
Annual General Meeting



AEON CREDIT SERVICE

Contents

- ☐ Financial Overview
- ☐ Operational Overview
- ☐ Sustainability & CSR activities
- ☐ Minority Shareholders Watch Group(MSWG) – Q & A

Financial Overview



FYE2019 results reflected the effectiveness of our initiatives put forward.

We will continue to create value by focusing on quality, digitalisation and efficiency. ”

FYE 2019

Total Transaction & Financing
Volume

+31.8% YoY

Revenue

+10.6% YoY

PAT

+18.2% YoY

Gross Financing Receivables

+18.8% YoY

ROE

22.1%

NPL

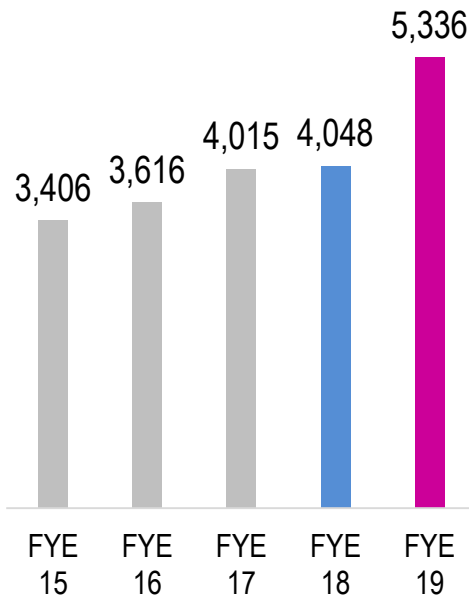
2.04%

Income Statement

Steady YoY growth in top-line and bottom-line

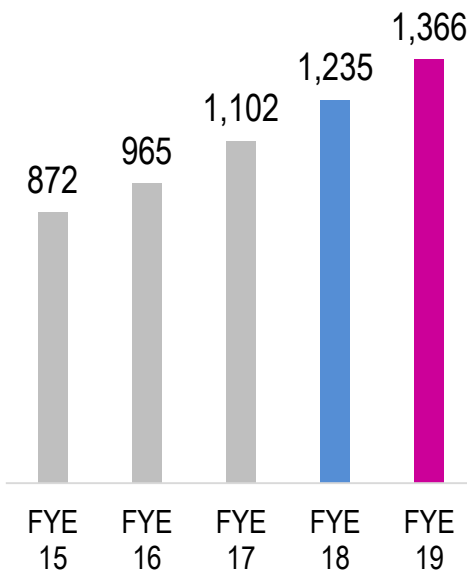
Total Transaction & Financing Volume

(RM mil)



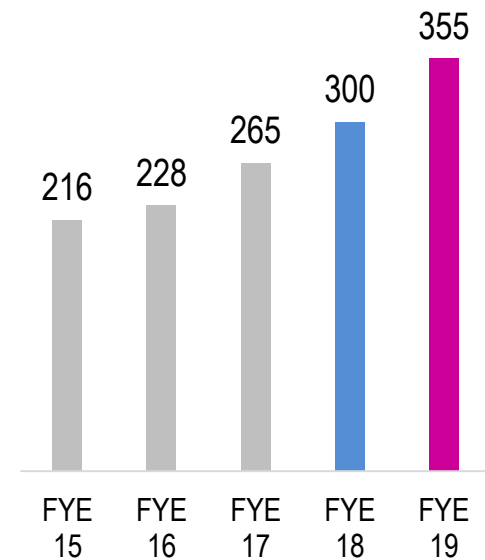
Revenue

(RM mil)



PAT

(RM mil)

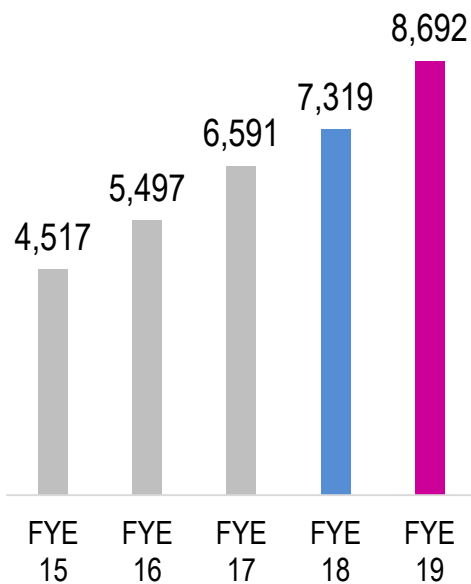


Balance Sheet

Healthy with greater financing receivables growth YoY

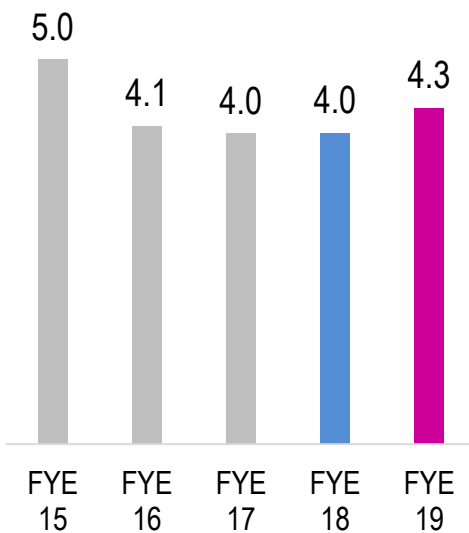
Financing Receivables

(RM mil)



