



**AEON CREDIT SERVICE**

# **26TH ANNUAL GENERAL MEETING**

**21 JUNE 2023**

**Presentation to Shareholders**  
by Chief Financial Officer

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**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%



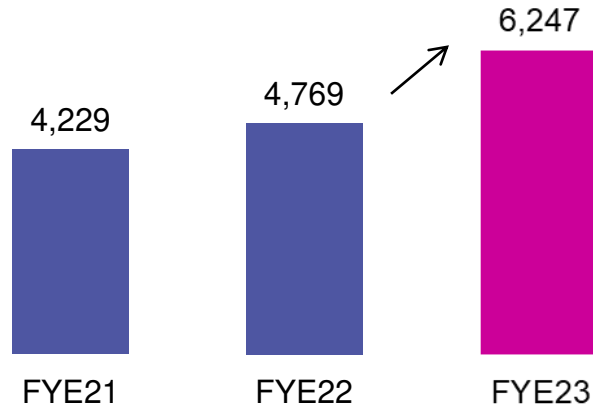
ROE  
**18.8%**  
▼ 0.4%

# Contribution by Business Segment

Registered growth across all key segments

## Total Transaction & Financing Volume (RM mil)

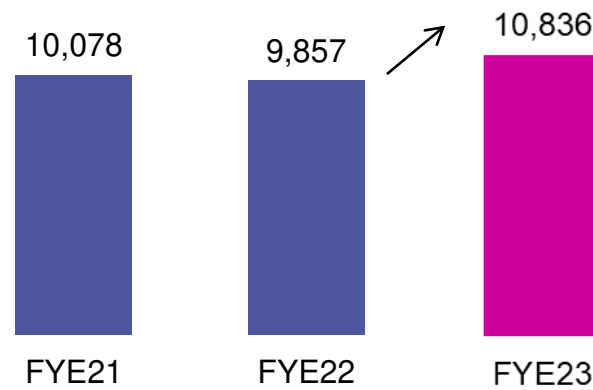
▲ 31% YoY



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

## Gross Receivables (RM mil)

▲ 9.9% YoY



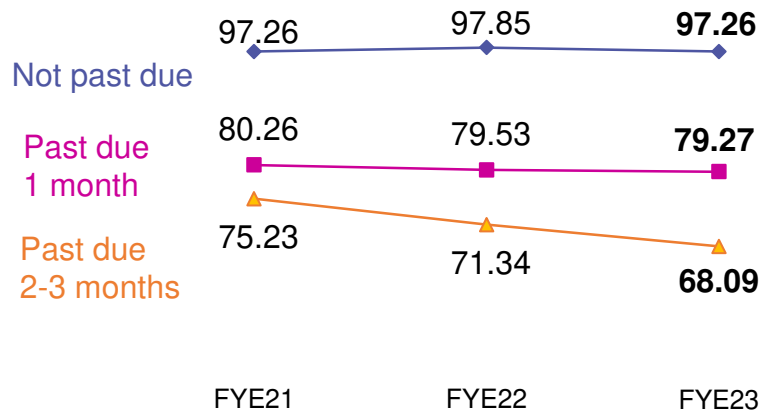
Receivables (RM mil)	FYE23	YoY
Vehicle Financing Group	6,612	7.1%
Payment Business Group	718	-0.6%
Personal Financing Group	3,506	18.3%
<b>Total</b>	<b>10,836</b>	<b>9.9%</b>

- **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

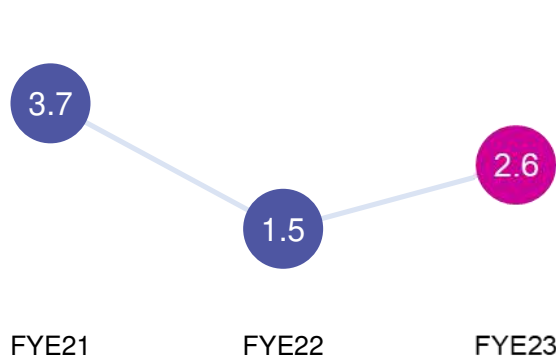
## Non-Performing Loan ("NPL") (%)



▲ 0.2% YoY

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

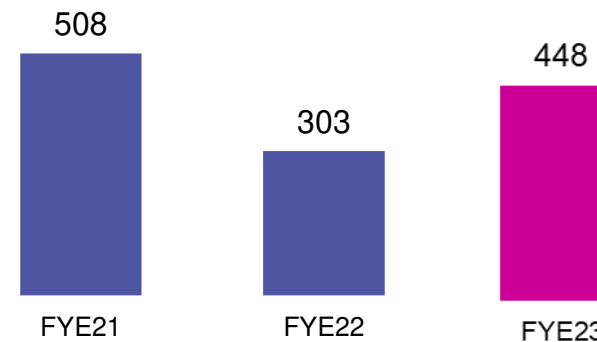
## Net Credit Cost ("NCC") (%)



