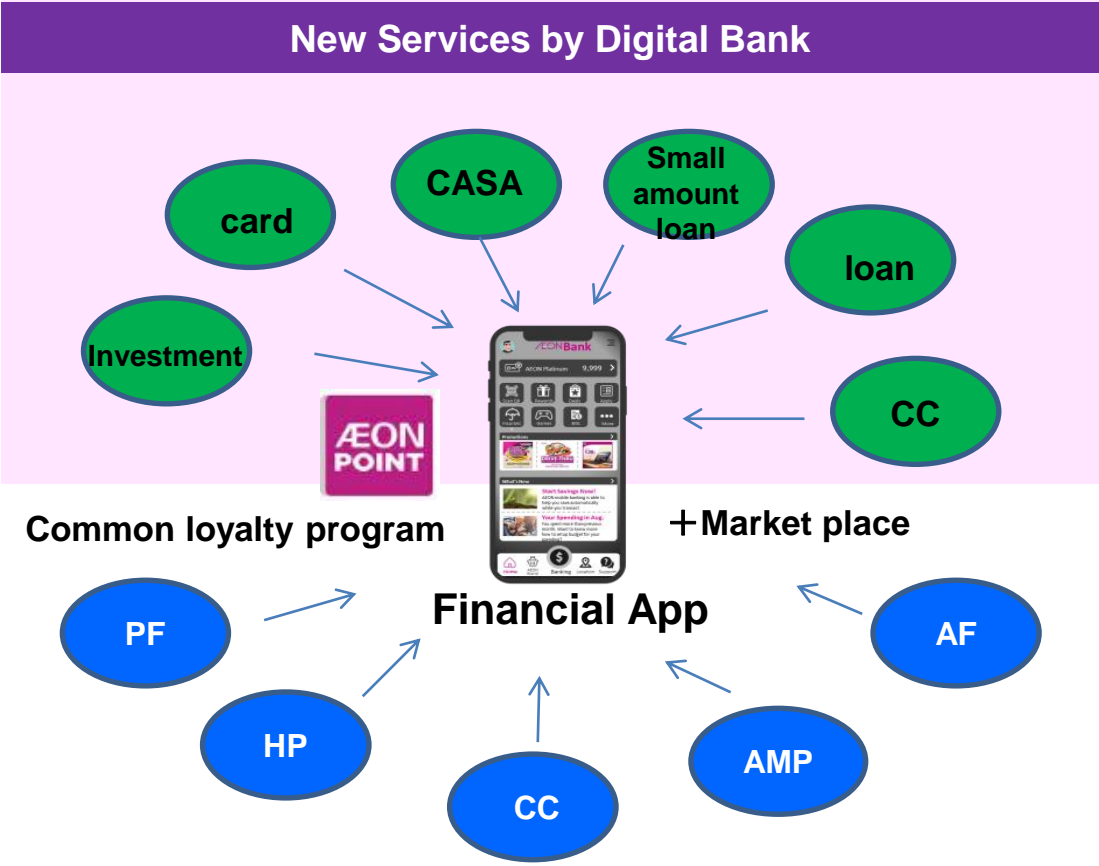


# CUSTOMER ACQUISITION VIA LEVERAGING ON AEON ECOSYSTEM



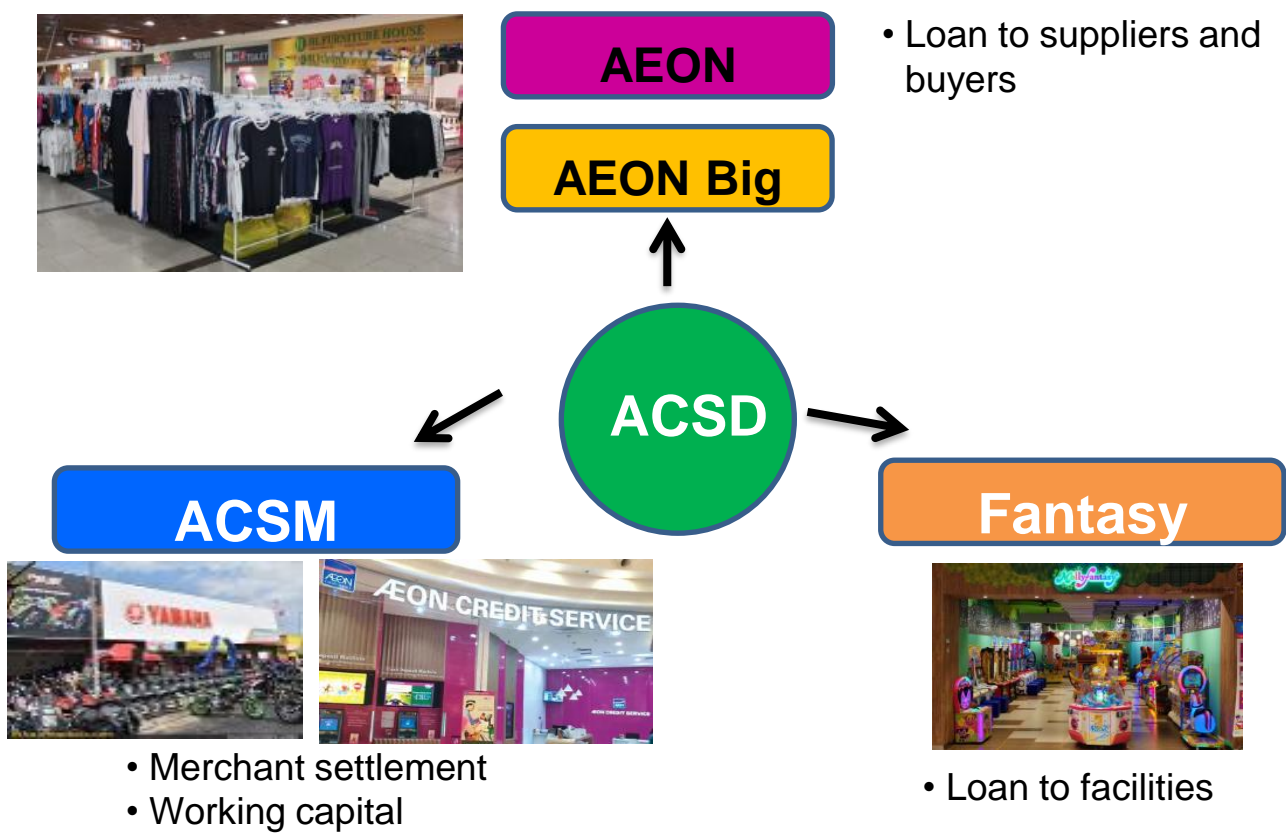
## 【Retail】

- Comprehensive financial business through expansion of bank products



## 【Merchants】

- Building a corporate economic zone by providing financial services to the clients of the group companies





# AEON CREDIT X DIGITAL BANK STRATEGY




- Provide support to ACSD operations, from customer touch points to debt collection operations
- Promote cross-selling of ACSM products through integrated customer data and analytics



