



AEON CREDIT SERVICE (M) BERHAD

28TH ANNUAL GENERAL MEETING

Wednesday | 25 JUNE 2025 | 10.00 am

Responses to Questions from Minority Shareholders Watch Group (MSWG)

via Letter dated 20 June 2025

Question 1

AEONCR shifts the focus to growing quality assets through M40 segment acquisition and seamless digital onboarding, while tightening credit disbursement of Auto and Personal Financing, with a focus on young age and low-score customers.

No	Question	Answer
1(a)	<p>The M40 segment generally receives a higher income, has a better credit score, and better access to a greater variety and lower-cost financing options.</p> <p>How does AEONCR compete with conventional financial institutions (FIs) to vie for these better-quality assets?</p>	<p>AEONCR is strategically expanding its footprint in the M40 segment by deploying seamless digital onboarding channels integrated with AI-powered credit scoring and instant approval capabilities. This accelerates the approval process and reduces the turnaround time which contributing to faster customer acquisition, and improved operational efficiency.</p> <p>As part of the boarder AEON Living Zone strategy, AEONCR has upgraded its AEON Wallet to deliver exclusive privileges and lifestyle rewards via AEON Loyalty Programme, which integrates personalised promotions and tiered membership benefits, enabling AEONCR to effectively cross-sell our products to the growing middle-income consumer.</p>

No	Question	Answer
1(b)	As the Vehicle and Personal Financing businesses led the expansion of financing receivables (+15.4% y-o-y to RM14.12 billion), how would the measure of credit tightening in Auto and Personal Financing, focusing on young age and low-score customers, impact the financing growth?	<p>Auto and Personal Financing are projected to grow by 4% and 14% y-o-y respectively, underpinned by a strategic focus on enhancing overall asset quality.</p> <p>This growth will be driven by a targeted approach that prioritises customers with good scores and FinPlus members, i.e. our existing customers with proven repayment records. AEONCR will also leverage the AEON ecosystem to support sensible expansion, ensuring credit risk is managed effectively through refined approval criteria and AI-driven scoring models.</p>

No	Question	Answer										
1(c)	Which business segment is expected to drive the circa 10% financing growth target in FY2026 (page 5 of Q4FY2025 Financial Results Presentation)?	<p>The Group remains cautious about the outlook due to rising geopolitical tensions, inflationary pressures and global trade and tariff uncertainties.</p> <p>Barring unforeseen circumstances, the Group expects to achieve the financing receivables growth by product for FYE2026 as outlined below:</p> <table><tr><th></th><th>FYE2026 Growth</th></tr><tr><td>Payment Business Group</td><td>10%</td></tr><tr><td>Vehicle Financing Group</td><td>10%</td></tr><tr><td>Personal Financing Group</td><td>13%</td></tr><tr><td>Overall FYE2026 Growth</td><td>11%</td></tr></table>		FYE2026 Growth	Payment Business Group	10%	Vehicle Financing Group	10%	Personal Financing Group	13%	Overall FYE2026 Growth	11%
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1(d)	What is the current customer mix between B40 and M40? Kindly illustrate the profile of your customers by age, income bracket, and size of financing for a better understanding of the impact arising from the changing business strategy.	<p>AEONCR's current customer portfolio demonstrates a strategic commitment to financial inclusion, with approximately 61% of our customers from the B40 income segment and 39% from the M40 segment. The customer profile is outlined below:</p> <table><tr><th colspan="2">Income Band</th></tr><tr><td>< RM2,500</td><td>61%</td></tr><tr><td>> RM2,500</td><td>39%</td></tr></table> <table><tr><th colspan="2">Age</th></tr><tr><td>< 22 years</td><td>9%</td></tr><tr><td>23 – 40 years</td><td>64%</td></tr><tr><td>> 40 years</td><td>27%</td></tr></table> <table><tr><th colspan="2">Size of Financing (RM)</th></tr><tr><td>Average Credit Card Limit</td><td>7,000</td></tr><tr><td>Auto Financing</td><td>38,000</td></tr><tr><td>Motor Financing</td><td>12,000</td></tr><tr><td>Personal Financing</td><td>15,000</td></tr></table>	Income Band		< RM2,500	61%	> RM2,500	39%	Age		< 22 years	9%	23 – 40 years	64%	> 40 years	27%	Size of Financing (RM)		Average Credit Card Limit	7,000	Auto Financing	38,000	Motor Financing	12,000	Personal Financing	15,000
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Question 2

In FY2025, AEONCR's total allowance for impairment loss and write-off on financing receivables jumped 32.6% y-o-y to RM757.69 million from RM569.91 million the year before (page 188 of IAR2025), partly due to the absence of impairment loss reversal that amounts to RM90.53 million in FY2024, compared to an allowance of RM81.67 million made in FY2025.

