

របាយការណ៍ប្រចាំឆ្នាំ ANNUAL REPORT 2023



**ធនាគារឯកទេស អ៊ីអន (ខេមបូឌា) ភីអិលស៊ី
AEON SPECIALIZED BANK (CAMBODIA) PLC.**

“SIMPLE, FAST and CONVENIENT”

AEON, we always bring you simple, fast and convenient financial services

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AEON FINANCIAL SERVICE GROUP NETWORK

“ Support customers Lifestyle and enable each individual to maximize future opportunities through effective use of credit ”





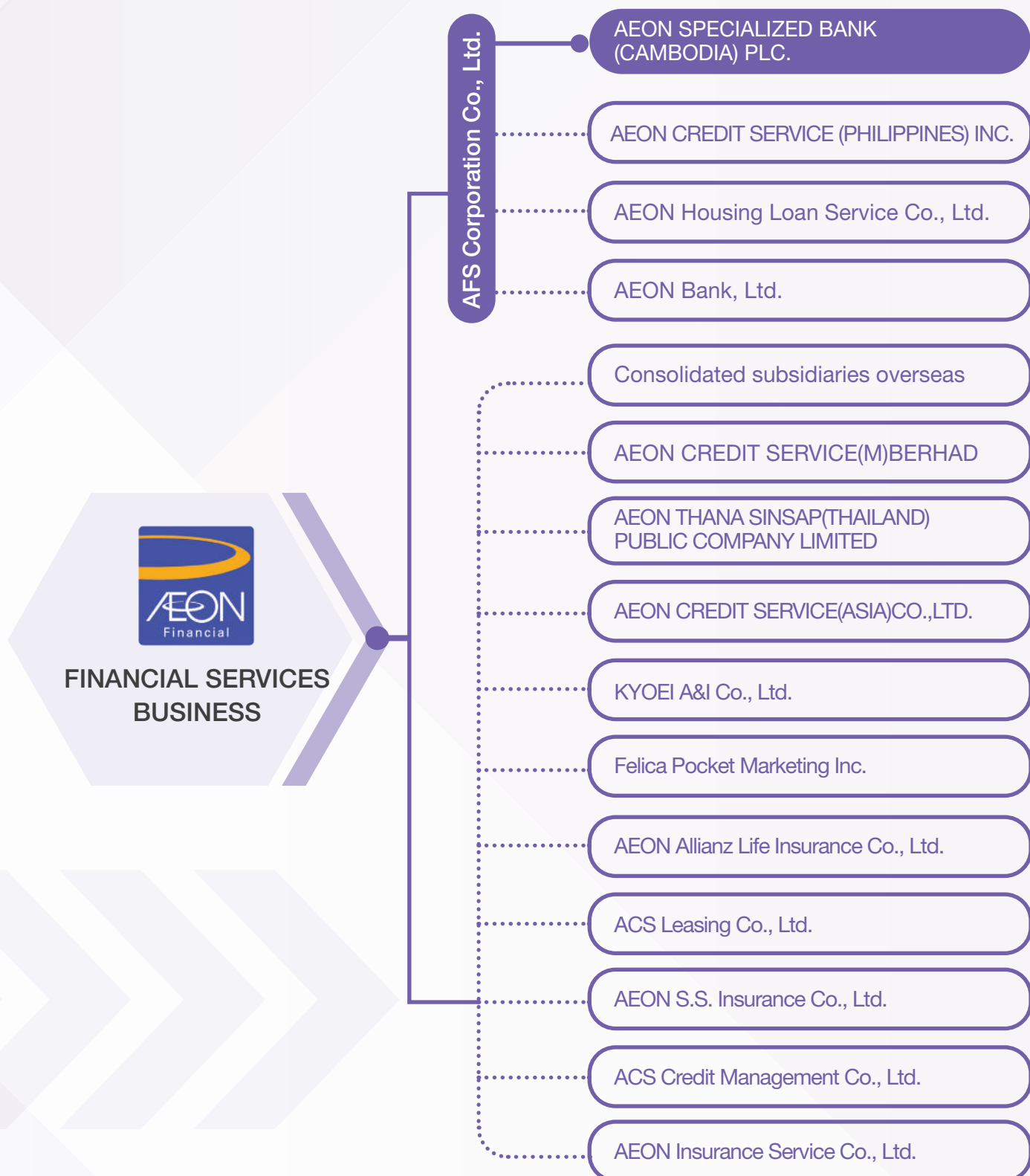
 Listed Company
 Non-listed Company

CHART OF AEON GROUP



CHART OF AFS GROUP



2023 FINANCIAL HIGHLIGHTS

OUR BACKGROUND

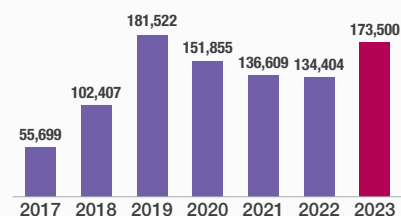
AEON Specialized Bank (Cambodia) Plc., (the “Company”), was incorporated as a public limited the company in Cambodia which initially registered with Ministry of Commerce (“MOC”) on 5th October 2011 under Registration No. Co. 2380 E/2011 and has re-registered through online business registration with the new Registration Number 00006388. On 7th October 2011, the Company obtained its license as a micro-finance institution from National Bank of Cambodia (“NBC”). As a microfinance institution, the company was the first to offer unsecured Installment Service such as home appliances, motorbike, mobile phone, personal loan, and agriculture machinery.

On 26th October 2015, the Company obtained a specialized bank’s license from NBC. Since then, the Company has transformed into a specialized bank and started issuing Credit Card, AEON Wallet, AEON Card Mobile(m-Visa) as our business expansion.

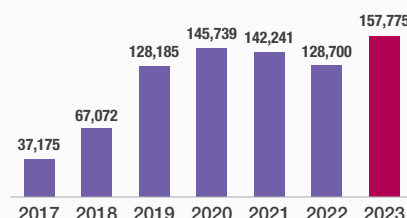
In 2019 AEON Thana Sinsap (Thailand) Pcl., a listed company in Thailand, owns 50% shares of the company while another 50% is owned by AFS Corporation Co., Ltd. (“AFSC”) a private company 100% owned by AEON Financial Service Co., Ltd. (“AFS”) which is listed in Tokyo Stock Exchange.

