



AEON CREDIT SERVICE

Q3 FYE23 Financial Results

21 December 2022



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TABLE OF CONTENTS

FINANCIAL OVERVIEW	04
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KEY STRATEGIES AND OPERATIONAL UPDATES	15
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APPENDIX	22
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FINANCIAL OVERVIEW



Financial Performance



Robust sales growth boosted by domestic demand and marketing strategies

		9M FYE22	9M FYE23	YoY
Profitability	Revenue	RM1,161.9M	RM1,207.6M	+3.9%
	PAT	RM342.0M	RM322.3M	-5.8%
	ROE	24.5%	19.7%	-4.8%
Asset Quality	Transaction & Financing Volume	RM3.3B	RM4.6B	+40.6%
	Gross Financing Receivables	RM9.6B	RM10.6B	+10.3%
	Loan Loss Coverage Ratio	410%	297%	-113%
	Non-Performing Loan (NPL)	1.75%	2.54%	+0.8%
	Net Credit Cost (NCC)	0.42%	2.52%	+2.1%
Capital	Capital Adequacy Ratio (CAR)	27.2%	26.9%	-0.3%

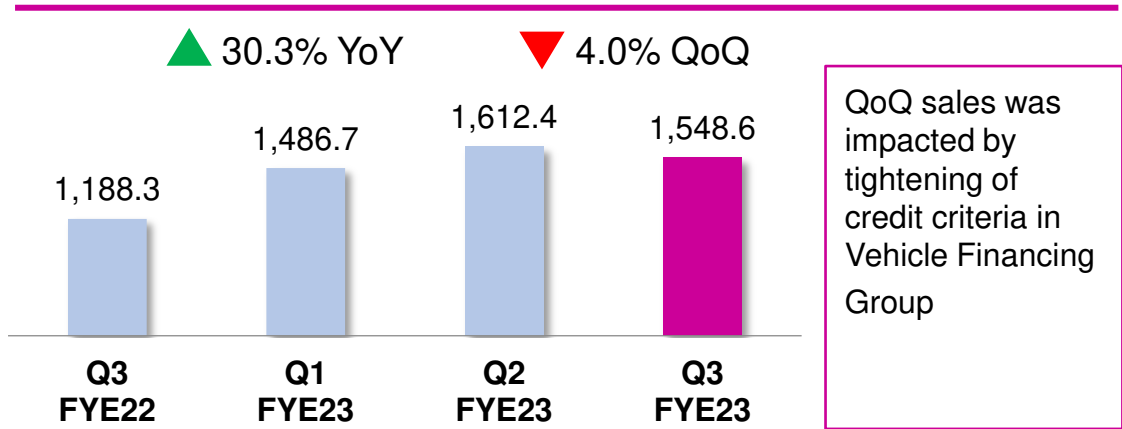


Income Statement

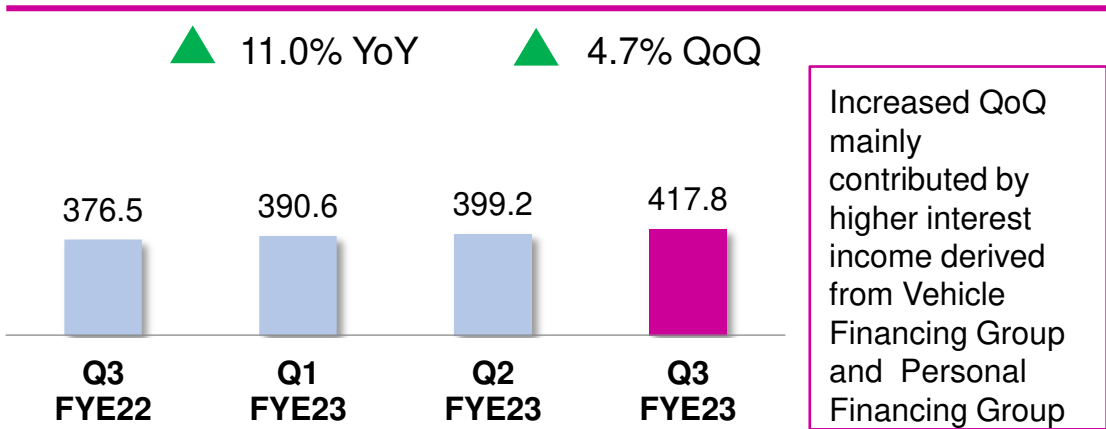


Profit grew underpinned by loan growth and prudent cost control

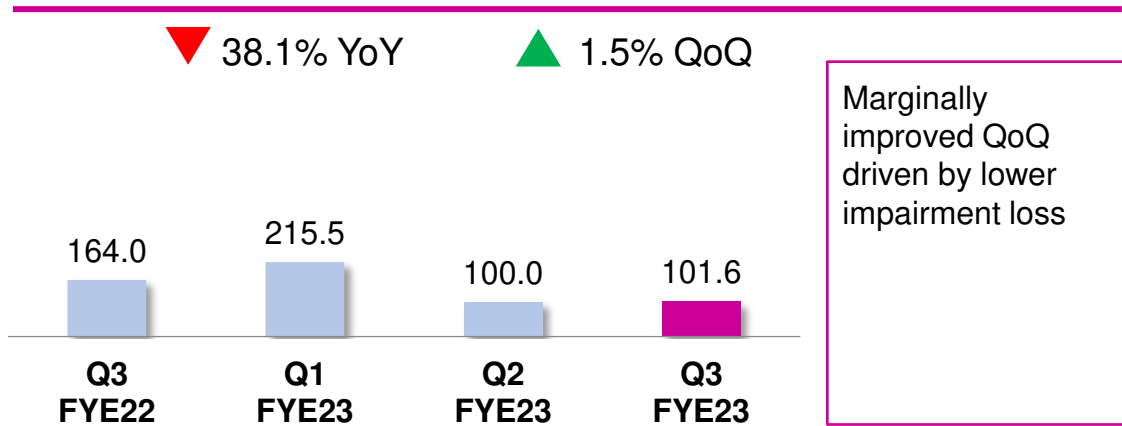
Total Transaction & Financing Volume (RM mil)