Settlement

Member base expansion

- 
- Easy payment
  - Personal financing
  - Credit Card
  - Insurance
  - AMP



Leverage on AEON Ecosystem

**ACSD**  
**Personal Banking**

- Deposit and financing

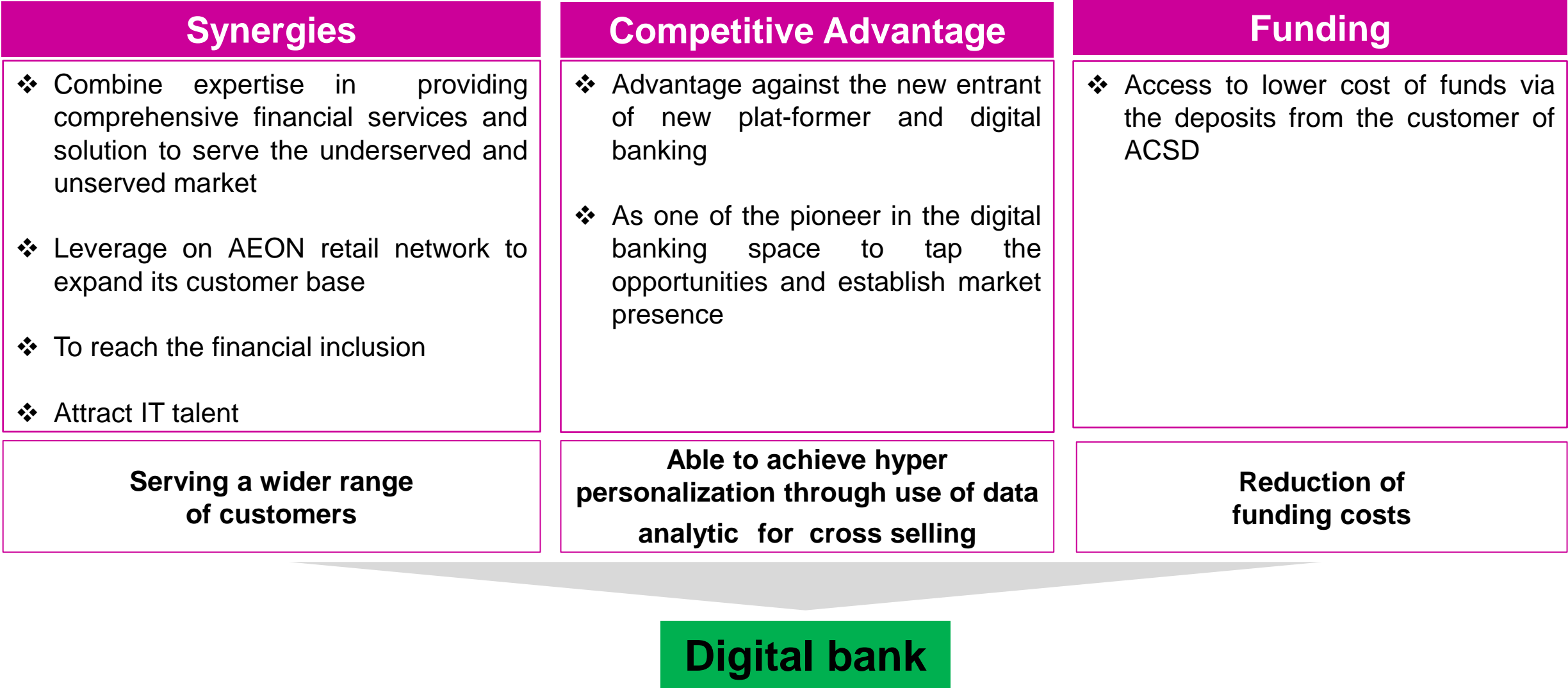
**Business Banking**  
• Working capital



# RATIONALE FOR EXPANDING INTO THE BANKING BUSINESS



To create AEON Synergies, leverage on combined expertise to expand its banking business to AEON Living Zone







# RISK FACTOR



AEON Credit seeks to mitigate the risk by complying to the terms and conditions imposed

## Risk factor

1

### **Diversion of financial resource**

- ❖ Risk in realizing anticipated profitability in Digital Banking Business

3

### **Dependency on technology**

- ❖ Risk from technology aspect, which may impact ACSD and our company

2

### **Completion and commencement risk**

- ❖ Non fulfilment of condition precedent which may result in the termination of the shareholders' agreement

4

### **Economic and regulatory risk in relation to the digital bank industry**

- ❖ Potential shifts in regulatory framework and policies



# AEON CREDIT COMMITMENT

Total investment outlay estimated RM550 million, barring any unforeseen circumstances, we do not expect addition financial commitment to Digital Banking Business



## Digital Bank Commitment

### Financial Commitment Required

- ❖ To meet Total Capital Ratio minimum level

### BNM’s Requirements

- ❖ Achieve a minimum amount of capital funds of RM300 million unimpaired by losses at end of the foundational phase in Year 5
- ❖ Show satisfactory progress in achieving the committed value propositions; and
- ❖ Comply with applicable laws and regulatory requirement

## AEON Credit Commitment

- ❖ Commencement of the digital Islamic banking business within the 24 months from 8 April 2022 (date of approval)
- ❖ Comply with BNM’s requirements for ACSD to have a minimum equity of RM100.0m unimpaired by losses during foundational phase and minimum amount of capital funds of RM300.0m unimpaired by losses at end of the foundational phase in Year 5
- ❖ Comply with equity condition where at least 30% of the shares in ACSD to be held by Malaysian shareholder(s), within a period of 5 years from the commencement of the business
- ❖ When ACSD is unable to fulfill BNM’s requirements, the Shareholders commit to ensure sufficient capital and liquidity in ACSD to implement the exit plan measures which would include reimbursement of customer deposits, in an orderly and timely manner

# PROPOSED BONUS ISSUE



# PROPOSED BONUS ISSUE

1 Bonus share for every 1 existing AEON Credit share



Effect of the Proposed Bonus Issue		
	Number of Shares	RM
Issued share capital	255,307,690	584,011,570
Proposed Bonus Issue	255,307,690	-
<b>After the Proposed Bonus Issue</b>	<b>510,615,380</b>	<b>584,011,570</b>

## Rationale

- ❖ To improve the marketability and trading liquidity of the company's shares
- ❖ To reward our shareholders for their loyalty and continuous support

## Target Completion

- ❖ Q4 2023

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