

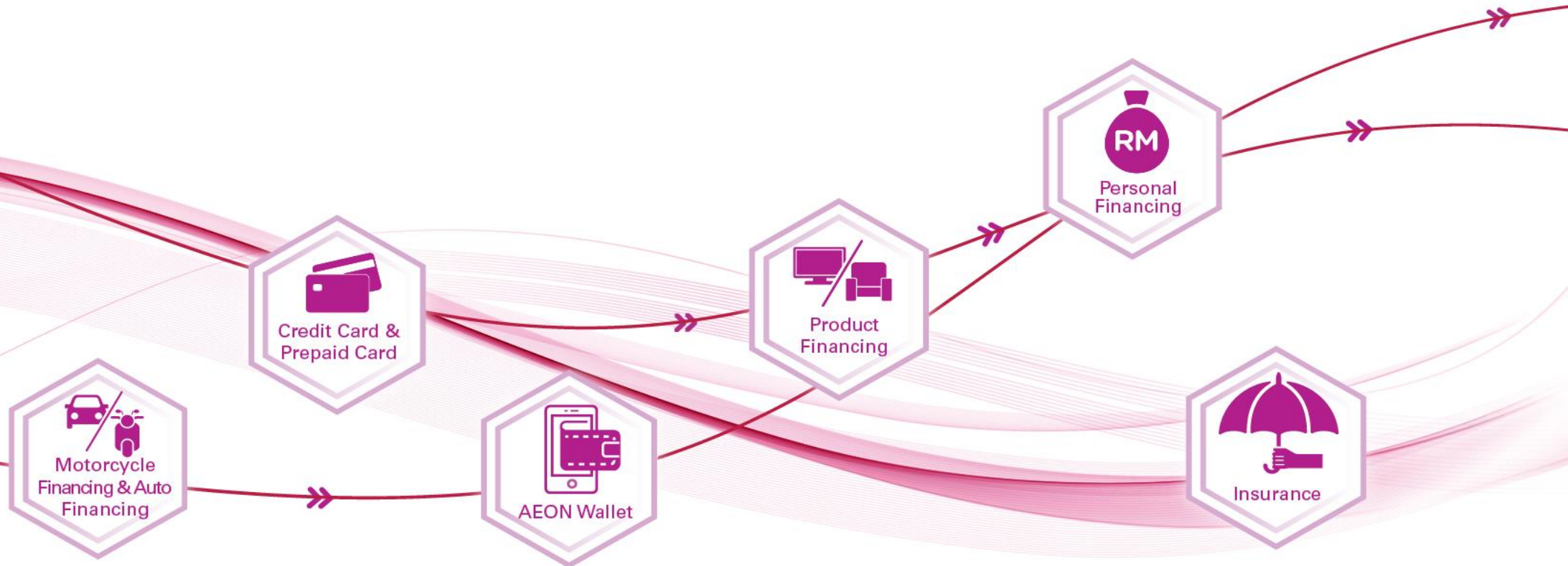


# AEON CREDIT SERVICE

## 25<sup>TH</sup> ANNUAL GENERAL MEETING

29 JUNE 2022

Presentation to Shareholders by  
Managing Director





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# **AEON CREDIT SERVICE**

## **Financial Overview**



# FYE22 Financial Highlights

Proven business resilience, getting back on growth track amid challenging backdrop



Total Transaction &  
Financing Volume  
**RM 4.8 billion**  
▲ 12.8%



Revenue  
**RM 1.5 billion**  
▼ 2.4%



PAT  
**RM 365.4 million**  
▲ 56.2%



Gross Receivables  
**RM 9.9 billion**  
▼ 2.2%



Cost-to-income Ratio  
**49.7%**  
▼ 12.1%



ROE  
**19.2%**  
▲ 5.4%



ROA  
**3.6%**  
▲ 1.3%



Dividend Per Share  
**48.5 sen**  
▲ 66.1%



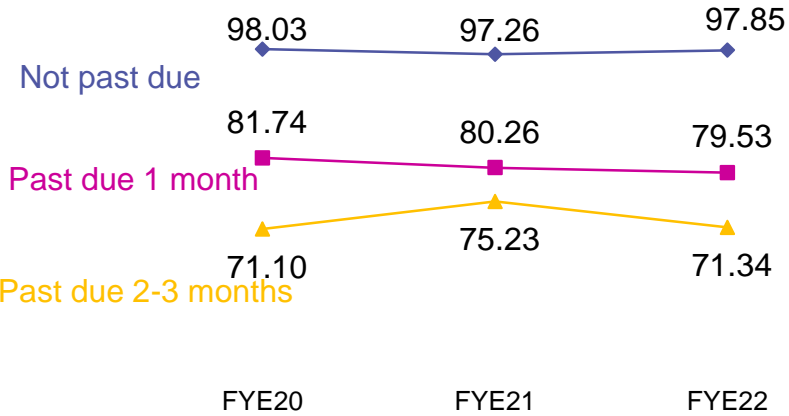


# Collection & Credit Cost

Collection experienced temporary headwinds during Q4 FYE22, overall remains healthy

