



EON CAPITAL BERHAD 454644-K ANNUAL REPORT 2010

DELIVERING ON OUR COMMITMENT



OUR VISION & MISSION STATEMENT

OUR VISION	OUR MISSION	STRATEGIC FOCUS		
The Preferred Malaysian Bank	To offer best-in-class standards in delivery capabilities, customer experiences & performance excellence for lasting, fulfilling banking relationships with our customers.	Sustainable returns from core businesses	Additional revenue streams from new business opportunities	Enhancing risk management & credit culture



DELIVERING ON OUR COMMITMENT

At EON Bank Group, our fundamental strengths lay in the total commitment of each and every one of our colleagues. Together, we strive to bring the best of ourselves to deliver products and services that match the needs and requirements of our customers. Our belief is simple by understanding their needs and ensuring a sound relationship, we grow together. All of us at EON Bank Group are proud to work at a banking group that puts your needs first because through this, we confidently know that we are delivering on our commitment to you.

		VALUES	BASE	OUR VALUE PROPOSITION
Performance motivated organisation driven by engaged employees	Enhancing corporate efficiency	<ul style="list-style-type: none"> • Trust • Ownership • Performance Driven 	People in a Strong and Cohesive Team	<ul style="list-style-type: none"> • Simple • Convenient • Delivering Value



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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Thirteenth Annual General Meeting of **EON CAPITAL BERHAD** will be held at Nirwana Ballroom, Crowne Plaza Mutiara Hotel, Jalan Sultan Ismail, Kuala Lumpur on Monday, 20 June 2011 at 9:00 a.m. for the following purposes:

ORDINARY BUSINESS

1. To receive and adopt the Reports of the Directors and Auditors and the Audited Financial Statements for the year ended 31 December 2010. **Resolution 1**
2. To re-elect the following Directors who retire in accordance with Article 97 of the Company's Articles of Association:
 - a. Mr. Wee Hoe Soon @ Gooi Hoe Soon **Resolution 2**
 - b. Y.M. Tengku Azman ibni Almarhum Sultan Abu Bakar **Resolution 3**
 - c. Y.Bhg. Dato' Sri Dr. Tiong Ik King **Resolution 4**
3. To re-appoint Mr. Rin Kei Mei, who is over the age of seventy years, as Director of the Company and to hold office until the next Annual General Meeting in accordance with Section 129 of the Companies Act, 1965. **Resolution 5**
4. To approve the payment of non-executive directors' fees of RM951,370.00 for the year ended 31 December 2010. **Resolution 6**
5. To re-appoint Messrs. PricewaterhouseCoopers as Auditors and to authorise the Directors to fix their remuneration. **Resolution 7**

SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions:

6. **Authority under Section 132D of the Companies Act, 1965, for the Directors to Issue Shares** **Resolution 8**

"THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised to issue shares in the Company from time to time at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may, in their absolute discretion, deem fit provided that the aggregate amount of shares issued pursuant to this resolution does not exceed 10% of the issued and paid-up share capital of the Company for the time being, subject always to the approvals of the relevant regulatory authorities AND THAT the Directors be and are hereby also empowered to obtain approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued AND THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

7. **Proposed Renewal of Authority for the Purchase by the Company of its Own Shares ("Proposed Share Buy-Back")** **Resolution 9**

"THAT, subject to the Companies Act, 1965, the Memorandum and Articles of Association of the Company and the requirements of Bank Negara Malaysia, Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authorities, the Company be and is hereby authorised to purchase such number of ordinary shares of RM1.00 each in the Company as may be determined by the Directors from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit in the interest of the Company provided that the aggregate number of shares purchased pursuant to this resolution does not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company;

AND THAT an amount not exceeding the Company's total audited retained profits and share premium account at the time of purchase be allocated by the Company for the Proposed Share Buy-Back;

AND THAT the authority conferred by this resolution shall commence immediately upon the passing of this resolution and shall continue to be in force until:

- (a) the conclusion of the next Annual General Meeting of the Company, at which time it will lapse, unless renewed by an ordinary resolution passed by the shareholders of the Company in a general meeting; or
- (b) revoked or varied by an ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever is the earlier;

AND THAT the Directors be and are hereby authorised to act and to take all steps and do all things as they may deem necessary or expedient in order to implement, finalise and give full effect to the Proposed Share Buy-Back AND FURTHER THAT authority be and is hereby given to the Directors to decide in their absolute discretion to either retain the ordinary shares of RM1.00 each in the Company purchased by the Company pursuant to the Proposed Share Buy-Back as treasury shares to be either distributed as share dividends or resold on Bursa Securities or subsequently cancelled, or to cancel the shares so purchased, or a combination of both."

8. To consider any other business of which due notice shall have been given.

By order of the Board

Lee Chau Peng
(MAICSA 7005134)
Company Secretary

Kuala Lumpur
25 May 2011

Notes:**1. Proxy**

- i. A member entitled to attend and vote at the meeting may appoint one (1) or more proxies to attend and vote on his behalf. A proxy may but need not be a member of the Company. If the proxy is not a member of the Company, he/she must be an advocate, an approved company auditor or a person approved by Companies Commission of Malaysia in a particular case.
- ii. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- iii. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 12th Floor, Menara EON Bank, No. 288, Jalan Raja Laut, 50350 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
- iv. The Form of Proxy, in the case of an individual shall be signed by the appointor or his attorney, and in the case of a corporation, either under its Common Seal or under the hand of an officer or attorney duly authorised.

2. Special Business

- i. Ordinary Resolution 8, if passed, will give the Directors of the Company authority to issue and allot ordinary shares in the Company at any time in their absolute discretion without the need to convene a general meeting. This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next Annual General Meeting.

This authority is a renewal of the general mandate which will expire at the forthcoming Thirteenth AGM. As at the date of this Notice, the Company did not issue any shares pursuant to the mandate granted at the last AGM.

The general mandate, if granted, will enable the Directors to take prompt action in case of a need for corporate exercises or in the event business opportunities arise which involve the issue of new shares.

- ii. Ordinary Resolution 9, if passed, will empower the Directors of the Company to purchase the shares of the Company through Bursa Malaysia Securities Berhad up to 10% of the issued and paid-up share capital of the Company.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Directors who are standing for re-election or re-appointment are as follows :

Under Article 97 of the Company's Articles of Association

- Mr. Wee Hoe Soon @ Gooi Hoe Soon
- Y.M. Tengku Azman ibni Almarhum Sultan Abu Bakar
- Y.Bhg. Dato' Sri Dr. Tiong Ik King

Pursuant to Section 129(6) of the Companies Act, 1965

- Mr. Rin Kei Mei

The details of the abovenamed Directors who are standing for re-election or re-appointment are set out in the Directors' Profiles on pages 14 to 18 of the Annual Report.

GROUP CORPORATE STRUCTURE

AS AT 30 APRIL 2011

EON Capital Berhad

100% EON Bank Berhad¹

- 100% EONCAP Islamic Bank Berhad³
- 100% MIMB Investment Bank Berhad²
- 100% EB Realty Sdn Bhd⁴
- 100% OBB Realty Sdn Bhd⁴
- 100% EB Nominees (Tempatan) Sdn Bhd⁵
- 100% EB Nominees (Asing) Sdn Bhd⁵
- 100% EFB Berhad⁶
- 100% OFB Berhad⁶
- 100% CFB Nominees (Tempatan) Sendirian Berhad⁶
- 100% Perkasa Nominees (Tempatan) Sdn Bhd⁶
- 100% CFB Asa Berhad⁶
- 100% PFB Asa Berhad⁶
- 100% Oriental Nominee (Tempatan) Sdn Bhd⁶

- 100% MIMB Nominees (Tempatan) Sdn Bhd⁶
- 100% MIMB Nominees (Asing) Sdn Bhd⁶
- 100% M.I.T. Nominees (Tempatan) Sdn Bhd⁵
- 100% F.I.T. Nominees (Asing) Sdn Bhd⁵
- 100% ECS Jaya (1969) Sdn Bhd⁶
- 100% SSSB Jaya (1987) Sdn Bhd^{*}
 - SSSB Nominees (Tempatan) Sdn Bhd^{**}
 - SSSB Nominee (Asing) Sdn Bhd^{**}

¹ Banking and Finance

² Investment Banking

³ Islamic Banking

⁴ Property Investment

⁵ Nominees Services

⁶ Dormant

^{*} In Creditors' Voluntary Liquidation

^{**} In Members' Voluntary Liquidation

CORPORATE INFORMATION

AS AT 30 APRIL 2011

BOARD OF DIRECTORS

Chairman

Mr. Wee Hoe Soon @ Gooi Hoe Soon

Members

Y.M. Tengku Azman ibni Almarhum Sultan Abu Bakar

Y.M. Tengku Dato' Ahmad Faisal bin Tengku Ibrahim

Dato' Sri Dr. Tiong Ik King

Datuk Haron bin Siraj

Dr. Zaha Rina binti Zahari

Encik Ahmad Riza bin Basir

Mr. Nicholas John Lough @ Sharif Lough bin Abdullah

Mr. Rin Kei Mei

COMPANY SECRETARY

Ms. Lee Cheau Peng
(MAICSA 7005134)

REGISTERED OFFICE

12th Floor, Menara EON Bank
No. 288, Jalan Raja Laut
50350 Kuala Lumpur
Tel: 03-2694 1188
Fax: 03-2692 1851
Website: www.eonbank.com.my

SHARE REGISTRAR

ShareWorks Sdn Bhd
No. 10-1, Jalan Sri Hartamas 8
Sri Hartamas, 50480 Kuala Lumpur
Tel: 03-6201 1120
Fax: 03-6201 3121

AUDITOR

PricewaterhouseCoopers
Level 10, 1 Sentral
Jalan Travers, Kuala Lumpur Sentral
P. O. Box 10192
50706 Kuala Lumpur

PRINCIPAL BANKER

EON Bank Berhad

STOCK EXCHANGE LISTING

Main Board of Bursa Malaysia
Securities Berhad
(Since 23 December 2002)
(Stock Code: 5266)

WEBSITE

www.eonbank.com.my

MESSAGE FROM CHAIRMAN

DEAR SHAREHOLDERS,

“Delivering On Our Commitment”

The past year, as you are well aware, has been a very eventful year for EON Bank Group! Even as we embarked on our 3-year Strategic Business Plans for 2010-2012 in pursuit of our vision to become “The Preferred Malaysian Bank”, we were also faced with the challenges of the ongoing corporate developments, intensified competition, a more liberalised industry, as well as a recovering economic climate.

The image shows a close-up of the EON BANK logo mounted on a light-colored wall. The logo consists of the words "EON BANK" in a bold, sans-serif font. The "EON" is in a dark color, and "BANK" is in a lighter color. The background is a warm, yellowish-orange gradient, suggesting an interior space with recessed lighting.

“Our pre-tax profit rose 39.7%, or RM167.7 million to RM589.6 million for the financial year ended 31 December 2010 (FY2010), exceeding market consensus estimates.”

MESSAGE FROM
CHAIRMAN

Mr. Wee Hoe Soon @ Gooi Hoe Soon

Yet despite this, I am delighted to report that the Group successfully delivered on our commitment to our shareholders by performing remarkably well, as we continued to focus our efforts on:

- Expanding the balance sheet and growing the earnings, while ensuring continued improvement in the asset quality;
- Strengthening the integrated risk management framework;
- Maintaining strong levels of capital and liquidity; and
- Increasing productivity and improving cost efficiencies.

Our pre-tax profit rose 39.7%, or RM167.7 million to RM589.6 million for the financial year ended 31 December 2010 (FY2010), exceeding market consensus estimates. The results were underpinned by sound profit contributions across all business divisions, and improvements in productivity and efficiency. Net profit after tax for the Group rose to RM440.1 million whilst, net earnings per share increased to 63.5 sen from 49.2 sen in the previous year. The return on equity too has improved to 11.7% and return on assets to 0.9%, closing the gap with the industry. Book value per share now stands at RM5.71, from RM5.13 a year earlier.

Total assets stood at RM53.1 billion, a 14.4% increase from FY2009, driven primarily by the 14.4% expansion in the loans portfolio, as we remained focused on diversifying and re-balancing the loans portfolio towards faster growth in retail segments. Deposits from customers rose 22.2% to hit RM41.4 billion, in line with the Group's efforts to reduce the loans to deposits ratio to 88.6% from 94.6% a year ago.

With stringent risk management, credit quality, proactive recovery and collection frameworks in place, asset quality ratios too have improved significantly as represented by the lower gross impairment loans ratio. Our 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 rose from 81.9% on 1 January 2010 to 89.6% by the year-end.

The Group remained well capitalised with an overall risk weighted capital ratio of 15.4%, up from 14.4% a year ago, whilst the ongoing efforts to improve process efficiencies and staff productivity saw the overheads to total income ratio dropping below 50%, from 57.2% in FY2009.

It is against this backdrop of positive financial results that I heartily applaud the passion, dedication and hard work of our staff for making all of this possible! Without a shadow of doubt, the Management and Staff of EON Bank Group have performed remarkably well, considering the ongoing corporate developments. In fact, it is highly commendable that, despite everything that has occurred, they have stayed focused and resolute on pursuing the vision set before them, to become “The Preferred Malaysian Bank” and, certainly, the results certainly speak on their behalf! That is why you will notice that the entire Annual Report this year has been specifically themed to celebrate their invaluable contributions to the Group. They are our true heroes in Delivering On Our Commitment to you, our shareholders!

“The Group remained steadfast in seeing the end of our transformation programme, Project Quantum Leap, which commenced in FY2008, and continued on to our 3-year Strategic Business Plan 2010-2012 to pursue our vision of becoming “The Preferred Malaysian Bank”.”

OPERATING ENVIRONMENT

2010 brought with it new challenges as we saw the economy continue to recover from the unprecedented financial crisis earlier. Fortunately for Malaysia, even though we were not immune from these global occurrences given the country's extensive trade links, our Government reacted with speed and decisiveness in approving important stimulus packages and an accommodative monetary policy. Accordingly, the Malaysian economy expanded to register a much higher growth in 2010 of 7.2%, from the initial BNM projections of GDP growth, of between 4.5% to 5.5%. The Government made great strides in introducing its comprehensive Government Transformation Programme (GTP) as well as the Economic Transformation Programme (ETP) along with the astute oversight of a robust regulatory framework and the effective implementation of the Financial Sector Masterplan.

In light of these economic developments, the banking industry saw many players thrive with strengthening capital positions as well as improved financial results. Needless to say, this has resulted in intensified competition across the financial services industry.

DELIVERING ON OUR COMMITMENT

Even so, the Group remained steadfast in seeing the end of our transformation programme, Project Quantum Leap, which commenced in FY2008, and continued on to our 3-year Strategic Business Plan 2010-2012 to pursue our vision of becoming “The Preferred Malaysian Bank”. Net loans and financing expanded by RM4.6 billion, or 14.4%, to RM36.7 billion due to synergies with existing business partners as well as through better customer value proposition, improved service level and banking convenience, thereby enabling the Group to increase its market share. The lending activities of the Group remain focused on retail and SME, which accounts for nearly 81.2% 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 60.4% 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 24.4% of the total loans outstanding. Hire purchase loans outstanding, net of unearned interest, expanded by RM766.2 million, or 7.1%, to RM11.6 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. Arising from this diversification strategy, variable rate loans now make up 58.5% of total loans.

In line with the Group's strategy to build long term core customer deposit base, the Group also intensified its efforts to grow retail deposits. Innovative deposit campaigns and product bundling initiatives yielded healthy y-o-y customer deposits growth of RM7.5 billion, or 22.2%, to RM41.4 billion, significantly above the industry's growth rate. This enabled the Group to improve its liquidity position, with net loans-to-deposits ratio declining sharply to 88.6% from 94.6% a year earlier, in an effort to narrow the gap with the industry.

“The Group’s top priority is to ensure that our underlying business momentum remains intact. The Group now has a sturdy foundation in place which will support sustained growth in 2011 and beyond. Our capital position is strong; our asset quality continues to improve as a result of strategic improvements to our risk management efforts; and our investments in infrastructure, systems and human capital have enhanced our operations as well as projected the Group as a vibrant and dynamic organisation.”

Since the Group proactively manages its capital position to ensure that our capitalisation levels at 15.4% are sufficient to meet our business growth aspirations, and are also well above the minimum regulatory requirements, EON Bank took the opportunity to tap the capital markets under the Bank’s Subordinated Medium Term Notes Programme to issue RM500 million of Subordinated Medium Term Notes in December 2010. The Group is well-positioned to meet the finalised Basel III requirements, which are to be gradually phased in commencing 1 January 2013.

PERFORMANCE TO REMAIN ON TRACK

While BNM has raised the Overnight Policy Rate by 75 basis points (“bps”) in FY2010, and a further 50 bps progressive hike is anticipated before end-2011, to normalise monetary conditions to prevent the build up of financial imbalances, the stance of monetary policy remains accommodative and supportive of economic growth. With the Malaysian economy now projected to grow by 5% to 6% in 2011, the Group approaches the new financial year with cautious optimism.

The Group’s top priority is to ensure that our underlying business momentum remains intact. The Group now has a sturdy foundation in place which will support sustained growth in 2011 and beyond. Our capital position is strong; our asset quality continues to improve as a result of strategic improvements to our risk management efforts; and our investments in infrastructure, systems and human capital have enhanced our operations as well as projected the Group as a vibrant and dynamic organisation.

To enhance the momentum of the initiatives we have already put in place and started to execute, we will continue building on our core franchise strengths in the Consumer and SME segments; in line with our Strategic Business Plans 2010-2012, supported by best-in-class enablers across IT, operations, risk management and financial governance. We also continue to develop further our integrated multi-channel sales and distribution capabilities, focusing on meeting our customers’ needs more effectively and efficiently. Further, the Group will place added emphasis on accelerating low cost deposit growth, through an AAA strategy of Acquisition, Activation and Anti-Attrition, with the aim of reducing the overall cost of funds, and improving profitability. More importantly, we will continue to train, develop and motivate our staff. We remain optimistic of eventually reaching our goal to become “The Preferred Malaysian Bank”.

As we resolutely focus on the execution of our strategic agenda, this will enable us to stay resilient as we leverage on the economic recovery to further pursue our strategy of organic business growth. For FY2011, since the Group is gearing up for differentiated growth in its business segments, de-risking its balance sheet and diversifying into new businesses, we are confident of further enhancing our earnings momentum to report an even better financial performance – barring no further distractions to conducting business as usual.

DEVELOPING OUR YOUTH TODAY, FOR TOMORROW

Even as we enjoy success as a corporate entity, the Group remains dedicated in upholding our role as a responsible corporate citizen and continues to leverage on the Group’s nationwide branch network to positively impact the communities in the vicinity of these branches. While the Group continues to be active in philanthropic endeavours, more importantly, we place an emphasis on corporate activities that are align with our core values, mission and vision, as well as which impact in a more tangible and sustainable manner upon our marketplace, workplace, environment and community.

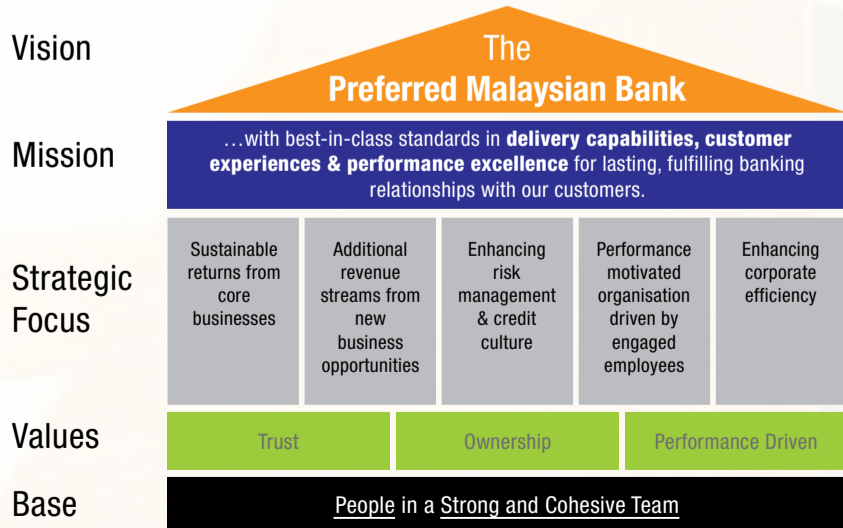
One of the key developments in the past year has been the launch of our Corporate Social Responsibility strategic theme, “Developing Our Youth Today, For Tomorrow.” This theme aptly encapsulates the bank’s focal interest in empowering the youth of today for the future. Accordingly, the Group has engaged in various initiatives throughout the year that focuses on equipping young people to face the future and impact them positively – for themselves, their communities and even the country.

Among the key initiatives that we have launched under this CSR theme include The SAS-EON Bank Group Knowledge Discovery Challenge, which is an annual competition that is the first-of-its-kind programme here in Malaysia, which seeks to equip tertiary students with the necessary skills to thrive in the area of business analytics. Other activities currently carried out under the “Developing Our Youth Today, for Tomorrow” theme include the EON Bank Group Smart Junior Academic Excellence Awards, which has given more than RM400,000 to 2,000 students since the year 2004, for excellent academic performances in public examinations; support for Bank Negara Malaysia’s School Adoption Programme, which seeks to increase financial literacy among school-going youth; and participation in The Star’s Newspaper-in-Education programme, where the Banking Group sponsored 85,800 copies of The Star’s Newspaper in Education (NiE) and Step Up pullouts – which serve as a fun tool for learning and teaching English – to 65 schools nationwide.

Apart from these major activities, the Group and its employees continue to support a wide range of charitable, educational and cultural causes through various monetary and non-monetary contributions.

ONGOING CORPORATE DEVELOPMENTS

This report will not be complete without an update on the ongoing corporate developments, which began in December 2009. As highlighted in my Letter to Shareholders last year, while the management of the Group had drawn up strategies to charge ahead, however, some of the major shareholders in the Company, had in December 2009, expressed their interest to divest their shareholdings. In December 2009, Kualapura (M) Sdn Bhd (11.12%), Lintang Emas Sdn Bhd (4.29%) and R.H. Development Corporation Sdn Bhd (16.26%) had obtained the approval of Bank Negara Malaysia to commence discussions with Hong Leong Bank Berhad (“HLB”) for the potential equity divestment in the Company.



“To all our customers, we express our deepest appreciation to you for having supported the EON Bank Group and entrusted us with your confidence. We remain determined to bring you greater innovation, value, convenience and service quality to meet your banking needs.”



HLB made its first offer to acquire the entire assets and liabilities of the Company at the offer price of RM7.10 per share on 21 January 2010. The then Board of Directors had concluded that the offer price of RM7.10 per share had undervalued the Group and had therefore rejected the offer. Arising from this decision, Kualapura (M) Sdn Bhd and Lintang Emas Sdn Bhd had requisitioned for an Extraordinary General Meeting (“EGM”) on 15 March 2010, to appoint seven (7) additional directors to the Board, to reconstitute the Board. Subsequent to these new appointments, the previous four (4) independent directors of the Board had decided to step down.

On 1 April 2010, HLB made a revised offer at RM7.30 per share, and this proposal was approved by shareholders at the EGM held on 27 September 2010. The Minister of Finance had also granted its approval for the proposed sale of the entire assets and liabilities of the Company to HLB via Bank Negara Malaysia’s letter dated 3 August 2010.

On 21 June 2010, a shareholder of the Company, Primus (Malaysia) Sdn Bhd filed a petition with the High Court of Malaya to block the transaction. Primus (Malaysia) Sdn Bhd had also contested the validity of the EGM held on 27 September 2010. On 31 January 2011, the High Court had held that the resolutions passed by the shareholders at the EGM held on 27 September 2010 were valid. On 28 April 2011, the High Court of Malaya had dismissed the petition filed by Primus (Malaysia) Sdn Bhd with costs to be borne by Primus (Malaysia) Sdn Bhd. Following the above High Court decisions, Primus (Malaysia) Sdn Bhd had filed its notices of appeal appealing the said decisions to the Court of Appeal, and the matters are presently pending hearing dates to be fixed.

On 28 April 2011, after due consideration, the Board of the Company had accepted the HLB offer at RM7.30 per share, subject to the conditions that HLB confirming that it has no objection to EON Bank declaring and paying a net interim dividend of RM311,943,930, subject to the approval of Bank Negara Malaysia, and that such net interim dividend shall not form part of the assets of EON Capital to be disposed of to HLB and shall not be deducted from the offer price payable by HLB. On the same date, HLB has confirmed its agreement to the above conditions in relation to the payment of net interim dividend. The approval of Bank Negara Malaysia in relation to the proposed net interim dividend is presently pending as at the date hereof.

Notwithstanding the complexities of these corporate developments, the Group has remained steadfast and resilient in executing its strategic business plans to achieve the corporate objective.

ACKNOWLEDGEMENTS

On this note and on behalf of the Board of Directors, I would like to specially acknowledge and thank the former Group Chief Executive Officer Yang Bahagia Datuk Michael Lor for his leadership in spearheading many of these positive changes since October 2009. Thanks to his guidance, EON Bank Group has been able to deliver such stellar results over the past year. Our Group’s sustained strong performance over the past year is a testament to the quality of our management team under his leadership.

At the same time, I must – from the bottom of my heart – convey my highest congratulations and heartfelt thanks to our staff for their continued passion and dedication! In fact, it is certainly without doubt that, thanks to their effort, we are today one of the most talked-about banks in the country with such a strong financial showing in the past year! It is exactly for this reason that we have chosen to feature our staff throughout this entire Annual Report. I hope that all of you reading this would take time to read the little blurbs throughout as well as the page breakers to appreciate just how much our staff have undertaken in contributing to the EON Bank Group, so that we can keep our promise of Delivering On Our Commitment!

To my fellow Directors of the Board and the Directors of our subsidiaries, please accept my utmost gratitude for your wise counsel and insights as well as tireless contributions to the Group. In addition, I would also like to record my appreciation to Mr. Ng Wing Fai, who had stepped down as a director in September 2010.

To all our customers, we express our deepest appreciation to you for having supported the EON Bank Group and entrusted us with your confidence. We remain determined to bring you greater innovation, value, convenience and service quality to meet your banking needs.

Most importantly, I wish to convey our sincerest gratitude to you, our shareholders, for your unwavering support.

To each of you, I would like to thank you for helping make this year one of great success!

“Enhancing Momentum”

Yours sincerely,

Wee Hoe Soon @ Gooi Hoe Soon
CHAIRMAN
3 May 2011





Delivering Passion

I enjoy working here! Everyone is passionate about their work and we all have a firm commitment to service excellence. That translates into providing the best for our customers, and ensuring they come back time after time. A satisfying day for me is when we, as a team, successfully accomplish our objectives, knowing that we've delivered our best and contributed to our Group's overall performance.

Khalilah Abd Khalid
Assistant Manager, Branch Management-i
EONCAP Islamic Bank

BOARD OF DIRECTORS

MR. WEE HOE SOON @ GOOI HOE SOON
Independent Non-Executive Chairman



**Y.M. TENGKU AZMAN IBNI ALMARHUM
SULTAN ABU BAKAR**
Independent Non-Executive Director



**Y.M. TENGKU DATO' AHMAD FAISAL
BIN TENGKU IBRAHIM**
Independent Non-Executive Director



DATUK HARON BIN SIRAJ
Independent Non-Executive Director



DR. ZAHA RINA BINTI ZAHARI
Independent Non-Executive Director

DATO ' SRI DR. TIONG IK KING
Non-Independent Non-Executive Director



ENCIK AHMAD RIZA BIN BASIR
Independent Non-Executive Director



**MR. NICHOLAS JOHN LOUGH @
SHARIF LOUGH BIN ABDULLAH**
Independent Non-Executive Director



MR. RIN KEI MEI
Non-Independent Non-Executive Director

DIRECTORS' PROFILE

AS AT 30 APRIL 2011

MR. WEE HOE SOON @ GOOI HOE SOON

Independent Non-Executive Chairman

Mr. Wee Hoe Soon @ Gooi Hoe Soon, a Malaysian, aged 50, was appointed Independent Non-executive Director and Chairman of EON Capital Berhad on 26 March 2010 and 14 April 2010 respectively. He is also the Chairman of Audit Committee, Remuneration Committee and Nominating Committee.

Mr. Gooi is a member of Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants. He has more than 30 years of experience in the fields of accounting and corporate finance and was the finance director of several private and public listed companies.

Mr. Gooi had been instrumental in the successful implementation of several corporate exercises, which included merger and acquisition and corporate debt restructuring exercises undertaken by public listed companies.

In 1999, Mr. Gooi was appointed to the Board of Avenue Capital Resources Berhad as a Non-Executive Director, as its Group Managing Director in 2001 and subsequently as its Deputy Chairman in 2004, a position that he held until 2006. He was also the CEO/Executive Director-Dealing of Avenue Securities Sdn Bhd.

Mr. Gooi is also the Chairman of EON Bank Berhad and MIMB Investment Bank Berhad. He presently holds directorships in several public companies, namely Pos Malaysia Berhad, Hup Seng Industries Berhad and Winsun Technologies Berhad.

Mr. Gooi has direct holdings of 1,000 ordinary shares in the Company.

Y.M. TENGKU AZMAN IBNI ALMARHUM SULTAN ABU BAKAR, S.S.A.P., S.I.M.P., D.S.A.P.

Independent Non-Executive Director

Y.M. Tengku Azman Ibni Almarhum Sultan Abu Bakar, S.S.A.P., S.I.M.P., D.S.A.P., a Malaysian, aged 58, was appointed Independent Non-executive Director of EON Capital Berhad on 26 March 2010. He is a member of Employees Share Scheme Committee.

Y.M. Tengku Azman had his early education in the United Kingdom. He started off his career with Hongkong & Shanghai Banking Corporation in 1973 as Regional Officer Trainee. After completing the training period at its Head Quarters in Hong Kong and the Institute of Banking (Part I), he then returned to Malaysia and continued working with Hongkong & Shanghai Banking Corporation before setting up his own business, Jomalina Sdn Bhd, a company involved in palm oil refining in 1976. From then onwards, Y.M. Tengku Azman continued his career path by assuming management positions in several other non-public listed companies.

In the period from 1985 to 2001, Y.M. Tengku Azman held the position of director of Aetna Universal Insurance Berhad (now known as ING Insurance Berhad) and Ralco Corporation Berhad, companies involved in multi-line insurance and manufacturing and trading of plastic materials respectively. Currently, he is the Executive Chairman of a private company, Ampmech Industries Sdn Bhd, a licensed company by Petroliaam Nasional Berhad, specialising in the oil and gas industry and the Managing Director of A.S. Holdings Sdn Bhd since 1998 and 1980 respectively. He is also an Executive Chairman of Gading Sari Aviation Services Sdn Bhd, a company providing aviation services for the domestic market. He was an independent non-executive director of Syarikat Takaful Malaysia Bhd. He currently serves as an independent non-executive director of EON Bank Berhad and several other private limited companies.

Y.M. Tengku Azman has no direct or indirect securities holding in the Company and its subsidiaries.

Y.M. TENGKU DATO' AHMAD FAISAL BIN TENGKU IBRAHIM

Independent Non-Executive Director

Y.M. Tengku Dato' Ahmad Faisal bin Tengku Ibrahim, a Malaysian, aged 45, was appointed Independent Non-Executive Director of EON Capital Berhad on 26 March 2010. He is a member of the Nominating Committee and Employees Share Scheme Committee.

Y.M. Tengku Dato' Ahmad Faisal obtained his Bachelor of Science in Economics from London School of Economics. He started his career in stockbroking with RHB Securities Berhad and later with PB Securities Berhad. His past corporate experience includes inter-alia, Ekovest Berhad and Putrajaya Perdana Berhad. He is currently a director of ING Insurance Berhad and several private limited companies.

Y.M. Tengku Dato' Ahmad Faisal has no direct or indirect securities holding in the Company and its subsidiaries.

Y.BHG. DATO' SRI DR. TIONG IK KING

Non-Independent Non-Executive Director

Y.Bhg. Dato' Sri Dr. Tiong Ik King, a Malaysian, aged 60, was appointed as Non-Independent Non-Executive Director of EON Capital Berhad on 17 December 2002. He is a member of Nominating Committee and Employees Share Scheme Committee.

Dato' Sri Dr. Tiong obtained his MBBS medical degree from the National University of Singapore and is also a member of the Royal College of Physicians, UK (MRCP).

Dato' Sri Dr. Tiong is a Director of Jaya Tiasa Holdings Berhad and Media Chinese International Ltd. He also sits on the board of several private limited companies.

Dato' Sri Dr. Tiong has direct holdings of 43 ordinary shares in the Company. He is a major shareholder of the Company by virtue of his deemed interest through R.H. Development Corporation Sdn Bhd and Tiong Toh Siong Holdings Sdn Bhd which collectively hold 17.11% equity interest in the Company.

DATUK HARON BIN SIRAJ

Independent Non-Executive Director

Datuk Haron bin Siraj, a Malaysian, aged 67, was appointed Independent Non-Executive Director of EON Capital Berhad on 26 March 2010. He is also a member of Nominating Committee and Employees Share Scheme Committee.

Datuk Haron graduated with a Bachelor of Economics (Honours) degree from the University of Manchester, United Kingdom in 1968 and Master of Development Economics from Williams College, United States of America in 1975.

Datuk Haron had a distinguished career in the Malaysian Civil Service. Among the senior positions he had held were Assistant Controller of Ministry of Commerce and Industry (1969 – 1971), Principal Assistant Secretary Ministry of Primary Industries (1972 – 1974), Minister Counselor (Economic Affairs) at the Permanent Mission of Malaysia in Geneva, Switzerland (1980 – 1986), Director of Industrial Development at Ministry of International Trade and Industry (1986 – 1987), Director of International Trade at Ministry of International Trade and Industry (1987 – 1990), Deputy Secretary-General (Trade) Ministry of International Trade and Industry (1990 – 1992), Ambassador, Permanent Representative of Malaysia to United Nations and other International Organisations and Specialised Agencies in Geneva Switzerland (1992 - 1996), Secretary-General Ministry of Primary Industries (1996 – 2000) and Chief Executive Officer of Palm Oil Promotion Council since 2001 until he retired in January 2006.

Currently, Datuk Haron holds directorship in Scomi Group Berhad, Kulim (Malaysia) Berhad, Jerneh Asia Berhad and several other private limited companies in Malaysia.

Datuk Haron has no direct or indirect securities holding in the Company and its subsidiaries.

DR. ZAHA RINA BINTI ZAHARI

Independent Non-Executive Director

Dr. Zaha Rina binti Zahari, a Malaysian, aged 49, was appointed Independent Non-Executive Director of EON Capital Berhad on 26 March 2010. She is a member of Audit Committee.

Dr. Zaha Rina received her BA (Hons) Accounting and Finance from Leeds UK, her Masters in Business Administration (Finance) from Hull UK and holds a Doctorate in Business Administration, focusing on capital markets research and specialising in derivatives from Hull UK.

Dr. Zaha Rina was Consultant to Financial Technologies Middle East based in Bahrain for the set up of the Bahrain Financial Exchange launched in January 2009. Prior to that, Dr. Zaha Rina was with the Royal Bank of Scotland group in Singapore from August 2007 to May 2008. Dr. Zaha Rina has more than 20 years experience in the financial, commodities and securities industry and the development of the Malaysian Capital Market which includes managing a futures broking company and was the Chief Executive Officer of RHB Securities Sdn Bhd from 2004 to 2006.

She had previous Board appointments at the Commodity and Monetary Exchange of Malaysia (COMMEX) from 1993 to 1996, then as Chief Operating Officer (COO) of the Kuala Lumpur and Financial Futures Exchange (KLOFFE) in 2001. Dr. Zaha Rina was instrumental in the merger of COMMEX and KLOFFE which ultimately led to the creation of the Malaysian Derivatives Exchange (MDEX) and her subsequent appointment as COO of MDEX in June 2001.

Dr. Zaha Rina was then appointed Head of Exchanges, managing the operations of the Kuala Lumpur Stock Exchange (KLSE) (now known as Bursa Securities), the MESDAQ, the MDEX and the Labuan International Financial Exchanges (LFX) in September 2003 prior to the KLSE's demutualisation. Dr. Zaha Rina is also a regular speaker at many international conferences and forums.

Dr. Zaha Rina is a director of EON Bank Berhad, MAA Holdings Berhad, MAA Takaful Berhad, MAA International Assurance Ltd and Malaysian Assurance Alliance Berhad. She also holds directorships in several private limited companies.

Dr. Zaha Rina has no direct or indirect securities holding in the Company and its subsidiaries.

ENCIK AHMAD RIZA BIN BASIR

Independent Non-Executive Director

Encik Ahmad Riza bin Basir, a Malaysian, aged 50, was appointed Independent Non-executive Director of EON Capital Berhad on 26 March 2010. He is a member of Remuneration Committee.

He is a lawyer by training. He graduated with a Bachelor of Arts in Law (Hons.) from the University of Hertfordshire, Hertford, United Kingdom and Barrister-At-Law (Lincoln's Inn), London in 1984 and was called to the Malaysian Bar in 1986.

He was the previous Chairman of Fima Corporation Berhad up to October 2009, Group Managing Director of Kumpulan Fima Berhad up to March 2009, Executive Chairman of Fima Corporation Berhad up to October 2002 and was a former partner of Riza Leong & Partners.

Encik Ahmad Riza holds directorships in several public listed companies, namely Jerneh Asia Berhad, Manulife Holdings Berhad and United Plantations Berhad. He is also a member of the Board of Directors of several other private limited companies in Malaysia.

He has no direct or indirect securities holding in the Company and its subsidiaries.

MR. NICHOLAS LOUGH @ SHARIF LOUGH

Independent Non-Executive Director

Mr. Nicholas Lough @ Sharif Lough is a British Citizen and a Permanent Resident of Malaysia. Aged 58, he has been a resident in Malaysia for the last thirty five years. Nicholas was appointed Independent Non-executive Director of EON Capital Berhad on 26 March 2010. He is a member of Audit Committee and Remuneration Committee. He has extensive experience in the field of Corporate Finance and Strategic Planning and has served on the board of four public listed companies.

Nicholas was for ten years an Executive Director of Melewar Group, a public company involved in property development, financial services and tourism. He was a main sponsor involved in the conceptualisation of The Ascott & Kirana Service Apartment & Apartment development and served as a director of the Board Amanah Scott Capital Partners between the years 1994 to 2001.

Nicholas was for eight years a director of the board of PWE Industries Bhd. In March 2003 he was appointed to the Board of Directors of M3nergy Berhad as an Independent Non-Executive Director. During his tenure with M3nergy Berhad, he served as Chairman of the Audit Committee, Nomination Committee and Remuneration Committee, and in addition as a member of the Risk Management Committee.

On 22 September 2005, he was appointed as a Non-Independent Non-Executive Director of Ranhill Berhad where he serves as a member of the Remuneration Committee. In addition, he sits on the Board of MAAKL Mutual Trust Berhad and serves on its Investment Committee. Nicholas is the chairman of the Mediconsult Group of Companies and The Royal Langkawi Yacht Club Berhad.

Nicholas has no direct or indirect securities holding in the Company or its subsidiaries.

MR. RIN KEI MEI

Non-Independent Non-Executive Director

Mr. Rin Kei Mei, a Singaporean, aged 76, was appointed as Non-Independent Non-Executive Director of EON Capital Berhad on 23 December 2002. He is a member of Nominating Committee.

Mr. Rin graduated with a Degree in Chemical Engineering (University of Cheng Kung), Taiwan. Previously he was Joint Managing Director of Perusahaan Sadur Timah Malaysia (PERSTIMA) Sdn Bhd from 1980 to 1982 and Managing Director of Kedah Cement Holdings Sdn Bhd from 1985 to 1987. He was also the Deputy Chairman of Edaran Otomobil Nasional Berhad since 1992 until his resignation in 2003, and a Director of EON Bank Berhad until November 2007.

Mr. Rin has direct holdings of 389,550 ordinary shares in the Company. He is a major shareholder of the Company by virtue of his deemed interest through Kualapura (M) Sdn Bhd and Lintang Emas Sdn Bhd, which collectively hold 15.40% equity interest in the Company.

Note:

None of the Directors have any family relationships with any directors and/or major shareholders of the Company (except for Y.M. Tengku Azman and Y.M. Tengku Dato' Ahmad Faisal), conflict of interest with the Company nor convictions for offences (other than traffic offences) within the past 10 years. Y.M. Tengku Azman is the uncle of Y.M. Tengku Dato' Ahmad Faisal.

