



ÆON CREDIT SERVICE

Q1 FYE25 Financial Results

10 July 2024

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KEY HIGHLIGHTS

Economic Outlook and Our Strategy



Malaysia GDP
4.2% 1Q24



Inflation Rate
1.7% 1Q24



Unemployment Rate
3.3% 1Q24



**Introduction of Account
Fleksibel**

Q1FYE24 Progress

Sales & Receivables	<ul style="list-style-type: none">• Scheme enhancement for Vehicle Financing to acquire middle-income group customers• Intensify collaboration campaigns with AEON Group and merchants to drive acquisition• Strengthen digital onboarding and pre-assessment awareness through digital advertising and campaigns
Credit Assessment	<ul style="list-style-type: none">• Continual promotion for auto-judgement take up rate, supported by LOS 3.0 and AI-based scoring model introduced last year• Introduce new AEON membership programme (FinPlus), in conjunction with the new wallet launched, to further improve auto-approval ratio for premium customers
Credit Cost Management	<ul style="list-style-type: none">• Optimisation of staff allocation and introduced a new incentive scheme to drive staff productivity• Continual enhancement staff productivity via risk-based collection and calling strategies

Overview of Financial & Key Products

A Commendable solid start to FYE25



Total Revenue

RM522.2 MIL

+15.4% YoY



Profit After Tax

RM106.4 MIL

+7.1% YoY



Total Loan Growth

RM12,653 MIL

+12.8% YoY



ROE

15.9%

-0.4% YoY

Transaction & Financing Volume

RM964 MIL

↑ 12.5% vs. Q1FYE24

Easy Payment

RM538 MIL

↑ 11.4% vs. Q1FYE24

Payment Business

RM473 MIL

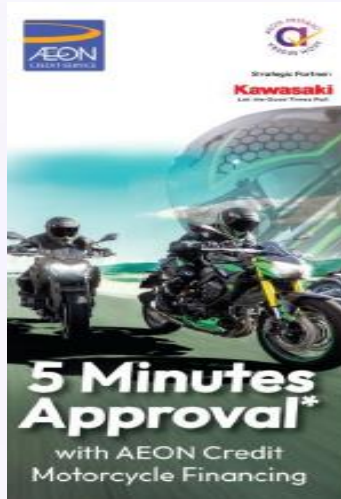
↓ 4.0% vs. Q1FYE24

Personal Financing

Q1FYE25 Focus Area: Vehicle Financing

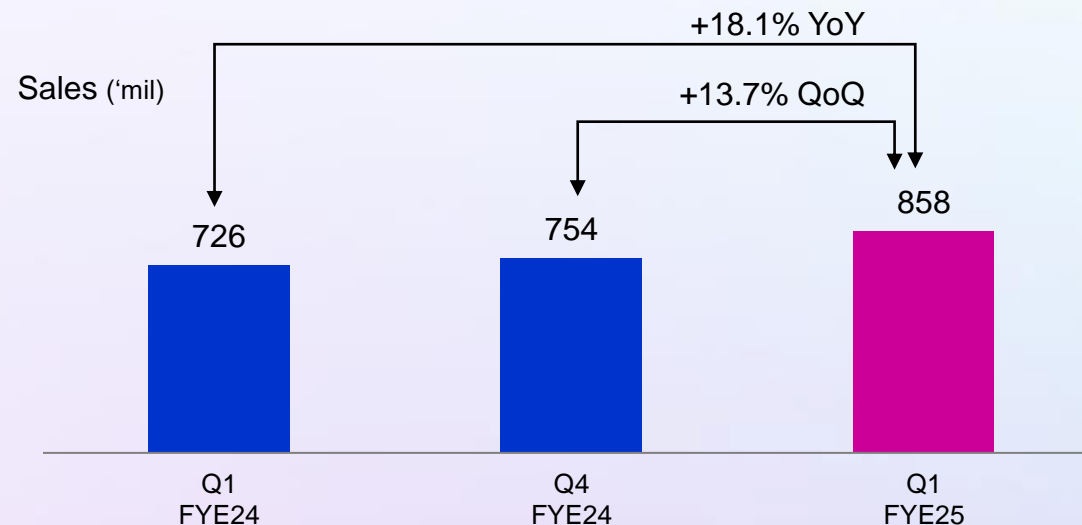
Growing market share through penetration into the middle-income customer segment

Vehicle Financing

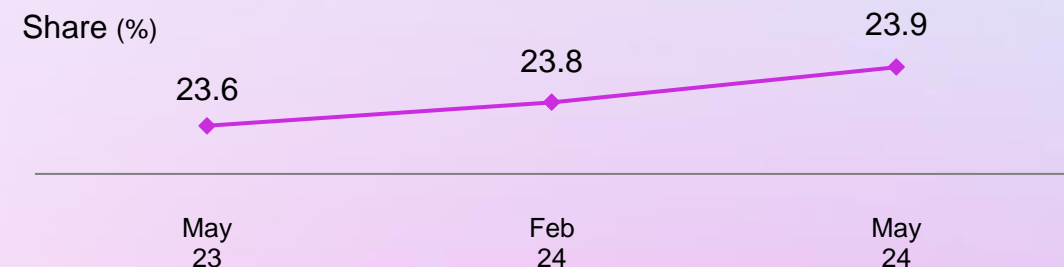


- Launched pre-assessment since 2023 which provides instant conditional approval to good quality customers, attributing to a higher approval ratio
- Scheme enhancement for Vehicle Financing aims to acquire middle-income group customers
- Implementing mandatory e-KYC to improve asset quality