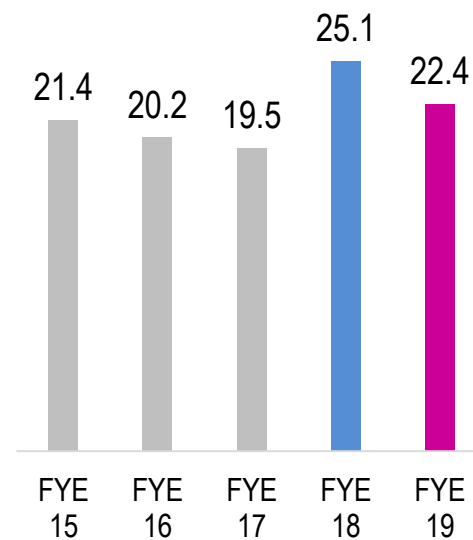
ROA

(%)



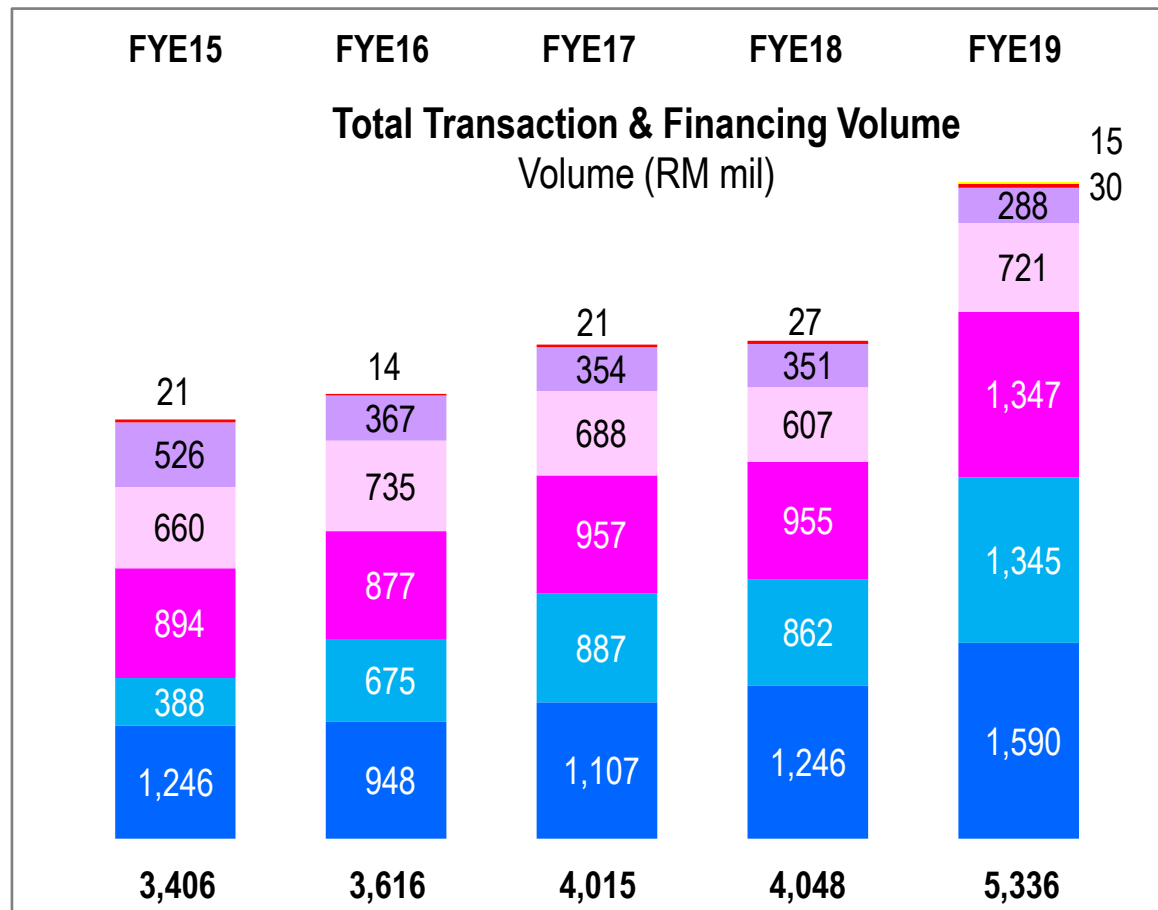
CAR

(%)



