

EON CAPITAL PRE-TAX PROFIT GROWS 39.7% TO RM589.6 MILLION FOR FINANCIAL YEAR ENDED 31 DECEMBER 2010

Highlights of the financial year ended 31 December 2010:

	FY 2010	FY 2009	% CHANGE
Profitability			
Operating profit before provisions	RM855.4 million	RM614.6 million	+ 39.2%
Profit before tax	RM589.6 million	RM421.9 million	+ 39.7%
Profit after tax	RM440.1 million	RM341.1 million	+ 29.0%
Performance Ratios			
Non-Interest Income to Total Income	22.9%	20.6%	+2.3%
Overheads to Income	49.3%	57.2%	+7.9%
ROE (pre-tax)	15.7%	12.5%	+ 3.2%
ROA (pre-tax)	1.2%	0.9%	+ 0.3%
Earnings per share	63.5 sen	49.2 sen	+ 29.0%
Book Value per share	RM5.71	RM5.13	+ 11.3%
Asset Quality			
Gross impaired loans	3.6%	4.3%*	+0.7%
Net impaired loans	2.0%	2.6%*	+0.6%
Loan loss coverage	89.6%	81.9%*	+7.7%
Lending and deposit			
Net loans growth	14.4%	8.1%	+6.3%
Customer deposit growth	22.2%	4.6%	+17.6%
Net loans to deposits	88.6%	94.6%	+6.0%
Capital Ratios			
Risk weighted capital ratio	15.4%	14.4%	+1.0%

Note: * Asset quality ratios as at 1 January 2010, upon first adoption of FRS139; "+" denotes improvement

- **Pre-Tax Profit:** Pre-tax profit grew by RM167.7 million, or 39.7%, due to 15.5% growth in net interest income, 8.8% rise in Islamic banking earnings and 30.6% rise in non-interest income.
- **After-Tax Profit:** Net profit after tax improved by 29% to RM440.1 million.
- **Return on Equity (ROE) and Return on Assets (ROA):** Pre-tax return on equity (ROE) improved to 15.7% from 12.5% in FY2009, while ROE after tax was 11.7% from 10.1%. ROA increased to 1.2% from 0.9% in FY2009.
- **Total Assets:** Total assets grew by 14.4% year-on-year (y-o-y) to RM53.1 billion from RM46.4 billion in FY2009, contributed mainly from the expansion of the loan portfolio.
- **Loans and Deposits Y-o-Y Growth:** Outstanding net loans expanded by RM4.6 billion or 14.4%, to RM36.7 billion, while customer deposits grew by 22.2% to RM41.4 billion.
- **Stable Risk-Weighted Capital Ratio:** The risk-weighted capital ratio remained satisfactory at 15.41%.

KUALA LUMPUR, 28 February 2011 - EON Capital Berhad ("EON Capital"), the holding company of EON Bank Group, today announced pre-tax profit of RM589.6 million for the financial year ended 31 December 2010 (FY2010). The performance was due to growth in net interest income, Islamic banking earnings and non-interest income.

Pre-tax profit for the fourth quarter was RM142.9 million, or RM41 million (+ 40.2%) higher than the previous corresponding quarter ended 31 December 2009.

Net profit after tax for the Group rose to RM440.1 million, while net earnings per share rose to 63.5 sen from 49.2 sen in the previous year. Book value per share also rose to RM5.71 from RM5.13 in the previous corresponding period. Net profit after tax rose by 29% as the tax rate normalised at 25%. In FY2009, the effective tax rate was lower at 19% as the Group had benefited from the one-off non-recurring reversals of over-provisions of tax expenses relating to prior years.

In announcing the results, EON Bank Group Chairman Mr Gooi Hoe Soon said: "We are happy with our 2010 financial performance. Our total assets passed RM50 billion and profit before tax increased to above half a billion ringgit. The Group's performance is due to the integrated effort of our team."

Gooi said asset growth was accompanied by an improved business portfolio and asset quality. "The Gross Impaired Loans Ratio declined from 4.3% upon first adoption of FRS139 on 1 January 2010, to 3.6% as at end-December 2010. Similarly, the gross impaired loans coverage too has registered improvement from 81.9% on 1 January 2010, to 89.6% by the year end," Gooi said.