▲ 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)



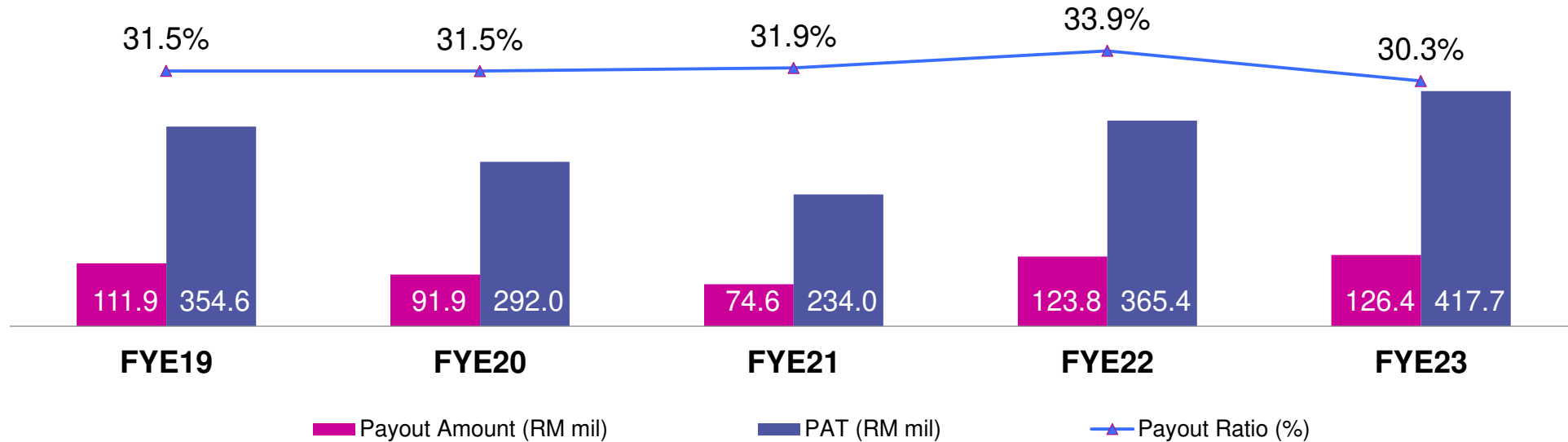
▲ 47.6% YoY

- 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	-
<b>Total</b>	<b>44.60</b>	<b>36.25</b>	<b>29.20</b>	<b>48.50</b>	<b>49.50</b>

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

\*\* Final dividend is subject to the approval of shareholders during 26<sup>th</sup> Annual General Meeting