BOARD OF PRINCIPAL SUBSIDIARIES**EON Bank Berhad****CHAIRMAN**

Mr. Wee Hoe Soon @ Gooi Hoe Soon

MEMBERS

Y.M. Tengku Azman Ibni Almarhum Sultan Abu Bakar
(appointed w.e.f. 3 December 2010)
Dato' Dr. Mohd Shahari bin Ahmad Jabar
Dato' Mohzani bin Datuk Abdul Wahab
Dato' Tiong Ing
Dr. Zaha Rina binti Zahari
(appointed w.e.f. 3 December 2010)
Mr. Jeroen Nieuwkoop
Mr. Lim Cheng Bock
(appointed w.e.f. 28 April 2011)
Mr. Rin Nan Lun

EONCAP Islamic Bank Berhad**CHAIRMAN**

Dato' Dr. Mohd Shahari bin Ahmad Jabar

MEMBERS

Dato' Dr. Syed Jaafar bin Syed Aznan
Dato' Mohd Hussin bin Abd Hamid
(retired on 24 February 2011)
Dato' Mohzani bin Datuk Abdul Wahab
(appointed w.e.f. 25 April 2011)
Prof. Dr. Saiful Azhar bin Rosly
Mr. Albert Saychuan Cheok
Mr. Jeroen Nieuwkoop
Pn. Foziakhatoon binti Amanulla Khan
(Chief Executive Officer & Executive Director)

MIMB Investment Bank Berhad**CHAIRMAN**

Mr. Wee Hoe Soon @ Gooi Hoe Soon

MEMBERS

Dato' Dr. Mohd Shahari bin Ahmad Jabar
Dato' Mohd Hussin bin Abd Hamid
(retired on 17 November 2010)
Dr. Zaha Rina binti Zahari
(appointed w.e.f. 25 April 2011)
Mr. Albert Saychuan Cheok
Mr. Jeroen Nieuwkoop
Mr. Rin Nan Lun

GROUP MANAGEMENT COMMITTEE



DATUK MICHAEL LOR CHEE LENG
Group Chief Executive Officer (resigned on 24 February 2011)



MS. AMARJEET KAUR
Group Chief Financial Officer



MR. PETER CHOW YING CHOON
Head, Group Business & Investment Banking



PN. FOZIAKHATOON BINTI AMANULLA KHAN
Chief Executive Officer, EONCAP Islamic Bank Berhad



MR. RICHMOND LIEW THIAN AK
Head, Group Operations & Information Technology



MR. RAJARETNAM SOLOMAN DANIEL
Group Chief Credit Officer



PN. NOR ROZITA BINTI NORDIN
Head, Group Human Resource



MR. JUSTIN SOONG JIA SENG
Group Chief Risk Officer



MS. SELVI NACHIAPPAN
Head, Group Legal

BUSINESS MANAGEMENT TEAM



MR. LESLIE LEE CHEE WEI
Acting Head, Network Distribution & Management



MR. NG CHEE KIET
Acting Head, MIMB Investment Bank Berhad



MR. ERIC LEE KOK SENG
Head, Auto Finance Division



MR. AARON TAN PHAIK LYE
Head, Cards & Unsecured Lending



MR. GAN BOON CHEONG
Head, Corporate & Institutional Banking



MR. LOW KEE FUI
Head, Wealth Management & Liabilities



MS. TRACY PAN NYUK SAM
Head, Mortgages & Secured Business



MR. SING YANG
Head, Group Treasury

STATEMENT OF CORPORATE GOVERNANCE

The Group acknowledges the importance of corporate governance in enhancing stakeholder value, establishing customer trust and building a competitive organisation to pursue the Group's vision to be "The Preferred Malaysian Bank". The Board's fundamental approach is to ensure that the right strategy, risk management practices, internal controls and the leadership is well in place. The Board is also committed to achieving improved financial and business performance as well as corporate accountability across all of the Group's business activities.

The Group realises that in today's competitive financial services landscape, trust and integrity of a financial institution are non-negotiable for the success of the institution. Accordingly, the Group places utmost importance in a sound corporate governance structure to ensure prudential governance of the Group's businesses whereby business growth is adequately balanced with prudential risk management practices.

In June 2009, Bursa Securities had issued the Corporate Governance Guide (CG Guide) which provides suggestions on how listed issuers are to fulfill their governance obligations, and sets out practical examples on how the principles and best practices of corporate governance can be implemented. Accordingly, the Group had engaged the services of a consulting firm in January 2010, to finalise the Board Governance Manual, in line with the Group's continuing initiative to enhance and improve its current governance framework, as appropriate, to ensure its relevancy and ability to meet the challenges of the future.

The Board is pleased to inform the shareholders on the manner in which the Group had applied the Principles of the Code and the extent of compliance with Best Practices of the Code, pursuant to Paragraph 15.25 of the Listing Requirements, throughout the financial year ended 31 December 2010.

THE BOARD OF DIRECTORS

PRINCIPLE 1: COMPOSITION

The Board currently comprises nine (9) Non-Executive Directors, of which seven (7) are Independent Non-Executive Directors. The composition of the Board is in compliance with Paragraph 15.02 of the Listing Requirements, as more than half of its members were independent directors. The Board is led by the Chairman, Mr. Gooi Hoe Soon, an Independent Non-Executive Director, who was appointed as the Chairman on 14 April 2010.

PRINCIPLE 2: ROLE OF THE BOARD

The Board is fully committed to ensuring that it continues to comply with the Best Practices in Corporate Governance as set out in Part 2 of the Malaysian Code on Corporate Governance.

The Board is the leading catalyst in the decision making process for the EON Bank Group, deliberating and discussing policies and strategies that are proposed by the Management of the Group. The Board is ultimately responsible for the overall performance of the Group. The Board's principal duties and responsibilities include:

- Reviewing and approving the strategic business plans of the Group, which includes the annual budgets, medium term corporate plans, new investments, divestments as well as mergers and acquisitions.
- Overseeing the conduct of the business to ascertain its proper management, including setting clear objectives and policies within which senior management are expected to operate.

"The Group places utmost importance in a sound corporate governance structure to ensure prudential governance of the Group's businesses whereby business growth is adequately balanced with prudential risk management practices."



- Reviewing the adequacy and integrity of internal controls and management information systems, including systems for compliance with applicable laws, rules, regulations, directives and guidelines.
- Identifying and approving policies pertaining to the management of all risk categories, including but not limited to credit, financial, market, liquidity, operational and reputational risks.
- Serving as the ultimate approving authority for all significant financial expenditure.

The Board also assumes various functions and responsibilities that are required of them by regulatory authorities, as specified in guidelines and directives issued from time to time.

PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Chairman of the Board of the Company and its subsidiaries is an Independent Non-Executive Director. The roles of the Chairman and the Chief Executive Officer remain separate and are clearly distinct.

Chairman

The Chairman works together with the rest of the Board in setting the policy framework to align the business activities driven by the senior management with the Group's objectives and aspirations, and ensuring that the Board supports the strategy formulated by the Group and monitors its implementation. The Chairman organises and directs the work of the Board, and ensures that the corporate decision-making bodies of the Group operate effectively.

The Chairman plays a critical and important leadership role within the Group, and is involved in:

- Chairing the meetings of the Shareholders and the Board. He is primarily responsible for the functioning of the Board and the orderly conduct of board meetings, keeping discussions on track, encouraging all members to make a contribution, and ensures that all Board decisions are based on consensus of the majority. Any concerns or dissenting views expressed by any directors on any matters deliberated at meetings of the Board or any of its Committees as well as the meeting's decision, will accordingly be addressed and recorded in the relevant minutes of meetings.



Soo Fu Shyang (left), Gary Pu Yoon Thiam (right)

Despite being with EON Bank for only 1 year, I personally find plenty of opportunities to expand my knowledge. In EON Bank Group, you get to participate in projects regardless of your position. My last major challenge was to handle the first year of compliance to the new disclosure requirements under FRS 7 and BNM's Basel II Pillar 3 for the Group's 2010 Annual Report. The fact that our management is open to suggestions and very supportive of our efforts further motivates me to grow my career with the Group.

Soo Fu Shyang

Assistant Manager
Corporate Reporting & Tax Administration
Group Finance

- Monitoring the performance of the Board and the mix of skills and the effectiveness of individual contribution of the directors.
- Maintaining on-going dialogue with the Chief Executives of the subsidiary companies and providing appropriate mentoring and guidance. The Chairman serves as the main point of contact with the Group Chief Executive Officer ("Group CEO"), and provides the necessary support and advice, as appropriate in working towards a harmonious relationship between the Board and Management.

Group CEO

The Board delegates the authority and responsibility for managing the everyday affairs of the Group to the Group Chief Executive Officer ("CEO") of EON Bank Berhad ("EON Bank"), as EON Capital being an investment holding company does not have a Chief Executive Officer.

The Group CEO has primary responsibility for:

- overseeing the day-to-day operations to ensure the smooth and effective running of the Group;
- formulating and implementing the medium to longer term strategic plans of the Group; and
- implementing the policies and decisions of the Board, as well as coordinating the development and implementation of business and corporate strategies, specifically by making sure that they are carried through to their desired outcomes especially in the institution of remedial measures to address identified shortcomings.

He is also responsible for developing and translating the strategies into a set of manageable goals and priorities, setting the overall strategic policy and direction of the business operations, investment and other activities based on effective risk management controls and compliance with the relevant laws and regulations. He has the authority over the entire Group, including the heads of the core businesses, business lines and Group functions. He is ultimately accountable for leading the management team, the emplacement of an effective succession plan to sustain the continuity of operations and instilling an appropriate corporate culture.

SELECTION OF DIRECTORS

PRINCIPLE 4: BOARD PERFORMANCE

As the Company is the holding company of a licensed financial institution, the appointment of Board members, and their re-appointment upon the expiry of their respective tenure of office, also requires the prior written consent of Bank Negara Malaysia pursuant to the Banking and Financial Institutions Act, 1989.



Any proposed appointments of new Board members and proposed re-appointment will be assessed by the Nominating Committee, with due consideration given to the mix of expertise and experience required for an effective Board. The Nominating Committee will, upon its assessment, submit its recommendation to the Board for approval subject to BNM's consent.

Independence

In accordance with the criteria as specified under the Main Market Listing Requirements of Bursa Malaysia, the Nomination Committee and the Board establish whether or not a Non-Executive Director may have a relationship with the EON Bank Group which could be perceived to affect their decision-making.

Senior Independent Non-Executive Director

In line with the recommendations stipulated in Part 2 of the Malaysian Code on Corporate Governance, the Board had nominated Mr Gooi Hoe Soon, the Chairman of the Company, as the Senior Independent Non-Executive Director to whom any concerns on issues affecting the EON Bank Group of companies may be conveyed.

Election at Next Annual General Meeting

The Company's Articles of Association permits the Board to appoint a person to be a director of the Company at any time, but the person must seek election by shareholders at the next Annual General Meeting ("AGM").

Tenure of Office

The Articles of Association provides that all Directors must retire at least once in three years, any may be re-elected at the AGM.

Directors of the Company who are over the age of 70 years would vacate their office and submit themselves for re-appointment annually at each AGM in accordance with Section 129(6) of the Companies Act, 1965.

Formalisation of Rights, Duties and Obligations

Upon appointment, new Directors are advised of their legal and statutory responsibilities. There are several key elements relating to the formalisation of the Rights, Duties and Obligations once a director is appointed, including:

- **Directors Code of Conduct**

This code sets out that Directors will pursue the highest standards of ethical conduct. The Directors in the Group adhere to the code of ethics as set out in the Bank Negara Malaysia's BNM/GP7 – Part 1 Code of Ethics: Guidelines on the Code of Conduct for Directors, Officers and Employees in the Banking Industry and the Code of Ethics for Company Directors established by the Companies Commission of Malaysia.

- **Directors Covenants**

The covenants covers a number of issues, including indemnity, Directors and officers liability insurance, the right to obtain independent advice and the requirements concerning confidential information.

- **Induction Programme**

New Directors participate in a formal induction programme which ensures that the Directors meet with the management staff and to be accustomed with the Group's governance framework, financial management and business operations.

Throughout my 14 years with the Bank, I have been given the opportunity to assume more challenging tasks. Apart from handling the BNM's Basel II reporting, automating the manual processes in order to meet tight reporting deadlines and participating in the Collateral Management System, Credit Risk Management Systems, Data warehouse and Stress Test projects, I have also been actively involved in Capital Management initiatives. Contrary to what most people think, statistical reporting is not all that monotonous. As I have experienced here, you always have a chance to give your ideas and suggestions, and to continue to expand your banking knowledge.

Gary Pu Yoon Thiam

Senior Manager
Reporting & Tax Administration
Group Finance

Each new Director receives a set of notes outlining the Director's principal obligations, roles and responsibilities and the terms of reference of the various Board Committees and regulatory guidelines. It also sets out details of the scheduled Board and Board Committee meetings.

Directors Training

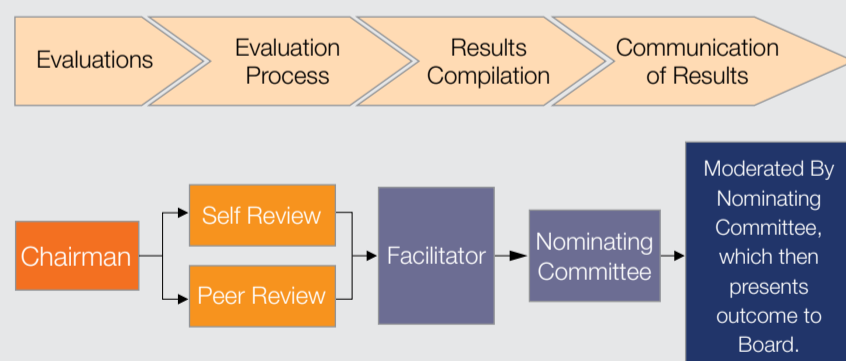
The Board places the responsibility for training of directors on the Nominating Committee which on a continuous basis, evaluates and determines the training needs of Directors.

All the Directors have completed the Mandatory Accreditation Programme. The Directors are also encouraged to participate in seminars and conferences and continuous education programmes to keep abreast with current developments in the financial services industry.

Performance Evaluation

Performance evaluations are conducted annually and cover the Board, each Director and the Board Committees. The framework used to assess the Directors is based on the expectation that they are performing their duties in a manner which should create and continue to build sustainable value for shareholders and in accordance with duties and obligations imposed upon them under the law and guidelines issued by the regulatory authorities.

The Chairman and all Directors perform an annual self-assessment as well as peer evaluation. The performance evaluation process is summarised in the diagram.



PRINCIPLE 5: ACCESS TO DIRECTORS

The management is able to consult the Directors as required on a regular basis. Employees and shareholders have access to Directors through the Chairman and Senior Independent Director and the Company Secretary.

PRINCIPLE 6: ACCESS TO INFORMATION

In the discharge of their duties, all Directors have complete and unrestricted access to information pertaining to the Group. The Directors have full access to the services of the Company Secretary, whose role includes ensuring that Board procedures, applicable rules and regulations are complied with.

The Company Secretary is also responsible for advising the directors of their obligations and duties to disclose their interest in securities, disclosure of any conflict of interest in a transaction involving the Group, prohibition on dealing in securities during the closed period pursuant to Chapter 14 of the Listing Requirements on Dealings in Securities, and restrictions on disclosure of price-sensitive information.

In assisting the Directors in fulfilling their responsibilities, each Director has the right to seek independent professional advice regarding his responsibilities at the expense of the Group. In addition, the Board and each Committee, at the expense of the Group, may obtain professional advice that they require to assist them in their work.

PRINCIPLE 7: BOARD MEETINGS

The Board of the Company meets on a quarterly basis, whilst the Board of the subsidiary companies which are licensed banking institutions meets monthly, to review business performance, strategies, business plans and significant policies as well as to consider business and other proposals which require the Board's approval. Additional meetings are convened whenever necessary.

The Board reports are circulated prior to the meetings, allowing the Directors to review further information that may be required. The Management of the subsidiaries are invited to attend Board meetings to provide presentations and detailed explanations on matters that have been tabled.

The Board met 33 times during the financial year ended 31 December 2010, in view of the on-going corporate developments, in relation to the offer received from Hong Leong Bank Berhad to acquire the assets and liabilities of the Company, for a total consideration of RM5.06 billion or RM7.30 per share. The attendance of every Board member at the meetings of the Board and the various Board Committees is set out in Table 1. All directors have attended at least 50% of the Board meetings held in the financial year pursuant to the Listing Requirements.

PRINCIPLE 8: DECISION MAKING

The Directors bring together a wide range of business management skills and banking and financial experience to the Board. Their diverse experience, skills and knowledge enables them to exercise independent judgment and objective participation in the proceedings and decision-making processes of the Board to drive the strategic direction of the Group.

Decision making on key issues regarding the Company and its subsidiaries is fully deliberated by the Directors. The Group CEO leads the presentation of board papers and provides comprehensive explanation of significant issues. All proposals and recommendations made by Management are comprehensively examined and discussed by the Board before any decisions is made.

Board decisions are made taking into account the views of the Independent Non-Executive Directors, which carry substantial weight. They fulfill their roles in ensuring that strategies proposed by the management are fully discussed and examined. Decision making is by two-thirds majority and no single Board member can make any decision on behalf of the Board, unless duly authorised by the Board.

TABLE I: ATTENDANCE OF DIRECTORS IN THE BOARD MEETINGS AND BOARD COMMITTEE MEETINGS IN 2010

	Meetings			
	Board	Audit Committee	ESS Committee	Nominating Committee
Mr. Wee Hoe Soon @ Gooi Hoe Soon (Chairman w.e.f. 14.4.10)	22/23	3/3 (Appointed w.e.f. 31.3.10)	-	2/2
Mr. Rin Kei Mei	25/33	-	-	2/2
Dato' Sri Dr. Tiong Ik King	32/33	-	2/2	2/2
Y.M. Tengku Azman Ibni Almarhum Sultan Abu Bakar *	18/23	-	1/1 (Appointed w.e.f. 31.3.10)	-
Y.M. Tengku Dato' Ahmad Faisal bin Tengku Ibrahim **	21/23	-	-	1/1 (Appointed w.e.f. 8.10.10)
Y.Bhg. Datuk Haron bin Siraj *®	20/23	-	-	2/2
Dr. Zaha Rina binti Zahari *	23/23	3/3	-	-
Mr. Nicholas John Lough @ Sharif Lough bin Abdullah *	23/23	1/1 (Appointed w.e.f. 8.10.10)	-	-
Encik Ahmad Riza bin Basir *	23/23	-	-	-
Y.A.M. Tan Sri Dato Seri Syed Anwar Jamalullail (Resigned on 22.3.10)	10/10	1/1	-	-
Dato' Dr. Mohd Shahari bin Ahmad Jabar (Resigned on 26.3.10)	10/10	1/1	1/1	-
Mr. Rodney Gordon Ward (Resigned on 26.3.10)	9/10	-	1/1	-
Ms. Yeo Kar Peng (Resigned on 22.3.10)	10/10	-	-	-
Mr. Ng Wing Fai (Ceased 28.9.10)	25/27	3/3	2/2	1/1
Number of meetings held in FY2010	33	4	2	2

* Elected as Director w.e.f. 26 March 2010.

* Appointed as a member of ESS Committee w.e.f. 31 March 2010.

® Appointed as a member of ESS Committee w.e.f. 8 October 2010.

PRINCIPLE 9: BOARD PROFESSIONALISM**Directorships in Other Companies**

Pursuant to the Listing Requirements, each member of the Board holds less than ten (10) directorships in public listed companies and less than fifteen (15) directorships in non-public listed companies, to ensure that their commitment, resources and time are more focused to enable them to discharge their duties effectively. The Directors had complied with the relevant guidelines.

Conflict of Interest

In line with various statutory requirements on the disclosure of director's interest, it has been the practice of the Company that members of the Board would make a declaration to that effect at the Board meeting in the event they have interest in proposals being considered by the Board, including where such interest arose through close family members and other connected parties. Any interested directors would abstain from deliberations and decisions of the Board on the subject proposal and where appropriate, excuse themselves from being present in the deliberations.

Insider Trading

In accordance with the Listing Requirements and the relevant provisions of the Capital Markets & Services Act 2007, directors, key management personnel and principal officers of the EON Capital Group are prohibited from trading in securities or any kind of property based on price sensitive information and knowledge which have not been publicly announced. Notices on close period for trading in EON Capital's securities in particular prior to the announcement of the quarterly results, are circulated to directors, key management personnel and principal officers who are deemed to be privy to any price sensitive information and knowledge whenever the close period is applicable.

Directors' and Officers' Insurance

Directors and officers of the EON Capital Group are covered against liabilities arising from holding office as directors by virtue of the Directors' and Officers' Insurance coverage which is put in place by the Group. The policy covers personal liability of directors and officers in the form of professional indemnity insurance, which includes any breach of trust, breach of duty, neglect, error, omission, misstatement, misleading statements, breach of warranty or authority committed in the respective capacities as directors or officers. Even though the directors contribute a part of the premium paid for the insurance policy annually, such policy would not provide coverage in the event the directors are proven to have acted fraudulently, dishonestly or maliciously.

PRINCIPLE 10: BOARD COMMITTEES

The Board has established various Board Committees to assist and complement the Board in the execution of its responsibilities. Although the Board has granted such discretionary authority to these Board Committees to deliberate and decide on certain operational matters, the ultimate responsibility for final decision on all matters lies with the entire Board. The Independent Directors make up the majority of the members on these Board Committees. Each Board Committee operates within its terms of reference, which clearly defines its functions and authority. The Board Committees of the Company are as follows:

- Nominating Committee
- Audit Committee
- Remuneration Committee
- Employees Share Scheme Committee ("ESS Committee")

The Chairmen of the various committees report the outcomes of their committee meetings to the Board, and any further deliberation is made at Board level, if required.

Nominating Committee

The Nominating Committee, comprising five (5) members, is responsible for regularly reviewing the Board's structure, size and composition, as well as making recommendations to the Board on any changes that are deemed necessary.

It reviews the performance of the Board, Committees and the Directors. It also recommends the appointment of Directors to the Committees of the Board, as well as annually reviews the mix of skills, experience and competencies that the Non-Executive Directors should bring to the Board. It also undertakes an annual assessment on the effectiveness of the Board as a whole and the contribution of each director to the effectiveness of the Board and its various committees.



The Committee also, on an annual basis, assesses the effectiveness of the Board as a whole and the Committees as well as the contribution of the Chairman and each Director to the effectiveness of the Board.

As EON Capital Berhad is an investment holding company with no employees, the performance of Group Chief Executive Officer and other key Senior Management officers are assessed by the Group Nominating Committee of EON Bank Berhad.

The Committee met two (2) times during FY2010.

Audit Committee

The Audit Committee, comprising three (3) members, is responsible for the oversight and monitoring of the Group's financial reporting accounting policies and controls, work of the Group Internal Audit, compliance with regulatory requirements and the appointment, evaluation and oversight of external auditors.

The activities carried out by the Audit Committee during the year and its terms of reference are set out in the section on the Audit Committee Report.

Remuneration Committee

The essential function of the Remuneration Committee is to assist the Board in developing a transparent and formal policy on remuneration of Directors so as to attract and retain directors needed to manage the Group successfully. All Directors are paid an annual fee as well as meeting allowance for each Board or Committee meeting they attend. The Directors' remuneration are approved by shareholders at the Annual General Meeting.

As EON Capital is a holding company, with no employees, the Remuneration Committee of EON Bank recommends to the full Board of the Bank for its approval, the framework of remuneration for the Group CEO and key senior management officers of the Group. The remuneration framework of the Group has been formulated to support the Group's culture, objectives and strategy and reflects the responsibility and commitment of the Group CEO and senior management officers. The remuneration package has been designed such that it is sufficient to attract and retain the employees of calibre, and comprises salaries, allowances, bonuses and benefits-in-kind.

The Remuneration Committee of the Bank also approves the remuneration package for new key Group senior management appointments. It also assesses the performance of key senior management officers of the Group and reviews the annual salary increment and performance bonus for employees of the Group. In addition, the Committee had also reviewed the Compensation Framework and Long Term Incentive Plan design and the cost-benefit analysis for the EON Bank Group during the year.

Directors' Remuneration

In view that all the Board members of the Company are Non-Executive Directors, the determination of the remuneration of Non-Executive Directors is a matter for the Board as a whole. This remuneration, which reflects the level of responsibilities undertaken by them, mainly consists of annual directors' fees and attendance allowances for each meeting that they attended.

The aggregate remuneration of Directors of the Company and the Group paid in and payable for the financial year ended 31 December 2010, categorised into bands of RM50,000 are as follows:

Range of Remuneration	Number of Directors
Below RM50,000	-
RM50,001 - RM100,000	2
RM100,001 - RM150,000	10
RM200,001 - RM250,000	-
RM250,001 - RM300,000	-
RM550,001 - RM600,000	2

The aggregate remuneration paid to Directors of the Company and the Group, categorised into the appropriate components is as follows:

Amounts in RM'000s	2010	2009
Fees	1,940	1,890
Other remuneration	803	347
	2,743	2,237

The Code recommends disclosure of details of the remuneration of each Director. However, the Board is of the view that the disclosure of the remuneration by bands of its Directors is sufficient to meet the objective of the Code.

Employees' Share Scheme Committee

The Board has delegated to the Committee the responsibility for the formulation of the Long Term Incentive Plan, which was implemented in 2010. The Employees Share Scheme Plan had been approved by the shareholders of the Company at an Extra-Ordinary General Meeting held on 5 December 2008. However, to-date the Company has not issued any shares under the Employees Share Scheme Plan.

The Employees Share Scheme Committee is also tasked to review the rules and regulations relating to ESS and to ensure the Scheme is implemented in accordance with the Bye-Laws, amongst others, on the terms on eligibility, the offer and date of offer, basis of allotment, termination and appeals.

There were two (2) meetings held during the year.

PRINCIPLE 11: RISK MANAGEMENT

The Board Group Risk Management Committee of Directors at EON Bank oversees the adequacy of the risk management within the Group. The Committee is responsible for overseeing, monitoring and reviewing risk management, principles and policies, strategies, processes and controls, including credit, market, balance sheet, operational risk and compliance. The Committee also ensures that timely actions are taken in response to emerging risk issues.

There were 17 meetings held at EON Bank during FY2010.

ACCOUNTABILITY AND AUDIT**PRINCIPLE 1: RESPONSIBILITY STATEMENT**

The Board of Directors and Management are required by the Companies Act 1965, to cause to be prepared the financial statements of each financial year which give a true and fair view of the Group and its state of affairs, results and cash flows at the end of each financial year. Following discussions with the statutory external auditors, the Directors consider that the appropriate accounting policies are consistently applied and supported by reasonable as well as prudent judgments and estimates, and that all accounting standards which they consider applicable have been followed during the preparation of the financial statements.

The Board of Directors is responsible for ensuring that the Group keeps accounting records which are disclosed with reasonable accuracy, and for ensuring that the financial statements comply with the Companies Act 1965.

The Board and Board Committees have the general responsibility for safeguarding the assets of the Group.

The annual financial statements and quarterly results are reviewed by the Audit Committee and approved by the Board of Directors for BNM's clearance prior to public release on a timely basis, which are accessible on the EON Bank Group and Bursa Securities' websites.

A statement by the Directors explaining the Board's responsibility for preparing the annual financial statements is set out as part of the Annual Report.

PRINCIPLE 2: RISK MANAGEMENT FRAMEWORK

The Risk Management report, which provides an overview of the risk management framework within the Group, is set out separately.

PRINCIPLE 3: INTERNAL CONTROLS

The Board also has oversight responsibility for maintaining sound internal control systems that cover financial controls, effective and efficient operations, compliance with the law and regulations as well as risk management. The size and complexity of the Group's operations necessitates the managing of a wide spectrum of risks. The system of internal controls is designed to provide reasonable though not absolute assurance against risk of material errors, fraud or losses occurring. The Statement of Internal Control provides an overview of the state of internal controls and the internal audit function is further described in the Audit Committee Report.

**PRINCIPLE 4: POLICY AGAINST FRAUD**

All employees are entrusted with the responsibility to stay alert to the risk of fraud and assist in the combat against fraud. The Group has in place reporting procedures with regards to fraud, robbery/burglary and including breach of the Code of Ethics.

The Group also has in place a Whistle Blower Policy which is designed to provide an avenue for staff to report any possible financial improprieties such as manipulation of financial results, misappropriation of assets, intentional circumvention of internal controls, inappropriate influence on related party transactions by related parties, or other improprieties. The Whistle Blower Policy is also an avenue for employees to raise concerns in relation to the specific issues which are in the interest of integrity and justice, and which fall outside the scope of other Group policies and procedures.

PRINCIPLE 5: ANTI-MONEY LAUNDERING AND COUNTER-FINANCING OF TERRORISM

The Anti-Money Laundering and Anti-Terrorism Financing Act 2001 provides the legal framework to counter money laundering and terrorism financing in reporting institutions. In order to reduce the likelihood of any of the entities within the Group becoming vehicles for money laundering, terrorism financing and other unlawful activities, the Group has a policy on anti-money laundering and counter-financing of terrorism setting out the minimum standards that are to be adopted and implemented by the entities within the Group.

The key features of the policy include the establishment of a business relationship only after satisfactory verification of a new customer; ongoing monitoring of transactions to detect unusual and suspicious patterns of activity; intensified monitoring for higher risk customers and requirements for reporting of suspicious transactions to BNM.

The standards expected by the Group are upheld and reinforced by annual training programmes.

PRINCIPLE 6: EXTERNAL AUDIT

Messrs PricewaterhouseCoopers is the Company's external statutory auditor and the auditor of its consolidated accounts for the preparation of this annual report. The external auditor performs independent audits in accordance with Malaysian Accounting Standards and reports directly to the Audit Committee. The external auditor is re-appointed by the shareholders of the Company annually.

The Audit Committee additionally:

- Pre-approves all audit and non-audit services;
- Regularly reviews the independence of the external auditor; and
- Evaluates the effectiveness of the external auditor.

The Audit Committee and the Board place great emphasis on the objectivity and independence of the external Auditors, in providing the relevant and transparent reports to the shareholders. The external auditors are invited to discuss the annual financial statements, their audit plan, audit findings and other special matters that require the Board's attention. The Audit Committee meets with the external auditors and internal auditors twice a year, without the presence of the Management.

The External Auditor is re-appointed by the shareholders of the Company annually, after review of the services provided by the Audit Committee and the recommendation of the Board.

Non-Audit Services

The external auditor may not provide services that are perceived to be in conflict with the role of the auditor. These include consulting advice and sub-contracting of operational activities normally undertaken by management, and engagements where the auditor may ultimately be required to express an opinion on its own work.

Specifically the policy:

- Limits the non-audit services that may be provided; and
- Requires that audit and permitted non-audit services must be pre-approved by the Audit Committee.

The Audit Committee has reviewed the summary of non-audit services provided by the external auditor in FY2010 and has confirmed that the provision of services is compatible with the general standard of independence for auditors.

Audit Fees

The total of statutory and non-statutory audit fees (excluding expenses and service tax) for the Group in the financial year ended 31 December 2010 amounted to RM1,073,000 [FY2009: RM914,000].

Non-Audit Services Fees

Non-audit fees for FY2010 (excluding expenses and service tax) amounted to RM1,085,000 [FY2009: RM850,000]. The non-audit fees are primarily related to the provision of taxation services, assurance related services such as the implementation of FRS139, validation of Perbadanan Insurans Deposits Malaysia Returns, hedge accounting and validation of BNM Regulatory Reporting.

SHAREHOLDERS

“The success of the capital raising exercise as measured by the oversubscription and competitive pricing is a testament to Management's commitment to maintaining effective two way communication with institutional investors.”

**COMMUNICATION WITH SHAREHOLDERS****Greater Accessibility and Timely Engagement with Shareholders and Investors**

The Company practices dissemination of information to its shareholders and members of the public in an accurate, consistent and timely manner in accordance to regulatory requirements.

Shareholders

The Board regards the Annual General Meeting as an opportunity to communicate directly with shareholders and encourages attendance and participation.

The shareholders present are given an informative review of corporate proposals, and the Group's financial performance for the year as well as prospects going forward. Shareholders are given an opportunity to raise questions and seek clarification from the Board on the issues pertaining to resolutions to be passed. Shareholders have the right to vote on various resolutions related to company matters. All shareholders are encouraged to attend the meetings, and if they are unable to attend a meeting, they can submit their vote by proxy. The external auditors are also present to assist the Directors in answering questions from shareholders. The auditor can respond on any business item that concerns them in their capacity as an auditor.

Corporate and financial information on the Group are easily accessible to shareholders and members of the public through the Group's web site, www.eonbank.com.my, which is regularly updated.

Investor Relations

During the year, the Company held meetings with financial analyst and fund managers to ensure that the investing community receives a balanced and complete view of the Group's long term strategy, performance, and the progress of its Business Transformation Programme. These platforms enabled the investment community to express their views on the Group's performance and in turn, the Group had the opportunity to manage investors' expectations and strengthen their understanding of the Group. Separate media and briefings are also conducted during the release of the Group's results.

Accordingly, during the year, the Group has increased its following among the local and international investment community with research houses now actively maintaining coverage on EON Capital, in addition to numerous institutional buy-side analysts and fund managers.

In 2010, the Management also participated in a series of roadshows in Kuala Lumpur in conjunction with the raising of the third tranche of RM500 million nominal value of Subordinated Medium Term Notes. The success of the capital raising exercise as measured by the oversubscription and competitive pricing is a testament to Management's commitment to maintaining effective two way communication with institutional investors.

The senior management personnel responsible for Investor Relations activities are:

Mr. Peter Chow
Head, Group Business & Investment Banking
peter.chow@eonbank.com.my

Ms. Amarjeet Kaur
Group Chief Financial Officer
amar.kaur@eonbank.com.my

Investors and members of the public who wish to contact the Company and its subsidiaries on any matters, relating to their shareholdings and investments can channel their queries through e-mail via the Bank's website or contact the following personnel:

Name	Telephone No.	Facsimile No.
Company Secretary	03-2696 2864	03-2693 0773

Conclusion

The Board is pleased to inform that the Group has been in compliance with the principles and best practices of the Malaysian Code on Corporate Governance during the financial year under review.

STATEMENT ON INTERNAL CONTROL

**RESPONSIBILITY**

The Board of Directors recognises the importance of maintaining a sound system of internal controls and risk management practices to safeguard shareholders' investments and the Group's assets. The Board reviews and is ultimately responsible for the adequacy and integrity of the internal control systems in the Group in addressing business and operational risks.

The Board complies with the guidance in the 'Statement on Internal Control: Guidance for Directors of Public Listed Companies'. However, it should be noted that such systems are designed to manage rather than eliminate risk of failure to achieve business objectives. This means that these systems could only provide reasonable and not absolute assurance against material misstatement or loss or the occurrence of unforeseeable circumstances. The concept of reasonable assurance also recognises that the cost of control procedures should not exceed the expected benefits.

The Company relies on the internal and credit processes established by and overseen by the Board and Board Committees of EON Bank Group during the financial year and up to the date of this report for internal control. The Directors of the Company are not aware of any events occurring between the year-end to the date of approval of the Annual Report which would affect materially the Statement on Internal Control.

INTERNAL CONTROL ENVIRONMENT AND KEY PROCESSES

The Group has adopted a coordinated and formalised approach to internal control and risk management which includes the following:

- Financial planning and budgets are prepared on an annual basis. These are reviewed and approved by the Board of the respective entities and the results are monitored on a monthly basis to assess performance. The organisation is structured into business and support functions with delegation of signing authorities and lending powers in meeting business objectives and operational needs. The appointment of senior management within the Group is reviewed and approved by the Nominating Committee and the Board.

I consider myself blessed to be a part of the Leadership Development Programme (LDP) team. I have been given plenty of opportunities to develop and stretch myself further. The knowledge and skills that we share and learn in the workshops can be also applied outside the office. By acquiring more knowledge and skills, we will be more effective not just at work but as a whole. It is indeed a great motivation to see people benefit from such workshops!

Elaine Kerk Ee Ling
Training Specialist
 Learning Centre
 Group Human Resources



- Functional, operational and financial reporting standards and guidelines are established by the management for application across the entire Group. Exception incidents and any deviation from approved standards or guidelines are reviewed, and remedial steps including disciplinary action are taken where appropriate. Such incidents, deviations and remedial steps are included in the audit reports tabled to the Audit Committee and, if material, escalated to the Board.
- The Group has adopted relevant accounting standards for guidance and compliance with the regulatory and statutory requirements. Financial information prepared for submission is duly authorised for release to the governing authorities and to the various Committees of the Board.

RISK MANAGEMENT

The Board ensures that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group.

- It has put in place the Group Risk Management Committee as the driver with a Group Risk function that supports it. Group Risk develops market risk, credit risk and operational risk policies. It reviews compliance with set risk limits and identifies emerging risk issues. It has representation in the Group Asset and Liability Committee. The Board also receives risk reports from the said Committee for its review and decision.
- Operational risks are inherent in the complexity of banking operations, particularly in branch and other delivery channels and in IT infrastructure and activities. The branch network is overseen by a branch supervision function that has put in place a risk control self assessment to institute continual awareness and implementation of controls.
- Additionally, the Group Risk function has implemented an Operational Risk Management framework, including processes and tools, for identifying, assessing, monitoring and managing operational risks across the branches and head office departments of the Bank and its subsidiaries.
- Audit reports on the compliance level for controls as well as adequacy and integrity of management information systems are reviewed regularly by the Audit Committee of the Board, which reports to the Board on significant issues and trends.

PROCEDURAL GUIDELINES AND TRAINING AND DEVELOPMENT PROGRAMMES

Policies and procedural manuals are established to guide and support business operations and these are disseminated group-wide with relevant training programmes in place to enhance implementation. The training programmes are designed to build and strengthen human capital, which the Group recognises as crucial to its achievement of corporate goals. Job rotation and enrichment and management development programmes are also put in place to support succession planning to ensure continuity of business.

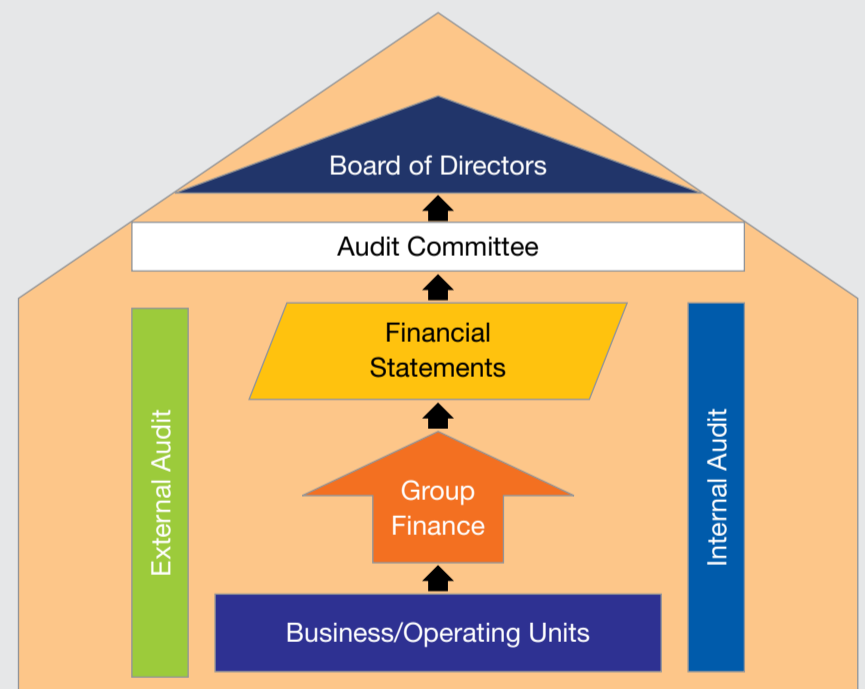
AUDIT COMMITTEE REPORT

ROLE AND RESPONSIBILITIES OF THE AUDIT COMMITTEE

MEMBERSHIP

The Audit Committee serves to implement and support the oversight function of the Board.

The Group has also established Audit Committees at EON Bank Berhad, EONCAP Islamic Berhad and MIMB Berhad. These Audit Committees meet regularly to review the effectiveness of internal controls and risk management processes, annual and quarterly financial statements, annual audit plans, audit findings from internal auditors, external auditors and regulatory authorities and recommend appropriate remedial actions to their respective Boards.



Financial Statements Internal Stakeholders' Overview

Terms of Reference

The functions of the Audit Committee are as follows:

External Auditors

- Consider the appointment, resignation or dismissal of the external auditors.
- Discuss on audit engagement letters, audit scope and methodology, audit fees, changes in statutory and accounting requirements and non-audit services.
- Review assistance given by the Management and its staff to the auditors and any findings and action to be taken.
- Review internal controls of the Group and disclosure through the Statement on Internal Control.

- Review the audit report including differences in views between the auditors and Management, cooperation extended for the audit, accounting methods, implementation of audit recommendations, compliance with regulations and statutory requirements, financial information consistency with the business of the Group and any sensitive reporting, unusual or significant issues.
- Review the independence and objectivity of the external auditors and the adequacy of the scope, functions and resources of the external audit function and coordination of audit work with the internal auditors.

Internal Auditors

- Review the internal audit plan and performance.
- Evaluate compliance with internal auditing standards.
- Discuss critical or major findings in respect of the various operations audited by the Group Internal Audit Division.
- Review the minutes of the Audit Committee meetings or any other committee meetings, if so required.
- Ensure management response and action to audit findings and recommendations.
- Review the Statement on Internal Control of the Group including the adequacy and integrity of the Group's management information systems and systems for compliance with applicable laws, regulations, rules, directives and guidelines.
- Review the appointment, performance and remuneration of the Chief Internal Auditor.
- Appraise the risk management, internal control and corporate governance framework of the Group.

Others

- Review the timeliness of reporting of quarterly and year-end financial results and that there is adequacy of provisions against contingencies and bad and doubtful debts for recommendation to the Board of Directors for approval, focusing particularly on:
 - changes in or implementation of new accounting policies and practices;
 - significant or unusual events; and
 - compliance with the applicable approved standards and other legal and regulatory requirements
- Ensure promptness in publication of Annual Report with necessary disclosure.
- Review the control environment in relation to audit and control issues, emerging issues and trends.
- Consider significant legal claims or contingent liabilities.
- Consider any related party transactions that may arise within the Company or Group.
- Report to the Board on its activities, significant results and findings.
- Undertake such other responsibilities as agreed with the Board.

RELATIONSHIP WITH AUDITORS

As per the industry practice, the Group Internal Audit regularly audits the internal control practices and reports significant findings to the Audit Committee with the recommended corrective actions. Thereafter, the Management is held responsible for ensuring that all these corrective actions on reported weaknesses are undertaken within an appropriate time frame. The minutes of the Audit Committee Meeting are subsequently tabled to the Board for notation and serve as reference especially if there were pertinent issues that the Committee wishes to highlight to the Board.

INTERNAL AUDIT

The Group's Internal Audit function is carried out by the Group Internal Audit Division ('Group Internal Audit') established in EON Bank. The internal audit function assists the Board in monitoring compliance, making recommendations for continuous improvement to processes, systems and people development and reviewing the effectiveness of the internal control structures. The internal auditors also participate in risk management and IT projects to provide assurance of good governance and application of security controls. The Group Internal Audit has in place a charter that covers its independence in the organisation structure to provide objective evaluation of risks and controls in the auditable activities.