No	Question	Answer												
2(a)	<p>What is the breakdown of the impairment loss made according to business activities and customer demographics? Which business segment experienced higher delinquency rates compared to others? Why was the particular segment facing debt repayment challenges?</p> <p>In addition, please consider including the breakdown of financing receivables and impairment loss allowance by business activities in the explanatory note of accounts.</p>	<p>The impairment loss (“IL”) provision by business segment as at 28 February 2025 is as follows:</p> <table border="1"> <thead> <tr> <th></th><th>FYE2025</th><th>FYE2024</th></tr> </thead> <tbody> <tr> <td>Payment Business Group</td><td>8%</td><td>10%</td></tr> <tr> <td>Vehicle Financing Group</td><td>45%</td><td>52%</td></tr> <tr> <td>Personal Financing Group</td><td>46%</td><td>38%</td></tr> </tbody> </table> <p>A significant 22% growth in Personal Financing receivables has contributed to the increase in IL provisioning. In terms of customer demographics, approximate 60% of IL provision is attributed to customers from service line (25%) , manufacturing (22%) and retail (13%) sectors, which aligns with the composition of the receivables portfolio. These sectors tend to have a greater impact on younger and lower-income customers, primarily due to the cost-of-living challenges and income instability, which heighten the repayment challenges.</p> <p>The information disclosed in the financial statements complies with the requirements of MFRS.</p>		FYE2025	FYE2024	Payment Business Group	8%	10%	Vehicle Financing Group	45%	52%	Personal Financing Group	46%	38%
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2(b)	<p>The Management explained that the prior year's reversal was mainly attributed to the expected credit loss (ECL) model refresh and a one-off adjustment for the early settlement automation exercise (page 18 of Q4FY2025 Financial Results Presentation).</p> <p>Please elaborate on this statement.</p>	<p>AEON Credit undertook a recalibration of its Loss Given Default (LGD) assumptions within the ECL framework based on the requirement of MFRS 9.</p> <p>The previous LGD model was captured based on closed accounts. With the automation of early settlements, a significant number of accounts were closed earlier, and these accounts typically exhibit higher recovery rates, which in turn lowered the overall LGD ratio. This recalibration led to a reversal in impairment loss as the model reflected improved recoverability in the prior financial year.</p>

No	Question	Answer												
2(c)	In view of the signs of deterioration in key asset quality metrics — namely the Loan Loss Coverage Ratio, Non-Performing Loan (NPL) ratio, and Net Credit Cost (NCC) in FY2025, please provide forward guidance on the expected trajectory of these indicators in FY2026.	<p>The Group projects the NCC ratio to stabilise in FYE2026, alongside with an improved NPL ratio.</p> <table> <tr> <th>Item</th><th>FYE2025</th><th>Projection</th></tr> <tr> <td>Loan Loss Coverage ratio</td><td>209%</td><td>220%</td></tr> <tr> <td>NCC</td><td>3.87%</td><td>< 4.0%</td></tr> <tr> <td>NPL ratio</td><td>2.64%</td><td>< 2.5%</td></tr> </table>	Item	FYE2025	Projection	Loan Loss Coverage ratio	209%	220%	NCC	3.87%	< 4.0%	NPL ratio	2.64%	< 2.5%
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No	Question	Answer
2(d)	How is the progress of implementing a salary deduction scheme for civil servant borrowers as reported by a business weekly recently? What is the ratio of civil servants to total customers? Accordingly, what is the size of the financing that AEONCR extended to them?	<p>AEONCR is actively progressing toward securing a strategic partnership to implement a salary deduction scheme for civil servants, with a targeted rollout in Quarter 3 of FYE2026. The civil servant segment currently represents approximately 20% of our customer base.</p> <p>Through this initiative, AEONCR aims to provide financing solutions that are both accessible and sustainable, with loan amounts ranging from RM5,000 to RM100,000, depending on each borrower's repayment capacity.</p>

Question 3

AEONCR recognized a higher share of losses at RM68.33 million (FY2024: RM16.58 million) from an associate company – AEON Bank.

