

EON CAPITAL BERHAD
(454644-K)

CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED BALANCE SHEETS
AS AT 31 MARCH 2008

	Note	Unaudited 31 March 2008 RM'000	Audited 31 December 2007 RM'000
ASSETS			
Cash and short-term funds		5,278,885	5,547,918
Deposits and placements with banks and other financial institutions		1,852,246	623,841
Held-for-trading securities	10	7,326	7,418
Derivative financial instruments	18	21,616	10,004
Available-for-sale securities	11	3,406,484	3,713,112
Held-to-maturity securities	12	561,405	592,300
Loans, advances and financing	13	27,961,068	28,232,794
Other assets	14	855,871	805,133
Statutory deposits with Bank Negara Malaysia		1,056,964	1,065,182
Deferred tax assets		154,216	153,134
Property, plant and equipment		270,792	272,598
Goodwill		96,448	96,448
TOTAL ASSETS		41,523,321	41,119,882
LIABILITIES AND SHAREHOLDERS' FUNDS			
Deposits from customers	16	28,005,187	26,912,672
Deposits and placements of banks and other financial institutions	17	6,647,475	7,665,129
Derivative financial instruments	18	28,215	19,970
Bills and acceptances payable		1,703,338	1,563,019
Other liabilities	19	1,026,784	904,042
Provision for taxation and zakat		48,913	44,640
Subordinated obligations	37	704,532	726,135
Borrowings	38	148,122	147,864
TOTAL LIABILITIES		38,312,566	37,983,471
SHARE CAPITAL		693,209	693,209
RESERVES		2,517,546	2,443,202
SHAREHOLDERS' FUNDS		3,210,755	3,136,411
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS		41,523,321	41,119,882
COMMITMENTS AND CONTINGENCIES	25	19,777,700	20,578,668
NET ASSETS PER ORDINARY SHARE (RM)		4.63	4.52

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2008

	Note	<u>Individual quarter</u>		<u>Cumulative quarter</u>	
		<u>Current financial quarter ended 31 March 2008</u>	<u>Preceding year corresponding quarter ended 31 March 2007</u>	<u>Current financial period ended 31 March 2008</u>	<u>Preceding year corresponding period ended 31 March 2007</u>
		<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Interest income	20	485,619	492,482	485,619	492,482
Interest expense	21	(246,808)	(277,795)	(246,808)	(277,795)
Net interest income		238,811	214,687	238,811	214,687
Net income from Islamic Banking business	28	43,083	37,385	43,083	37,385
		281,894	252,072	281,894	252,072
Other operating income	22	67,118	74,799	67,118	74,799
Net income		349,012	326,871	349,012	326,871
Other operating expenses	23	(158,279)	(135,242)	(158,279)	(135,242)
Net operating profit		190,733	191,629	190,733	191,629
Allowances for losses on loans, advances and financing	24	(84,787)	(117,991)	(84,787)	(117,991)
Impairment losses on securities		(392)	(22,972)	(392)	(22,972)
Profit before taxation and zakat		105,554	50,666	105,554	50,666
Taxation		(27,507)	(13,303)	(27,507)	(13,303)
Zakat		(1,419)	(1,074)	(1,419)	(1,074)
Net profit for the financial quarter		<u>76,628</u>	<u>36,289</u>	<u>76,628</u>	<u>36,289</u>
Earnings per share (sen)					
- Basic	45	11.05	5.23	11.05	5.23
- Diluted	45	11.05	5.23	11.05	5.23

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2008

	Issued and fully paid ordinary shares of RM1 each			Cashflow hedge reserve	Available- for-sale securities reserve	Retained profits	Total
	Share capital	Share premium	Statutory reserve				
Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2008	693,209	1,066,296	592,166	-	40,444	744,296	3,136,411
Net fair value changes in available-for-sale securities, net of tax	-	-	-	-	(2,284)	-	(2,284)
Income and expense recognised directly in equity	-	-	-	-	(2,284)	-	(2,284)
Net profit for the financial quarter	-	-	-	-	-	76,628	76,628
Total recognised income and expense for the financial quarter	-	-	-	-	(2,284)	76,628	74,344
Balance as at 31 March 2008	693,209	1,066,296	592,166	-	38,160	820,924	3,210,755
Balance as at 1 January 2007	693,209	1,066,296	532,032	(2,367)	45,389	662,815	2,997,374
Net fair value changes in available-for-sale securities, net of tax	-	-	-	-	14,136	-	14,136
Cash flow hedge reserve, net of tax	-	-	-	1,166	-	-	1,166
Income and expense recognised directly in equity	-	-	-	1,166	14,136	-	15,302
Net profit for the financial quarter	-	-	-	-	-	36,289	36,289
Total recognised income and expense for the financial quarter	-	-	-	1,166	14,136	36,289	51,591
Balance as at 31 March 2007	693,209	1,066,296	532,032	(1,201)	59,525	699,104	3,048,965

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED CASH FLOW STATEMENT
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2008

	Current financial quarter ended 31 March 2008 RM'000	Preceding year corresponding quarter ended 31 March 2007 RM'000
Cash Flows From Operating Activities		
Net profit for the financial quarter	76,628	36,289
Adjustments for investing and financing items not involving movement of cash and cash equivalents	115,918	115,369
Operating profit before working capital changes	192,546	151,658
Increase in operating assets	(1,138,966)	(549,831)
Increase in operating liabilities	344,523	808,056
Cash (used in)/generated from operations	(601,897)	409,883
Zakat paid	-	(864)
Income tax paid	(24,339)	(31,312)
Income tax refund	4,063	5,549
Net cash (used in)/generated from operating activities	(622,173)	383,256
Cash Flows From Investing Activities		
Proceeds from sale of available-for-sale and held-to-maturity securities, net of purchases	325,717	276,053
Purchase of property, plant and equipment	(7,808)	(5,340)
Proceeds from disposal of property, plant and equipment	395	8
Interest received from available-for-sales and held-to-maturity securities	53,435	88,798
Net dividends received	119	154
Net cash generated from investing activities	371,858	359,673
Cash Flows From Financing Activities		
Net interest received for interest rate related derivatives	1,286	26,849
Interest paid on subordinated obligations	(20,004)	(21,372)
Net cash (used in)/generated from financing activities	(18,718)	5,477
Net (decrease)/increase in cash and cash equivalents	(269,033)	748,406
Cash and cash equivalents:		
- as at beginning of the financial quarter	5,547,918	3,080,304
- as at end of the financial quarter	5,278,885	3,828,710

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Disclosure requirements pursuant to Malaysian Accounting Standards Board's (MASB) Standard No. FRS 134 (Interim Financial Reporting) and Bank Negara Malaysia's Revised Guidelines on Financial Reporting for Licensed Institutions (revised BNM/GP8).

1. Basis of Preparation

The condensed interim financial statements have been prepared in accordance with the Malaysian Accounting Standards Board's (MASB) Standard, No. FRS 134 - Interim Financial Reporting, Bank Negara Malaysia's Revised Guidelines on Financial Reporting for Licensed Institutions (revised BNM/GP8) and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad, and should be read in conjunction with the Group's financial statements for the financial year ended 31 December 2007.

The accounting policies, accounting estimates and methods of computation adopted by the Group for the condensed interim financial statements are consistent with those adopted in its latest audited financial statements for the financial year ended 31 December 2007, except for those disclosed in Note 2 of these explanatory notes.