KEY FINANCIAL DATA

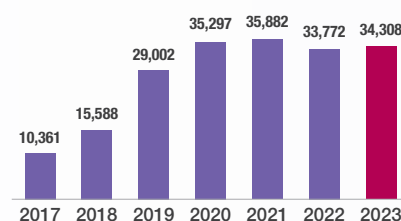
Total Sales (Unit: '000 USD)



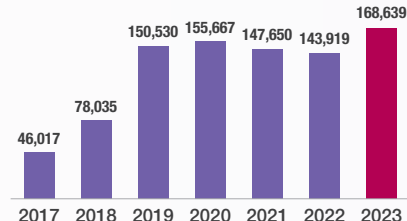
Total Receivable (Unit: '000 USD)



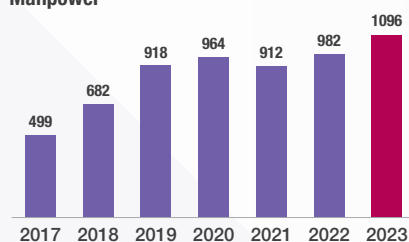
Total Revenue (Unit: '000 USD)



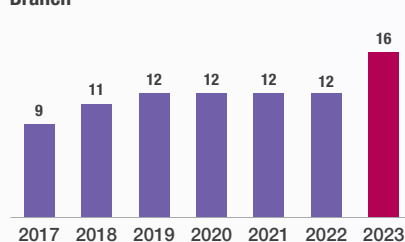
Total Assets (Unit: '000 USD)



Manpower



Branch



The financial statements for the year ended 31 December 2023 have been prepared in accordance with Cambodian International Financial Reporting Standards (“CIFRSs”). The first set of CIFRSs financial statements were prepared for the financial year ended 31 December 2019.

Note: For all years up to the year ended 31 December 2018, the financial statements were prepared in accordance with Cambodian Accounting Standards (“CAS”) and relevant accounting regulations and guidelines issued by NBC.



MESSAGE FROM MANAGEMENT

Mr. Junji Noda

“Vice Chairman of the Board of
Directors and Managing Director.”

*We would like to introduce our company’s
product and service in Cambodia.*

Dear readership,

We, AEON Specialized Bank (Cambodia) Plc., have been established in Cambodia in October 2011 as Microfinance institution which offered the first product of unsecured installment service. We have obtained a specialized bank license from the National Bank of Cambodia in October 2015, and started to issue credit cards in the following year. As a company of the AEON Group, we collaborate with AEON (Cambodia) Co., Ltd. and AEON MALL (Cambodia) Co., Ltd. to expand our business.

The global Covid-19 pandemic led to economic stagnation and restrictions on people’s movements in Cambodia. However, it also accelerated the digital shift in services. The payment transaction is through mobile application, not only at supermarket but also small business.

In 2023, e-commerce and food delivery, which has become popular since the pandemic, continue to grow. Domestic and international travel and overall consumption increased and that showed signs of recovery from the pandemic. Cashless payment has been notably increasing and people adapted to it.

To adapt to these changes, we were developing new payment services and planned to provide one application that combines multiple financial functions and support one stop services to AEON customers in near future. We will continue to enhance functions in applications such as “AEON Wallet,” “AEON Card Mobile,” and “AEON ROHAS” to improve customer

convenience. Additionally, we expanded our branch network to create an environment easy to access for more customers.

We also received the Visa Awards – Leadership in Credit Payment in 2021 and 2022, and again in 2023 which shows we were supported by many customers.

In 2024, AEON Specialized Bank (Cambodia) Plc. will continue to invest in system implementation and enhancement to seize digital shift opportunities. We focus on developing cashless payment services and improving applications usability.

Finally, as part of the AEON Group, we collaborate with AEON (Cambodia) Co., Ltd. and AEON MALL (Cambodia) Co., Ltd. to differentiate product and service from other financial institutions, and we will contribute to financial inclusion in Cambodia through improving our product and service.

We extend our sincere gratitude to customers, business partners, and employees for their continuous support and contribution to our development.

Mr. Junji Noda

Vice Chairman of the Board and
Managing Director

BOARD OF DIRECTORS



Mr. Tsutomu Omodera

Position : Chairman of the Board of Directors
Born (year) : 1964
Education : Bachelor's degree of Faculty of Engineering, Kobe University, Japan.

2021 - Present:
 Chairman of the Board of AEON Specialized Bank (Cambodia) Plc.

2020 - Present:
 Vice Chairman of the Board and Managing Director of AEON Thana Sinsap (Thailand) Pcl.

2020 - Present:
 Non-Executive Director (Chairman) of ACS Servicing (Thailand) Co., Ltd.

2018 - 2020:
 Managing Director of ACS Credit Management Co., Ltd. (Japan)

2019:
 Non-Executive Director of AEON Credit Service Co., Ltd.

2015 - 2019
 Director and Executive Officer of AEON Credit Service Co., Ltd.



Mr. Junji Noda

Position : Vice Chairman of the Board of Directors and Managing Director
Born (year) : 1971
Education : Bachelor's Degree in Economics, Kansai University, Japan

2022 - Present:
 Vice Chairman of the Board and Managing Director of AEON Specialized Bank (Cambodia) Plc.

2021 - 2022 Present:
 Executive Director AEON Specialized Bank (Cambodia) Plc.

2015 - 2021:
 Executive Vice President, AEON Thana Sinsap (Thailand) Pcl.

2013 - 2015:
 Senior Manager / AEON Credit Service (ASIA) Co., Ltd.

2000 - 2013:
 General Manager / AEON Credit Service Co., Ltd.



Mr. Shuji Taniguchi

Position : Executive Director
Born (year) : 1975
Education : Bachelor's Degree of Law, Seikei University, Japan

2022 - Present :
 Executive Director, AEON Specialized Bank (Cambodia) Plc.

2021 - 2022 :
 General Manager of Group Corporate Sales Promotion Department, AEON Credit Service Co.,

2018 - 2021 :
 Branch Manager, AEON Credit Service Co., Ltd.