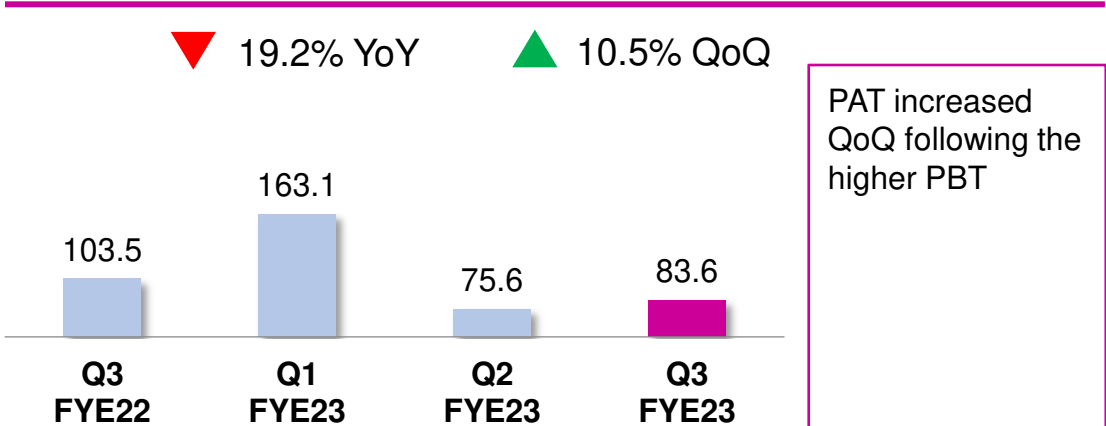
Revenue (RM mil)



Profit Before Tax (RM mil)



Profit After Tax (RM mil)

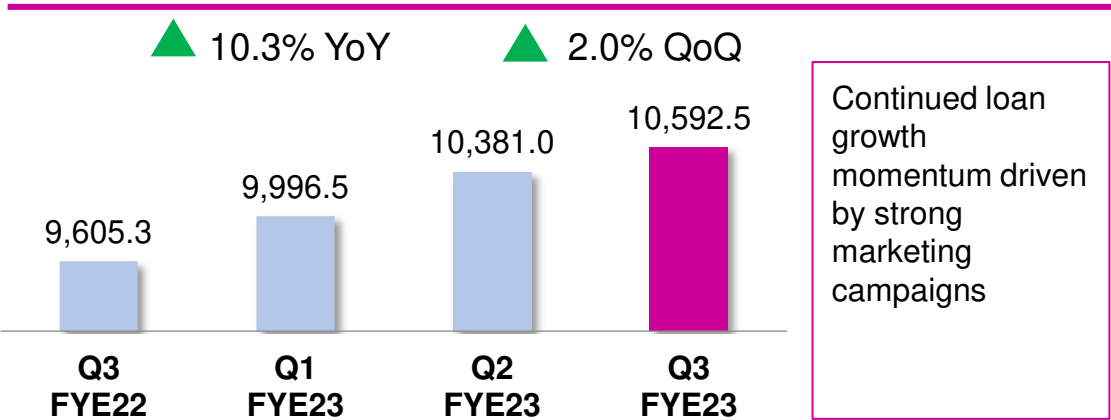


Shareholder Value & Capital Management

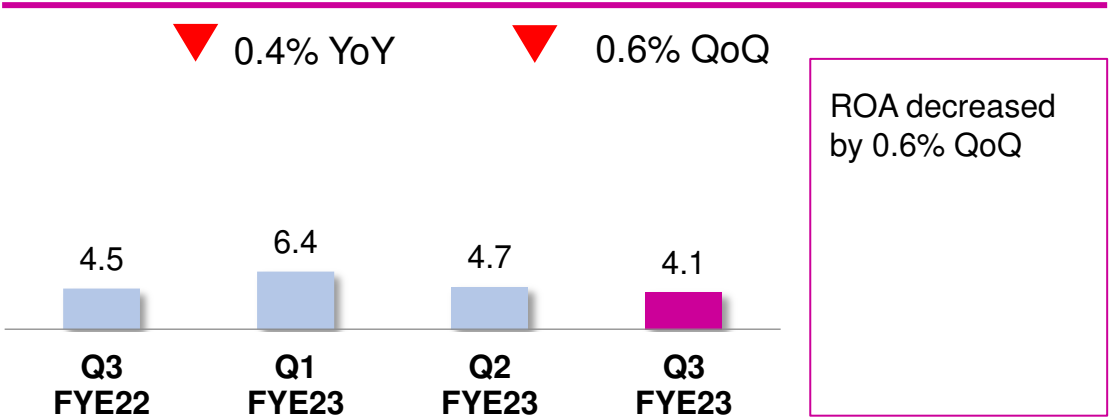


Financing receivables growth momentum continued in Q3FYE23

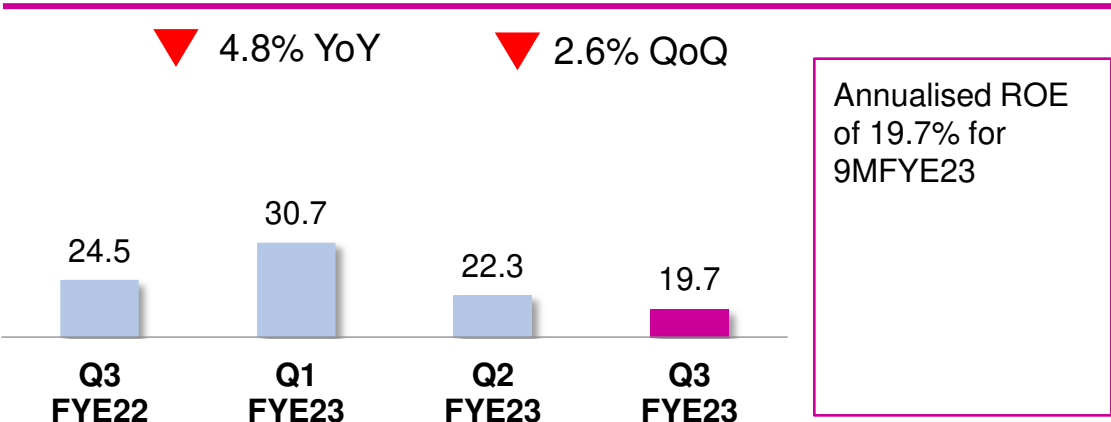
Gross Receivables (RM mil)



