



AEON CREDIT SERVICE

Q3 FYE24 Financial Results

21 December 2023

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FINANCIAL REVIEW

Q3FYE24 Key Highlights (QoQ)



Revenue
RM486.5 mil
+3.1% QoQ



Impairment Loss
RM182.8 mil
+51.6% QoQ



Gross Receivables
RM11.9 bil
+2.9% QoQ

Bonus Issue
1 + 1
+255,307,690 new ordinary shares

PROFITABILITY

- **Revenue** grew by 3.1% to RM486.5 mil attributable to higher interest income and fee income in line with the growth in transaction and financing volume
- **Profit before tax** declined by 30.0% to RM111.4 mil contributed by higher impairment losses coupled with higher operating expenses in tandem with the increase in relevant revenue generated activities

ASSET GROWTH AND QUALITY

- **Transaction and Financing Volume** increased by 1.9% to RM1.8 bil, mainly contributed by higher Easy Payment financing volume and Credit Card transaction
- **Gross Receivables** increased by 2.9% to RM11.9 bil driven by growing Personal Financing (5.2% QoQ) and Auto Financing (3.7% QoQ) attributed by higher application count coupled with the improved approval ratio
- **Non-Performing Loan** lowered to 2.73%, contributed by improved Easy Payment collection performance

Capital

- Completion of bonus share issuance on the basis of 1 Bonus share for every 1 AEON Credit share on 20 Nov 23
- Capital ratio stood at 26.0%

Financial Performance

Q3FYE24 PAT +2.3% YoY; Gross Financing Receivables +12.4% YoY



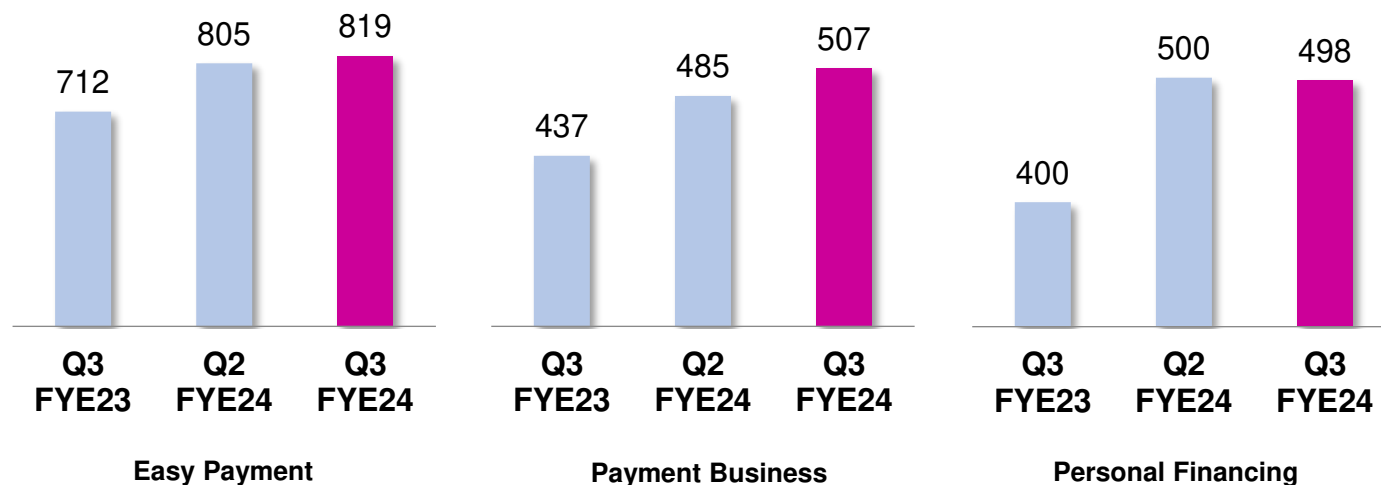
		Q3FYE23	Q3FYE24	Q3 YoY		9M FYE23	9M FYE24	9M YoY
Profitability	Total Income	460.0M	535.0M	▲ 16.3%		1,356.3M	1,558.1M	▲ 14.9%
	Operating Expenses	-136.3M	-150.8M	▲ 10.6%		-373.3M	-438.0M	▲ 17.3%
	Operating Profit before Impairment	398.7M	309.3M	▼ 22.4%		983.0M	1,120.1M	▲ 14.0%
	Impairment Loss	-143.4M	-182.8M	▲ 27.5%		-330.6M	-456.0M	▲ 37.9%
	PBT	101.6M	111.4M	▲ 9.7%		417.2M	402.6M	▼ 3.5%
	PAT	83.6M	85.5M	▲ 2.3%		322.3M	305.1M	▼ 5.4%
	ROE	19.7%	16.5%	▼ 3.2%		19.7%	16.5%	▼ 3.2%
Asset Quality	Transaction & Financing Volume	1.5B	1.8B	▲ 17.8%		4.6B	5.4B	▲ 17.2%
	Gross Financing Receivables	10.6B	11.9B	▲ 12.4%		10.6B	11.9B	▲ 12.4%
	Loan Loss Coverage Ratio	297%	233%	▼ 64%		297%	233%	▼ 64%
	Non-Performing Loan (NPL)	2.54%	2.73%	▲ 0.19%		2.54%	2.73%	▲ 0.19%
	Net Credit Cost (NCC)	2.52%	3.73%	▲ 1.21%		2.52%	3.73%	▲ 1.21%

Total Transaction & Financing Volume

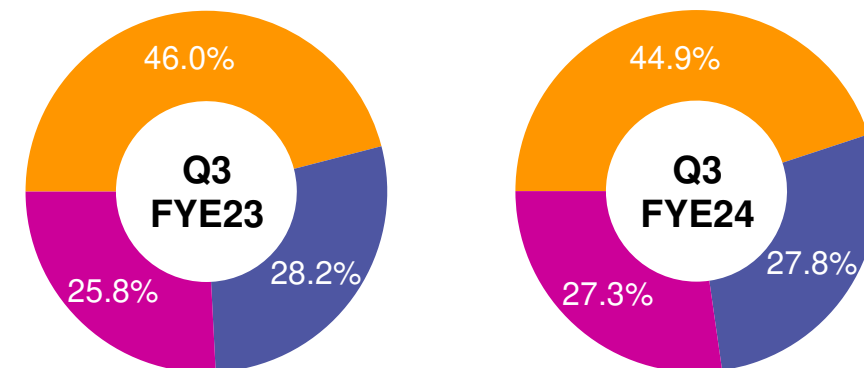
Personal Financing volume increases YoY driven by higher applications and improvement in approval ratio