## Average Collection

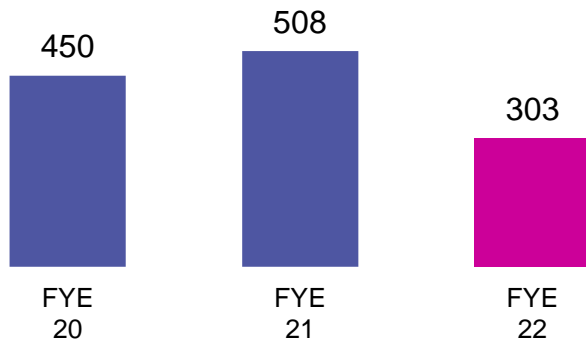
(%)



Overall driven by effective credit management strategies and improved new sales quality despite productivity affected by restricted workflow capacity due to MCO

## Impairment Loss

(RM mil)



▼ 40.3% YoY

- Overall impairment loss was lower benefitted from the improved collection productivity and asset quality

## NPL

(%)



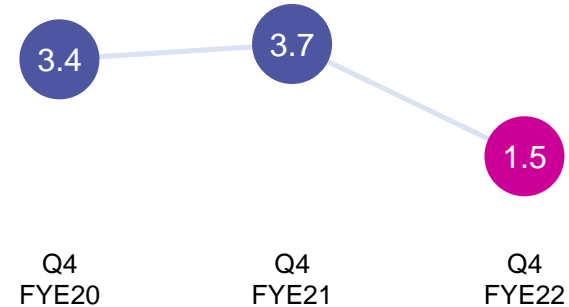
▲ 0.2% YoY

Higher in FYE22 attributed to

- Lower collection productivity

## NCC

(%)



▼ 2.2% YoY

Lower NCC

- Effectiveness of measures taken to support asset quality
- Improved bad debt recoveries

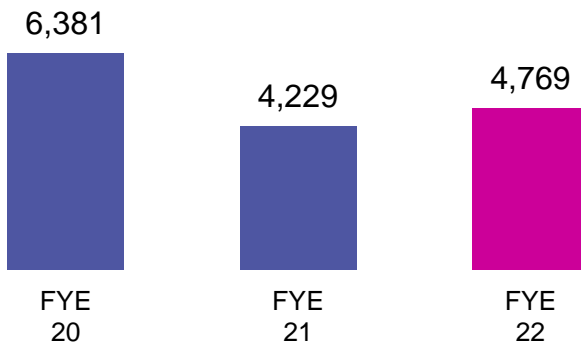


# Asset Quality

Managed to weather through macroeconomic challenges and gaining better grounds

## Total Transaction & Financing Volume

(RM mil)

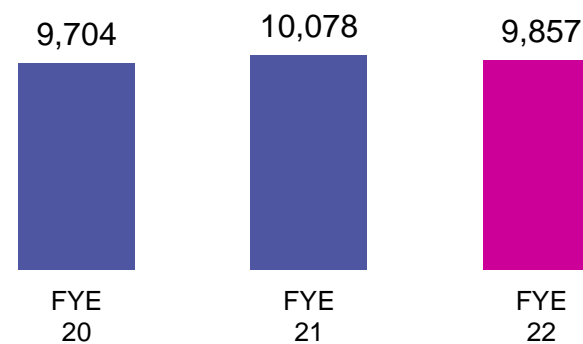


▲ 12.8% YoY

- Adopted prudent growth approach during pandemic to protect asset quality and gradually scaling up marketing efforts

## Gross Receivables

(RM mil)

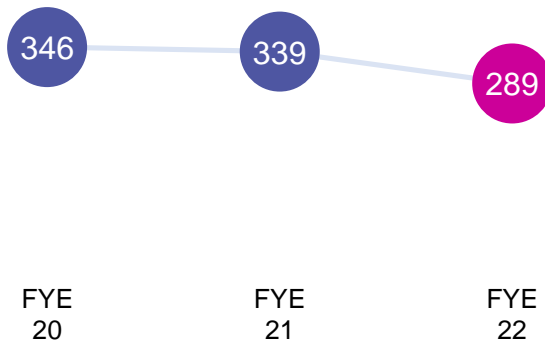


▼ 2.2% YoY

- Business operations being impeded by the various MCO implemented
- Temporary credit criteria tightening since last financial year end