Contribution by business segments

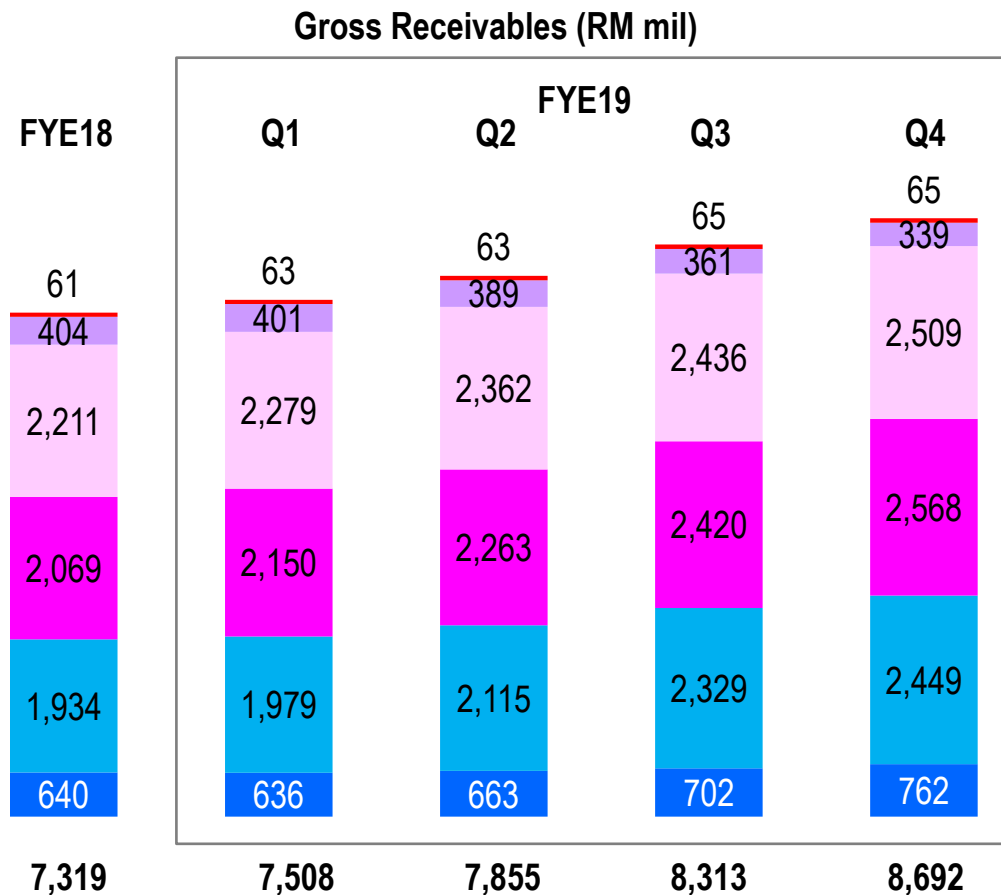
Volume growth driven by Personal Financing , Motorcycle Financing and Credit Card



Business segments	YoY (%)
Credit card	+27.6
Personal Financing	+56.0
Motorcycle Financing	+41.1
Auto Financing	+18.8
Objective Financing	-17.9
SME Financing	+14.1
E-Money	-
Total	+31.8

Segmental Breakdown: Total Financing Receivables

18.8% growth YoY mainly from Personal & Motorcycle Financing, Credit Card



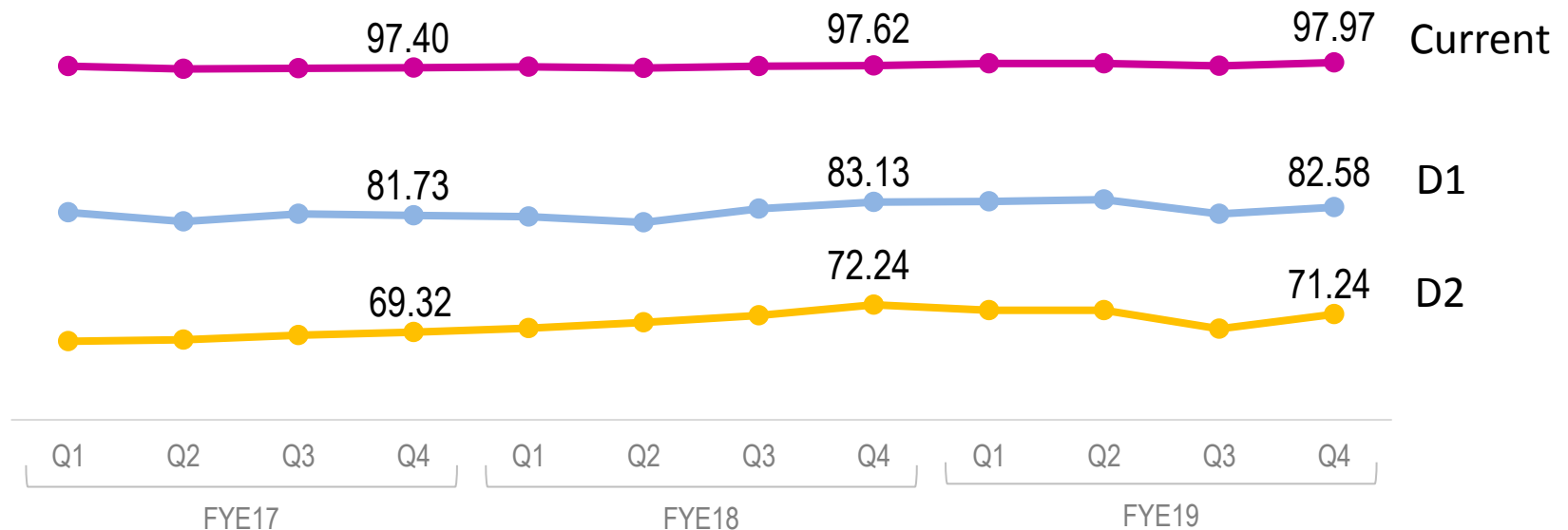
Receivables – Changes (%)		YoY
Credit card		+19.1
Personal Financing		+26.6
Motorcycle Financing		+13.5
Auto Financing		+24.1
Objective Financing		-16.1
SME Financing		+6.6
Total		+18.8

Receivables – Portfolio (%)	FYE19	YoY
Credit card	8.8	+0.1
Personal Financing	28.2	+1.8
Motorcycle Financing	28.9	-1.3
Auto Financing	29.5	+1.3
Objective Financing	3.9	-1.6
SME Financing	0.7	-0.1
Total	100.0	-