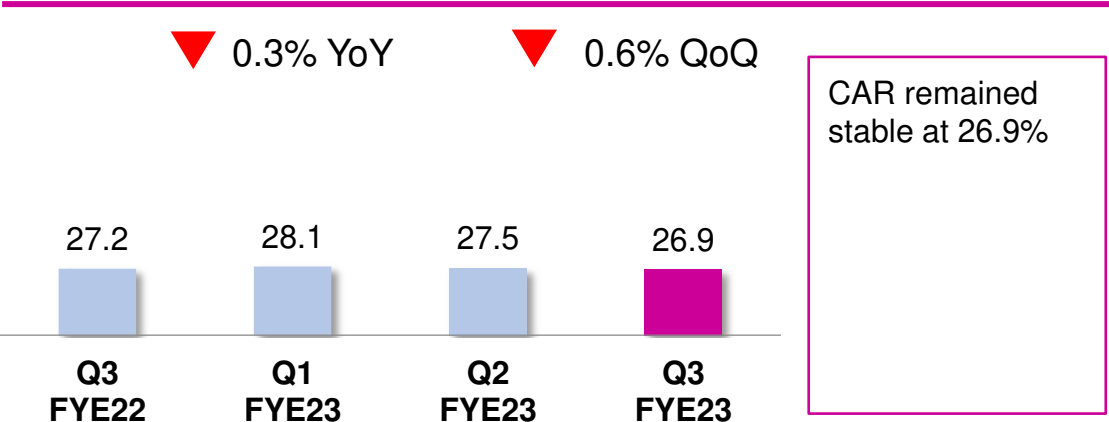
Return On Asset (%)



Return On Equity (%)

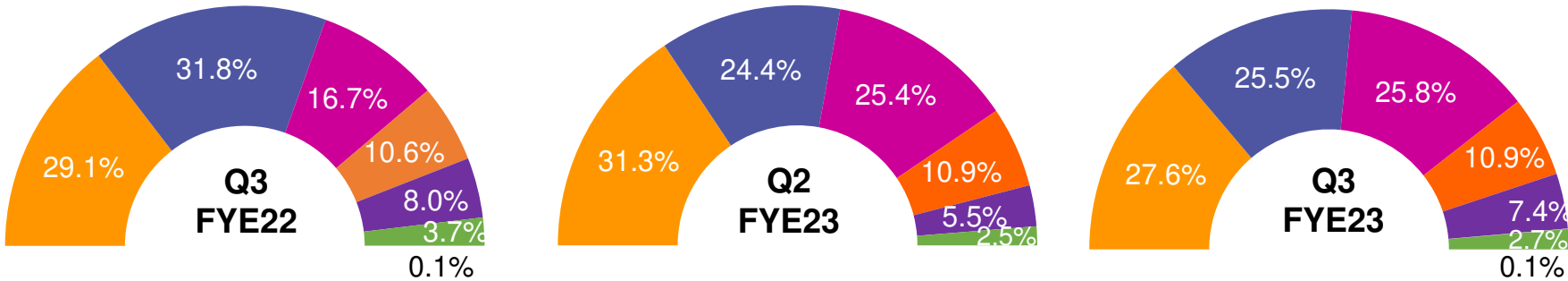


Capital Adequacy Ratio (%)



Total Transaction & Financing Volume

Overall volume improved QoQ except Vehicle Financing Group

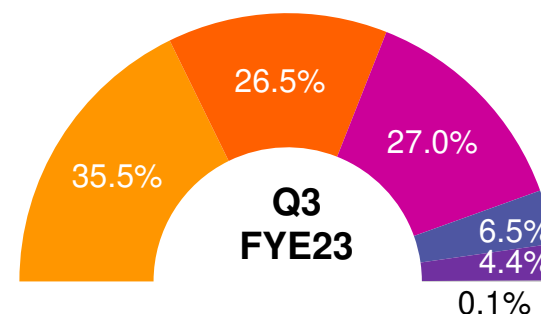
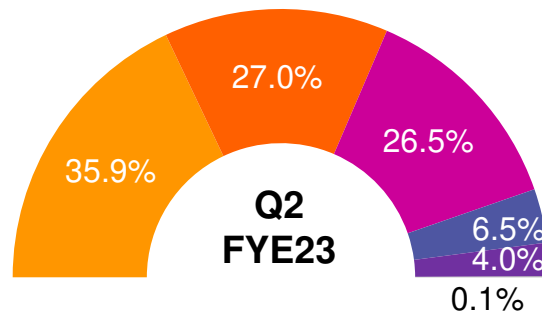
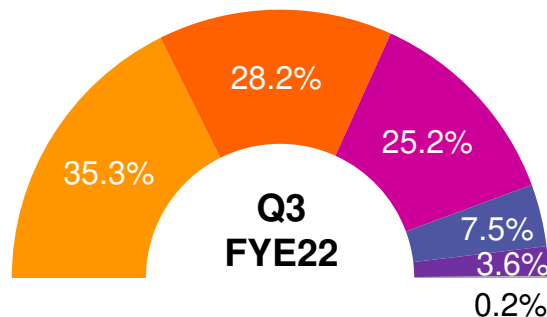


	Volume (RM mil)	Q3 FYE22	Q2 FYE23	Q3 FYE23	QoQ	YoY
	Motorcycle Financing	346	504	427	-15.3%	23.5%
	Auto Financing	125	175	169	-3.7%	34.6%
	Vehicle Financing Group	471	679	596	-12.3%	26.4%
	Credit Card	378	394	395	0.1%	4.3%
	E-money	44	41	42	3.6%	-4.5%
	Payment Business Group	422	435	437	0.5%	3.4%
	Personal Financing	198	409	400	-2.4%	101.8%
	Objective Financing	96	89	115	30.0%	20.6%
	SME Financing	1	0.3	1	319.2%	-5.2%
	Personal Financing Group	295	498	516	3.6%	75.1%
	Total	1,188	1,612	1,549	-4.0%	30.3%

- Decline in Vehicle Financing Group volume due to credit control initiative launched in Oct'22
- Strengthen collaboration with AEON Group and merchants on festive season campaigns
- Simplified process via e-KYC and pre-assessment to acquire good score customers
- Expand direct sales team nationwide to drive credit card recruitment
- Pre-approval program to drive Objective Financing

Total Gross Financing Receivables

Healthy financing receivables growth in Q3FYE23



	Volume (RM mil)	Q3 FYE22	Q2 FYE23	Q3 FYE23	QoQ	YoY
Motorcycle Financing		3,389	3,723	3,757	0.9%	10.9%
Auto Financing		2,713	2,807	2,813	0.2%	3.7%
Vehicle Financing Group		6,102	6,530	6,570	0.6%	7.7%
Credit Card		720	675	689	2.1%	-4.3%
Personal Financing		2,420	2,746	2,862	4.2%	18.3%
Objective Financing		342	419	461	10.3%	34.8%
SME Financing		21	11	10	-14.9%	-53.7%
Personal Financing Group		2,783	3,176	3,333	4.9%	19.8%
Total		9,605	10,381	10,592	2.0%	10.3%