Total Transaction & Financing Volume (RM mil)



Transaction & Volume by Types



- Auto Financing volume grew by 6.4% QoQ to RM284 mil attributed to the scheme revision coupled with an improvement in sales claimed ratio contributed by normalisation of supply chain
- Higher credit card transaction driven by higher card in circulation contributed by effective marketing campaigns and launch of streamlined credit card feature event
- Personal Financing end-to-end digital onboarding completed in Oct 23, with aggressive awareness campaign rollout to drive take up-rate

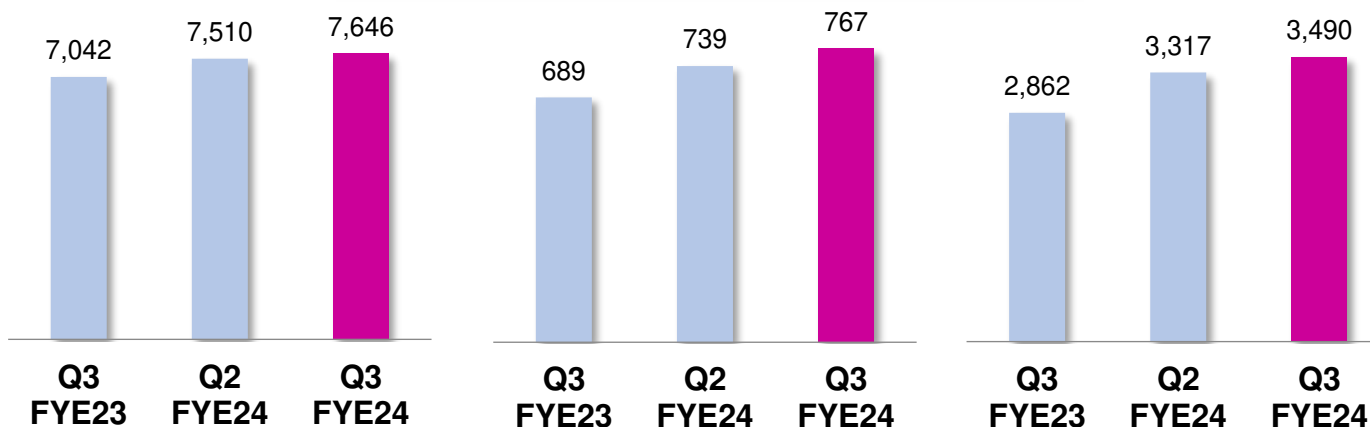
	Volume (RM mil)	Q3 FYE23	Q2 FYE24	Q3 FYE24	QoQ	YoY
Easy Payment		712	805	819	1.8%	15.1%
Payment Business		437	485	507	4.5%	16.0%
Personal Financing		400	500	498	-0.4%	24.5%
Total		1,549	1,790	1,824	1.9%	17.8%

Total Gross Financing Receivables

Growth YoY of 12.4% across all segments



Gross Financing Receivables (RM mil)



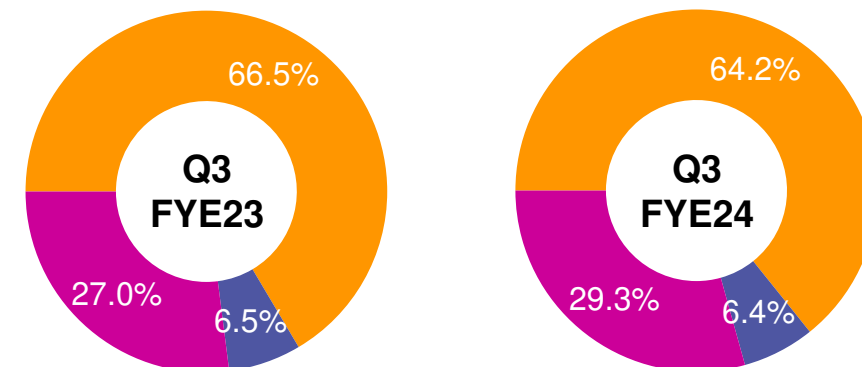
Easy Payment

Payment Business

Personal Financing

	(RM mil)	Q3 FYE23	Q2 FYE24	Q3 FYE24	QoQ	YoY
Easy Payment		7,042	7,510	7,646	1.8%	8.6%
Payment Business		689	739	767	3.8%	11.3%
Personal Financing		2,862	3,317	3,490	5.2%	22.0%
Total		10,592	11,566	11,903	2.9%	12.4%