Stable collection ratio

derived from better quality receivables & strategic collection operation

Receivables Collection Trend



—●— Current Collection Ratio - Not Past Due (%)

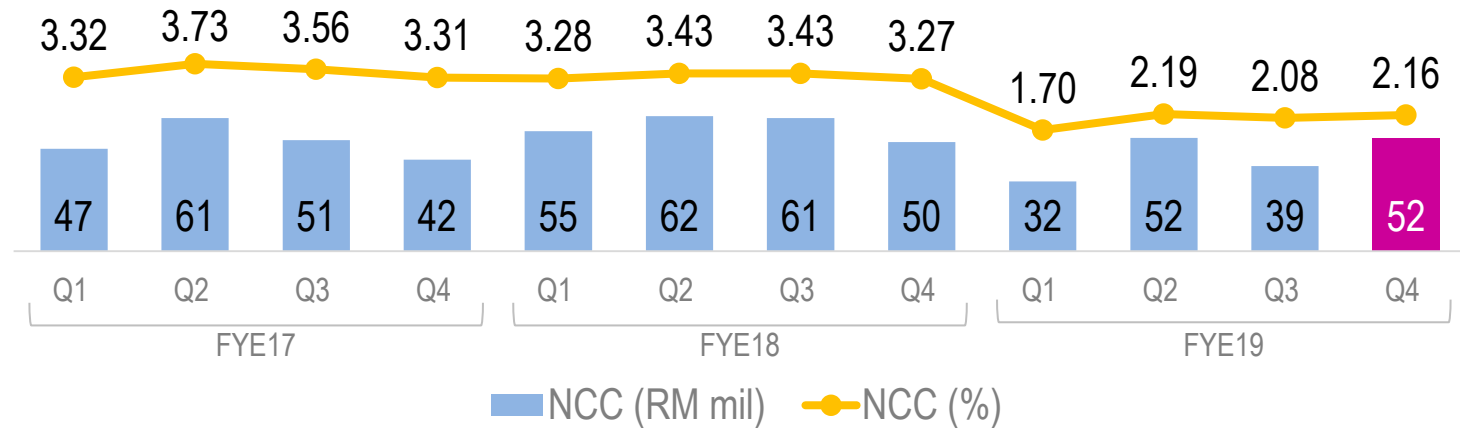
—●— D1 Collection Ratio - Past Due 1 month (%)

—●— D2 Collection Ratio - Past Due 2 months (%)

Net Credit Cost

Well-managed credit cost supported by better quality receivables and higher bad debt recovery