FY2010: Key Activities of Group Internal Audit

In 2010, the Group Internal Audit presented its audit plans, audit budget and scope of work to the Bank's Audit Committee for approval taking into considerations the requirements of BNM Guidelines on Internal Audit Function of Licensed Institutions and the objectives and goals of the Bank's 3 year Strategic Business Plan 2010 to 2012.

In accordance with BNM Guidelines on Internal Audit Function of Licensed Institutions, the audit plan is on a risk-based approach. Audits conducted are prioritised according to an assessment of the potential risk exposures and audit reports are duly tabled to the respective audit committees in the Group to ensure that appropriate and adequate remedial actions are taken by management. Audit findings and recommendations in the reports are followed up for rectification and resolution and the status is duly reported to the respective Audit Committees. Deadlines are set for rectification or resolution of audit issues. Where the result of an audit is not satisfactory, a formal follow-up audit is conducted and reported to the respective Audit Committees.

In addition to audit assignments, the Group Internal Audit is also actively involved in the various information technology and product development projects as well as in the review of policy and operational guidelines and manuals on a consultative capacity. Such participation is deemed important in reviewing the controls of project management and the setting up of pertinent controls of the system or product prior to implementation. All activities of the Group Internal Audit are reported to the Bank's Audit Committee on a quarterly basis. The Audit Committee regularly appraises the resources and training needs of Group Internal Audit to meet the competencies and skills required for effective performance of internal auditing for the Group.

The Audit Committees of the Group regularly reviews the adequacy and integrity of the Group's system of internal controls and management information systems. It deliberates on the dissemination of information and establishment of proper communication channels relating to compliance with the applicable laws, regulations, rules, directives and guidelines.

The Audit Committees report to their respective Board Committees at their monthly or periodic meetings on all findings on reports and papers tabled for deliberation.

COMPLIANCE WITH BURSA SECURITIES LISTING REQUIREMENTS

OTHER BURSA MALAYSIA COMPLIANCE INFORMATION

1. Share Buyback

The Company has not purchased any of its own shares during the financial year and the preceding financial year.

2. Options, Warrants or Convertible Securities

The Company has not issued any options, warrants or convertible securities during the financial year.

3. American Depository Receipt (ADR) or Global Depository Receipt (GDR)

The Company has not sponsored any ADR or GDR programme during the financial year.

4. Sanctions and/or Penalties

There are no sanctions and/or penalties imposed on the Company, Directors or management by the relevant regulatory bodies during the financial year.

5. Variation in Results

During the financial year, the Company did not announce any profit estimate, forecast or projection.

6. Profit Guarantee

During the financial year, there was no profit guarantee issued by the Company.

7. Revaluation Policy

The Company has not revalued its landed properties and therefore has not adopted any revaluation policy at the date of this report.

8. Utilisation of Proceeds Raised from Corporate Proposals

During the year, EON Bank Berhad issued RM500 million of Subordinated Medium Term Notes, which qualify for inclusion as part of its capital funds for purposes of computation of the capital adequacy ratio. The proceeds will be utilised by the Bank for its working capital and general banking purposes.

9. Material Contracts

There were no other material contracts including contracts relating to loans (not being contracts entered into in the ordinary course of business) of the Company and its subsidiaries, involving Directors' and major shareholders' interests, either still subsisting at the end of the financial year or entered into since the end of the previous financial year.

10. Recurrent Related Party Transactions

In relation to Recurrent Related Party Transactions (Recurrent Transaction) of a revenue or trading nature which are necessary for the Group's day-to-day operations and transacted in the ordinary course of business with related parties, the Company will make an immediate announcement to Bursa Malaysia where the consideration, value of the assets, capital outlay or costs of the Recurrent Transaction is equal to or exceeds RM1 million; or the percentage ratio of such Recurrent Transaction is equal to or exceeds 1%, whichever is lower.

The Board has no intention to obtain Shareholders' Mandate for Recurrent Transactions after considering the frequency or regularity of such transactions, as well as cost and benefits involved.







Delivering Continued Dedication

My role in Treasury Sales is about networking with local conglomerate investors such as Government-linked companies and Takaful operators for our relatively new money market business. More than that, it means not just nurturing good relationships with our customers be it over a game of golf but delivering excellent customer service and yielding good returns on their investments. As Treasury is an important engine of growth for our Bank, we're continually finding ways to listen and understand not just the markets, but our clients as well. We'll strive to ensure that we're on top of our game, so that our clients benefit from our results.

Hazlin Mahayudin

Senior Manager, Treasury Sales, Fixed Income & Markets
Group Treasury

RISK MANAGEMENT FRAMEWORK

OVERVIEW

The Group believes that an integrated risk management framework is key to ensuring the overall financial soundness and stability of the Group's business operations. Key components of our enterprise wide risk management framework include:

- Risk governance from the Boards of Directors of companies in the Group;
- Clear understanding of risk management ownership;
- Institutionalisation of a risk focused organisation;
- Alignment of risk management to business strategies; and
- Optimisation of risk and financial returns.

RISK GOVERNANCE STRUCTURE

The basic foundation of a risk focused organisation requires a properly structured risk and control environment that institutes independence of functions across the Group. This includes clear segregation of duties with sufficient check and balance to ensure that business processes are functioning effectively.



The Board has overall responsibility for providing leadership, overseeing risk appetite and ensuring that a robust risk and compliance culture prevails. The Board is assisted by the following Board and Management Risk Committees:

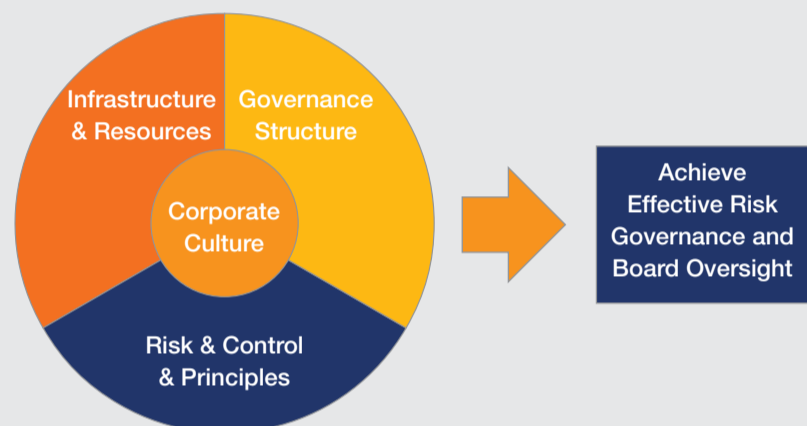
- Board Group Risk Management Committee (BGRMC)
- Group Risk Management Committee (GRMC)
- Group Asset and Liability Committee (Group ALCO)

The Board Group Risk Management Committee is responsible for the following:

- Reviewing and recommending risk management strategies, policies and risk tolerance for the Board's approval;
- Reviewing and assessing the adequacy of risk management policies and framework in identifying, measuring, monitoring and controlling risk and the extent to which these are operating effectively;
- Ensuring infrastructure, resources and systems are in place for risk; and
- Reviewing management's periodic reports on risk exposure, risk portfolio composition and risk management activities.

The Group Risk Division is responsible for assisting the Group Risk Management Committee, the Board Group Risk Management Committee and the Board in ensuring that risk management activities are carried out as per its directives. In addition, the Group Risk Division, which is headed by the Group Chief Risk Officer, is responsible for setting the risk management framework and developing tools and methodologies for the identification, measurement, monitoring, control and valuation of risks.

The Group Risk Division consists of 5 main departments namely Enterprise Risk Framework, Market & Liquidity Risk, Credit Risk Management, Operational & Continuity Risk and Specialist Risk Analytics Group.



8 BROAD PRINCIPLES OF RISK MANAGEMENT

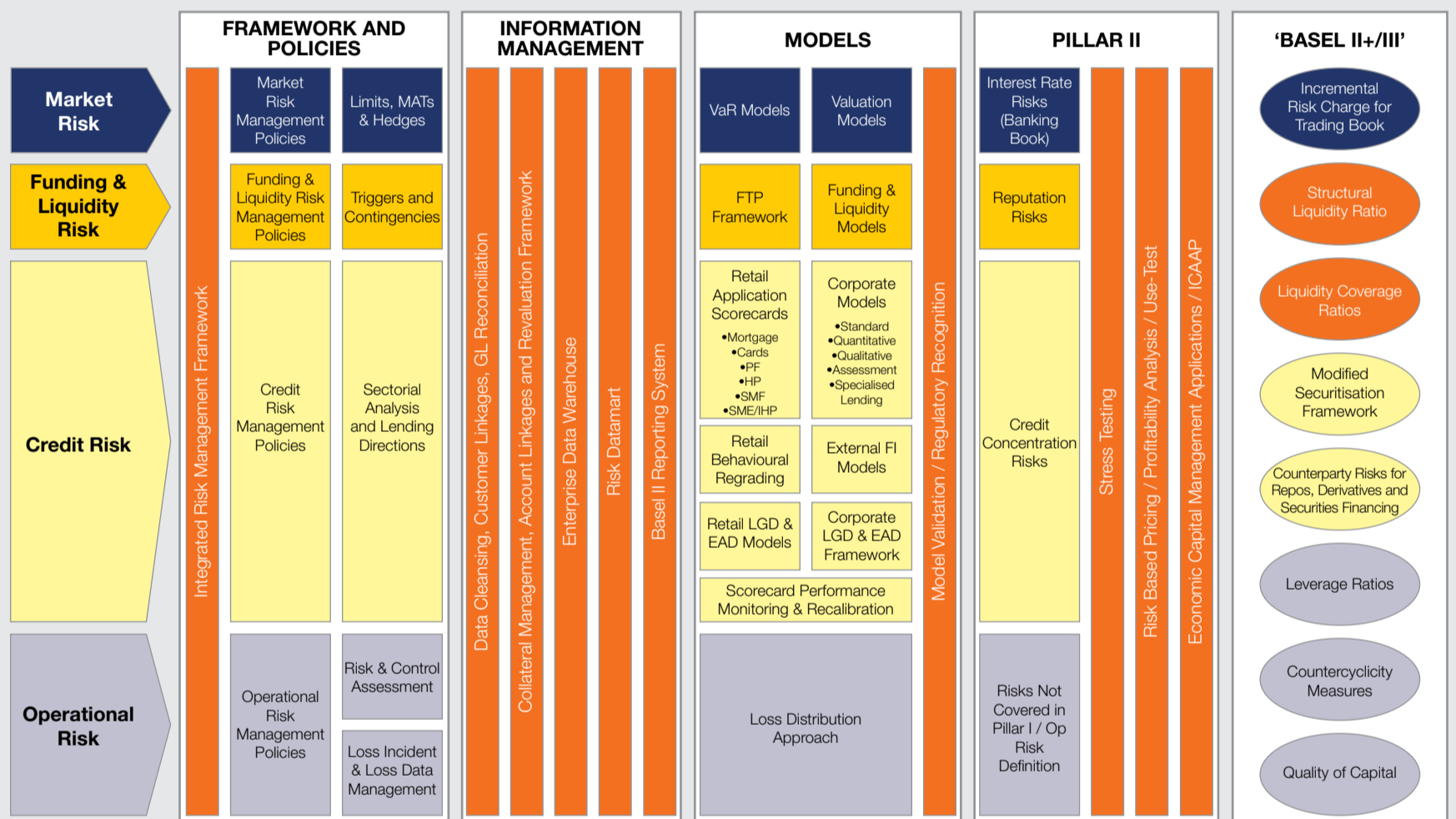
1. **Align risk appetite and strategy** – Risk appetite is the degree of risk that the Group is willing to accept in pursuit of its goals. Risk appetite is set first in evaluating strategic alternatives, then in setting objectives aligned with the selected strategy and in developing mechanisms to manage the related risks.
2. **Link growth, risk and return** – The Group accepts risk as part of value creation and expects a return that will commensurate with the risk taken. The framework provides an enhanced ability to identify and assess risks and establish acceptable levels of risk relative to growth and return objectives.
3. **Enhance risk response decisions** – The Group strives to identify and select among alternative risk responses – risk avoidance, reduction, sharing and acceptance based on generally accepted practices and methodologies.
4. **Minimise operational surprises and losses** – The Group continually enhances its capability to identify potential events, assess risk and establish responses, thereby reducing the occurrence of surprises and related costs or losses.
5. **Identify and manage cross-risks** – Every product faces a myriad of risks. The Group not only manages the individual risks but also manages interrelated impact.
6. **Provide integrated responses to multiple risks** – Business processes carry many inherent risks and the Group continually finds solutions for managing the risks.
7. **Seize opportunities** – Using risk management as offensive initiatives rather than just risks (defensive), and by considering a full range of events, the Group gains an understanding of how certain events represent opportunities.
8. **Rationalise capital** – Robust information on total risks allows the Group to effectively assess overall capital needs and improve capital allocation.

RISK MANAGEMENT FRAMEWORK

The Group's risk management framework outlines the overall structure, aspirations, values and risk management strategies, and is a structured approach in balancing risks and returns. Appropriate methodologies and measures have been developed to manage uncertainties so that the deviations from the intended strategic objectives are monitored and kept within tolerable levels.

The methodologies used in risk management are updated on a regular basis taking into consideration the latest and most suitable techniques, best practices and any current regulatory requirement changes.

The following diagram depicts the Group's main risk areas and the steps taken by the Group vis-a-vis in identification, measurement, mitigation and monitoring risk.



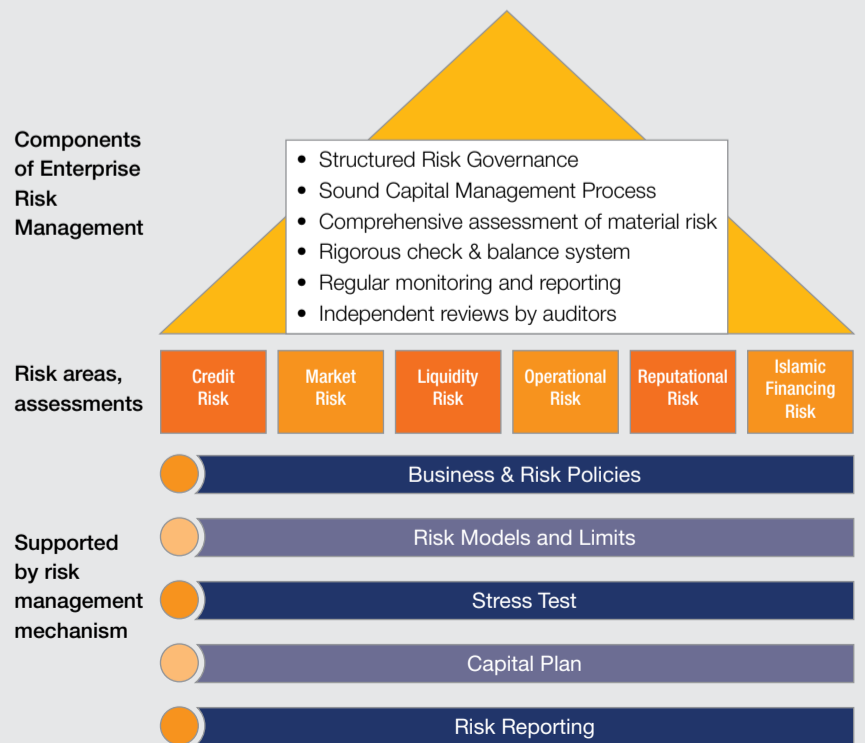
RISK MANAGEMENT CULTURE

Risk awareness culture is instilled throughout the Group through proactive risk ownership. Business Units as well as Support Units of the Group form the first line of defence. They are primarily responsible for identifying, managing and reporting their risks. The Group aims to inculcate risk management processes as the collective responsibility of Business Units, Support Units, risk management functions, top management and the Board. This will lead to risk management ownership with differing levels of focus across the Group.

Risk Management Ownership and Lines of Defence



RISK MANAGEMENT APPROACH





I am glad to be a part of the Risk Management team as we can share our insights to reduce the level of risk in each business unit as well as identify avenues to broaden their growth, productivity, and profitability. Our team of risk managers are pleased to note that every business unit within EON Bank Group has become more risk sensitive by adopting the culture of identifying, quantifying, controlling and reducing costs, or risks.

Rizal Saini Abdul Shukor

*Assistant Vice President
Economic Analysis & Lending Directions, Credit Risk Management
Group Risk Management*

The risk management approach is summarised as follows:

Strategy	Risk management policies are integrated with business and strategies that are in line with Board approved risk appetite
Policy	Risks are addressed using specific risk policies
Tools	Risks are measured and assessed using clearly defined models, methodologies and benchmarking
Communication	Risks are adequately communicated across the Group in a timely manner
Implementation	Risks and returns are identified and managed by respective accountable business, support and operating units
Maintenance	Risk management policies are clearly and formally documented, with a review in place to respond to changes in operating environment

TYPES OF RISK MANAGED

1) STRATEGIC RISK

The strategic risk is the risk of not being able to achieve the Group's corporate strategic goals as set out in the Group's mission statement, taking into consideration the Group's internal capabilities and the external operating environment.

Strategic risk is addressed by having the Board's involvement in setting strategic goals and approving the implementation of corporate projects and transactions. In respect of corporate transactions, there is also a formal due diligence and verification process, including taxation, legal, finance, treasury and regulatory sign-offs as well as the execution of confidentiality agreements. The implementation of projects is undertaken with the establishment of project teams and steering committees, with prompt resolution of implementation issues, reporting and tracking of the projects by project steering committees.

2) CAPITAL RISK

The Group monitors the capital adequacy position of the banking institutions to ensure compliance with Bank Negara's requirements and to take prompt steps to address projected capital deficiency. The capital position is reviewed on a monthly basis by undertaking stress tests and taking into account the level and trend of material risks. The sufficiency of capital is assessed against the various risks in the balance sheet as well as future capital requirements based on the Group's expansion plans.

The Group has also formalised an overall capital management framework, which seeks to ensure that there is an adequate balance between tier one and tier two capital as well as the target capital ratios to be observed. The Group is also following very closely the global developments on capital management.



3) MARKET RISK AND LIQUIDITY RISK

Market risk is defined as the risk of potential losses in earnings arising from changes in interest rates, foreign exchange rates, credit spreads, equity prices and commodity prices. This change can affect the value of financial instruments and may also affect proprietary trading revenues.

The main objective of Market Risk Management is to ensure market risks are promptly addressed without incurring potential losses that is beyond the Group's risk appetite.

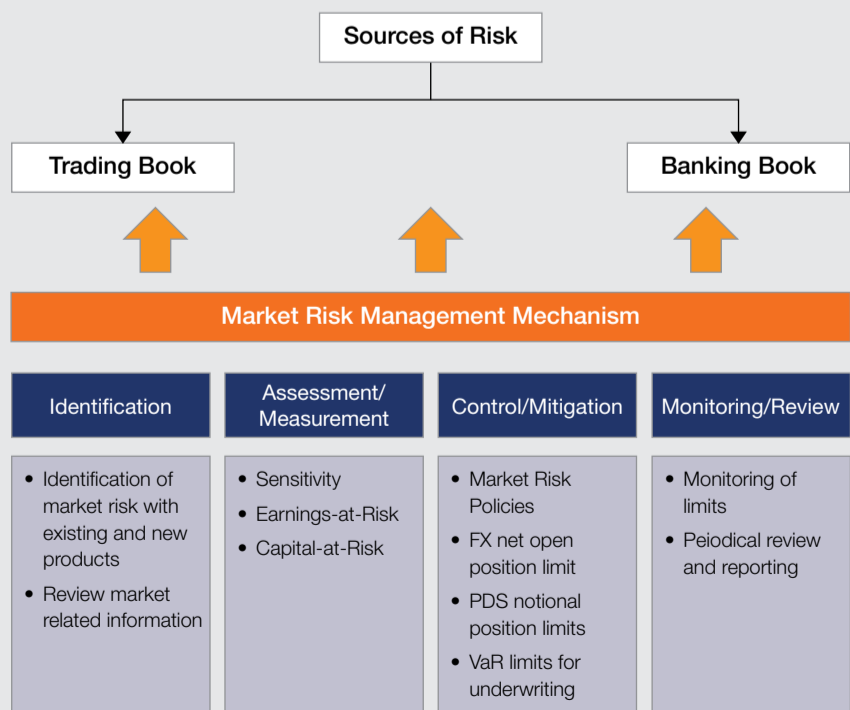
The Group is exposed to liquidity risks when it is unable to obtain funds to meet its payment obligations when due.

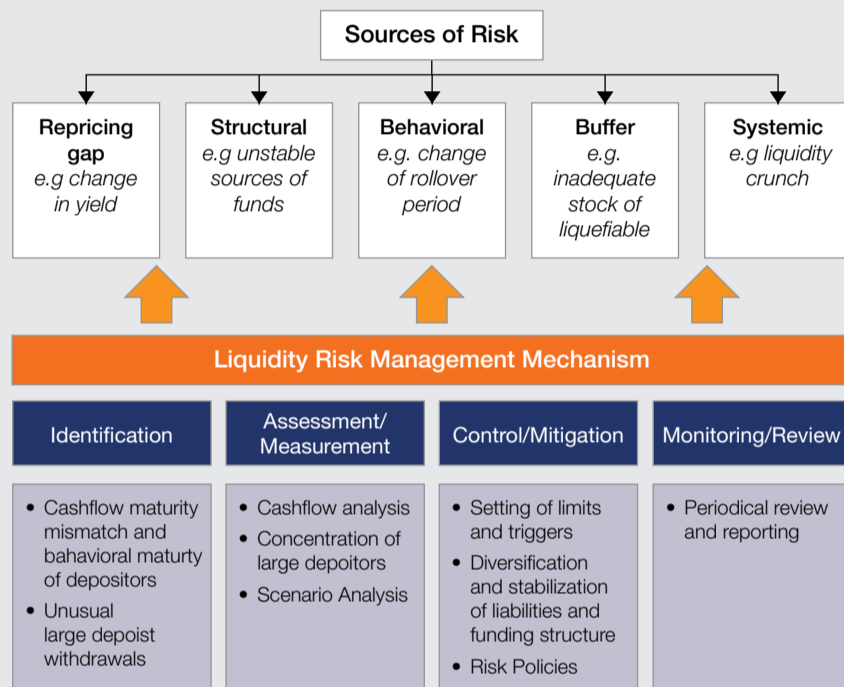
Management of Market Risk

The Group ALCO is the management level committee which supports the Board Group Risk Management Committee in the oversight of market and liquidity risk. The Group ALCO is chaired by the Group CEO and includes senior representatives from both business and support units. It is primarily responsible for the development, implementation and review of frameworks, broad strategies and policies for managing the Group's balance sheet, funding management, market risk and liquidity risk.

The Market Risk Management Unit is responsible for the development, implementation and maintenance of consistent policies and methodologies to identify, measure, monitor, control and report market and liquidity risks.

Market risks is inherent in the ordinary course of the Group's business and is prevalent especially in treasury activities of the Group. The Group broadly classifies its financial instruments into the Trading and Banking Books. A major difference between the Trading and Banking Books is that the Trading Book positions are held for shorter time horizons while Banking Book positions are held for longer time horizons.





Liquidity Risk Management Framework

Liquidity can be affected by our inability to access long-term or short-term deposits, or draw on credit facilities, whether due to factors specific to us or to general market conditions. In addition, the amount and timing of uncertain events such as unfunded commitments and contingencies, could adversely affect cash requirements and liquidity.

Our access to deposits and funding markets is dependent on our credit ratings. A downgrade of our credit ratings can adversely affect our access to liquidity as well as our competitive position, and this can increase the cost of our funding.

The measures utilised for liquidity risk management are varied and range from daily to monthly monitoring and reporting. These include weekly cash flows, monitoring of large deposit withdrawals and relevant key ratios.

A Contingency Funding Plan has been formulated as a blueprint to establish a systematic approach in the event of a liquidity crisis. It sets out the responsibilities, administrative procedures, approaches, strategies as well as action to be taken in different liquidity scenarios.

4) CREDIT RISK

Credit risk arises as a result of customers, or counter-parties, not being able to or willing to fulfil their financial and contractual obligations as and when they fall due. These obligations arise from lending, trade finance and other activities undertaken by the Group.

The primary objective of the credit risk management framework is to ensure that exposure to credit risk is kept within the Group's financial capacity to withstand potential future losses. Lending activities are guided by internal credit policies and guidelines that are approved by the Board.

During the year, credit risk management policies were reviewed and enhanced to support business activities and to be in line with the industry's best practices.

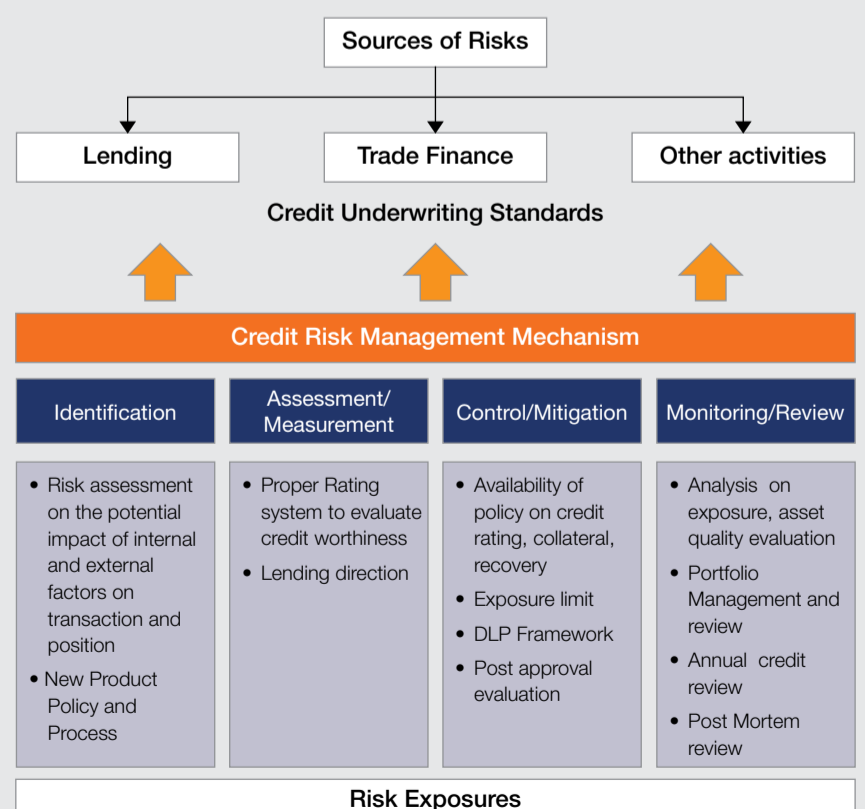
Credit portfolio management strategies and significant exposures are reviewed by the Board. These portfolio management strategies are designed to achieve a desired ideal portfolio risk tolerance level and sector distribution. The strategy is supported by Sector Lending Direction and Limit, which aims to guide the Group to achieve a more balanced asset quality portfolio by highlighting major sector outlook and analysis.

The Group's credit approving process encompasses pre-approval evaluation, approval and post-approval evaluation. While the business units are responsible for credit origination, the credit approving function rests mainly with the Credit Management Department, Group Credit Committee and the Board Group Credit Committee.

Selection and training of new lending personnel is considered a key process in the management of credit risk. Newly appointed lending personnel are required to undergo comprehensive credit training programmes and are encouraged to sit for the Certified Credit Professional examination conducted by the Institute of Bankers Malaysia. Credit training programmes are also conducted to enhance the skills of the existing lending personnel.

Credit risk is also part of the new product sign-off process to ensure that new products, prior to marketing, are acceptable from a credit risk management perspective.

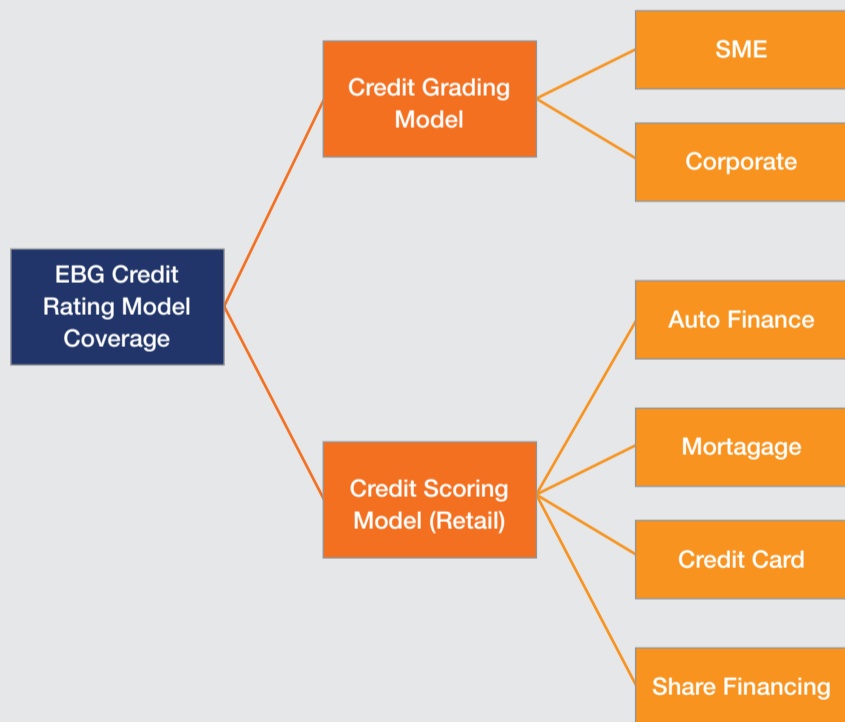
The Group also believes that authority limits for credit approvals should be directly related to the risk levels of the borrower and the transaction. In this respect, a Risk Based Authority Limit structure, known as "Delegated Lending Powers", governs the authority matrix within the organisation credit.



Management of Credit Risk

Credit risks are analysed on a portfolio basis by the Credit Risk Management Department. Transactional corporate and SME credit risks are assessed individually by the Credit Management Department, and each customer is assigned a credit rating. The rating is based on the assessment of relevant factors including customer's financial position, industry outlook, types of facilities and securities offered.

Consumer credit risk is managed on a portfolio basis. Scoring models and lending templates developed by the Credit Risk Management Department are used and these tools focus on lending to individual customers with similar characteristics and product needs.

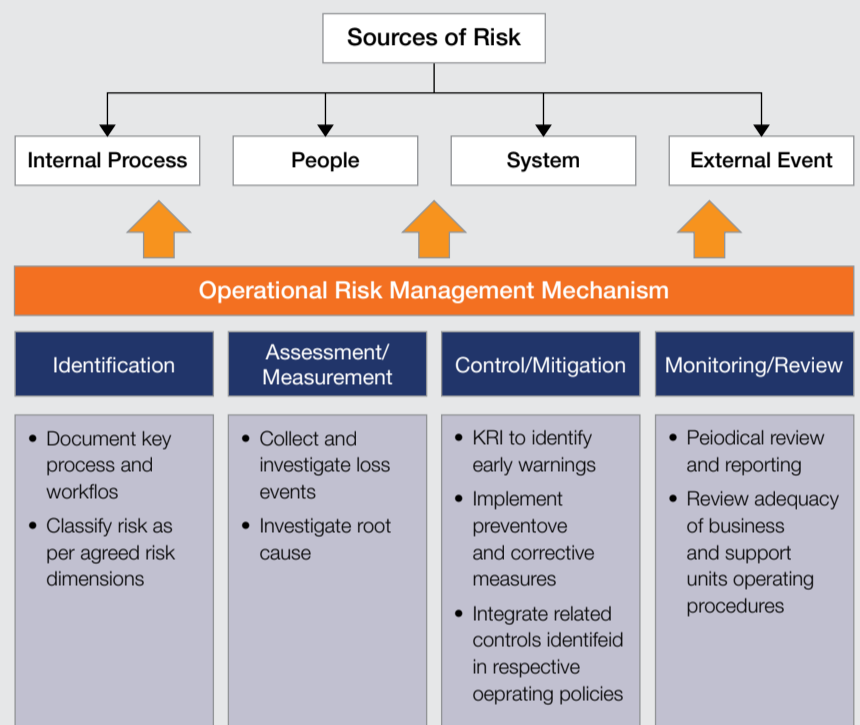


Corporate and SME credits are monitored constantly to identify and detect signs of credit deterioration. Reviews are conducted at least once a year with updated information on the customer's financial position, market position, industry and economic condition and account conduct. Corrective steps are taken should the account show signs of credit deterioration.

A post-approval evaluation of credit facilities checks to ensure that credit facilities are properly approved. In addition, post-mortems are also conducted on impaired credit facilities. The findings of these credit reviews are tabled to the Group Credit Committee for remedial action so that credit policies may be further enhanced.

5) OPERATIONAL RISK

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people, systems and/or external events. This definition includes legal risk but excludes strategic and reputation risks.



Management of Operational Risk

An Operational Risk Management Framework has been implemented across the Group. The framework consists of processes, procedures, governance structure and methodologies that will assist all business and support units to identify, assess, monitor and control their operational risks in a structured, systematic and consistent manner.

The guiding principle of the framework is that Line Management at all levels is responsible for directing and controlling their own operational risks. The goal of operational risk management is to reduce the Group's exposure to unexpected losses and manage expected losses.

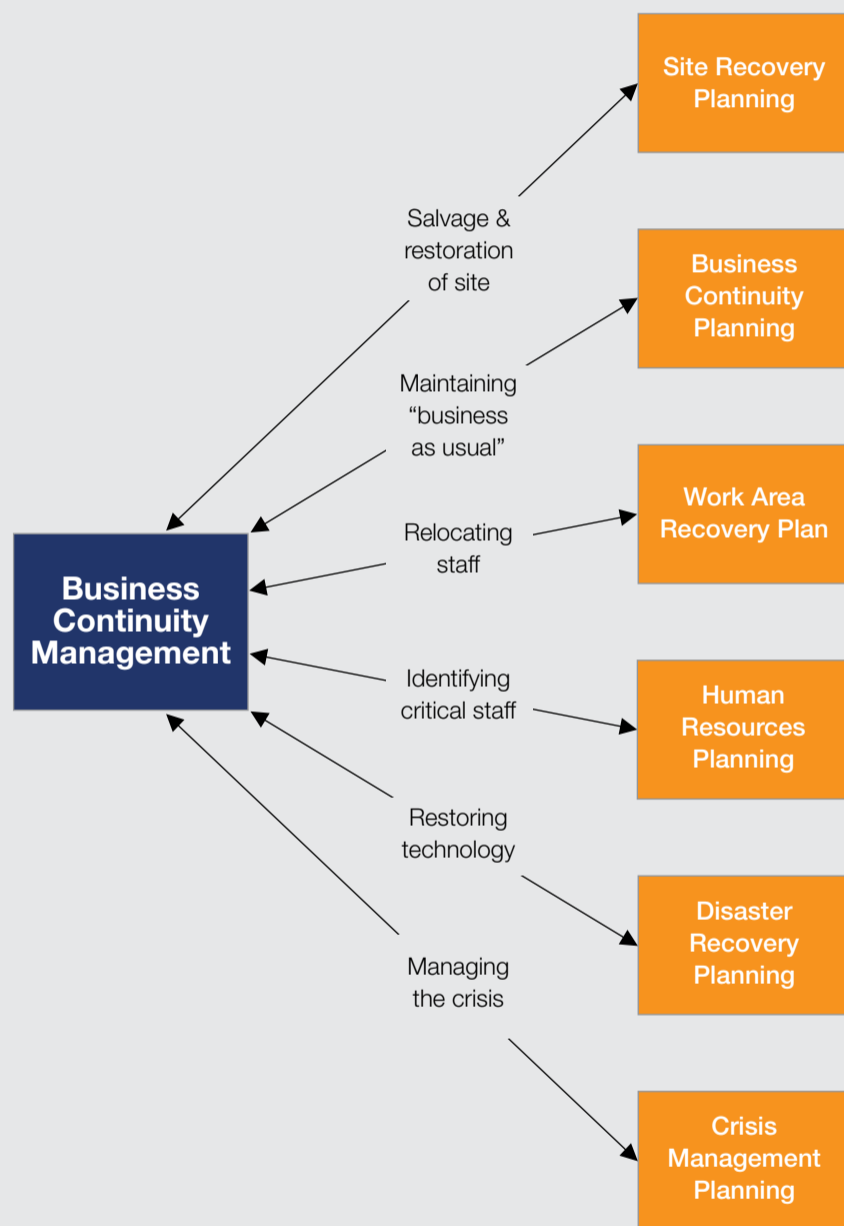
Business Continuity

Our Business Continuity Management (BCM) Programme is an integral part of operational risk management. It aims to ensure business continuity and people safety in the event of disruptions and disaster.

Under the BCM implementation, Business Continuity Plans (BCP) have been developed for all critical business operations, in particular, Information Technology and Treasury, all of which have been tested either through BCP exercises or activations.

The BCM process complements the efforts of the disaster recovery team to ensure that the Group has the required capabilities and resources, such as systems, communications, work space and premises in a business continuity facility for the most critical business operations.

By having a proper BCM Programme in place, we are able to respond effectively and in a structured manner in the event of disruptions or disasters, hence ensuring the Group's business continuity.



6) LEGAL AND REGULATORY RISKS

Legal risks arises from potential breaches of applicable laws and regulatory requirements, unenforceability of contracts, lawsuits, or adverse judgement which may incur losses, disrupt or otherwise result in financial and reputation risks. Legal risk is managed by an internal legal counsel and where necessary, in consultation with external legal counsels to ensure that such risk is minimised.

Compliance awareness training is also conducted on a regular basis to ensure that staff keep abreast of laws, regulations and other regulatory developments. The training programmes help staff to develop their skills to identify compliance issues as well as cultivate good corporate ethics.

Anti-money Laundering and Fraud Detection Systems

The Bank has implemented systems to analyse trends and behavioural patterns of banking transactions. These tracking and reporting processes enable the Group to detect probable fraudulent and abnormal transactions, and mitigate potential monetary losses on probable fraudulent incidents perpetrated by fraudsters.

The Group also has in place a Whistle Blowing Policy which is designed to provide an avenue for employee and others to report any possible financial improprieties such as manipulation of financial results, misappropriation of assets, intentional circumvention of internal controls, inappropriate influence on related party transactions by related parties, or other improprieties. The Whistle Blowing Policy is also an avenue for employee and others employees to raise concerns in relation to specific issues which are in the interest of integrity and justice, and which fall outside the scope of other Group policies and procedures.

Enhancement of Group's Enterprise Risk Management Framework

During the year, the Board of Directors had also approved a plan based on the following 5 key thrusts as part of the Group's initiatives to further enhance its enterprise risk management framework. At the minimum, the Group aims to meet and exceed the expanding requirements set by regulators and thereafter, to progressively adopt international best practices.

5 KEY THRUSTS

Enterprise Risk Dashboard

Focus on: MIS Capabilities, Reporting Improvements, Analytical Skills, Risk Communications

Proactive Risk Management

Focus on: Sector Analysis, Sensitivity Analysis, Stress Testing, Scenario Analysis, Top Risks Identification & Mitigation, Strong Business & Risk Monitors, Risk Communications

Upgrade Credit Risk Infrastructure

Focus on: Risk Datamart, Application Scoring PD Models, Behavioral PD Models, LGD Models, Grading Systems, Credit Risk Policies, Risk Based Business Terms, Scorecard & Credit Rules Performance Monitoring

Upgrade ALM & Market Risk Capabilities

Focus on: Interest Rate Risks in Banking Book, VaR, Funding Behavioral Analysis, Cash Flow Analysis, Fair Valuation, New Liquidity Framework (Behavioral)

Risk Appetite & ICAAP Framework

Focus on: Limits and MATs Setting, Return on Risk Capital Computations, Better Risk Estimations, Ecap Based KPIs, Capital Allocation & New Budgetary Process, Capital Adequacy Triggers







Delivering Customer Service Excellence

In my experience as a Personal Banking Officer, I've met with people from all walks of life. I make it a point to understand their body language, needs and preference in order to interact with each one of them in the best possible manner. Having said that, every one of us plays an important role at EON Bank Group regardless of our position. We make the most of what we have to deliver our best services, always going the extra mile to provide customer satisfaction. All these qualities will help us achieve our goal of becoming *"The Preferred Malaysian Bank"*.

Ng Yen Thing
Personal Banking Officer
Kajang Branch, Network Distribution & Management

BUSINESS & OPERATIONS REVIEW

PERFORMANCE REVIEW BY GROUP CHIEF EXECUTIVE OFFICER

Dear **SHAREHOLDERS,**

Looking back to when we embarked on our Project Quantum Leap in 2008, it has been nothing short of amazing to see the results just 2 years later in 2010. The Group has undergone an all-encompassing transformational journey that has revolutionised our service and quality excellence, resulting in a more integrated delivery channels network, stronger risk management capabilities, improved productivity, enhanced synergies and, most importantly, helping us lay the foundations for our Strategic Business Plans 2010-2012 to pursue our vision of becoming **“The Preferred Malaysian Bank”**.

In addition to a stronger franchise value and increased business volume growth across all Business Divisions, we have also seen the Banking Group become well-capitalised with improved asset quality. Our market capitalisation stands at RM4.9 billion, with total assets exceeding RM53.0 billion.



Datuk Michael Lor



The EON Bank Group we see today has delivered strong financial results; enhanced our franchise value by enlarging the scale of our business operations; and continued to maintain relative strength in our capital position. We gained significant market share, launched a number of value-creating innovative products, created a strong new brand identity, while simultaneously laying the groundwork for new business initiatives.

AN EXCELLENT YEAR IN SUMMARY

I am pleased to report that pre-tax profits grew 39.7% year-on-year to RM589.6 million, with a pre-tax return on equity of 15.7% and a return on assets of 1.2%. This was driven mainly by a 15.5% growth in net interest income, an 8.8% rise in Islamic banking earnings, and a 30.6% expansion in non-interest income, whilst impairment provisions and overheads registered moderate growth.