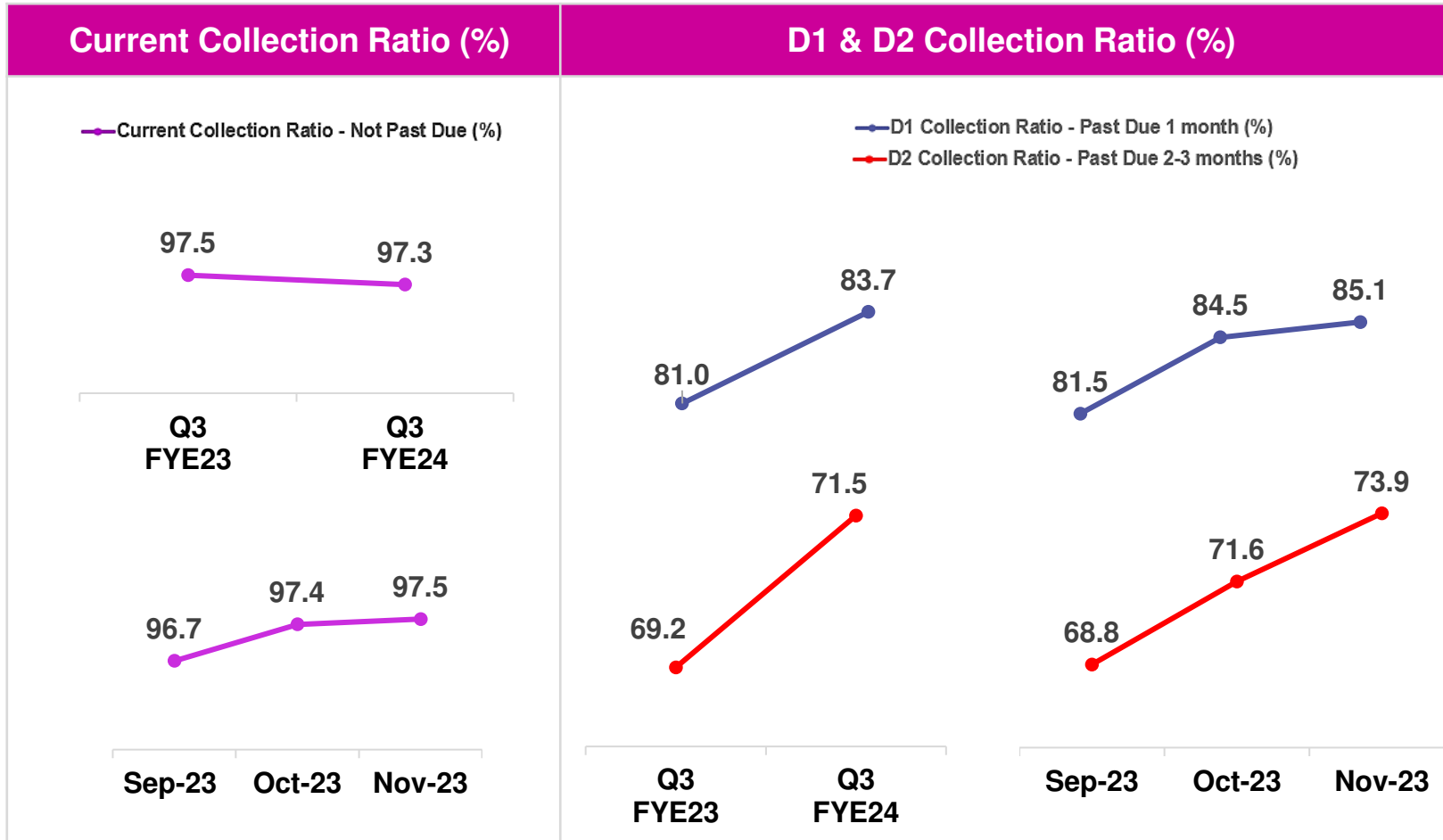
Gross Receivable by Types



- Overall loan growth momentum continued, rising 12.4% YoY, driven by effective marketing campaigns, expansion of acquisition channels which include direct sales team set up and digital onboarding application process coupled with higher good score customer applications
- Personal Financing grew by 5.2% QoQ driven by higher online applications contributed by the pre-assessment and the completion end-to-end digital onboarding process
- Launch of merchant reward program to drive vehicle financing growth
- Strengthen collaboration with AEON Group and merchants on festive season campaigns

Receivables Collection

Maintain balanced approach of sales expansion and prudent credit management



Collection performance continues to improve QoQ:

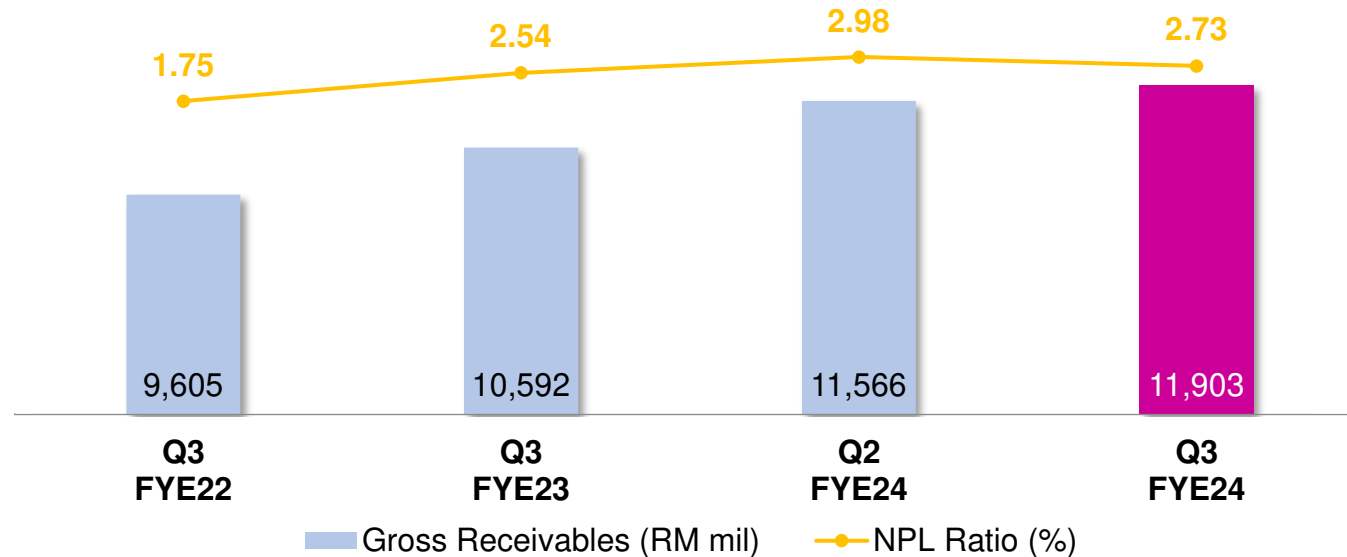
- Launching of risk-based collection strategy in Mar 23, focusing on high-risk customers to improve collection strategy and productivity
- Improvement in Objective Financing and Motorcycle Financing collection performance contributed by credit policies refinement on younger customers with lower disposal income
- Early outsourcing of delinquent account to external collection agencies
- Focus on completing digitalisation processes with AI scoring to acquire good score customers