No	Question	Answer
3(i)	<p>With AEON Bank now entering into its second year of operation and more product offerings in the offing, does AEONCR foresee losses from the associate company to be intensified in FY2026?</p>	<p>AEON Bank is expected to report higher budgeted losses in FYE2026, primarily due to continued investments in product development and IT infrastructure expansion. These losses are aligned with the Bank's strategic roadmap, which includes the phased rollout of new Business Banking products scheduled for broader release in Q3 and Q4 of FYE2026. The elevated cost base reflects upfront commitments in technology, personnel and marketing to support long-term growth.</p> <p>To mitigate bottom-line pressure, AEON Bank remains prudent in managing both investment income and overhead expenses. Barring unforeseen circumstances, AEON Bank hopes to be able to reduce losses moving forward, supported by timely financing product launches.</p>

No	Question	Answer
3(ii)	Upon experiencing aggressive deposit-taking activities in the first year of operation, what are the areas of focus for the Bank in FY2026? Has the Bank been able to maintain its competitive edge against peers in terms of product offerings and product reach? Otherwise, what are the areas for improvement?	<p>After the launch campaign, AEON Bank has adopted a cautious deposit-taking strategy and focusing on building accessible financial solutions and enhanced customer experience.</p> <p>The Bank is expanding its Business Banking portfolio to strengthen its position within the AEON ecosystem. The Business Current Account-i is scheduled for rollout to selected merchants and businesses in Q3, followed by a full launch in Q4 of FYE2026 to AEON's existing merchants and suppliers' network.</p> <p>This phased rollout aligns with AEON Bank's strategy to deliver differentiated products, deepen business engagement and optimize costs through group synergies.</p>

No	Question	Answer
3(iii)	Is the Bank on track to achieve a break-even in the fifth year of operation?	<p>AEON Bank has remained on track in meeting its budgeted bottom line over the past two financial years.</p> <p>The Bank is also actively pursuing strategic partnerships to enhance its product reach and customer value proposition. These initiatives are aligned with the Bank's roadmap to achieve breakeven by its fifth (5th) year of operations, supported by a growing financing portfolio and prudent cost management.</p>

Question 1

AEONCR began reporting Scope 3 emissions in FY2025, including Category 6 (Business Travel) and Category 7 (Employee Commuting).

For financial institutions, particularly banks, financed emissions from lending and investment activities typically represent the most material component of Scope 3 emissions.

Is the disclosure of financed emissions applicable and relevant to non-bank lenders like AEONCR? If so, does the Company intend to progressively expand its Scope 3 reporting to include these emissions in future disclosures?

No	Question	Answer
1	<p>AEONCR began reporting Scope 3 emissions in FY2025, including Category 6 (Business Travel) and Category 7 (Employee Commuting).</p> <p>For financial institutions, particularly banks, financed emissions from lending and investment activities typically represent the most material component of Scope 3 emissions.</p> <p>Is the disclosure of financed emissions applicable and relevant to non-bank lenders like AEONCR? If so, does the Company intend to progressively expand its Scope 3 reporting to include these emissions in future disclosures?</p>	<p>Financed emissions, categorised under Scope 3 of the GHG Protocol, are particularly relevant to AEONCR due to our core business in consumer financing.</p> <p>As a material source of our overall emissions, we plan to expand disclosures on financed emissions in our FYE2026 reporting to strengthen transparency and reinforce our commitment to climate accountability.</p>



AEON CREDIT SERVICE (M) BERHAD

28TH ANNUAL GENERAL MEETING

Wednesday | 25 JUNE 2025 | 10.00 am

Responses to Pre-AGM Questions raised by Shareholders

AGM Matters

Shareholder Name	Question
1. Chua Book Khai	Refer to the subject mentioned above, please confirm online virtual meeting is available or not for AEON Credit 28th 2025 AGM ?
2. Jack	I am unable to locate the administrative details for the AGM. Could you please provide guidance on where I can find this document?

