

Building Asia's Lifestyle Infrastructure

AEON Financial Service provides financial services that are closely attuned to our customers' daily lives in Asian countries and regions. We do so as a company that supports our customers' lifestyles and enables each individual to maximize future opportunities through effective use of credit.

Established in 1981 as a comprehensive finance company with roots in the retail sector, we have since responded to the needs of our customers by offering various settlement services that tie together with the retail sector, starting with the credit card business and including other financial services, including a banking business that operates 365 days a year.

Our businesses span other countries and regions in Asia, where we support better living by providing financial products and services aligned with Asia's rapid economic development and respective regional attributes. We are harnessing advancing technologies such as IoT and AI to resolve social issues to enrich customers' daily lives through digitalization.



Philippines

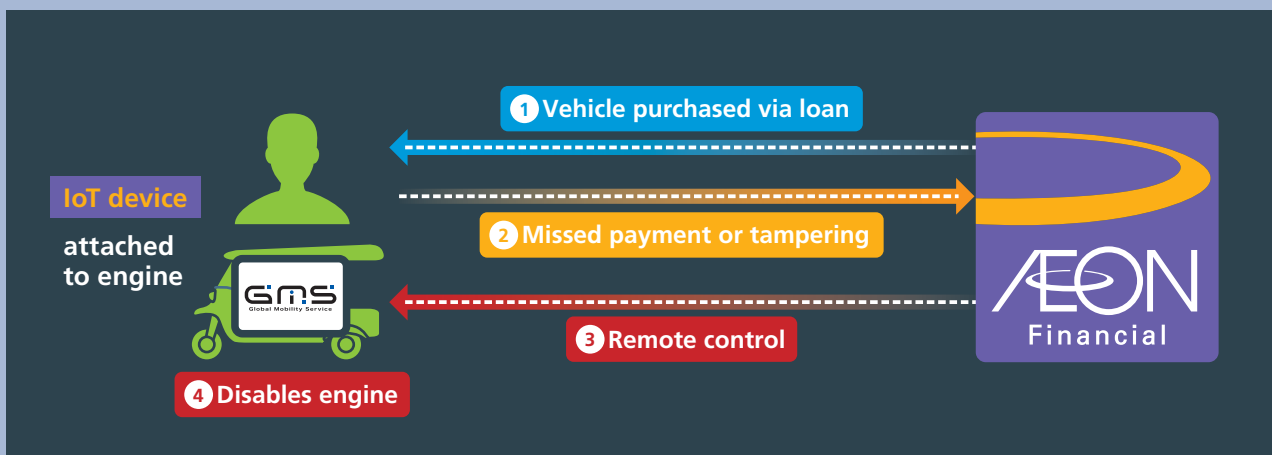
Using an IoT Device to Develop an Auto Loan Business for Tricycle Drivers

An auto loan business was launched in July 2017 by our subsidiary AEON Credit Service (Philippines) Inc. in collaboration with Global Mobility Service Philippines, Inc., hereafter, GMS, where a type of IoT device is used to offer

auto loans to motorized tricycle (three-wheeled taxi) drivers.

In the Philippines, 26.5 million people out of a population of 100 million live below the poverty line. A ride in a tricycle taxi is inexpensive, ranging from 10 to 40 Philippine pesos (20 to 80 U.S. cents). Tricycle taxis account for about half of the vehicle registrations in the Philippines and are a regular means of transportation for local people. However, many locals who wish to become tricycle drivers are unable to obtain a loan due to an unfavorable credit assessment. With the introduction of

Auto Loan Business Model





this auto loan service, we can extend credit to this group, which in turn creates employment opportunities.

This auto loan business uses the following scheme. The purchased vehicle is fitted with an IoT device from GMS that enables remote control of the engine, through which the ignition of the engine can be disabled if payments are delinquent or when there is an unauthorized attempt to remove the device. Connecting repayment status to vehicle operability is a form of credit guarantee that allows us to offer loans to people who were formerly ineligible.

This collaborative project seeks to enrich the daily lives of our customers and helps to build a fairer society that enables upward mobility, by creating employment opportunities and opening up access to financial services to the low income segment. This business was born through the combination of the two companies' philosophies: our philosophy of supporting customers' lifestyles and enabling each individual to maximize future opportunities through effective use of credit, and GMS's philosophy of making a greater number of people happy by providing mobility services.

Delivering Value to All Stakeholders

With new initiatives such as the above, we are delivering value to our users in multifaceted ways.

For Customers

Providing Employment Opportunities through Financial Services

As credit information agencies in the Philippines are underdeveloped, many people cannot pass the credit screening required to access a loan since financial institutions are unable to accurately measure loan repayment ability.

Our Partner in Contributing to the Economy and the Environment in the Philippines

Kazumasa Nakashima
Director
Global Mobility Service
Philippines, Inc.



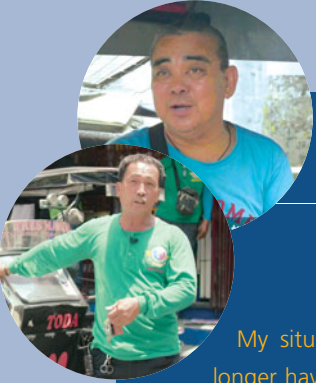
We put drivers and customers first and rather than simply selling vehicles, we constantly think about how to make customers happy. AEON Financial Service's philosophy expresses the same idea, and following through on it is very important. Collaboration with AEON Financial Service is an effective way to provide more opportunities for financing to more customers and also addresses economic and environmental issues in the Philippines.