Non-Performing Loan (NPL)

Sequential improvements from risk-based approach collection strategy



NPL Trend



Lower NPL QoQ due to:

- Decrease in D3+ Balance contributed by improvement in Easy Payment financing
- Adopted AI credit scoring to improve accuracy and capture good score customers
- Strengthening merchant management framework

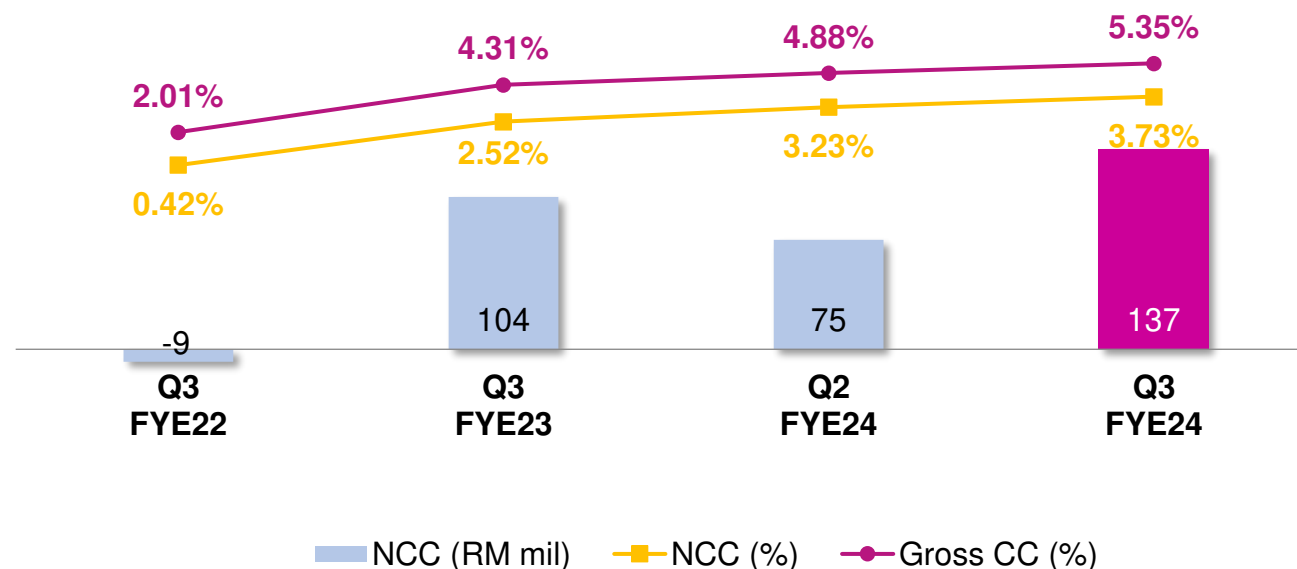
(RM mil)	Q3 FYE22	Q3 FYE23	Q2 FYE24	Q3 FYE24
Receivables	9,605	10,592	11,566	11,903
Balance D3+	168	269	345	325
NPL (%)	1.75	2.54	2.98	2.73

Net Credit Cost (NCC)

Continuous prudent approach on provisioning



NCC Trend



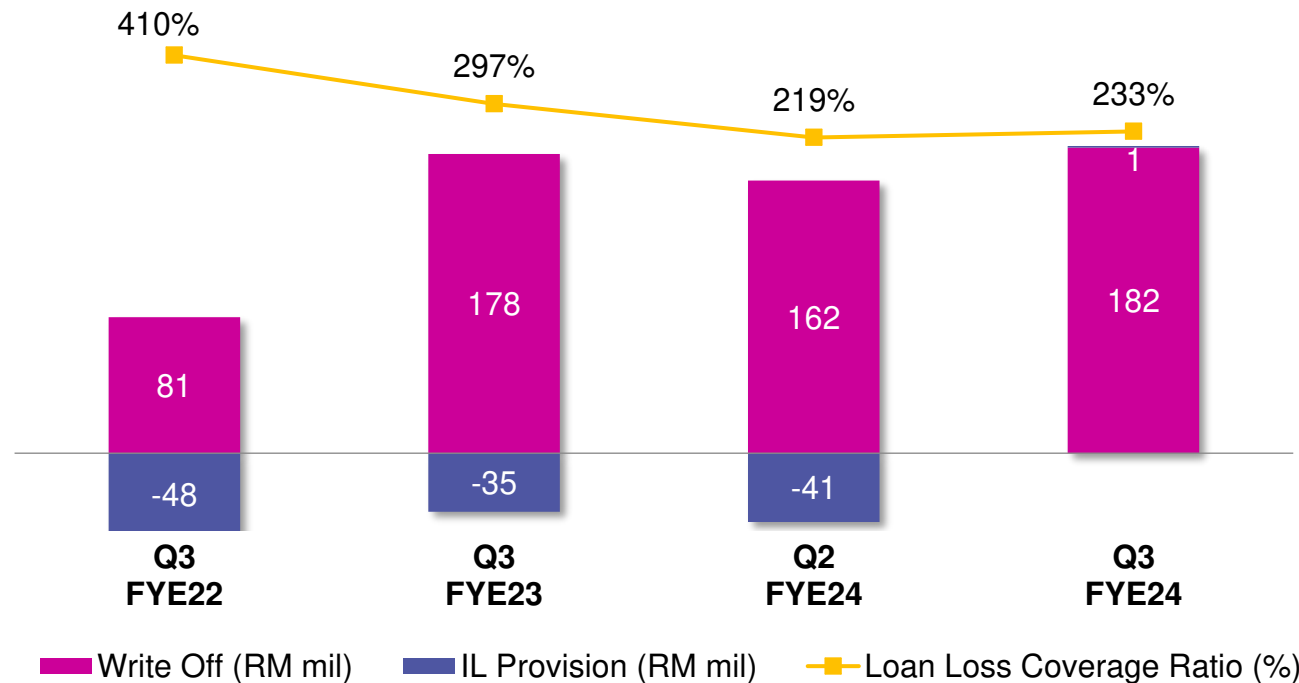
Higher annualised NCC:

- Higher credit cost contributed by Motorcycle Financing and Objective Financing
- Continue monitor productivity in line with the implementation of risk-based collection strategy

(RM mil)	Q3 FYE22	Q3 FYE23	Q2 FYE24	Q3 FYE24
Total Impairment Loss (IL)	33	143	121	183
(-) Bad Debt Recovered	42	39	46	46
NCC	-9	104	75	137

Impairment Loss (IL) Analysis

Loan Loss Coverage Ratio remains at healthy levels



Expected Credit Loss (ECL) provision attributed by:

- Higher QoQ from delinquent account movement and lower reversal in general provision of RM37 mil and RM5 mil respectively
- Bad debt written off increased by 11.9% QoQ attributed to the younger age group with lower disposable income
- Continue effort in enhancing our asset quality and collection performance

(RM mil)	Q3 FYE22	Q3 FYE23	Q2 FYE24	Q3 FYE24	QoQ RM mil	QoQ
Write Off	81	178	162	182	20	11.9%
IL Provision	-48	-35	-41	1	42	-102.6%
Total IL	33	143	121	183	62	51.6%

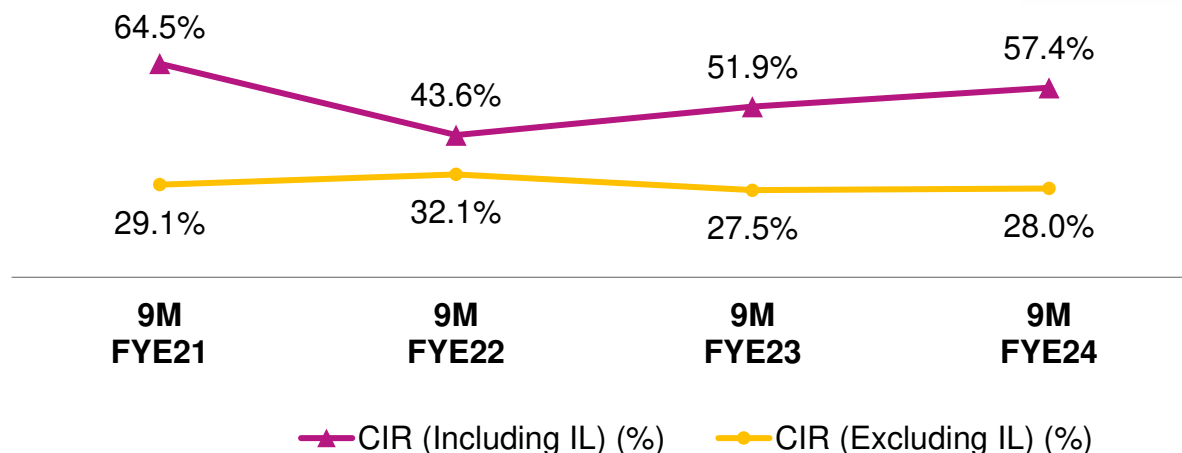
Cost-to-Income Ratio (CIR)

CIR expansion in line with sales and revenue growth



RM mil	Q3 FYE23	Q3 FYE24	YoY	9M FYE23	9M FYE24	YoY
Total Operating Income	460.0	535.0	16.3%	1,356.3	1,558.1	14.9%
Personnel Expenses	56.3	64.9	15.2%	152.0	181.1	19.2%
Advertisement & Promotion	7.8	6.5	-16.4%	21.9	24.7	12.9%
Other Operating Expenses	72.2	79.4	9.9%	199.4	232.2	16.4%
Total Operating Expenses	136.3	150.8	10.6%	373.3	438.0	17.3%
CIR %	29.6%	28.2%	-	27.5%	28.0%	-

CIR Trend



- Total Operating Expenses for 9MFYE24 increased by RM64.7mil to RM438.0 mil mainly contributed by personnel expenses and other operating expenses partly in line with higher sales and relevant revenue generated cost
- Cost to income ratio stood at 28.0% compared to 27.5% in 9MFYE23

KEY STRATEGIES AND MOVING FORWARD

FYE2024 Indicators

Continual delivery of sustainable returns to shareholders

	Indicators FYE24	Actual 9M FYE24	Remark
Loan Growth	±10%	12.4%	<ul style="list-style-type: none"> Driven by high application count coupled with higher approval ratio, attributed to strategic marketing campaigns and higher pre-assessment applications
Cost-to-Income (include IL)	< 57%	57.4%	<ul style="list-style-type: none"> Marginal uptake due to higher impairment losses
ROE	±15%	16.5%	<ul style="list-style-type: none"> Annualised on 9M result
Dividend Payout Ratio	> 30% of PAT	*33.1%	<ul style="list-style-type: none"> Paid interim dividend of 28.50 sen on 2 Nov 2023

Growth Drivers

Expand customer base; drive receivable growth, supported by **revitalised branches**, expanded sales force and **digital platforms**

Personal Financing, Vehicle Financing and Credit card, remain as key focus to drive loan growth

Accelerate automation to improve our decision-making, maintain **credit discipline** and enhance **asset quality**

Maintain strong **operation expense discipline** whilst **continue to invest in marketing, IT and digital infrastructures** to drive acquisitions

* Based on 1H24 payout

Our Mid Term Aspirations



4 Key Pillars of focuses to drive financial inclusion and sustainable growth

Support our customers through their life cycle

1 Receivables Growth

- Strengthen payment business to drive card in circulation growth
- Acquire good score customer via refinement assessment process and digital on-boarding

Innovative Retail Company
- Significant wallet user base

2 Enhance Customer Experience

- Complete digital on-boarding process to achieve 24 hours loan disbursement
- Innovate the new AEON mobile app
- Consolidate all AEON members onto ONE platform