2. Changes in Accounting Policies

During the financial quarter, the Group adopted the revised FRS and interpretations to FRS issued by MASB that are relevant and effective for the financial period beginning on 1 January 2008. The revised FRS that are relevant to the Group are as follows:

- FRS 107 Cash Flow Statements
- FRS 112 Income Taxes
- FRS 118 Revenue
- FRS 134 Interim Financial Reporting
- FRS 137 Provisions, Contingent Liabilities and Contingency Assets

The adoption of the revised FRS does not have any significant financial impact on the financial results and position of the Group.

3. Audit Report

The audit report of the latest audited annual financial statements was not subject to any qualification.

4. Seasonality or Cyclicity of Operations

The business operations of the Group have not been affected by any material seasonal or cyclical factors.

5. Items Affecting Net Income and Cash Flow

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group during the financial quarter ended 31 March 2008.

6. Changes in Estimates

There were no significant changes in estimates arising from prior financial quarter/year that have a material effect on the financial results and position of the Group for the financial quarter ended 31 March 2008.

7. Issuance and Repayments

There were no cancellation, repurchase, resale or repayment of debt and equity securities during the current financial quarter ended 31 March 2008.

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8. Dividends Paid During the Current Financial Quarter

There were no interim dividends paid or declared in respect of financial year ending 31 December 2008 during the financial quarter ended 31 March 2008.

9. Segment reporting

(a) Segment revenue and segment results

<u>Group</u>	<u>Enterprise Banking</u> RM'000	<u>Retail Banking</u> RM'000	<u>Islamic Banking</u> RM'000	<u>Treasury and Investment Banking</u> RM'000	<u>Total</u> RM'000
<u>Current financial quarter/period ended 31 March 2008</u>					
Gross operating revenue from external parties ⁽¹⁾	134,609	285,850	84,769	132,016	637,244
Inter-segment gross operating revenue ⁽²⁾	70,689	117,472	-	160,463	348,624
Total segment revenue	<u>205,298</u>	<u>403,322</u>	<u>84,769</u>	<u>292,479</u>	<u>985,868</u>
Segment results	8,280	22,245	16,817	60,314	107,656
Unallocated costs					<u>(2,102)</u>
Profit before taxation and zakat					105,554
Taxation and zakat					<u>(28,926)</u>
Net profit for the financial quarter/period ended 31 March 2008					<u><u>76,628</u></u>
<u>Preceding year corresponding quarter/period ended 31 March 2007</u>					
Gross operating revenue from external parties ⁽¹⁾	126,010	286,263	73,911	154,547	640,731
Inter-segment gross operating revenue ⁽²⁾	71,427	109,353	-	141,844	322,624
Total segment revenue	<u>197,437</u>	<u>395,616</u>	<u>73,911</u>	<u>296,391</u>	<u>963,355</u>
Segment results	(7,189)	19,387	10,213	32,664	55,075
Unallocated costs					<u>(4,409)</u>
Profit before taxation and zakat					50,666
Taxation and zakat					<u>(14,377)</u>
Net profit for the financial quarter/period ended 31 March 2007					<u><u>36,289</u></u>

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9. Segment reporting (continued)

(b) Segment assets

<u>Group</u>	<u>Enterprise Banking</u> RM'000	<u>Retail Banking</u> RM'000	<u>Islamic Banking</u> RM'000	<u>Treasury and Investment Banking</u> RM'000	<u>Total</u> RM'000
As at					
<u>31 March 2008</u>					
Segment assets	8,961,689	14,630,643	6,340,166	10,638,735	40,571,233
Unallocated assets					952,088
Total assets					<u>41,523,321</u>
As at					
<u>31 December 2007</u>					
Segment assets	9,071,555	14,727,313	6,091,382	10,272,166	40,163,416
Unallocated assets					956,466
Total assets					<u>41,119,882</u>

⁽¹⁾ Gross operating revenue from external parties comprise gross interest income received from loans, advances and financing (net of interest/income suspended), financial investments (net of accretion of discount less amortisation of premium) and inter-bank placements and deposits, gains or losses from financial investments, fee income, gross income received from Islamic Banking and other operating revenue.

⁽²⁾ With effect from 1 January 2008, the Group has implemented internal fund transfer pricing to reflect the market cost of funding the assets acquired by each segment and reflect the actual performance of the segment. The inter-segment gross operating revenue mainly comprise of gross interest income allocated to each segment based on internal fund transfer pricing methodology. The comparatives figures have been adjusted to reflect the current practice.

No information by geographical segments is disclosed as the Group carried out its operations predominantly in Malaysia.

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10. Held for Trading Securities

	Unaudited 31 March 2008	Audited 31 December 2007
	RM'000	RM'000
Quoted equity securities in Malaysia	2,385	2,500
Private debt securities	4,941	4,918
	<u>7,326</u>	<u>7,418</u>

11. Available-for-sale Securities

	Unaudited 31 March 2008	Audited 31 December 2007
	RM'000	RM'000
Available-for-sale securities, at fair value		
Bank Negara Malaysia monetary notes	393,738	224,803
Malaysian Government investment issues	266,848	266,479
Malaysian Government Islamic treasury bills	99,298	98,486
Malaysian Government securities	551,911	751,980
Sukuk Bank Negara Malaysia Ijarah	-	10,002
Cagamas bonds	15,145	154,872
Quoted equity securities in Malaysia	23,153	29,873
Quoted private debt securities	4,400	4,891
Private and Islamic debt securities	1,042,402	1,029,081
Negotiable instruments of deposit	900,127	1,100,239
Islamic negotiable instruments debt securities	96,907	29,809
Commercial papers	-	5,973
Islamic commercial papers	48,287	42,328
	<u>3,442,216</u>	<u>3,748,816</u>
Allowance for impairment	(39,960)	(39,960)
	<u>3,402,256</u>	<u>3,708,856</u>
Available-for-sale securities, at cost		
Unquoted equity securities in Malaysia	6,666	6,666
Unquoted equity securities outside Malaysia	776	804
Allowance for impairment	(3,214)	(3,214)
	<u>4,228</u>	<u>4,256</u>
	<u>3,406,484</u>	<u>3,713,112</u>

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12. Held-to-maturity Securities

	Unaudited 31 March 2008	Audited 31 December 2007
	RM'000	RM'000
Held-to-maturity securities, at amortised cost		
Private and Islamic debt securities	579,123	595,407
Credit link notes denominated in USD	159,750	165,475
	<u>738,873</u>	<u>760,882</u>
Held-to-maturity securities, at cost		
Unquoted equity securities in Malaysia	17,557	17,557
	756,430	778,439
Allowance for impairment	(195,025)	(186,139)
	<u>561,405</u>	<u>592,300</u>