Gooi also said the Bank will continue to focus on cost management initiatives. Costs rose marginally by 1.4% when compared to 2009. "We intend to maintain the overall cost structure and organisational efficiencies. Our overall cost-to-income ratio has dropped from 57.2% in FY2009 to 49.3% over the year," Gooi said.

Loans growth in major business segments

The y-o-y net loans and financing growth improved by RM4.6 billion, or 14.4%, to RM36.7 billion. The lending activities of the Group remain focused on the retail sector, which accounts for nearly 80% of the Group's loan portfolio comprising mainly loans for financing residential properties, the purchase of passenger vehicles and also the SMEs. The Group's consumer loans portfolio, which constitute 60% of the total loans, expanded by RM3.1 billion, or 15.4% y-o-y. The growth was driven primarily by housing loans, which grew by RM2.6 billion during the year and currently accounts for 27% of the total loans outstanding. Hire purchase loans outstanding expanded by RM859.5 million, or 6.8%, to RM13.6 billion. SME lending during the year grew by RM1.1 billion, or 16.5%, to RM7.9 billion. Lending to SMEs currently accounts for 20.8% of total loans as at end-December 2010. Variable rate loans now make up 58.5% of total loans (FY2008: 54.9%).

Deposits Growth

Year-on-year customer deposits grew by RM7.5 billion, or 22.2%, to RM41.4 billion. This has enabled the Group to improve its liquidity position with net loans-to-deposits ratio declining to 88.6% from 94.6% a year earlier. Gooi stated that during the year, the Group had focused on reducing the loans-to-deposits ratio below 90% in an effort to narrow the gap and be in line with the industry.

Capital Ratios

The Group's overall risk weighted capital ratio improved to 15.41% from 14.41% a year ago. "The Group's capitalisation level is sufficient to meet our business growth. Our capital ratio, which is at 15.41%, is above the minimum regulatory requirement. The Bank had issued RM500 million of Subordinated Medium Term Notes in December 2010 for working capital purposes," Gooi said. The Group will position itself to meet Basel III requirements, which are to be phased in commencing 1 January 2013.

Year End Performance

EON Bank Group expects interest rates to move up and profit margins to reduce. “During 2011, the Group will continue to focus on the Consumer and SME segments. We will focus on meeting our customers’ needs more effectively and efficiently,” Gooi said.

“The performance of the Group for 2010 has been very satisfactory and is due to the hard work and commitment of the EON Bank Group employees. With the foundation that the Group now enjoys, I am confident of another year of stable growth,” Gooi added.

ABOUT EON BANK GROUP

The **EON Bank Group** consists of EON Bank Berhad and its two main subsidiaries: EONCAP Islamic Bank and MIMB Investment Bank Berhad.

EON Bank Berhad is a licensed banking and finance company operating under the regulations of Bank Negara Malaysia under the provisions of the Banking and Financial Institutions Act 1989. EON Bank is principally engaged in the provision of a comprehensive range of financial products and services.

EON Bank’s subsidiary, **EONCAP Islamic Bank Berhad**, has five full-fledged Islamic Banking branches, which offers Islamic shariah-compliant financial products and services, which includes deposit products, consumer financing products, business financing as well as corporate and investment banking activities.

An investment bank licensed under the Banking and Financial Institutions Act 1989, **MIMB Investment Bank Berhad** is a wholly owned subsidiary of EON Bank Berhad. MIMB Investment Bank provides full client services in key areas of investment banking including corporate finance advisory, structured finance, equity and debt capital markets, placements, underwriting and stock broking activities under its subsidiary.

EON Capital Berhad is the holding company of EON Bank Berhad.

For more information about EON Bank Group, please visit www.eonbank.com.my, call 03-2694 1188 or contact:

Media:

Norlina Mohd. Yunus
Head – Corporate Communications
DID: 03-27768918
Email: Norlina.Yunus@eonbank.com.my

Wong Giok Leigh
Head – Publicity & CSR
DID: 03-23827983
Email: Wong.GiokLeigh@eonbank.com.my

Investor Relations:

Amarjeet Kaur
Group Chief Finance Officer
DID: 03-27768482
Email: Amar.Kaur@eonbank.com.my

-END-