Vehicle Financing application increased to 237K in Q1FYE25



MOPED market share remains in the leading position



Q1FYE25 Focus Area: Payment Business

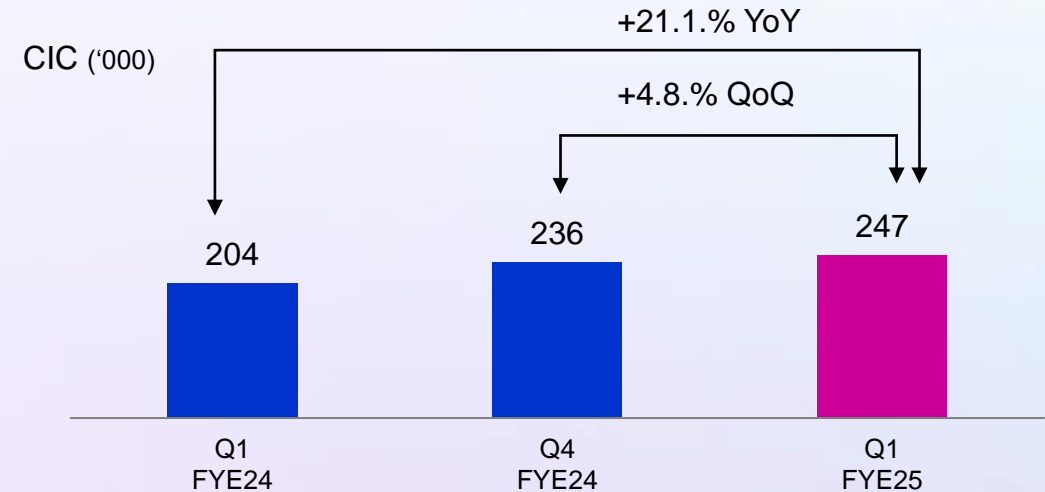
Increased Payment Business sales growth through rebranding exercise

Payment Business

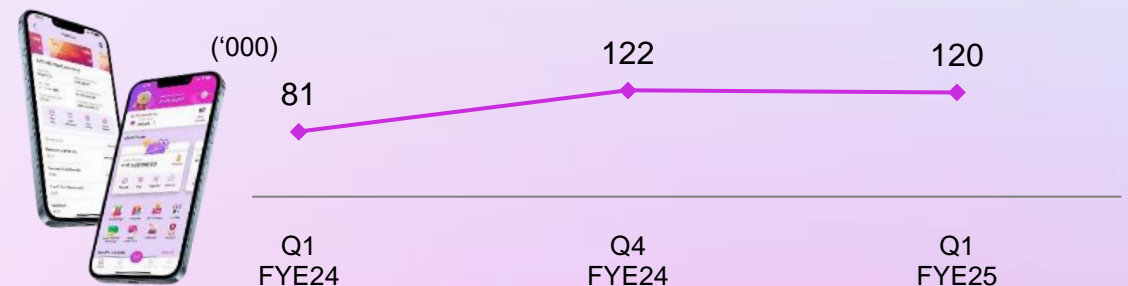


- Credit card in circulation (CIC) grew by 4.8% QoQ, driven by credit card features revamp and collaboration campaigns with AEON Group
- Continue collaborate with a diverse range of merchants to offer AEON Card privileges program to support AEON Living Zone
- AEON Credit Verse campaign held in May24 to drive credit card rebranding awareness

Credit card in circulation grew by 21.1%YoY



AEON Wallet new sign up increased from 81K to 120K YoY



Q1FYE25 Focus Area: Personal Financing

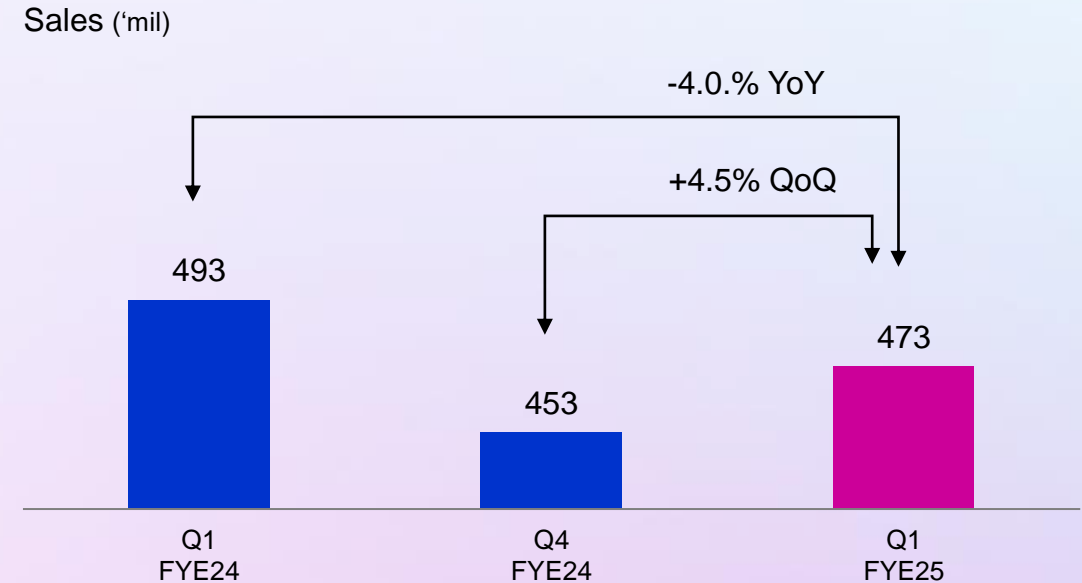
Continue to drive the digital onboarding awareness campaign to boost acquisition

Personal Financing



- Launched digital onboarding process since Oct23, simplifying the onboarding process and shorten the turnaround time
- Strengthen product awareness through digital advertising and campaigns