Increased QoQ to RM10.6 bil

- End-to-end digitalisation on boarding process for Easy Payment was completed in Sep'22 to drive future receivables growth
- Continue merchant incentives campaigns to acquire good score customers
- Festive season marketing campaign to drive take up rate

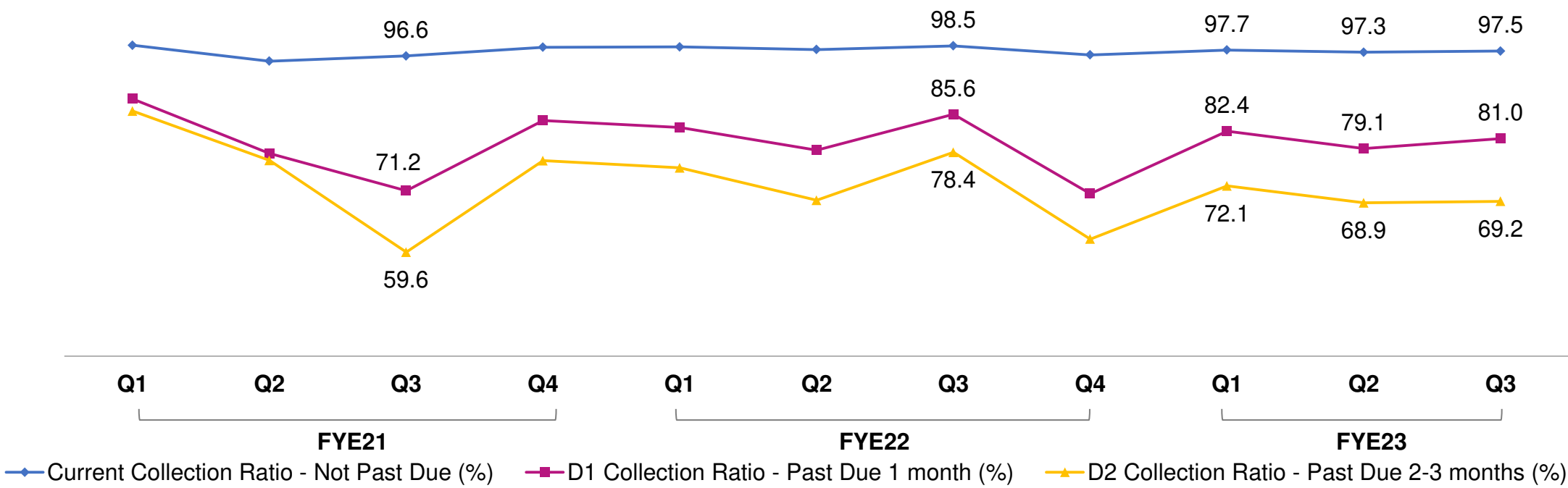


Receivables Collection



Performance in collections and recovery on the right track

Receivables Collection Trend



Improvement in collection results attributed by:

- Establishment of Task force to monitor weekly collection performance
- Close monitoring of tele-collection activities which included the review of call strategy and staff productivity
- Moped collection ratio for D0 and D1 improved by 0.3% and 3.0% as compared to Q2

Actions for Q4:

- Refining Auto Financing credit policies and increase down payment requirement for lower score customers
- Merchant incentives scheme to top 200 merchants (80% of the share) to acquire good score customer

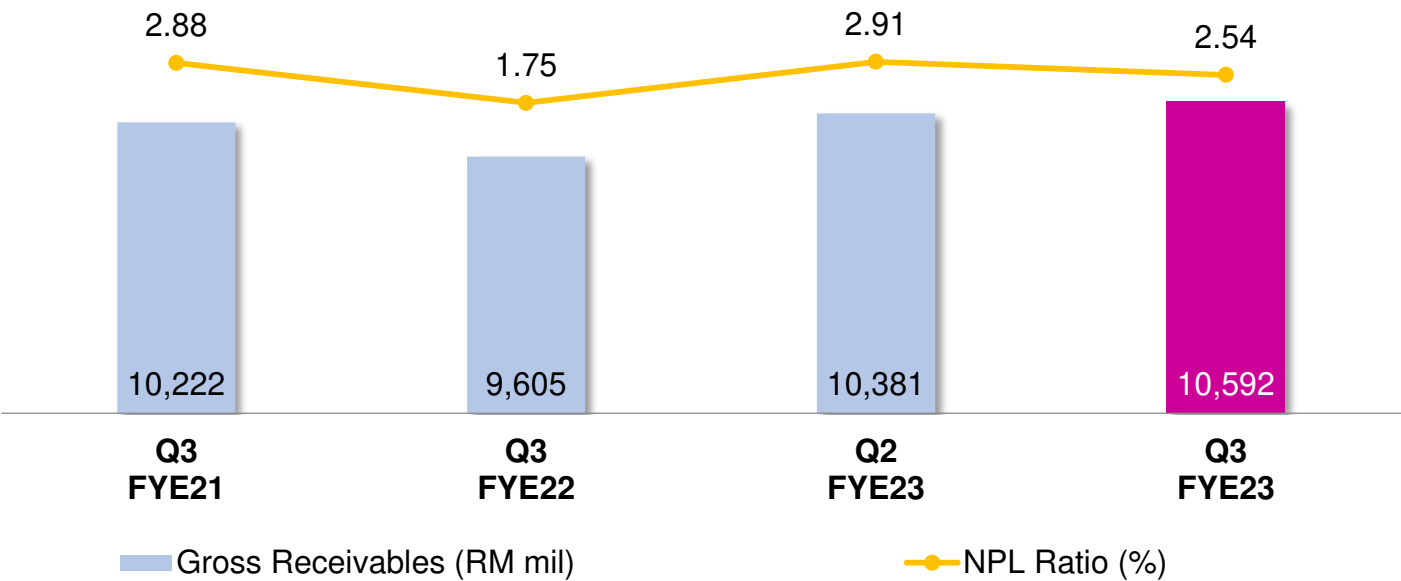


Non-Performing Loan (NPL)

Prudent risk and portfolio management



NPL Trend



- Lower NPL QoQ due to :
- Improved collection productivity and growth of receivables
 - Reinstatement of write off criteria from D9 to D7 unpaid accounts (Normalisation)