Net Credit Cost (NCC) Trend

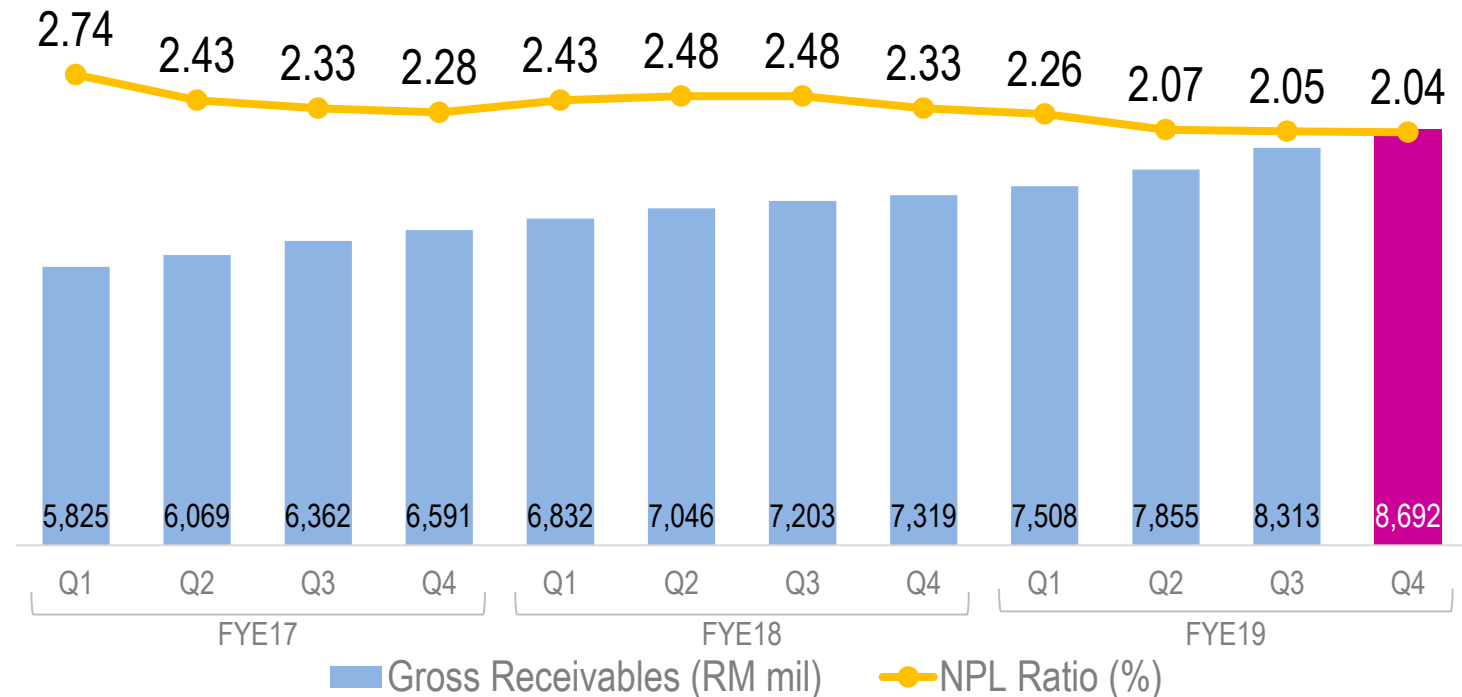


(RM mil)	Q1 FYE 17	Q2 FYE 17	Q3 FYE 17	Q4 FYE 17	FYE 2017	Q1 FYE 18	Q2 FYE 18	Q3 FYE 18	Q4 FYE 18	FYE 2018	Q1 FYE 19	Q2 FYE 19	Q3 FYE 19	Q4 FYE 19	FYE 2019
Total Impairment Loss	71	82	75	77	305	83	85	87	82	337	*57	95	62	95	309
(-) Bad Debt Recovered	24	21	24	35	104	28	23	26	32	109	25	43	23	43	134
NCC	47	61	51	42	201	55	62	61	50	228	32	52	39	52	175

Non-Performing Loans

Achieved lower NPL contributed by delinquent receivables collection improvement

Non-Performing Loans (NPL) Trend







Consistent dividend commitment

Dividend	FYE16	FYE17	FYE18	FYE19
Interim dividend (cent)	29.85	30.50	21.13	22.25
Payout amount (RM'000)	42,984	43,920	52,225	55,784
Final dividend (cent)*	29.60	32.50	20.00	22.35
Payout amount (RM'000)*	42,624	46,800	49,937	56,063
Total dividend (cent)	59.50	63.00	41.13	44.60
Total payout amount (RM'000)	85,608	90,720	102,162	111,847
Dividend Payout Ratio (%)	37.5%	34.2%	34.0%	31.5%

* Subject to the approval of shareholders at the forthcoming Annual General Meeting

Operational Overview

Key Policy: FYE19 vs FYE20

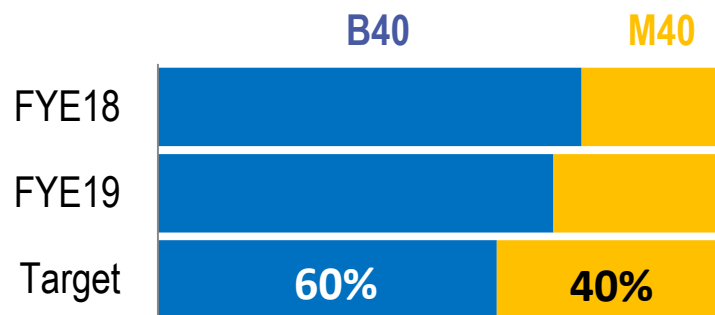
	FYE19	FYE20	
 Customer	<ul style="list-style-type: none"> Customer segment expansion AEON customer integration 	<ul style="list-style-type: none"> Continue M40 customer expansion Database integration 	Asset Quality Database integration
 Product	<ul style="list-style-type: none"> E-wallet and E-money introduction Customised M40 products 	<ul style="list-style-type: none"> Strengthening transaction settlement functions Offerings diversification 	Product & Service Diversification
 Business Model	<ul style="list-style-type: none"> B2C2B scheme development Mobile operation 	<ul style="list-style-type: none"> B2C2B transformation Touchpoint digitalisation 	Customer Touchpoint Improvement
 Operation	<ul style="list-style-type: none"> Launch new operation system :Multiple due date :New Assessment system 	<ul style="list-style-type: none"> Ongoing digitalization AI, robotics and instant processing 	Productivity Efficiency

Continue M40 customer expansion

To achieve better asset quality via customised offerings

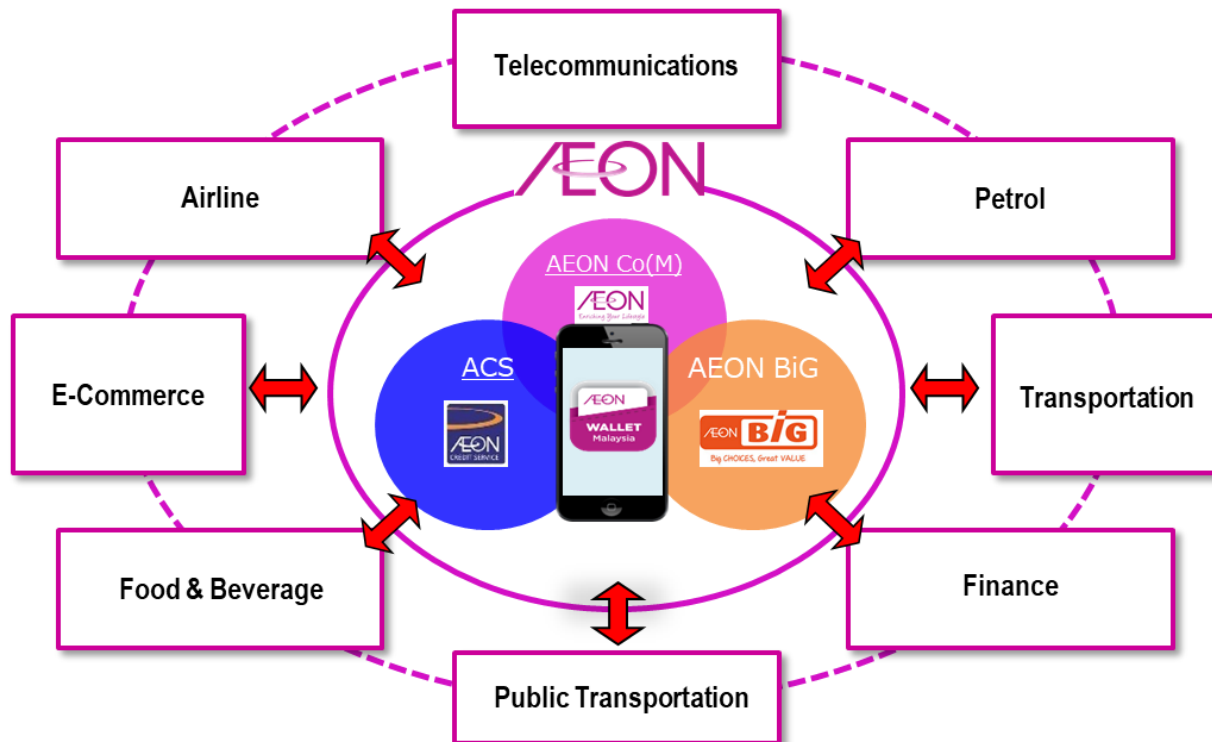
E.g.: Platinum Card and Risk-Based Pricing products (launched in FYE19)