Personal Financing application increased to 108K in Q1FYE25



FINANCIAL OVERVIEW

Financial Performance

Strong performance with robust revenue growth



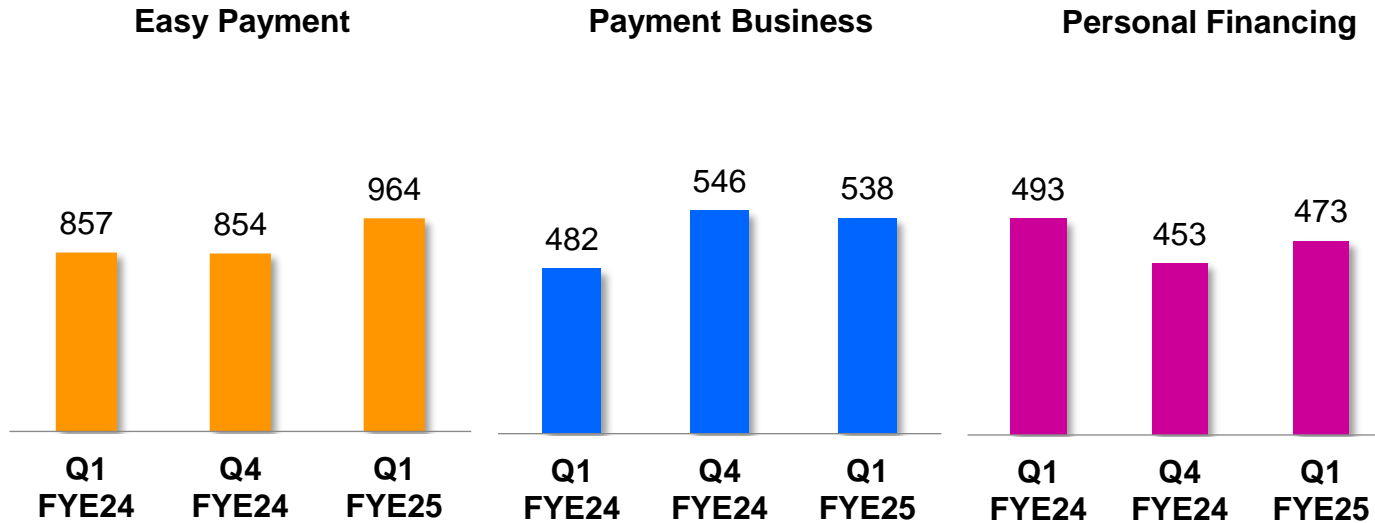
		3MFYE24	3MFYE25	YoY
Profitability	Total Income	501.9M	589.8M	+17.5%
	Operating Expenses	-285.3M	-331.6M	+16.2%
	Impairment Loss	152.5M	163.5M	+7.2%
	PBT	131.9M	144.8M	+9.8%
	PAT	99.4M	106.4M	+7.1%
	ROE	16.3%	15.9%	-0.4%
	Transaction & Financing Volume	1.8B	2.0B	+7.8%
Asset Quality	Gross Financing Receivables	11.2B	12.7B	+12.8%
	Loan Loss Coverage Ratio	227%	222%	-5.0%
	Non-Performing Loan (NPL)	3.13%	2.46%	-0.67%
	Net Credit Cost (NCC)	3.87%	3.20%	-0.67%

Total Transaction & Financing Volume – Q1FYE25

Sequential volume improvement except Payment Business Group

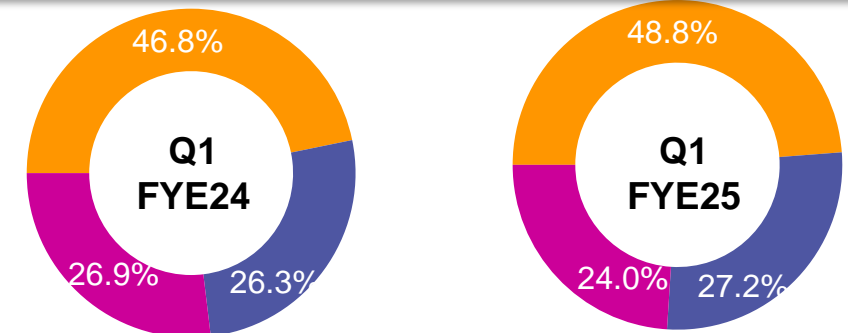


Total Transaction & Financing Volume (RM mil)



Volume (RM mil)	Q1 FYE24	Q4 FYE24	Q1 FYE25	QoQ	YoY
Easy Payment	857	854	964	12.8%	12.5%
Payment Business	482	546	538	-1.5%	11.4%
Personal Financing	493	453	473	4.5%	-4.0%
Total	1,832	1,853	1,975	6.6%	7.8%

Transaction & Volume by Types



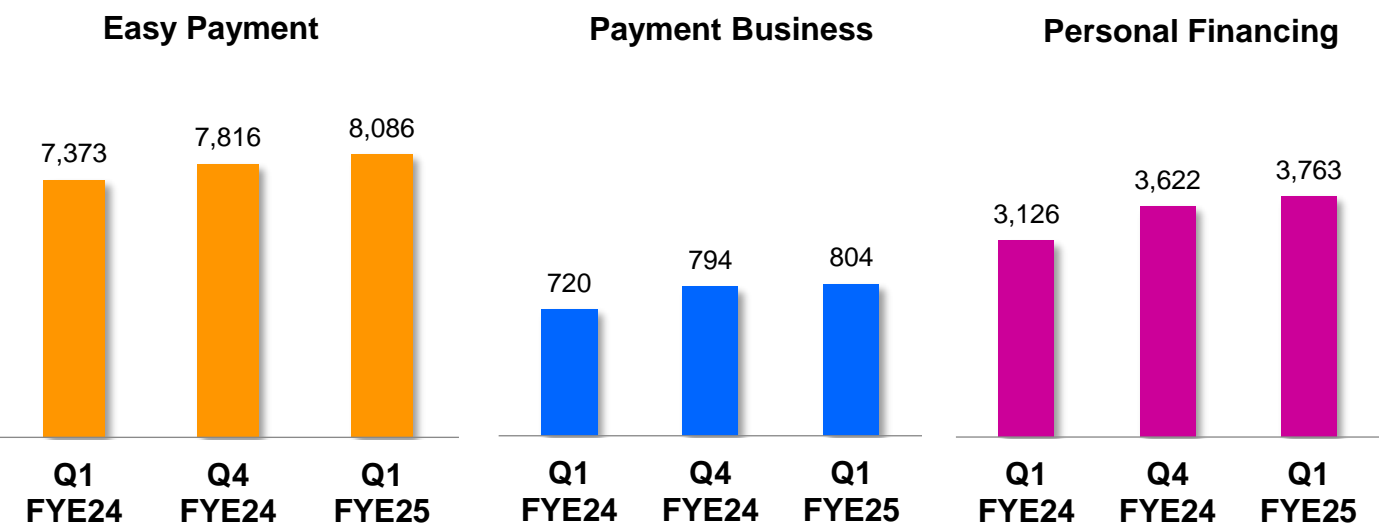
- Motorcycle and Auto Financing increased by 13.1% QoQ and 14.6% QoQ respectively due to strong market demand and benefitted from EPF account fleksibel scheme
- Objective Financing increased by 6.5% QoQ driven by collaboration campaigns
- Payment Business marginally dropped by 1.5% QoQ impacted by lower post-festive season spending
- Personal Financing achieved 4.5% QoQ growth, driven by increase in average transaction value. We will focus on simplifying the onboarding process to facilitate an effective cross-selling