(RM mil)	Q3 FYE21	Q3 FYE22	Q2 FYE23	Q3 FYE23
Receivables	10,222	9,605	10,381	10,592
Balance D3+	294	168	302	269
NPL (%)	2.88	1.75	2.91	2.54

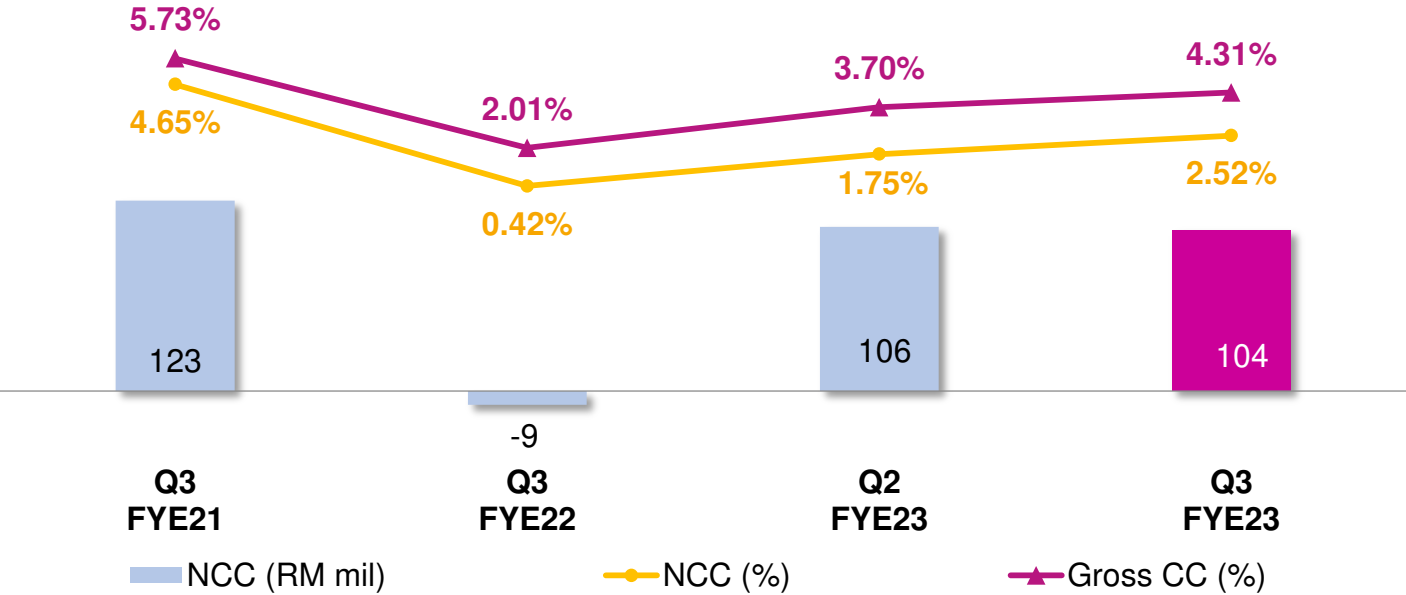


Net Credit Cost (NCC)

Continuous prudent approach on provisioning



NCC Trend



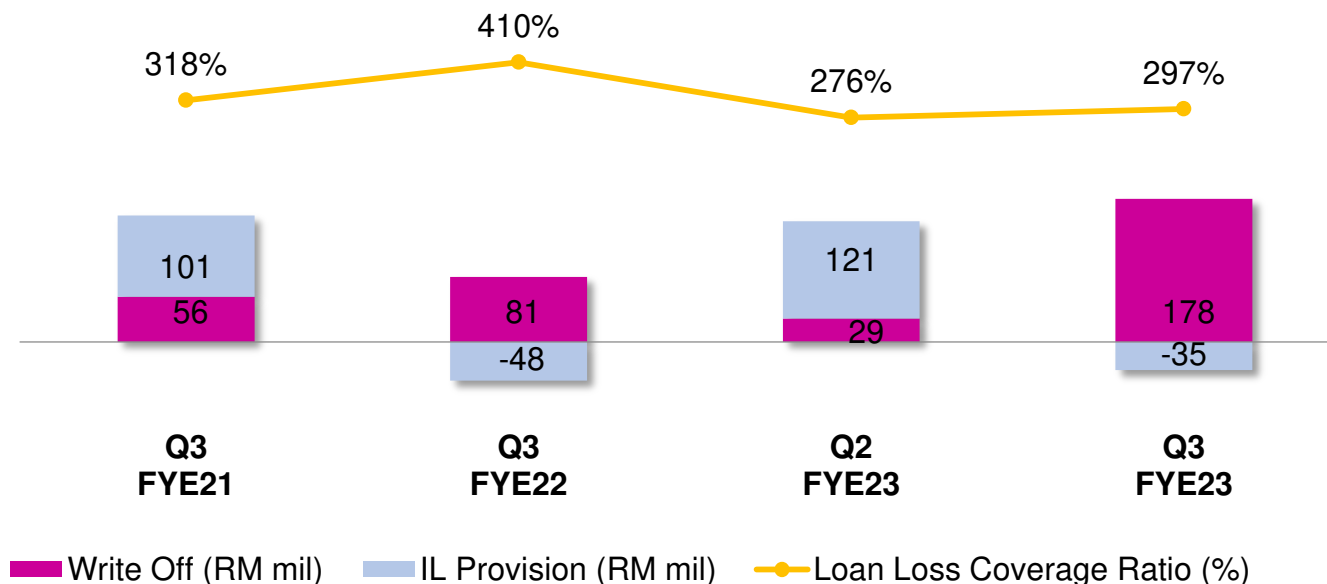
Higher annualised NCC attributed to :

- Better delinquent account movement net off with lower bad debt recoveries
- Higher year to date receivables movement of RM735 mill attributed to higher new sales impairment loss provision of RM78.1 mil

(RM mil)	Q3 FYE21	Q3 FYE22	Q2 FYE23	Q3 FYE23
Total Impairment Loss (IL)	157	33	150	143
(-) Bad Debt Recovered	34	42	44	39
NCC	123	-9	106	104

Impairment Loss (IL) Analysis

Lower IL QoQ driven by change in ECL % and collection efforts



Net reversal of Expected Credit Loss (ECL) provision attributed by:

- Reversal of current delinquent account movement of RM40.0 mil net off with new sales and existing delinquent IL provision of RM27.9 mil and RM4.3 mil respectively
- Reversal of general provision for D7+ unpaid account of -RM24.1 mil