Best Employer of Choice
- High Employee Satisfaction

3 Employee Development

- Talent development & acquisition
- New working environment transformation
- Accelerate IT organisation transformation

ESG leading Company
- Maintain high ESG score

4 ESG & Sustainability

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

Our Expectation

Acquire new customers via member app and digital on-boarding
- **5 mil wallet users**

Improve Customer NPS
Faster turnaround time

Good working environment to attract talents

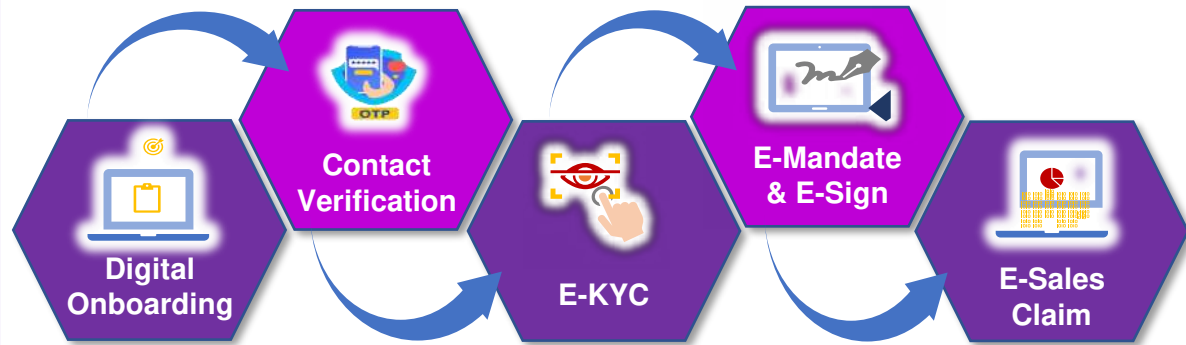
Strong sustainability progress and industry recognition for ESG

Receivables Growth

1

Driving sales and member growth via digital onboarding from application to disbursement within 1 day

End-to-End Digital Onboarding

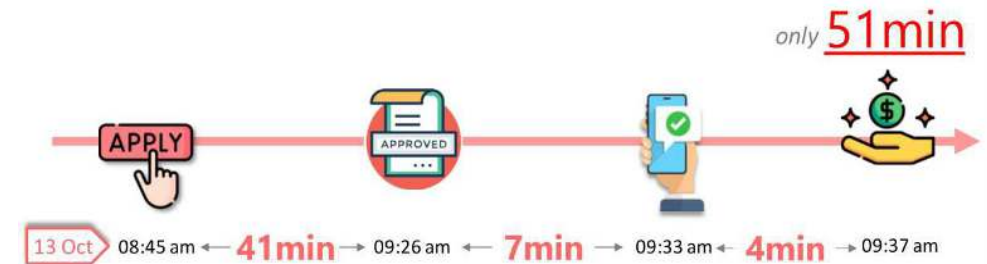


Launched EPFF

In Progress

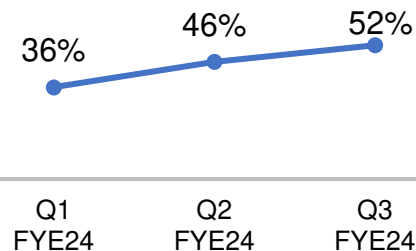
- Expand digital application channels for self-onboarding
- Provide instant approval to good score customer
- Improve productivity and turnaround time with 40% auto assessment

➤ Completed Personal Financing end-to-end digital onboarding in Oct 23, providing a seamless experience from application to agreement signing within one hour for good score customer



➤ Increased online applications of +27% vs Sep 23

Pre-assessment



➤ Achieved 52% pre-assessment applications in Q3 FYE24; higher approval ratio recorded for application via pre-assessment solution

Receivables Growth

2 Enrichment of Credit Card Business via rebranding and card features revision

Credit Card Features Revamp



Streamline Card Features

- AEON Retail collaboration and intensify cross selling activities
- Improve service level with new branch / service counter concept
- Target card in circulation to increase by 20% YoY



Rebranding

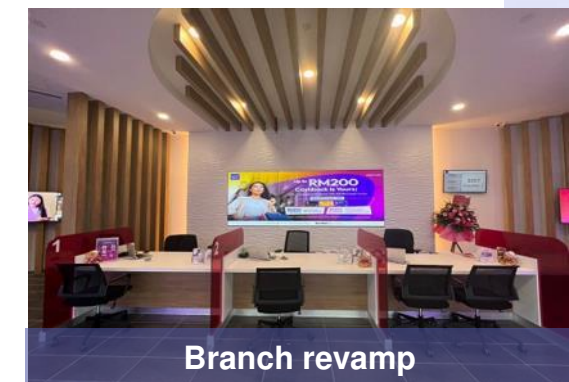
➤ Streamlined credit card features programme launched in Oct 23 to acquire AEON Shoppers through attractive rewards and privileges, making AEON credit card as a “Must Have Card” in AEON Store

➤ On-going revamping of branches and recruitment counters with new concept to uplift customer experience

Customer Improvement

▲ **14% YoY**
Card in Circulation

▲ **0.1-1.2 point**
Overall Google Rating improved



Receivables Growth

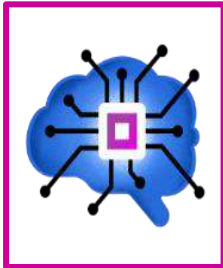
3 Redefined assessment process to improve accuracy and productivity

Implement AI Scoring Model

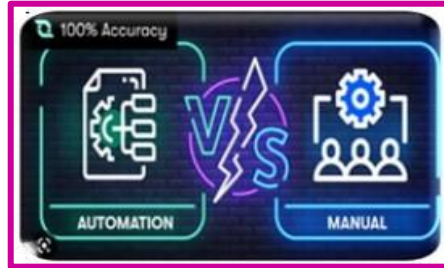


Implement AI-based scoring model

- Improve auto approval ratio from current 4% to 20%
- Reduce high-risk group customer from 30% to 20%
- Collaboration with AI company