Total Gross Financing Receivables

Robust QoQ loan growth across all Key Products

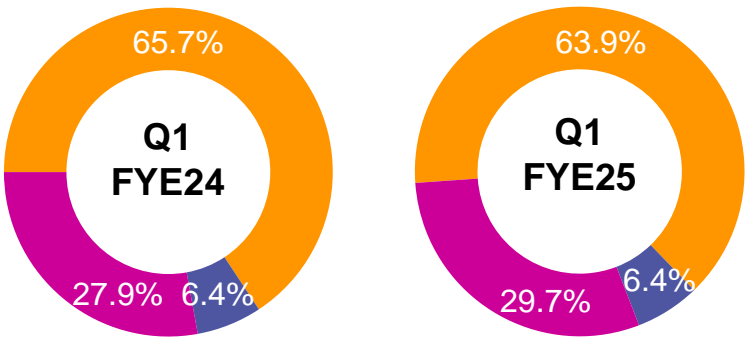


Gross Financing Receivables (RM mil)



	(RM mil)	Q1 FYE24	Q4 FYE24	Q1 FYE25	QoQ	YoY
Easy Payment		7,373	7,816	8,086	3.4%	9.7%
Payment Business		720	794	804	1.3%	11.7%
Personal Financing		3,126	3,622	3,763	3.9%	20.4%
Total		11,219	12,232	12,653	3.4%	12.8%

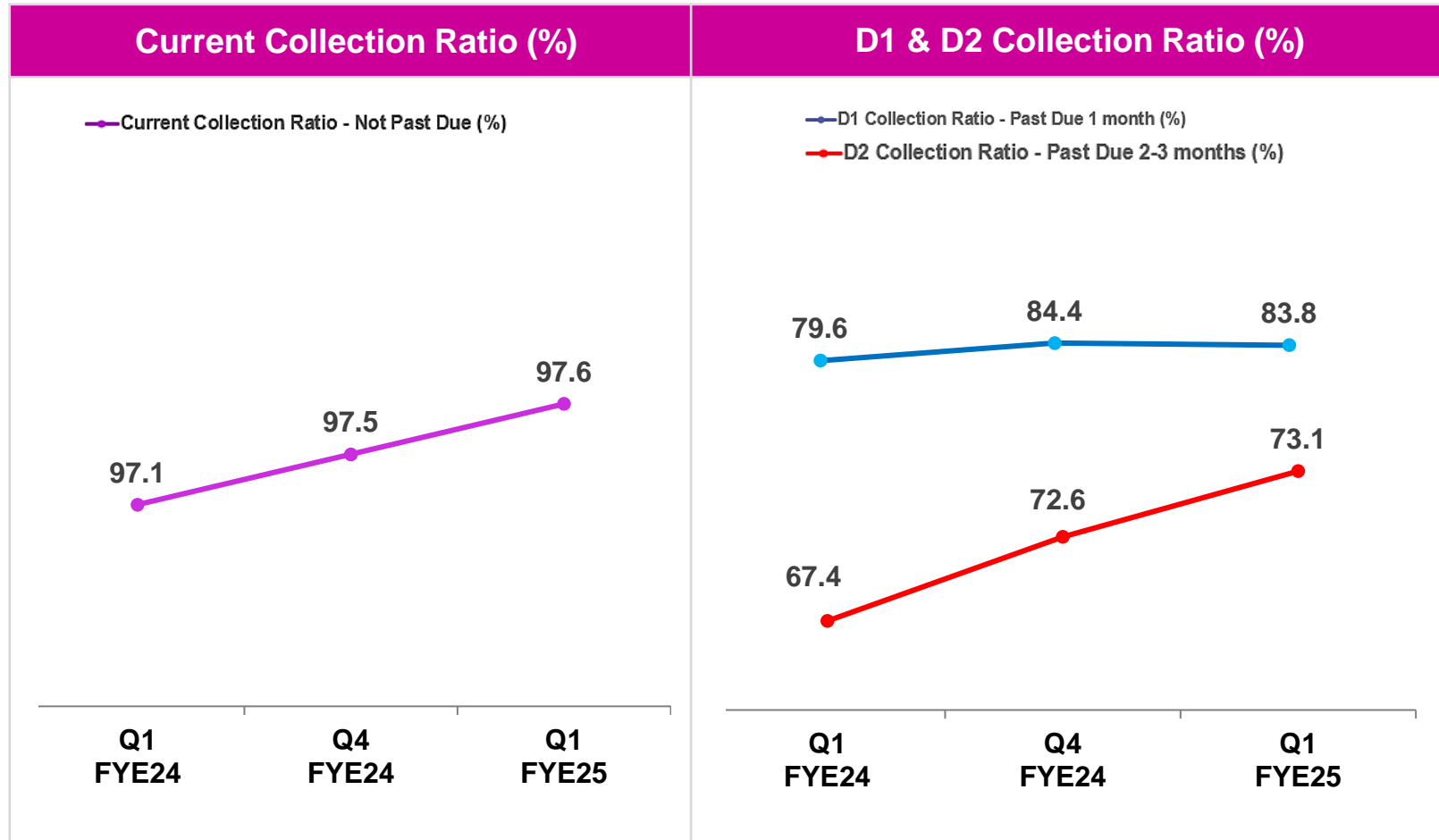
Gross Financing Receivables by Types



- Gross Financing Receivables increased by 3.4% QoQ and 12.8% YoY to RM12.7 bil with growth across all products except SME Financing
- Auto Financing grew by 5.4% QoQ supported by improved merchant management and better asset quality attributed by higher e-KYC adoption rate. We will continuously increase the take-up rate by executing pre-assessment awareness campaigns
- Personal Financing grew 3.9% QoQ attributed to effective digital channel penetration and online campaigns

