



# AEON Credit Service (Asia) Co., Ltd.

Stock Code : 0900

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## FY2024/25 Annual Results

3 April 2025

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# Glossary

1H FY20/21	First half of FY2020/21
2H FY20/21	Second half of FY2020/21
1H FY21/22	First half of FY2021/22
2H FY21/22	Second half of FY2021/22
1H FY22/23	First half of FY2022/23
2H FY22/23	Second half of FY2022/23
1H FY23/24	First half of FY2023/24
2H FY23/24	Second half of FY2023/24
1H FY24/25	First half of FY2024/25
2H FY24/25	Second half of FY2024/25
HK\$	Hong Kong Dollars
HoH	1H FY24/25 vs. 1H FY23/24
YoY	FY24/25 vs. FY23/24
bn	Billion
M / m	Million

# Agenda

- 1 Major Achievements & Financial Performance**
- 2 Financial Results in FY24/25**
- 3 Operational Review and Business Strategies**
- 4 Q&A Session**



# Major Achievements & Financial Performance

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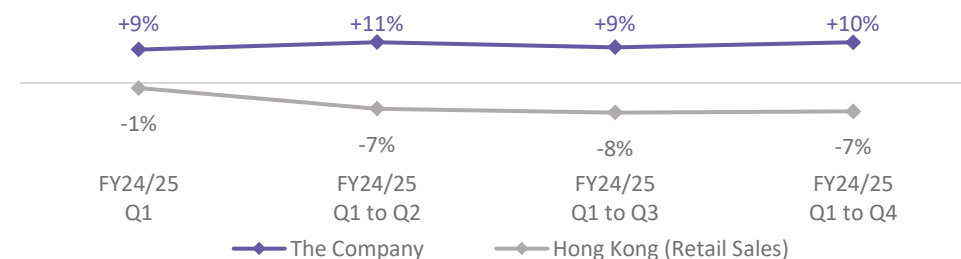
# Major Achievements

## Maintained Sales and Receivables Growth despite Changing Consumption Landscape in Hong Kong

- Despite the challenging retail sales market, sales growth outperformed the market in general
- Gross advances and receivables continued to maintain growth trends

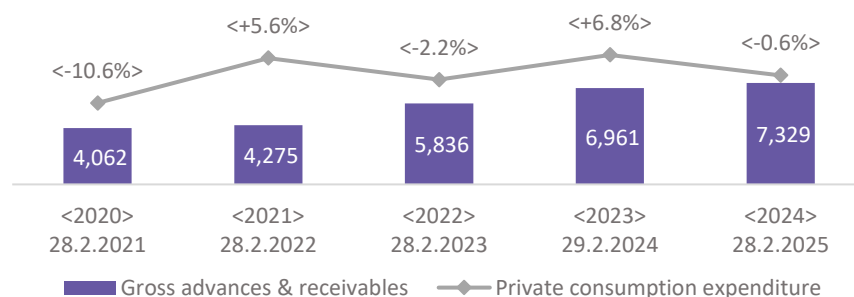
### Sales growth

Unit: YoY%



### Gross advances & receivables growth

Unit: HK\$ Million, <YoY%>

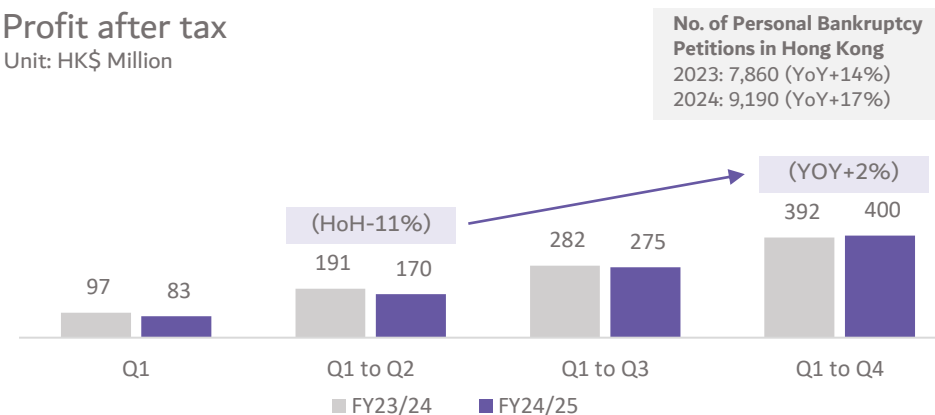


## Enhanced Credit Assessment to Improve Asset Quality amid a High-default Operating Environment, with Full Year Financial Results Better than Last Year

- Quarterly profit after tax continued improving throughout the year

### Profit after tax

Unit: HK\$ Million



## Investment in Information Technology Infrastructure Upgrade, with Digital Products and Services Launched to Cater for Future Growth

- AS400 upgrade
- Data center relocation
- Application processing system revamp
- Launch of virtual credit card function