【Customer Income Group Ratio】



Database integration

To tap into the existing 6 million AEON Group members & integrating across AEON business alliances



1. AEON Loyalty Point program for tenants with AEON group
2. Expand external privilege merchant e.g. E-commerce, F&B etc
3. Develop business alliance with key industry players

AEON Product & Service Diversification



Strengthening transaction settlement functions

AEON E-wallet + Member Plus Visa Card

To create a common platform for all AEON members and the cashless solution has been implemented at all AEON retail outlets nationwide (launched in FYE19)



E-Money & E-Wallet	FYE19	FYE20 Target
Member Plus cardholders	0.50mil	1.60mil
E-Wallet users	0.15mil	1.00mil



Introduction of Corporate Card

To capture more corporate customers by introducing new credit settlement method

AEON Product & Service Diversification

(Cont'd)

Develop new product schemes to meet customers needs

• Objective Financing:



From Consumer Durable Products to other purposes, e.g.: healthcare, wedding, renovation, etc.

• SME Financing:

Existing



Equipment hire purchase

Money lending licence



Working capital



• Cross Selling:

Personal Financing x AEON Member Plus Card

SME Financing x Insurance

Motorcycle Financing x Extended Warranty

Corporate Card x Insurance

Acquiring x Loyalty Point Program

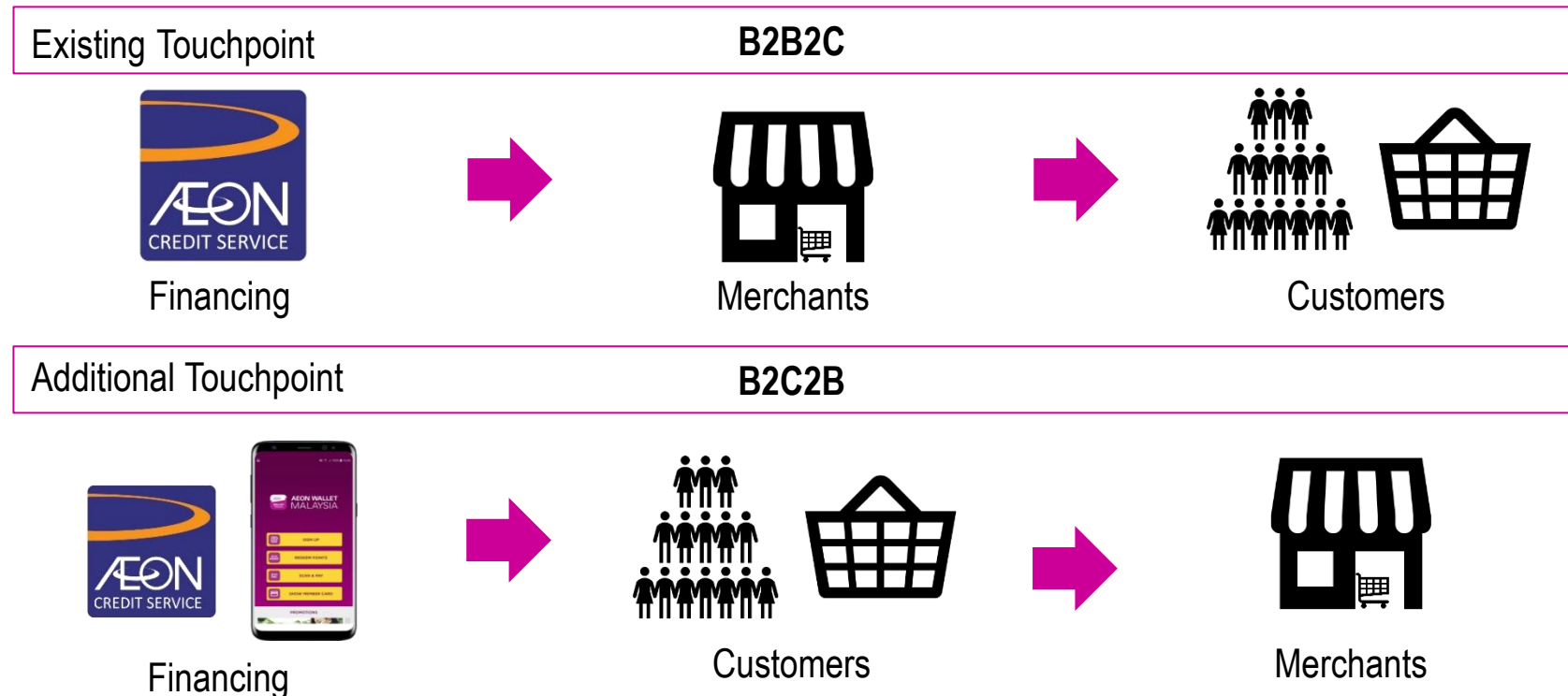
SME Financing x Corporate Card