**AEON CREDIT SERVICE**

# **Business and Operational Highlights**

# AEON Wallet Revamp

Upgraded AEON Wallet usability and improved user experience



## WHAT'S NEW

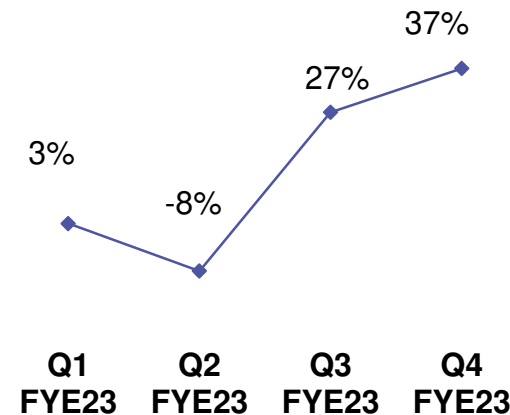


**New wallet interface design launched Sep'22**

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

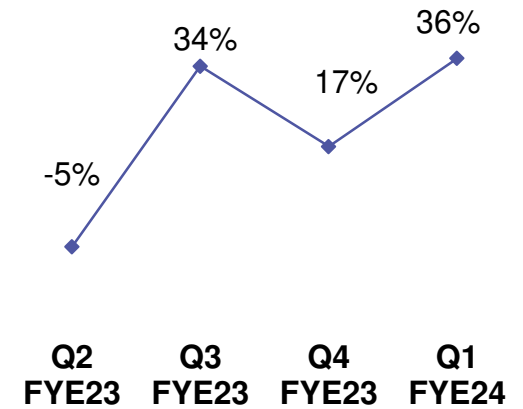
## QR Payment

▲ 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

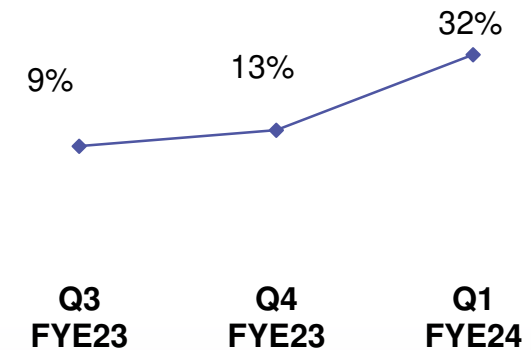


INSTANT  
APPROVAL\*



## 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

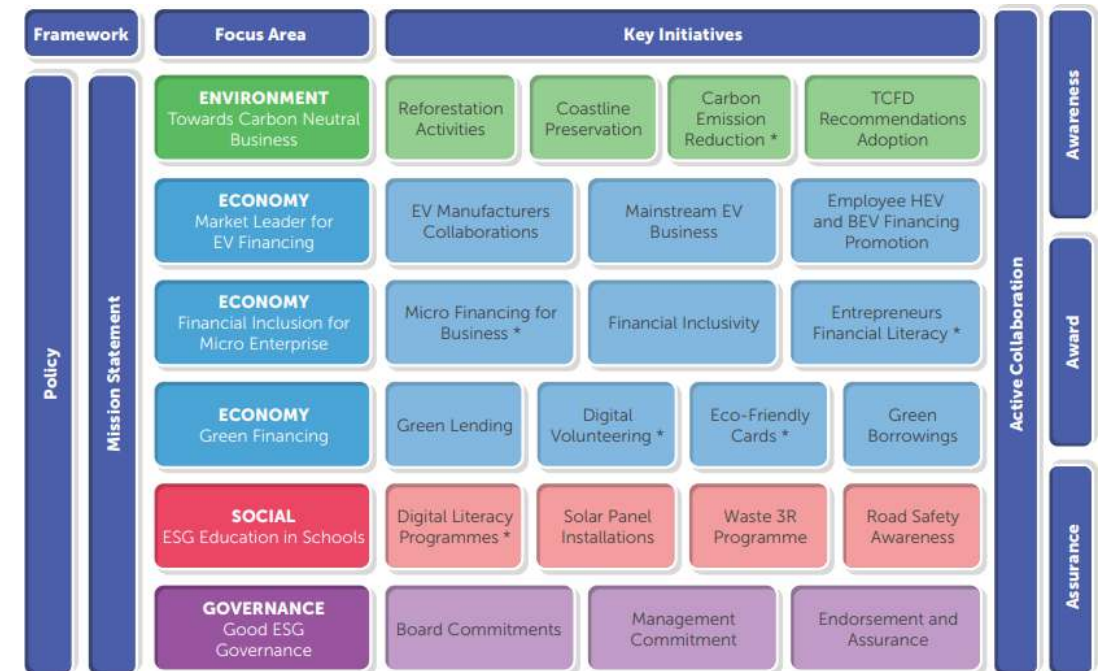
### Formulation of 3-Year Sustainability Roadmap