Response
<p>The 28th AGM will be held physically at Grand Ballroom, Level 2, InterContinental Kuala Lumpur, 165, Jalan Ampang, 50450 Kuala Lumpur.</p> <p>Administrative details for the AGM are available in the Investor Relations section of AEON Credit website under “General Meeting”, or via the QR Quote included in the email sent to shareholders on 21 May 2025, titled <i>AEON Credit Service (M) Berhad – Notification to Shareholders</i>.</p>

AGM Matters

Shareholder Name	Question
3. Goay Chin Long	I am a shareholder of AEON Credit through a CIMB iTrade nominee account (CIMB Investment Bank Nominees). I would like to attend the upcoming 28th AGM in person. May I confirm if I can attend the AGM by presenting only my MyKad (IC) without requiring any additional authorization letter from CIMB Nominees

Response
<p>If you hold shares via a nominee account, you may not be permitted to attend the AGM directly. To do so, you may need to request your nominee (such as your bank or broker) to appoint you as their proxy, enabling you to attend and vote at the AGM. In this regard, our share registrar has already contacted you to facilitate the necessary assistance.</p>

AGM Matters

Shareholder Name	Question
4. Eik Choo Sing	May I know whether there is any breakfast coupon and lunch coupon for redemption? Food coupon for lunch and no breakfast?

Response
Please be informed that meal coupons will be provided for both breakfast and lunch.

AEON Bank Matters

Shareholder Name	Question
1. Seah BK	What is the plan to make the digital banking (Aeon Bank) business to break even? How long will it take?

Response
<p>AEON Bank aims to achieve operational breakeven within 5 years of its launch, in line with the business plan.</p> <p>Years 1 – 2: Start-up losses are expected. Efforts will focus on building competitive IT infrastructure and a strategic business model aligned with the AEON Group ecosystem.</p> <p>Years 3 – 5: To expand credit and product offerings to AEON Credit's merchant network and AEON Group stakeholders, tapping into untapped market potential within the Group.</p>

Shareholder Name	Question
2. Lee Tat Chor	<p>1) Could you state the default rate of customer in AEON Bank, compares to in Auto financing as well as Superbike financing business for FY2025.</p> <p>2) Could you explain the major cause for the 'Loss for the financial year 2025' amounting to RM136,662,000 under note No. 8 Investment in an Associate, and with your expectation.</p>

Response
<p>1) We regret that we are unable to disclose this information due to confidentiality obligations.</p> <p>2) The Bank's financials for the FYE2025 were within the budget.</p> <p>AEON Bank invested significantly during the financial year to support product development and launch. Key initiatives included building its Tech team, developing core banking system and mobile security infrastructure. Marketing efforts such as online campaigns, branding, roadshows and promotional rates during the launch period were aimed to accelerate market capture. Besides, efforts were made to build the Business Banking infrastructure, culminating in the successful rollout of Business Banking Financing products in this financial year.</p>

AEON BANK Matters

Shareholder Name	Question
3. Low Kah Soon Joshua	<p>1) What are the company's more active strategies (other than the passive ad placement in AEON Wallet) in converting the more than 1.8 million AEON Wallet users to also be AEON Bank's customers?</p> <p>2) What are the new products that will be introduced by AEON Bank in the near future (given that rival digital banks have already introduced business current account and business financing products)?</p> <p>3) With two more digital banks launching operations soon (the playing field will be more competitive), what are the company's strategies in attracting deposits and selling its products?</p> <p>4) With the AEON Group in Malaysia having more than 12,000 employees, are there any plans to make AEON Bank the group's salary account?</p>

AEON BANK Matters

Response

Response to Strategies

- AEON Bank is leveraging the AEON ecosystem, including AEON Credit's merchant network and AEON Group's stakeholders to expand its customer base, grow deposits, and promote product adoption.
- Developing seamless onboarding via AEON Wallet, including embedded AEON Bank account for loan disbursement for better customer experience and engagement.
- Adopting Generative AI to strengthen data analytics capabilities, enabling deeper insights into customer behavior and delivering personalised offerings.

Response to products rollout progress

AEON Bank plans to rollout Business Banking products covering Current Account-i, Working Capital Financing-i, Term Financing-i as well as GenAI-powered financial analytics within the current financial year.

Response to AEON Group Salary Account

Yes, this is part of our near-term strategy. AEON Bank will support AEON Group companies by providing employee payroll services and fund placement solutions.

Request for Printed Copy of Annual Report

Question
I would like to request for a printed annual report. In total we received 34 requests from shareholders.

Response
Kindly note that we have dispatched the printed annual report to all the shareholders.