Receivables Collection

Sustained collection performance improvement underpinned by effective collection strategies

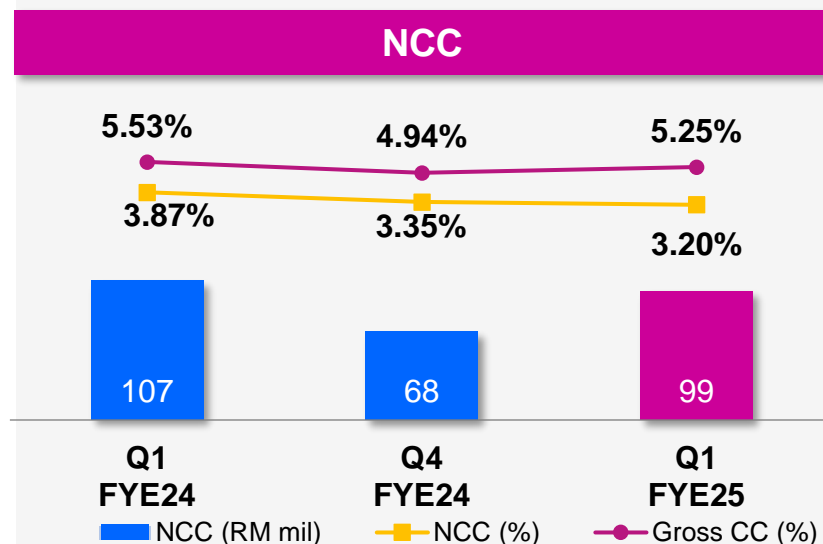
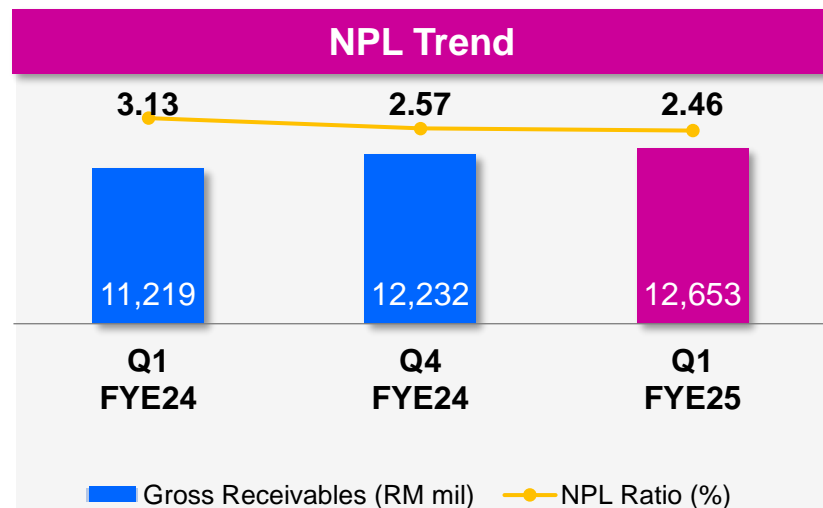


Collection performance continues to improve QoQ due to:

- Effective risk-based collection and calling strategy that focuses on the high-risk customer group which enhanced staff productivity
- Introduction of new staff incentive scheme and resulted in monitoring field visits improved collection performance
- Special government aid for civil servant and EPF account fleksibel scheme
- Enhancement accuracy of credit assessment for better decision making via auto-assessment and mandatory e-KYC adoption

Non-Performing Loan (NPL) and Net Credit Cost (NCC)

Improvements by continuous collection initiatives and receivables expansion strategies



(RM mil)	Q1 FYE24	Q4 FYE24	Q1 FYE25
Receivables	11,219	12,232	12,653
Balance D3+	351	315	312
NPL (%)	3.13	2.57	2.46

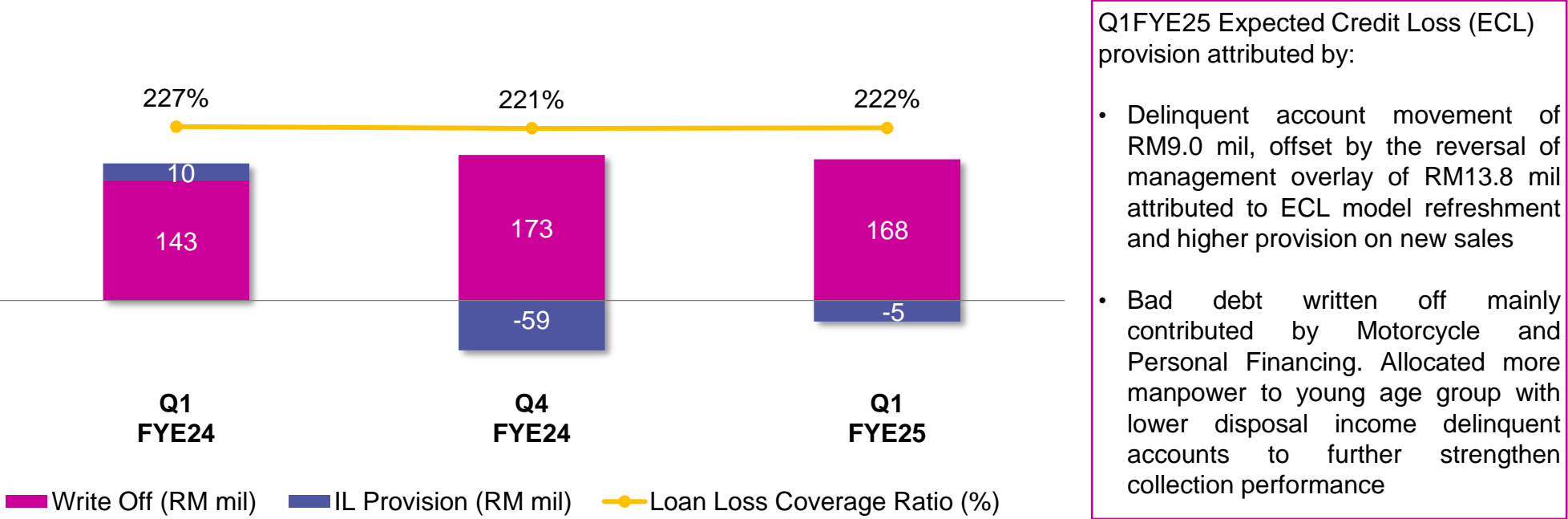
Lower QoQ for NPL and NCC due to:

- Introduction of LOS 3.0 in Sep23 and adoption of AI credit scoring model which have improved accuracy in decision making and enhance auto-approval function
- Recruit additional collection agencies and improvement in agency management by introducing tiered incentives programme
- Higher bad debt recovered contributed by the disposal of written off account of RM17 mil

(RM mil)	Q1 FYE24	Q4 FYE24	Q1 FYE25
Total Impairment Loss (IL)	153	114	163
(-) Bad Debt Recovered	46	46	64
NCC	107	68	99

Impairment Loss (IL) Analysis

Loan Loss Coverage Ratio continues to remain healthy



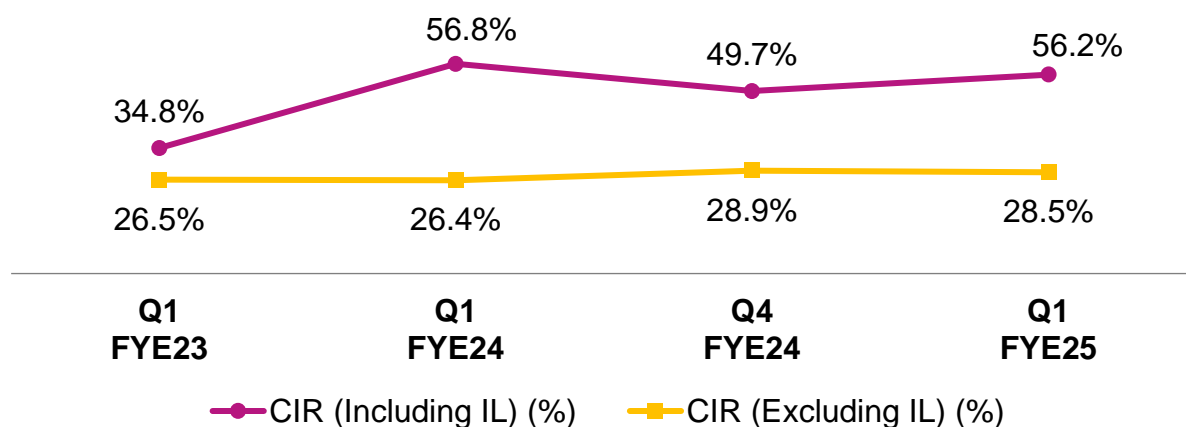
(RM mil)	Q1 FYE24	Q4 FYE24	Q1 FYE25	QoQ RM mil	QoQ
Write Off	143	173	168	-5	-2.7%
IL Provision	10	-59	-5	54	-91.8%
Total IL	153	114	163	49	43.4%

Cost-to-Income Ratio (CIR)

Continued prudence in managing operating expenses

RM mil	Q1 FYE24	Q4 FYE24	Q1 FYE25	QoQ	YoY
Total Operating Income	501.9	548.7	589.8	7.5%	17.5%
Personnel Expenses	53.0	65.0	64.2	-1.2%	21.2%
Advertisement & Promotion	9.7	13.7	15.3	11.1%	57.7%
Other Operating Expenses	70.1	79.9	88.7	11.0%	26.5%
Total Operating Expenses	132.8	158.6	168.2	6.0%	26.7%
CIR %	26.4%	28.9%	28.5%	-	-

CIR Trend



- Operating income increased by 7.5% QoQ to RM589.8 mil contributed by higher revenue from the receivable growth
- The increase in operating expenses mainly contributed by advertising and promotion and other operating expenses
- Cost to income ratio excluding IL reduced to 28.5% as compared to 28.9% in Q4FYE24

KEY STRATEGIES AND MOVING FORWARD

FYE25 Indicators

Consistent delivery of sustainable returns to shareholders



	Indicators FYE25	Actual Q1FYE25	Remark
Loan Growth	±10%	12.8%	<ul style="list-style-type: none"> Stronger loan growth driven by strong market demand for vehicle financing and digital onboarding application process
Cost-to-Income (exclude IL)	< 30%	28.5%	<ul style="list-style-type: none"> Revenue increased in line with sales and revenue growth activities Practicing prudent cost management
ROE	±13%*	15.9%	<ul style="list-style-type: none"> Annualised ROE of 15.9% underpinned by higher profitability
Dividend Payout Ratio	> 30% of PAT	-	<ul style="list-style-type: none"> No dividend was proposed or declared during the quarter

* Incorporating proportionate share of AEON Bank results for FYE25

Strategic Roadmap For FYE25

Robust brand visibility & bringing “Finance” closer to everyone

Key Business Strategy Focus in FYE25

Building an Ecosystem & AEON Living Zone

- Integration of financial services into a new App
- Consolidate all AEON members onto one platform

Advancement in Assessment Process

- Enhancing customer experience via automated assessment process

Strengthen Business Capacity

- Exploring new revenue stream for future growth

Talent Development and ESG initiatives

- Embed sustainability into business model
- Talent development to support business transformation