- 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**

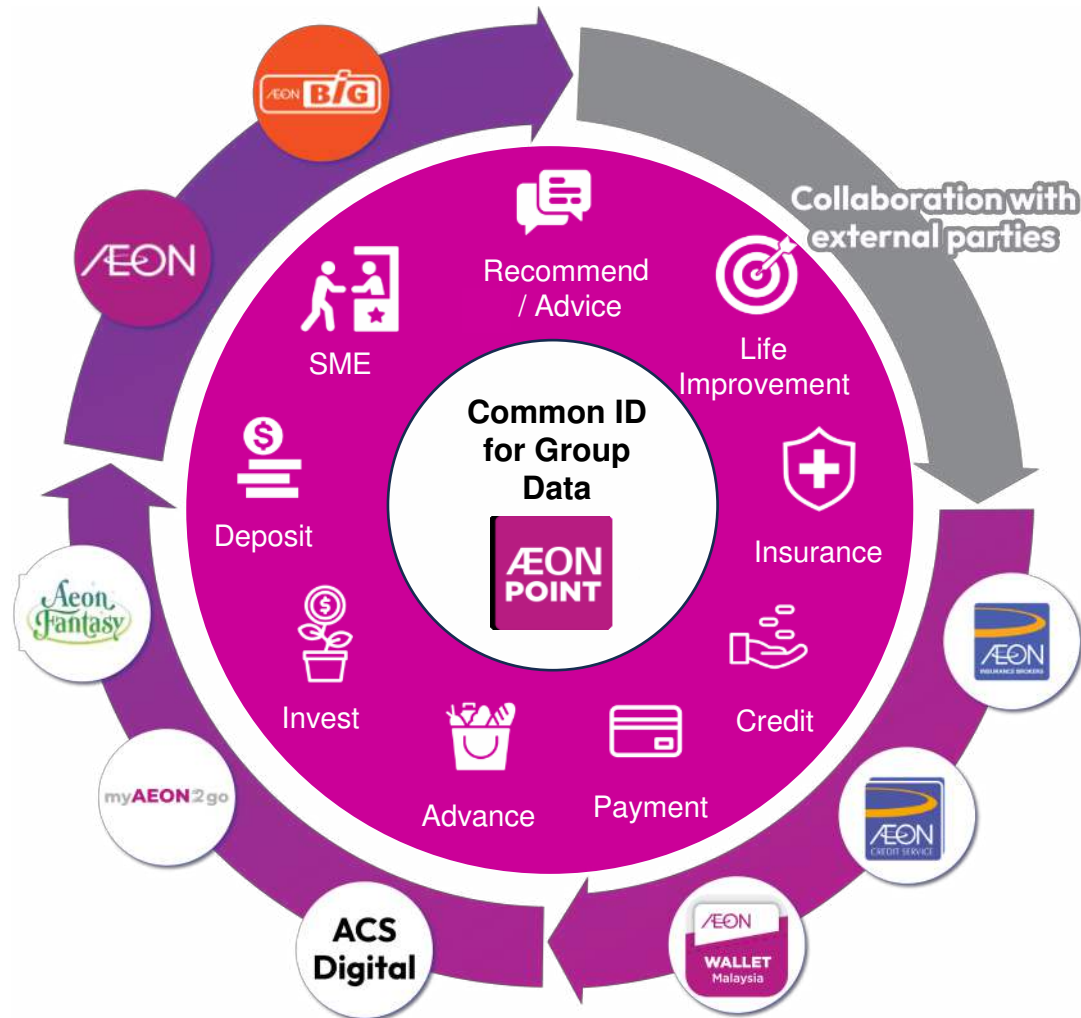
# **Key Strategies and Moving Forward**

# 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**

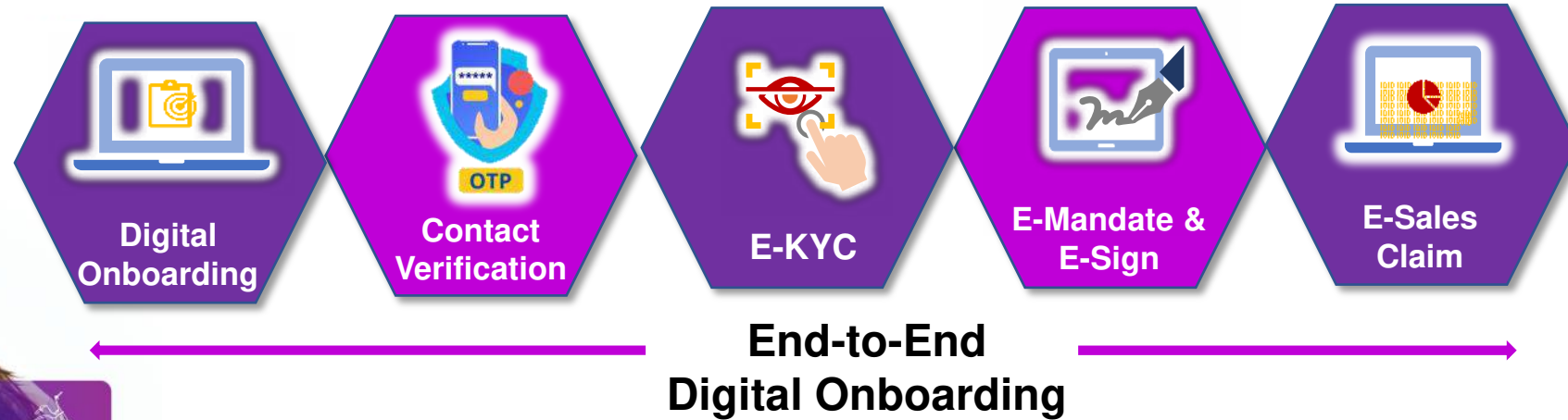
- Instant Credit Limit
- Seamless Process
- Documents Waived

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](http://www.aeoncredit.com.my) | Terms & Conditions Apply