2002 - 2018 :
 Staff of Customer Finance Industry, Acquiring Business, AEON Credit Service Co., Ltd.



Ms. Ryoko Yaoi

Position : Executive Director
Born (year) : 1974
Education : Bachelor Degree of Modern Social Studies, Otemae University, Japan

2023 - Present:
 Executive Director, AEON Specialized Bank (Cambodia) Plc.

2021 - 2023:
 General Manager, Group Operations Planning Department, AEON Financial Service Co., Ltd.

2020 - 2021:
 General Manager, Operation Planning Department, AEON Financial Service Co., Ltd.

2018 - 2020:
 Senior Executive Vice President, Contact Center Department, AEON Thana Sinsap (Thailand) Pcl.

2012 - 2018:
 Senior Executive Vice President, Customer Service Department, AEON Thana Sinsap (Thailand) Pcl.

2009 - 2012:
 Vice President, Customer Service Dept , AEON Thana Sinsap (Thailand) Pcl.

2005 - 2009:
 Assistant Vice President, Customer Service Department, AEON Thana Sinsap (Thailand) Pcl.

ADVISORY



H.E. Dr. Sok Siphana

Position : Advisor (Resigned on 1st September 2023)

Born (year) : 1960

Education : Juris Doctor (J.D.), Widener University School of Law, Delaware, (USA), Doctor of Philosophy (Ph.D.), Bond University School of Law, Queensland (Australia); Currently pursuing another Ph.D. degree at the University of Paris 2, Pantheon Assas on Comparative Laws.

2023 - Present : Senior Minister in charge of Special Mission

2018 - August 2023 : Emeritus Chairman of Asian Vision Institute

2018 - August 2023 : Senior Advisor to the Royal Government of Cambodia attached to the Ministry of Foreign Affairs and International Cooperation.

2014 - August 2023 : Advisory, AEON Specialized Bank (Cambodia) Plc.

2009 - August 2023 : Managing Partner, SokSiphana & associates.

1998 - August 2023 : Member of Bar Association of the Kingdom of Cambodia



Mr. Yasuhiko Minakata

Position :

Non-Executive Director

Born (year) : 1961

Education : Master of Business Administration, Kyoto University, Japan

2023 - Present:

Non-Executive Director, AEON Specialized Bank (Cambodia) Plc.

2022 - Present:

Executive Director, AFS Corporation Co.,Ltd.

2018-2022:

Executive Director, AEON INSURANCE SERVICE CO.,LTD

2016-2018:

Executive Director, AEON Insurance Brokers (HK) Limited

2014-2016:

General Manager, Legal Compliance Department, AEON Financial Service Co., Ltd.



Mrs. Khieu Mealy

Position :

Independent Director

Born (year) : 1964

Education : Double Master Degree from University Libre de Bruxelles (ULB) and Royal University of Law and Economics in collaboration with University of Montreal, and University of Geneva (LLM) and LLB from Royal University of Law and Economics; Bachelor of Law at National Institute of Management and Royal University of Law and Economic.

2023 - Present :

Independent Director of AIA Cambodia

2023 - Present : Advisor to the President of the National Assembly

2022 - Present : Accredited Mediator of CEDR

2019 - Present : Founding member of NCAC.

2017 - Present : Member of APAA and Council Member of APAA-Cambodian Group.

2016 - Present : Member of ASEAN IPA- of Cambodian Group.

2014 - Present : Independent Director, AEON Specialized Bank (Cambodia) Plc.

2010 - Present : Partner of SokSiphana & associates.

2009 - Present : Authorized Trade Mark Agent.

2009 - Present : Founding Member of Intellectual Property Association of Cambodia (IPAC).

2004 - Present : Member of Bar Association of the Kingdom of Cambodia



Mr. Sophean Chettra

Position :

Independent Director

Born (year) : 1977

Education : Master of Business Administration from Tohoku University

2023 - Present:

Independent Director, AEON Specialized Bank (Cambodia) Plc.

2023 - Present: Financial Analyst, HGB Group Co. Ltd

2022 - Present:

Independent Member, CPA Cambodia Program under Accounting and Auditing Regulator of Cambodia (ACAR)

2020- Present: Chairman of Cambodia Accounting Club (CAC)

2020- Present: Advisor and consultant to its clients, Acclime Cambodia Co. Ltd.

2019- Present: Independent member of Board and Chairman of Risk Committee, Mohanokor MFI Plc.

2015- 2020: Financial Consultant, L.Y.P Group Co. Ltd, Phnom Penh

2015- 2020: Financial Consultant, World Bank, Water & Sanitary Program, Phnom Penh

2012 - 2015: Managing Director/Chief Executive Officer, Own Companies (GROW GREENS Pte. Ltd. and SREDAL Co. Ltd.), Phnom Penh



Ms. Thai Sochanna

Position :

Independent Director

Born (year) : 1980

Education : Bachelor of Business Administration, Accounting, National Institute of Management,

2023 - Present:

Independent Director, AEON Specialized Bank (Cambodia) Plc.

2021 - Present:

Chief Financial Officer, FWD Life Insurance (Cambodia) PLC.

2012 - 2021 :

Financial Controller, MANULIFE (CAMBODIA) PLC

2006 - 2012 :

Head of Finance, ANZ Royal Bank (Cambodia) Ltd.

2006 - 2010 :

Internal Auditor and Quality Assurance Tester, ANZ Royal Bank (Cambodia) Ltd.