Our Expectation and Indicators

Be a comprehensive retail financial company

Strengthen organizational capacity for further growth

Expand customers base to middle-income segment

Become a leading ESG Company

Q1FYE25 Business Strategy Update

Consolidating shopping and financial services under the AEON Living Zone

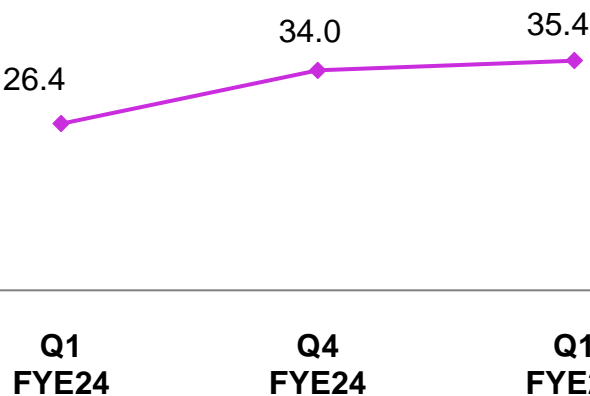
AEON Living Zone & member expansion



- To integrate financial services and retail function in one application,
- Conversion of AEON Wallet to AEON Group membership app via common ID and loyalty programme.
- To introduce new functionalities such as DuitNow and virtual card issuance, promote digital financing application via wallet

- Launched first phasing of upgraded AEON Wallet on 10 July 2024
- Customer can digitally register through the app with proprietary wallet account inclusive with point collection feature

Wallet Active Ratio (%)



AEON Member Plus Visa Card Holders



2.6mil
as at May24

AEON Wallet Download



1.6mil
as at May24

Q1FYE25 Business Strategy Update

Accelerating automation to enhance customers' digital experience

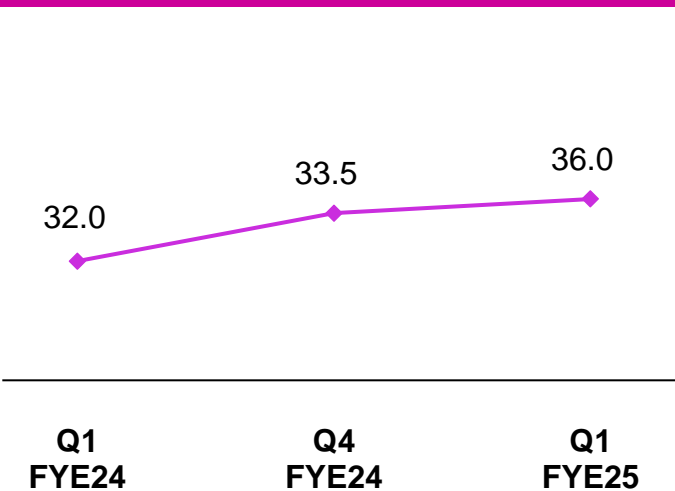
Advancement in Assessment and collection to drive productivity Improvement



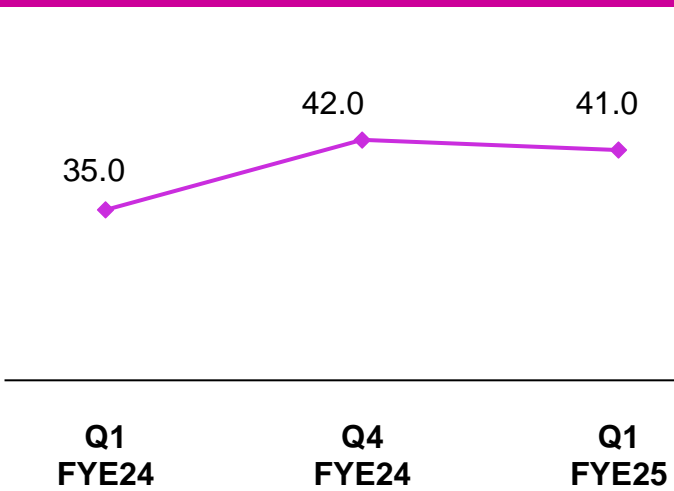
- Introduce AEON Fin Plus membership for existing customer to promote cross selling and drive auto-approval ratio
- Continuously automate onboarding process and credit criteria adjustment to improve productivity and asset quality

- Launch of AEON Fin Plus membership with tiers based on customer historical data in Jun24, to promote cross selling and offer privileges to customers
- Turnaround time within 15 minutes increased to 36.0% by constant review on auto judgement criteria

15 Minutes Turn Around Time (%)



Auto judge Ratio (%)



Sustainability Focus

Sustainability Progress in Q1FYE25

**FTSE Bursa
Malaysia Emas
Index**



AEON Credit included in FTSE Bursa Malaysia Mid 70 Index

Sustainability Statement

Creating a sustainable future by connecting people and community through progressive environmental, social and governance ("ESG") approach

Environmental



Greenhouse Gas (GHG) Inventory

- Target 25% carbon emission reduction for combined Scope 1 and Scope 2
- Enhance data collection by adding Scope 3 emissions

Economy



Social and Green Financing

Target RM20 mil disbursement for social and green financing

Social



Financial Inclusion

Establish Financial Inclusion Framework and 3-Year Implementation Roadmap

Governance



Task Force on Climate – Related Financial Disclosures

Establish TCFD Framework and engage third party assurance service on sustainability reporting

Corporate Social Responsibilities Key Activities in Q1FYE25

Empowering communities through ongoing business transformation and engagement efforts

Malaysian AEON Foundation



MAF MESRA RAMADAN 2024 AT 6 LOCATIONS NATIONWIDE

Charity festive contribution that had benefitted 400 children from low-income families and charitable organizations at 11 locations nationwide including the main celebration at Hospital Tuanku Azizah, Kuala Lumpur on 29 March 2024