In addition to a stronger franchise value and increased business volume growth across all Business Divisions, we have also seen the Banking Group become well-capitalised with improved asset quality. Our market capitalisation stands at RM4.9 billion, with total assets exceeding RM53.0 billion. Our risk weighted capital ratio improved to 15.4%, while our Tier 1 capital ratio stands at 10.9%. With the combination of improvements in our credit processes, better underwriting standards and more robust collections, we reported significant improvements in our overall asset quality, despite adopting the more stringent FRS139 regime for the recognition of problem loans and impairment provisions effective 1 January 2010. I am pleased to report that the gross impaired loans ratio had dropped from 4.3% upon first adoption to 3.6%, and the loan loss coverage ratio improved from 81.9% on 1 January 2010 to 89.6% by the year-end.

BUSINESS EXPANSION

The Banking Group was successful in leveraging on our streamlined business processes, the efficiency of our operating model, as well as the introduction of new products and opportunities to grow consumer and SME business in the difficult market conditions. Hence, we actually achieved our best ever loans growth to-date of 14.4%, compared to 8.1% in the previous year driven mainly by synergies with existing business partners, better customer value propositions, improved service levels as well as enhanced banking convenience. The total net loans outstanding expanded by RM4.6 billion or 14.4% during the year to RM36.7 billion, of which 14.3% comprised Islamic financing.

Our lending activities remained 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 financing for Small-and-Medium Enterprises (SMEs). For the Group, the concentration in consumer and SME lending stands at 60.4% and 20.8% respectively of the total loans outstanding as at end-2010. The Group's consumer loans portfolio, which constitute 60.4% of the total loans, expanded by RM3.1 billion, or 15.4% y-o-y.



In real terms, this translates to our housing loans portfolio growing by RM2.6 billion to RM10.4 billion; commercial lending to the SME sector by RM1.1 billion to RM7.9 billion; hire purchase financing net of unearned interest by RM766.2 million to RM11.6 billion. The Group also consolidated its market position as the fourth



largest car financier in the country, and also continued to gain market share in credit card issuance, mortgage and customer deposits.

“...we actually achieved our best ever loans growth to-date of 14.4%, compared to 8.1% in the previous year driven mainly by synergies with existing business partners, better customer value propositions, improved service levels as well as enhanced banking convenience.”



I joined EON Bank Group in 1996 as the Head of Operations in Pandan Jaya Branch. In the past fifteen years, I have gained numerous experiences from operations to training. Currently, as Customer Service Manager based in the Head Office, I am responsible for customer experience training across our branch network. I am now able to impart the knowledge and know-how that I have gained over those years to further elevate our customer service excellence and continue to create even more delightful experiences for our customers.

Heong Kee Chew

Customer Service Manager
Customer Experience
Network Distribution and Management



I am also pleased that the successful implementation of the branch improvement programme to enhance customer service as well as the expansion of our self service terminals and internet banking is paying off. One of our key initiatives for 2010 was the “Up Your Service” rally, which served as a platform to launch our Client Experience Charter. This first-ever event saw more than 1,000 frontline staff gathered for a weekend of celebration and motivation, which also saw the implementation of our revised Branch Service Standard guidelines as well as a Staff Service Celebration programme. I am pleased to highlight that this renewed vigour for customer service excellence has been positively applauded by our customers.

This is especially evident from the increase in customer deposits growth of RM7.5 billion or 22.2% to RM41.4 billion – significantly above the industry’s growth rate. This enabled the Group to improve its liquidity position, with net loans-to-deposits ratio improving significantly to 88.6%, from 94.6% a year earlier. This is certainly in line with our major strategic thrust to reduce our loans-to-deposits ratio below 90%, to narrow the gap with the industry.



A STRONGER BRAND AS “THE PREFERRED MALAYSIAN BANK”



These successful efforts have certainly been underscored by the changed perception of the EON Bank brand in a very short time. We continued to raise our brand equity, emphasising brand image and market presence along with aggressive product campaigns that created a positive stir in the market. Our publicity profile in the media continued to position the Banking Group as a proactive, visionary bank that is making great strides despite its relatively-diminutive size.

Despite the challenges of the corporate developments, we maintained our focus on building our market presence to support our customer’s expectations for simple and convenient banking. We continued to enhance service quality and operational efficiency through continuous improvements across all touch points to build our competitive positioning. We also continued to expand our footprint and now have 141 branches, 4 Prestige Banking Centres and 23 Area Business Centres. We further grew our reach via multiple touch points and today have 242 ATMs, and 27 off-site electronic banking locations for our customers’ banking convenience. In addition, we continued to expand the range of services provided via our internet banking website, www.eonbank.com.my, as our customers are increasingly conducting more of their banking transactions online.



STREAMLINING FOR BUSINESS AGILITY AND PROFITABILITY

Even as we leveraged on the foundations laid by our initiatives under Project Quantum Leap, we continued our transformation process by streamlining our business lines to allow for more agility as well as to drive profitability. To accomplish these goals, we continued with our business diversification strategy, with a focus on profitability, more valuable customer segments, and high vigilance placed on asset quality.

Among our key initiatives during the year included a reorganisation of our Treasury division into a profit-centre, with clear segregation between sales and trading functions. Our early success in this area is clearly evident in the growth in non-interest income, driven by foreign exchange sales and fixed income trading.



We also continued to reshape our Business Banking to focus on preferred segments, locations and sectors. To this end, we also initiated various ways to more synergistically integrate our investment banking subsidiary, MIMB Investment Bank Berhad, with our Business Banking division, by establishing cross-functional client service teams, to offer our corporate customers investment banking and advisory services.

The Group also consistently reviews the business operating model and re-engineers its business processes with the aim of improving operational effectiveness, efficiency and cost optimisation. This includes centralising operations and shared services in order to deliver operational efficiencies, specialisation in operational functions and streamlining business flows to improve turnaround time and customer services.

RISK MANAGEMENT ENHANCEMENTS

We have also put in place a robust and holistic enterprise-wide risk management architecture for early risk detection, monitoring of high risk areas as well as efficient credit processing to manage the risk-return trade-offs. This also included ensuring that our comprehensive reports pertaining to Credit Quality Management were cascaded down to relevant channels and sales teams. This inculcated a sense of ownership for our credit quality in line with our business expansion. This way, all parties – product owners and support teams – ended up collaborating closely to mitigate risks.

Given the uncertainties and volatility in the financial markets during the year, the Group has reinforced its risk management disciplines and financial governance with further enhancements to our enterprise risk management framework via the following five key thrusts:

- To create an enterprise-wide Risk dashboard, which will allow the Group to closely monitor the state of our risk levels;
- Proactive risk management, by focusing on sector analysis, sensitivity analysis, stress testing, scenario analysis, as well as top risk identification and mitigation;
- Upgrading our credit risk infrastructure;
- Further upgrades to our assets and liability management system as well as market risk capabilities; and
- Strategically determining our risk appetite and implementing the ICAAP framework.

I believe a staff's behavior impacts an organisation's performance. As such, training should not just focus on a person's technical skills but also soft skills. At our Contact Centre, we customise our modules to build both types of skills into our people development plan. We also train them to be effective team players.

Fong Ching Ching

Manager
Resource, Training & Quality
Contact Centre & Self-Service Channels



TECHNOLOGY AND PROCESSES

The implementation of a cohesive IT strategy and enterprise architecture, coupled with the re-engineering of business processes has enabled the Group to manage its growth in a more dynamic environment, and to deliver its products and services in an efficient and cost effective manner. The focus of the IT investments was primarily directed towards improving the IT infrastructure, the development of the core business applications, risk management, office automation and alternate delivery channels.

One of the more notable achievements during the year included the enterprise-wide Data Warehouse going live with 24-hour accessibility. The Data Warehouse was a key piece of infrastructure for us as it enabled the Banking Group to analytically define and refine marketing campaigns for higher revenues and cross-selling initiatives. In addition, we also upgraded the hardware for our Retail Loans, Corporate Loans and Collateral Management Systems while enhancing our Trade Finance System to improve turnaround time.

To further improve the communications platform at our Headquarters in Menara EON Bank, we migrated all our work systems to a unified Microsoft 2010 environment.

CELEBRATING OUR HEROES

The cornerstone of the entire Group's efforts has certainly been the collective effort of our staff, who will continue to be the driving force of our success. We recognise that the ability to attract talent, to bring new breadth of skills and perspectives, whilst retaining our experienced staff, and changing the work culture is critical to our ability to drive continued business growth, the high standards of customer service and product excellence.

In addition to streamlining the structure for better accountability, implementing a more demanding performance management system, the year also saw us continuing to build up our employees' expertise through extensive investment in training and development programmes.

I am particularly pleased to highlight our Leadership Development Programme that will seek to mobilise 3,000 management staff by 2012. With this strong leadership pipeline in place, I am confident that the future success of EON Bank Group will be in safe hands.



adopt a mindset of change and continuous self-improvement so that we are always aligned to the strategic direction of the Group.

I am further encouraged that we have created a culture where Trust, Ownership and Performance are of paramount importance, and which rewards the staff for their hard work, creativity and team work. I am also extremely pleased by the agility, tenacity, determination and the commitment of our staff to

DELIVERING OUR COMMITMENT

This brings me to the theme of our Annual Report this year "Delivering On Our Commitment", which underlines our aspirations for the past year and expresses our vision for the coming year. With the successful completion of the goals set out in Project Quantum Leap as well as the achievements notched in the first year of our 3-year Strategic Business Plan 2010-2012, EON Bank Group today is recognised as a well-established banking platform where our consumer banking division is a highly regarded industry leader with a large customer base of more than 1.6 million accounts, mainly comprising the younger working population. Our SME business has also established a firm market position and we continue to enjoy significant growth in our overall banking franchise. We can also boast of a clean and well-capitalised balance sheet as our financial results have started to reflect the positive impact from our transformation plans.

All this, is truly thanks to the remarkable agility, dedication and commitment by our employees to respond flexibly to changes in customer needs and the market place, notwithstanding the ongoing corporate developments, resulting in the EON Bank Group now being recognised as a significant and rapidly improving player. This is why, throughout this entire Annual Report, we have elected to showcase our staff as the true heroes in enabling us to Deliver on our Commitment to you, our shareholders, as we fulfil our true potential as "The Preferred Malaysian Bank".

2010 HAS BEEN A REMARKABLY MOMENTOUS YEAR FOR EON BANK GROUP!

In summation, I must reiterate that all of us at EON Bank Group are working hard to be "The Preferred Malaysian Bank" for our customers. We have come a long way, over the last two years, from being a Group notable only for our Hire Purchase loans to one of the most "attractive" Banking franchises in the market today. I believe our result speak for itself. Our gains and improvements have certainly bolstered our confidence that we are on the right track and I am pleased to note that all this is truly testament to the hard work, dedication and personal sacrifice that our people have had to make for the benefit of the Group.

On a more personal note, allow me to say that I know many of you have questions about my decision to step down as Group CEO. It was not a decision that I made lightly – but I certainly needed to do so for personal reasons, which I hope you would respect. What I do want to say is "Thank You" to everyone – especially the Management and Staff of EON Bank Group – for the trust engendered during my time as Group CEO. I can proudly say that I could not have asked for a better team to work with during my tenure at the Group.



I would also like to express my gratitude to the Board of Directors, who have played a vital role with their support and guidance, leading on to our present success.

I also wish to thank our shareholders for your trust and continued support for all that we do, in ensuring strong returns and value for your investment.

I rest in the sure confidence that the Group has the necessary foundations and momentum to pursue its vision of becoming "The Preferred Malaysian Bank". My best regards to all of you, from the bottom of my heart.

Trust . Ownership . Performance Driven

Yours sincerely,

Datuk Michael Lor
GROUP CHIEF EXECUTIVE OFFICER
24 February 2011

"...all of us at EON Bank Group are working hard to be "The Preferred Malaysian Bank" for our customers. We have come a long way, over the last two years, from being a Group notable only for our Hire Purchase loans to one of the most "attractive" Banking franchises in the market today."

We work closely with our customers by ensuring they are regularly updated on their home loan applications. As a service-oriented bank, we also ensure that we are customer-focused in serving their banking needs and foster good relationship with them. All these factors, coupled with working with a great team have helped me achieve greater results for our Bank.

Wong Lin Chi
 Area Sales Manager
 Direct Sales Mortgages
 Mortgages & Secured Business

GROUP CONSUMER BANKING

“The cornerstone of our strategic business plan was to capitalise on the momentum of our transformation initiatives, leading to increased profitability. We have continued to make major strides, building on our growth and achievements from the preceding year.”

Our key initiatives for 2010 are part of an overarching three-year strategic plan developed to transform EON Bank into becoming “The Preferred Malaysian Bank”. The years 2008 and 2009 were spent on establishing the building blocks for growth. Leading into 2010, our overall objective was to focus on driving business performance and increase profitability by leveraging on our distribution network and more than one million customers to realise synergies within our consumer banking product lines and channels.

FINANCIAL PERFORMANCE

The cornerstone of our strategic business plan was to capitalise on the momentum of our transformation initiatives, leading to increased profitability. We have continued to make major strides, building on our growth and achievements from the preceding year. Our steadfast resolve and commitment has yielded remarkable results as reflected in our year-end key performance indicators.

Conventional consumer loans in 2010 recorded an impressive growth of more than RM2.6 billion, or 15.2% during the year. Business expansion was well-balanced with robust risk management, as asset quality increased, evidenced by the 79 basis points improvement in Impaired Loans ratio for consumer loans.

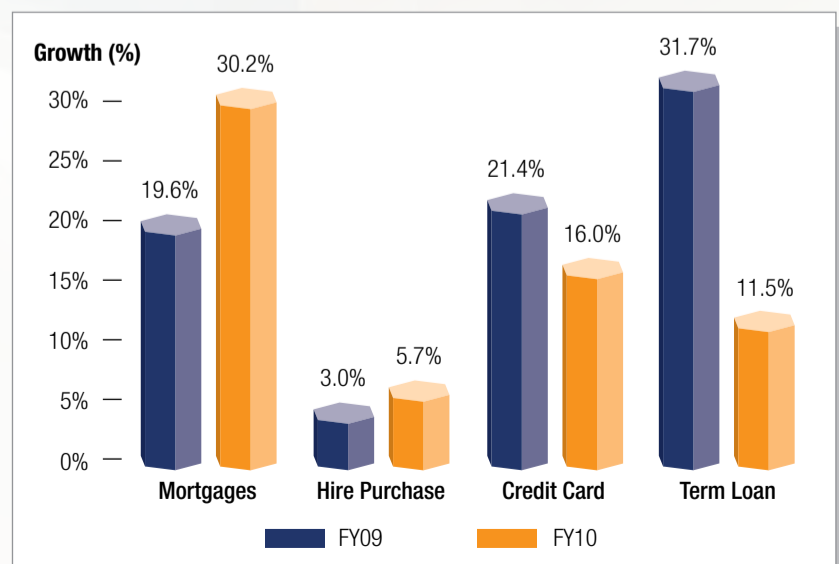
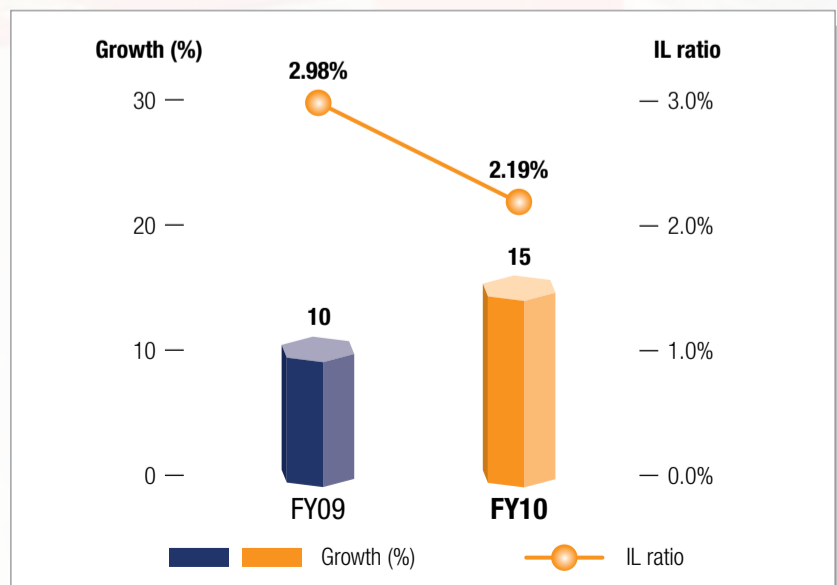
“We are the first bank to offer the Super 123 Home Loan Fixed Deposit (HLFD), Malaysia’s first and most transparent home loan referenced to Fixed Deposit interest rates. Our VISA Signature Card is the first VISA card in the country offering higher-than-platinum privileges while the MRCA-EON Bank Credit Card, billed “The Ultimate Shopping Card” put us in the limelight for being the first to offer both a rewards redemption programme along with cash rebates. Our One-Time Password SMS Authentication is the first online card payment authentication service introduced in Malaysia for easier and safer online shopping for EON Bank credit cardholders.”

In line with the strategy to diversify our loans portfolio, business expansion was driven mainly by growth in these key business lines: 30% growth in Housing Loans, 16% growth in Credit Cards, 12% growth in Term Loans and 6% growth in Hire Purchase.

Our approach to innovation was underpinned by our philosophy of ensuring *simplicity* in our product offerings; *convenience* in enjoying these products and benefits; and ensuring that these benefits promised real *value*. Thus, in line with our aim of leveraging on internal synergies to differentiate ourselves from competitors and to win over customers, we launched an array of exciting, innovative and pioneering products into the market.

We are the first bank to offer the Super 123 Home Loan Fixed Deposit (HLFD), Malaysia’s first and most transparent home loan referenced to Fixed Deposit interest rates. Our VISA Signature Card is the first VISA card in the country offering higher-than-platinum privileges while the MRCA-EON Bank Credit Card, billed “The Ultimate Shopping Card” put us in the limelight for being the first to offer both a rewards redemption programme along with cash rebates. Our One-Time Password SMS Authentication is the first online card payment authentication service introduced in Malaysia for easier and safer online shopping for EON Bank credit cardholders.

CONSUMER LOANS GROWTH & IL RATIO



The great feeling of working in EON Bank is that you are able to run the business your way and get a sense of ownership. It is a good way to get valuable experiences and exposure. We run our business as a team and a great team works to produce great results. In my opinion, the race is up to you to run and the results are all in your hands.

Royce Chuah Seng Keong
 Direct Sales Mortgage Officer
 Direct Sales Mortgages
 Mortgages & Secured Business

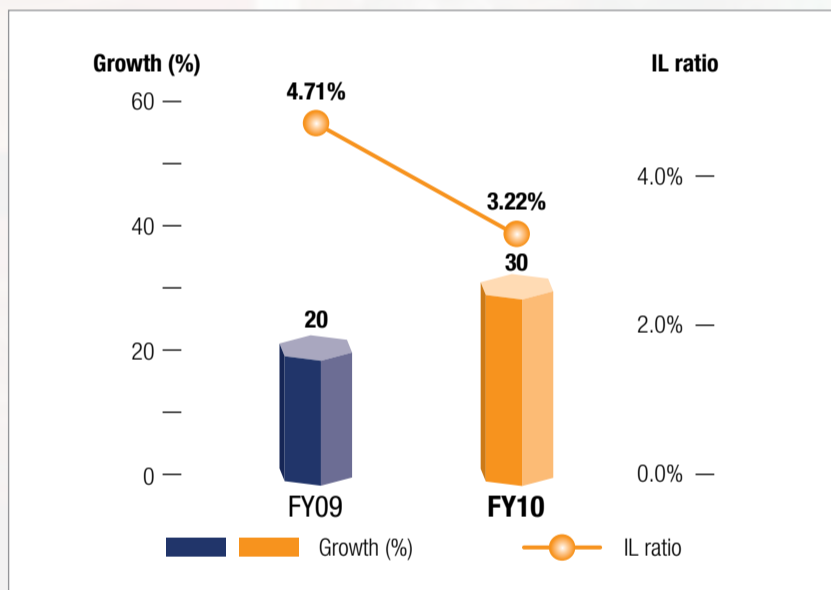


Wong Lin Chi (left), Royce Chuah Seng Keong (right)

KEY LINES OF BUSINESS

Consumer Mortgages registered remarkable growth of more than RM1.5 billion or 30%, compared with 20% growth in the previous year. We recorded a market share of 5.1% as at December 2010. Despite unabating pricing wars, asset bubble fears and the imposition of Loan-to-Value-Ratio (LVR) limit to 70% for 3rd and subsequent home financing, we outperformed the industry benchmark. Business growth was well-balanced with risk exposure, as asset quality improved, evidenced by the 149 basis points improvement in impaired loans ratio for housing loans.

HOUSING LOANS



In addition to having a suite of simple, convenient and value-added home loan packages for our customers, our success with mortgages is also attributed to the increased capacity and capability of our mobile mortgage sales force, strategic alliances with business partners as well as aggressive diversification of our portfolio and shift in focus towards the middle- to high-end market segments. The increasing uptake of our latest innovation, the Super Easi 123 Home Loan Fixed Deposit, was also a key growth contributor for Mortgages.



At the same time, our people continued to demonstrate deep commitment to delivering best-in-class services and customer experience by way of fast and simple processing; transparent and competitive pricing and thrilling campaigns, namely the Fixed Deposit Ang Pow campaign in conjunction with the Chinese New Year as well a three-month LCD TV Giftaway campaign bundling our home loan with credit card and deposits. In addition, we recently completed the framework for a customer referral programme.

Campaign to help EON Bank raise market share



On the **Auto Finance** front, we recorded growth of 6%, or RM519 million, on par with industry growth. The division recorded a market share of 8.5%, ranking us no. 4 in the domestic banking industry. Business expansion was well-balanced with risk exposure, as asset quality increased, evidenced by the 43 basis points improvement in impaired loans ratio for hire purchase loans. Besides increasing market share, we successfully improved our floor stocking business and further diversified the portfolio to increase financing for non-national car marques.

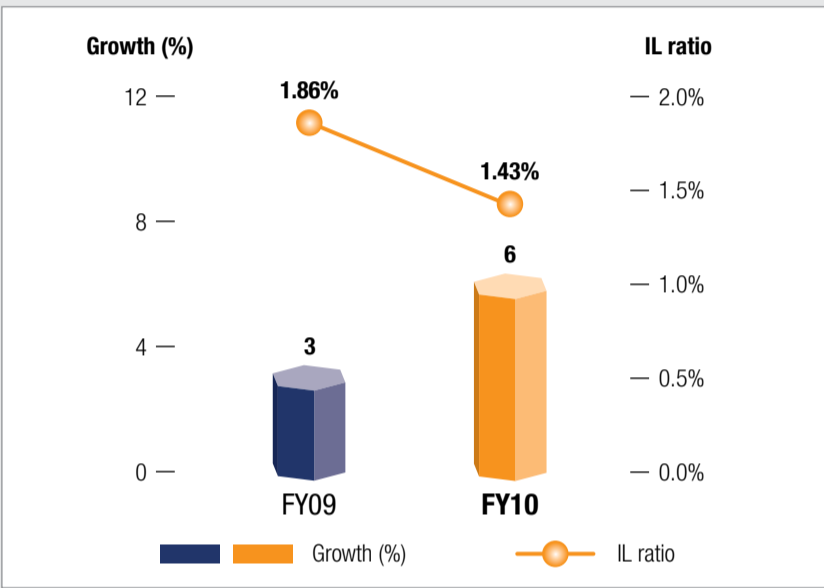
This was achieved through close collaboration with dealers on interest subsidy schemes and tie-up campaigns, good dealer- rapport, dealer loyalty programmes, cross-selling and product bundling initiatives in addition to advertising and promotions.



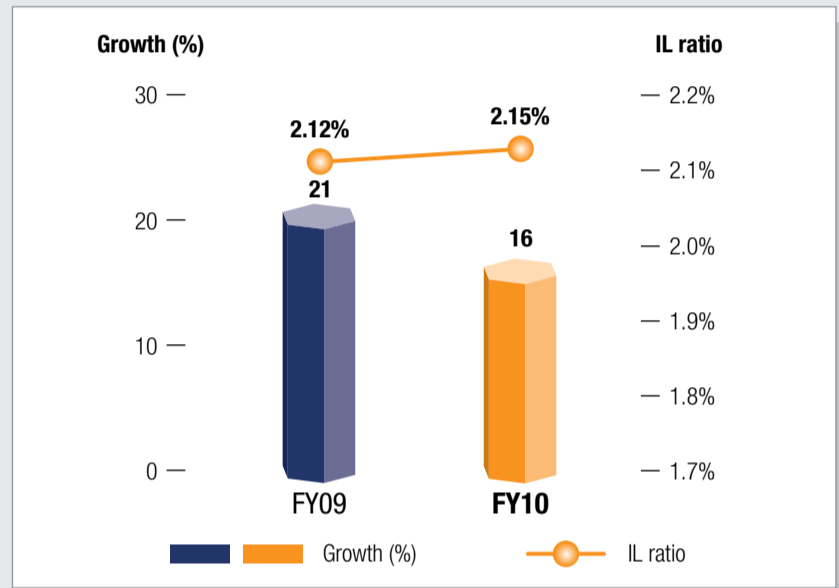
I was attached to Contact Centre when I first joined the bank and have since taken on the role of managing our Internet Banking Helpdesk. Together with my team, we address and trouble shoot issues related to our online banking services while recommending enhancement ideas to provide our customers even greater convenience and value. These are exciting times for us indeed as Internet Banking become increasingly popular and important.

Sylvia Tan Pick Sun
Senior Manager
Operations and Support
Internet Banking and E-Channels

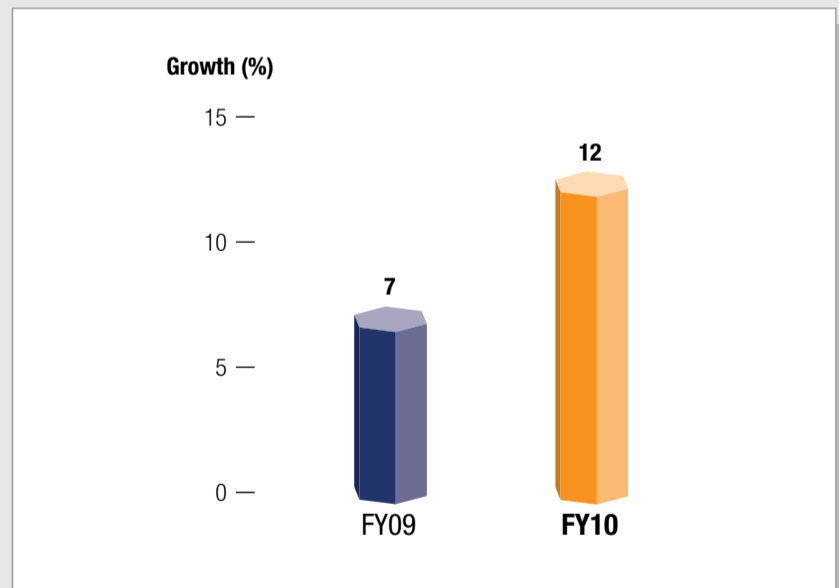
HIRE PURCHASE



CREDIT CARD RECEIVABLES



CREDIT CARD SPEND GROWTH



Deserving special mention is our *Super Cash Contest*, which was a tremendous success. Featuring a Grand Prize of RM88,000 and other cash prizes featuring the auspicious number “8” to ring in prosperity, we were able to heat up the appeal factor on the back of our promise of less than 24-hour approval from the “fastest car loan in town”. Riding on the success of the year-long campaign, our Auto Finance attracted close to RM4 billion in disbursements and 100,000 applications, an increase of 33% from the previous year.

Credit Cards also posted a strong performance in 2010, yielding a growth of RM232 million or 16%, to rank no. 5 with a market share of 8.4% in the domestic industry. Our card spend continued to experience a solid growth of 12%, or RM368 million. These achievements are significant due to the fact that the industry experienced slower growth as a result of the impact from the imposition of service tax on credit cards as well as stricter application requirements, in line with the central bank’s policies to reduce household debt.

Credit cards achievements were fuelled by the many targeted and exciting campaigns, ground-breaking products as well as significant partnerships and co-brand tie-ups.

The year 2010 saw our GSC-EON Bank Credit Card – “The Ultimate Movie Card” sponsoring *Ip Man 2* and the latest Narnia movie, *The Chronicles of Narnia: The Voyage of the Dawn Treader*. In delivering our promise to provide the “ultimate movie experience”, we continuously sought new and fun ways to engage movie buffs and enthusiasts via Facebook and blogs.



Managing the Bank's network of Self-Service Terminals comes with the satisfaction of overcoming challenges in providing best-in-class SST services in terms of innovation, availability and accessibility. Brand awareness created through the placement of ATMs at strategic locations will help to bring in additional fee-based income as well as improve operational efficiency.

Ting Kaik Ling

Acting Head
Self-Service Terminals & Project Management
Contact Centre & Self Service Channels



With the right customer targeting and segmentation, we pioneered yet another industry achievement by being the first to introduce Malaysians a new level of premium luxury benefits and rewards with the EON Bank Visa Signature Credit Card. This card successfully contributed over RM14 million in billings, within just six months of its launch. The average spend per cardholder is strong and continues to grow with a spend profile of more than three times that of Platinum cardholders. In terms of acquisition, our distinct tactics via cross-selling and product bundling initiatives proved to be successful, on average yielding double-digit growth in new VISA Signature cardholder every month.



Touted as "The Ultimate Shopping Credit Card", the MRCA-EON Bank Credit Card is the only credit card dedicated to shopping. It features a dual rewards programme that allows users to earn and redeem cash rebates in addition to other rewards and privileges. The card, which is a co-brand partnership with the Malaysian Retailer-Chains Association (MRCA), registered more than RM10 million in billing within six months of its launch.

Customer Conventional Deposits grew in tandem with industry standards, to rank no.7 with a market share of 4.3% in the domestic industry. Notwithstanding an extremely competitive market, we remained steadfast and registered a positive growth of 12% and 4% for low cost deposits and fixed deposits respectively. We also improved our CASA mix to 32.5%, in line with our focus to lower our cost of funds.



Strategies such as cross-selling, thematic branch campaigns and merchandising were implemented to help strengthen the deposits franchise. The highlight for the year was our *Savers Go Places* campaign where we encouraged our customers to save and maintain their deposits by rewarding them with a chance to win cars, dream holiday packages and iPhones. The campaign garnered a total of over 172,000 accounts with deposits exceeding RM1.6 billion within the first nine months.

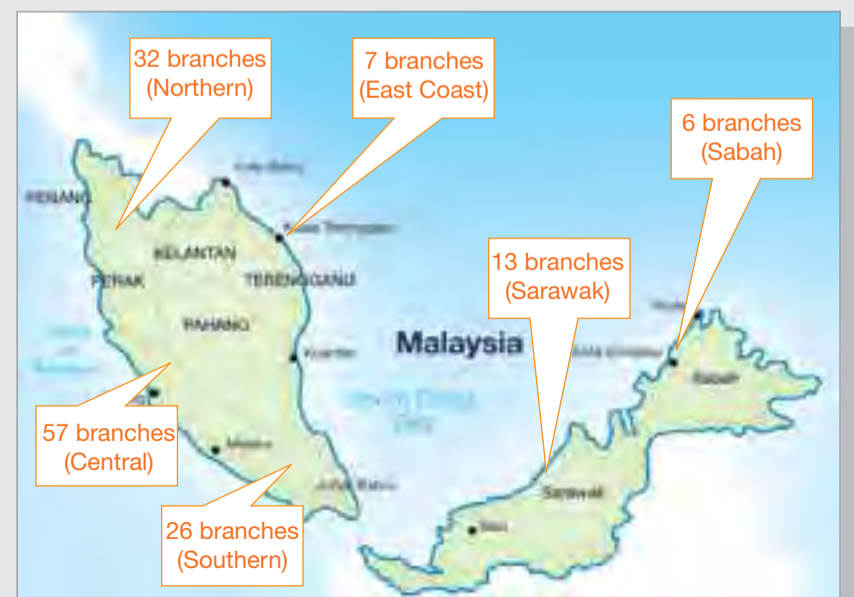


OPTIMISING ASSET QUALITY

The Bank treats risk management as a critical discipline to balance the pursuit of growth with calculated risks. We are continuously improving credit risk management practices through early risk detection, monitoring of high risk areas, mitigating actions as well as efficient credit processing. Business growth is managed with a focused approach on quality and margins, strategically focusing on more promising segments and profiles that come with lower risk exposure.

The close collaboration between product owners, credit recovery as well as channels has yielded results, with our gross impaired loans improving significantly as at 31 December 2010. The positive impact is visible throughout all our consumer loan segments as evidenced in the drop of impaired loans ratios. Our impaired loans ratio improved by 149 basis points for Housing Loan, 43 basis points for Hire Purchase and 3 basis points for Credit Cards, closing the gap with industry levels.

CHANNEL DISTRIBUTION AND INTEGRATION





EON Bank Group was the first bank in Malaysia to implement faster cheque clearing for its customers. Instead of waiting for up to 5 to 8 days for clearing outstation cheques, our customers got to enjoy firsthand the advantage of having their cheques cleared in 2 business days flat. This success is due to the great team work, strong determination and full commitment of the employees at the Branch Processing Centre and the undivided support of the top management and support groups at EON Bank Group.

Yee Wee Tick

Head
Branch Processing Centre
Payments & Settlements

Distribution Channels	YTD Expansion
Self Service Terminals	25%
Internet Banking - Active users	63%
Branches	1.40%

In our pursuit to enhance delivery capabilities, year 2010 marked another milestone as we renewed our emphasis on improving customer experience through the implementation of various initiatives such as enhanced customer touch points at both conventional and alternative channels, the refurbishment of 51 branches and contact centre improvements.

We facilitated simplicity of operations for customer convenience by upgrading the hardware for Retail Loans and Collateral Management Systems to improve turnaround time as well as replacing the analog leased lines to offsite ATMs with digital IP-Value lines for better response time.

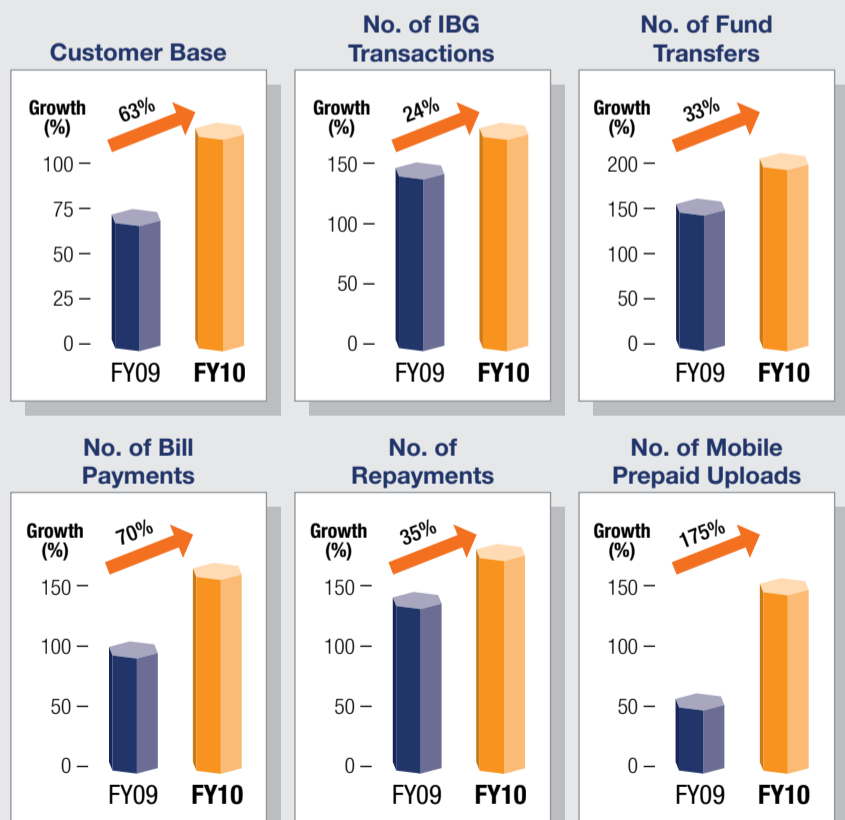
Our Internet Banking services have also undergone various enhancements, to fulfil customers' need for security, simplicity and convenience, resulting in a significant growth in the number of users and transactions.



Based on the latest Bank Negara Benchmarking report, all these efforts culminated in the Bank meeting industry standards on customer service attributes such as complaint response turnaround, ATM service performance and efficiency in branch processing.

Being fully cognisant of how important customer experience plays in enhancing loyalty and brand equity, we launched our refreshed Customer Experience Charter outlining our employees' commitment, desire and determination to deliver the best to customers. With the motto "Up Our Service", the refreshed charter was launched in January 2010 during a rally that engaged close to 1,000 staff from all branches nationwide to pledge their commitment to customer service excellence.

In tandem with the launch of the refreshed Customer Experience Charter, we also instituted more clearly defined Branch Service Standard Guidelines, which covered a comprehensive range of topics from professional image and effective communication, to delivering positive surprises and lasting impressions. At the same time, this was further reinforced by many service development and communication programmes. To ensure holistic implementation, we also designed and implemented a performance measurement and recognition programme to foster a sustainable customer service excellence culture.



Key new Internet Banking features implemented in 2010 include:

- Transfer Now – Real-time online fund transfers to MEPS member banks
- Personalisation of User Interface and Account Name
- Online T-PIN Request
- Third level security
- Credit Card Online Gift Redemption and Enquiry
- Credit Card Bill Payment
- Credit Card E-statement
- View Unit Trust Online – capability to track Unit Trust Account Summary and Transaction History

GOING FORWARD

Our main focus will be customer centricity at the heart of everything we do in Consumer Banking, with the overarching goal to enhance profitability and sustainable returns from our core businesses while leveraging on our distribution network and customer relationships to realise synergies. By harnessing the power of analytics to drive segmented marketing and a targeted approach to customer relationship management, we will pave the way to embracing a customer-centric culture as the key to business expansion. Stronger economic recovery will enable the Bank to achieve a more diversified and stable source of risk-adjusted earnings, while moving towards a sustainable and profitable future.

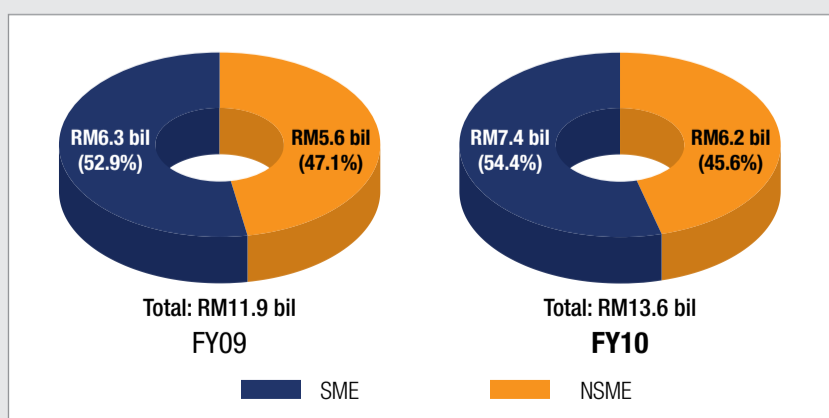
GROUP BUSINESS BANKING



Group Business Banking activities remain focused on the development of business enterprises, which comprise mainly small and medium-sized enterprises (SMEs) and corporate clients. We leverage on our footprint of 23 Area Business Centres and 2 Trade Finance Centres to expand our customer base as well as to develop a distinctive service proposition to meet our customers financing and transactional needs.

Credit facilities granted by Group Business Banking registered a strong growth of 14.3% to RM13.6 billion, from RM11.9 billion a year ago. The strongest growth was registered in lending to SMEs, which remains the Group's core commercial loan segment in tandem with SMEs growing contribution to the Malaysian economy. Total SME loans outstanding expanded by RM1.1 billion, or 17.5%. The growth was attributed to the Group's flexibility and responsiveness to customer needs, providing expert advice, innovative products and long-term focus on enhancing customer relationships.

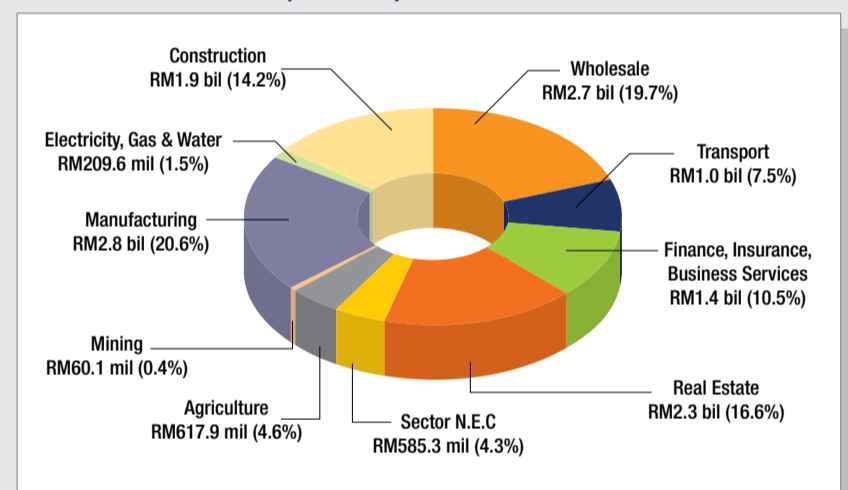
**LOAN BALANCES BY SEGMENTS
(RM & %) FOR FY 2009 & FY 2010**



BUSINESS BANKING LOANS

Group Business Banking lending activities continued to focus on manufacturing, trading and services sectors, as well as property development and infrastructure contracting. The SME sector now constitutes 54.4% of Group Business Banking's loan portfolio, up from 52.9% a year ago. Loans to commercial and corporate business, which grew 10.7% during the year, accounted for the remaining 45.6% of the loan portfolio.