## Loan Loss Coverage Ratio

(%)

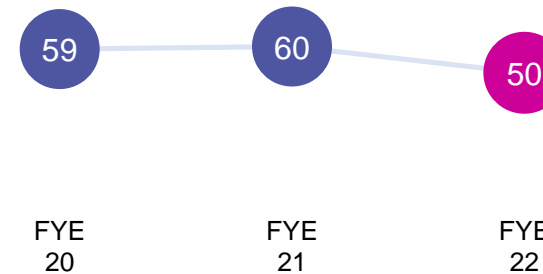


▼ 50.0%

- Marginally pared down in FYE22
- Contributed by lower impairment loss on receivables

## Cost-to-income Ratio (CIR)

(%)



▼ 10.0%

- Higher operational efficiency contributed by lower impairment loss provisions and effective cost management



# Where Are We Now

25 years of Financial Service experience



AEON Member Plus  
Visa member  
**2.20 million**  
▲ 10.5% YoY



AEON Wallet  
download  
**1.35 million**  
▲ 31.1% YoY



AEON Express card  
**2.30 million**  
▲ 10.3% YoY



**64**  
Branches & Service  
Centres



AEON Credit card  
**0.20 million**  
▼ 15.0% YoY



**>10K**  
Merchant Outlets  
Nationwide

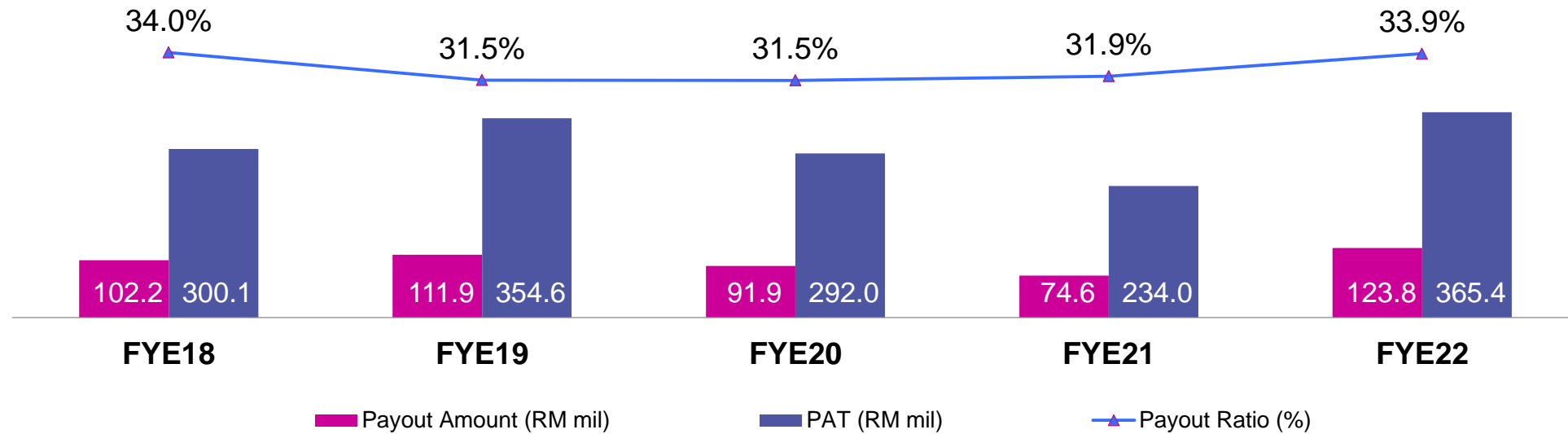




# Dividend

Consistently paying out >30% of PAT to our valued shareholders

## Historical Dividend Data



Announcement Date  
5 Apr 2022

Entitlement Date  
7 July 2022

Sen	FYE18	FYE19	FYE20	FYE21	FYE22
Interim	21.13	22.25	22.25	9.20	28.50
Final	20.00	22.35	14.00	20.00	15.00
Special	-	-	-	-	*5.00
<b>Total</b>	<b>41.13</b>	<b>44.60</b>	<b>36.25</b>	<b>29.20</b>	<b>48.50</b>

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

Both final and special dividends are subject to the approval of shareholders at the forthcoming Annual General Meeting



**ÆON CREDIT SERVICE**

# **FYE2022 Operational Highlights**





# Initiatives Embarked in FYE2022

Obtained Islamic digital bank license on 29 April 2022



- Part of AEON Group's journey in advancing financial inclusion;
- Leverage on AEON Group's strength includes retail, financial services and other business, powered by transformative technology;
- To provide more comprehensive and unique financial service to customer



# Initiatives Embarked in FYE2022

## Insurance brokerage business



### We offer

General & Life insurance	Personal accident, Health Wellness & Credit shield
Used Car	Extended Warranty
New Motorcycle	Extended Warranty



- Acquired 100% stake in **Insurepro Sdn Bhd** on September 2021 to venture into insurance brokerage business.
- **Increase product portfolio** to include commercial and personal insurance.
- Leveraging on AEON Group Retail network and ecosystem.