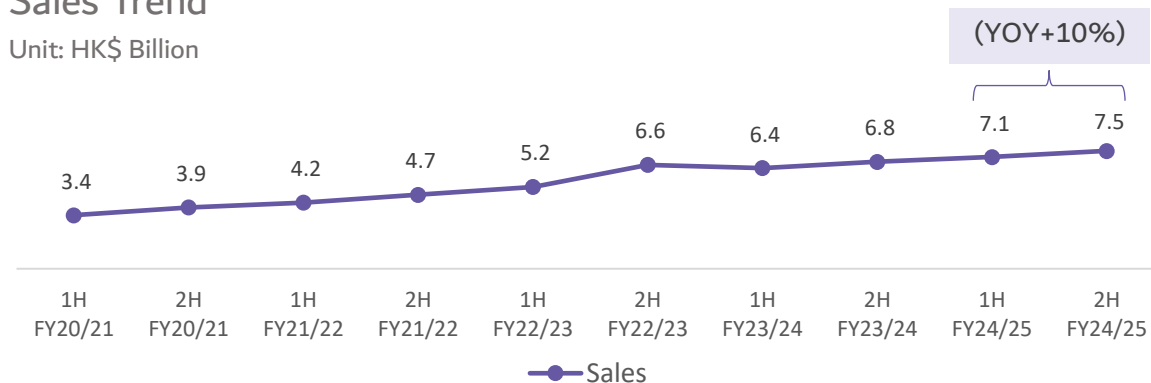
# Financial Performance

	FY24/25 <28.2.2025>	FY23/24 <29.2.2024>	YoY %
Sales (YoY %)	+ 10 %	+ 12 %	
<Gross advances & receivables>	<b>HK\$ 7,329m</b>	HK\$ 6,961m	<b>+ 5%</b>
Revenue	<b>HK\$ 1,759m</b>	HK\$ 1,623m	<b>+ 8%</b>
Profit after tax	<b>HK\$ 400m</b>	HK\$ 392m	<b>+ 2%</b>
Cost-to-income ratio	<b>46.6%</b>	46.9%	<b>- 0.3%</b>

# Five Years Performance Trend

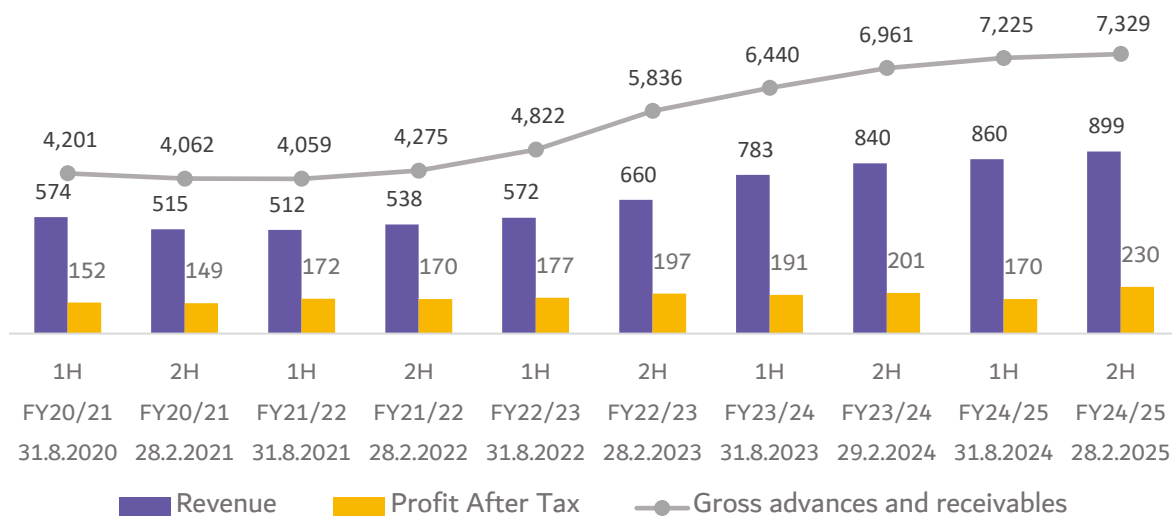
## Sales Trend

Unit: HK\$ Billion



## Gross Advances & Receivables, Revenue, Profit After tax

Unit: HK\$ Million



**Sustainable  
Growth Momentum**

Sales

**HK\$14.6bn**  
(+10% YoY)

Gross advances and  
receivables

**HK\$7.3bn**  
(+5% vs 29.2.2024)

Revenue

**HK\$1,759m**  
(+8% YoY)

Profit after tax

**HK\$400m**  
(+2% YoY)

# Segment Information

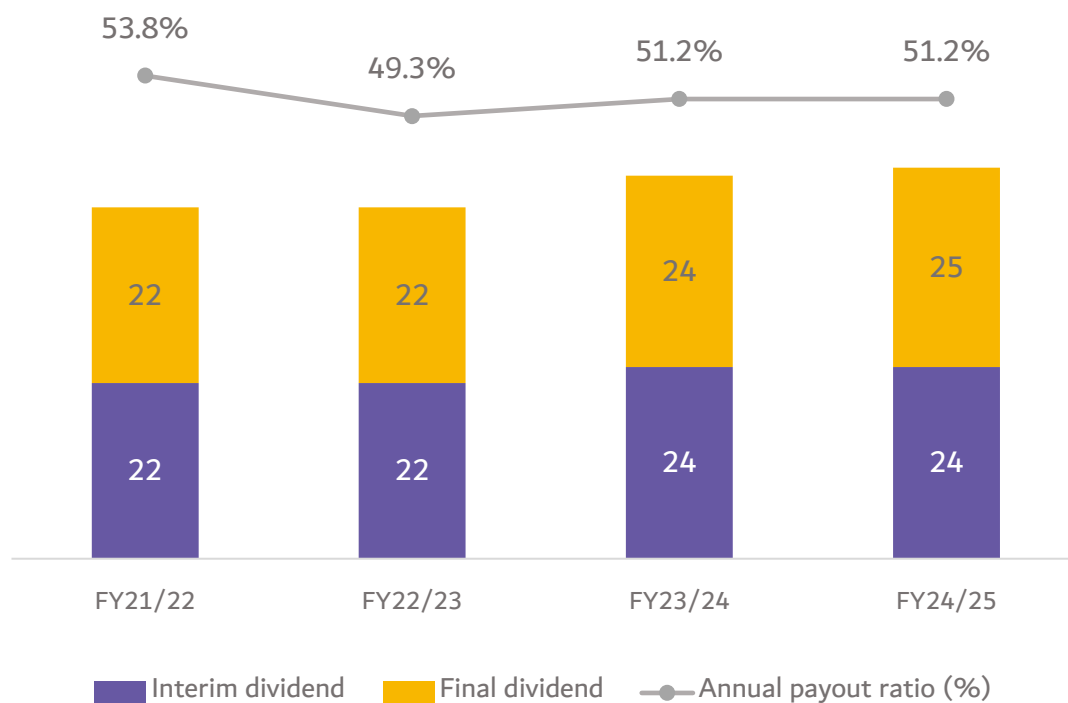
Unit: HK\$	Credit cards	Personal loans	Insurance	Consolidated	Hong Kong	Mainland China	Consolidated
<u>FY24/25</u>							
Revenue	1,378M	350M	31M	1,759M	1,715M	45M	1,759M
Segment results	457M	8M	15M	480M	472M	8M	480M
Unallocated items				(3M)			(3M)
Profit before tax				477M			477M
<u>FY23/24</u>							
Revenue	1,284M	313M	26M	1,623M	1,596M	27M	1,623M
Segment results	421M	41M	12M	474M	469M	5M	474M
Unallocated items				(1M)			(1M)
Profit before tax				473M			473M