**LOAN BALANCES BY SECTORS
(RM & %) FOR FY 2010**



CORPORATE BANKING

Our Corporate Banking performance was resilient with robust loans growth of 14.6% for the year. This was due to continued origination efforts on potential customers within the targeted sector, while enhancing and strengthening business relationships with its existing clients.

With a robust risk management framework already in place, Corporate Banking took a holistic approach in developing new strategic partnerships, cross-selling banking and treasury products together with investment banking services. The positive loans and revenue growth achieved was the result of the concerted effort to offer customers one-stop customised business solutions. The drive to grow fee based income remains a key initiative with increased relationship driven activities and focus.

SME BANKING

The robust SME loans growth can be attributed to our focus on developing the SME segment with continued investment in our training to improve credit skills, engagement and participation in SME related activities and bundling of products and services to support SME needs. Our SME products are promoted under the *PowerSME* brand with the tagline, "We will empower you". The *PowerSME* range of products includes financing for asset acquisition, working capital and trade financing services to facilitate business via trade finance, both for imports and exports. Existing customers with good conduct of their trade bills facilities benefited from the "utilisation incentive programmes" which offered preferential pricing for incremental utilisation of these facilities. During the year, conventional trade loans grew 4.3% to RM2.8 billion.

We are a strong supporter of the Government's financing schemes to promote SME activities, which includes the SME Assistance Guaranteed Facility, the SME Working Capital Guaranteed Scheme, Green Technology Financing schemes as well as the various schemes offered by Credit Guarantee Corporation.

Building on Strengths

In reinforcing our commitment to establishing strong client oriented business relationships, various collaborations were established with several domestic Chambers of Commerce, the Federation of Malaysian Manufacturers (FMM) and the Association of Banks Malaysia (ABM) through workshops and dialogues to raise awareness among SMEs on financing opportunities within the banking industry, as well as the promotion and development of SMEs. Among the events included were the SMIDEX 2010, with the theme "Innovation & Technology – Sustaining Power of SMEs", the SMI One-Stop Solution 2010, the EON Bank Group Business Talk Series as well as the MIMB-Bursa Chat Series. We also invited some of our customers to attend the World Congress of Accountants organised by the Malaysia Institute of Accountants (MIA) as part of our customer appreciation initiative.

Concerted effort was also made during the year to leverage on the Group's diversified customer base through joint marketing efforts with the Corporate and Investment Banking team to reach out to targeted SME customers to offer value propositions as they diversify their businesses. Together with the newly rolled out Customer Information and Analytics system as an additional tool to support Relationship Managers, we remain committed to enhance our customer relationships.

Building Efficiency, Productivity and Strengthening Risk Management

Improving efficiency and strengthening relationships remain core values. As part of our drive to offer convenience and improve our customer service, we actively promoted Business Internet services, in particular, the trade finance and enquiry modules. This system allows our trade customers to apply for the issuance of Letters of Credit and Bank Guarantees online, perform balance enquiries and transact from the convenience of their office. Further, Letters of Credit are issued within two hours upon receipt of letter of credit applications by our Trade Finance Centres. Our Trade Finance Development Managers are committed to provide expert advice and support a wide range of trade products.

Other steps taken to improve efficiency included the rollout of the new Corporate Loan Origination System as well as enhancements to the underwriting and risk grading processes. Early care monitoring was prioritised with emphasis on businesses that were still recovering from the recent financial crisis. As part of our initiative to support SMEs, commercial and corporate businesses that were adversely affected and had yet to recover from the economic downturn in 2009, our Area Business Centres, Corporate Banking and Trade Business Development Managers proactively monitored, reviewed and assisted in supporting viable businesses in line with our value of being a responsible financial partner.

GOING FORWARD

"Going forward into FY2011, Group Business Banking's aspiration is to develop a well diversified, profitable and sustainable client base."



We are optimistic that the domestic economy and intra-Asian trade will continue to provide impetus for growth in business and trade loans in 2011. Going forward into FY2011, Group Business Banking's aspiration is to develop a well diversified, profitable and sustainable client base. In this regard, the Group's Business Banking Division will continue to draw upon the years of experience of its core team of Business Development and Account Relationship Managers, in supporting the local business community. With further investments by the Group in business systems, upgrading of the cash management system and streamlining of internal processes, we will build on our capabilities to provide customers with value driven and personalised services. Group Business Banking remains firmly committed to being a preferred and trusted banker to its customers.

I have been manning the reception for MIMB Investment Bank for over 16 years, ever since I was employed by the Bank. This being my first corporate job, I am grateful that in spite of my visual disabilities, this Bank has given me the chance to hold a respectable job and at the same time provide me with a reliable source of income. It is also nice to work in a place where your colleagues are always ready to lend a helping hand when getting around the office.

Razali Yusoff

Telephone Operator
MIMB Investment Bank



GROUP INVESTMENT BANKING

The investment banking operations of EON Bank Group are undertaken by MIMB Investment Bank Berhad. MIMB provides a wide array of financial solutions, which range from corporate advisory services, underwriting and placement of equity securities to private debt securities, loan syndications as well as stockbroking related services. The Investment Banking division is responsible for the origination of new mandates and servicing of clients' specific needs for products and services within the wide spectrum of financial solutions offered by the Group. The experience and understanding of the local business and regulatory environment allows MIMB to consistently deliver quality and valued-added advice, execution and distribution services to its clients.



“MIMB provides a wide array of financial solutions, which range from corporate advisory services, underwriting and placement of equity securities to private debt securities, loan syndications as well as stockbroking related services.”

INVESTMENT BANKING

In 2010, the investment banking landscape remained challenging with more liberal accommodative policies adopted by the regulators to encourage the entry of foreign and more local intermediaries into the capital market. Despite the intense competition MIMB recorded an improvement in its revenue and profitability. For the financial year ended 31 December 2010, MIMB reported a pre-tax profit of RM7.6 million due to higher net interest income as well as increased contribution from investment banking activities on the back of a more robust capital market during the year.

The initial public offering (IPO) activities in Malaysia registered an improvement with a total of 29 IPOs, compared with 14 IPOs in the preceding year. The gross private debt securities (PDS) issued to the market stood at RM80 billion and total rights issuance in the market was RM12 billion for 2010.

“For the financial year ended 31 December 2010, MIMB reported a pre-tax profit of RM7.6 million due to higher net interest income as well as increased contribution from investment banking activities on the back of a more robust capital market during the year.”



In 2010, MIMB successfully launched three IPOs on the Main Market of Bursa Malaysia Securities Berhad, namely Homeritz Berhad, ECS ICT Berhad and Tambun Indah Land Berhad. MIMB was the lead-arranger of a RM135 million Islamic Commercial Papers/Medium Term Notes programme, which was the first Islamic sukuk with a financial guarantee by Danajamin Nasional Berhad. MIMB also jointly lead-managed EON Bank Berhad's issuance of RM500 million nominal value of Subordinated Medium Term Notes in December 2010. In addition, MIMB was a Joint Underwriter for the IPO of Petronas Chemicals Group Berhad, which was awarded the “Best Deal of the year 2010 in Southeast Asia” by Alpha Southeast Asia.

STOCKBROKING

Investor sentiments in the capital market improved in 2010, and foreign funds showed increased interest in the local equity market. The FTSE Bursa Malaysia Kuala Lumpur Composite Index performed better in 2010 as compared with 2009. These positive factors, coupled with MIMB's enhanced Internet share trading services EQTrade, as well as continuous marketing efforts through Bursa Malaysia's Market Chat road shows, enabled MIMB to increase its market share of the stockbroking business.

In 2010, MIMB also launched CQ Trader that allows clients to trade in regional equities. In addition, the Remisier Mobility System was also launched during the year, whereby remisiers of MIMB can now execute trades for their clients while on the move and away from the office.

GOING FORWARD

With the Malaysian economy expected to sustain its growth momentum into 2011, the domestic equities and capital market is expected remain robust supported by the continued expansion of private sector activities as well as the rolling out of various key economic projects by the Government. MIMB expects to continue leveraging on the synergies offered by the Group's corporate and investment banking business as well as the large branch network and retail customer base to sustain its performance and market share in FY2011.



Over the course of more than 10 years in Group Treasury, I have acquired an enduring passion for the financial markets and the adrenalin that comes with devising profitable trades. With Group Treasury now taking a more prominent role in the markets and in the Group as a whole, my colleagues and I are even more excited and geared up to make inroads in this industry. Our recent expansion from 20 to 30 staff comprising very capable and experienced people from trading to international relations specialists will definitely boost our capabilities. I am looking forward to achieving my team's budget, which has increased three folds, for 2011. So far we are on track, fingers crossed.

Quintin Tan

Head, Fixed Income
Treasury Sales & Advisory – Institutional
Group Treasury

GROUP TREASURY

Group Treasury works closely with various business units within the Group to provide interest rates, foreign exchange and fixed income related financial solutions across all segments of the market - consumer, corporate and global markets. Group Treasury also proactively manages the Bank's asset and liability position, which involves management of liquidity, funding, interest rate risk and exchange rate risk arising from trading and non-trading activities through the use of both on- and off- balance sheet instruments within the liquidity parameters determined by the EON Bank Group's Assets and Liabilities Committee.

OPERATING CONDITIONS

The Malaysian economy registered a stronger than expected growth of 7.2% in 2010 compared with a contraction of 1.7% in 2009. The sharp increase in growth was primarily due to strong aggregate domestic demand arising from pump priming activities by the Government and the low base growth registered in 2009.



Headline inflation, as measured by the change in the Consumer Price Index (CPI), averaged 1.72% in 2010 compared with 0.6% in the previous year. Inflationary pressure modestly increased mostly on account of supply factors. Prices rose at a gradual pace in line with the continued improvement in domestic economic conditions

and the Government's reduction in subsidies of controlled items. CPI was largely contained in 2010 following continued weakness in the United States and most European markets despite efforts by the respective governments to kick start their economies. The Malaysian Institute of Economic Research (MIER) expects headline inflation to moderately rise to 2.8% in 2011 given that the CPI had inched up to 2.2% in December 2010.

The monetary policy last year was steered towards supporting economic growth. In 2010, the Overnight Policy Rate (OPR) was raised by 75 basis points to 2.75%, which resulted in the interbank rates for all maturities including overnight rates rising across the board.

The performance of the ringgit was largely influenced by developments in the international financial markets. The ringgit appreciated against the US dollar for the most part of 2010 as the US was facing an economic meltdown despite two quantitative easing measures undertaken by the US government. The protracted uncertainty in the international financial markets and global economic slowdown dampened sentiments and sustained investor's risk aversion.

The ringgit, however, strengthened throughout 2010 and was the best performing currency in the region thanks to the Government's reign on inflation brought on by higher commodity prices and fund flow as a result of tighter monetary policy. The ringgit appreciated against the euro (16.46%), pound sterling (13.06%), US dollar (9.83%), Korean won (8.52%), Chinese renminbi (6.91%), and Singapore dollar (2.07%). The ringgit, however, depreciated against the Japanese yen (2.72%) and Australian dollar (0.63%).

Group Treasury successfully built a strong Fixed Income distribution team in 2010, supporting MIMB Investment Bank's (MIMB) debt capital market business in book building exercises. In December 2010, Group Treasury successfully placed the EON Bank's issuance of the Tier 2 MTN Bonds, which had an initial target issue size of RM300 million before being upsized to RM500 million.



BUSINESS REVIEW

During the year, Group Treasury undertook and completed the repositioning and transformation of the division from a support unit into a key business unit with clear segregation of functions between trading, sales, funding and balance sheet management. This transformation will enable Group Treasury to have a more active role in

the generation of non-interest income for the Group going forward. Group Treasury also completed a comprehensive review of the existing treasury risk management system and obtained approval to upgrade treasury risk capabilities to support new areas of growth including Fixed Income and Derivative trading.

EON Bank completes issuance of RM500m notes

EON Bank Bhd has completed the issuance of RM500 million of 5-year Tier 2 MTN Bonds, which had an initial target issue size of RM300 million before being upsized to RM500 million. The bond was issued at yield-to-maturity of 4.85%, or about 1.54% above the 5-year MGS benchmark, which is a relatively attractive spread compared to other banks of higher credit rating.

Group Treasury successfully built a strong Fixed Income distribution team in 2010, supporting MIMB Investment Bank's (MIMB) debt capital market business in bond origination. In December 2010, Group Treasury successfully placed the EON Bank's issuance of the Tier 2 MTN Bonds, which had an initial target issue size of RM300 million before being upsized to RM500 million. The bond was issued at yield-to-maturity of 4.85%, or about 1.54% above the 5-year MGS benchmark, which is a relatively attractive spread compared to other banks of higher credit rating.

GOING FORWARD

Group Treasury aims to capitalise on Malaysia's economic growth to generate additional sources of non-interest income. As such, the division will initiate further measures to strengthen its fixed income trading and sales capabilities to further complement and support MIMB's debt capital market activities.

Group Treasury will enhance foreign exchange sales and distribution activities by introducing more remittance and structured products, and also strengthen the relationship with our internal business partners, namely Consumer Banking's Wealth Management & Liabilities and Business Banking.

In addition, Group Treasury will also work very closely with the various business divisions to change the composition of the Group's funding structure, with greater emphasis being placed on growing long term and low cost conventional and Islamic deposits to further reduce operational cost and strengthen the deposit mix of the Group.

GROUP ISLAMIC BANKING

“EIBB recorded a strong performance, with profit before tax doubling to RM117.5 million in FY2010, from RM52.6 million a year ago. In FY2010, this represents a contribution of 19.9% to the EON Bank Group’s profit before taxation.”



The Group’s Islamic banking business is spearheaded by EON Bank Berhad’s wholly owned subsidiary EONCAP Islamic Bank Berhad (EIBB). EIBB commenced business operations on 1 April 2006 as a full-fledged Islamic Bank. However, EIBB is not new to Islamic Banking. We have been offering Islamic Banking products and services through EON Bank since 1996.

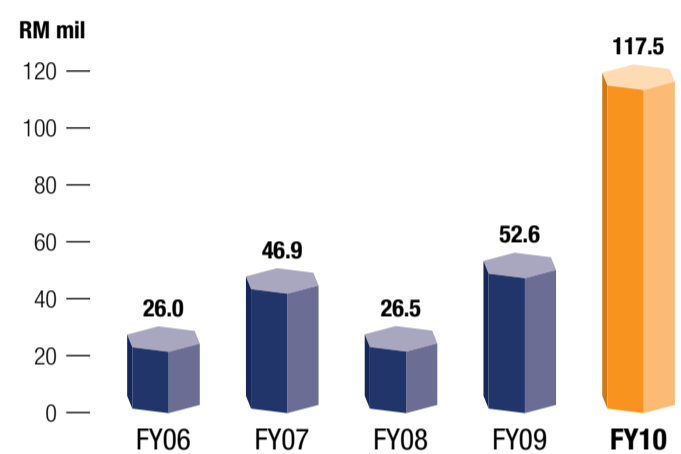
EIBB offers treasury, consumer, commercial, corporate and investment banking products that are Shariah-compliant. Customers can access their accounts as well as our full range of products and services at our 5 full-fledged Islamic branches and 141 EON Bank branches.

KEY ACHIEVEMENTS IN 2010

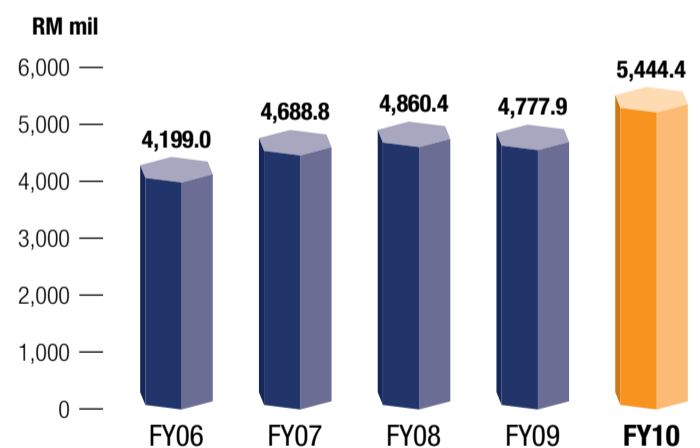
Results

EIBB recorded a strong performance, with profit before tax doubling to RM117.5 million in FY2010, from RM52.6 million a year ago. In FY2010, this represents a contribution of 19.9% to the EON Bank Group’s profit before taxation. The improved performance was due mainly to the significant improvement in asset quality, as the charge for impairment financing provisions declined by RM47.9 million. Gross financing expanded by 13.9% to RM5.4 billion, with the introduction of the innovative personal financing services, housing and AITAB facilities. Similarly, customer deposits too registered a strong growth of 26.7% to RM6.0 billion. The Bank’s total assets stood at RM7.9 billion as at FY2010 and accounted for 15.0% of the Group’s total assets.

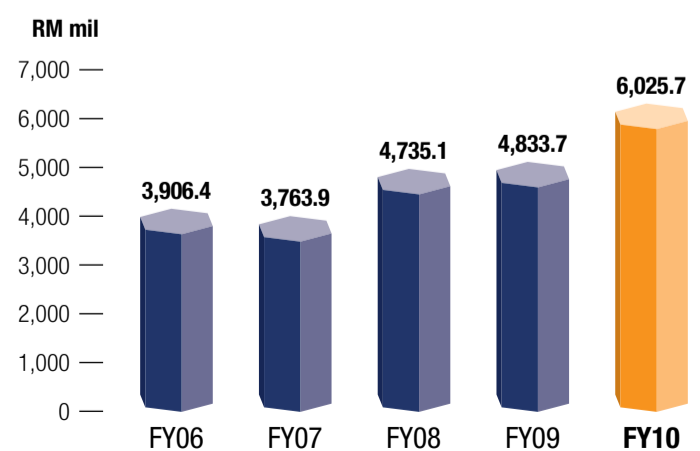
PROFIT BEFORE TAX AND ZAKAT



GROSS FINANCING



CUSTOMER DEPOSITS



Activities

During the year, EIBB launched several products and participated in profiling activities that served to support EIBB's business aspirations. Some of the highlights are as follows:

6 January 2010	Signing ceremony with Prolintas Expressway Sdn Bhd on the RM327 million Ijarah Muntahiyah Bittamleek Syndicated Financing Facility at The Royale Chulan, Kuala Lumpur. EIBB was one of the participating financial institutions in the financing facility.
19 January 2010	Launch of Saver Go Places. The campaign, which covers both conventional and Islamic deposits, seeks to encourage customers to save and maintain deposits with on-going rewards in a year-long journey.
28 January 2010	Launch of a year-long campaign called Super Cash that saw cash prizes rewarded to lucky hire purchase customers with the Grand Prize of RM 88,888 presented at the end of the campaign.
12 March 2010	Launch of <i>Mumtaz Children Savings Account</i> at Restoran Seri Melayu, Kuala Lumpur. The event was officiated by Minister of Finance II Dato' Seri Ahmad Husni bin Mohamad Hanadzlah.
4 May 2010	Etika International Holdings Ltd – Signing ceremony between Etika and other financial partners. Total syndication of RM368 million split between EIBB, Maybank Islamic Bank, and Amlslamic Bank.
10 June 2010	Presentation of RM50,000 donation to Yayasan Veteran Angkatan Tentera, a non profit organisation dedicated to improve the lives of army veterans and their families.
2 July 2010	Signing of Strategic Alliance Agreement between EIBB and Koperasi Perkasa Malaysia to formalise its appointment as the Bank's MyCoop-I partner.
9 August 2010	Launch of LCD TV Giftaway Campaign. This was a product bundling campaign involving both conventional and Islamic mortgage, deposit and debit card.
26 October 2010	Alor Setar branch relocation launch. The event was officiated by Kedah Menteri Besar Dato' Seri Ustaz Azizan Bin Abdul Razak.
9 – 15 November 2010	Filming of a video portrait of Puan Fozia Amanulla, CEO & Executive Director of EIBB by a crew from VPRO Television, The Netherlands. This filming is part of VPRO documentary project "Islamic Banking in Malaysia".

“The Bank aims to enhance its reach in selected markets via existing and new distribution channels; introduce innovative, price-attractive, Shariah-compliant Islamic consumer banking solutions delivered in a seamless and fuss-free manner; and reinforce its risk management and operations capacity.”



GOING FORWARD

With the continued broad-based recovery in the Malaysian economy in 2011, EIBB is looking to tap on latent market opportunities that match our core strengths and capabilities. In line with the Group's focus of being customer-centric, EIBB's overarching goal is to fulfill customers' Islamic banking needs through the provision of relevant financial solutions. It is through this approach that we intend to achieve sustainable growth with a strong share of the Islamic financial market and ultimately build a distinct brand identity in our chosen markets.

For 2011, EIBB intends to focus on the following:

- Leadership in selected niche segments (e.g. pension & gratuity financing);
- Establishment of a niche brand presence;
- Strengthening credit quality management;
- Improved profitability and better overhead management; and
- Delivery of benchmark returns to shareholders.

EIBB will continue to leverage on its core capabilities in consumer banking to achieve further business growth in targeted niche markets. The Bank aims to enhance its reach in selected markets via existing and new distribution channels; introduce innovative, price-attractive, Shariah-compliant Islamic consumer banking solutions delivered in a seamless and fuss-free manner; and reinforce its risk management and operations capacity. With the inherent strengths that EIBB possesses and strong collaboration with EON Bank Berhad and MIMB Investment Bank Berhad, EIBB is optimistic in achieving satisfactory business growth for the year 2011.

Our Group's Information Technology strategy is driven by our commitment to promote greater collaboration for business value. Establishing the IT Relationship Management department was definitely a step in the right direction. Through close partnership with other units, we have developed technology that strengthens the capabilities and connections of EON Bank Group staff in their work roles so that they can apply their unique insight and experience to transform the way we do business and achieve measurable business benefits.

Renee Ling Mei Yen
 Head
 Relationship Management
 Group Information Technology

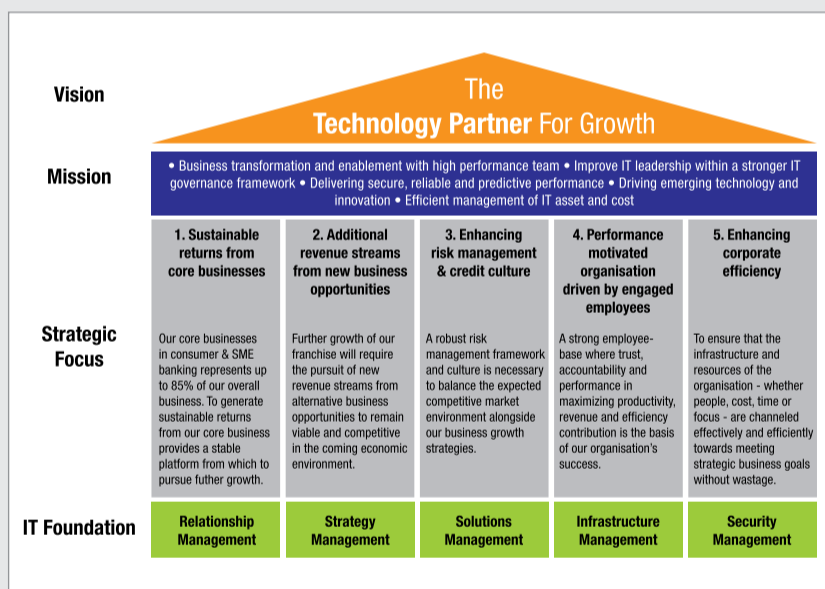


BUSINESS &
 OPERATIONS REVIEW

INFORMATION TECHNOLOGY ADVANCEMENTS

Group IT is organised around 5 departments: Relationship Management, Strategy Management, Solutions Management, Infrastructure Management and Security Management. In line with EON Bank Group's (EBG) vision to become "The Preferred Malaysian Bank", Group IT's vision, as outlined in its three-year strategic plan (Figure 1), is to become "The Technology Partner For Growth".

FIGURE 1: THE TECHNOLOGY PARTNER FOR GROWTH



KEY CHALLENGES 2010 – 2012

In developing its three-year strategic plan, Group IT has recognised the following key challenges ahead:

Governance & Compliance

- Effective system delivery
- Accurate data information
- Secured environment
- Structured IT infrastructure
- Optimum use of IT resources

Service Levels

- Increase availability and utilisation
- Rescale and meet Service Level Agreement (SLA)
- Proactive monitoring of operating systems
- Improve time to delivery on business requests

Cost Efficacy

- Standardise technical architecture
- Deliver more in a smarter budget
- Balance between out-sourcing and in-sourcing costs
- Streamline current agreements, services and applications

Business Value

- Align IT priorities with Business
- State of the art technology peripherals
- Time-to-market system deliverables
- Introduction of new technologies to enable business innovation

"Group IT strived to fulfill the role of a technology partner for growth in anticipating future business trends and how technology can be utilised to enable speedy adoption and implementation of business initiatives as well as to enhance the resilience of our infrastructure and resources."



Acknowledging the key challenges ahead, the future direction of Group IT is to develop the platform necessary to achieve the goals and objectives as outlined by its mission statement:

- Business transformation and enablement with high performance team;
- Improve IT leadership within a stronger IT governance framework;
- Delivering secure, reliable and predictive performance;
- Driving emerging technology and innovation; and
- Efficient management of IT assets and cost.

NOTABLE ACHIEVEMENTS IN 2010

During the year under review, the role of IT in EBG moved beyond keeping the data centre up and running. Group IT strived to fulfill the role of a technology partner for growth in anticipating future business trends and how technology can be utilised to enable speedy adoption and implementation of business initiatives as well as to enhance the resilience of our infrastructure and resources.

In 2010, Group IT's notable achievements were centred on meeting EBG's 5 strategic focus areas:

Strategic Focus	Initiative	2010											
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Sustainable returns from core businesses	Power Wealth Campaign								24 Aug 10				
	IBT FD Withdrawal									25 Sep 10			
Additional revenue streams from new business opportunities	MRCA Co-Brand Card			17 Mar 10									
	My Coop Loan											12 Nov 10	
	EON Bank Visa Signature **												17 Dec 10
Enhancing risk management & credit culture	Corporate Data Standards								18 Aug 10				
	IT Architecture Standards										22 Oct 10		
	Integrated Mobile Secure (IMS) **											9 Nov 10	
Performance motivated organisation driven by engaged employees	Festive Decoration Competition								14 Feb 10 (Chinese New Year) 10 Sep 10 (Hari Raya)				
	Leadership Development Programme (LDP)												Ongoing (2 IT staff appointed as line trainers)
Enhancing corporate efficiency	Enterprise Data Warehouse		8 Feb 10										
	HCMS Phase 2 – Benefit & E-claim		25 Feb 10										
	Hardware & Application Upgrade (Asset Management & Axsone GL)				9 Apr 10								
	Hardware & Application Upgrade (IUTA & Bancassurance)										7 Oct 10		
	Credit Card e-Statement										20 Oct 10		
	Microsoft Exchange Server 2010 Messaging System & Active Directory											19 Nov 10	

** 1st in the industry

Among Group IT's achievements in 2010 were two leading initiatives which helped positioned EBG as an industry leader. The first was the Integrated Mobile Secure (IMS) solution, which enhances credit card authentication and overall security infrastructure for Internet based card transactions. The IMS takes advantage of mobile communication by "pushing" a one-time-PIN to the customer's mobile. The customer then enters the one-time-PIN online, which is transmitted back to the issuing bank for positive identification. The IMS is an extension of the VBV/MasterCard Secure Code 3D-Secure solution, which is fully adaptable to the 3D-Secure architecture and protocol defined by Visa/ MasterCard. This solution was a first among local banks in Malaysia.

The other leading initiative was the implementation of the enterprise-wide data warehouse, which "went live" in February 2010. In order to gain and sustain a competitive edge in the financial services industry, the Group had invested substantial capital and resources in the establishment of a data warehouse, to enable prompt and accurate retrieval of data for analysis and decision making. The Group's data warehouse went 'live' in February 2010. A number of solutions and data marts, which include, customer analytics, anti-money laundering, operational risk, budgeting and profitability management, have also been built to integrate the business intelligence solutions for management to make more data driven decisions.

GOING FORWARD

Moving ahead, Group IT plans to build on its three-year strategic plan and ensure EBG's IT environment remains up to date to pave the way for future innovation and, ultimately, become "The Technology Partner For Growth".



HUMAN RESOURCE DEVELOPMENTS

INTRODUCTION

Recognising that actions in managing our human resources are critical in building **A Performance Motivated Organisation, Driven By Engaged Employees**, we continued to focus on implementing people-intensive strategies during the year. Central to this, is the need to have *People In A Strong And Cohesive Team*, with the core values of *Trust, Ownership and Performance*, in order for the Group to deliver on its commitment to provide distinctly superior customer service for lasting and fulfilling banking relationships with our customers. This requires the Group to have the right type of people with commitment, teamwork and creative initiative, for the Group to develop new capabilities and to pursue innovation.

During the year, such requirements needed to be delivered under an equally challenging environment of the on-going corporate developments. In the context of the ongoing and continued business transformation, these corporate developments added another complexity. We were faced with the question of how our employees would be able to withstand and to come to terms with the uncertainty, so that the Group could continue to achieve our corporate objectives, and remain resilient in the long-term. Accordingly, Group Human Resources continued to introduce specific initiatives and appropriate development programmes to support changes in staffing needs, motivation and employee recognition, whilst at the same time focusing on:

- Aggressively sourcing of experienced technical expertise to hit the ground running and meet our challenging targets.
- Execution of the framework for succession planning to ensure bench strength for mission critical positions, in line with our objective of attracting, developing, motivating and retaining the best performing and talented employees.
- Enhancement of benefits and total rewards, very much driven by the need to be competitive and to ensure that the benefits provided enhance the performance and productivity of our employees.
- Enhancement of people capabilities, in particular the development of technical competencies, soft skills and leadership development to ensure long term sustainable good performance.

The year 2010 was a challenging yet exciting year for employees of EON Bank Group. It was a year that started with the proposed takeover of assets and liabilities by the Hong Leong Group and ended on a high with a stronger, yet leaner workforce.

To address the needs of a young, dynamic workforce, the Group implemented a number of exciting initiatives.

LEARNING AND DEVELOPMENT

Leadership Development Programme (LDP)

Training and development continues to be part of the skill and knowledge building framework with continued emphasis on the technical training either through certifications and on the job training besides the classroom training and development programmes to support mainstream and the talent management infrastructure.

During the year, 33 facilitators comprising selected Heads of Departments, Centres and Branch Managers were trained and certified to facilitate the Group's in-house designed LDP Train-The-Trainer Programme. Another 20 personnel will be trained in 2012 as part of Group Human Resource's plan to establish our own pool of trained and certified LDP facilitators among middle and senior management staff.

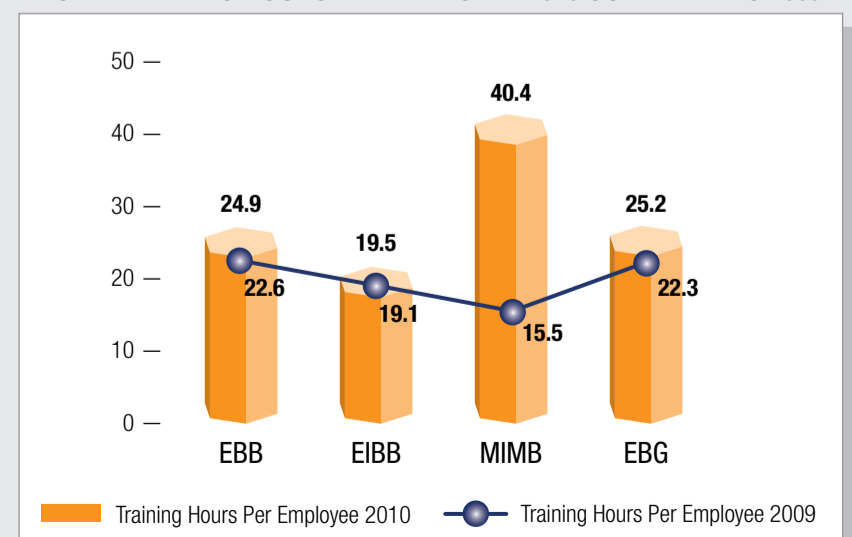


For the LDP, Group Human Resource designed and developed 10 Core Leadership Modules, which were based on our Leadership Competencies. The pilot LDP was launched in June 2010, which drew the participation of more than 800 participants over the course of 47 training sessions. Additionally, there were 32 sessions of Direct Manager's Briefing conducted, with more than 600 participants trained to support, guide and nurture young leaders. By December 2010, we had covered 1,455 staff over a total of 81 sessions.

Increased Training Hours per Employee

We ensured staff were trained and competent to carry out their responsibilities in an efficient and effective manner. Training hours per employee increased to 28 hours in 2010 from 22 hours in 2009. Throughout the year, 225 technical programmes and 236 soft-skill programmes were organised.

TOTAL TRAINING HOURS PER EMPLOYEE 2010 COMPARED TO 2009





Vivien Lee Mei Wan (left), Ahmad Razif Mohamad (right)

It's good to work in an environment where your peers and colleagues appreciate your sincerity and honesty. We get along so well like family and friends. I enjoy working in a place where I can be myself but still be given the opportunity to better myself. I believe the success of an organisation is demonstrated in how the people feel - the chemistry that ignites the passion to give all your best. This is EON Bank Group!

Ahmad Razif Mohamad

Senior Manager
Industrial Relations & Safety
Group Human Resources

- In tandem with the increase in training hours per employee increased to 28 hours, from 22 hours a year ago.
- A total of 225 technical programmes and 236 soft-skill programmes were organised.
- The number of training programmes offered internally also increased by 7% to a total of 461 programmes.
- 15% increase in the number of external programmes attended by staff.



ORGANISATIONAL DEVELOPMENT

Group Human Resource worked on strengthening our Leadership Pipeline and enhancing their capabilities through Succession Planning and Top Talent Development Plans. The division designed the Succession Planning programme to ensure availability of replacements for key job incumbents and to cover all critical and key positions within EBG. A Top Talent Scorecard was designed to identify top talent within the Group. We strived to provide an environment which motivates high-potential staff to stay with the organisation.



The division also implemented the Employee Profile Form (EPF) as an initiative towards establishing a comprehensive employee database, and to facilitate employees' self career aspiration and developmental needs.

Information gathered via the EPF was used for Organisational Development related initiatives within the Group such as the BM Development Programme and ABM Development Programme.

During the year under review, the Group worked towards creating a performance-based culture by rewarding performance in line with market best practices. In line with this, compensation and benefits were reviewed and re-aligned to industry benchmarks, salary bands were revised in line with the latest banking surveys, the Bank's Terms and Conditions of Service (TACOS) were enhanced and improved and rewards were determined by organisation, division/department and individual performance, and pegged against industry benchmarks to ensure competitiveness.

TEAMWORK

The Group organised a number of team-building programmes throughout the year with the objective of fostering closer ties between intra and inter-departments. Although there were plenty of group activities and games, we included some physical challenges just to encourage the capabilities of participants.



EMPLOYEE ENGAGEMENT

Many new activities were introduced during the year to encourage interaction and closeness between staff in a non-working environment.

In an effort to foster closer ties and strengthen working relationships, the Group organised 8 major employee engagement events in 2010, which included the Family Day for Head Office and Central Region, Regional Family Days, Annual Dinner for Head Office staff, Appreciation Dinners at Regional Centres, Group Bowling and Badminton Challenge.



What I like most about my work is the team spirit and relationship management. We want to do everything better, always striving to be efficient and effective in our HR services to all our internal customers. My tagline is: "Nothing is impossible." When a job needs to be done, everyone pitches in to help one another. There's a sense of timeliness and perfection coupled with humour and team spirit. I enjoy the ongoing challenge of excellence that the Group seeks from me and our team.

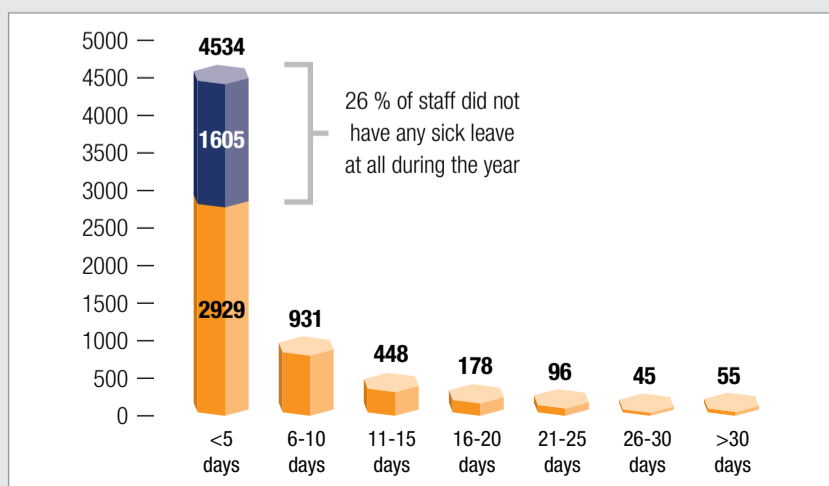
Vivien Lee Mei Wan
Relationship Manager
Group Human Resources

SPORTS AND EMPLOYEE WELL-BEING

Healthy employees are productive employees. With this objective in mind, GHR organised sports and recreational activities to inculcate a healthy lifestyle and to foster closer interaction among our employees in an informal environment.



Apart from taking part in the Group-wide annual bowling and badminton tournaments, our employees also participated in many banking organised games, including the inter-banking football tournament, The MIBA Games, The Edge-Bursa Malaysia KL Rat Race and The Financial Institutions Sports Events. Towards the end of 2010, the Group introduced the Employee Wellness Subsidy, a benefit which staff can utilise for medical check-ups, gym memberships, golf and sports club memberships. We also have our own in-house Yoga and Dance Exercise classes, offering employees fun-filled healthy activities after office hours.



All the 'healthy life-style' initiatives, which included health talks, group exercises, regular check-ups and encouraging work-life balance, have collectively resulted in a more productive workforce, with medical expenses per employee dropping by 10%. Further, 26% of the staff had zero absenteeism, that is, not even one day of medical leave during the year.

EMPLOYEE WELFARE

The Group established the **EBG Staff Welfare Fund** in 2010 to provide financial assistance to staff in their time of need. During the year, the fund was used to:

- Assist staff' next-of-kin, pending receipt of the Group Term Life payment and to ease their pain;
- Subsidise the cost of an artificial limb following amputation;
- Subsidise the surgery expenses for staff' children with congenital heart and liver defects;
- Subsidise staff parent's cancer treatment; and
- Staff affected by the floods in Kedah, Perlis, Penang.

In Support of Young Mothers

- The Group also implemented the 90-day maternity leave for management staff, as well as staff governed under ABOM and SBEU Sarawak Collective Agreements.



The in addition, the Group sought approval to establish the Young Mother's Room to support mothers who breastfeed their babies.

SAFETY

We established a formal safety and health unit within Group Human Resource to focus on educating employees on safety. A safety and health policy was established and Occupational, Safety and Health committees have been set up in more than 40 locations nationwide. Employees are now more aware and take pro-active measures to report safety violations and accidents.



GOING FORWARD

Our employees and the human capital will remain on the forefront of management's agenda 2010 as we seek ways to manage our people effectively to be more nimble, adaptive and innovative, in order to continue to gain competitive advantage. Accordingly, the Group would continue to integrate further the various initiatives towards enhancing our employer brand, which becomes even more critical with the scarcity and mobility of talent in the marketplace, so that we continue to attract the right employees to work for us. managed to optimise its utilisation of headcount.



Delivering Definitive Customer Satisfaction

Attending to customer complaints requires me to be customer focused. I'm always concerned about how our customers feel and ensure that I listen intently to their needs. For me, a good way to handle complaints is by managing the customer's emotions before addressing the issue or trying to offer solutions. If you can build rapport and trust with the customer, you have solved at least 50% of the customer's problem. My biggest satisfaction comes from being able to turn complaints into compliments. Some view this as a challenge but for me this is a job satisfaction that I gain from my daily task.

Ken Low Chun Kheun

Manager of Service Recovery and Relationship Management
Contact Centre and Self Service Channels



There are various types of customers that I correspond with every day. I assist these customers to the best of my ability to ensure they are satisfied with the solutions given to them. After all, complaints are a form of feedback from customers that signifies how you can improve your products or services. At the end of the day, when we resolve our customers' complaints amicably, it's a win-win situation for both parties.

S. Loga Rajan N. Shanmugam

Manager, Complaints Management
Group Corporate Communications

GROUP FINANCIAL HIGHLIGHTS

The Group achieved a profit after tax of RM440.1 million, representing a return on average shareholder' funds of 11.7% . The Group's earnings per share for the financial year ended 31 December 2010 stood at 63.49 sen and net assets per share as at 31 December 2010 was RM5.71.

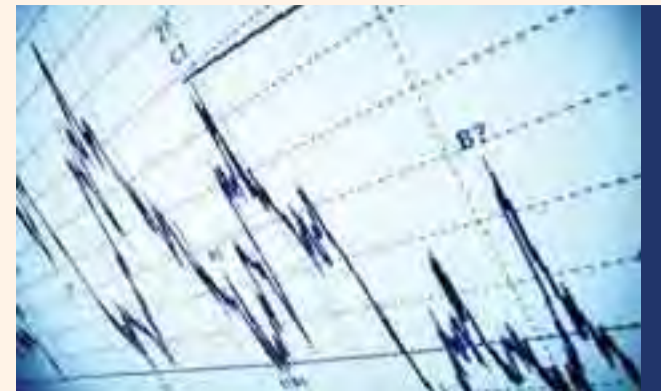
The Group's balance sheet as at 31 December 2010 continued to remain strong with total assets of RM53.1billion, an increase of 14.4% compared with RM46.4 billion as at 31 December 2009. Total shareholders' funds of the Group increased by 11.4% to RM4.0 billion.