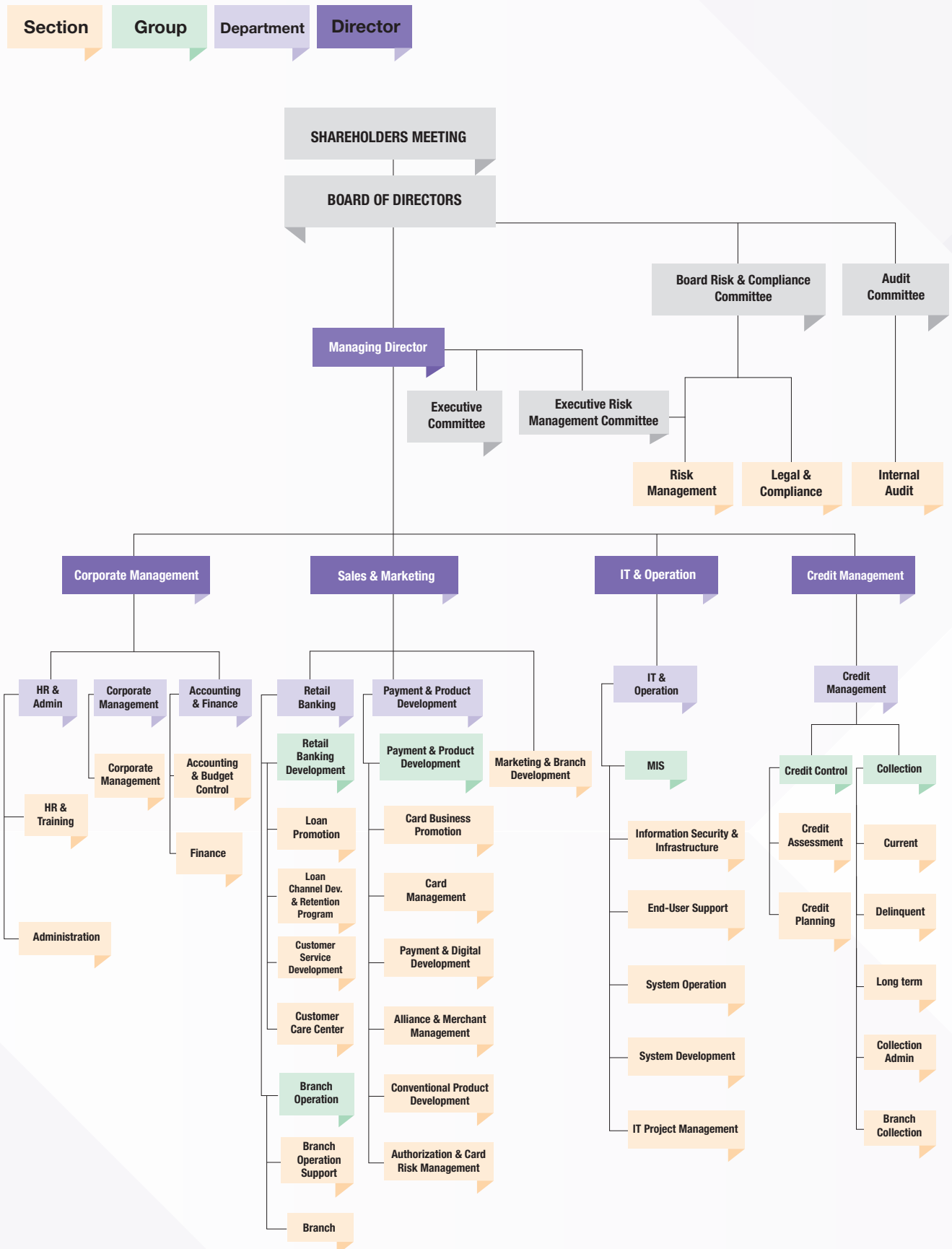
2009 - 2010 :

Financial Advisor Corporate Social Responsibility Program (Volunteer Work), CAMBODIAN

2001 - 2006 :

Senior Auditor, KPMG CAMBODIA LTD

ORGANIZATION CHART



CORPORATE HISTORY

2015

- Oct** Obtained the Specialized Bank License
- Nov** Launched Tablet application



2018

- Apr** Launched electronic money (AEON Wallet)
- Apr** Started Car Loan
- Jun** AEON Sen Sok branch opening
- Aug** Takeo branch opening
- Aug** Banteay Meanchey branch opening
- Dec** Launched AEON Card Mobile (Scan to Pay)



2021

- May** AEON Lounge Sen Sok Renovation
- Aug** Launched new Olympic card face



2016

- Feb** Transformed to Specialized Bank
- Apr** AEON Mall Phnom Penh Renovation
- Apr** Started issuing Gold Credit Card
- Jul** Started issuing Violet Credit Card



2019

- Apr** Head Office relocation
- Jun** Banteay Meanchey branch relocation
- Jul** Relocation and conversion of Sovanna Branch to Stueng Mean Chey Branch
- Aug** Takeo branch relocation/renovation
- Nov** Chbar Ampov branch opening



2022

- Jan** Launched AEON Rohas App
- May** AEON Lounge Phnom Penh new renovation
- Oct** Launched new FIFA Card Face
- Dec** VISA Award 2021-2022



2017

- Jan** Pochentong branch opening
- Jul** Battambang branch relocation/renovation
- Aug** Head office renovation
- Oct** Siem Reap branch relocation/renovation
- Dec** AEON card receive VISA award



2020

- May** Pochentong branch renovation
- Aug** Battambang branch renovation
- Dec** VISA Award 2020



2023

- Feb** AEON Mall Mean Chey Branch's Grand Opening
- Feb** Kampong Speu Branch's Grand Opening
- Sep** Kampong Thom Branch's Grand Opening
- Nov** Kampot Branch's Grand Opening
- Dec** VISA Award 2023



ACCOMPLISHMENTS, PREVIOUS OBSTACLES, AND THREATS

1. Dealer development/Merchant development

- 1.1. We have developed additional new 502 cooperated dealers' shop as our partners in 2023 but we deactivated 353 cooperated dealers making the accumulated partner as of December 2023 to 3,858. The growth was the efforts from penetration activities within the operation area and engaging more with qualified dealers.
- 1.2. We have developed & renewed of Alliance partner 223 brands which is 263 outlets in FY2023. Accumulated 832 brands, 1,107 outlets.
- 1.3. AEON Card Mobile's merchant development & renewal: 283 brands, 331 outlets in FY2023. Accumulated 1,218 brands, 1,443 outlets.
- 1.4. Accumulated AEON Wallet merchant 536 as of FY2023 inside both AEON Mall Phnom Penh and AEON Mall Sen Sok City and outside.