# Dividend

## Dividend

Unit: HK Cents, %



### Core Payout Ratio



Payout ratio for FY24/25

# 51.2%

Dividend Policy :  
Annual dividend payout ratio of not less than 30% of the net profit attributable to shareholders of the Company for the financial year

### Shareholder Return



Dividend Total for FY24/25

# 49 HK Cents /share

# > 8%

Yield at Current Share Price



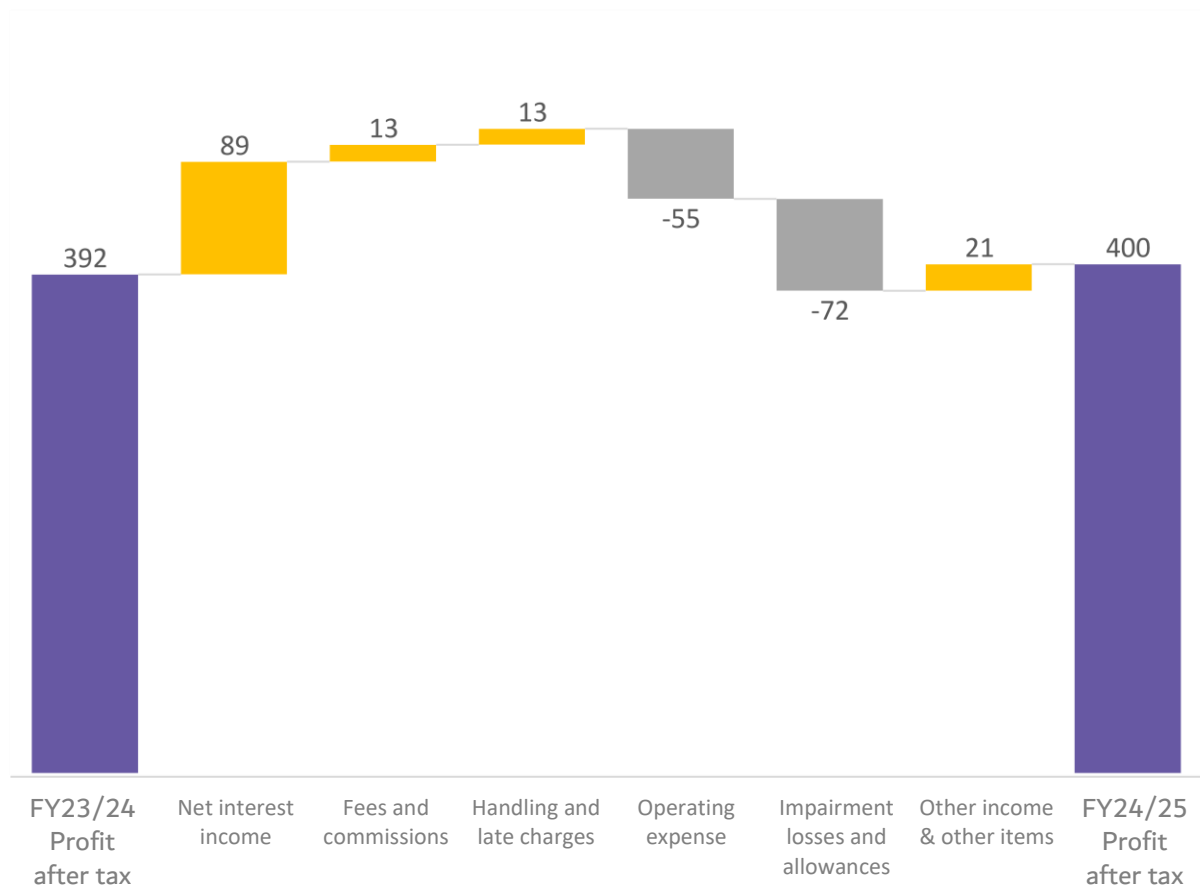
# Financial Results in FY24/25

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# Highlights of Consolidated Statement of Profit or Loss

## Profit Analysis Waterfall Chart

Unit: HK\$ Million



## Financial Highlights

Net interest income (YoY)

**+HK\$89m**

Operating income (YoY)

**+HK\$128m**

Profit after tax (YoY)

