



AEON CREDIT SERVICE

23rd Annual General Meeting

24 June 2020

**Responses to questions received from
shareholders prior to the AGM**



Shareholders' Questions

Settlement Business

Product: Credit Card

No	Questions	Answers
1 (a)	Due to rising popularity of Islamic financing, will company issue Islamic type credit card which Maybank is doing now?	<ul style="list-style-type: none">• Launched AEON Platinum Credit Card in year 2018.• Focus on expanding customer base and accumulate better asset quality customers.• Focus on promotion program to collaborate with e-commerce merchants.
(b)	Will company issue Visa Signature level credit card to capture higher income customer?	
(c)	Will company issue credit card which focus on online shopping benefit due to rising of e-commerce ?	



Shareholders' Questions

Settlement Business

Product: Credit Card

No	Questions	Answers
1 (d)	AEONCR credit card which could be less favorable, owing to other cards have feature like cash back on weekend (Maybank American Express). What management will think, if those issued cards could gain more market shares?	<ul style="list-style-type: none">• Constantly review our product features and rewards mechanism to create the differentiation against our competitors while ensuring we cater to the changes in the market.



Shareholders' Questions

Settlement Business

Product: E-Money / E-Wallet

No	Questions	Answers
2 (a)	<p>Due to strong competition in e-wallet market, what is the company strategy to increase the market share of Aeon wallet? What is the competitive advantage of Aeon Wallet over Boost, GrabPay and TNGO e-wallet?</p>	<ul style="list-style-type: none">• AEON Wallet is positioned as a retail loyalty e-wallet.• Aim to provide convenience of financing services.• Aim to offer pre-approval limit for our eligible existing product financing customers.



Shareholders' Questions

Settlement Business

Product: E-Money / E-Wallet

No	Questions	Answers
2 (b)	In the last year AGM, CFO mentioned that e wallet cannot provide financing service like personnel loans, credit cards application without applying designated licenses from BNM. May I know how is the progression?	<ul style="list-style-type: none">• Obtained relevant approvals from BNM to cross sell a wide range of financial services such as personal loan, credit card & even insurance through AEON Wallet.• Currently, implementation is under the pipe line.

Shareholders' Questions

Settlement Business

Product: E-Money / E-Wallet

No	Questions	Answers
2 (c)	What is the strategies of AEONCR to engage more people into AEON Wallet and having routine usage?	<ul style="list-style-type: none">• Focus in converting the existing AEON Members to the new AEON Member Plus Visa Card.• Encourage higher downloads & users into AEON Wallet.• AEON Wallet generates part of the fee income from the routine usage.• Customers database will enable us to up sell and cross sell our service / product, and offer digital marketing with AEON Group of companies.

Shareholders' Questions

Easy Payment and Personal Financing

No	Questions	Answers
3 (a)	Can I know how much is the percentage of market share for company's motorcycle financing?	<ul style="list-style-type: none"> Market share for MOPED currently is approximately 30%.
(b)	In last AGM, the company mentioned that consumer durable financing which is currently focus on home appliance will expand to more objective driven financing like healthcare, renovation and wedding. What is the current progress and what is the management target on it?	<ul style="list-style-type: none"> In FYE2020, the Company focus to expand into healthcare products such as bicycle, massage chair and other consumer items.

Shareholders' Questions

Easy Payment and Personal Financing

No	Questions	Answers
3 (c)	Due to competitive in personal loan industry, will company consider to launch same day approval and cash disbursement for application before certain time to attract more customer?	<ul style="list-style-type: none">• The Company put in plan to improve turnaround time (TAT) for loan applications.• Aim to improve TAT within 30 minutes.

Shareholders' Questions

Insurance Business

No	Questions	Answers
4	As I see from company website, Aeon Credit is selling insurance too. Can I know how much does this business contribute to company revenue and profit? And also what is the management target, goal and planning for it?	<ul style="list-style-type: none">• Around 3% of total revenue of FYE2020 is contributed by the insurance business.• The Company continues to expand the insurance products to meet customers' needs.

Shareholders' Questions

SME Business

No	Questions	Answers
5 (a)	Understand SME is the main force of Malaysia economy and SME financing only form a very small part in company's receivable portfolio, what is the management target, goal and planning on SME financing for FYE 2021 and 2022?	<ul style="list-style-type: none"> • Focus on supporting the growth opportunities of our business partners and customers. • Taking a prudent approach on the SME Financing business model to avoid underwriting bigger ticket risk. • The SME Financing segment shall remain an insignificant contributor to the Transaction and Financing volume of the Company.
(b)	In the last year AGM, the management stated that the SME financing will be embraced and in the learning curved phase. Would it be concentrated risk to single customer is defaulted?	

Shareholders' Questions

Operations

No	Questions	Answers
6 (a)	Understand the collection team is using a semi auto model to dial customer currently. What will be the next automation, AI and process robotic initiative to carry out?	We are focusing on digitalisation process to improve the operation efficiency, include robotic process.
(b)	Will company put making itself as one of the KLCI component stock as their long term goal?	AEONCR is in the list of FTSE Bursa Malaysia MID 70 Index and FTSE4Good Bursa Malaysia Index Constituents.
(c)	Would the company pursue the digital or virtual bank?	We are open to any opportunities and will continue to explore potential new business.

Shareholders' Questions

Funding / Interest

No	Questions	Answers
7 (a)	There are many tranches of sukuk bonds are subscribed by AEONCR. Would it cause the high cost of borrowing, owing to the uncertainty time could cause rising non performing loans.	<ul style="list-style-type: none"> • ACSM's Sukuk is rated by RAM Rating Services Berhad (RAM). • The cost borrowing is fixed and based on the tenure issued. • To diversify or optimize the cost of borrowing, the Company tapped into debt capital market last year.
(b)	May I know the average interest cost of borrowing and net interest margin? Would it further spike of cost of capital? How could AEONCR can able to tap the cheaper funding?	<ul style="list-style-type: none"> • Our average interest rates ranging from 3.16% to 4.49%. • Average yield is 17.09%. • Continue to tap into banks borrowings and debt capital market to optimize the funding cost.

Shareholders' Questions

Funding / Interest

No	Questions	Answers
7 (c)	Will recent cut in OPR rate benefits company in term of financing costs?	Yes, the rate cuts by Bank Negara Malaysia will benefit the Company in terms of funding cost.