13. Loans, Advances and Financing

	Unaudited 31 March 2008	Audited 31 December 2007
	RM'000	RM'000
Overdrafts/Cash line	2,604,008	2,556,306
Term loans/financing:		
Housing loans/financing	6,808,543	6,731,117
Syndicated term loans/financing	920,605	840,929
Hire purchase receivables	11,276,380	11,395,887
Lease receivables	1	1
Other term loans/financing	5,644,877	6,044,665
Bills receivable	14,723	18,282
Trust receipts	172,917	193,272
Claims on customers under acceptance credit/financing	2,722,614	2,702,920
Staff loans/financing	186,204	189,149
Credit cards	1,008,360	1,010,161
Revolving credit/financing	1,108,613	979,581
Other loans/financing	54,256	29,226
	<u>32,522,101</u>	<u>32,691,496</u>
Less: Unearned interest and income	(3,390,785)	(3,384,574)
Gross loans, advances and financing	29,131,316	29,306,922
Less: Allowances for bad and doubtful debts and financing:		
- Specific	(744,251)	(644,214)
- General	(425,997)	(429,914)
Total net loans, advances and financing	<u>27,961,068</u>	<u>28,232,794</u>

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13. Loans, Advances and Financing (continued)

	Unaudited 31 March 2008	Audited 31 December 2007
	RM'000	RM'000
(i) The loans, advances and financing are disbursed to the following type of customers:		
Domestic non-bank financial institutions (of which: Stockbroking companies)	145,567 -	146,679 -
Domestic business enterprises (of which: Small and medium enterprises)	11,315,980 5,833,862	11,522,192 5,675,611
Government and statutory bodies	24,722	26,563
Individuals	17,480,768	17,523,083
Other domestic entities	26,536	23,638
Foreign entities	137,743	64,767
Gross loans, advances and financing	<u>29,131,316</u>	<u>29,306,922</u>
(ii) The loans, advances and financing analysed by interest rate/profit rate sensitivity are as follows:		
Fixed rate (of which: (i) Housing loans/financing (ii) Hire purchase receivables)	13,105,941 1,597,133 9,676,014	13,286,982 1,613,251 9,774,017
Variable rate (of which: (i) Base lending rate plus (ii) Cost plus)	16,025,375 10,378,507 4,520,344	16,019,940 10,251,554 4,679,927
Gross loans, advances and financing	<u>29,131,316</u>	<u>29,306,922</u>
(iii) The loans, advances and financing analysed by their economic purposes are as follows:		
Agriculture, hunting, forestry and fishing	355,129	365,394
Mining and quarrying	104,595	253,821
Manufacturing	3,140,384	3,044,900
Electricity, gas and water	195,736	198,042
Construction (of which: Infrastructure)	2,221,696 99,295	2,354,005 98,449
Real estate	1,258,705	1,230,511
Purchase of landed property (of which: (i) Residential (ii) Non-residential)	6,513,617 5,784,343 729,275	6,449,311 5,722,250 727,061
Wholesale and retail trade and restaurants and hotels	2,490,139	2,480,382
Transport, storage and communication	487,575	500,385
Finance, insurance and business services	599,293	635,829
Purchase of securities	362,514	387,541
Purchase of transport vehicles	8,719,193	8,835,004
Consumption credit	1,947,534	1,933,525
Others	735,206	638,272
Gross loans, advances and financing	<u>29,131,316</u>	<u>29,306,922</u>

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13. Loans, Advances and Financing (continued)

	Unaudited 31 March 2008 RM'000	Audited 31 December 2007 RM'000
(iv) Movements in non-performing loans, advances and financing are as follows:		
Balance as at 1 January	1,847,443	1,909,258
Classified as non-performing during the financial quarter/year	1,072,922	4,493,429
Reclassified as performing during the financial quarter/year	(899,803)	(3,592,005)
Amount converted to securities	-	(4,224)
Amount recovered	(120,377)	(584,449)
Amount written off	(16,288)	(374,566)
Balance as at 31 March / 31 December	<u>1,883,897</u>	<u>1,847,443</u>
 Non-performing loans, advances and financing which have no adverse financial impact on the Group	 <u>(139,462)</u>	 <u>(142,030)</u>
	1,744,435	1,705,413
Specific allowance	<u>(609,418)</u>	<u>(518,322)</u>
Net non-performing loans, advances and financing	<u>1,135,017</u>	<u>1,187,091</u>
As % of total loans, advances and financing, net of specific allowance	<u>4.0%</u>	<u>4.1%</u>
 (v) The non-performing loans, advances and financing analysed by their economic purposes are as follows:		
Agriculture, hunting, forestry and fishing	15,662	15,313
Mining and quarrying	190	42
Manufacturing	243,276	229,043
Electricity, gas and water	188	204
Construction	321,000	305,094
(of which: (i) Infrastructure)	<u>53,037</u>	<u>52,926</u>
Real estate	64,192	61,543
Purchase of landed property	592,485	595,354
(of which: (i) Residential	<u>522,178</u>	<u>523,526</u>
(ii) Non-residential)	<u>70,307</u>	<u>71,828</u>
Wholesale and retail trade and restaurants and hotels	205,055	194,127
Transport, storage and communication	20,825	20,665
Finance, insurance and business services	25,625	40,044
Purchase of securities	29,417	21,150
Purchase of transport vehicles	213,146	207,316
Consumption credit	86,350	84,970
Others	66,486	72,578
	<u>1,883,897</u>	<u>1,847,443</u>

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13. Loans, Advances and Financing (continued)

	Unaudited 31 March 2008 RM'000	Audited 31 December 2007 RM'000
(vi) Movements in allowances for bad and doubtful debts and financing:		
General allowance		
Balance as at 1 January	429,914	414,316
Allowance (written-back)/made during the financial quarter/year	(3,917)	15,598
Balance as at 31 March / 31 December	<u>425,997</u>	<u>429,914</u>
As % of gross loans, advances and financing, net of specific allowance	<u>1.5%</u>	<u>1.5%</u>
Specific allowance		
Balance as at 1 January	644,214	600,660
Allowance made during the financial quarter/year	134,060	567,550
Allowance charged to deferred asset/other assets during the financial quarter/year	11,150	33,068
Amount written back in respect of recoveries/reclassification	(27,118)	(168,356)
Recoveries set-off against deferred asset	(1,767)	(10,300)
Amount transferred to allowance for impairment of securities	-	(3,843)
Amount written off	(16,288)	(374,565)
Balance as at 31 March / 31 December	<u>744,251</u>	<u>644,214</u>

14. Other Assets

	Unaudited 31 March 2008 RM'000	Audited 31 December 2007 RM'000
Trade receivable, net of allowances for bad and doubtful debts and interest in suspense of RM4,664,500 (31.12.2007:RM4,054,000) and RM1,163,900 (31.12.2007:RM1,063,000)	130,859	32,652
Interest/income receivable	63,640	67,526
Other debtors, deposits and prepayments, net of allowances for bad and doubtful debts of RM RM4,311,430 (31.12.2007:RM4,814,300)	444,120	460,103
Deferred asset account	190,183	209,348
Tax recoverable	12,041	20,205
Prepaid lease payments	643	746
Amount due from originating non-banking institutions for mortgage loans sold on their behalf to Cagamas Berhad	14,385	14,553
	<u>855,871</u>	<u>805,133</u>

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15. Valuation of Property, Plant and Equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any.