**+HK\$8m**

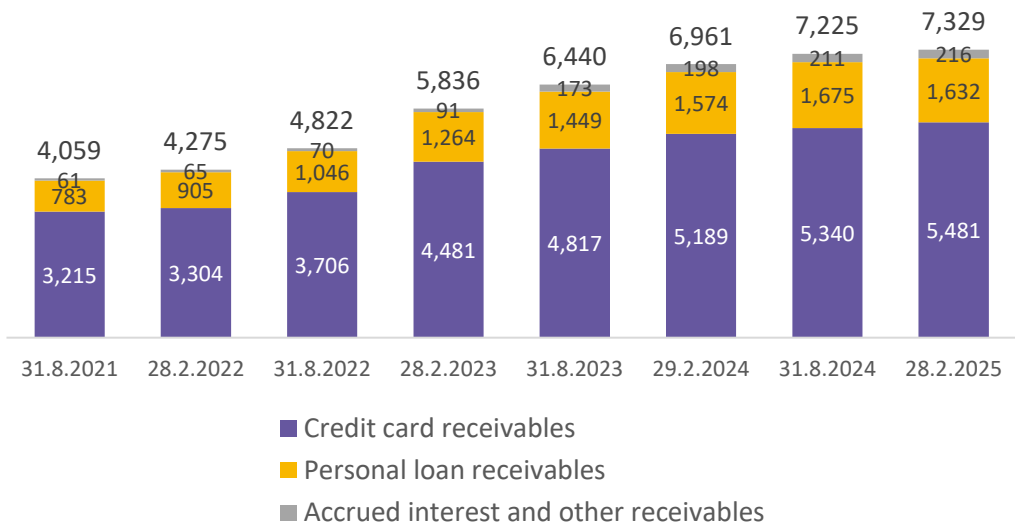
Earnings per share

**96 HK Cents**

# Gross Advances & Receivables Achieve Record Highs for Fourth Consecutive Year, with Interest Income Maintaining Upward Trend

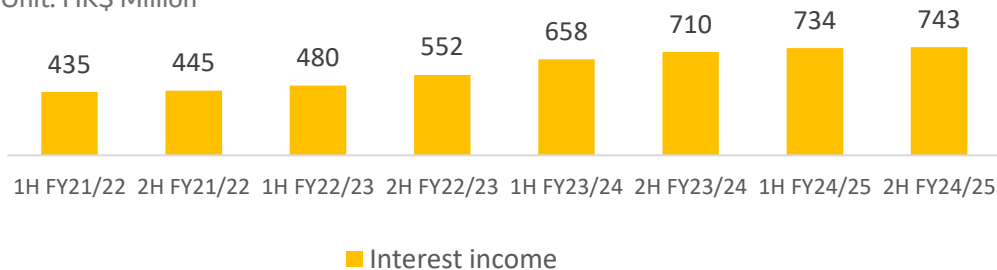
## Gross advances & receivables

Unit: HK\$ Million



## Interest Income

Unit: HK\$ Million



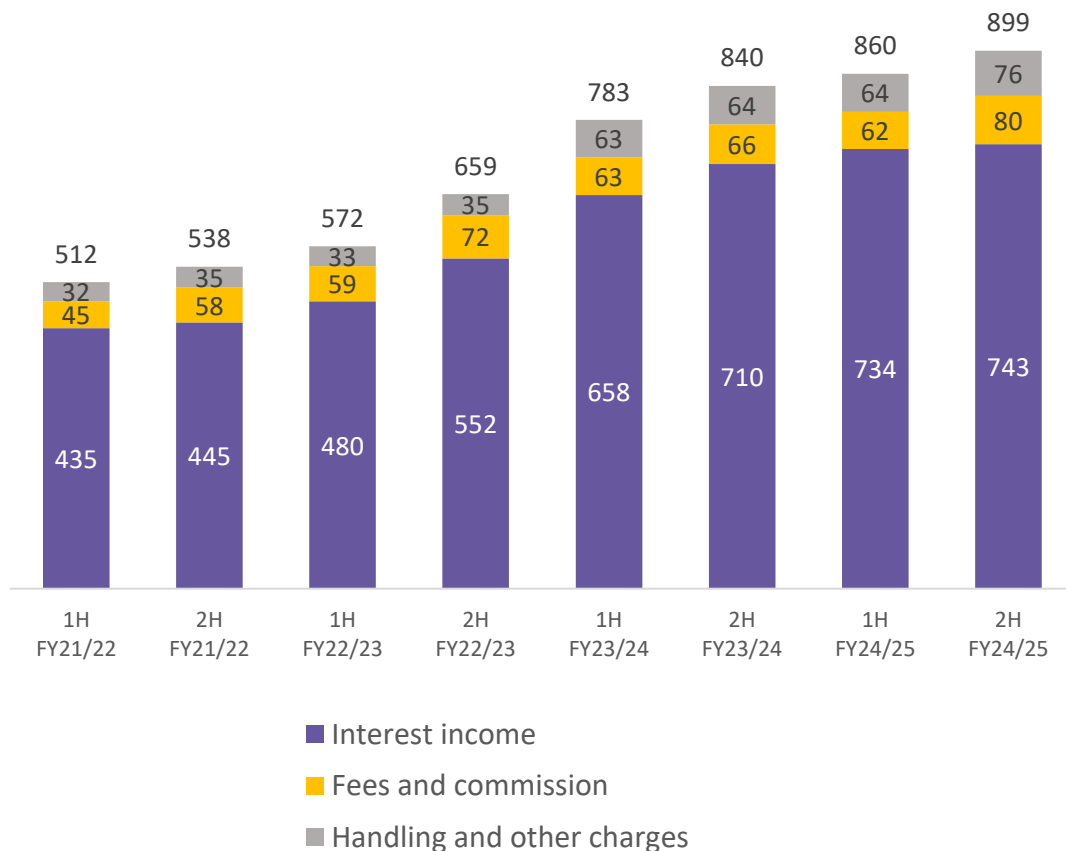
## Highlights

- Gross advances and receivables continued to achieve record highs as a result of successful marketing campaigns that contributed to the continuous growth of sales as well as credit card receivables and personal loan receivables
- Interest income continued to rise despite modest economic growth and the statutory interest rate cap of 48% per annum for the lending business