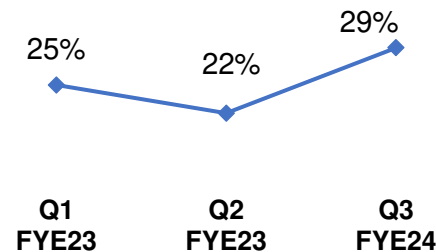
LOS 3.0 Enhancement



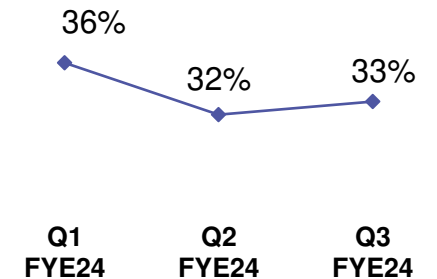
- Launch of Loan Origination System (“LOS”) 3.0 in Sep 23, auto judge ratio increased to 38% in Nov. We will continue focus on completion of straight through process
- Introduction of Gailabo score to improve Motorcycle Financing approval ratio, mitigated the impact of credit policy refinement imposed since last year Oct 22

Assessment Turnaround Time

- **15 minutes turnaround time close to 30%**



Auto Judge ratio



Receivables Growth

4 Enhanced efficiency and productivity through New Collection System

Risk-Based Collection Approach



Risk Based Collection Score Card



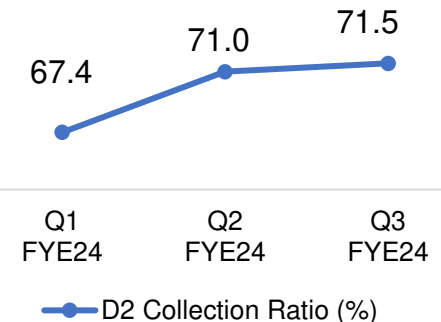
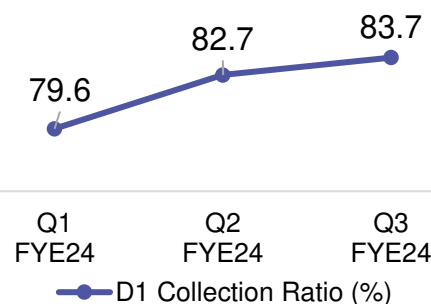
Collection System Enhancement

- Implement new collection system with pooling function
- Prioritize treatment to higher risk customers
- Skip call for good paymasters

- Implemented **collection risk-based scorecard** model by categorising customers according to their scores and risk profiles for Easy Payment and Personal Financing
- Extension of repossession operations to weekend and review incentives scheme to **improve collection recovery**
- Early **outsourcing** of delinquent and uncontactable customer accounts to collection agencies

Productivity

➤ Improvement trends for collection D1 and D2



Enhance Customer Experience

One stop financing app that connects all AEON points accounts to AEON Group Membership Platform

AEON Group Membership



Development of new financing service app to consolidate all AEON Group services into AEON Group Wallet



2.57 million Users



Upgraded AEON Wallet usability and improved user experience

E-donation with AEON points

Oct 22

Launched New wallet interface designed

Jan 23

Mar 23

EPPF Financing Function

P2P Transfer

Apr 23

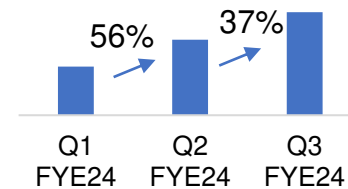
Wallet New User

- 100k new sign up since Q2FYE24

1.36 million App Users

Repayment via Wallet

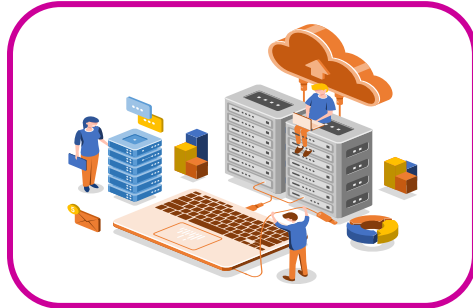
- Accumulative 1 mil repayment count since launched



Employee Development

Committed to Employee Enrichment

Employee Development



- High employee satisfaction (ES) Company
- Transform new working environment
- Talent development & acquisition
- Accelerate IT organisation transformation

- Invested in Microsoft 365 to modernize working platform
- Launch of HR mobile app and e-learning platform
- Invest in cloud shifting and migration for changing business needs

Employee Development



▼ **1.7%**
(vs. YTD23: 14.96%)
Attrition Rate

▲ **5.2%**
(vs. YTD23: 43,209)
Training Hours

77.0%
(FYE23: 81%)
E-Net Promoter Score

Employee Engagement



Mentoring program



AFS Global Internship program

Sustainability Progress Update

Embedding Sustainability across AEON Credit business and products

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

- To create culture and awareness to employee for energy saving



Economy

Mobilised Green and Social Financing > RM5m

Electric Motorcycle and Scooter Financing

- Launch in Oct 23



Hawkers and Petty Traders Financing

- In progress

Social

Education and CSR Investment

Financial Literacy

- Conducted financial literacy to 73 teachers



Community Investment

- Contributed RM1mil Malaysian AEON Foundation (MAF) for CSR activities

Governance

Taskforce on Climate-related Financial Disclosure (TCFD)

- To complete the development of TCFD implementation roadmap and assessment of climate risk in Feb 24