5-YEARS GROUP FINANCIAL PERFORMANCE

	EON Capital Berhad				
	Financial Year Ended 31 December				
	2010	2009	2008	2007	2006
1. REVENUE (RM MILLION)					
i. Operating revenue	2,764	2,393	2,583	2,550	2,370
ii. Operating profit before impairment provisions	855	615	660	744	624
iii. Profit before taxation and zakat	590	422	208	279	319
iv. Profit after taxation and zakat	440	341	134	217	212
2. BALANCE SHEET (RM MILLION)					
Assets					
i. Total assets	53,064	46,388	43,423	41,174	39,237
ii. Loans, advances and financing (net)	36,650	32,048	29,638	28,233	27,214
Liabilities and shareholders' equity					
i. Total deposits and borrowings	47,211	39,998	37,499	35,452	33,982
ii. Paid-up share capital	693	693	693	693	693
iii. Shareholders' funds	3,958	3,554	3,204	3,190	2,997
Commitments and contingencies	25,620	21,541	20,241	20,480	18,195
3. PROFITABILITY RATIOS (%)					
i. Net return on average equity	11.7	10.1	4.2	7.0	7.3
ii. Net return on average assets	0.9	0.8	0.3	0.5	0.6
iii. Cost to income ratio	49.3	57.2	53.0	44.2	42.8
4. ASSET QUALITY RATIOS (%)					
i. Gross impaired loans ratio	3.6	-	-	-	-
ii. Gross non-performing loans ratio	-	3.8	5.0	6.3	6.8
iii. Net impaired loans ratio	2.0	-	-	-	-
iv. Net non-performing loans ratio	-	2.3	2.5	4.1	4.5
v. Loans loss coverage ratio	89.6	86.1	80.4	58.1	53.2
vi. Loans to customer deposits ratio	88.6	94.6	91.5	102.8	105.1
5. CAPITAL ADEQUACY RATIO					
i. Risk-weighted capital ratio (%)	15.4	14.4	12.6	13.3	12.9
ii. Capital base (RM' Million)	5,835	4,954	4,211	4,093	3,863
6. PER SHARE					
i. Basic/diluted gross earnings (sen)	85.1	60.9	30.0	40.2	46.0
ii. Basic/diluted net earnings (sen)	63.5	49.2	19.3	31.3	30.6
iii. Net assets backing per ordinary share (RM)	5.71	5.13	4.62	4.60	4.32
7. SHARE VALUATIONS					
i. Dividend payout rate (sen/share)	-	-	5.8	10.0	16.0
ii. Price to earnings multiple (times)	11.2	14.4	16.8	22.2	24.4
iii. Price to book multiple (times)	1.2	1.4	0.7	1.6	1.8
8. SHARE PRICE (RM)					
i. High	7.22	7.10	6.32	8.21	6.59
ii. Low	6.51	2.60	2.52	5.25	4.61
iii. As at 31 December	7.10	6.84	3.16	6.41	6.30

FINANCIAL PERFORMANCE

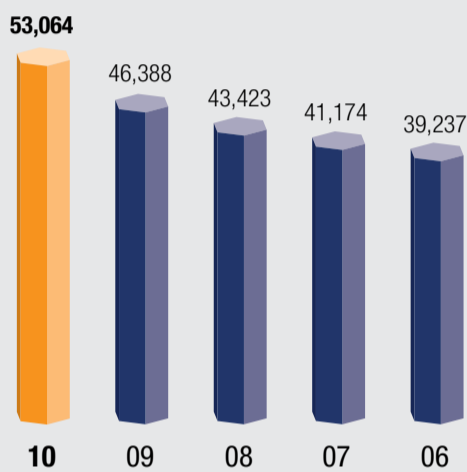
For the financial year ended 31 December 2010, EON Capital Berhad and its subsidiaries recorded a pre-tax profit of RM589.6 million.



GROUP FINANCIAL HIGHLIGHTS

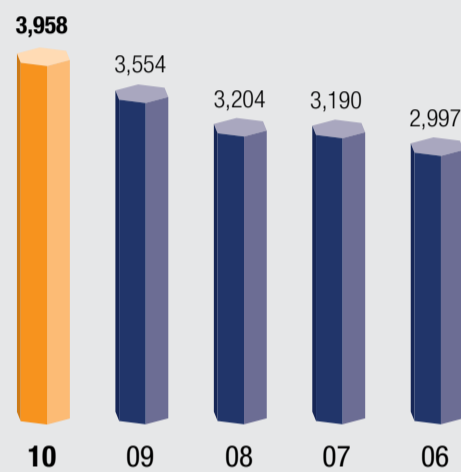
TOTAL ASSETS

RM Million



SHAREHOLDERS' FUNDS

RM Million



TOTAL ASSETS

RM Million

53,063.6

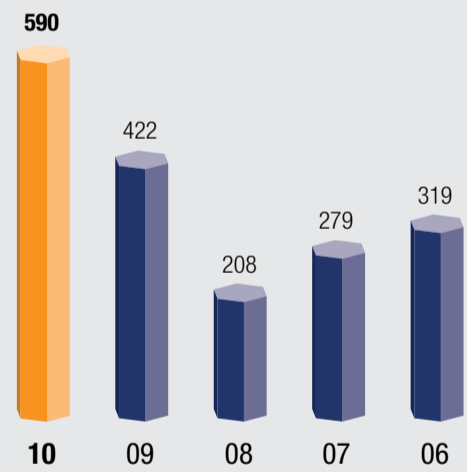
SHAREHOLDERS' FUNDS

RM Million

3,958.1

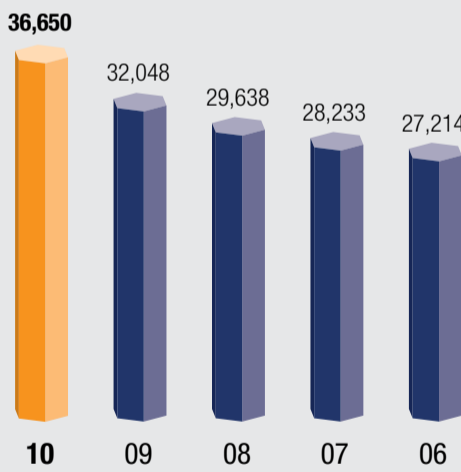
PROFIT BEFORE TAXATION

RM Million



NET LOANS, ADVANCES AND FINANCING

RM Million



PROFIT BEFORE TAXATION

RM Million

589.6

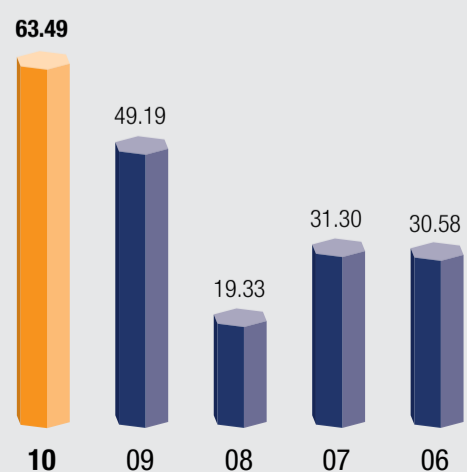
NET LOANS, ADVANCES AND FINANCING

RM Million

36,650.0

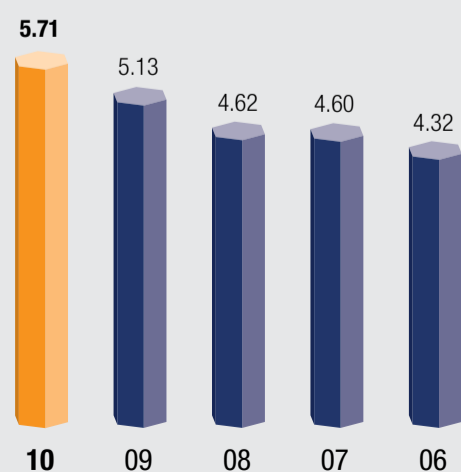
NET EARNINGS PER SHARE

Sen



NET ASSETS PER SHARE

RM



NET EARNINGS PER SHARE

Sen

63.49

NET ASSETS PER SHARE

RM

5.71

GROUP FINANCIAL REVIEW

In our last Letter to the Shareholders, we had highlighted that the Group was part way through its business transformation to become “The Preferred Malaysian Bank” by building sustainable returns from our core business of consumer and SME banking, and developing new revenue streams from new business opportunities. The success of our transformation would be measurable in the following financial metrics:

- Significant improvement in the Return on Equity (ROE) and Return on Assets (ROA);
- Expansion of the Group’s balance sheet by leveraging on the Group’s recent investments in its distribution channels, IT infrastructure and risk management systems;
- Improving the Group’s asset quality, through significant reduction in gross and net impaired loans ratios;
- Acquiring more demand and savings deposits from retail customers to fund the Group’s balance sheet growth; and
- Enhancing efficiency and productivity by reducing the overheads to total income ratio below 50%, through managed growth in overhead expenditure.

We were confident that our investments in 2008/2009 in the IT infrastructure, risk management systems and talent acquisition would provide the Group with a solid foundation:

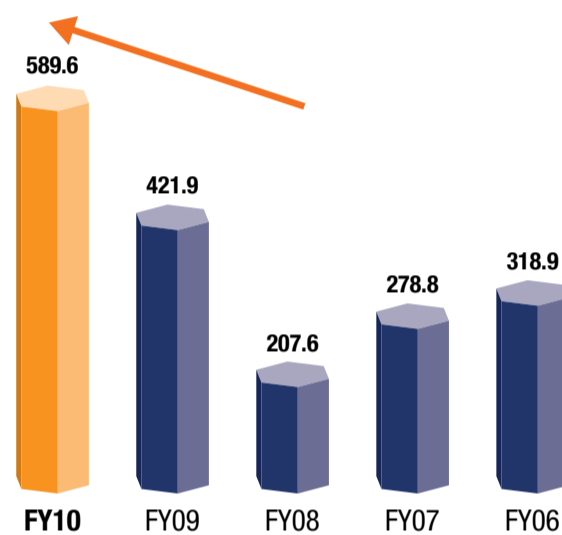
- To achieve sustainable and profitable risk adjusted growth by building a balanced strategic business portfolio mix of consumer and SME banking.
- To develop new revenue streams by capitalizing on business opportunities for cross-selling treasury, Bancassurance and other investment banking products and services to our expanding customer base.
- To further improve overall asset quality by strengthening risk management, credit underwriting standards and collections.
- To establish a performance driven organisation where employees continue to focus on maximizing productivity, revenue growth and efficiency.

We are pleased to report that the results of our priorities outlined last year is seen in the FY2010 results, wherein the Group reported its highest pre-tax profit to-date of RM589.6 million and the total assets exceeded the RM50 billion mark. More importantly, the Group also reduced its loans to customer deposits ratio to 88.6% from 94.6% a year ago.

The Group’s pre-tax profit increased by RM167.7 million (+39.7%) to RM589.6 million, while net profit after tax increased by 29.0% to RM440.1 million. Earnings per share stood at 63.5 sen for FY2010, compared to 49.2 sen for the previous year.

The growth in profits is mainly attributed to higher net interest income in tandem with the expansion of the Group’s loan portfolio, non-interest income and a moderate rise in the overheads.

PRE-TAX PROFIT: FY2006 – FY2010 (RM MILLION)



SIMPLIFIED INCOME STATEMENT

(RM mil)	FY10	FY09	FY10 vs FY09	
			Change	Growth (%)
Net Interest Income	1,060.2	918.3	+141.9	+15.5%
Net Income from Islamic Banking	240.8	221.2	+19.6	+8.9%
Net Fund Income	1,301.0	1,139.5	+161.5	+14.2%
Non-Interest Income	386.1	295.6	+90.5	+30.6%
Total Income	1,687.1	1,435.1	+252.0	+17.6%
Other Operating Expenses	(831.6)	(820.5)	+11.1	+1.4%
Impairment Losses on Securities and Loans, Advances and Financing	(265.2)	(192.7)	+72.5	+37.6%
Loss on Deconsolidation of Subsidiaries	(0.7)	-	+0.7	N/A
Profit Before Tax	589.6	421.9	+167.7	+39.7%
Profit After Tax	440.1	341.1	+99.0	+29.0%
Non-Interest Income to Total Income	22.9%	20.6%		
Overheads to Total Income	49.3%	57.2%		

REVENUE GROWTH

The key measure of our performance is revenue growth. It is the essential foundation for sustainable growth in profits, and reflects the pay-off from the Group’s recent investments in the expansion of delivery channels, launch of innovative products and the delivery of quality sales experience, as we continued to see repeat business from our existing customers and win new customers during the year. The revenue growth also reflects the Group’s strategy in trade-off between volume versus pricing, focusing on profitable and viable business segments.

In FY2010, we delivered on our transformation commitment by achieving higher profits, strengthening our capital position and improving efficiency and asset quality.



The major components of revenue are net fund income (net interest income and net income from Islamic banking operations) and other operating income.

The Group's revenue (i.e. total income) for FY2010 rose by RM252 million or 17.6% to RM1.7 billion. The higher revenue achieved during the year was in tandem with the expansion in loans portfolio, as well as the increase in transactional banking services, advisory and arrangement fees and treasury trading activities. In addition, the Group is also impacted by the consecutive rise in Overnight Policy Rate by Bank Negara Malaysia ("BNM") on three occasions between March 2010 and July 2010.

NET FUND INCOME: RM1.301 BILLION (+14.2% or RM161.5 million)

Net fund income has grown significantly, mainly due to higher loan volumes as asset yields continued to remain under pressure. Net interest income and net income from Islamic banking business grew by RM141.9 million (+15.5%) and RM19.6 million (+8.9%) respectively. Collectively, they form the main source of revenue accounting for 77.1% of total income.

- Net loans and advances have increased by 14.4% or RM4.6 billion owing to the growth in retail banking and business banking, with primary focus on core lending consumer products such as housing and hire purchase loans and SME lending. The Group's loans growth rate was higher than the industry average of 12.9%.
- Net income from Islamic banking business has also grown by RM19.6 million or 8.9%, as a result of growth in housing financing and AITAB.

Net interest margins have continued to come under pressure, arising from the 75 bps increase in Overnight Policy Rate by BNM as well as increased competition for the lending operations. However, the pressure on interest margins was offset partially by the lower in-flow rate of impaired loans, leading to higher interest income recognition.

In an effort to improve the net interest margins, the Group would intensify its efforts in FY2011 to mobilise more savings and demand deposits through targeted deposit campaigns, as well as focus on transactional banking services.

NON-INTEREST INCOME: RM386.1 MILLION (+30.6% or RM90.5 million)

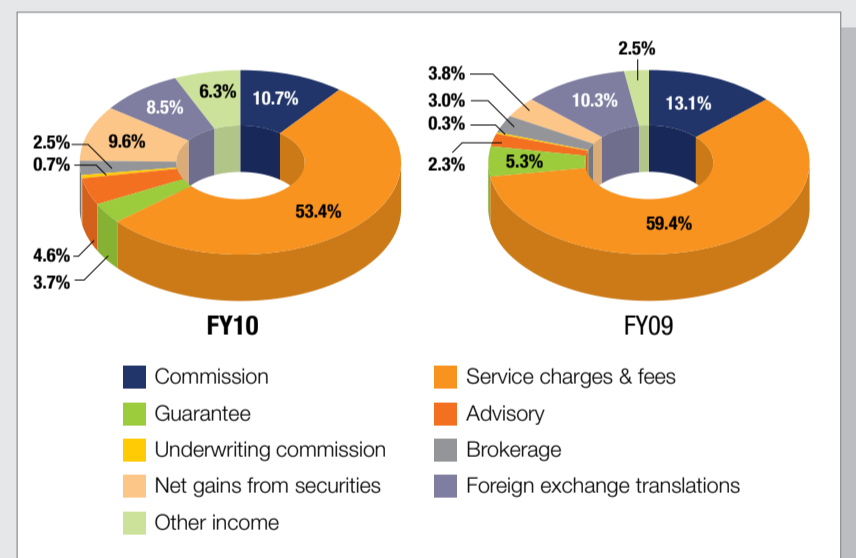
Non-interest income comprises mainly income from investment banking and treasury trading activities, as well as ancillary activities connected to the Group's lending activities. Non-interest income from lending operations refers to income derived from transactional banking services such as service charges or fees, guarantee fees, advisory fees, underwriting commissions, brokerage fees, securities gains, dividend income and foreign exchange translations. Service charges and fees account for nearly 53.4% of the total non-interest income whilst commission, securities gains and foreign exchange translations comprised 10.7%, 9.6% and 8.5% respectively.

For FY2010, non-interest income rose by 30.6% to RM386.1 million (FY2009: RM295.6 million) mainly due to higher fee and commission income, gains from securities and gains on fair value changes on derivatives held for trading.

- In comparison to FY2009, fee and commission income have increased by RM44.8 million (+18.2%), contributed mainly by service charges and fees (RM30.6 million) and advisory and arrangement fees (RM10.9 million).
- In tandem with the economic recovery in 2010, fee income from transactional activities, such as trade finance and credit cards have boosted service charges and fees.

Going forward, a major priority is to improve the non-interest income from transactional banking services, as part of the strategy to diversify the Group's revenue streams and improve the ratio of non-interest income to total income. This ratio currently stands at 22.9%, which is well below our long-term target of 30%.

NON-INTEREST INCOME



OTHER OPERATING EXPENSES - CONTROLLING OPERATING EXPENSES (+1.4% or RM11.1 million)

In an extremely competitive environment, controlling costs and ensuring that we use our resources efficiently is one of the ways we can improve profitability. The non-interest expense ratio expresses the Group's expenses as a percentage of revenue and is one of the most widely used measures for efficiency in the banking industry.

The Group's cost to income ratio had jumped in FY2009, as the Group had the full year impact from the major investments in IT infrastructure, risk management capabilities and the upgrading of the delivery channels, as well as the recruitment of experienced personnel which started in FY2008. These investments were part of the business transformation efforts, to provide a complete suite of products and services and arrest the decline in the market share during the period 2003 to 2007. In FY2010, these investments had started to bear fruit in terms of increase in revenue, productivity and efficiency. Notwithstanding this, the Group continued with the reassessment of major expenditures, reprioritizing capital expenditures, implementation of process changes to improve productivity and the further consolidation of its business operations, whilst ensuring that customer service was not impacted.



Prema Muniandy (left), Noor Azizah Mohd Noor (right)

I am involved in the implementation of various projects related to regulatory reporting as well as the automation of manual processes and reports in order to meet Bank Negara's reporting deadlines. Throughout my 17 years with the Group, the Management has been very supportive in my career advancement – trusting and empowering me to take on more challenging tasks. My responsibilities have grown with the centralisation of my section whereby we have become a “one-stop” point of contact with the central bank on regulatory reporting matters. Besides preparing regulatory reports, I also assist the business units and Management in extracting information related to loans and deposits for their monitoring and decision-making. I look forward to continue working closely with my colleagues for the betterment of the Group.

Prema Muniandy

Senior Manager
Regulatory Reporting
Group Finance

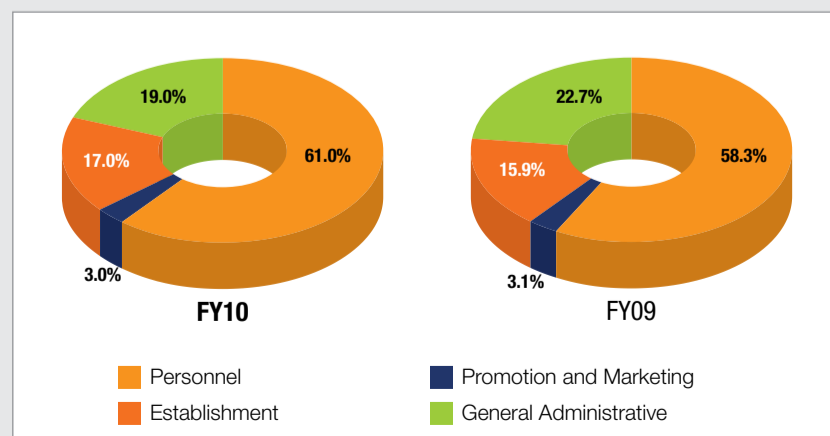
As a result of the higher income growth, the Group's cost-to-income ratio dropped to 49.3% for FY2010, from a high of 57.2% a year ago. The Group is on track to achieve its cost-to-income target ratio of 48% by FY2012.

- Personnel expenses were RM29.1 million or 6.1% higher, arising from the annual salary increments and bonuses, as well as the salary adjustments under the NUBE Collective Agreement. Productivity per employee as measured by the various metrics registered significant improvements as the Group continued to upgrade its technology infrastructure and consolidate the support services. This enabled the Group to handle the more than 14% expansion of loan business volumes, which are primarily retail and SME loans, whilst, the total number of staff employed registered a drop of 136 during the year to 5,845 at end-December 2010.
- Establishment expenses increased by RM11.3 million due to increase in depreciation, amortisation of computer software and higher computerisation cost from the rolling out of the new systems and the refurbishment of the branch network. As at end-2010, a total of 51 branches or 36% of the branch network have been renovated under the New Interior Design Concept.
- General administrative expenses decreased by RM28.8 million, mainly attributable to savings from deposit insurance premiums and the implementation of the various strategic cost management initiatives.

In FY2011, the Group will continue with the implementation of its strategic cost management initiatives to further improve the overall efficiency of its business operations and staff productivity.

OPERATING EXPENSES

(RM mil)	FY10 vs FY09			
	FY10	FY09	Change	%
Personnel expenses	507.6	478.5	+29.1	+6.1%
Promotion and marketing related expenses	25.1	25.5	-0.4	-1.6%
Establishment related expenses	141.7	130.4	+11.3	+8.7%
General administrative expenses	157.3	186.1	-28.8	-15.5%
TOTAL	831.7	820.5	+11.2	+1.4%

OTHER OPERATING EXPENSES**IMPAIRMENT LOSSES ON SECURITIES AND LOANS, ADVANCES AND FINANCING**
(+37.6% or RM72.5 million)

The Group had adopted the loan loss provisioning under FRS139 effective 1 January 2010. Arising from this, impairment provisions are set aside on the basis of the present value of the expected recoveries for accounts that have defaulted, as well as accounts that are currently performing, but may show signs of stress. Previously under BNM/GP3, loan loss provisions are computed at 20%, 50% and 100% of the shortfall in collateral, depending on the number of months the account is in arrears of repayment of principal or servicing of interest.

Impairment losses on loans, advances and financing had increased by RM51.6 million or 28.5%, resulting in the overall credit costs of 68 bps (FY2009: 59 bps), mainly due to:

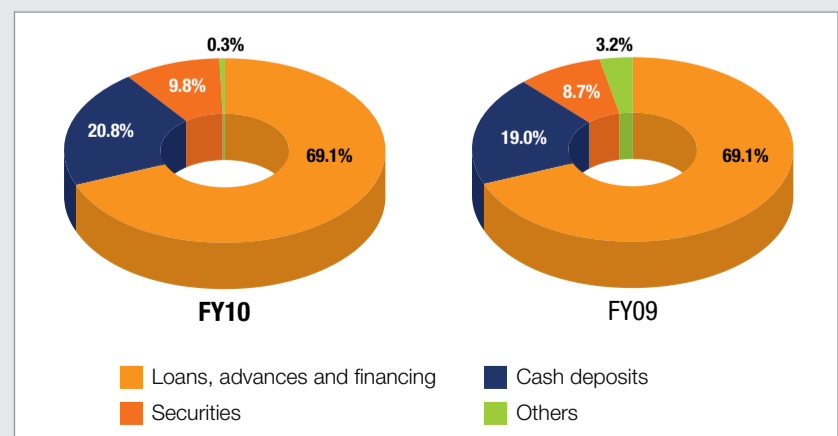
- Setting aside 1.5% collective provisions of the loans due to the stronger loans growth of 14.4% in FY2010, as compared with 8.1% in FY2009, resulting in higher collective provision charge of RM35.1 million.
- Building up of a counter-cyclical capital buffer by setting aside RM35 million of additional collective provisions, over and above the minimum requirement of 1.5%, in line with the recommendations of Basel III as the housing loan portfolio had registered loans growth of nearly 33% during the year.

The increase in impairment losses on securities was in relation to the RM55.9 million impairment provisions for the CapOne Collateralised Loan Obligation which matured in September 2010. Going forward, the Group expects to write back some of the provisions once the various obligors have implemented the restructuring schemes.

The Group would continue to further intensify its loan recovery efforts, and improve the credit quality of the new loans being originated as part of the efforts to further reduce the credit costs.

BALANCE SHEET MANAGEMENT

Total assets expanded by 14.4% or RM6.7 billion as at end 2010 to RM53.1 billion, mainly due to the expansion in loan assets and deposits. Net loans and advances account for 69.1% of the Group's total assets.

ASSET MIX ANALYSIS

I was attached to the Company Secretary's Office when I first joined the Group in 1996. Subsequently, after obtaining a Degree in Business and Administration with a major in Finance, I was able to expand my knowledge and portfolio through several rotations within our finance department. I am now with the Performance Measurement and Management Reporting/Budget (PMMR/B) section whereby, apart from handling conventional entity level management reporting and extraction of fund transfer pricing results for line of business reporting, I am also involved in providing detailed analysis of loans and deposits by business segments. Looking back, I am thankful that EON Bank Group has given me the opportunity to pursue my studies part-time while growing my career with the Group.

Noor Azizah Mohd Noor

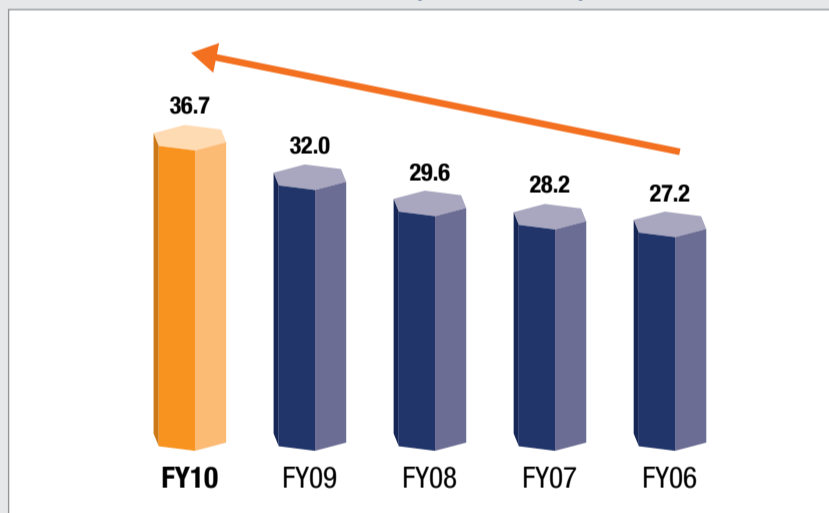
Assistant Manager
Performance Measurement & Management Reporting/Budget
Group Finance

LOANS, ADVANCES AND FINANCING (+14.4% or RM4.6 billion)

Despite the competitive market environment, the Group managed to register above industry average loans growth across the majority of loans products. The Group continued its strategy of rebalancing its loans portfolio into retail lending, which accords higher risk adjusted returns, as well as the more stable growth sectors in SME.

- Loans, advances and financing grew by 14.4% or RM4.6 billion to RM36.7 billion as at FY2010, mainly driven by strong growth in housing loans (+RM2.6 billion or 32.9%), SME loans (+RM1.1 billion or 16.5%), other term loans/financing (+RM1.08 billion or 17.5%), credit cards and personal loans (+RM862.6 million or 44.5%) and hire purchase receivables (+RM766.2 million or 7.1%).

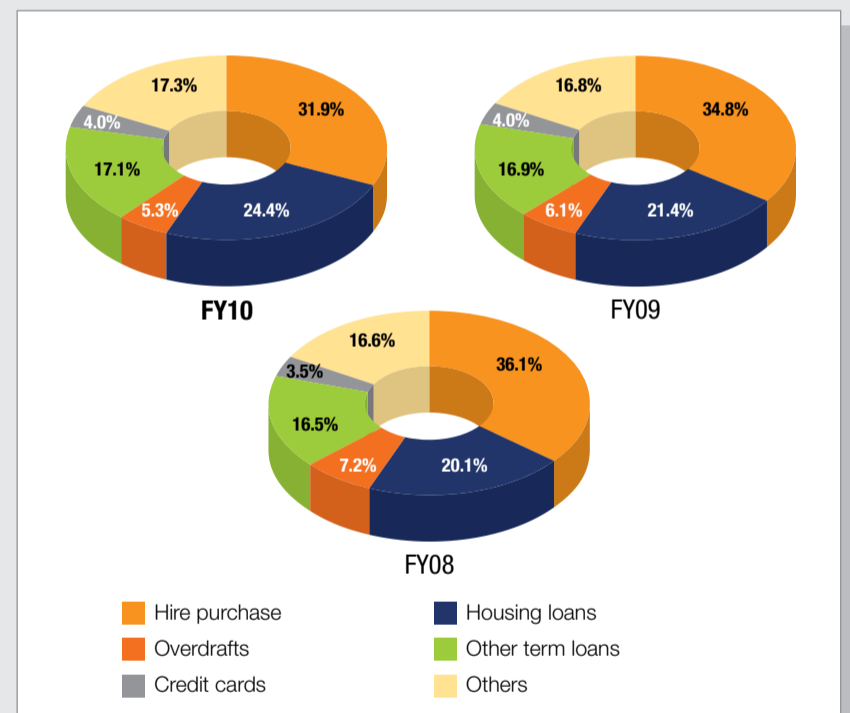
NET LOANS (RM BILLION)



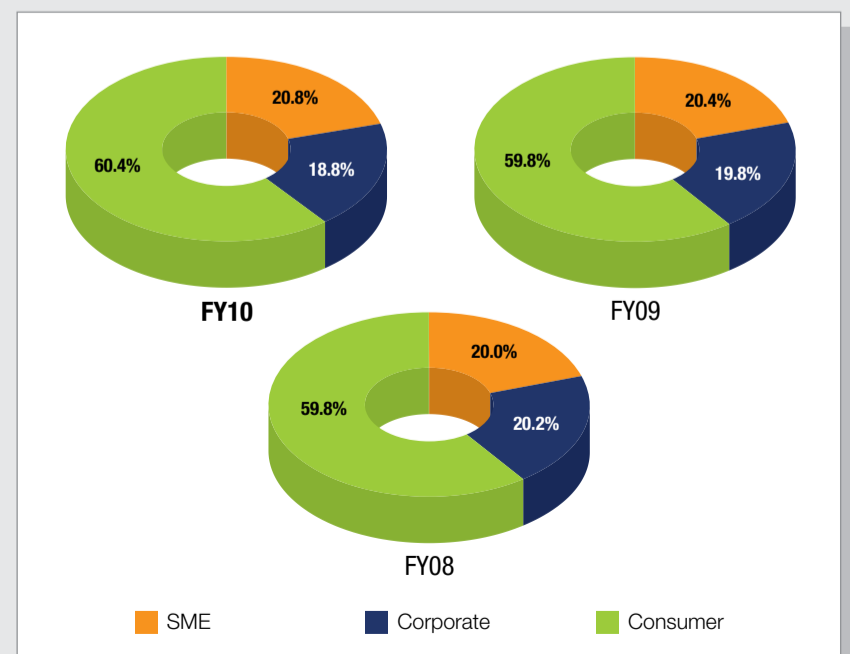
- Consistent with the Group's strategic positioning as a retail and SME focused bank, the Group's loans portfolio as at end 2010 comprised 60.4% in consumer lending, 20.8% in SME financing and 18.8% corporate lending.
- Arising from the introduction of a number of new marques, FY2010 was a bumper year for automobile sales. As the Group's hire purchase lending operations are concentrated in new car financing, total loans disbursed for purchase of transport vehicles grew by RM727 million or 6.8% to RM11.5 billion in FY2010. The Group further consolidated its position as the fourth largest automobile financing provider in the industry, with a market share of 8.5% amongst local financial institutions.
- As a result of the buoyant property sector in FY2010, the Group's total loans approved for purchase of residential property increased by 13.5% or RM337.2 million to RM2.8 billion in FY2010, as compared to RM2.3 billion in the previous year. In line with the Group's aspiration to further expand its residential mortgage loan portfolio, housing loans now account for 24.4% of the total loans, as compared with 21.4% in FY2009.
- Loans disbursed for SME also increased by 17.9% or RM745.6 million to RM4.9 billion in FY2010, compared with RM4.2 billion in the previous year, buoyed by the Government's fiscal stimulus programmes and the introduction of innovative SME financing packages.

- The Group consistently monitors its portfolio for risk concentrations. Despite growing by 6.8%, lending for motor vehicles has declined to 26.4% of the total loans portfolio, down from 28.6% a year earlier. This is in line with the strategy to rebalance the loans portfolio.
- Lending for the purchase of transport vehicles and residential property together constitutes 49.0% (FY2009: 48.8%) of the total loans and represents the largest credit concentration, but the credit risk is mitigated as the exposure is spread across a large number of retail borrowers.

LOANS BY TYPE OF CREDIT FACILITY



LOANS BY CUSTOMER SEGMENT

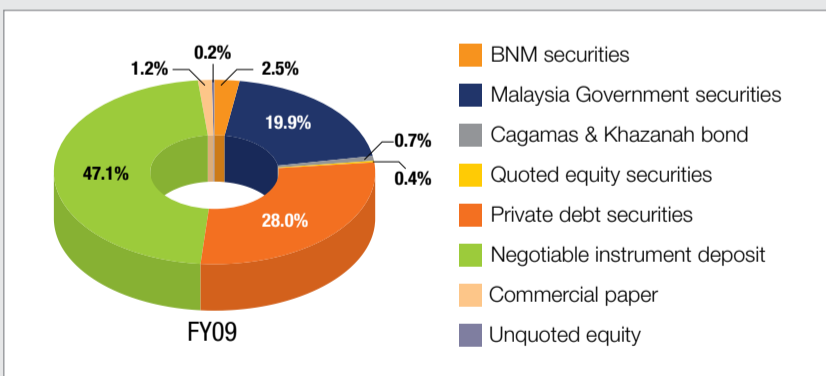
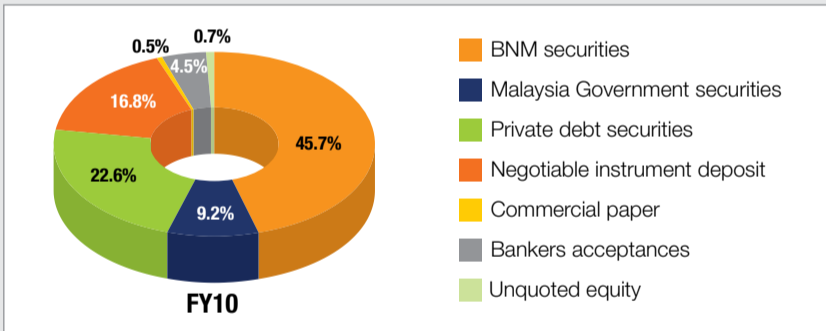


SECURITIES

In anticipation of a rising interest rate environment in FY2011, the Group had taken the opportunity to reduce the overall holdings of fixed income securities, as well as to change the composition into the higher rated and more liquid government securities.

- Securities available for sale declined by RM314.4 million or 8.3% to RM3.5 billion as at end 2010 primarily as the result of the reduction in holdings of negotiable instruments of deposits, private and Islamic debt securities, Islamic negotiable instruments debt securities, and Malaysian Government securities. Holdings of Bank Negara Malaysia monetary notes have increased from RM94.7 million to RM902.3 million as at end 2010.
- The securities held to maturity stood at RM152.8 million, whilst the securities held for trading amounted to RM380.9 million as at end 2010.

AVAILABLE-FOR-SALE SECURITIES MIX



DEPOSITS

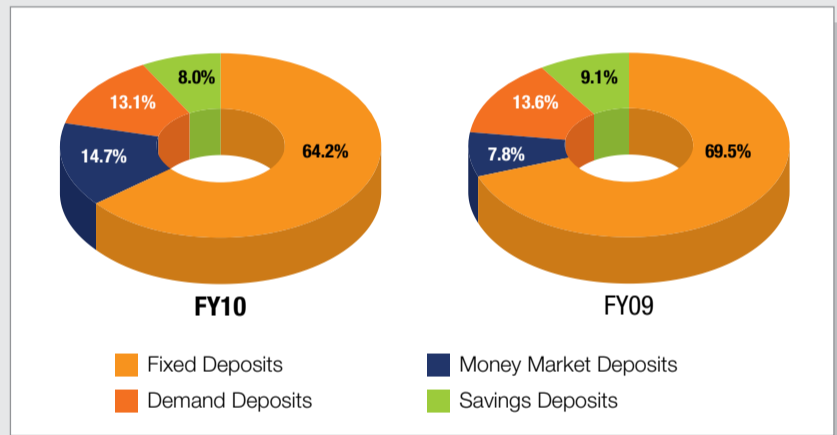
The Group's primary source of funding is from customer deposits, comprising fixed deposits, savings accounts, current accounts and negotiable certificates of deposits. The other major sources of funds include shareholders funds, interest bearing capital instruments, interbank and other borrowings.

- The Group continues to leverage its growing distribution footprint and branch network to deliver good deposit growth. Total customer deposits had expanded by RM7.5 billion or 22.2% to RM41.4 billion, arising from the introduction of innovative marketing campaigns and new deposit products, as well as the Group's strategy to reduce the loans to deposits ratio below 90%.
- The growth in customer deposits was mainly driven by the 31.1% growth in deposits from business enterprises, which expanded from RM12.7 billion in FY2009 to RM16.6 billion in FY2010.

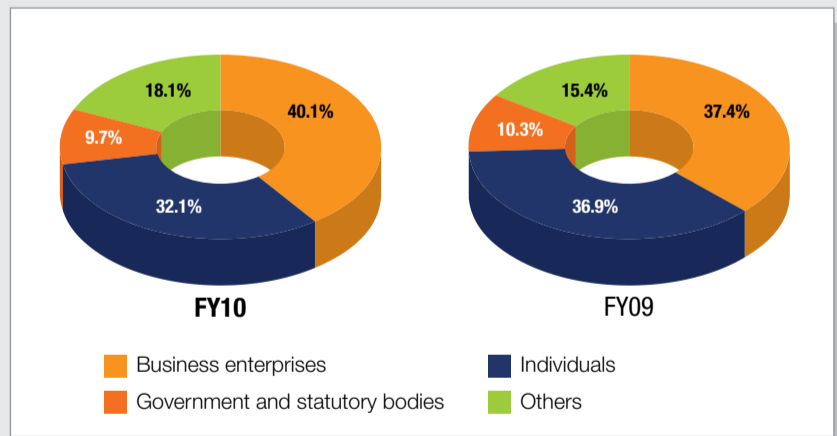
- Fixed deposits at RM26.6 billion constitute 64.2% of total deposits, an increase of 12.9% or RM3.0 billion from the previous year.
- Demand and saving deposits have also increased by 13.3% or RM1.0 billion to RM8.7 billion, and constitute 21.1% of the total customer deposits, reflecting the ongoing efforts to grow low cost deposits by targeting business and the mass affluent segments of retail.

As part of the overall strategy to further reduce the cost of funds, the Group's major priority in FY2011 would be to focus on the expansion of retail deposits.

DEPOSITS FROM CUSTOMERS - TYPE



DEPOSITS FROM CUSTOMERS - SOURCE



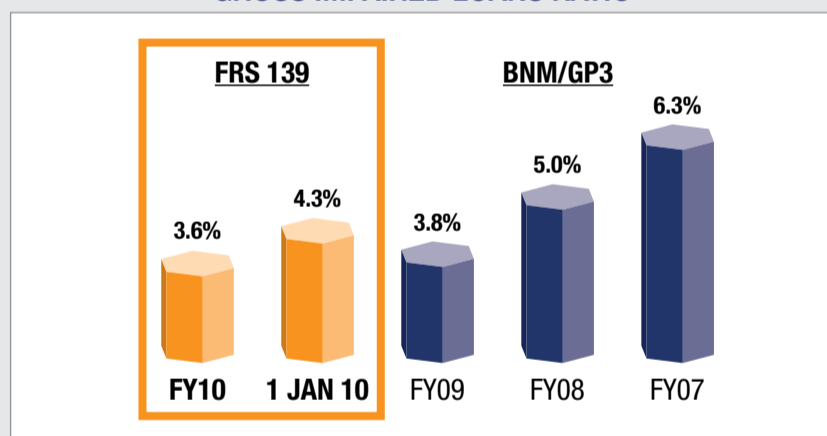
IMPROVING ASSET QUALITY

Improving asset quality is key business transformation initiative, and the Group is pleased with the progress achieved in the last 3 years, both in terms of reducing the credit charge as well as raising the loan loss coverage. Arising from the implementation of early collection strategies, and efforts being dedicated towards improving credit processes, collections and recoveries, the Group recorded significant improvements in its asset quality ratios.

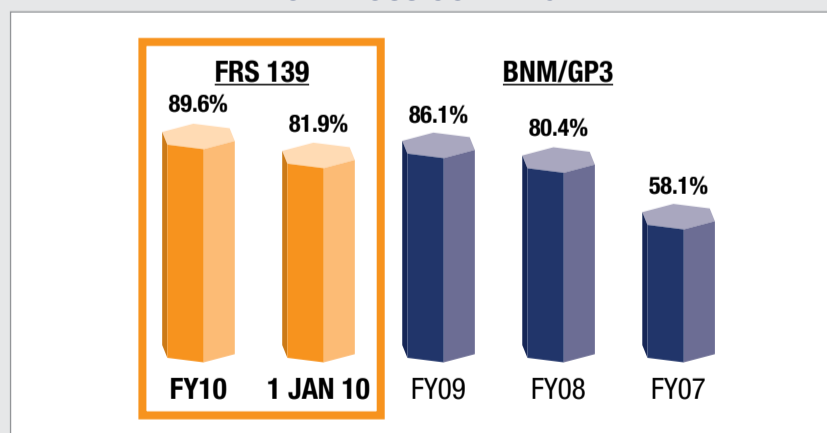
Effective from 1 January 2010, the Group had adopted the new loans impairment classification under FRS139 for the recognition of asset quality. FRS 139 requires pre-emptive allowances to be taken upfront in respect of loans that show signs of impairment, whereas under the previous BNM/GP3 guidelines, specific allowances on loans were made based on certain percentage of the shortfall in collateral, depending on the number of months the account is in arrears of repayment of principal or servicing of interest.