# Sustained Sales Growth Momentum from All Segments Boosts Overall Revenue

## Revenue

Unit: HK\$ Million



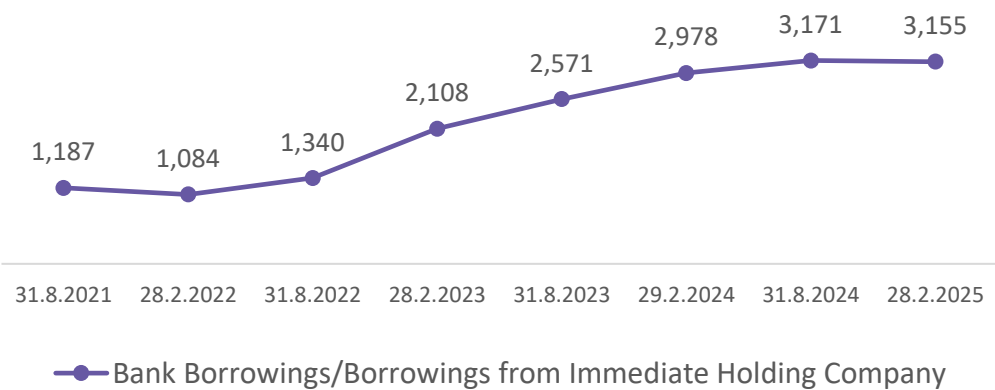
## Highlights

- Continued increase in interest income due to more revolving balances
- Fee revenue from the credit card issuing business continued to grow steadily along with the sales increase. However, it was offset by increased operating costs for promotional point rewards and campaigns
- Fee revenue from credit card acquiring business maintained stable growth due to an increase in the number of card-acquiring merchants and transaction volume
- Handling and other charges continued their upward trend, driven by growth in overseas sales and increased demand for cash advances as well as more customers opting to make minimum payments

# Rise in Interest Expense Contained Despite Increased Borrowing and Slow Pace of Cuts in US Policy Rates

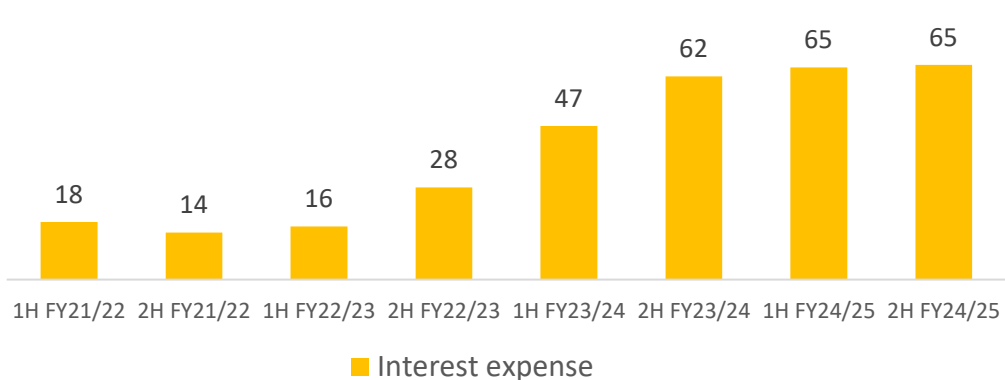
Bank Borrowings/Borrowings from Immediate Holding Company

