

EON CAPITAL TRANSFORMATION PLAN BEARS FRUIT WITH STRONG Q1-2010 RESULTS

Group in a better position to become “The Preferred Malaysian Bank” with Pre-Tax Profit surging by 23.2% to RM131.9 million, ROE after tax registering at 10.9% and Capital Ratios strengthening to 14.9%

Highlights for 1st Quarter 2010:

- **Achieved FRS139 Reporting Standards:** The financial statements prepared for this report was conducted in compliance with the Financial Reporting Standards 139 (FRS139), underscoring the Banking Group’s commitment to the highest standards of corporate governance.
- **Increased Pre-Tax Profits:** Pre-tax profits increased by 23.2% owing mainly to higher net interest income, increase in Islamic banking earnings by 30.2%, and non-interest income from transactional services.
- **Return on Equity (ROE) and Return on Assets (ROA):** The pre-tax return on equity (ROE) rose to 14.7% from 12.5% in FY2009, whilst ROE after tax for the quarter was 10.9%.
- **Solid Loans and Deposits Growth:** Outstanding loans expanded by RM780 million for the quarter, or 9.7% on an annualised basis, to RM32.8 billion, the highest loans growth achieved in more than a decade. Customer deposits grew to RM34.9 billion for the quarter, or by 13.2% on an annualised basis.
- **Increased Market Share:** Gained market share in all key segments, including car financing, housing loans, credit cards and SME loans.

EON Capital Berhad (“ECB”), the holding company of the EON Bank Group, today announced that the Group achieved a pre-tax profit of RM131.9 million for the quarter ended 31 March 2010. This represents a jump of RM24.9 million or 23.2% compared to first quarter of 2009. The Group’s net profit after tax was also RM22.9% higher at RM97.8 million, which translates into net earnings per share for the quarter of 14.1 sen. Accordingly, the book value per share has risen to RM5.22 as at end-March 2010.

On announcing EON Bank Group’s results, its Group Chief Executive Officer Michael Lor said, “We are delighted to announce such positive results for the Group. This indicates that it is truly ‘business as usual’ for us, despite the corporate developments at the holding company. We are very pleased that our first quarter results have set a solid foundation for the current year and will set us on the path for further growth for the rest of the year. Our loans growth accelerated to 9.7% while deposits grew even faster at 13.2%. We have a strong capital adequacy ratio of 14.9%, while our asset quality continues to improve with gross impaired loans declining from 4.3% as at end-December 2009 to 4.2% as at end-March 2010. The impaired loans coverage ratio stood at 83%, as at end-March 2010. Our investments in infrastructure, systems and people in building a strong cohesive team coupled with our strategic branding initiatives are bearing fruits and we are confident of achieving our vision of becoming ‘The Preferred Malaysian Bank’”.

Lor continued by outlining several of the Group’s key performance indicators, saying, “We are leveraging on the economic upturn with intensified marketing efforts, resulting in total loans outstanding expanding by RM780 million or 9.7% during the quarter to RM32.8 billion. This represents the highest growth rate we have achieved in the past three years”.

The Group's net loans, advances and financing were driven mainly by growth in housing loans (+RM571 million or an annualised 29.2%), other term loans and financing (+RM384 million or an annualised 23.1%), hire purchase receivables (+RM75 million or an annualised 2.4%), credit cards (+RM8 million or an annualised 2.4%), as well as commercial lending to SMEs (+RM333 million or 19.7%). The Group's lending is mainly concentrated in consumer and SME lending, which accounts for 60.1% and 20.9% respectively of the total loans outstanding as at end-March 2010. Islamic banking financing recorded a growth of RM84 million for the quarter, or 7.0% annualised, for the first quarter 2010.

The Group continued to register a strong growth in deposits from customers by 13.2% on an annualised basis. This is mainly due to competitive interest rates and extensive promotions such as its *FD Mad Grab*, *Savers Go Places*, and the *Mumtaz Children's Savings Account* by the Group's Islamic banking subsidiary, EONCAP Islamic Bank Berhad.

Lor asserted, "For the remainder of 2010, we will continue to focus on building sustainable returns from our core businesses of consumer and SME banking, while also developing new revenue streams around several targeted offerings, including bancassurance, corporate and investment banking, treasury, as well as priority banking".

He then continued, "These results indicate to us that we are on track towards achieving our 3-year strategic business plans for 2010-2012. All of us within the organisation remain passionate and committed towards realizing our collective vision and mission to become 'The Preferred Malaysian Bank' with best-in-class standards in delivery capabilities, customer experiences and performance excellence for lasting, fulfilling banking relationships with our customers".

Lor went on to elaborate that apart from leveraging on its core businesses and expanding to new revenue streams, the Banking will also seek to enhance its risk management and credit culture; to encourage a performance motivated organization driven by engaged employees; and to excel in enhancing corporate efficiency.

The Group is also pleased to note that the financial statements prepared for this report was conducted in compliance with the Financial Reporting Standards 139 (FRS139), underscoring the Banking Group's commitment to the highest standards of corporate governance.

EON Bank Group is expected to report a satisfactory financial performance for the remaining of 2010.

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ABOUT EON BANK GROUP

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

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

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

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

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

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