(RM mil)	Q3 FYE21	Q3 FYE22	Q2 FYE23	Q3 FYE23	QoQ RM mil	QoQ
Write Off	56	81	29	178	149	525.5%
IL Provision	101	-48	121	-35	-156	-128.7%
Total IL	157	33	150	143	-7	-4.4%



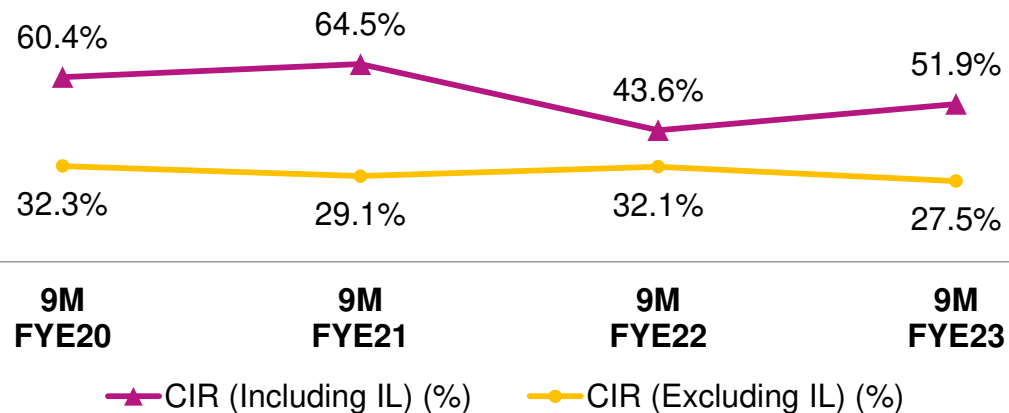
Cost-to-Income Ratio (CIR)

Operational efficiency (excluding IL) improved YoY due to prudent cost management



RM mil	Q3 FYE22	Q3 FYE23	YoY	9M FYE22	9M FYE23	YoY
Total Operating Income	426.9	460.0	7.8%	1,300.1	1,356.3	4.3%
Personnel Expenses	53.3	56.3	5.7%	162.9	152.0	-6.7%
Advertisement & Promotion	15.3	7.8	-49.3%	36.6	21.9	-40.1%
Other Operating Expenses	80.2	72.2	-10.0%	218.2	199.4	-8.6%
Operating Expenses	148.8	136.3	-8.4%	417.7	373.3	-10.6%
Total Impairment Loss	33.1	143.3	333.3%	148.6	330.6	122.5%
Total Operating Expenses	181.9	279.6	53.8%	566.3	703.9	24.3%

CIR Trend



Total Operating Income increased by 7.8% YoY to RM460.0 mil contributed by higher revenue from all products except for SME Financing

Total Operating Expenses for Q3FYE23 increased to RM279.7mil due to higher impairment loss on financing receivables mitigated by lower operating expenses of RM12.5 mil

Cost to income ratio excluding IL stood low at 27.5% compared to 32.1% in 9MFYE22



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KEY STRATEGIES and OPERATIONAL UPDATES



	Indicators FYE2023	Actual 9MFYE23	Remark
Loan Growth	> 10%	10.3%	<ul style="list-style-type: none"> Driven by strong demand in tandem with the growth in economies post pandemic
Cost-to-Income	< 60%	51.9%	<ul style="list-style-type: none"> Prudent & discipline cost management
Dividend Payout Ratio	> 30% of PAT	*30.5%	<ul style="list-style-type: none"> Paid interim dividend of 28.50 sen on 3 Nov 2023
ROE	> 15%	19.7%	<ul style="list-style-type: none"> Annualised based on first nine months result

* Based on 1H23 payout

Key Strategies Updates For 2022

Highlights as at 30 November 2022



Digitalization



AEON E-Wallet App
1.58 million
app installed as at Nov'22

QRPay

	Q2FYE23	Q3FYE23	QoQ
Transaction Value (RM' mil)	5.6	7.2	127%

✓ UI/UX Enhancement of AEON Wallet:



- Overall UI/UX of AEON Wallet had been enhanced through the improvement of app design for better app's user experience
- Deploy E-donation via member point and refund function in end Dec'22
- Total download and top up count increased by 20% in Oct'22 respectively

Member Expansion



AEON Credit Card
0.20 million
card holder as at Nov'22

Payment Business

	Q2FYE23	Q3FYE23	QoQ
Transaction Value (RM' mil)	435	437	0.5%

✓ Expansion Initiatives



- Customers now can apply credit card at Easy Payment merchants
- Mass recruitment for Hawkers & Petty Trader card in Jan'23
- Database analysis, cross sell credit card with highest score customer segments via SMS and Telemarketing which has commenced in Dec'22

Customer First philosophy



Net Promoter Score (NPS)

- ✓ Embarked on a one-year project to determine AEON Credit NPS, conducted customer satisfaction survey in Aug'22
- Engaged agency to conduct rebranding exercise, a survey with our existing customers would be conducted to have a better understanding of customers' view about AEON Credit, target launch in Feb'23

Key Strategies Updates For 2022 (Con't)

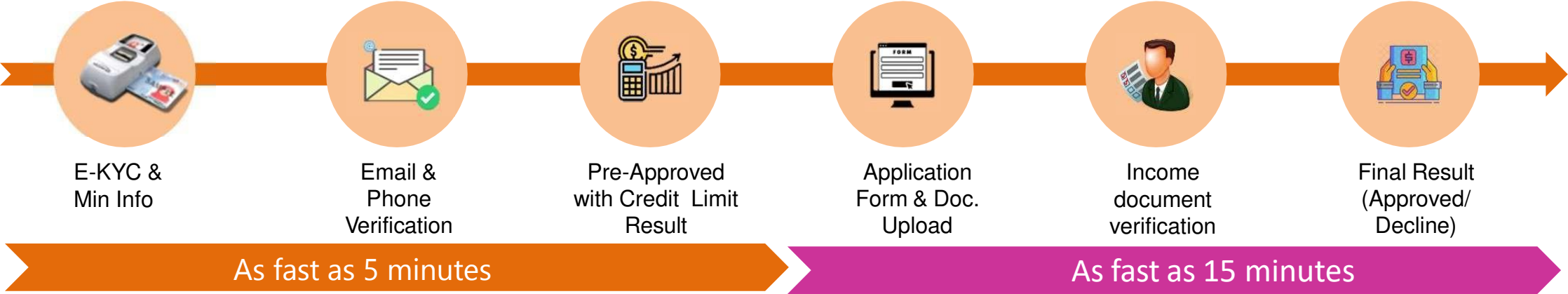


Phase 1 EP Digital On-Boarding with Instant Conditional Approval Process live in Sept'22