# Initiatives Embarked in FYE2022

Launched Co-brand Prepaid card



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

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

- Provide loyalty point program to hawkers and petty traders, similar benefits as an AEON Member Plus Card holder
- Provide **B2B wholesale prices** for hawkers and petty traders who conduct businesses in the **AEON ecosystem**.





# Initiatives Embarked in FYE2022

## Completion of Core System Replacement in Jan 2022



System infrastructure and architecture replacement to speed up the digitalisation efforts

- In May 2021, we have completed replacement of core system for credit card business
- In Jan 2022, migration for loan and financing system completed

**We are now ready to provide comprehensive retail financial solutions**

# Sustainability Initiatives

## Group's sustainability strategies



FTSE4Good

### FTSE4GOOD INDEX SERIES

AEON Credit as a constituent of the FTSE4Good Index Series since 2015, having demonstrated strong ESG practices

#### Environmental



500 Trees planted

#### Sport



Sports Sponsorship  
RM750,000

#### Education



Education Sponsorship  
RM285,000

#### Social



CSR contribution  
RM710,000





# Sustainability Initiatives by Malaysian AEON Foundation

## RM1mil to Malaysian AEON Foundation



**MAF AEONBersamamu**  
- 1,805 homecare packs to families affected by COVID-19 pandemic



**MAF AEONBantu** for Medical and Security Frontliners



**MAF AEONBantu** during natural calamities in Kedah and Selangor



**MAF General Donations** to NGO, Foundations and Charity Bodies



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



**MAF Mesra Festive Donations** for low-income families and orphanages

**24,270**  
Total Number of Communities Reached



# **ÆON CREDIT SERVICE**

## **Key Strategies And Prospect**



# Key Strategies for 2022-2026

5 Pillars of focus to drive financial inclusion and sustainable growth

## Digitalization

- Complete end to end on-boarding process and expand channel
- Automate credit assessment to increase good portfolio & provide instant approval

## Member Expansion

- Consolidate all AEON members to one loyalty point platform
- Acquire customer via enhance App function and customise financial service solution.

## Receivables Growth

- Penetration market share through digitalise onboarding process and embed to other platformers
- Transform business structure to increase settlement and fee income

## ESG & Sustainability

- Responsible corporate citizen by contribute to local community
- Embed sustainability initiatives into business model

## Human Capital

- Transform new working environment
- Talent development & acquisition
- Management trainee program