A Major Contribution to the Tricycle Taxi Industry

Alvin T. Niebres
President
Tricycle Operators and
Drivers Association, Inc.



Before AEON Financial Service launched this project, there were many people who were unable to work because they could not obtain a vehicle. Today, the number of vehicle owners has increased thanks to the efforts of Global Mobility Service Philippines and AEON Financial Service, and this has also made our jobs easier. Owning a vehicle makes association members happier in their work. Their passion has contributed to an increase in sales.



Employment Opportunities and a Better Standard of Living

Feedback from AEON Financial Service auto loan customer

My situation is much better because I no longer have to worry about high rental fees—there is only the monthly loan payment. I know this was the right choice for me. Being an owner gives me a high sense of motivation. My day-to-day life has also improved. Before, I could barely afford to take my family to a food stall but now, because I can work as a driver and earn a solid income, we can eat out at restaurants or shop at the mall.



Advancing Financial Services including Auto Loans in the Philippines

Takayuki Araki
President
AEON Credit Service
(Philippines) Inc.

We are helping to increase income, improve motivation to work by enabling vehicle ownership, and create jobs. There was a distinct lack of opportunities for those seeking employment, and for these people, the financing we provide creates a higher standard of living. As a result, I think it is safe to say that this is a model example for contributing to society. The next step will be looking into loans for environmentally friendly electric tricycle taxis and cars.

We are earning the trust of society by offering customer-first financial services closely attuned to daily life, and helping people build their credit, their lives and their futures. Our tricycle taxi loan business is a tangible symbol of our efforts.

This is a major barrier for those seeking to support themselves by obtaining a vehicle to enter the taxi or logistics businesses. Our auto loan business makes it possible for people who were difficult to serve within conventional financial frameworks to secure access to financing and adds value to customers' lives by creating employment opportunities.

For Society

Helping to Reduce Air Pollution by Supporting the Purchase of Environmentally Friendly Vehicles

Exhaust gas and noise are environmental issues in the Philippines. This project brings the value of environmental protection to society by promoting the changeover from aging and obsolete vehicles to new and environmentally friendly low-emission vehicles. Future environmentally friendly initiatives will involve electric vehicles.

For AEON Financial Service

Secure, Profitable Loans—

Credit Information History Enables Future Financing

We have steadily increased transaction volume since launching this business and now extend loans for approximately 1,000 vehicles annually. Repayment reliability has been excellent since we launched this business, which has helped reduce the provision for possible credit losses and increased earnings. Even in the unlikely event of default, we are able to recover the vehicle through the GPS function. Recovered assets can potentially be sold to other drivers. In addition, we are able to use the driver's movement history obtained from the IoT device and the repayment record as credit information to serve as the basis for extending further financial services, such as credit cards and installment finance for home appliances.



Cambodia

E-Money Business through a Smartphone App with QR Code Settlement and Remittance Functions

AEON Specialized Bank (Cambodia) Plc., a subsidiary in Cambodia, launched a mobile phone-based e-money service denominated in riels in April 2018. The smartphone app Riel Pay provides QR code settlement and remittance, which supports the Cambodian government's initiatives to promote sovereign currency circulation and provides cashless financial services to anyone.

Cash settlement is the norm in Cambodia. We established AEON Microfinance (Cambodia) Co., Ltd. (now AEON Specialized Bank (Cambodia) Plc.) in 2011, and entered the purpose loan business. In 2016, we became the first Japanese bank to acquire a special banking license in Cambodia, and launched businesses including credit cards. We have subsequently contributed to the diversification of settlement methods in Cambodia. Our mobile phone-based e-money service denominated in riels has further enhanced settlement convenience and expands our portfolio beyond credit cards and loans as a new settlement method suited for everyday use.

A More Convenient and Commonly Used Riel

The U.S. dollar is widely used in Cambodia alongside the Cambodian riel. The National Bank of Cambodia has consequently been taking steps to promote circulation of the riel. These steps include requiring that retail stores provide prices in riels and financial institutions make 10% of their loans in the sovereign currency. One U.S. dollar equals about 4,000 riels, so riel transactions can easily run into the millions. The e-money service denominated in riels eliminates the inconvenience of carrying large amounts of paper currency and has a security feature for stopping payment if theft occurs. Our safe and convenient settlement service contributes to confidence in the riel.

High Hopes for Continued Provision of Value to Cambodia and Southeast Asia

Chea Serey
 Director General
 National Bank of Cambodia



AEON Specialized Bank has brought about new domestic consumption through consumer finance, which previously was not readily available. Cambodia has a very young population, with about 70% under the age of 35, so new services like e-money can have a big impact on how people use money. I hope that AEON Specialized Bank will continue to provide the Japanese and Southeast Asian markets with services that open up a greater range of consumer-spending options.

Resolving Social Issues Together with the Government of Cambodia

Takeo Ando
 Managing Director
 AEON Specialized Bank
 (Cambodia) Plc.



AEON Wallet is a new mobile payment and remittance function service designed to make riel settlement more convenient. It eliminates the need to carry cash and users can accumulate and spend points when shopping. These and other features provide a platform that expands access to financial and settlement services. Offering a simple, convenient financial service like this supports circulation of the riel. We will continue to enrich people's daily lives through financial products and services.