2. Customer Service Capability Enhancement

- 2.1. To serve customers better, we not only keep enhancing our call center system/capability to be more robust but also to regularly provide training to our staff/call agent to responsively answer customer calls effectively.
- 2.2. Besides improving the system and our people, we have leveraged more access channels for our customers to express their feedback or suggestions through many channels, i.e., hotline phone, Facebook, website/email, mobile application, in-branch walk-in through suggestion box. More information on these channels' accessibility is fully available and displayed on our website.

3. Personal Loan & installment continue to grow in 2023

By focusing on online advertisement and lead generation from digital channel, sales achieved USD 101.5 millions, 156%YoY. We continue to keep in touch and work closely with key partners, distributor, and dealers.

**កម្មវិធីសាច់ប្រាក់រហ័ស
គ្មានទ្រព្យធានា**



LOOKING BACK ON 2023

We have focused on expanding topline, which has shrunk during Covid-19 and providing better services in response to the changing environment and customer demand. For credit card, we conducted campaigns for E-Commerce and food delivery which has become normal since the pandemic. We also provided our credit card customers with the card benefit and privilege which they can enjoy at our partner shops.

Since the demand for loan was increasing, we have improved product marketability such as increasing credit limit and implemented low interest promotion. In order to expand branch network and bring our product and service to more customers, we resumed to open new four branches. On the other hand, there are several issues remaining. We could not get enough results of sales since we have not been sufficiently aware of changes in our customers' economic conditions and attribution. In addition, we have postponed the launch of VISA Prepaid. We will need to take recovery actions on this next year.

ACTION PLAN AND PRIORITY IMPLEMENTATION FOR 2024

Based on the economic recovery since the pandemic and the continuous growth of the financial markets, we will continue to focus on expanding topline especially for Hire purchase product. In responding to the needs of our customer and business partner of Hire purchase, we will speed up our application and judgement process by minimizing our application form and implementing a new approval scheme. Regarding the E-money business updating, which was suspended during the pandemic, we will launch VISA Prepaid this year which will provide our customers with enjoyable benefits and privileges at our partner shops. Finally, we have started "7 days banking service" at all branches in addition to three branches in AEON Mall to get closer to customers. We will challenge to improve our service to be more convenient and bring our service to more customers.

ក្លាយជាម្ចាស់យានយន្ត
ក្នុងក្តីស្រមៃ



CREDIT CARD

The Company is still standing in rank number 1 and covering 29% share of total Visa credit card issuing in Cambodia. We've valid 43,942 cards as of December 2023, number 1 in credit payment volume which is 13% of market share (Per VISA reported Q42023).

Thanks to our AEON Cardholder, Alliance/Merchant partners and all staff members of the Company for putting effort & continuing support to make this achievement happened.

The Company continues to maintain our "Happy Plus Point" redemption with many choices for customer such as cash voucher, premium gift, credit the value to customer card in order to provide benefit from their usage. Many promotion activities have been conducted during the year on pump gasoline to get cashback, Dining "1 Free 1", Food Delivery, Traveling, Accommodation, Cross Boarder payment and other promotion activities.

AEON Cardholder able to enjoy the benefit up to 50% discount from 1,107 privilege partner's outlets. Merchant network expansion to support small business and cashless payment, we have developed 1,218 brands, 1,443 outlets of December 2023 (The top privilege merchant is F&B: 61%, fashion 19%, wellness 12%, 8% is other categories). Majority of the merchant as small business; small ticket spends which we can increase the mobile payment and reduce cashless payment in the market.

The Company continues to improve our product/feature to provide a very good service to cardholder by improving customer journey more simplify.



KHMER RIEL LOAN

To support NBC's initiative to promote Khmer Riel, we keep focusing on improving the Khmer Riel loan to meet their requirement. In 2023, Khmer Riel loan was at 13.8% of total portfolio, while Personal Loan still our key product to drive KHR loan. In 2023, we continue promoting and supporting our KHR loan by launching the KHR loan in MHP product to meet regulatory requirements as well as to promote Khmer Riel in the market.

ACHIEVING THE TARGET FY2024

CHP, MHP, and GHP are the key products to be focused in FY2024 with the effective strategies set and extra business activities in brief per below:

1. Banking Operations:

To expand banking operations to weekends and holidays (7days Banking) to improve customer convenience and branding awareness.

2. Bancassurance:

To start Bancassurance referral business, partnered with insurance company, to expand the business opportunity and provide convenience and safety to our customers.

3. Digital Transformation:

To enhance the operation/process in a digital transformation aiming to stay up to the digital's trend and be more competitive in the market.

INTERNAL CONTROL

COMPANY'S COMPLIANCE

Effective internal controls are the foundation of safe and sound banking. A properly designed and consistently enforced system of operational and financial internal control helps the Company's Board of Directors and Management safeguard the Company's resources, produce reliable financial reports, and comply with laws and regulations. Effective internal control also reduces the possibility of significant errors and irregularities and assists in their timely detection when they do occur. Meanwhile, Compliance Function takes part and plays a very important role in the Company's permanent control activities. Acting as the second line defense, the Compliance Function, which is separated from other internal control functions, is independent and does not involve in any business operation to prevent from potential conflicts of interests. The main function of Compliance is to ensure the Company complies with prevailing laws and regulations,

professional and ethical standards, specific regulations issued by market authorities, relating to banking and financial activities and with policies and instructions issued by the decision-making body. Within 2023, Compliance has updated the Policies, Regulations and Procedure relevant with Compliance Framework and reviewed other Policies, Regulations and Procedures to align with the development of the Company's Products, Services, the market trend and especially the Laws and Regulations. Moreover, the new training materials were developed, and refreshment training has been conducted to existing staffs to ensure that their knowledge and understanding reflecting to minimize the risk of non-compliance and legal issue and money laundering and financing of terrorism. In year 2024, we have planned to establish the full compliance program including updating all related compliance Policies, Regulations and Procedures, establish the Compliance Checklist with monitoring plan, training program and report mechanism to strengthen our Compliance Function to help our Company's internal control more effectively.



RISK MANAGEMENT

The Company considers risk management as an important element of the business and embeds strong risk culture in its day-to-day business operations. Understanding the importance of risk management to sustainable growth, the Risk Management team is involved in all stages of the risk management process to provide an independent view and input including overseeing, planning, and conducting its own risk management. The company has been conduct monthly regional risk management meeting amongst Japan, Thailand, Myanmar and Laos which are AEON group companies.

CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES



REFLECTION POINT FOR FY2023

In 2023, we continued to make sponsorship contribution towards several educational and cultural programs including Japanese Speech Contest, Neak Bontorven Debate Program and Kizuna Festival. Also, we participated in AEON Group's activities such as AEON 1% Scholarship Ceremony and AEON Camp – Well Digging at Takeo province.

Month	Title
Feb	Kizuna Festival - CJCC
May	Red Cross Donation – (160th Anniversary)
Jun	25th Japanese Speech Contest - CJCC
Jun	Neak Bontorven Debate Program 2023
Jul	AEON Camp – Well Digging
Dec	AEON 1% Scholarship Ceremony (NUM and RUPP)



MAJOR PLANNING IN FY2024

Clean city activities will be resumed after several years of inaction. We plan to continue making donations towards Cambodian Red Cross on humanitarian cause while also contributing to NBC's Financial Education initiative. CSR Activities with external partners such Blood donation and Tree Planting activity are in our plan. Besides, we look forward to supporting and participating in AEON Group's Activities.

Title
Clean City Activities in Phnom Penh
Financial Education – NBC
RUPP's Study Tools Donation at Tbong Khmom Province
Red Cross Donation
Blood Donation Activity – SPBM
26th Japanese Speech Contest – CJCC
Tanabata Event – CJCC
Tree Planting
AEON Camp – Well Digging at Takeo Province
AEON 1% Scholarship Ceremony (NUM and RUPP)



STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

"These figures from page 17 to 21 are extracted from audited financial statements for the year ended 31 December 2023, of which the auditor, Deloitte (Cambodia) Co., Ltd., rendered a true and fair view dated 25 March 2024".

	31 December 2023		31 December 2022	
	US\$	KHR'000	US\$	KHR'000
ASSETS				
Cash on hand	1,261,159	5,151,835	827,978	3,408,785
Balances with the NBC	1,989,121	8,125,559	6,201,178	25,530,250
Balances with other banks	2,403,327	9,817,591	5,981,313	24,625,066
Loans to customers	151,530,526	619,002,199	120,490,127	496,057,853
Other assets	3,490,697	14,259,497	3,224,468	13,275,135
Property and equipment	3,044,071	12,435,030	1,389,880	5,722,136
Intangible assets	2,255,025	9,211,777	1,984,226	8,169,058
Right-of-use assets	1,272,979	5,200,119	1,979,472	8,149,486
Deferred tax assets	1,392,437	5,688,105	1,840,194	7,576,079
TOTAL ASSETS	168,639,342	688,891,712	143,918,836	592,513,848
LIABILITIES				
Current income tax liabilities	420,012	1,715,749	511,640	2,106,422
Other liabilities	3,333,110	13,615,754	3,528,867	14,528,345
Provision for off-balance sheet items	250,765	1,024,375	356,350	1,467,093
Borrowings	119,542,505	488,331,133	96,348,223	396,665,634
Subordinated debts	5,699,903	23,284,104	7,326,707	30,164,053
Lease liabilities	1,263,285	5,160,519	1,904,195	7,839,571
Employee benefit obligations	88,456	361,343	102,519	422,071
TOTAL LIABILITIES	130,598,036	533,492,977	110,078,501	453,193,189
EQUITY				
Share capital	20,000,000	81,700,000	20,000,000	82,340,000
Retained earnings	18,041,306	73,655,574	13,840,335	56,389,583
Currency translation differences	-	43,161	-	591,076
TOTAL EQUITY	38,041,306	155,398,735	33,840,335	139,320,659
TOTAL LIABILITIES AND EQUITY	168,639,342	688,891,712	143,918,836	592,513,848

STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2023

FOR THE YEAR ENDED 31 DECEMBER 2023

	Year ended 31 December 2023		Year ended 31 December 2022	
	US\$	KHR'000	US\$	KHR'000
Interest income	30,215,905	124,187,370	29,919,379	122,280,502
Interest expense	(5,537,725)	(22,760,050)	(4,016,094)	(16,413,776)
Net interest income	24,678,180	101,427,320	25,903,285	105,866,726
Fee and commission income	2,299,975	9,452,897	2,210,629	9,034,841
Other income - net	1,876,623	7,712,921	1,616,435	6,606,370
Operating profit	28,854,778	118,593,138	29,730,349	121,507,937
Personnel expenses	(9,681,084)	(39,789,255)	(8,628,805)	(35,265,926)
Depreciation and amortisation	(2,195,650)	(9,024,122)	(2,205,675)	(9,014,594)
Other operating expenses	(7,449,501)	(30,617,449)	(6,374,416)	(26,052,238)
Impairment losses on financial assets	(4,136,738)	(17,001,993)	(3,382,753)	(13,825,312)
Profit before tax	5,391,805	22,160,319	9,138,700	37,349,867
Income tax expense	(1,190,834)	(4,894,328)	(1,864,483)	(7,620,142)
Profit for the year	4,200,971	17,265,991	7,274,217	29,729,725
Other comprehensive income				
Currency translation differences	-	(547,915)	-	500,569
Total comprehensive income for the year	4,200,971	16,718,076	7,274,217	30,230,294

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

	Share capital		Retained earnings		Currency translation differences	Total	
	US\$	KHR'000	US\$	KHR'000	KHR'000	US\$	KHR'000
Balance as at 1 January 2022	20,000,000	81,480,000	6,566,118	26,659,858	90,507	26,566,118	108,230,365
Profit for the year	-	-	7,274,217	29,729,725	-	7,274,217	29,729,725
Other comprehensive income - currency translation differences	-	-	-	-	500,569	-	500,569
Total comprehensive income	-	-	7,274,217	29,729,725	500,569	7,274,217	30,230,294
Currency translation differences	-	860,000	-	-	-	-	860,000
Balance as at 31 December 2022	<u>20,000,000</u>	<u>82,340,000</u>	<u>13,840,335</u>	<u>56,389,583</u>	<u>591,076</u>	<u>33,840,335</u>	<u>139,320,659</u>
Balance as at 1 January 2023	20,000,000	82,340,000	13,840,335	56,389,583	591,076	33,840,335	139,320,659
Profit for the year	-	-	4,200,971	17,265,991	-	4,200,971	17,265,991
Other comprehensive income - currency translation differences	-	-	-	-	(547,915)	-	(547,915)
Total comprehensive income	-	-	4,200,971	17,265,991	(547,915)	4,200,971	16,718,076
Currency translation differences	-	(640,000)	-	-	-	-	(640,000)
Balance as at 31 December 2023	<u>20,000,000</u>	<u>81,700,000</u>	<u>18,041,306</u>	<u>73,655,574</u>	<u>43,161</u>	<u>38,041,306</u>	<u>155,398,735</u>