ESG Achievement to-date:-

Upgraded to AA by MSCI ESG Ratings



Corporate Social Responsibilities Activities – Q3 FYE24

Firmly committed in continually supporting communities

Community Support



Malaysian AEON Foundation AEON Bantu
Flood Relief in Terengganu



Malaysian AEON Foundation Charity
Deepavali Shopping Session at 6 locations

Financial Literacy



AEON Financial Savvy Programme with
Teachers

**155 families and
220 children**

APPENDIX

Performance Highlights

(RM mil)	Q3 FYE23	Q1 FYE24	Q2 FYE24	Q3 FYE24	QoQ	YoY	9M FYE23	9M FYE24	YoY
Total Transaction & Financing Volume	1,548.6	1,832.3	1,789.9	1,823.9	1.9%	17.8%	4,647.7	5,446.1	17.2%
Payment Business	437.0	482.5	485.2	507.0	4.5%	16.0%	1,326.1	1,474.7	11.2%
Easy Payment Financing	711.8	856.7	804.9	819.2	1.8%	15.1%	2,217.3	2,480.9	11.9%
Personal Financing	399.8	493.1	499.7	497.7	-0.4%	24.5%	1,104.3	1,490.5	35.0%

Total Income	460.0	501.9	521.2	535.0	2.7%	16.3%	1,356.3	1,558.1	14.9%
Operating Expenses	-279.6	-285.3	-275.2	-333.6	21.2%	19.3%	-703.9	-894.0	27.0%
Interest Expenses	-78.8	-84.7	-86.8	-90.0	3.7%	14.3%	-235.2	-261.5	11.2%
Profit Before Tax	101.6	131.9	159.2	111.4	-30.0%	9.7%	417.2	402.6	-3.5%
Income Tax	-18.0	-32.5	-39.0	-25.9	-33.7%	44.2%	-94.9	-97.5	2.8%
Net Profit	83.6	99.4	120.2	85.5	-28.8%	2.3%	322.3	305.1	-5.4%

Financial Summary

(RM mil)	Q3 FYE23	Q1 FYE24	Q2 FYE24	Q3 FYE24	QoQ	YoY
Credit Card	689.1	719.7	738.8	766.7	3.8%	11.3%
Personal Financing	2,861.6	3,126.5	3,316.7	3,490.0	5.2%	22.0%
Easy Payment Financing	7,041.8	7,372.8	7,510.1	7,646.0	1.8%	8.6%
Total Financing Receivables	10,592.5	11,219.0	11,565.6	11,902.7	2.9%	12.4%
Impairment Loss	-798.7	-796.3	-754.5	-755.6	0.1%	-5.4%
Other Assets	943.8	1,131.1	1,122.9	1,086.2	-3.3%	15.1%
Total Assets	10,737.6	11,553.8	11,934.0	12,233.3	2.5%	13.9%
Total Liabilities	8,276.5	8,922.5	9,232.6	9,519.7	3.1%	15.0%
Shareholders' Fund	2,461.1	2,631.3	2,701.4	2,713.6	0.4%	10.3%

Operating Income

(RM mil)	Q3 FYE23	Q1 FYE24	Q2 FYE24	Q3 FYE24	QoQ	YoY	9M FYE23	9M FYE24	YoY
Payment Business	41.9	42.8	44.3	45.5	2.8%	8.6%	120.9	132.6	9.6%
Personal Financing	113.6	128.8	140.1	149.6	6.7%	31.7%	323.3	418.5	29.4%
Easy Payment Financing	260.0	278.1	284.1	287.7	1.3%	10.7%	756.6	849.9	12.3%
Brokerage Fee*	2.3	3.0	3.2	3.7	15.4%	60.2%	6.8	9.9	46.2%
Total Revenue	417.8	452.7	471.7	486.5	3.1%	16.4%	1,207.6	1,410.9	16.8%
Other Operating Income	42.2	49.2	49.5	48.5	-1.9%	15.0%	148.7	147.2	-1.0%
Total Operating Income	460.0	501.9	521.2	535.0	2.7%	16.3%	1,356.3	1,558.1	14.9%

Note: *AEON Insurance Brokers (M) Sdn Bhd (Formerly known as Insurepro Sdn Bhd) is a wholly-owned subsidiary of AEON Credit since Oct 2021

Total Expenses

(RM mil)	Q3 FYE23	Q1 FYE24	Q2 FYE24	Q3 FYE24	QoQ	YoY	9M FYE23	9M FYE24	YoY
Impairment Loss on Receivables	143.4	152.5	120.6	182.8	51.6%	27.5%	330.6	456.0	37.9%
Personnel Expenses	56.3	53.0	63.3	64.9	2.6%	15.2%	152.0	181.1	19.2%
Advertisement & Promotion (A&P)	7.8	9.7	8.6	6.5	-24.6%	-16.4%	21.9	24.7	12.9%
Other Operating Expenses	72.2	70.1	82.7	79.4	-4.1%	9.9%	199.4	232.2	16.4%
Operating Expenses	279.7	285.3	275.2	333.6	21.2%	19.3%	703.9	894.0	27.0%
Interest expenses	78.8	84.7	86.8	90.0	3.7%	14.3%	235.2	261.6	11.2%
Total Expenses	358.5	370.0	362.0	423.60	17.0%	18.2%	939.1	1,155.6	23.0%

Financial Indicators

	FYE21	FYE22	FYE23	Q3 FYE24	9H FYE24
PBT (RM mil)	324.9	526.8	547.0	111.4	402.6
PAT (RM mil)	234.0	365.4	417.7	85.5	305.1
Weighted average no. of ordinary shares (mil)	255.3	255.3	255.3	510.6	510.6
Basic EPS (RM)*/**	0.88	1.39	1.60	0.78	0.78
NTA per share (RM)**	6.6	7.8	9.1	4.9	4.9
ROE (%)*	13.8	19.2	18.8	16.5	16.5
ROA (%)*	2.3	3.6	3.9	3.5	3.5
Capital Adequacy Ratio (%)	24.0	26.8	27.1	26.0	26.0
Debt-to-Equity Ratio (x)	3.8	3.1	3.0	3.2	3.2
Share Price (RM)	11.7	14.7	12.0	5.7	5.7
PER (x)	13.3	10.6	7.5	7.3	7.3
Market Capitalisation (RM mil)	2,992	3,748	3,064	2,911	2,911

Note: * Computed based on annualised figures

** The Basic EPS and NTA per share for the quarter and year-to-date ended 30 November 2023 have been restated to reflect the Bonus Issue which was completed on 21 Nov 2023

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