- As at end 2010, the gross impaired loans stood at 3.6%, a drop from 4.3% upon first adoption of FRS139 on 1 January 2010. The net impaired loans ratio too had steadily declined from 2.6% as at 1 January 2010 to 2.0% as at end-December 2010.
- Total gross impaired loans decreased by RM54.1 million from 1 January 2010 to RM1.4 billion at end-December 2010. The reduction of absolute level of impaired loans through restructuring, rescheduling and foreclosure remains the top priority of the Group Credit Recovery.
- Meanwhile, the impaired loan loss coverage rose from 81.9% as at 1 January 2010 to 89.6% as at end-December 2010, despite the reclassification of an additional of RM105.7 million of loans as impaired following the issue of new guidelines by BNM in December 2010 on rescheduling and restructuring of impaired loans. These guidelines were implemented retrospective to 1 January 2010, and require a loan to have complied with the restructured terms before it can be reclassified as non-impaired.

GROSS IMPAIRED LOANS RATIO



LOAN LOSS COVERAGE



SHAREHOLDERS' EQUITY

Shareholders' equity of the Group has increased to RM4.0 billion as at end-December 2010, an improvement by 11.4% arising from the net profit for the year of RM440.1 million. Accordingly, the book value per share stood at RM5.71 per share as at end-December 2010, as compared with RM5.13 per share as at end-December 2009.

STRONGER CAPITAL LEVELS

The Group's capital levels continue to strengthen, with the overall risk weighted capital ratio and Tier 1 capital ratio of the Group at 15.41% and 10.92% respectively, as at end-December 2010, well above the regulatory requirement.

- On 30 December 2010, EON Bank had issued the Third Tranche of RM500 million nominal value of Subordinated Medium Term Notes (MTN), under the RM2.0 billion MTN Programme, as part of the initiative to ensure that the Group is well capitalised to support its above industry growth.
- As at end-2010, the EON Bank has issued a total of RM1,160 million of capital securities under the MTN Programme, as well as a further RM500 million under the Innovative Tier 1 Capital Programme. These two programmes provide the flexibility to EON Bank to tap the capital markets to raise additional capital, as and when required, at a competitive pricing.

The Group reviews its capital plan annually together with its budget and business plans, to ensure the availability of sufficient capital to fund its growth whilst maintaining its capital ratio in line with its capital plan. The Group's capital plan also takes into consideration the enhanced capital requirements under the Basel III proposals.

The key elements of the Basel III rules which were released by the Basel Committee on Banking Supervision on 12 September 2010 are as follows:

- Higher global minimum capital standards are imposed, whereby the minimum common equity requirement is raised from 3.5% in 2013 to 4.5% in 2015. Banks are also required to hold a capital conservation buffer of 2.5% to withstand future periods of stress bringing the total common equity requirements to 7%.
- The quality, consistency and transparency of capital base are reviewed which include strengthening of the Tier 1 capital base which is fully available to absorb losses on a going concern basis, thus contributing to a reduction of systemic risk emanating from the banking sector.

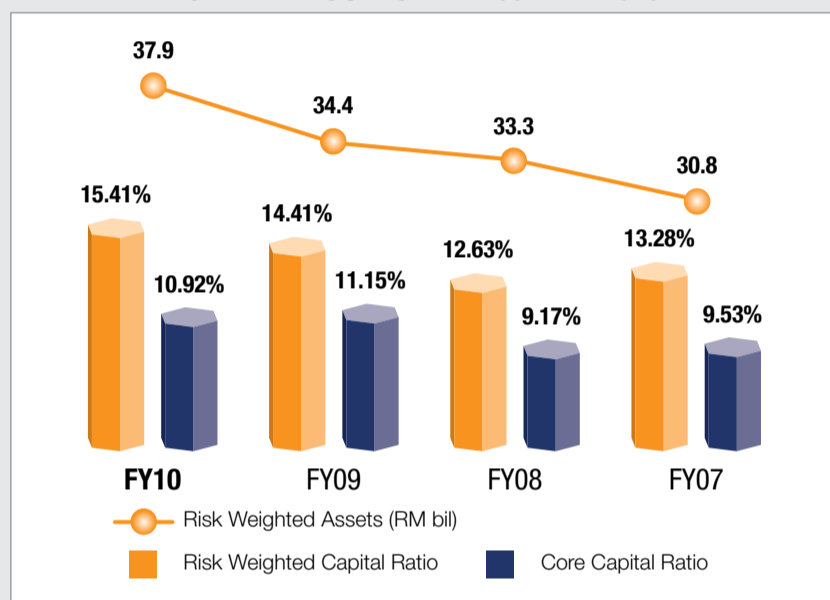
CAPITAL POSITION AS AT 31 DECEMBER 2010

Banking Units (Amount in RM million)	
Tier 1 Capital	4,136
Tier 2 Capital	1,699
Total Capital	5,835
Tier 1 Capital Ratio	10.92%
Overall Risk Weighted Capital Ratio	15.41%

As at end-December 2010, the capital adequacy ratios of the banking subsidiaries are as follows:

	FY2010		FY2009	
	Tier 1	Overall	Tier 1	Overall
EON Bank Berhad	12.56%	14.83%	13.24%	14.17%
EONCap Islamic Bank Berhad	12.39%	15.96%	11.14%	12.69%
MIMB Investment Bank Berhad	73.30%	73.83%	71.88%	72.52%

CAPITAL POSITION: FY2007 – FY2010



CREDIT RATINGS

EON Bank Berhad has both a domestic and international ratings as follows:

Moody's Investors Service Limited – 23 August 2010

Long-term deposits	Baa2
Short-term deposits	P-3
Financial strength rating	D
Outlook	Stable

RAM Rating Services – 25 June 2010

Long-term	A1
Short-term	P1

RAM has also assigned a long term rating of A2 for EON Bank's RM2.0 billion Subordinated MTN Programme and A3 rating for its Innovative Tier One Capital Programme.

SHARE PRICE PERFORMANCE

The Company had initially received the offer from Hong Leong Bank on 21 January 2010 to acquire the assets and liabilities of the Company at RM7.20 per share, which offer was later revised to RM7.30 per share on 1 April 2010. Accordingly, the share price movement of the Company has been capped by the offer price from Hong Leong Bank, and the shares have traded within a range of RM6.80 per share to RM7.22 per share, notwithstanding the significant rally on Bursa Malaysia in 2010.

As at end-December 2010, based on the market price of RM7.10 per share, the shares were trading at a price to book of 1.24 times. This is significantly below the average price to book of 2.1 times for the banking stocks listed on Bursa Malaysia, notwithstanding the Group's strong underlying financial performance. Consequently, the market capitalisation has remained unchanged at RM4.9 billion as at 31 December 2010 from a year earlier (2009: RM4.9 billion), but the market rankings had dropped from 36 on 1 January 2010 to 46 as at end-December 2010, as the Company continued to underperform the KLCI, with trading volumes dropping significantly.

SHARE PRICES AND TRADING VOLUME

The historical share prices and trading volume of EON Capital Berhad on Bursa Malaysia for 2010 and 2011 are as follows:

MONTH	HIGHEST (RM)	LOWEST (RM)	VOLUME ('000)
Jan – 10	7.18	6.75	16,529,300
Feb – 10	7.06	6.51	10,526,200
Mar – 10	7.05	6.90	21,021,000
Apr – 10	7.19	7.02	10,308,900
May – 10	7.15	6.80	3,059,700
June – 10	7.22	6.89	5,390,300
July – 10	7.01	6.84	887,100
Aug – 10	7.00	6.90	2,661,900
Sept – 10	7.20	7.10	4,982,500
Oct – 10	7.18	6.93	1,873,200
Nov – 10	7.18	6.90	3,450,500
Dec – 10	7.10	6.85	1,578,000
Jan – 11	7.05	6.90	3,232,300
Feb – 11	7.14	6.85	1,737,200
Mar – 11	7.16	6.90	7,280,600
Apr – 11	7.40	7.01	16,007,900

FINANCIAL CALENDAR

2010	
19 February	Announcement of audited consolidated results for the financial year ended 31 December 2009
21 May	Announcement of unaudited consolidated results for the financial first quarter ended 31 March 2010
31 May	Notice of 12th Annual General Meeting
22 June	12th Annual General Meeting
12 August	Announcement of unaudited consolidated results for the financial half year ended 30 June 2010
23 November	Announcement of unaudited consolidated results for the financial third quarter ended 30 September 2010
2011	
28 February	Announcement of audited consolidated results for the financial year ended 31 December 2010

CONCLUSION

The Group's financial results for FY2010, exceeding consensus, is a testament that our investments in infrastructure, systems and introduction of innovative products have provided the Group with a solid foundation to position the Group in FY2011 as "The Preferred Malaysian Bank". The priorities for the financial year ending 31 December 2011 remain unchanged, as we continue to build our core franchise strengths in the Consumer and the SME segments, whilst building new businesses to diversify our revenue streams, improve efficiency and asset quality.

The Group is confident of maintaining its performance momentum for the coming year with the execution of these strategic themes, with success being measured by customer satisfaction, sound financial performance and sustainable earnings growth.

NOTABLE AWARDS & ACHIEVEMENTS

The success of the Group's transformation initiatives and quest for banking excellence is evident in the numerous awards achieved as well as the ground-breaking products and services that the Group debuted in recent years. These milestones, besides enhancing the Group's reputation and branding, also motivate the Group to continue with its commitment to innovation and excellence.



ASIAN BANKER AWARDS 2010

Finalist for Excellence in Retail Financial Services Country Award

We are steadily closing the gap with industry standards. With our refreshed branches, renewed operation prowess and our launch of a series of innovative first-in-the-market products, 2010 marked a year of change, growth and pushing boundaries for the Group. Being shortlisted as a finalist for the Asian Banker Awards 2010 reaffirmed our stride towards becoming "The Preferred Malaysian Bank".



Finalist for Excellence in Automobile Lending

With our *AM/PM* car financing, customers can apply and have their car loan approved the fastest in town, all within a day's time. Notwithstanding the sluggish and competitive market environment, we have successfully raised our market leadership to become the third leading car financier in the market by emphasising on our service for speedy approval and adding value to our offering through rewarding campaigns such as our 'HP 0% Interest Rate' Contest, which successfully attracted over 41,000 applications and recorded disbursements in excess of RM1.4 billion during the campaign. *More on our AM/PM Car Loan on page 75.*



VISA MALAYSIA BANK AWARDS 2010

EON Bank won 3 out of 23 awards presented in conjunction with the inaugural Visa Malaysia Bank Awards 2010 at KL Hilton Hotel: Highest Purchase Volume Growth for an Existing Visa Co-Brand Card (for *GSC-EON Bank Credit Card*); Best Visa Programme Innovation (for EON Bank's *ERL Paywave Transit Programme*) and Highest Purchase Volume Growth for a Visa Platinum Card - Category 2 (for *EON Bank Visa Signature Credit Card*).



EON BANK VISA SIGNATURE CARD

Malaysia's First Visa Signature Card, A "Higher Than Platinum Card" for Prestige Seekers

EON Bank Group pioneered yet another industry achievement by being the first to introduce Malaysians a new level of premium luxury benefits and rewards with the *EON Bank Visa Signature Credit Card*. Targeted at upscale, time-pressed, service-oriented customers, the Signature card was introduced by Visa Worldwide as a "higher than platinum" card with a unique set of value-added services and benefits to be enjoyed all over the world. Launched in June 2010, *EON Bank Visa Signature Credit Card* has seen strong spend growth more than 3 times that of our generic Platinum cardholders. In terms of acquisition, our distinct tactics via cross-selling and product bundling initiatives proved to be successfully, yielding double-digit growth in new cardholders. This outstanding results won the us the Visa Malaysia Award for Highest Purchase Volume Growth for a Visa Platinum Card.



GSC-EON BANK CREDIT CARD

The Ultimate Movie Card for Moviegoers!

With the *GSC-EON Bank Visa Credit Card*, we bring movie-goers the ultimate movie experience with the first ever co-brand credit card tie-up with Malaysia's largest cinema network, Golden Screen Cinemas (GSC). The first-of its kind credit card that doubles up as a loyalty card comes with the Visa payWave contactless function and features free movies, discounts, priority lanes, exclusive invitations and other credit card privileges. Our online marketing venture also made us the first local bank to employ Web 2.0 tool including social networking sites to reach out to the public for a movie premier sponsorship. Since the card made its debut it in May 2009, its has since sponsored two action blockbusters and most recently, a family favourite with "*The Chronicles of Narnia: The Voyage of the Dawn Treader*".



EON BANK GROUP MATTA CREDIT CARD

The Official Card for MATTA Fair, The Ultimate Travel Partner

The *EON Bank Group MATTA Credit Card* is the official card for MATTA fair, the largest and most visited travel fair in Malaysia that is held twice yearly. Being the official card for MATTA Fair, the MATTA Card offers Cardholders exceptional travel deals and free access to the Plaza Premium Lounges at KLIA, LCCT and Changi Airports whenever they travel. The Card also offers a world of privileges for leisure indulgence, dining, shopping, wellness and more.

ONE-TIME PASSWORD SMS SERVICE

First-in-Malaysia Authentication SMS Service for More Secure & Convenient Online Shopping

EON Bank collaborated with Visa Malaysia to provide a one-time password (OTP) authentication USSD service for online card payments, the first such service to be offered in Malaysia. With this service, EON Bank Visa cardholders got to enjoy firsthand the increased protection and ease of not having to remember or retrieve their password when they shop online. The incorporation of dynamic rather than static passwords helps safeguard EON Bank Group cardholders against fraudulent use of their cards on the internet.



EON BANK-MRCA CREDIT CARD

The Ultimate Shopping Card for All Your Shopping Needs

EON Bank Group partners with the Malaysian Retailer-Chains Association (MRCA) to bring smart shoppers even greater value and privileges with the *MRCA-EON Bank Credit Card*. Billed 'The Ultimate Shopping Credit Card', it is the only credit card dedicated to shopping which features a dual rewards programme that allows customers to earn and redeem cash rebates of up to 7.5% at over 600 MRCA member outlets nationwide in addition to the usual treats and offers that come with regular credit cards.

AM/PM CAR FINANCING

The Fastest Car Financing in Town

When it comes to car financing, customers want fast approvals with hassle-free processes. With our AM/PM service, customers can apply their car financing in the morning and get it approved in the afternoon – all within 24 hours. It is easy and convenient to apply too as customers need only submit a copy of their identity card and driving licence. *Super Cash*, our latest campaign to further fuel the uptake of our car financing, attracted some 100,000 applications and swept close to RM4 billion in disbursements for the year 2010. The year-long campaign yielded a 33% growth in disbursements compared to the previous year's.



EON BANK DEBIT MASTERCARD

Winner of MasterCard Asia/Pacific Product Award for Best Innovative Debit Programme

With close to 85,000 cards in circulation and billings more than RM15 million, the *EON Bank Group Debit MasterCard* is a combination of a Debit MasterCard, Payment Multi Purpose Card (PMPC) and ATM card in a single card. It is the world's first Europay-MasterCard-Visa (EMV) compliant Debit MasterCard-Paypass card endorsed by MasterCard Worldwide and encompasses Debit, "PayPass" contactless, EMV and ATM functionalities.

SUPER EASI 123 HOME LOAN FIXED DEPOSIT

First-in-Malaysia Home Loan Package Pegged to Fixed Deposit Rates for the Most Transparent Reference Rates Town

Our *Super Easi 123 Home Loan Fixed Deposit (HLFD)* package is the first and only home loan in Malaysia that is referenced to Fixed Deposit Rates. The HLFD package offers a more transparent reference rate compared to the other home loans in the market, hence allowing customers to plan their finances better.





SAVEMONTHLY ACCOUNT

The First Savings Account in Malaysia That Gives Greater Rewards for a Regular Savings Habit

EON Bank is the first to introduce this deposit product that rewards customers with greater returns while growing their savings fast and consistently in a systematic manner.

EARN NOW FIXED DEPOSIT ACCOUNT

The First-of-Its-Kind Deposit Account That Pays Interest Up Front

EON Bank Group is the first bank in Malaysia to introduce this smart one-of-its-kind fixed deposit account that gives accountholders the advantage to be able to draw their interest payment up front. Within the first month of launch, the account drew in deposits surpassing RM130 million.



SMART JUNIOR ACCOUNT

A Fun and Rewarding Savings Programme for Junior Savers

Not only are children and youth encouraged to save with fixed deposit rates with this refreshed savings account, they also taken on a fun and rewarding journey to help them cultivate a savings habit through a stamp collection and reward scheme with *Smart Junior's MySavings* Programme. Additionally they are rewarded for their academic excellence.

OUTSTATION CHEQUE CLEARANCE IN 2 BUSINESS DAYS

The First Bank in Malaysia to Clear Outstation Cheques within 2 Days

We were able to facilitate online transmission of cheque processing using digital imaging technology much in advance of our competitors, making us the first in the nation to enable cheque clearance within 2 business days. This gives our customers the edge to be able to use their funds much faster or start earning interests early.



ALPHA SOUTHEAST ASIA BEST DEAL OF THE YEAR 2010 AWARD

For Being the Joint Underwriter for Petronas Chemical Group

MIMB Investment Bank Berhad was presented the Alpha Southeast Asia Best Deal of the Year 2010 Award for being the joint underwriter for Petronas Chemical Group's initial public offering (IPO). The IPO was the largest in South East Asia for 2010. The deal totalled RM12.8 billion (USD4.1 billion).



ISLAMIC FINANCE NEWS AWARD 2008

For Being the Principal Adviser and Underwriter for the IPO and Listing of Al-Hadharah Boustead REIT

MIMB Investment Bank Berhad received an IFN Award from Islamic Finance News as the Principal Adviser and Underwriter for the IPO and listing of Al-Hadharah Boustead REIT, the first Islamic plantation-based REIT listed in Malaysia.



EONCAP ISLAMIC BANK PERSONAL GRATUITY FINANCING SCHEME & PERSONAL GOVERNMENT PENSIONERS FINANCING SCHEME

The First Islamic Bank in Malaysia to offer this scheme for Government Servant and Government Pensioner

EONCAP Islamic Bank is the first bank in the country to introduce these two unique financial planning schemes – *Personal Gratuity Financing Scheme* and *Personal Government Pensioners Financing Scheme* to help government servants with planning ahead of their retirement and to facilitate their need for upfront cash.



EONCAP ISLAMIC BANK AR-RAHNU PAWNBROKING-I FACILITY & AN-NISA' WOMEN'S SAVINGS ACCOUNT

Empowering Women with Innovative Financial Tools Tailored to Their Needs

EONCAP Islamic Bank's *Ar-Rahnu Pawnbroking-i Facility* allows customers to obtain cash financing in return for gold jewelry collateral at a rate of 70%, which is the highest margin of finance available in Malaysia so far. Using this facility, women can have access to immediate funds, which they can use for business or other investments.

The *An-Nisa' Women's Savings Account* is a fully Shariah-compliant deposit product that functions through the principle of Wadiah Yad Dhamanah or safekeeping with guarantee. This product is a specialised deposit account targeted at women with competitive returns plus the option to subscribe to special Takaful coverage package that includes low monthly contributions but a high coverage value.

EONCAP ISLAMIC MUMTAZ CHILDREN SAVINGS ACCOUNT

A Unique and Innovative Islamic Children Savings Account That Rewards with GIA Profit Rates

To help children and youth to kickstart their lives with a strong and solid financial base, the *Mumtaz Children Savings Account* offers accountholders a higher than normal profit rate. It also comes with a free *Mumtaz Savings Club* membership, a network where young savers can get together and participate in activities that are both fun and educational. Accountholders can also look to redeem free gifts with the points accumulated for new deposits made and be rewarded with cash rewards for their academic excellence.





Delivering Team Commitment

I would sincerely say that I have enjoyed my 8 years working with EON Bank thus far. The people I work with have made it a great journey for me and together, we have made tremendous progress as a team. In that same spirit, we are able to make our mark today as one of the major players in the automotive financing industry and the fastest car financing provider in town with our AM/PM approval turnaround, thanks to the dedication and commitment of our Hire Purchase Centres as well as support from our Auto Finance Division.

Ravindran Baskara Dass
Operations Manager
Hire Purchase Centre (HPC) Kuala Lumpur



CALENDAR OF SIGNIFICANT EVENTS & ACTIVITIES

JANUARY 10

11 JANUARY 2010

Launch of EON Bank Group's 140th branch in Teluk Intan.



5 - 17 JANUARY 2010

EON Bank Group participated in the MATTA International Fair Selangor Umrah at Shah Alam Convention Centre, Selangor.



13 JANUARY 2010

Underwriting Agreement Signing Ceremony with Homeritz Berhad appointing MIMB Investment Bank as its underwriter.



19 JANUARY 2010

EON Bank Group launched its deposits campaign called "Savers Go Places" for customers to win quarterly prizes such as a Toyota car or holiday packages plus other consolation prizes.



23 & 24 JANUARY 2010

EON Bank Group launched its renewed Customer Experience Charter at Berjaya Hotel, Kuala Lumpur, reinforcing its commitment to up its service.



25 JANUARY 2010

Underwriting Agreement Signing Ceremony with ECS IT Berhad appointing MIMB Investment Bank as its underwriter.



28 JANUARY 2010

EON Bank Group launched a year-long campaign called Super Cash that offered customers the Grand Prize of RM88,888 at the end of the campaign.



28 JANUARY 2010

After the highly successful launch of The Store & Pacific – EON Bank Gold and Platinum Co-branded Credit Cards in June 2008, both The Store Group and EON Bank Group upped the ante by introducing a Cash Rebate Programme for cardholders with one of the highest cash rebate offers at up to 6%.



29 - 31 JANUARY 2010

The Management of EON Bank Group convened in Port Dickson to put their minds and passion together to chart the Group's strategic direction for the year 2010. The 3-day strategic meeting rooted the Group's commitment towards becoming "The Preferred Malaysian Bank".



FEBRUARY 10

3 FEBRUARY 2010

In conjunction with the dual celebration of Chinese New Year and Valentine's Day, EON Bank Group launched a special festive campaign called "Power of Love", offering the triple promise of wealth, love and prosperity through a savings plan in partnership with Uni.Asia Life Assurance Bhd.



MARCH 10

5 MARCH 2010

Launch of EON Bank Group's 141st branch in Kulim, Kedah.



12 MARCH 2010

EONCAP Islamic Bank unveiled its new *Mumtaz Children Savings Account*, a shariah-based account that encourages children and youth to learn the virtue of savings in more fun and rewarding ways.



12 - 14 MARCH 2010

The *EON Bank Group MATTA Card* returned to the biggest travel fair in the country as the official MATTA card with even more exciting benefits including a Travel Helpdesk, complimentary travel insurance coverage and option for MAS Enrich Miles conversion.



22 MARCH 2010

EON Bank Group partnered with the Malaysian Retailer-Chains Association (MRCA) to launch the *MRCA-EON Bank Credit Card* at the prestigious Pavilion, Kuala Lumpur. Touted as "The Ultimate Shopping Credit Card", it is the only credit card dedicated to shopping which features a dual rewards programme that allows customers to earn and redeem cash rebates in addition to other rewards and privileges.



APRIL 10

6 APRIL 2010

EON Bank Group returned with another blockbuster sponsorship to bring its *GSC-EON Bank Credit Card* cardholders and movie buffs yet another action-packed extravaganza featuring the highly anticipated *Ip Man 2* movie, starring Hong Kong martial arts superstars Donnie Yen and Sammo Hung.



20 APRIL 2010

EON Bank Group featured the second-leg of its year-long *Savers Go Places* deposit drive at the prize-giving ceremony for the campaign's first quarter winners.



27 APRIL 2010

EON Bank Group feted customers, partners, media and employees to an exclusive premiere screening of *Ip Man 2* at GSC, Pavilion.



MAY 10

14 - 16 MAY 2010

EON Bank Group participated in a career fair at PWTC organised by the Ministry of Higher Education to help graduates to get employment.



26 - 27 MAY 2010

EON Bank Group participated in the 14th Malaysian Banking Summit organised by Asian Strategy & Leadership Institute (ASLI).



JUNE 10

1 - 3 JUNE 2010

EON Bank Group participated in SMIDEX 2010.



5 JUNE 2010

EONCAP Islamic Bank donated 40 bicycles to needy students of Parlimen Pekan schools.



10 JUNE 2010

Donation Handover to Yayasan Veteran Angkatan Tentera Malaysia.



15 JUNE 2010

EON Bank Group became the first in Malaysia to debut the higher-than-platinum *Visa Signature Credit Card* for prestige seekers.



22 JUNE 2010

EON Capital Berhad held its 12th Annual General Meeting at Crowne Plaza Mutiara, Kuala Lumpur.



26 JUNE 2010

EON Bank Group treated its employees and family members to a splashing time at its first ever Family Day at the Sunway Lagoon Theme Park.



JULY 10

7 JULY 2010

EON Bank Group, one of the main sponsors of the Malaysia SME Congress held at Sunway Convention Centre.



13 JULY 2010

Sukuk Programme Signing Ceremony between MIMB Investment Bank and LBS Bina Group Berhad at Tropicana Golf & Country Resort.



AUGUST 10

4 AUGUST 2010

EON Bank Group launched the SAS-EON Bank Group Knowledge Discovery Challenge 2010 in collaboration with SAS Malaysia. The programme was aimed at equipping tertiary students with the necessary skills to thrive in the area of business analytics.



7 AUGUST 2010

The Junior Chamber International (JCI) Creative Young Entrepreneur Award 2010, of which EON Bank Group was a main sponsor, was held at Sunway Lagoon Resort & Spa to recognise and promote creative young entrepreneurs.



9 AUGUST 2010

Launch of LCD TV Giftaway II, a campaign bundling three complementary facilities - home financing, deposits and credit/debit card together for more simple, convenient and value-added banking.



12 AUGUST 2010

Announcement of EON Capital Berhad's 1HFY2010 results.



SEPTEMBER 10

3 - 5 SEPTEMBER 2010

EON Bank Group MATTA Credit Card, "The Ultimate Travel Card" at the twice-yearly event.



22 SEPTEMBER 2010

SAS-EON Bank Group Knowledge Discovery Challenge Closing Ceremony attracted a total participation of 30 teams across the country.



27 SEPTEMBER 2010

EON Capital Berhad held its Extraordinary General Meeting at Crowne Plaza Mutiara Hotel, Kuala Lumpur.



OCTOBER 10

30 OCTOBER 2010

EON Bank Group feted its employees to a night of glitz and glamour at its maiden group-wide Annual Dinner in Sunway Convention Centre.



NOVEMBER 10

15 NOVEMBER 2010

Launch of An-Nisa' Savings Account, a unique deposit product specially designed to help women save for the future based on the principle of Wadiah Yad Dhamanah or guaranteed safekeeping.



DECEMBER 10

1 DECEMBER 2010

Press Conference and Prize-Giving Ceremony of The Chronicles of Narnia 3: The Voyage of the Dawn Treader movie sponsorship campaign at Scrumptious, Kuala Lumpur.



Premiere Night of the latest Narnia movie for the enjoyment of the ultimate movie experience attended by valued customers, partners, employees and 100 underprivileged children from Rumah Titian Kaseh and Precious Children's Home at GSC Mid Valley.



29 DECEMBER 2010

Underwriting Agreement Signing Ceremony for the listing of Tambun Indah Land Berhad with a total fund size of RM37.87 million.



30 DECEMBER 2010

EON Bank Berhad successfully completed its issuance of RM500 million Tier 2 Subordinated Medium Term Notes (MTN). The MTN was issued at a competitive yield of 4.85% with oversubscription of 2.8 times the initial issue size.

EON Bank finishes MTN issuance

PETALING JAYA: EON Capital Bhd's (EON Cap) wholly-owned subsidiary, EON Bank Bhd, has completed its issuance of RM500mil tier-2 subordinated medium-term notes (MTN) yesterday.
EON Cap told Bursa Malaysia yesterday the MTN was issued under the RM2bil subordinated MTN programme approved by the Securities Commission on Nov 19, 2008.
It said proceeds from the issue would be used for EON Bank's working capital.

JANUARY 11

18 JANUARY 2011

Super Cash Grand Finale at Modestos, The Curve. The year-long Auto Finance campaign attracted some 100,000 applications and swept close to RM4 billion in disbursements, an impressive growth of 33% compared to the year before.



MARCH 11

11 - 13 MARCH 2011

EON Bank Group MATTA Credit Card enters its 5th year as the official card for the MATTA Fair, the largest travel fair in the country.



APRIL 11

6 APRIL 2011

EON Bank Group partnered with The Star to empower youth in 65 schools nationwide with the sponsorship of 85,800 copies of The Star's Newspaper in Education (NiE) weekly publication as a fun tool for learning English.



11 APRIL 2011

EON Bank Group's Savers Go Places Grand Finale was held in Sibu, hometown of the campaign's Grand Prize winner who took home a Toyota Altis worth over RM102,000. The year-long deposit campaign drew more than RM400 million in deposits and over 200,000 accounts.



FEBRUARY 11

11 FEBRUARY 2011

EON Bank won 3 out of 23 awards presented in conjunction with the inaugural Visa Malaysia Bank Awards 2010 at KL Hilton Hotel: Highest Purchase Volume Growth for an Existing Visa Co-Brand Card (for GSC-EON Bank Credit Card); Best Visa Programme Innovation (for EON Bank's ERL Paywave Transit Programme) and Highest Purchase Volume Growth for a Visa Platinum Card - Category 2 (for EON Bank Visa Signature Credit Card).



CORPORATE SOCIAL RESPONSIBILITY

At EON Bank Group, corporate responsibility is part and parcel of the way we do business. It is a platform where we fulfill our conviction in building people, communities and the world we live in. As a responsible corporate citizen, EON Bank Group ensures that it continuously makes a positive impact in the marketplace, community, workplace and environment.

RESPONSIBILITY TO MARKETPLACE

Being mindful of the fact that we are an employer of around 6,000 people, we are aware of our huge responsibility to ensure that our business remains sustainable – even for future generations of employees, customers, shareholders and the country's economy.

We do this by ensuring that our business operates on the highest principles of ethical and professional conduct, even while we strive to ensure efficiency and efficacy in generating revenue, safeguarding costs and mitigating risk.

In so doing, the Group eschews the notion that economic prosperity and business success is divorced from moral values and civic responsibility. We believe that corporate entities like ours must be mindful of the way we do business as well as the responsibility we have towards our employees, their dependents, our customers and our shareholders.

In this way, the Group strongly reaffirms our responsibility and contribution to the marketplace.

RESPONSIBILITY TO THE COMMUNITY

EON Bank Group believes in having a focused and sustainable programme in its outreach initiatives. In August 2010, the Group launched a new and more focused corporate social responsibility (CSR) strategy themed *"Developing our Youth Today, for Tomorrow"*. It is premised on the notion that "Our youth are the world's most valuable resource and its best hope for the future" (quote, John F. Kennedy). After all, the youth are certainly the future and we are convinced that more needs to be done to help ensure that our future generations are equipped and empowered to face and lead the future.

EON Bank Group initiated and participated in a range of youth development programmes such as:

Smart Junior Academic Excellence Awards

We believe that encouraging our youth to excel in their academics is more than just about rewarding a string of A's. It is our part in inculcating a passion for excellence from a very young age and to also indirectly empower our children for the Knowledge Economy. EON Bank Group does this by presenting cash rewards to Smart Junior Account holders based on their excellent academic performance in government public examinations such as UPSR, PMR, SPM and STPM every year. We also believe that incentives not only act as inspiration for these students to continuously achieve strong academic results, but also encourage them to maintain a savings habit. Since 2004, the group has given out about RM400,000 to 2,000 students.

"The Group eschews the notion that economic prosperity and business success is divorced from moral values and civic responsibility. We believe that corporate entities like ours must be mindful of the way we do business as well as the responsibility we have towards our employees, their dependents, our customers, our stakeholders, and our shareholders."



In the year 2010, EON Bank Group awarded 748 primary and secondary school students with cash rewards through its Smart Junior Academic Excellence Awards.

The quantum of the cash incentives given out under the Smart Junior Awards in 2010 is listed below:

Examination	Recipients	Cash Award per recipient
UPSR	279	RM80
PMR	327	RM100
SPM	133	RM150
STPM	9	RM200
Total	748	RM76,770

School Engagement Programmes

The Group is very supportive towards the schools under Bank Negara Malaysia's School Adoption Programme where it runs activities such as roadshows and talks with its adopted school to promote financial literacy among school-going youth.

Our latest initiative to expand our support for the schools is through the sponsorship of The Star's Newspaper-in-Education NiE pullout for 65 schools nationwide where 85,800 copies of the weekly educational pullout are provided to the sponsored schools for the entire academic year to enable their Standard 6 students to strengthen their grasp of the English language in a fun and effective way.

We also continue to support our local schools by providing them financial assistance for events such as sports day and family day.



EON Bank holds contest for university students



Empowering Tertiary Students with Essential Skills

In an effort to develop our local university students, we have partnered with leading business analytics solutions provider to design an annual data mining competition that seeks to equip tertiary students with real-world skills such as business analytics. The SAS-EON Bank Group Knowledge Discovery Challenge programme is the first of its kind in Malaysia. The inaugural competition, which kicked off in August 2010, attracted a total participation of 30 teams from various universities across the country.

Building Young Entrepreneurs

The Group also believes in developing young entrepreneurs for our nation's growth. In 2010, we participated in the Junior Chamber International (JCI) Creative Young Entrepreneur Award as a main sponsor. This award recognises and honours exceptional young entrepreneurs and the role of creativity in their success. It is our aim to harness more young entrepreneurs and creative enterprises for our country.



Enriching Lives through Giving

In the spirit of good corporate citizenship, EON Bank practises giving back to society through sponsorship and donations. In addition to supporting youth development, priority is given to non-profit organisations as well as associations and business partners. Among others, EON Bank Group donated RM100,000 to the SP Setia Foundation in support of the latter's initiatives to aid less fortunate children. We also contributed RM50,000 in the form of zakat payment to Yayasan Veteran Angkatan Tentera Malaysia (YVATM), dedicated to improving the lives of army veterans and their families.



Through our movie sponsorship programmes, we also make it a point to ensure Malaysian children from all walks of life, including underprivileged children, have the opportunity for enjoyment. In our latest sponsorship of *The Chronicles of Narnia: The Voyage of the Dawn Treader*, we invited 100 children from Rumah Titian Kaseh and Precious Children's Home to join our premiere screening. Apart from

“The most important place to begin practising CSR in a tangible way is, of course “at home”. For us, this means providing opportunities for employees to contribute to CSR initiatives in very real and immediate ways.”

the movie, they were also treated to a dinner party. Earlier in the year 2010, we also sponsored 100 children under the care of Ti-Ratana Welfare Society to catch Ip Man 2, also as part of our movie sponsorship programme via *EON Bank-GSC Credit Card*, “The Ultimate Movie Card”.



The Group also continues to provide strong support for The Edge-Bursa Malaysia Kuala Lumpur Rat Race with its seventh participation in the annual charity fundraiser. We were the Bronze Sponsor for the 2010 event, which raised RM1,752,000 for 20 charitable organisations around the country.



RESPONSIBILITY TO THE WORKPLACE

The most important place to begin practising CSR in a tangible way is, of course “at home”. For us, this means providing opportunities for employees to contribute to CSR initiatives in very real and immediate ways. It also means ensuring that our workplaces are places that foster harmony and tolerance, reflective of the kind of society that all of us would aspire to live in and to leave behind for future generations.



Blood Donation Drive

In what is practically a tradition, EON Bank Group organises two blood donation drives a year in support of the National Blood Centre among our staff and customers at our headquarters, Menara EON Bank. The latest blood donation drive was conducted on 30 March 2011 where 138 donors comprising regulars and first-timers stepped up to the occasion.

Sports Activities

The Group also organises various sports activities for the employees – to encourage a healthy lifestyle as well as improve staff morale and teamwork. For the past year, many of our staff enjoyed recreational activities and competitions in badminton, futsal, bowling and more at inter-department as well as inter-financial institution levels. The Group encourages all its employees to participate in games that promote camaraderie among the employees whilst having fun participating in health activities.



As with previous years, the two most anticipated events were the annual badminton tournament, the Albert Lau Team Building Championship and the Inter-Department Futsal Tournament. The tournaments drew about 500 participants and 300 participants respectively from across the country and successfully contributed to promoting a sense of “esprit-de-corps” between employees from various regions.

Employee Wellbeing

Ever since news of the Influenza A (H1N1) outbreak in Mexico was reported worldwide in April 2009, the Business Continuity Management Office (BCMO) under Operational Risk Department has been working closely with Group Human Resources (GHR) and Procurement & Administration (P&A) to create awareness and develop protection procedures amongst staff of EON Bank Group. Several initiatives were undertaken with the objective to educate staff and alert them on the threats of the virus as well as prevention measures. We continue to promote personal hygiene through awareness posters and the provision of sanitisers at strategic locations.



Personal Development

Human capital development impacts not only the Group’s business, but also plays a larger role in developing the nation. Thus, EON Bank Group continually ensures our staff have opportunities to develop their skills and knowledge. The Learning Centre, under the purview of Group Human Resources, has been pivotal in providing continuous learning opportunities for staff all over the country. At the same time, with a renewed emphasis on finding talent from within, staff members have been given opportunities for career development within the organisation with a slew of talent management and career advancement programmes. *More on page 59.*



RESPONSIBILITY TO THE ENVIRONMENT

Reduce, Recycle and Reuse Drive

For the Group, we strongly believe that the cost of doing business should not be at the expense of the environment. With that mindset, the Group maintains an ongoing *Reduce, Recycle and Reuse* drive to instill eco-awareness and promote responsible use of utilities in the workplace. Posters spreading the message of prudent and wise use of nature’s resources including power, water and paper are appended in strategic areas to engage employees in a concerted effort towards safeguarding Earth.



Earth Hour Campaign

Having participated in the Earth Hour campaign when it first started in Malaysia two years ago, the Group is proud to again play its part in both the 2010 and 2011 global World Wildlife Fund (WWF) initiative to proactively safeguard our earth from climate change. Apart from switching off all signages, advertisement boards and other non-essential lighting at the Head Office as well as at all branches during Earth Hour, employees throughout our banking network as well as customers were encouraged to also take action through various publicity platforms.







Delivering Lasting Impressions

My journey with EON Bank has certainly been a colourful and enriching one. Over the past 37 years, I have had the pleasure of serving in various functions including Finance, Treasury, Credit Management, Consumer Banking Operations and finally, Business Banking. One of the greatest joys I get from my current role is seeing my customers achieve their dreams. Amongst others, we have a customer, whose humble start up has flourished to a great commercial success, generating multiple returns from the initial capital that our Bank had helped him with. Later, he wrote in to express how grateful he was for the facility we offered to him. We have since earned a loyal customer and a friend. This is what our service is about – building fulfilling, lasting relationships.

Oon Nai Sin

Longest-Serving Employee, EON Bank Group
Head, Area Business Centre Kuala Lumpur

LIST OF PROPERTIES

AS AT 31 DECEMBER 2010

No.	Address	Description (Land or Building)	Approximate Area (Sq.Ft.)	Age of Building (Years)	Existing Usage	Tenure & Expiry Date	Net Book Value (RM'000)	Date of Acquisition
EB REALTY								
1	No.122, Kapit By-Pass 96807 Kapit Sarawak	4 storey building	1,200	17	Branch premises	Leasehold (29/4/2045)	188	30/4/1985
OBB REALTY								
1	No.12A, Block B, Level 2 Fraser's Hill Condominium 49000 Bukit Fraser's Pahang Darul Makmur	1 unit apartment	1,792	23	Staff recreation	Leasehold (23/05/2082)	164	24/5/1983
EON BANK								
1	No. 288, Jalan Raja Laut 50350 Kuala Lumpur Wilayah Persekutuan	27 storey building	839,574	17	Head office and branch premises	Freehold	131,044	31/01/2005
2	No. 9, Jalan Cheng Lock 50000 Kuala Lumpur Wilayah Persekutuan	3 1/2 storey office building	2,199	37	Branch premises	Freehold	342	18/9/1972
3	No. 3, Jalan Bandar Satu Pusat Bandar Puchong 47100 Puchong Selangor Darul Ehsan	4 storey building	4,687	15	Branch premises	Freehold	2,080	4/3/1997
4	No. 1, Jalan SS15/4E 47500 Subang Jaya Petaling Jaya Selangor Darul Ehsan	3 storey shop house	3,261	28	Branch premises	Freehold	444	12/2/1991
5	No. 32 & 34 Jalan 21/19 46300 Petaling Jaya Selangor Darul Ehsan	2 units of 2 storey terrace shop house	3,080	47	Branch premises	Freehold	2,254	19/8/1997
6	No. 1, Jalan Goh Hock Huat 41400 Klang Selangor Darul Ehsan	4 1/2 storey shop house	2,776	27	Branch premises	Freehold	1,841	7/9/1998
7	No. 26 & 27 Jalan Kenari 1 Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan	2 units of 3 1/2 storey shop house	3,600	14	Branch premises	Freehold	1,736	22/1/1999
8	No. 2, Jalan PJU 5/8 Dataran Sunway Kota Damansara 47810 Petaling Jaya Selangor Darul Ehsan	4 storey shop office	12,892	6	Branch premises	Leasehold (23/11/2100)	3,704	02/12/2005
9	No. J09-06 and J02-06 Paradise Lagoon Holiday Apartment, Batu 3 1/2 Jalan Pantai 70100 Port Dickson Negeri Sembilan Darul Khusus	2 units apartment	2,088	14	Staff recreation	Leasehold (6/7/2087)	243	21/4/1994
10	No. S-3, Kompleks Negeri Jalan Dr. Krishnan 70000 Seremban Negeri Sembilan Darul Khusus	3 storey shop house	1,680	26	Branch Storage	Leasehold (30/01/2078)	314	29/6/1981
11	Lot 4 & 5, Jalan TMR 1 Taman Melaka Raya 75000 Melaka	2 units of 3 storey shop office	3,132	14	Branch premises	Leasehold (20/3/2094)	623	17/4/1998
12	No. 67 & 69 Jalan Merdeka 75000 Taman Melaka Raya Melaka	2 units of 3 storey shop office	3,080	15	Branch premises	Leasehold (07/07/2093)	754	15/8/1999

It's nice to work in an environment where you have friendly and helpful colleagues. What I like about my team is that we take our responsibilities seriously and make sure the office premise is well-maintained. Whenever an issue crops up in our building operations, everyone in the department works together to overcome the problem. There is a great sense of team work and ownership.