16. Deposits from Customers

	Unaudited	Audited
	31 March 2008	31 December 2007
	RM'000	RM'000
Demand deposits	3,851,698	3,701,484
Savings deposits	2,701,464	2,595,213
Fixed/investment deposits	20,311,569	19,256,141
Money market deposits	1,140,456	1,359,734
Negotiable Islamic debt certificates	-	100
	28,005,187	26,912,672

(i) The maturity structure of fixed/investment deposits, negotiable certificates of deposit/Islamic debt certificates and money market deposits is as follows:

One year or less	20,644,358	19,729,191
More than one year	807,667	886,784
	21,452,025	20,615,975

(ii) The deposits are sourced from the following type of customers:

Government and statutory bodies	4,360,359	3,483,703
Business enterprises	10,751,873	10,777,968
Individuals	11,993,080	11,869,783
Others	899,875	781,218
	28,005,187	26,912,672

17. Deposits and Placements of Banks and Other Financial Institutions

	Unaudited	Audited
	31 March 2008	31 December 2007
	RM'000	RM'000
Licensed banks	1,611,060	1,891,716
Licensed Islamic banks	180,355	55,000
Licensed investment banks	42,966	14
Bank Negara Malaysia	1,471,031	1,943,405
Other financial institutions	3,342,053	3,774,994
	6,647,475	7,665,129

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EXPLANATORY NOTES

17. Deposits and Placements of Banks and Other Financial Institutions (continued)

	Unaudited 31 March 2008 RM'000	Audited 31 December 2007 RM'000
(i) The maturity structure of deposits and placements of banks and other financial institutions is as follows:		
One year or less	4,740,857	5,555,801
More than one year	1,906,618	2,109,328
	<u>6,647,475</u>	<u>7,665,129</u>
Included in the above are negotiable certificates of deposit/ Islamic debt certificates issued by the Group	<u>1,080,335</u>	<u>1,309,253</u>

18. Derivative Financial Instruments

The fair values of derivative financial instruments recognised on balance sheet are as follows:

	Unaudited 31 March 2008 RM'000	Audited 31 December 2007 RM'000
Derivatives at fair value through profit and loss:		
- Interest rate swaps	21,616	10,004
Total derivative financial instruments - assets	<u>21,616</u>	<u>10,004</u>
Derivatives at fair value through profit and loss:		
- Interest rate swaps	15,234	7,120
- Foreign currency forwards	12,981	12,850
Total derivative financial instruments - liabilities	<u>28,215</u>	<u>19,970</u>

19. Other Liabilities

	Unaudited 31 March 2008 RM'000	Audited 31 December 2007 RM'000
Trade payable	110,184	21,568
Other liabilities	687,374	645,257
Interest/dividend payable	226,269	234,960
Profit equalisation reserves	2,957	2,257
	<u>1,026,784</u>	<u>904,042</u>

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20. Interest Income

	Individual quarter		Cumulative quarter	
	Current financial quarter ended 31 March 2008 RM'000	Preceding year corresponding quarter ended 31 March 2007 RM'000	Current financial period ended 31 March 2008 RM'000	Preceding year corresponding period ended 31 March 2007 RM'000
Loans and advances				
- Interest income other than recoveries	379,255	373,454	379,255	373,454
- Recoveries from non-performing loans, advances and financing	13,528	13,980	13,528	13,980
Money at call and deposit placements with financial institutions	57,241	56,137	57,241	56,137
Held for trading securities	8,910	9,294	8,910	9,294
Available-for-sale securities	35,743	42,096	35,743	42,096
Held-to-maturity securities	5,511	7,904	5,511	7,904
	500,188	502,865	500,188	502,865
Amortisation of premium less accretion of discount	(3,525)	2,073	(3,525)	2,073
Interest suspended	(11,044)	(12,456)	(11,044)	(12,456)
Total interest income	485,619	492,482	485,619	492,482

21. Interest Expense

	Individual quarter		Cumulative quarter	
	Current financial quarter ended 31 March 2008 RM'000	Preceding year corresponding quarter ended 31 March 2007 RM'000	Current financial period ended 31 March 2008 RM'000	Preceding year corresponding period ended 31 March 2007 RM'000
Deposits and placements of banks and other financial institutions	35,951	62,602	35,951	62,602
Deposits from customers	193,586	199,257	193,586	199,257
Subordinated obligations	13,815	11,138	13,815	11,138
Long term borrowings	2,782	4,413	2,782	4,413
Others	674	385	674	385
	246,808	277,795	246,808	277,795

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22. Other Operating Income

	<u>Individual quarter</u>		<u>Cumulative quarter</u>	
	<u>Current financial quarter ended 31 March 2008</u>	<u>Preceding year corresponding quarter ended 31 March 2007</u>	<u>Current financial period ended 31 March 2008</u>	<u>Preceding year corresponding period ended 31 March 2007</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Fee and commission income:				
- Commission	10,996	9,690	10,996	9,690
- Service charges and fees	28,096	27,740	28,096	27,740
- Guarantee fees	3,002	3,606	3,002	3,606
- Advisory and arrangement fees	3,729	6,941	3,729	6,941
- Underwriting commission	1,599	1,396	1,599	1,396
- Brokerage	2,907	5,395	2,907	5,395
Net gains/(losses) arising from sale of securities:				
- Held for trading securities	535	5,172	535	5,172
- Available-for-sale securities	-	7,565	-	7,565
Net gains on redemption of held-to- maturity securities	1,665	-	1,665	-
Dividend income				
- Available-for-sale securities	119	154	119	154
Net unrealised (losses)/gains on fair value changes on held for trading securities	(86)	1,976	(86)	1,976
Net unrealised gains/(losses) on fair value changes on derivatives held at fair value through profit and loss:				
- interest rate derivatives	3,498	(2,119)	3,498	(2,119)
- foreign currency forwards	(131)	13,675	(131)	13,675
- indexed linked equity derivatives	-	(106)	-	(106)
Net unrealised gains on fair value changes between the subordinated debts and interest rate derivatives designated as fair value hedge	-	408	-	408
Net gains/(losses) from foreign exchange translations	8,629	(10,741)	8,629	(10,741)
Other income/(expenditure):				
- Rental income from premises	701	785	701	785
- Gains on disposal of property, plant and equipment	9	6	9	6
- Other operating income	2,090	2,141	2,090	2,141
- Other non-operating income	510	559	510	559
- Net allowances (made)/written-back in respect of other bad and doubtful debts	(750)	492	(750)	492
- Other bad debts recovered	-	64	-	64
	<u>67,118</u>	<u>74,799</u>	<u>67,118</u>	<u>74,799</u>

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23. Other Operating Expenses

	Individual quarter		Cumulative quarter	
	Current financial quarter ended 31 March 2008 RM'000	Preceding year corresponding quarter ended 31 March 2007 RM'000	Current financial period ended 31 March 2008 RM'000	Preceding year corresponding period ended 31 March 2007 RM'000
Personnel expenses	86,388	71,251	86,388	71,251
Promotion and marketing related expenses	10,126	10,730	10,126	10,730
Establishment related expenses	29,319	27,420	29,319	27,420
General administrative expenses	32,445	25,841	32,445	25,841
	158,278	135,242	158,278	135,242

(i) Personnel expenses comprise the following:

Salaries, bonuses and allowances	70,630	57,956	70,630	57,956
Defined contribution plan	11,798	9,633	11,798	9,633
Other employee benefits	3,960	3,662	3,960	3,662
	86,388	71,251	86,388	71,251

(ii) Promotion and marketing related expenses comprise the following:

Hire-purchase handling fees and commissions	6,801	6,707	6,801	6,707
Others	3,325	4,023	3,325	4,023
	10,126	10,730	10,126	10,730

(iii) Establishment related expenses comprise the following:

Depreciation of property, plant and equipment	9,139	9,579	9,139	9,579
Repair and maintenance	5,471	5,394	5,471	5,394
Rental of premises	5,998	4,773	5,998	4,773
Hire of equipment	887	756	887	756
Others	7,824	6,918	7,824	6,918
	29,319	27,420	29,319	27,420

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23. Other Operating Expenses (continued)

	Individual quarter		Cumulative quarter	
	Current financial quarter ended 31 March 2008 RM'000	Preceding year corresponding quarter ended 31 March 2007 RM'000	Current financial period ended 31 March 2008 RM'000	Preceding year corresponding period ended 31 March 2007 RM'000
(iv) General administrative expenses comprise the following:				
Communication costs	4,548	4,421	4,548	4,421
Printing and stationeries	4,310	2,953	4,310	2,953
Loss on disposal of property, plant and equipment	44	4	44	4
Property, plant and equipment written off	45	3	45	3
Legal and other professional charges	10,476	8,834	10,476	8,834
Others	13,022	9,626	13,022	9,626
	32,445	25,841	32,445	25,841

24. Allowances for Losses on Loans, Advances and Financing

	Individual quarter		Cumulative quarter	
	Current financial quarter ended 31 March 2008 RM'000	Preceding year corresponding quarter ended 31 March 2007 RM'000	Current financial period ended 31 March 2008 RM'000	Preceding year corresponding period ended 31 March 2007 RM'000
Allowances for bad and doubtful debts and financing:				
(a) Specific allowance:				
- Made	134,060	149,488	134,060	149,488
- Written back	(27,119)	(22,941)	(27,119)	(22,941)
(b) General allowance:				
- (Written-back)/made	(3,917)	4,160	(3,917)	4,160
Bad debts and financing:				
- Recovered	(18,237)	(12,716)	(18,237)	(12,716)
	84,787	117,991	84,787	117,991

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25. Commitments and Contingencies

In the normal course of business of the banking group, the Group makes various commitments and incurs certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions.

The risk-weighted exposures of the Group are as follows:

	Unaudited			Audited		
	31 March 2008			31 December 2007		
	Principal amount	Credit equivalent amount*	Risk weight amount+	Principal amount	Credit equivalent amount*	Risk weight amount+
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Direct credit substitutes	408,076	408,076	408,076	404,036	404,036	404,036
Certain transaction-related contingent items	1,100,792	550,396	550,396	925,460	462,730	462,730
Short term self-liquidating trade-related contingencies	103,980	20,796	20,796	101,830	20,366	20,366
Assets sold with recourse and commitments with certain drawdown	226,000	226,000	94,823	226,000	226,000	95,871
Obligations under underwriting agreements	264,660	132,330	16,541	476,860	238,430	224,991
Irrevocable commitments to extend credit :						
- maturity more than one year	2,573,442	1,286,721	1,130,680	2,591,710	1,200,485	902,444
- maturity less than one year	9,195,500	1,839,100	1,707,580	8,961,285	-	-
Foreign exchange related contracts						
- maturity less than one year	2,905,958	62,579	43,477	3,833,450	85,408	30,262
Interest rate related contracts						
- maturity more than one year	2,901,625	44,308	8,861	2,958,913	47,844	10,230
Miscellaneous	97,667	-	-	99,124	-	-
	<u>19,777,700</u>	<u>4,570,306</u>	<u>3,981,230</u>	<u>20,578,668</u>	<u>2,685,299</u>	<u>2,150,930</u>

* The credit equivalent amount is arrived at using the credit conversion factors as per Bank Negara Malaysia guidelines.

+ The risk weighted amount as at 31 March 2008 is computed in accordance with Bank Negara Malaysia's revised Risk-Weighted Capital Adequacy Framework: Standardised Approach for Credit and Market Risk, and Basic Indicator Approach for Operational Risk (Basel II), which is effective from 1 January 2008. The comparative figures for risk-weighted amount have not been adjusted for the effects arising from the adoption of the revised framework.

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26. Capital Adequacy

With effect from 1 January 2008, the capital adequacy ratios of the Group are computed in accordance with Bank Negara Malaysia's revised Risk-Weighted Capital Adequacy Framework: Standardised Approach for Credit and Market Risk, and Basic Indicator Approach for Operational Risk (Basel II).

The Group is not required to maintain any capital adequacy ratio requirements. The following disclosure of capital adequacy ratios of the Group is made on a voluntary basis for information only.

	As at 31 March 2008 RM'000	As at 31 December 2007 RM'000
The components of Tier 1 and Tier II Capital are as follows:		
Tier 1 Capital:		
Paid-up share capital	693,209	693,209
Share premium	1,066,296	1,066,296
Retained profits	744,296	744,296
Other reserves	632,610	632,610
	3,136,411	3,136,411
Less: Goodwill	(96,448)	(96,448)
Deferred tax assets	(169,644)	(169,644)
Available-for-sale securities reserve	(40,444)	(40,444)
Total Tier 1 Capital	2,829,875	2,829,875
Tier II Capital:		
Subordinated obligations	704,532	726,135
General allowance for bad and doubtful debts and financing	426,071	430,008
Total Tier II Capital	1,130,603	1,156,143
Total Capital base	3,960,478	3,986,018
Capital ratios:		
Core capital ratio	8.78%	9.22%
Risk-weighted capital ratio	12.29%	12.98%
Core capital ratio (net of proposed dividends)	8.62%	9.04%
Risk-weighted capital ratio (net of proposed dividends)	12.13%	12.80%

The core capital and risk-weighted capital ratio as at 31 December 2007 have not been adjusted for the impacts arising from the adoption of the revised capital framework. Had the revised capital framework been adopted as at 31 December 2007, the core capital and risk-weighted capital ratio of the Group would be 8.49% and 11.96% respectively.

The risk-weighted capital ratio of the banking and finance subsidiary company, EON Bank Berhad, of 11.75%, the Islamic banking subsidiary company, EONCAP Islamic Bank Berhad, of 12.94% and the investment banking subsidiary company, MIMB Investment Bank Berhad, of 75.44% as at 31 March 2008, exceeded the minimum requirements of 8.00% prescribed by Bank Negara Malaysia.

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27. Interest/Profit Rate Risk

	← Non-trading book →					Non-Interest /profit sensitive	Trading book	Total	Effective interest /profit rate %
	Up to 1 month	> 1 - 3 months	> 3 - 12 months	1 - 5 years	Over 5 years				
Unaudited As at 31 March 2008	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Assets									
Cash and short-term funds	5,092,777	-	-	-	-	186,108	-	5,278,885	3.39
Deposits and placements with banks and other financial institutions	-	541,222	1,311,024	-	-	-	-	1,852,246	3.70
Held for trading securities	-	-	-	-	-	-	7,326	7,326	6.51
Derivative financial instruments	-	-	-	-	-	21,616	-	21,616	-
Available-for-sale securities	476,875	781,019	420,444	1,149,805	546,180	32,161	-	3,406,484	3.70
Held-to-maturity securities	199,679	-	95,040	229,250	19,879	17,557	-	561,405	4.07
Loans, advances and financing									
- performing	14,374,435	428,240	511,694	4,251,099	7,674,872	5,309	-	27,245,649	6.74
- non-performing	-	-	-	-	-	715,419 [^]	-	715,419	-
Other assets ⁽¹⁾	6,339	-	-	-	-	2,427,952	-	2,434,291	7.00
Total assets	20,150,105	1,750,481	2,338,202	5,630,154	8,240,931	3,406,122	7,326	41,523,321	

[^] The amount represents non-performing loans, advances and financing, net of specific allowance and general allowance for loans, advances and financing made in accordance with the Group's accounting policy on allowances for bad and doubtful debts and financing.