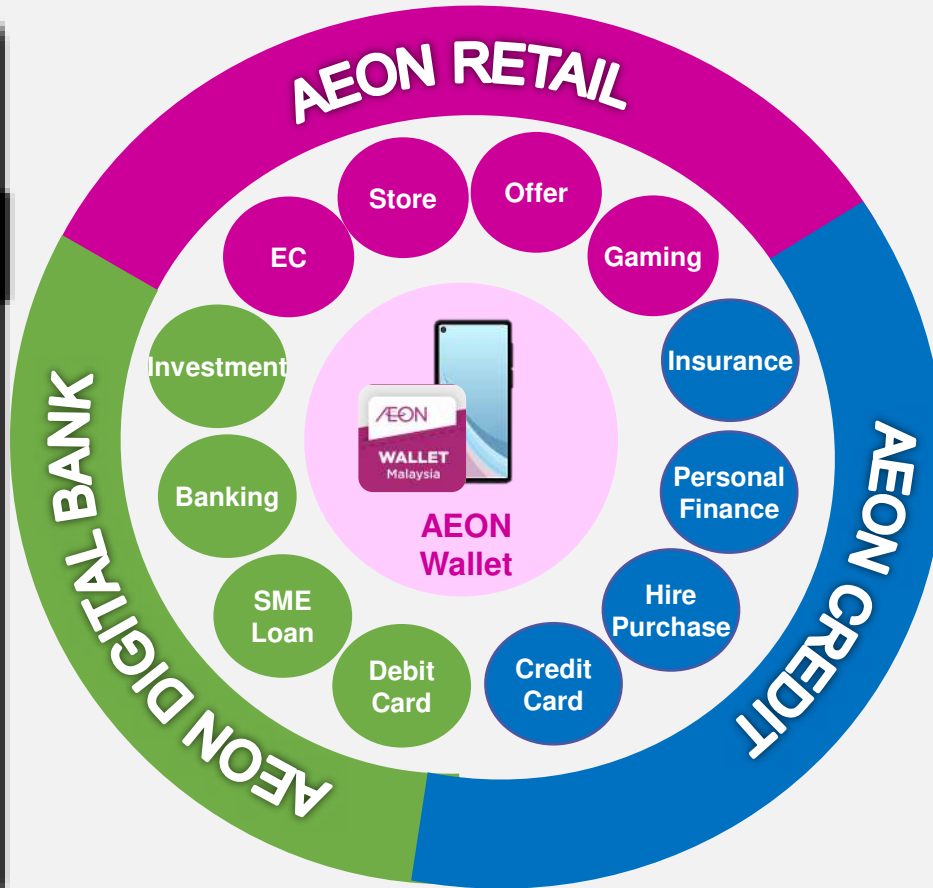
**Provide instant approval to good score customer**

**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**

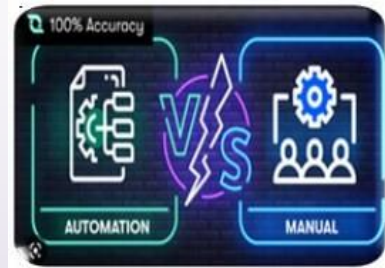
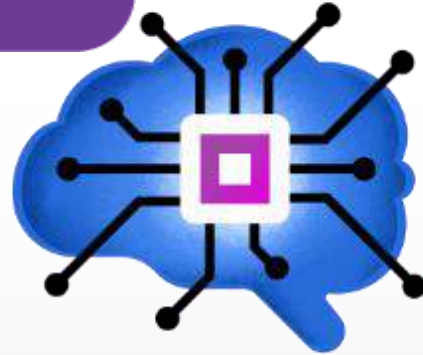
**Cross selling within the group**



# 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

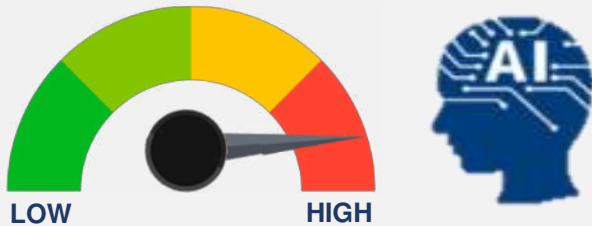
Increase  
of

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**



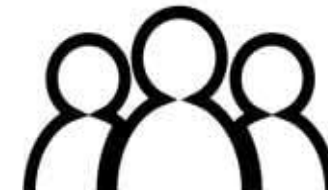
**Data Driven AI Risk-Based  
Collection & Credit Scoring**

- 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**