Hanisam Abu Hassan

Assistant Manager (Chargeman)
Administration
Procurement & Administration



No.	Address	Description (Land or Building)	Approximate Area (Sq.Ft.)	Age of Building (Years)	Existing Usage	Tenure & Expiry Date	Net Book Value (RM'000)	Date of Acquisition
EON BANK (CONTINUED)								
13	No. 21 & 23, Jalan Indah 15/1 Bukit Indah 81200 Johor Bahru Johor Darul Takzim	2 units of 3 storey shop office	5,090	8	Branch premises	Freehold	1,808	27/5/2002
14	No. 35, 37 & 39 Jalan Johar Satu Taman Desa Cemerlang 81800 Ulu Tiram Johor Darul Takzim	3 units of 3 storey shop office	13,965	7	Branch premises	Freehold	2,345	02/12/2003
15	No. 21, Jalan Permas 10/1 Bandar Baru Permas Jaya 81750 Masai Johor Darul Takzim	4 storey shop house	2,624	13	Branch premises	Freehold	1,307	4/5/1999
16	No. C05-07 Genting Permai Park & Resort 6th Mile 69000 Genting Highland Pahang Darul Makmur	1 unit of apartment	1,029	11	Staff recreation	Freehold	212	2/9/1996
17	No. B-278 & B-280 Jalan Beserah 25300 Kuantan Pahang Darul Makmur	2 units of 4 storey shop house	3,208	9	Branch premises	Freehold	1,630	8/4/1999
18	No. 31, 33, 35 & 37 Jalan Usahaniaga 1 Taman Niagajaya 14000 Bukit Mertajam Seberang Perai Tengah Pulau Pinang	4 units of 3 storey shop office	15,844	7	Branch premises	Freehold	1,194	07/10/2003
19	No. 26 & 27 Jalan Permatang Gedong Taman Sejati Indah 08000 Sungai Petani Kedah Darul Aman	2 units of 3 storey terrace shoplot	2,800	13	Branch premises	Freehold	715	3/9/1999
20	Lot 171, Jalan Council 95000 Bandar Sri Aman Sarawak	3 storey building	1,740	14	Branch premises	Leasehold (20/6/2050)	184	21/6/1990
21	Lot No. 2013 Jalan Pisang Barat 93150 Kuching Sarawak	3 storey building	1,390	17	Branch storage	Leasehold (31/12/2038)	0	23/9/1992
22	No. 3/G14, 3/G15 & 3/G16 Block 3, Api-Api Centre 88000 Kota Kinabalu Sabah	3 units of shoplots	4,141	15	Branch premises	Leasehold (31/12/2086)	2,135	2/4/1997
Foreclosed Properties								
1	No. 7 & 8 Jalan Rebana Taman Rebana Jalan Haji Manan 86000 Kluang Johor Darul Takzim	2 units of double storey terraced house	3,100	26	Vacant and pending disposal by Credit Recovery Department	Freehold	147	12/02/1984
2	No. 177, Limbok Hill 70000 Seremban Negeri Sembilan Darul Khusus	Single-storey detached house	6,700	37	Vacant and pending disposal by Credit Recovery Department	Freehold	14	16/8/1972

GROUP CORPORATE DIRECTORY

AS AT 30 APRIL 2011

No. Branch	Address	General Line	Fax No.	No. Branch	Address	General Line	Fax No.
KL Main	Suite G2.01, Menara EON Bank No. 288 Jalan Raja Laut 50350 Kuala Lumpur	03-2694 2288	03-2694 7588	JOHOR (CONTINUED)			
JOHOR				16	Taman Abad No. 20 & 21 Jalan Harimau Tarum Taman Abad 80250 Johor Bahru, Johor	07-331 1421	07-331 1409
Regional Office (Southern II)	No. 29 & 31 Jalan Molek 2/4, Taman Molek 81100 Johor Bahru, Johor	07-353 9755	07-353 6055	17	Taman Bukit Indah No. 21 & 23, Jalan Indah 15/1, Bukit Indah 81200 Johor Bahru, Johor	07-239 1388	07-232 5988
1	Taman Sutera Utama (formerly known as Bandar Baru Uda) Ground & 1st Floor, No. 115 Jalan Sutera Tanjung 8/2 Taman Sutera Utama 81300 Skudai, Johor	07-554 8298	07-554 8248	18	Taman Molek No. 29 & 31, Jalan Molek 2/4, Taman Molek 81100 Johor Bahru, Johor	07-353 7003	07-353 6997
2	Batu Pahat 9-11, Jalan Kundang Taman Bukit Pasir 83000 Batu Pahat, Johor	07-433 7488	07-434 1488	19	Tampoi 1 & 3, Jalan Persiaran Tanjung Susur 1 Taman Bukit Alif, Tampoi 81200 Johor Bahru, Johor	07-235 5930	07-235 5927
3	Batu Pahat Town Centre Ground & Mezzanine Floor Wisma Eng Lam No. 9, Jalan Ismail 83000 Batu Pahat, Johor	07-432 6288	07-432 5388	20	Taman Sri Tebrau Ground Floor Bangunan Persekutuan Tiong Hua Johor Baru No. 8, Jalan Keris Taman Sri Tebrau 80400 Johor Bahru, Johor	07-332 1323	07-332 5841
4	Desa Cemerlang 37 & 39, Jalan Johar 1 Taman Desa Cemerlang 81800 Ulu Tiram, Johor	07-861 7488	07-861 4588	21	Yong Peng No. 242 & 244, Jalan Besar Taman Sembrong Baru 83700 Yong Peng, Johor	07-467 4850	07-467 3170
5	Gelang Patah 14, Jalan Besar 81550 Gelang Patah, Johor	07-510 4188	07-510 4088	KEDAH			
6	Johor Bahru Ground & Mezzanine Floor Asia Life Building 33 Jalan Segget 80000 Johor Bahru, Johor	07-223 5488	07-224 3488	Regional Office (Northern I)	26 & 27, 1st Floor Jalan Permatang Gedong Taman Sejati Indah 08000 Sungai Petani, Kedah	04-431 2288	04-431 1627
7	Kluang Ground & 1st Floor No. 12 & 14, Jalan Haji Manan 86000 Kluang, Johor	07-776 9388	07-776 2088	1	Alor Setar (IBS) No. 172 Susuran Sultan Abdul Hamid 10 Kompleks Perniagaan Sultan Abdul Hamid Phase 2 Persiaran Sultan Abdul Hamid 05050 Alor Setar, Kedah	04-771 3228	04-771 6678
8	Kulai No. 2 & 3, Jalan Anggerik 1 Taman Kulai Utama 81000 Johor Bahru, Johor	07-662 6388	07-662 6366	2	Alor Setar (2) Jalan Putera 26 & 28, Ground & First Floor Jalan Putera 05100 Alor Setar, Kedah	04-730 6461	04-730 6458
9	Masai 105-106, Jalan Besar 81750 Masai, Johor	07-252 2960	07-252 2963	3	Gurun 18K & 18L, Jalan Raya 08300 Gurun, Kedah	04-468 4785	04-468 4766
10	Muar Ground & 1st Floor No. 3, Pusat Dagangan Bakri Jalan Bakri 84000 Muar, Johor	06-954 2888	06-954 8333	4	Langkawi No. 93, Langkawi Mall Jalan Kelibang 07000 Kuah, Langkawi, Kedah	04-966 8118	04-966 8228
11	Pasir Gudang 30 & 31, Jalan Mawar 1 Taman Mawar 81700 Pasir Gudang, Johor	07-252 2740	07-252 2723	5	Sungai Petani (1) Jalan Permatang Gedong 26 & 27, Jalan Permatang Gedong Taman Sejati Indah 08000 Sungai Petani, Kedah	04-431 2288	04-431 1627
12	Permas Jaya No. 21, Jalan Permas 10/1 Bandar Baru Permas Jaya 81750 Masai, Johor	07-387 1828	07-387 3530	6	Legenda Heights (formerly known as Sg. Petani 2) Ground & First Floor No. 255, Jalan Legenda 10 Legenda Heights 08000 Sungai Petani Kedah	04-422 4352	04-422 4355
13	Pontian No. 30 & 31, Jalan Delima Pusat Perdagangan Pontian 82000 Pontian, Johor	07-687 5002	07-687 4998	7	Kulim Ground & First Floor No. 5, Jalan KLC 1 Kulim Landmark Central 09000 Kulim, Kedah	04-490 1188	04-490 2688
14	Segamat No. 43A & 45 Jalan Genuang Kampung Abdullah 85000 Segamat, Johor	07-931 3650	07-943 3560				
15	Senai 1, 1A, 1B & 1C, Jalan Belimbing 81400 Senai, Johor	07-599 4598	07-599 4231				

It has been a great pleasure for me to be serving in EON Bank Group. My greatest achievement has been working as a team to run the mailing unit successfully for more than 10 years. The happiest thing for all of us is to work together to achieve our goals. At EON Bank Group, we see ourselves as one big happy family.

Sreetharan A/L Tanggapa

Executive, Mailing
Procurement and Administration



No.	Branch	Address	General Line	Fax No.	No.	Branch	Address	General Line	Fax No.
KELANTAN					PAHANG				
1	Kota Bharu (1) (IBS)	Ground & Mezzanine Floor No. 1121A & B Jalan Padang Garong, Seksyen 12 15000 Kota Bharu, Kelantan	09-743 8188	09-743 6188		Regional Office (East Coast)	No. B 278 & B 280 Jalan Beserah 25300 Kuantan, Pahang	09-566 4100	09-566 4800
2	Kota Bharu (2)	PT 320 & 321, Seksyen 25 Jalan Sultan Yahya Petra 15200 Kota Bharu, Kelantan	09-748 6888	09-747 0833	1	Jalan Berserah	No. B 278 & B 280 Jalan Beserah 25300 Kuantan, Pahang	09-566 4100	09-566 4800
MELAKA					2	Jalan Tun Ismail	Ground & First Floor No. A - 3, Jalan Tun Ismail 1 25200 Kuantan, Pahang	09-514 3377	09-513 6733
	Regional Office (Southern I)	No. 67 & 69, Jalan Merdeka Taman Melaka Raya 75000 Melaka	06-281 2688	06-281 2588	3	Mentakab	119 & 121, Jalan Temerloh 28400 Mentakab, Pahang	09-277 0400	09-277 9929
1	Batu Berendam	Lot BB-371A & B Taman Melaka Baru Batu Berendam 75350 Melaka	06-317 3235	06-317 2660	PERAK				
2	Masjid Tanah	Lot 215 & 130, Jalan Besar 78300 Masjid Tanah, Melaka	06-384 7137	06-384 7232		Regional Office (Northern III)	No. 48, Persiaran Greentown 1 Greentown Business Centre 30450 Ipoh, Perak	05-241 1588	05-243 1588
3	Melaka (1)	No. 67 & 69 Jalan Merdeka Taman Melaka Raya 75000 Melaka	06-281 2688	06-281 2588	1	Ayer Tawar	86 & 88, Jalan Besar 32400 Ayer Tawar, Perak	05-672 7470	05-672 7478
4	Melaka (2)	Ground Floor Bangunan Graha Maju Lot 315, Jalan Graha Maju 75300 Melaka	06-283 8229	06-283 6795	2	Ipoh (1)	No. 44, 46 & 48, Persiaran Greentown 1 Greentown Business Centre 30450 Ipoh, Perak	05-255 7688	05-253 0990
5	Taman Malim Permai	No. 1, 1-1 & 3 Jalan Malim Jaya 2/7A Taman Malim Permai 75250 Melaka	06-336 3188	06-337 3188	3	Ipoh (2)	No. 54, 56 & 58 Jalan Kamaruddin Isa 31400 Ipoh, Perak	05-547 4203	05-547 2777
NEGERI SEMBILAN					4	Kamunting	No. 396 & 398 Taman Saujana, Kamunting 34600 Taiping, Perak	05-807 8915	05-807 8905
1	Lukut	Lot 3120 & 3121 Jalan Besar Lukut 71010 Port Dickson Negeri Sembilan	06-651 1878	06-651 1900	5	Langkap	Lot 63, Jalan Chui Chak 36700 Langkap, Perak	05-659 2840	05-659 2843
2	Nilai	Lot PT 5729 & 5730 Jalan TS 2/1D, Taman Semarak 71800 Nilai, Negeri Sembilan	03-799 5289	03-799 5292	6	Menglembu	Ground & 1st Floor No. 116 & 117, Jalan Besar 31450 Menglembu, Perak	05-281 2088	05-282 4088
3	Senawang	145-G, 145-1 & 146-G Blok M, Taipan Senawang Taman Komersil Senawang 70450 Seremban, Negeri Sembilan	06-678 2788	06-678 3788	7	Parit Buntar	No. 2 & 4, Persiaran Perwira Pusat Bandar Baru 34200 Parit Buntar, Perak	05-716 8766	05-716 8771
4	Seremban	No. 120 & 121 Jalan Dato' Bandar Tunggal 70000 Seremban Negeri Sembilan	06-761 7075	06-761 7078	8	Gunung Rapat	Ground & First Floor No. 254 & 254A Jalan Raja Dr. Nazrin Shah Gunung Rapat 31350 Ipoh, Perak	05-313 3288	05-311 3788
5	Seremban 2	Ground, 1st & 2nd Floor No. 7 & 8, Jalan S2 B15 Biz Avenue, Seremban 2 70300 Seremban Negeri Sembilan	06-601 7488	06-601 6718	9	Sitiawan	No. 1 & 2, Taman Sitiawan 1 Jalan Lumut 32000 Sitiawan, Perak	05-691 9988	05-691 8988
					10	Tanjong Malim	No. 25 & 27, Jalan Bunga Anggerik, Taman Bunga Raya 35900 Tanjong Malim, Perak	05-459 8272	05-458 3178
					11	Teluk Intan	Ground & First Floor No. 1B Laman Intan Bandar Baru Teluk Intan 36000 Teluk Intan, Perak	05-621 3188	05-621 9188

No. Branch	Address	General Line	Fax No.	No. Branch	Address	General Line	Fax No.
PERLIS				SABAH			
1	Kangar No. 10E, Lot 17 Jalan Raja Syed Alwi 01000 Kangar, Perlis	04-977 3392	04-977 3396		Regional Office (East Malaysia I) No. 8, 1st Floor, Jalan Pantai Locked Bag No. 124 88999 Kota Kinabalu, Sabah	088-214 733	088-233 134
PULAU PINANG				1	Inanam Lot 4, 5 & 6, Block C Lorong KK Taipan 2 Inanam New Township 88450 Kota Kinabalu, Sabah	088-437 601	088-437 596
	Regional Office (Northern II) No. 58 & 60, Jalan Tengah Taman Seri Tunas Bandar Bayan Baru 11950 Bayan Lepas, Pulau Pinang	04-642 4728	04-644 5546	2	Kota Kinabalu (1) Api-api Centre Lot 3-0-14 to 3-0-16, Block 3 Lorong Api-Api 2, Api-Api Centre 88000 Kota Kinabalu, Sabah	088-247 688	088-246 327
1	Auto City – Juru, Prai No. 1823-G1, Jalan Perusahaan Auto City, North-South Highway Juru Interchange 13600 Prai, Pulau Pinang	04-502 1488	04-507 9488	3	Kota Kinabalu (2) Jalan Pantai No.8, Jalan Pantai Locked Bag No. 124 88999 Kota Kinabalu, Sabah	088-214 733	088-233 134
2	Bandar Baru Ayer Itam Ground Floor, No. 16A & 16B Lebuhraya Thean Teik Bandaraya Baru Ayer Itam 11500 Pulau Pinang	04-827 1688	04-827 1632	4	Lahad Datu MDLD 4712, Lot 4 Jalan Kastam Lama 91100 Lahad Datu, Sabah	089-884 488	089-884 848
3	Bayan Baru No. 58 & 60, Jalan Tengah Taman Seri Tunas Bandar Bayan Baru 11950 Bayan Lepas, Pulau Pinang	04-645 2881	04-645 2995	5	Sandakan Lot 11 & 12 Business Centre, Bandar Indah Mile 4, Jalan Utara 90000 Sandakan, Sabah	089-222 202	089-222 209
4	Bukit Mertajam No. 31, 33, 35 & 37 Jalan Usahaniaga 1 Taman Niaga Jaya 14000 Bukit Mertajam, Pulau Pinang	04-538 1549	04-539 8466	6	Tawau Ground & First Floor TB 319, Block 38 Fajar Complex 91000 Tawau, Sabah	089-779 441	089-763 899
5	Butterworth No. 130 & 132, Jalan Raja Uda Pusat Perniagaan Raja Uda 12300 Butterworth, Pulau Pinang	04-324 3288	04-324 8288	SARAWAK			
6	Jalan Burmah No. 421 & 423, Jalan Burmah 10350 Pulau Pinang	04-228 3202	04-228 1654		Regional Office (East Malaysia II) 10, 12, 14, 16 & 18 Mission Road, P.O. Box 656 96007 Sibul, Sarawak	084-322 188	084-313 177
7	Jelutong No. 300, Jalan Jelutong 11600 Pulau Pinang	04-282 6688	04-281 9650	1	Bandar Sri Aman Lot 171, Jalan Council 95000 Bandar Sri Aman Sarawak	083-322 117	083-320 601
8	Nibong Tebal No. 52 & 54 Jalan Besar Air Lintas Taman Merbah 14300 Nibong Tebal, Pulau Pinang	04-593 8988	04-593 7988	2	Bintulu No. 211 - 213 Bintulu Parkcity Commerce Square Jalan Tun Ahmad Zaidi 97000 Bintulu, Sarawak	086-312 941	086-313 617
9	Penang (1) Wisma Wang Ground Floor, Wisma Wang 251-A, Jalan Burma 10350 Pulau Pinang	04-229 6288	04-229 7288	3	Central Park 345-347, Ground & 1st Floor Central Park Commercial Centre Jalan Tun Ahmad Zaidi Adruce 93200 Kuching, Sarawak	082-254 224	082-243 618
10	Penang Times Square (formerly known as Penang (2) Jalan Anson) No. 77-G-17 & 77-G-18 Jalan Dato Keramat Penang Times Square 10150 Georgetown Pulau Pinang	04-226 4177	04-226 3946	4	Kapit Lot 122, Jalan Yong Moo Chai P.O. Box 15 96807 Kapit, Sarawak	084-796 413	084-796 939
11	Prai No. 7 & 9, Tingkat Kikik 7 Taman Inderawasih 13600 Prai, Pulau Pinang	04-399 3134	04-390 6913	5	Jalan Tun Jugah (formerly known as Jalan Padungan) Ground & First Floor Lot 10901 & 10902 Jalan Tun Jugah 93350 Kuching, Sarawak	082-575 075	082-578 250
12	Sungai Bakap 1435 & 1436, Jalan Besar 14200 Sungai Bakap Seberang Prai Selatan Pulau Pinang	04-582 1134	04-582 5826	6	R. H. Plaza Lots 11600-11602, Block 16 No. 127-129, R.H. Plaza Jalan Lapangan Terbang 93350 Kuching, Sarawak	082-466 000	082-466 009
13	Sungai Dua No. 26, 28 & 30, Lorong Murni 1 Taman Desa Murni, Sungai Dua 13800 Butterworth, Pulau Pinang	04-356 2688	04-356 5288	7	Jalan Song Thian Cheok Lot 122, 123 & 124 Jalan Song Thian Cheok 93100 Kuching, Sarawak	082-416 679	082-248 157

No. Branch	Address	General Line	Fax No.	No. Branch	Address	General Line	Fax No.
SARAWAK (CONTINUED)				SELANGOR (CONTINUED)			
8	Krokop Lot 2499 & 2500 Ground & 1st Floor Boulevard Commercial Centre Jalan Miri-Pujut, KM 3 98000 Miri, Sarawak	085-424 521	085-424 520	8	Kajang Ground Floor 36, Jalan Sulaiman 43000 Kajang, Selangor	03-8734 1093	03-8734 2082
9	Limbang Lot 1078-1079 Buangsiol Road, P.O. Box 69 98707 Limbang, Sarawak	085-212 097	085-212 897	9	Klang 26-32, Jalan Kapar 41400 Klang, Selangor	03-3343 1188	03-3343 2988
10	Miri Ground & First Floor Lot 715, Merbau Road 98008 Miri, Sarawak	085-415 371	085-411 176	10	Kota Kemuning No. 3-G, Jalan Anggerik Vanilla N31/N, Kota Kemuning 40460 Shah Alam, Selangor	03-5122 5912	03-5122 5917
11	Sarikei No. 18C & 20, Lorong Tun Razak 1 Jalan Masjid Lama 96100 Sarikei, Sarawak	084-659 188	084-659 488	11	Pandamaran No. 216 & 218 Persiaran Pegaga Taman Bayu Perdana 41200 Klang, Selangor	03-3324 3303	03-3324 3305
12	Sibu 10, 12, 14, 16 & 18 Mission Road, P.O. Box 656 96007 Sibu, Sarawak	084-322 188	084-310 545	12	Petaling Jaya No. 32 & 34 Jalan 21/19, Sea Park 46300 Petaling Jaya, Selangor	03-7874 5968	03-7874 5488
13	Upper Lanang No. 21 - 23 Suria Permata Commercial Centre Jalan Lanang 96000 Sibu, Sarawak	084-218 568	084-212 561	13	PJ New Town No. 9 & 11, Jalan 52/2 PJ New Town Centre 46200 Petaling Jaya, Selangor	03-7958 6488	03-7957 1405
SELANGOR				14	Port Klang 90, Persiaran Raja Muda Musa 42000 Pelabuhan Klang, Selangor	03-3166 1188	03-3167 1488
Regional Office (Central III)	No. 2G, 2-1 & 2A-G Jalan Cheras Maju Pusat Perniagaan Cheras Maju 43200 Balakong, Selangor	03-9074 2457	03-9074 2472	15	Puchong 3, Jalan Bandar Satu Pusat Bandar Puchong 47100 Puchong, Selangor	03-5882 4388	03-8075 1433
Regional Office (Central IV)	1st Floor, No. 9 & 11 Jalan 52/2, PJ New Town Centre 46200 Petaling Jaya Selangor	03-7955 6588	03-7957 5588	16	Puchong Jaya No. 26 & 27, Jalan Kenari 1 Bandar Puchong Jaya 47100 Puchong, Selangor	03-5882 7100	03-5882 7116
1	Ampang Point Ground Floor, No. 58 & 59 Jalan Mamanda 9 Ampang Point 68000 Ampang, Selangor	03-4253 3889	03-4260 4788	17	Rawang 17 & 19 Jalan Bandar Rawang 5 48000 Rawang, Selangor	03-6093 5288	03-6093 5388
2	Balakong No. 2G, 2-1 & 2A-G Jalan Cheras Maju Pusat Perniagaan Cheras Maju 43200 Balakong, Selangor	03-9074 4205	03-9074 7194	18	Semenyih No. 49-G, Jalan Semenyih Sentral 1 Taman Semenyih Sentral 43500 Semenyih, Selangor	03-8724 9088	03-8724 9488
3	Bandar Sungai Long 5, Jalan SL 1/4 Bandar Sungai Long 43000 Kajang, Selangor	03-9074 9950	03-9075 0902	19	Serendah No. 5 & 7, Jalan Cempaka 1 Taman Cempaka 48200 Serendah, Hulu Selangor Selangor	03-6081 3182	03-6081 3186
4	Bandar Baru Ampang 2-G & 4-G Jalan Wawasan Ampang 2/4 Bandar Baru Ampang 68000 Ampang, Selangor	03-4296 3488	03-4295 0988	20	Seri Kembangan Ground, 1st & 2nd Floors No. 7 & 9 Jalan Perusahaan 1 Jalan College 43300 Seri Kembangan, Selangor	03-8943 6788	03-8943 9088
5	Bukit Tinggi No. 1, Jalan Batu Nilam 5 Bandar Bukit Tinggi 41200 Klang, Selangor	03-3323 3201	03-3323 3901	21	Setia Alam No. 19, Jalan Setia Prima R U U13/R, Setia Alam, Seksyen U13 40170 Shah Alam, Selangor	03-3344 6888	03-3344 8488
6	Dataran Mentari No. 30-1 & 32 Jalan PSJ 8/2, Dataran Mentari 46150 Petaling Jaya, Selangor	03-5635 5088	03-5636 9488	22	Shah Alam Sec 26 34, Jalan Perbahan Satu Section 26/2A 40000 Shah Alam, Selangor	03-5191 8888	03-5191 6298
7	Dataran Sunway No. 2, Jalan PJU 5/8 Dataran Sunway, Kota Damansara 47810 Petaling Jaya, Selangor	03-6141 3886	03-6141 2316	23	Shah Alam Sec 9 No. 10, Jalan Tuanku Ampuan Zabedah D9/D, Seksyen 9 40100 Shah Alam, Selangor	03-5512 9888	03-5512 9889
				24	SS2 No. 28 & 30, Jalan SS 2/67 47300 Petaling Jaya, Selangor	03-7877 6800	03-7877 6686

No.	Branch	Address	General Line	Fax No.	No.	Branch	Address	General Line	Fax No.
SELANGOR (CONTINUED)					WILAYAH PERSEKUTUAN (CONTINUED)				
25	Subang Jaya	No. 1, Jalan SS 15/4E City Centre Subang Jaya 47500 Subang Jaya, Selangor	03-5633 2516	03-5634 8161	8	Jalan Tun Razak	Ground & Mezzanine Floor Wisma Sin Heap Lee 346, Jalan Tun Razak 50400 Kuala Lumpur	03-2163 1457	03-2163 1469
26	Sungai Buloh	51 & 53, Jalan TSB 10A Taman Industri Sungai Buloh 47000 Sungai Buloh, Selangor	03-6157 5811	03-6157 5812	9	Jalan Tun Tan Cheng Lock	No. 9, Jalan Tun Tan Cheng Lock 50000 Kuala Lumpur	03-2032 4700	03-2031 9537
27	Taman Sri Gombak	Ground, 1st & 2nd Floor No. 1, Jalan SG 1/3 Taman Sri Gombak 68100 Batu Caves, Selangor	03-6186 6788	03-6186 3788	10	Kepong	56, 58 & 60, Jalan Dua, Kepong Baru 52100 Kuala Lumpur	03-6258 5931	03-6251 4855
28	USJ	Lot 43, Jalan USJ 10/1G 47620 Subang Jaya, Selangor	03-5637 1984	03-5637 1989	11	Maju Junction Mall (IBS)	Ground Floor, Menara EON Bank No. 288, Jalan Raja Laut 50350 Kuala Lumpur	03-2694 7688	03-2694 4588
TERENGGANU					12	Pandan Indah	Ground & Mezzanine Floor 27, Jalan Pandan Indah 55100 Kuala Lumpur	03-4292 2988	03-4292 0988
1	Kuala Terengganu (1) (IBS)	Ground Floor Menara Yayasan Islam Terengganu Jln Sultan Omar 20300 Kuala Terengganu Terengganu	09-623 6288	09-622 6588	13	Pandan Jaya	No. 1 & 3 Jalan Pandan 3/5, Pandan Jaya 55100 Kuala Lumpur	03-9283 7988	03-9282 9788
2	Kuala Terengganu (2) Jalan Pejabat	No. 1107 - R, S & T Jalan Pejabat 20200 Kuala Terengganu Terengganu	09-624 2505	09-624 2372	14	Pavillion Kuala Lumpur	Lot. 2.66 & 2.67, Aras 2 Pavillion Kuala Lumpur 168, Jalan Bukit Bintang 55100 Kuala Lumpur	03-2143 1066	03-2143 0233
WILAYAH PERSEKUTUAN					15	Putrajaya (IBS)	Lot T00 - U01 No. 5, Jalan P16 Precinct 16 62150 Putrajaya Wilayah Persekutuan	03-8888 2188	03-8888 7288
RCB : CENTRAL (I)		15th Floor (Right Wing) Menara EON Bank No. 288 Jalan Raja Laut 50350 Kuala Lumpur	03-26941188 ext 1068/1649	03-2713 9611	16	Segambut	36 & 38 Jalan Segambut Utara 51200 Kuala Lumpur	03-6252 3598	03-6252 3606
RCB : CENTRAL (II)		No. 2, 1st Floor Jalan Sri Hartamas 8 Taman Sri Hartamas 50480 Kuala Lumpur	03-6201 4980	03-6201 8551	17	Selayang	166 & 168, Jalan 2/3A Off Km 12, Jalan Ipoh 68100 Batu Caves, Kuala Lumpur	03-6138 8988	03-6136 0388
1	Aman Puri	Ground & Mezzanine Floor No. 2-21A & 2-21A1 Jalan Desa 1/1, Desa Aman Puri 52100 Kepong, Kuala Lumpur	03-6273 5688	03-6272 8588	18	Taman Cheras Indah	Ground Floor Wisma Dergahayu 26, Jalan Indah 23 Taman Cheras Indah 56100 Kuala Lumpur	03-9282 7058	03-9284 0043
2	Bandar Park	No. 120 & 122, Jalan Mega Mendung, Kompleks Bandar Batu 5, Off Jalan Klang Lama 58000 Kuala Lumpur	03-7982 9400	03-7982 7788	19	Taman Connaught	No. 134 & 136, Jalan Cerdas Taman Connaught, Cheras 56000 Kuala Lumpur	03-9100 1022	03-9100 1568
3	Bandar Sri Petaling	Ground Floor No. 5 & 7, Jalan Radin Anum Bandar Baru Sri Petaling 57000 Kuala Lumpur	03-9058 8210	03-9058 8310	20	Taman Midah	No. 15, 16 & 17 Jalan Midah Satu Taman Midah, Cheras 56000 Kuala Lumpur	03-9131 9388	03-9132 6388
4	Bangsar Baru	38 & 40 Jalan Telawi, Bangsar Baru 59000 Kuala Lumpur	03-2283 6288	03-2283 1288	21	Taman Sungai Besi	38, Jalan 7/108C Jalan Sungai Besi Taman Sungai Besi 57100 Kuala Lumpur	03-7980 0747	03-7980 3652
5	Brickfields	150, Jalan Tun Sambanthan 50470 Kuala Lumpur	03-2274 7100	03-2274 9568	22	Taman Sri Hartamas	2, Jalan Sri Hartamas 8 Taman Sri Hartamas 50480 Kuala Lumpur	03-6201 2743	03-6201 2751
6	Bukit Bintang	No. 53 & 55 Jalan Sultan Ismail 50250 Kuala Lumpur	03-2148 8077	03-2148 3488	23	Wangsa Maju	10, Jalan 1/27B, Section 1 Bandar Wangsa Maju 53300 Kuala Lumpur	03-4142 2989	03-4143 7588
7	Danau Kota	No. 29 & 30 Platinum Walk 2 Jalan Langkawi 53300 Setapak, Kuala Lumpur	03-4143 3222	03-4142 6550					

DEPOSITS-i

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PROXY FORM

No. of shares held

I/WE _____

(FULL NAME IN BLOCK LETTERS)

NRIC/Company No. _____

of _____

(FULL ADDRESS)

being a member of EON CAPITAL BERHAD, hereby appoint

(FULL NAME)

of _____

(FULL ADDRESS)

or failing him/her _____

(FULL NAME)

of _____

(FULL ADDRESS)

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the annual general meeting of the Company to be held at Nirwana Ballroom, Crowne Plaza Mutiara Hotel, Jalan Sultan Ismail, Kuala Lumpur on Monday, 20 June 2011 at 9:00 a.m. and at any adjournment thereof, as indicated below:

NO RESOLUTIONS	FOR	AGAINST
1. Adoption of the Reports of the Directors and Auditors and the Audited Financial Statements for the financial year ended 31 December 2010.		
2. Re-election of Mr. Wee Hoe Soon @ Gooi Hoe Soon as Director in accordance with Article 97 of the Company's Articles of Association.		
3. Re-election of Y.M. Tengku Azman ibni Almarhum Sultan Abu Bakar as Director in accordance with Article 97 of the Company's Articles of Association.		
4. Re-election of Y.Bhg. Dato' Sri Dr. Tiong Ik King as Director in accordance with Article 97 of the Company's Articles of Association.		
5. Re-election of Mr. Rin Kei Mei as Director in accordance with Section 129(6) of the Companies Act, 1965.		
6. Approval for the payment of non-executive directors' fees of RM951,370.00 for the financial year ended 31 December 2010.		
7. Re-appointment of Messrs. PricewaterhouseCoopers as Auditors and authorising the Directors to fix their remuneration.		
8. General authority for the Directors to issue shares.		
9. Proposed Share Buy-Back.		

Please indicate with an "X" in the spaces above on how you wish your vote to be cast. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fit.

Dated this _____ day of _____ 2011

Signature/Seal

Notes:

- A member entitled to attend and vote at the meeting may appoint one (1) or more proxies to attend and vote on his behalf. A proxy may but need not be a member of the Company. **If the proxy is not a member of the Company, he/she must be an advocate, an approved company auditor or a person approved by Companies Commission of Malaysia in a particular case.**
- Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- The instrument appointing a proxy must be deposited at the Registered Office of the Company at 12th Floor, Menara EON Bank, No. 288, Jalan Raja Laut, 50350 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
- The Form of Proxy, in the case of an individual shall be signed by the appointor or his attorney, and in the case of a corporation, either under its Common Seal or under the hand of an officer or attorney duly authorised.

Stamp

Company Secretary
EON CAPITAL BERHAD 454644-K
12th Floor, Menara EON Bank
288, Jalan Raja Laut
50350 Kuala Lumpur

fold here

EON CAPITAL BERHAD
454644-K

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Mr. Rozario, Investor

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ANALYSIS OF SHAREHOLDINGS

AS AT 30 APRIL 2011

Class of shares : Ordinary Shares of RM1.00 each fully paid

Voting Rights : One vote per ordinary share

DISTRIBUTION OF SHAREHOLDERS

Size of Shareholding	Number of Shareholders	% of Shareholders	Total Holdings	% of Total Holdings
Less than 100	1,077	13.51	45,405	0.01
100 – 1,000	2,280	28.60	1,830,054	0.26
1,001 – 10,000	3,800	47.67	12,964,704	1.87
10,001 – 100,000	638	8.00	18,278,242	2.64
100,001 to less than 5% of issued shares	172	2.16	220,988,911	31.88
5% and above of issued shares	5	0.06	439,101,416	63.34
Total	7,972	100.00	693,208,732	100.00

SUBSTANTIAL SHAREHOLDERS

Name	No. of Shares Held Direct	No. of Shares Held Indirect	%
Primus Pacific Partners 1 L. P.	140,010,525 ^(a)	-	20.20
R. H. Development Corporation Sdn Bhd ("RHD")	112,717,213 ^(b)	-	16.26
Employees Provident Fund	78,698,434 ^(c)	-	11.35
Kualapura (M) Sdn Bhd ("Kualapura")	77,050,465	-	11.12
Khazanah Nasional Berhad	69,320,892	-	10.00
Y. Bhg. Tan Sri Datuk Sir Diong Hiew King @ Tiong Hiew King	-	118,640,080 ^(d)	17.11
Y. Bhg. Dato' Sri Dr. Tiong Ik King	43	118,640,080 ^(d)	17.11
Y. Bhg. Dato' Tiong Ing	-	118,640,080 ^(d)	17.11
Mr. Rin Kei Mei	389,550	106,754,411 ^(e)	15.46
Mr. Rin Nan Lun	-	107,143,961 ^(f)	15.46
Mitsubishi Motor Corporation	-	77,050,465 ^(g)	11.12
Mitsubishi Corporation	-	77,050,465 ^(g)	11.12

Notes:

- (a) Shares are registered under Public Nominees (Asing) Sdn Bhd.
 (b) Including shares registered under CIMB Group Nominees (Tempatan) Sdn Bhd.
 (c) Including shares held through nominee companies.
 (d) Deemed interested in EON Capital by virtue of his/her substantial direct and indirect interest in RHD and Tiong Toh Siong Holdings Sdn Bhd.
 (e) Deemed interested in EON Capital by virtue of his deemed substantial interest in Kualapura and substantial direct interest in Lintang Emas Sdn Bhd.
 (f) Deemed interested in EON Capital by virtue of him being Mr. Rin Kei Mei's son.
 (g) Deemed interested in EON Capital by virtue of its substantial interest in Kualapura.

DIRECTORS' INTERESTS

Name	No. of Shares Held Direct	No. of Shares Held Indirect	%
Mr. Wee Hoe Soon @ Gooi Hoe Soon	1,000	-	0.00
Y.M. Tengku Azman Ibni Almarhum Sultan Abu Bakar	-	-	-
Y.M. Tengku Dato' Ahmad Faisal bin Tengku Ibrahim	-	-	-
Y.Bhg. Dato' Sri Dr. Tiong Ik King	43	118,640,080 ^(a)	17.11
Y.Bhg. Datuk Haron bin Siraj	-	-	-
Dr. Zaha Rina binti Zahari	-	-	-
Encik Ahmad Riza bin Basir	-	-	-
Mr. Nicholas John Lough @ Sharif Lough bin Abdullah	-	-	-
Mr. Rin Kei Mei	389,550	106,754,411 ^(b)	15.46

Notes:

- (a) Deemed interested in EON Capital by virtue of his substantial direct and indirect interest in RHD and Tiong Toh Siong Holdings Sdn Bhd.
 (b) Deemed interested in EON Capital by virtue of his deemed substantial interest in Kualapura and substantial direct interest in Lintang Emas Sdn Bhd.

LIST OF THIRTY LARGEST SHAREHOLDERS

AS PER THE REGISTER OF DEPOSITORS AS AT 30 APRIL 2011

Name of Shareholders	Shares	%
1. Public Nominees (Asing) Sdn Bhd	140,010,525	20.20
Primus Pacific Partners 1 LP		
2. CIMB Group Nominees (Tempatan) Sdn Bhd	80,500,000	11.61
R.H Development Corporation Sdn Bhd		
3. Kualapura (M) Sdn Bhd	77,050,465	11.12
4. Citigroup Nominees (Tempatan) Sdn Bhd	72,219,534	10.42
Employees Provident Fund Board		
5. Khazanah Nasional Berhad	69,320,892	10.00
6. Lintang Emas Sdn Bhd	29,703,946	4.29
7. CIMSEC Nominees (Tempatan) Sdn Bhd	23,500,000	3.39
R.H Development Corporation Sdn Bhd		
8. HDM Nominees (Asing) Sdn Bhd	14,382,600	2.07
UOB Kay Hian (Hong Kong) Limited		
9. Musman Holdings Sdn Bhd	11,251,157	1.62
10. Empire Wood Sdn Bhd	7,461,950	1.08
11. Lembaga Kemajuan Bintulu	6,124,588	0.88
12. Tiong Toh Siong Holdings Sdn Bhd	5,922,867	0.85
13. Citigroup Nominees (Asing) Sdn Bhd	5,779,300	0.83
Lien Chin Hui		
14. Citigroup Nominees (Tempatan) Sdn Bhd	5,500,000	0.79
R.H Development Corporation Sdn Bhd		
15. Amanahraya Trustees Berhad	5,079,000	0.73
Amanah Saham Malaysia		
16. Siva Kumar A/L M Jayapalan	5,000,037	0.72
17. Citigroup Nominees (Tempatan) Sdn Bhd	4,024,300	0.58
Employees Provident Fund Board		
18. HSBC Nominees (Asing) Sdn Bhd	3,750,000	0.54
Lee Rubber Company Pte Ltd		
19. Citigroup Nominees (Asing) Sdn Bhd	3,626,007	0.52
Dimensional Emerging Markets Value Fund		
20. Malaysia Nominees (Tempatan) Sendirian Berhad	3,525,200	0.51
Great Eastern Life Assurance (Malaysia) Bhd		
21. HSBC Nominees (Asing) Sdn Bhd	3,304,500	0.48
JP Morgan Securities Limited		
22. HSBC Nominees (Asing) Sdn Bhd	3,300,000	0.48
Credit Suisse		
23. R.H Development Corporation Sdn Bhd	3,217,213	0.46
24. Citigroup Nominees (Tempatan) Sdn Bhd	3,202,660	0.46
Prudential Fund Management Berhad		
25. Citigroup Nominees (Tempatan) Sdn Bhd	3,185,100	0.46
American International Assurance Bhd		
26. Citigroup Nominees (Tempatan) Sdn Bhd	3,000,000	0.43
Oriental Rubber & Palm Oil Sdn Bhd		
27. RHB Nominees (Tempatan) Sdn Bhd	2,500,000	0.36
Mohamed Ayub bin Mohamed Ali		
28. HSBC Nominees (Asing) Sdn Bhd	2,318,505	0.33
The Bank of New York Mellon		
29. Malaysia Nominees (Tempatan) Sendirian Berhad	2,001,800	0.29
Great Eastern Life Assurance (Malaysia) Bhd		
30. M.I.T. Nominees (Tempatan) Sdn Bhd	1,834,800	0.26
Ong Saw Peng		
Total	601,596,946	86.78

DEPOSITS



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