Note:

(1) Other assets include other assets, statutory deposits with Bank Negara Malaysia, property, plant and equipment, deferred tax assets and goodwill.

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27. Interest/Profit Rate Risk (continued)

Unaudited As at 31 March 2008 (continued)	← Non-trading book →					Non-Interest /profit sensitive	Trading book	Total	Effective interest /profit rate %
	Up to 1 month	> 1 - 3 months	> 3 - 12 months	1 - 5 years	Over 5 years				
Liabilities									
Deposits from customers	11,400,604	4,034,439	7,899,106	807,667	-	3,863,371	-	28,005,187	3.11
Deposits and placements of banks and other financial institutions	1,684,342	1,418,467	1,595,622	1,906,618	-	42,426	-	6,647,475	3.56
Derivative financial instruments	-	-	-	-	-	28,215	-	28,215	-
Bills and acceptances payable	-	-	-	-	-	1,703,338	-	1,703,338	-
Other liabilities ⁽²⁾	40,788	-	-	-	-	1,034,909	-	1,075,697	2.94
Subordinated obligations	-	-	855,000	-	-	(150,468) ¹⁽ⁱⁱ⁾	-	704,532	5.38
Borrowings	-	-	-	150,000	-	(1,878) ¹⁽ⁱ⁾	-	148,122	6.75
Total liabilities	13,125,734	5,452,906	10,349,728	2,864,285	-	6,519,913	-	38,312,566	
Shareholders' Funds	-	-	-	-	-	3,210,755	-	3,210,755	
Total Liabilities and Shareholders' Funds	13,125,734	5,452,906	10,349,728	2,864,285	-	9,730,668		41,523,321	
On-balance sheet interest/profit sensitivity gap	7,024,371	(3,702,425)	(8,011,526)	2,765,869	8,240,931				
Off-balance sheet interest /profit sensitivity gap	80,000	624,999	1	(705,000)	-				
Total interest/profit sensitivity gap	7,104,371	(3,077,426)	(8,011,525)	2,060,869	8,240,931				

- Note:**
- (1) The negative balance represents (i) unamortised discount for long term secured fixed rate bonds, and (ii) unamortised discount on issuance, unamortised cumulative changes in fair value arising from discontinued fair value hedge and foreign currency translation gains of the subordinated obligation calculated in accordance with the Group's accounting policy.
- (2) Other liabilities include other liabilities and provision for taxation and zakat.

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27. Interest/Profit Rate Risk (continued)

	← Non-trading book →					Non-Interest /profit sensitive	Trading book	Total	Effective interest /profit rate %
	Up to 1 month	> 1 - 3 months	> 3 - 12 months	1 - 5 years	Over 5 years				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Audited									
As at 31 December 2007									
Assets									
Cash and short-term funds	5,392,155	-	-	-	-	155,763	-	5,547,918	3.82
Deposits and placements with banks and other financial institutions	-	340,879	282,962	-	-	-	-	623,841	5.60
Held for trading securities	-	-	-	-	-	-	7,418	7,418	6.51
Derivative financial instruments	-	-	-	-	-	10,004	-	10,004	-
Available-for-sale securities	478,804	1,218,518	236,695	1,207,715	531,980	39,400	-	3,713,112	3.57
Held-to-maturity securities	205,403	25,062	85,075	222,400	36,803	17,557	-	592,300	6.68
Loans, advances and financing									
- performing	14,398,880	373,455	462,225	4,472,854	7,744,086	6,151	-	27,457,651	6.71
- non-performing	-	-	-	-	-	775,143 [^]	-	775,143	-
Other assets ⁽¹⁾	5,742	-	-	-	-	2,386,753	-	2,392,495	8.00
Total assets	20,480,984	1,957,914	1,066,957	5,902,969	8,312,869	3,390,771	7,418	41,119,882	

[^] The amount represents non-performing loans, advances and financing, net of specific allowance and general allowance for loans, advances and financing made in accordance with the Group's accounting policy on allowances for bad and doubtful debts and financing.

Note:

(1) Other assets include other assets, statutory deposits with Bank Negara Malaysia, property, plant and equipment, deferred tax assets and goodwill.

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27. Interest/Profit Rate Risk (continued)

Audited As at 31 December 2007 (continued)	← Non-trading book →					Non-Interest /profit sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest /profit rate %
	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000				
Liabilities									
Deposits from customers	11,152,846	4,101,611	7,059,482	886,784	-	3,711,949	-	26,912,672	2.98
Deposits and placements of banks and other financial institutions	3,026,604	1,831,295	861,996	1,905,628	-	39,606	-	7,665,129	3.76
Derivative financial instruments	-	-	-	-	-	19,970	-	19,970	-
Bills and acceptances payable	-	-	-	-	-	1,563,019	-	1,563,019	-
Other liabilities ⁽²⁾	42,773	-	-	-	-	905,909	-	948,682	2.94
Subordinated obligations	-	-	-	855,000	-	(128,865) ¹⁽ⁱⁱ⁾	-	726,135	5.38
Borrowings	-	-	-	150,000	-	(2,136) ¹⁽ⁱ⁾	-	147,864	6.75
Total liabilities	14,222,223	5,932,906	7,921,478	3,797,412	-	6,109,452	-	37,983,471	
Shareholders' Funds	-	-	-	-	-	3,136,411	-	3,136,411	
Total Liabilities and Shareholders' Funds	14,222,223	5,932,906	7,921,478	3,797,412	-	9,245,863	-	41,119,882	
On-balance sheet interest/profit sensitivity gap	6,258,761	(3,974,992)	(6,854,521)	2,105,557	8,312,869				
Off-balance sheet interest /profit sensitivity gap	(644,638)	625,000	-	19,638	-				
Total interest/profit sensitivity gap	5,614,123	(3,349,992)	(6,854,521)	2,125,195	8,312,869				

Note:

- (1) The negative balance represents (i) unamortised discount for long term secured fixed rate bonds, and (ii) unamortised discount on issuance, unamortised cumulative changes in fair value arising from discontinued fair value hedge and foreign currency translation gains of the subordinated obligations calculated in accordance with the Group's accounting policy.
- (2) Other liabilities include other liabilities and provision for taxation and zakat.