AEON Business Model: Continue Customer Touchpoint Improvement



Introduce 2-Way customer touchpoints

Multiple channels to capture more customers



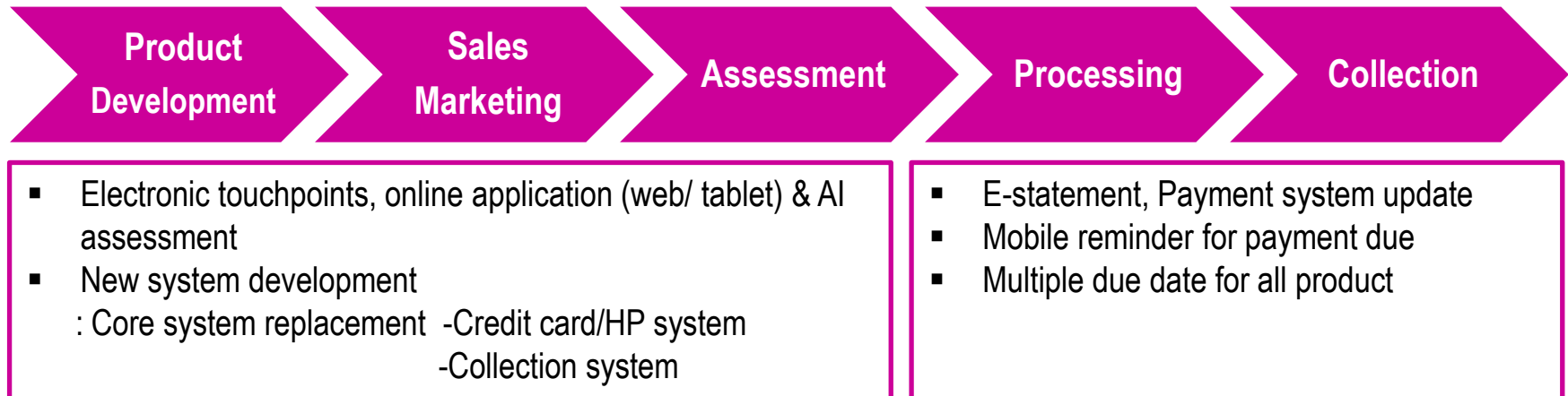
New system and mobile app are developing for B2C2B feature. It will enable direct dealing with customers, in which the financing limit can be known before they go to merchants – improve customer experiences as well as sales

Operation: Productivity & Efficiency Improvement



To improve efficiency and productivity through Artificial Intelligence (AI) data analytics, robotic process automation (RPA) and mobile application

- ✓ Shortening the assessment process turnaround time
- ✓ Flattening the peak operating hours
- ✓ Promoting paperless operation



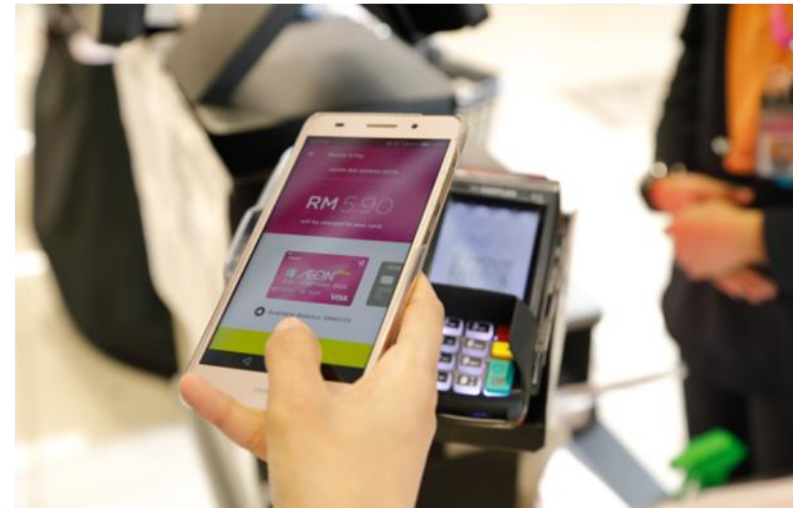
Sustainability & CSR activities



Young Financial Savvy Programme



Introduction of AEON Member Plus Card & AEON Wallet



AEON Hometown Forest Programme & Say No To Plastic Campaign



Coastal Clean Up Activities



Participation in Malaysian AEON Foundation - Charity Programmes

Deepavali Lights Of Love



Joy Of Christmas



Orang Asli Project - Light Up Lives



MSWG - Q & A



MINORITY SHAREHOLDERS WATCH GROUP
Shareholder Activism and Protection of Minority Interest

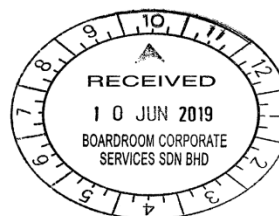
10 June 2019

BY FAX/HAND

(Fax No: 603-77201111)

The Board of Directors
AEON Credit Service (M) Berhad
Lot 6.05, Level 6, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan