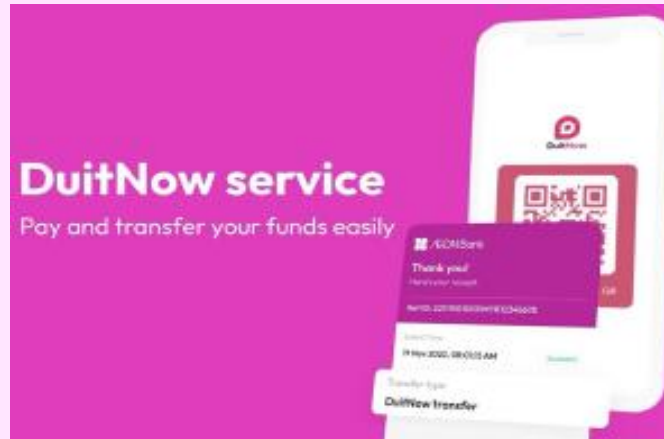
Environmental Initiatives



AEON CREDIT BIODIVERSITY AFFORESTATION PROJECT AT KINTA NATURE PARK

Rehabilitated 20ha. of former tin-mining area and degraded agriculture land with 10,000 trees from 30 local tree species and IUCN Red List tree species together with 700 volunteers. We aim to contribute towards climate-change action through carbon sequestration

Successful launch of AEON Bank as Malaysia's First Islamic Digital bank



AEON Bank Update:

- AEON Bank grand launch event was held at AEON Mall Shah Alam on 26 May 2024
- Initial products offering are Savings Accounts-i, Savings Pots, Debit Card-i, DuitNow service, budgeting tools and more
- First year focus on penetration and acquire customer within AEON Living Zone

Campaigns Promotion:

- 3,000 sign-up AEON points
- 3X AEON points for using VISA debit card
- 3.88% p.a. deposit interest rate

APPENDICES

Performance Highlights

(RM mil)	Q1 FYE24	Q4 FYE24	Q1 FYE25	QoQ	YoY
Total Transaction & Financing Volume	1,832.3	1,853.6	1,975.0	6.6%	7.8%
Easy Payment Financing	856.7	854.4	963.9	12.8%	12.5%
Payment Business	482.5	546.0	537.6	-1.5%	11.4%
Personal Financing	493.1	453.2	473.5	4.5%	-4.0%

Total Income	501.9	548.7	589.8	7.5%	17.5%
Operating Expenses	-285.3	-272.6	-331.6	21.6%	16.2%
Interest Expenses	-84.7	-97.0	-101.8	4.9%	20.0%
Operating Profit	131.9	179.1	156.4	-12.7%	18.5%
Share of Result of Associate	-	-16.5	-11.6	-30.1%	100.0%
Profit Before Tax	131.9	162.6	144.8	-10.9%	9.8%
Income Tax	-32.5	-43.7	-38.4	-12.1%	18.0%
Net Profit	99.4	118.9	106.4	-10.5%	7.1%

Financial Summary

(RM mil)	Q1 FYE24	Q4 FYE24	Q1 FYE25	QoQ	YoY
Easy Payment Financing	7,372.8	7,816.8	8,085.7	3.4%	9.7%
Payment Business	719.7	793.9	804.1	1.3%	11.7%
Personal Financing	3,126.5	3,621.6	3,763.6	3.9%	20.4%
Total Financing Receivables	11,219.0	12,232.3	12,653.4	3.4%	12.8%
Impairment Loss	-796.3	-696.7	-691.8	-0.7%	-13.1%
Other Assets	1,131.1	1,084.7	1,058.2	-2.4%	-6.4%
Total Assets	11,553.8	12,620.3	13,019.8	3.2%	12.7%
Total Liabilities	8,922.5	9,982.7	10,289.7	3.1%	15.3%
Shareholders' Fund	2,631.3	2,637.6	2,730.1	3.5%	3.8%

Operating Income

(RM mil)	Q1 FYE24	Q4 FYE24	Q1 FYE25	QoQ	YoY
Easy Payment Financing	278.1	294.7	307.6	4.4%	10.6%
Payment Business	42.8	47.6	45.9	-3.6%	7.1%
Personal Financing	128.8	155.9	165.2	6.0%	28.3%
Brokerage Fee*	3.0	3.4	3.5	6.7%	21.1%
Total Revenue	452.7	501.6	522.2	4.1%	15.4%
Other Operating Income	49.2	47.1	67.6	43.3%	37.3%
Total Operating Income	501.9	548.7	589.8	7.5%	17.5%

*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)	Q1 FYE24	Q4 FYE24	Q1 FYE25	QoQ	YoY
Impairment Loss on Receivables	152.5	114.0	163.5	43.4%	7.2%
Personnel Expenses	53.0	65.0	64.2	-1.2%	21.2%
Adverting & Promotion (A&P)	9.7	13.7	15.3	11.1%	57.7%
Other Operating Expenses	70.1	79.9	88.7	11.0%	26.5%
Operating Expenses	285.3	272.6	331.6	21.6%	16.2%
Interest expenses	84.7	97.0	101.8	4.9%	20.2%
Total Expenses	370.0	369.6	433.4	17.3%	17.1%

Financial Indicators

	FYE22	FYE23	FYE24	Q1 FYE24	Q1 FYE25
PBT (RM mil)	526.8	547.0	565.2	131.9	144.8
PAT (RM mil)	365.4	417.7	424.0	99.4	106.4

Weighted average no. of ordinary shares (mil)	255.3	255.3	510.6**	255.3	510.6**
Basic EPS (RM)*	0.70	0.80	0.81	1.5	0.8
NTA per share (RM)*	3.9	4.6	5.2	9.5	5.4

ROE (%)	19.2	18.8	16.7	16.3	15.9
ROA (%)	3.6	3.9	3.6	3.5	3.3

Capital Adequacy Ratio (%)	26.8	27.1	24.4	27.1	24.4
Debt-to-Equity Ratio (x)	3.1	3.0	3.5	3.03	3.48

Share Price (RM)*	7.3	6.0	6.3	6.3	7.2
PER (x)	10.6	7.5	7.8	7.5	8.7
Market Capitalisation (RM mil)	3,748	3,064	3,237	2,911	3,697

* The Basic EPS and NTA per share restated for FYE2022, FYE2023, to reflect the bonus issue which was completed on 21 November 2023

** Reflect the bonus issue which was completed on 21 November 2023

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