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	Year ended 31 December 2023		Year ended 31 December 2022	
	US\$	KHR'000	US\$	KHR'000
Cash flows from operating activities				
Profit before tax	5,391,805	22,160,319	9,138,700	37,349,867
<i>Adjustments for:</i>				
Employee benefit obligations	(14,063)	(57,799)	(33,976)	(138,860)
Depreciation and amortisation	2,195,650	9,024,122	2,205,675	9,014,594
Impairment losses on financial assets	4,136,738	17,001,993	3,382,753	13,825,312
(Gains)/losses on disposals and write-off of property and equipment	(2,050)	(8,426)	350	1,430
Losses on write-off of intangible assets	-	-	21,561	88,120
Interest income	(30,215,905)	(124,187,370)	(29,919,379)	(122,280,502)
Interest expense	5,537,725	22,760,050	4,016,094	16,413,776
Effect of currency translation of monetary items	131,452	540,268	(262,583)	(1,081,054)
	<u>(12,838,648)</u>	<u>(52,766,843)</u>	<u>(11,450,805)</u>	<u>(46,807,317)</u>
<i>Changes in:</i>				
Balances with the NBC	5,194,775	21,350,525	(552,107)	(2,256,461)
Loans to customers	(35,227,992)	(144,787,047)	2,362,031	9,653,621
Other assets	(266,229)	(1,094,201)	(684,571)	(2,797,842)
Other liabilities	(222,561)	(914,726)	620,329	2,535,285
Cash used in operations	<u>(43,360,655)</u>	<u>(178,212,292)</u>	<u>(9,705,123)</u>	<u>(39,672,714)</u>
Interest received	30,127,698	123,824,839	30,492,708	124,623,698
Interest paid	(5,410,758)	(22,238,215)	(3,857,619)	(15,766,089)
Income tax paid	(834,705)	(3,430,638)	(616,135)	(2,518,144)
Net cash (used in)/from operating activities	<u>(19,478,420)</u>	<u>(80,056,306)</u>	<u>16,313,831</u>	<u>66,666,751</u>
Cash flows from investing activities				
Purchases of property and equipment	(2,386,024)	(9,806,559)	(810,084)	(3,310,813)
Purchases of intangible assets	(738,285)	(3,034,351)	(527,655)	(2,156,526)
Proceeds from disposals of property and equipment	3,837	15,770	1,031	4,214
Net cash used in investing activities	<u>(3,120,472)</u>	<u>(12,825,140)</u>	<u>(1,336,708)</u>	<u>(5,463,125)</u>

STATEMENT OF CASH FLOWS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

	Year ended 31 December 2023		Year ended 31 December 2022	
	US\$	KHR'000	US\$	KHR'000
Cash flows from financing activities				
Proceeds from borrowings	69,311,016	284,868,276	24,901,603	101,772,851
Repayments of borrowings	(46,375,153)	(190,601,879)	(36,115,812)	(147,605,324)
Repayments of subordinated debts	(1,600,000)	(6,576,000)	(800,000)	(3,269,600)
Payments of lease liabilities	(932,535)	(3,832,719)	(1,048,275)	(4,284,300)
Net cash from/(used in) financing activities	20,403,328	83,857,678	(13,062,484)	(53,386,373)
(Net decrease)/increase in cash and cash equivalents	(2,195,564)	(9,023,768)	1,914,639	7,817,253
Cash and cash equivalents at the beginning of the year	6,874,894	28,303,938	4,960,255	20,208,080
Currency translation differences	-	(165,107)	-	278,605
Cash and cash equivalents at the end of the year	4,679,330	19,115,063	6,874,894	28,303,938

AEON FOUNDATIONAL IDEALS

**Pursuing peace, respecting humans, and contributing to local communities,
always with customers as our starting point.**

AEON firmly believes that retailing is an industry to promote peace, humanity, and local communities. To remain a thriving corporate group that fulfills this mission, we are committed to continuous innovation, with customers as our starting point.

Peace cannot be achieved without active and conscious engagement, whether it be in recovering from war and disaster or in maintaining and promoting living in peace. Our conviction is grounded in the real-life experience of Takuya Okada, Honorary Chairman and Senior Advisor to the President. After the Second

World War, Mr. Okada witnessed a customer in line at a store, holding a flyer and weeping tears of joy, saying, "The war is really over," and he came to realize that the existence of retailing was a symbol of peace. From this realization, he decided that peace was a prerequisite for retailing to exist, and that retailing must contribute to the maintenance of peace.

Peace is more than just the absence of war and violence. It encompasses not only peace of mind but also resilience in the face of wars, disasters, and other hardships. Even in the 21st century, we continue to witness wars and face natural disasters such as earthquakes and extreme weather events more frequently than ever. This calls for us to rethink the value of peace now. Peace cannot be given by itself. Peace can only be maintained through our active and conscious engagement.

AEON will never do anything that contradicts peace. AEON will never take part in any such actions or activities. Our aim is to make a positive contribution to peace.

As for humans, by believing in and respecting each person, their abilities and aspirations will flourish, and by connecting with others, they feel much happier in their lives.

Honorary Chairman Okada called the retailing sector a "humanistic industry." This means respecting the "human way," which includes having respect for each person's individuality, dignity, and autonomy. It also means believing in their potential and encouraging them to grow and become better humans through work and learning. However, it is difficult for humans to grow alone, and it is through "human connections" that we can become better humans together with others. It is both a realization of happiness and a pursuit of norms among people. In short, retailing is an industry of people's happiness and norms.