Unit: HK\$ Million



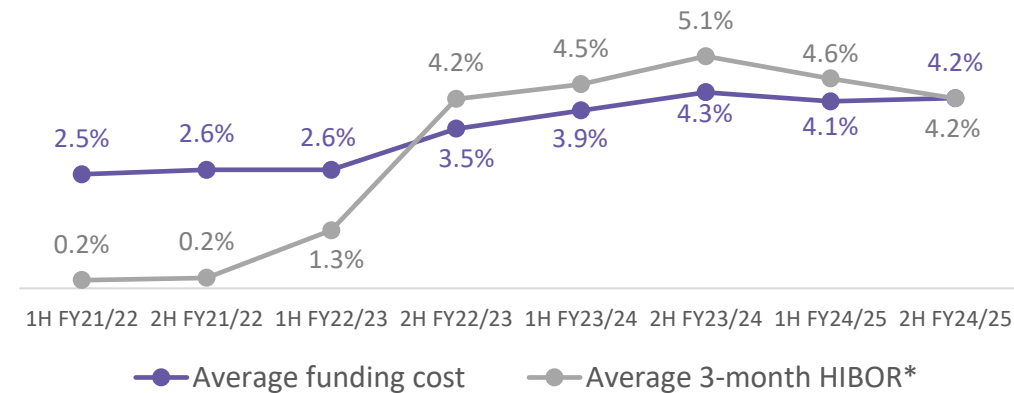
Interest expense

Unit: HK\$ Million



Average funding cost/Average 3-month HIBOR

Unit: %



## Highlights

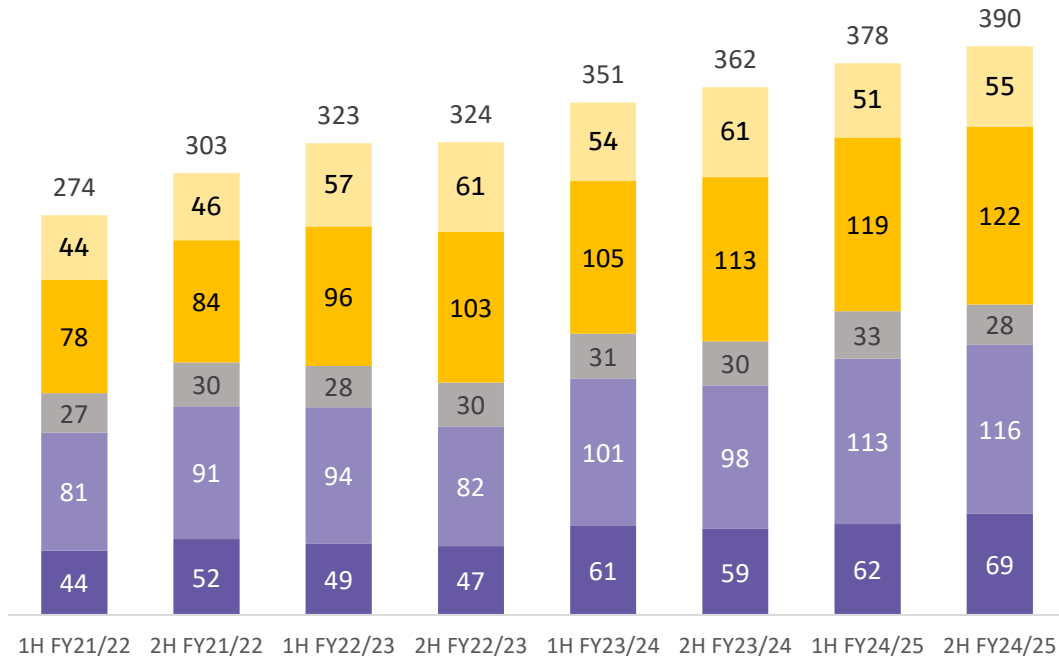
- Rising interest expense due to increased borrowing to fund receivables growth and higher funding cost on new financing
- With a borrowing portfolio consisting of a mix of borrowing rates and maturities, the increase in the average funding cost could still be maintained at below average 3-month HIBOR

\* Average 3-month HIBOR represents the average of daily 3-month HIBOR in the corresponding periods

# Digitalization Improves Operational Efficiency and Minimizes Increase in Operating Expenses

## Operating Expenses

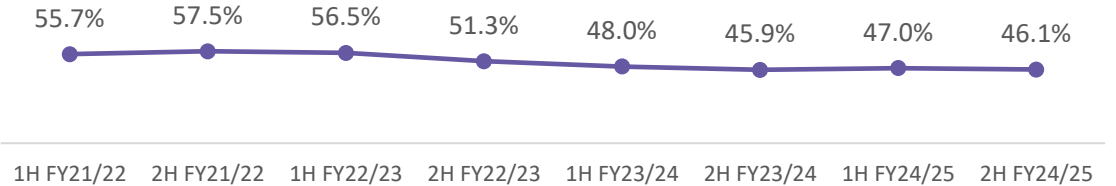
Unit: HK\$ Million



- Marketing and promotion expenses
- Staff costs
- Lease-related expenses
- General administrative expenses
- Depreciation and other operating expenses

## Cost-to-Income Ratio

Unit: %



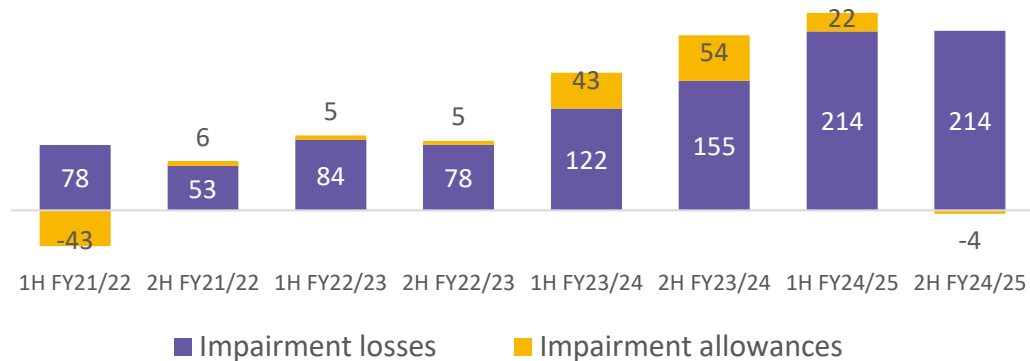
## Highlights

- Maintained cost-to-income ratio by effectively controlling operating expenses
- Reduced marketing and promotion expenses through the effective use of a combination of traditional and digital marketing channels and by precisely targeting customer segments
- Deployed additional manpower to enhance product development and branch network expansion
- General administrative expenses increased as a result of higher overseas card sales and the corresponding card association fees

# High Default Rate and Ongoing Depressed Investment Environment Lead to Increase in Impairment Losses and Allowances

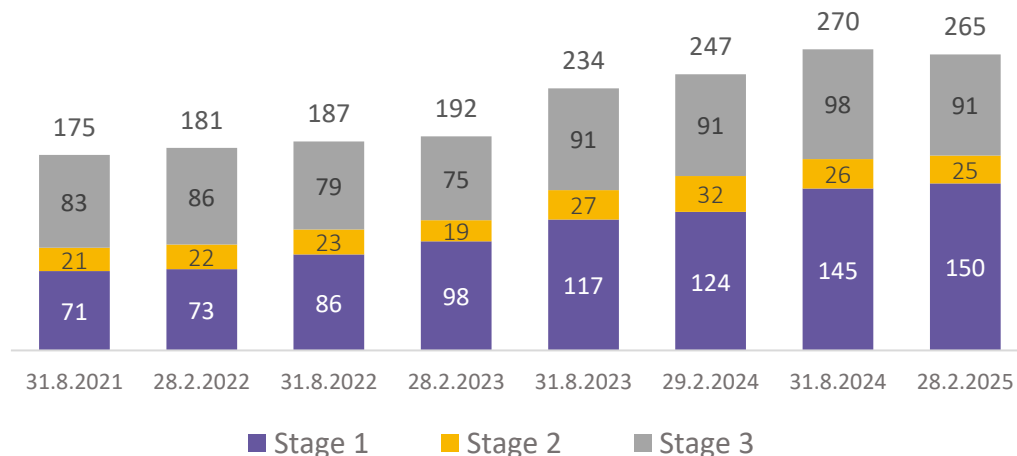
## Movement of impairment losses and impairment allowances