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EXPLANATORY NOTES

28. The Operation of Islamic Banking

28(i) Islamic banking assets and liabilities

	Unaudited 31 March 2008	Audited 31 December 2007
	RM'000	RM'000
Included in the Group's balance sheets are Islamic banking assets and liabilities of a subsidiary company as follows:		
ASSETS		
Cash and short term funds	1,278,350	1,004,427
Available-for-sale securities	341,581	287,543
Held-to-maturity securities	-	15,062
Financing and advances (Note 28(iii))	4,504,802	4,553,237
Other assets	55,167	55,751
Statutory deposits with Bank Negara Malaysia	169,916	181,886
Deferred tax assets	19,433	19,203
Property, plant and equipment	2,297	2,525
TOTAL ASSETS	6,371,546	6,119,634
LIABILITIES		
Deposits from customers (Note 28(iv))	3,971,097	3,763,887
Deposits and placements of banks and other financial institutions	1,585,778	1,700,192
Bills and acceptances payable	176,000	138,715
Other liabilities	181,900	72,557
Provision for taxation and zakat	4,181	2,763
TOTAL LIABILITIES	5,918,956	5,678,114
NET ISLAMIC BANKING ASSETS	452,590	441,520
COMMITMENTS AND CONTINGENCIES	1,082,535	949,306

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28. The Operation of Islamic Banking (continued)

28(ii) Financial results contribution from operation of Islamic Banking

	Individual quarter		Cumulative quarter	
	Current financial quarter ended 31 March 2008 RM'000	Preceding year corresponding quarter ended 31 March 2007 RM'000	Current financial period ended 31 March 2008 RM'000	Preceding year corresponding period ended 31 March 2007 RM'000
The financial results contribution from Islamic Banking operation to the Group's financial results are as follows:				
Income derived from investment of depositors' funds	76,593	66,217	76,593	66,217
Income derived from investment of shareholder's funds	8,176	7,694	8,176	7,694
	84,769	73,911	84,769	73,911
Allowances for losses on financing and advances	(7,081)	(10,700)	(7,081)	(10,700)
Transfer to profit equalisation reserve	(700)	(508)	(700)	(508)
Total distributable income	76,988	62,703	76,988	62,703
Income attributable to depositors	(40,986)	(36,018)	(40,986)	(36,018)
Total net income	36,002	26,685	36,002	26,685
Other operating expenses	(19,185)	(16,472)	(19,185)	(16,472)
Profit before taxation and zakat	16,817	10,213	16,817	10,213
Taxation	(4,372)	(2,758)	(4,372)	(2,758)
Zakat	(1,419)	(1,074)	(1,419)	(1,074)
Net profit for the financial quarter	11,026	6,381	11,026	6,381

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28. The Operation of Islamic Banking (continued)

28(iii) Financing and advances

	Unaudited 31 March 2008	Audited 31 December 2007
	RM'000	RM'000
Cash line	356,159	380,389
Term financing		
Housing financing	2,711,468	2,664,259
Hire purchase receivables	1,870,770	1,896,450
Other term financing	1,327,457	1,415,898
Trust receipts and bill receivables	5,523	5,698
Claims on customers under acceptance credit/financing	281,630	228,010
Staff financing	32,812	33,163
Revolving financing	108,868	114,576
Other financing	30,392	4,496
	<u>6,725,079</u>	<u>6,742,939</u>
Less: Unearned income	(2,076,711)	(2,054,165)
	<u>4,648,368</u>	<u>4,688,774</u>
Less: Allowances for bad and doubtful financing:		
- Specific	(74,965)	(66,199)
- General	(68,601)	(69,338)
Total net financing and advances	<u><u>4,504,802</u></u>	<u><u>4,553,237</u></u>

(a) Movements in non-performing financing and advances are as follows:

Balance as at 1 January	245,756	242,443
Classified as non-performing during the financial quarter/year	200,799	873,887
Reclassified as performing during the financial quarter/year	(179,663)	(772,282)
Amount recovered	(16,821)	(77,783)
Amount written off	-	(20,509)
Balance as at 31 March / 31 December	<u>250,071</u>	<u>245,756</u>
Specific allowance	(74,965)	(66,199)
Net non-performing financing and advances	<u><u>175,106</u></u>	<u><u>179,557</u></u>
As % of total financing and advances, net of specific allowance	<u>3.8%</u>	<u>3.9%</u>

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28. The Operation of Islamic Banking (continued)

28(iii) Financing and advances (continued)

	Unaudited	Audited
	31 March 2008	31 December 2007
	RM'000	RM'000
 (b) Movements in allowances for bad and doubtful financing are as follows:		
 <u>General allowance</u>		
Balance as at 1 January	69,338	62,278
Allowance (written back)/ made during the financial quarter/year	(737)	7,060
Balance as at 31 March / 31 December	68,601	69,338
 As % of total financing and advances, net of specific allowance	1.5%	1.5%
 <u>Specific allowance</u>		
Balance as at 1 January	66,199	47,099
Allowance made during the financial quarter/year	12,575	55,287
Amount written back in respect of recoveries/reclassification	(3,809)	(15,678)
Amount written off	-	(20,509)
Balance as at 31 March / 31 December	74,965	66,199

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EXPLANATORY NOTES

28. The Operation of Islamic Banking (continued)

28(iv) Deposits from Customers

	Unaudited 31 March 2008	Audited 31 December 2007
	RM'000	RM'000
<u>Non-Mudharabah :</u>		
Al-Wadiah demand deposits	843,536	861,037
Al-Wadiah savings deposits	197,396	150,189
<u>Mudharabah:</u>		
Al-Fareed demand deposits	123,879	118,481
Al-Mudharabah savings deposits	82,590	83,533
Total demand and savings deposits	<u>1,247,401</u>	<u>1,213,240</u>
<u>Non-Mudharabah:</u>		
Bai Al-Inah HARI	27,061	43,996
Negotiable Islamic debt certificates	-	100
<u>Mudharabah:</u>		
General investment deposits	2,696,635	2,506,551
Total investment deposits	<u>2,723,696</u>	<u>2,550,647</u>
Total deposits from customers	<u>3,971,097</u>	<u>3,763,887</u>

29. Significant Events During the Financial Quarter Ended 31 March 2008

There were no significant events during the financial quarter ended 31 March 2008 that have not been disclosed in these condensed financial statements.

30. Changes in the Composition of the Group

There were no significant changes in the composition of the Group during the financial quarter ended 31 March 2008 that have not been disclosed in these condensed financial statements.

31. Significant Events Subsequent to the Balance Sheet Date

There were no other significant events subsequent to the balance sheet date that have not been disclosed in these condensed financial statements.

32. Other Commitments

	Unaudited 31 March 2008	Audited 31 December 2007
	RM'000	RM'000
- Authorised and contracted for	5,994	19,862
- Authorised but not contracted for	9,055	11,840
	<u>15,049</u>	<u>31,702</u>
Analysed as follows:		
- Property, plant and equipment	15,049	31,702
	<u>15,049</u>	<u>31,702</u>

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Additional disclosure requirements pursuant to paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

33. Taxation

The analysis of the tax expense for the respective financial quarter/period are as follows:-

	Individual quarter		Cumulative quarter	
	Current financial quarter ended 31 March 2008 RM'000	Preceding year corresponding quarter ended 31 March 2007 RM'000	Current financial period ended 31 March 2008 RM'000	Preceding year corresponding period ended 31 March 2007 RM'000
Malaysian income tax:				
- Charge for the financial quarter	26,992	12,305	26,992	12,305
- Overprovision in respect of prior years	52	-	52	-
	27,044	13,205	27,044	13,205
Transfer from deferred taxation	463	998	463	998
	27,507	13,303	27,507	13,303

34. Unquoted Investments and Properties

There were no sale of unquoted investments and properties for the financial quarter ended 31 March 2008 other than in the ordinary course of banking business.