Attention: Ms Tai Yli Chan
Ms Choong Lee Wah
Company Secretaries



Dear Directors,

Re: 22nd Annual General Meeting (AGM) of AEON Credit Service (M) Berhad
("ACSB" or "the Company") to be held on Thursday, 20 June 2019

In the interest of minority shareholders and all other stakeholders of the Group, we would like to raise the following:

Strategy/Financial Matters

1. As stated in the Chairman's Statement (page 20, Annual Report 2018) during the last financial year, the Company has embarked on a number of new and valued-driven initiatives to better meet the needs of its customers through the introduction of new Personal Financing Scheme (PFS) with risk based pricing model and the AEON Platinum Credit Card catering specifically for the middle income customer segment. Please brief on the above.
2. Considering that your Easy Payment Schemes (EPS) and PFS had registered RM3.73 billion in financing volume for FYE 2019, please address the following: (page 25, Annual Report 2018)
 - a) What is the risk based assessment criteria for the EPS and PFS.
 - b) What are the loan targets for EPS and PFS for FY 2019?
 - c) What are the current non-performing ratios for EPS and PFS?

BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD

(Incorporated in Malaysia - Company No: 524989-M)
Tingkat 11, Bangunan KWSP, No 3, Changkat Raja Chulan, Off Jalan Raja Chulan, 50200 KUALA LUMPUR.
Tel: (603) 2070 9090 Fax: (603) 2070 9107
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MSWG

AEON Credit Service (M) Berhad
22nd AGM 20 June 2019
Page 2 of 2

3. On your credit cards business, you have achieved close to 280,000 principal credit cards in circulation for the financial year. (page 25, Annual Report 2018)
- a) What is the target for credit cards in circulation in the next 3 years?
 - b) What is your break-even numbers for total card in circulation to be profitable in this business?
 - c) What is the progress and take-up for your newly launched AEON Platinum Card in 2018?
 - d) What is the current non-performing ratio for this business?
4. How much progress and traction have you achieved for your e-wallet product which was launched in November 2018?
5. Moving forward, AEON Credit will be introducing the digital technology advancement in its service to customers. (page 26, Annual Report)

What is the estimated budget for the new IT Infrastructural & FINTECH solution you are considering?

We would appreciate if the Board could present the points raised here, and their related answers, for the shareholders present at the forthcoming AGM. At the same time, we await a written reply as soon as possible for our records.

Thank you.

Yours sincerely



Devanesan Evanson
Chief Executive Officer
DE/qba/ACSB/AGM/2019

Shareholder Activism and Protection of Minority Interest

No.	Question	Answer
1.	<p>As stated in the Chairman's Statement (page 20, Annual Report 2018) during the last financial year, the Company has embarked on a number of new and valued-driven initiatives to better meet the needs of its customers through the introduction of new Personal Financing Scheme (PFS) with risk based pricing model and the AEON Platinum Credit Card catering specifically for the middle income customer segment. Please brief on the above.</p>	<ul style="list-style-type: none"> ▪ In order to tap into the M40 segment and improve on assets quality, the Company launched a risk based pricing model and also issued VISA and MasterCard Platinum Credit Card. ▪ The main initiatives driven during the financial year was focused towards expanding the M40 segment. Risk based pricing was introduced to have competitive rates and Platinum Credit Card was introduced to M40 and T20 customers. ▪ Furthermore, with these initiatives we would see improvement in asset quality.

No.	Question	Answer
2	Considering that your Easy Payment Schemes (EPS) and PFS had registered RM3.73 billion in financing volume for FYE2019, please address the following:	
(a)	What is the risk based assessment criteria for the EPS and PFS?	(a) We have stringent credit assessment criteria using our internal scoring system based on customer attributes such as Income, Debt Service Ratio ("DSR"), down payment, etc.
(b)	What are the loan targets for EPS and PFS for FY 2019?	(b) We are positive to sustain an overall growth rate of 10-15%.
(c)	What are the current non-performing ratios (NPL) for EPS and PFS?	(c) Our overall NPL ratio for the current financial year is 2.04% as disclosed in page 25 of Annual Report.

No.	Question	Answer
3	On your credit cards business, you have achieved close to 280,000 principal credit cards in circulation for the financial year. (page 25, Annual Report 2018)	
(a)	What is the target for credit cards in circulation in the next 3 years?	(a) We target to maintain double digit growth for Credit cards in circulation on annual basis.
(b)	What is your break-even numbers for total card in circulation to be profitable in this business?	(b) Credit card business is the settlement option in our business ecosystem which compliment with all our business segment. Currently, the card business performance is within our expectations. We will continue to expand the card business into the affluent and SME segment with the newly launched Platinum Credit Card.
(c)	What is the current progress and take-up for your newly launched AEON Platinum Card in 2018?	(c) We had issued 20,000 Platinum Cards since April 2018 and we continue to see improvement in card Issuance.

No.	Question	Answer
4	How much progress and traction have you achieved for your e-wallet product which was launched in November 2018?	<ul style="list-style-type: none"> As of May 2019, we have issued 700,000 e-money cards with 200,000 downloads for e-wallet.
5	<p>Moving forward, AEON Credit will be introducing the digital technology advancement in its service to customers. (page 26, Annual Report)</p> <p>What is the estimated budget for the new IT Infrastructural & FINTECH solution you are considering?</p>	<ul style="list-style-type: none"> We have planned for an investment budget of RM150 million for FYE2018 to FYE2020, which included the investment in IT Infrastructure and Digital / FINTECH solution.

Q & A