Unit: HK\$ Million



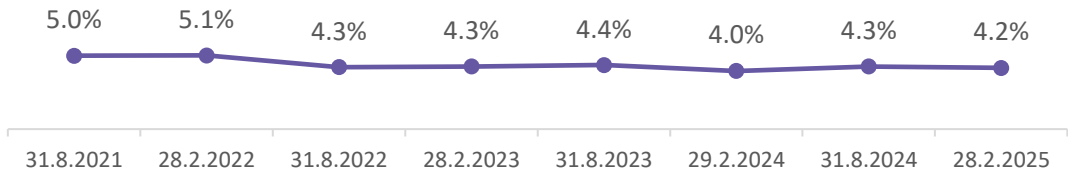
## Impairment allowances under HKFRS 9 by stage

Unit: HK\$ Million



## Credit impaired (Stage 2 & 3) advances and receivables to gross advances and receivables

Unit: %



## Highlights

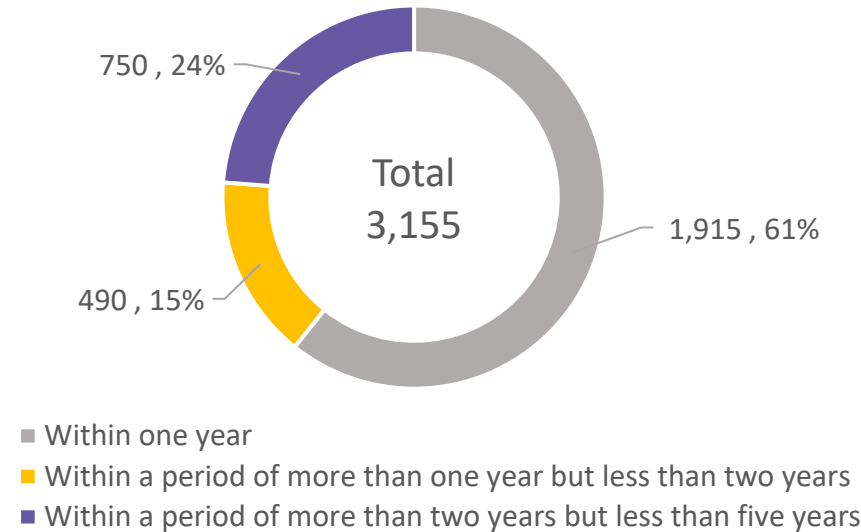
- Credit defaults increased and economic indicators weakened due to the ongoing depressed capital and real estate markets, continuing geopolitical conflicts and a change in the consumption landscape in Hong Kong
- Significant efforts were made to refine the credit assessment model to maintain the asset quality amid high default operating environment
- Utilized effective credit risk management and loan rescheduling arrangements to reduce the likelihood of credit impairment
- Impairment losses and impairment allowances recorded an improvement in the second half



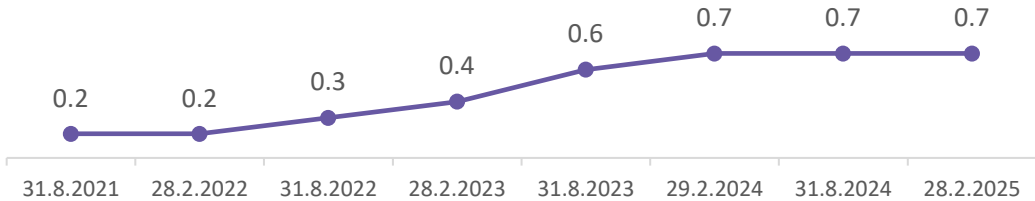
# Strong Capital Base and Diversified Funding Source to Support Growth in Volatile Business Environment

## Maturity Profile of Bank Borrowings and Borrowings from Immediate Holding Company

Unit: HK\$ Million



## Net debt to equity ratio



Remark : Net debt to equity ratio  
= (Borrowings + Lease liabilities – Cash and cash equivalents)/Total equity

## Liquidity Risk

Unit: HK\$ Million

Maturity profile as at 28.2.2025	Within 3 months	More than 3 months but less than 1 year	More than 1 year but less than 5 years	Total
Advances and Receivables	4,247	1,358	1,459	7,064
Bank Borrowings and Borrowings from Immediate Holding Company	(1,268)	(647)	(1,240)	(3,155)
Net expected cash inflow (outflow)	2,979	711	220	3,910

## Highlights

- Evenly distributed maturities in debt portfolio
- Low liquidity risk
- Strong capital base
- Secured a HK\$300 million sustainability-linked loan from a syndicate of nine regional and local banks



# Operational Review & Business Strategies

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# Operational Review

1	Continued Business Expansion with Emphasis on Improving Asset Quality	<ul style="list-style-type: none"><li>▪ Launched comprehensive marketing programs targeting different customer segments</li><li>▪ Opened Shatin branch at a new location in the center of the New Territories to diversify the branch network</li><li>▪ Further enhanced the credit assessment model with updated market indicators and refined detection mechanisms</li></ul>
2	Investment in Information Technology	<ul style="list-style-type: none"><li>▪ Strengthened the technological foundation to upgrade infrastructure, digital products, and services of the Company</li><li>▪ Emphasized the integration of sustainability into business operations, with the new data center located in premises that meet globally recognized green building certification standards</li></ul>
3	Group Restructuring	<ul style="list-style-type: none"><li>▪ Ceased the whole insurance broker business operation of AEON Insurance Brokers (HK) Limited</li><li>▪ The Group's insurance intermediary services for both personal and corporate customers will remain in operation under the Company and are unaffected</li></ul>

# Business Strategies

1

## Revamp the Customer Journey

- Automated screening and virtual card issuing / all channel loan drawdown process for speedy application and usage

2

## Accelerate Back-office Digitalization

- Call center platform upgrade and adoption of artificial intelligence in marketing and portfolio management

3

## Precise Credit Assessment

- Fine-tune credit assessment methodology in relation to the “Promote, Monitor and Control” credit extension policy