**FYE2023**

**FYE2023  
Prospect**

**Loan Growth  
> 10%**

**Cost-to-Income  
< 60%**

**Dividend Payout Ratio  
> 30% of PAT**

**ROE  
> 15%**

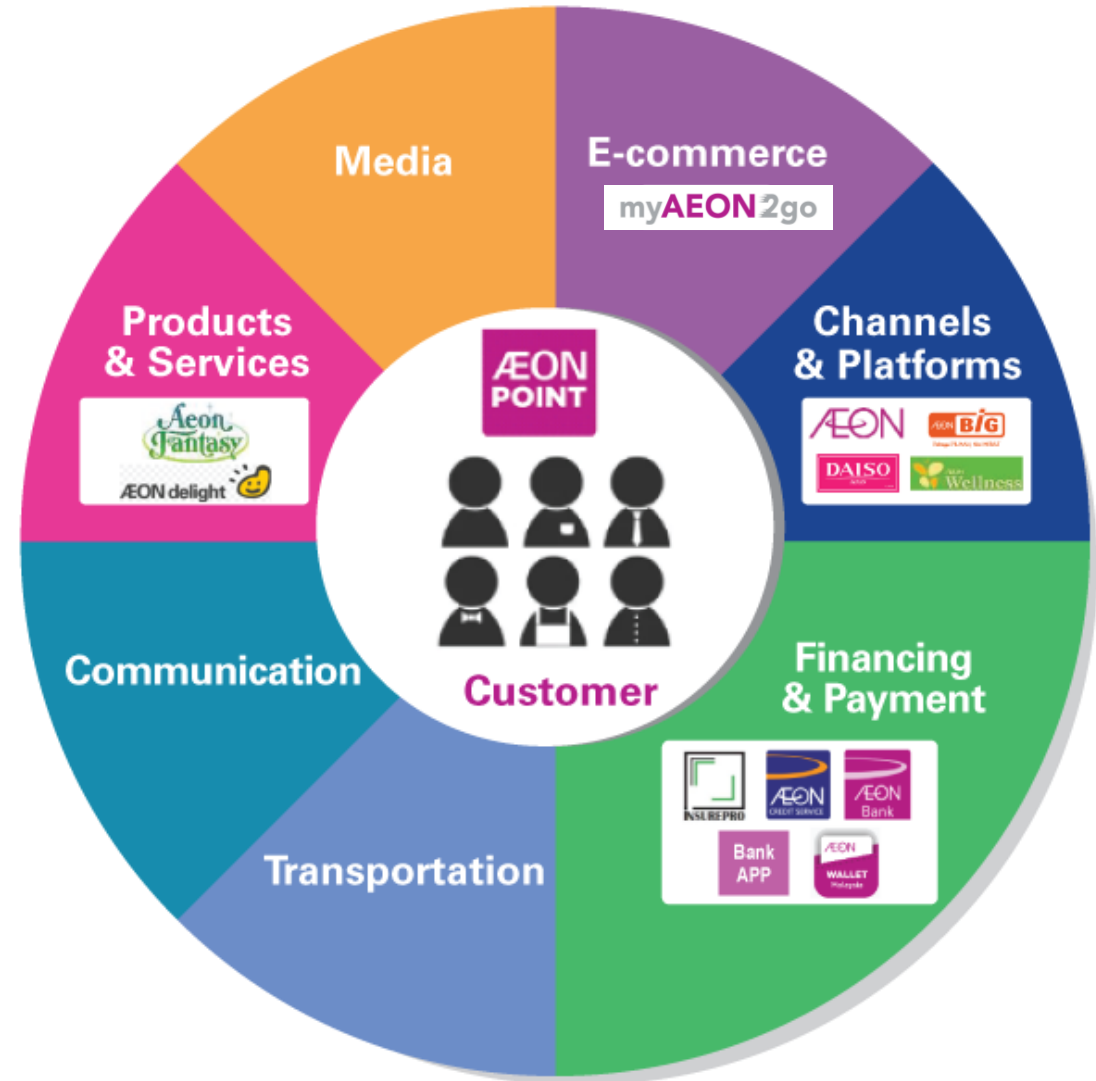




# AEON Living Zone Loyalty Platform

A transcendent experience for all our customers within our ecosystem via

- Embedded financial services and loyalty program into iAEON (AEON CO)
- Develop Finance service app to promote end to end digitalisation process
- Migrate 2 million AEON express card member to AEON Wallet with loyalty point
- Reach unserved customer via AEON app

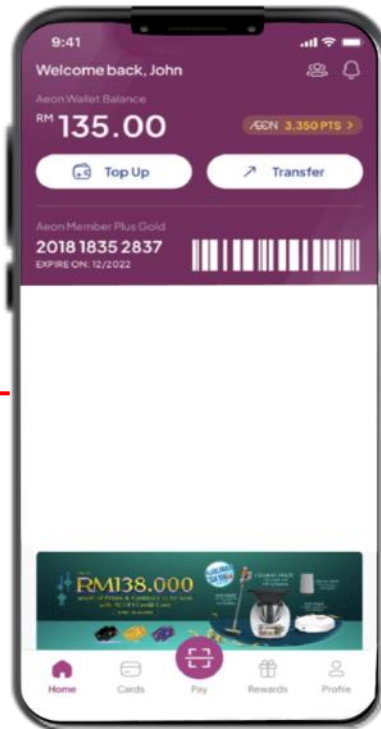




# Digital App Journey

## One Stop Retail and Financing Solution

### AEON Credit Service



*AEON Credit E-wallet app*

### AEON CO



*iAEON app*

Integrate

### Enhance AEON wallet with membership function

- ☐ Easy payment
- ☐ Personal financing
- ☐ Credit card
- ☐ AEON Wallet function
- ☐ Loyalty point program
- ☐ Transfer 2.3mil express member to wallet app

### Embed AEON Credit financial service function into iAEON App

- ☐ AEON Wallet Function
- ☐ Scan & Pay
- ☐ Points Management
- ☐ Single Member Barcode & QR Code
- ☐ Card & Financial products eApplication (AEON member card, Credit Card & Personal Financing online application)



# 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



# **AEON CREDIT SERVICE**

# **Thank you**