Enriching local communities requires us to respect the diversity and independence of each region, and to constantly meet and care for their specific needs.

Retailing is by nature a region-based industry that flourishes with the local communities. To maintain the richness and well-being of regions and the local communities within them, it is vital to take care of them continuously. This is one of the important roles of retailing. As regions and local communities increasingly become more important in the

future, AEON will actively contribute to their prosperity by developing products

tailored to each region and promoting the welfare of the local people.

AEON is committed to actively engaging in peace efforts, supporting human happiness and norms, and contributing to the prosperity of local communities. These ideals form the foundation of putting "customers as our starting point," which places the needs and preferences of our customers first at the center of our operations.

Putting our customers first means that we do not put ourselves first, that is, we do not think and act for our own convenience. On the contrary, we always put our customers first and act with the highest standards of integrity, which is the foundation of AEON. We will use this as a mirror to reflect ourselves and as the standard for every decision and action made by all AEON People. Even when it becomes tempting to prioritize our company's or personal interests or convenience, we must firmly resist and overcome such temptations to preserve our unwavering dedication to our customers.

To achieve this, AEON must be a corporate group that continues to innovate.

Ensuring a company's growth and survival is of paramount importance, but without constant innovation, it will decline and eventually perish. Even if maintaining the status quo is stable and comfortable, a company should not be complacent but continuously change and improve itself. Having the foresight and insight to constantly look ahead to changes in our customers and various social changes, it is essential for us to continue innovating. All AEON People are dedicated to anticipating the evolution and changes in our customers' lifestyles and the needs of society.

AEON has transformed from a family business to a corporation, and then to an industry. It has always preserved a dynamic corporate culture. However, as society changes faster and faster, we are most worried about losing the required innovative and entrepreneurial spirit and becoming stagnant like many large companies. We understand that static equilibrium, where the status quo continues without change, will not last at all. The only way to avoid being overtaken by newer innovators is for AEON to remain the largest and most advanced innovator. It is our firm determination to be an organization that constantly renews itself by keeping its founding spirit and staying ahead of its time.

AEON will act with the firm belief that by embodying and practicing these ideals, we can contribute to the maintenance and development of peace, humans, and local communities.



AEON GROUP FUTURE VISION



Vision Statement

Create a future lifestyle that leads to a smile for each and every person



The Future that the AEON Group Wishes to Realize

When customers can feel “a brighter society” and “happiness that is uniquely their own”, their future will be fulfilling and full of smiles

How the AEON Group Wishes to Be

A Group that leads the co-creation of lifestyles, enriching each individual and society as a whole

The Attitudes and Vow that We Cherish

Three Attitudes

- “Act spontaneously and follow your aspirations”
- “Keep learning to create new values”
- “Build relationships, nurture them, and create together”

One Vow

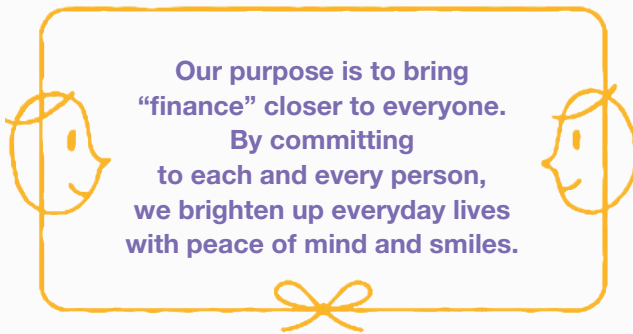
“Always act with integrity and sincerity”



AFS STORY

BACKGROUND TO PURPOSE-FORMULATION

Our Purpose



AEON Financial Service Group (the AFS Group) started business in 1981 as an issuer of credit cards and related finance to customers shopping at Jusco general merchandise stores. The opening of our Hong Kong branch in 1987 marked the beginning of operation in other Asian countries. We offer services tailored to local conditions, including provision of installment payment for customers who have difficulty accessing financial services. AEON Bank, founded in Japan in 2007, responded to customer feedback and reinvigorated the banking industry through new initiatives such as 365-day opening and no-passbook accounts. The AFS Group

now brings convenience and prosperity to the lives of its customers in 11 countries.

In recent years, changes in the business environment have accelerated at an increasing pace. They include the entry of players from other industries into the financial sector, the advance of digitalization driven by technological innovation, and the diversification of customer values. Moreover, there has been a rising sense of crisis about global issues including climate change and human rights, and society has faced increasing uncertainty and complexity.

To survive and thrive in such an unpredictable era, firstly we need to be a company that can gather diverse talents and enable them to play active roles. To this end, will and values are necessary for these diverse human resources as an anchor. Guided by these principles, we must bring about changes by having Group employees independently consider what they can do to enrich our customers' lives and act autonomously.

We have therefore formulated a Purpose to define the aims of the AFS Group and our reasons for existence.

TO BRING “FINANCE” CLOSER TO EVERYONE.

As the financial services business of the AEON Group, we provide convenient and easy-to-understand financial services by adopting a consumer perspective. We also promote financial education for all generations and bring financial mechanisms closer to everyone through financial inclusion that responds to diverse financing needs.

BY COMMITTING TO EACH AND EVERY PERSON,

We commit sincerely with each consumer to provide financial services tailored to changing life stages and living environments. We also generate new value by cooperating with various business partners in local communities, including participating merchants and local authorities. Acting empathetically from a customer perspective is one of our core values.

WE BRIGHTEN UP EVERYDAY LIVES WITH PEACE OF MIND AND SMILES.

As a financial institution supporting customers' everyday lives, we enrich their lives and help them to experience happiness. We respect our colleagues' diversity and value the environment and corporate culture that allow us to work with pride and a spirit of freedom and open-mindedness.

Through these, we provide value by filling everyday lives with peace of mind and smiles and by brightening up their minds with uplifting feelings and excitement.



ធនាគារជេអេស អ៊ីអន (ខេមបូឌា) ភីអិលស៊ី
AEON SPECIALIZED BANK (CAMBODIA) PLC.

អំពីយើង
ABOUT US