4

## Expand Cross-selling Development in Peripheral Business(es)

- Leverage the acquiring merchant networks to cross-sell insurance and financing products

5

## Strengthen Foundation for Business Growth in Greater Bay Area

- Business expansion in AEON Micro Finance (Shenzhen) Co., Ltd

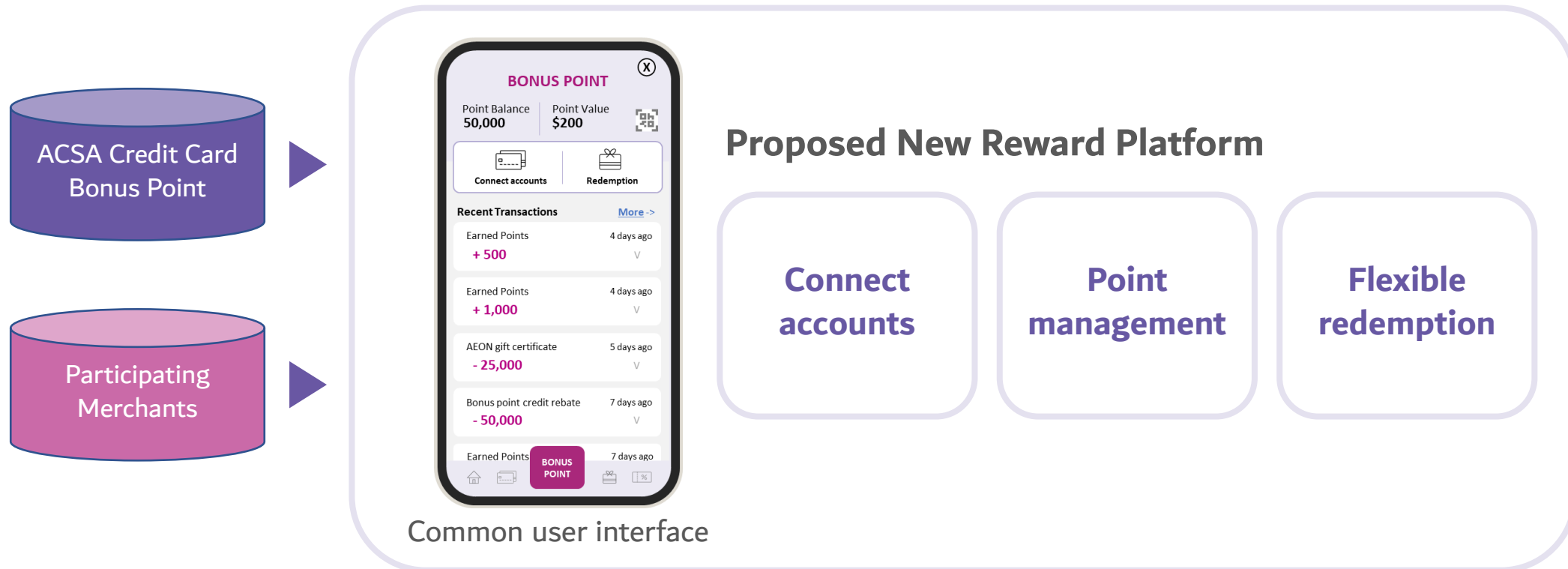
6

## Development of the AEON Ecosystem

- Maximize customer benefits by integrating customer accounts and bonus points for flexible redemption

# New Reward Platform

- AEON Credit will develop and implement a new reward platform, which puts together bonus points earned from ACSA credit cards and participating merchants
- **AEON Stores (Hong Kong)** has expressed preliminary interest in the new reward platform



The user interface is for illustrative purpose only.

# Sustainability Highlights in 1H FY24/25

## March

- ❖ HKU “AEON Scholarship” Ceremony
- ❖ Participated in WWF HK “Earth Hour 2024”
- ❖ Awarded “Happy Company” for third consecutive year



## April

- ❖ HKUST “AEON Credit Service (Asia) Scholarship” Get-together
- ❖ Friends of the Earth Tree Planting Challenge 2024



## May

- ❖ Volunteering for Sowers Action “Healthy Children Happy Family” Outing Activity
- ❖ Awarded “ESG+ Pledge” and “Caring Company 15 Years +”



## June

- ❖ Meeting with City University “AEON Credit Service (Asia) Scholarship” Awardees
- ❖ Published YouTube video in collaboration with HKFWS and young Hong Kong YouTuber for financial education, esp. tracking spending



## July

- ❖ UNICEF Young Envoys 2024 Field Trip to Tokyo



## August

- ❖ UNICEF Young Envoys 2024 Appointment Ceremony
- ❖ HKFWS Parent Financial Education Seminar





# Sustainability Highlights in 2H FY24/25

## September

- ❖ Awarded “Good Employer Charter” and “Supportive Family-Friendly Good Employer”
- ❖ CUHK Scholarship Ceremony 2023/24



## October

- ❖ Launch of a new vertical credit card made from recycled materials to support sustainability and enhance the customer payment experience



## November

- ❖ UNICEF SDG Actioner Challenge for Ethnic Minority Youth Exhibition 2024



## December

- ❖ Organized the “FY2024/25 ESG Awareness Training” event for staff and Board ESG Training activity
- ❖ Attended the “AEON Scholarship Presentation Ceremony 2024” organized by Shenzhen University and Sun Yat-sen University



## February

- ❖ Awarded “UNICEF ‘Say Yes To Breastfeeding’ 2024/25” - Breastfeeding Friendly Premises (Gold Label) & Breastfeeding Friendly Workplace
- ❖ Awarded “Honorary Director” of HKBU Foundation for continuous scholarship support
- ❖ Secured a new Syndicated Sustainability-Linked Loan with nine banks
- ❖ Awarded “Investor and Financial Education Award 2024 (Corporate)” from IFEC





# Q&A Session

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