15 minutes end to end application vs. 1 to 2 days processing time

- Digital Pre-Assessment Process
- Contact verification with EKYC
- Waive of Income document

up to **99%**
Reduction in processing time



In Progress

Personal Financing End-to-End Digital on Boarding process
Live: Jan'23

Straight through approval for good score customer
Live : Q1FYE24

Target Productivity Improvement
<> 50% operation & manpower cost

Key Strategies Updates For 2022 (Con't)

Highlights as at 30 November 2022



Sustainability – Linked Loan (SLL)

- AEON Credit has secured Sustainability-linked Loan: RM500 mil
- Qualified external auditors engaged to verify Sustainability Performance Targets (SPTs)
- The SPTs cover the areas of environment initiatives, social and green financing
- Scheduled for drawdown in Q4FYE23



Established Sustainability Framework & 3-year Roadmap

- Management Sustainability Committee formed in Nov 2021
- Completed assessment, gap analysis and benchmarking and established ESG Mission Statements
- Identified strategic initiatives, in midst of formulate milestones for each of strategic initiatives
- Completed carbon emission profile for scope 1 & 2



Awards

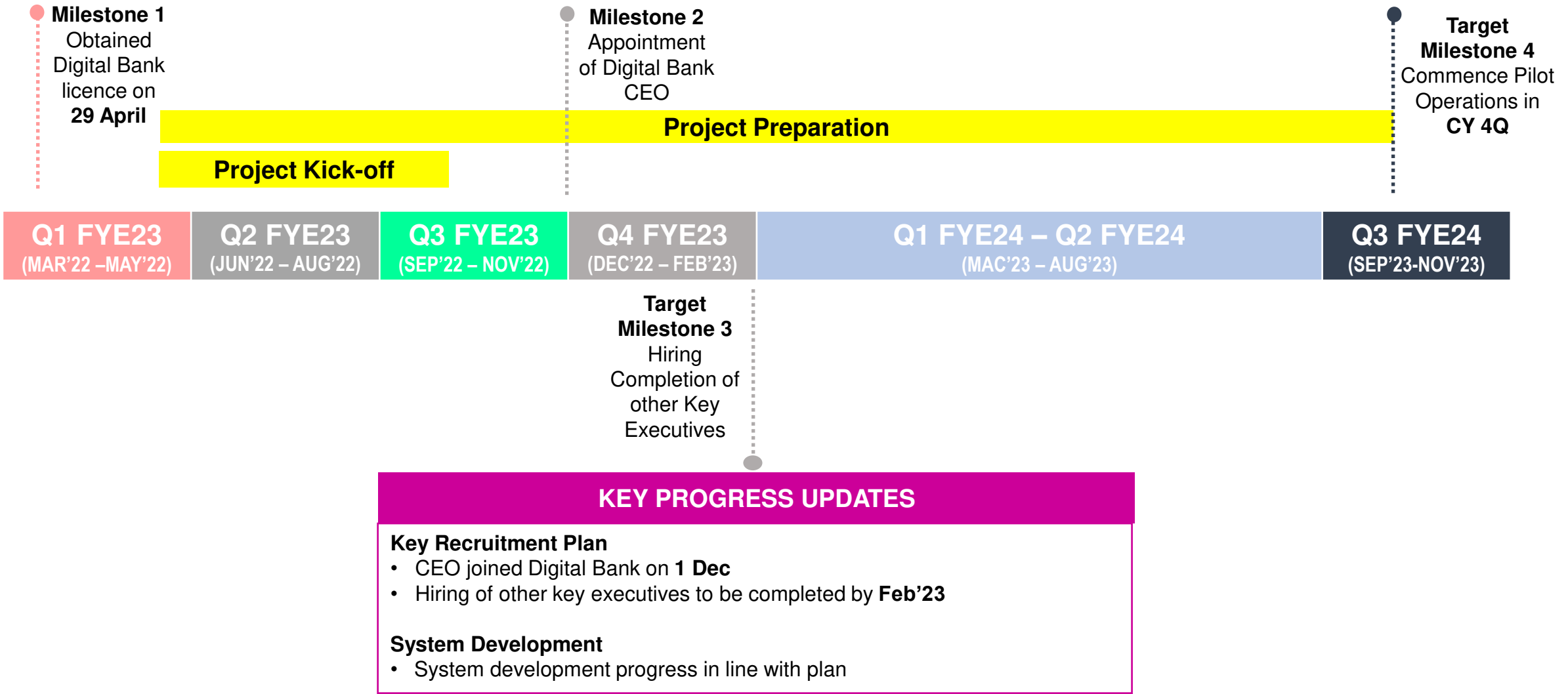


AEON Credit was **Silver** winner for “ **The Most Consistent Performer Over 5-years**” under the **Equities Category** at The **Edge Malaysia ESG Awards 2022**

DIGITAL BANK TIMELINE FOR FYE2022-2023



Launch within 24 months from April 2022



Corporate Social Responsibility – Q3 FYE23



Corporate social responsibility activities with local community

Malaysia AEON Foundation Mesra Deepavali Donation at 6 Locations



Malaysia AEON Foundation AEON Bersamamu Programme



General Donation to Pusat Jagaan Warga Istimewa Kempas, Johor



E-Waste Collection Drive at Head Office, Bangsar South



Blood Donation Drive with Government Blood Bank Centers in Johor, Penang and Sabah



CSR Engagement with Rumah Anak Yatim dan Miskin Jalinan Kasih, Selangor





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APPENDIX



Performance Highlights



(RM mil)	Q3 FYE22	Q1 FYE23	Q2 FYE23	Q3 FYE23	QoQ	YoY	9M FYE22	9M FYE23	YoY
Total Transaction & Financing Volume	1,188.3	1,486.7	1,612.4	1,548.6	-4.0%	30.3%	3,305.2	4,647.7	40.6%
Credit Card	378.4	410.0	394.3	394.8	0.1%	4.3%	1,058.3	1,199.1	13.3%
Easy Payment Financing	567.6	737.6	767.9	711.8	-7.3%	25.4%	1,516.4	2,217.4	46.2%
Personal Financing	198.1	295.0	409.5	399.8	-2.4%	101.8%	592.2	1,104.3	86.5%
E-Money	44.2	44.1	40.7	42.2	3.6%	-4.5%	138.3	127.0	-8.2%

Total Income	426.9	449.3	447.0	460.0	2.9%	7.8%	1,300.1	1,356.3	4.3%
Operating Expenses	-181.9	-156.2	-268.0	-279.6	4.3%	53.8%	-566.3	-703.9	24.3%
Interest Expenses	-81.0	-77.6	-78.8	-78.8	-0.1%	-2.8%	-251.8	-235.2	-6.6%
Profit Before Tax	164.0	215.5	100.0	101.6	1.5%	-38.1%	482.0	417.2	-13.5%
Income Tax	-60.5	-52.4	-24.4	-18.0	-26.4%	-70.3%	-140.0	-94.8	-32.3%
Net Profit	103.5	163.1	75.6	83.6	10.5%	-19.2%	342.0	322.3	-5.8%

Financial Summary



(RM mil)	Q3 FYE22	Q1 FYE23	Q2 FYE23	Q3 FYE23	QoQ	YoY
Credit Card	720.0	676.1	675.1	689.1	2.1%	-4.3%
Card Purchase	701.2	656.9	652.6	664.3	1.8%	-5.3%
Cash Advance	18.8	19.2	22.5	24.8	10.2%	32.2%
Personal Financing	2,419.8	2,604.7	2,745.9	2,861.6	4.2%	18.3%
Objective Financing	342.2	390.8	418.4	461.4	10.3%	34.8%
Motorcycle Financing	3,389.6	3,536.7	3,723.5	3,757.5	0.9%	10.9%
MOPED	2,629.2	2,769.6	2,941.8	2,974.2	1.1%	13.1%
Superbike	760.4	767.1	781.7	783.3	0.2%	3.0%
Auto Financing	2,713.0	2,773.9	2,806.8	2,813.3	0.2%	3.7%
SME Financing	20.7	14.3	11.3	9.6	-14.9%	-53.7%
Total Financing Receivables	9,605.3	9,996.5	10,381.0	10,592.5	2.0%	10.3%
Impairment Loss	-690.0	-712.0	-833.5	-798.7	-4.2%	15.8%
Other Assets	1,290.4	1,165.1	952.0	943.8	-0.9%	-26.9%
Total Assets	10,205.7	10,449.6	10,499.5	10,737.6	2.3%	5.2%
Total Liabilities	8,057.2	8,027.8	8,066.8	8,276.5	2.6%	2.7%
Shareholders' Fund	2,148.5	2,421.8	2,432.7	2,461.1	1.2%	14.5%

Operating Income



(RM mil)	Q3 FYE22	Q1 FYE23	Q2 FYE23	Q3 FYE23	QoQ	YoY	9M FYE22	9M FYE23	YoY
Credit Card	34.1	35.3	36.2	38.2	5.6%	12.0%	98.6	109.9	11.4%
Personal Financing	99.8	102.8	106.9	113.6	6.3%	13.9%	317.3	323.3	1.9%
Objective Financing	18.7	21.7	22.3	24.7	11.2%	32.5%	54.3	68.7	26.5%
Motorcycle Financing	140.7	144.6	148.6	154.5	4.0%	9.8%	437.0	447.7	2.4%
Auto Financing	78.6	79.4	79.5	80.6	1.4%	2.6%	242.9	239.5	-1.4%
SME Financing	0.3	0.3	0.2	0.2	-11.1%	-49.9%	1.3	0.6	-49.5%
E money	2.9	4.2	3.3	3.7	11.4%	27.8%	9.1	11.1	22.3%
Brokerage Fee*	1.4	2.3	2.2	2.3	6.2%	62.0%	1.4	6.8	372.4%
Total Revenue	376.5	390.6	399.2	417.8	4.7%	11.0%	1,161.9	1,207.6	3.9%
Other Operating Income	50.4	58.7	47.8	42.2	-11.7%	-16.3%	138.2	148.7	7.6%
Total Operating Income	426.9	449.3	447.0	460.0	2.9%	7.8%	1,300.1	1,356.3	4.3%

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

Total Expenses



(RM mil)	Q3 FYE22	Q1 FYE23	Q2 FYE23	Q3 FYE23	QoQ	YoY	9M FYE22	9M FYE23	YoY
Impairment Loss on Receivables	33.1	37.3	150.0	143.3	-4.4%	333.3%	148.6	330.6	122.5%
Personnel Expenses	53.3	43.1	52.5	56.3	7.3%	5.7%	162.9	152.0	-6.7%
Advertisement & Promotion (A&P)	15.3	8.3	5.8	7.8	33.1%	-49.3%	36.6	21.9	-40.1%
Other Operating Expenses	80.2	67.5	59.8	72.2	20.7%	-10.0%	218.2	199.4	-8.6%
Operating Expenses	181.9	156.2	268.1	279.6	4.3%	53.8%	566.3	703.9	24.3%
Interest expenses	81.0	77.6	78.8	78.8	-0.1%	-2.8%	251.8	235.2	-6.6%
Total Expenses	262.9	233.8	346.9	358.4	3.3%	36.3%	818.1	939.1	14.8%

	FYE20	FYE21	FYE22	Q1 FYE23	Q2 FYE23	Q3 FYE23	9M FYE23
PBT (RM mil)	390.4	324.9	526.8	215.5	100.0	101.6	417.2
PAT (RM mil)	292.0	234.0	365.4	163.1	75.6	83.6	322.3

Weighted average no. of ordinary shares (mil)	255.3	255.3	255.3	255.3	255.3	255.3	255.3
Basic EPS (RM)*	1.07	0.88	1.39	2.5	1.9	1.6	1.6
NTA per share (RM)	6.1	6.6	7.8	8.7	8.7	8.9	8.9

ROE (%)*	18.0	13.8	19.2	30.7	22.3	19.7	19.7
ROA (%)*	3.1	2.3	3.6	6.4	4.7	4.1	4.1

Capital Adequacy Ratio (%)	18.9	24.0	26.8	28.1	27.5	26.9	26.9
Debt-to-Equity Ratio (x)	4.6	3.8	3.1	2.9	3.0	3.0	3.0

Share Price (RM)	13.8	11.7	14.7	14.6	14.1	12.9	12.9
PER (x)	12.9	13.3	10.6	5.7	7.6	7.8	7.8
Market Capitalisation (RM mil)	3,500	2,992	3,748	3,717	3,600	3,283	3,283

Note: *Computed based on annualised figures



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THANK YOU

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