35. Quoted Securities

Financial institutions are exempted from the disclosure requirements relating to quoted securities.

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36. Status of Corporate Proposals Announced But Not Completed

On 5 February 2008, the Company together with EON Bank Berhad, its wholly owned subsidiary, had proposed to undertake the following corporate proposals:

- (a) proposed issuance of up to RM655 million nominal value of 4.75% unsecured subordinated bonds ('Bonds') by EON Bank Berhad; and
- (b) proposed issuance of up to 93.8 million 2008/2013 warrants ('Warrants') by the Company

The Bonds and the Warrants will be attached and issued to primary subscriber(s) or investor(s) on a bought – deal basis. The rationale for the proposals is to provide EON Bank Berhad and its subsidiaries ('EON Bank Group') the capital that will strengthen its balance sheet to place EON Bank Group in a significantly stronger position in the Malaysian and international markets. In addition, it will allow EON Bank Group to lock in lower effective funding cost and would enable EON Bank Group to better plan its cash flow requirements.

The abovementioned proposals are subject to the approval of the following:

- (a) the Securities Commission;
- (b) the Ministry of Finance and/or Bank Negara Malaysia;
- (c) Bursa Securities;
- (d) shareholders of EON Capital Berhad, for the proposals at an extraordinary general meeting to be convened; and
- (e) any other approvals and/or consents, if required.

Barring any unforeseen circumstances and subject to all the required approvals being obtained, the proposals are expected to be completed by the third (3rd) quarter of the financial year 2008. The details of these proposals could be obtained from the Company's announcement to Bursa Malaysia dated 5 February 2008.

Other than the above, there were no other corporate proposals announced but not completed as at 31 March 2008.

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37. Subordinated Obligations

	Unaudited 31 March 2008	Audited 31 December 2007
	RM'000	RM'000
Subordinated obligations, at par	855,000	855,000
Foreign exchange translations	(136,125)	(110,363)
	<u>718,875</u>	<u>744,637</u>
Less: Unamortised discounts on issuance	(1,504)	(2,656)
Unamortised fair value changes arising from the discontinued fair value hedge	(12,839)	(15,846)
	<u>704,532</u>	<u>726,135</u>

On 21 January 2004, the banking and finance subsidiary company (“the Bank”) issued USD225 million (equivalent to RM855 million) nominal value Subordinated Notes (‘Notes’) with a fixed coupon rate of 5.375% per annum, payable semi-annually in arrears in July and January each year (subject to the revision of interest rates as explained below). The Notes will mature on 21 January 2014 and are listed on the Luxembourg Stock Exchange. In June 2007, Moody’s Investors Service Limited has reaffirmed the rating of the Notes of Baa3. The net proceeds arising from the issuance of the Notes have been utilised for general banking purposes.

The Bank may, at its option, but subject to the prior approval of Bank Negara Malaysia, redeem all of the Notes, at any time on or after the fifth (5) year from the Issue Date at the principal amount together with accrued interest. Should the Bank decide not to exercise its call option on the fifth (5) year from the Issue Date, the coupon rate will be revised to be equivalent to 3.95% above the US Treasury Rate per annum from the beginning of the sixth (6) year to the final maturity date.

The above Notes constitute unsecured liabilities of the Bank and are subordinated to all deposit liabilities and all other liabilities except those liabilities, which by their terms, rank equally in rights of payment with the Notes. The Notes qualify as Tier II capital for the purpose of determining the capital adequacy ratio of the Bank.

38. Borrowings

	Unaudited 31 March 2008	Audited 31 December 2007
	RM'000	RM'000
Long term borrowings:		
Secured fixed rate bond, at par	150,000	150,000
Less: Unamortised discounts	(1,878)	(2,136)
	<u>148,122</u>	<u>147,864</u>

The secured fixed rate bond bears interest at 6.75% per annum on the nominal value of the outstanding bonds of MR150 million, payable semi annually and will mature on 12 December 2009.

In February 2008, Rating Agency Malaysia Berhad has reaffirmed the Bond rating of A2, which was awarded in December 2002.

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39. Derivative Financial Instruments

Based on the balance sheet as at 12 May 2008, value of contracts of financial instruments of the Group with off-balance sheet risk, traded in the ordinary course of business, classified by remaining year to maturity or next repricing date (whichever is earlier), are as follows:

Items	Principal Amount RM'000	1 month or less RM'000	>1 – 3 months RM'000	> 3 - 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	> 5 years RM'000
Foreign exchange related contracts: - Forward contracts	2,684,012	653,858	1,187,550	764,129	78,475	-	-
Interest rate related contracts: - Interest rate swaps	2,894,450	-	1,446,300	-	723,150	725,000	-

Foreign exchange and interest rate related contracts are subject to market risk and credit risk. There were no material equity and commodity related contracts as at 12 May 2008.

Market risk

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts stated above provide only a measure of involvement in these types of transactions and do not represent the amounts subject to market risk. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions. As at 12 May 2008, the amount of contracts of the Group, which were not hedged and, hence, exposed to market risk was RM18,101,265 (31 December 2007: RM7,805,729).

Credit risk

Credit risk arises from the possibility that a counterparty may be unable to meet the terms of a contract in which the Group has a gain position. As at 12 May 2008, the amount of credit risk of the Group, measured in terms of the cost to replace the profitable contracts, was RM18,318,424 (31 December 2007: RM35,401,805). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

Related Accounting Policies

Foreign exchange related contracts

Open forward currency forward contracts represent commitments to purchase or sell fixed amount of currency, including undelivered spot transactions. These contracts are valued at forward rates applicable to their respective dates of maturity as at balance sheet date and unrealised gains or losses are recognised in the income statement in the year in which they arise.

Interest rate swaps

Interest rate swaps involve the exchange of interest obligations with a counterparty for a specified period without the exchange of the underlying principal amount. The fair values of these contracts are determined by discounting the estimated net cash flows at zero coupon yield at each reporting date. Interest income or interest expense associated with interest rate swaps are recognised over the life of the swap agreements as a component of interest income or interest expense.

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40. Material Litigation

The disclosure of material litigations is in compliance with the disclosure requirements pursuant to paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The following are pending material litigations in which the Group is involved in the ordinary course of business which, in the opinion of the Board of Directors, do not materially and adversely affect the financial position of the Group as at 12 May 2008.

EON Bank Berhad ('EBB')

- (1) EBB granted a facility of RM4.6 million to the borrower in April 1996 to finance the purchase of properties. The account became non-performing in May 1998.

A Writ of Summons and Statement of Claim was filed by the borrower (Plaintiff) on 29 November 2002 against EBB, alleging that EBB refused to give consent for the Plaintiff's application to sub-divide the land which was charged to EBB. The Plaintiff alleged that it had suffered loss and is claiming an amount of RM21.6 million plus general, aggravated and punitive damages and interest yet to be quantified.

Status update

Trial fixed on 15 to 17 December 2004 has been postponed. No new dates have been fixed yet. The Appeal on the application for striking out the Plaintiff's Statement of Claim fixed for hearing on 14 October 2005 has been vacated. Hearing was fixed on 14 March 2006 but due to the short notice given by the Court, solicitors requested for a postponement. New date was fixed on 9 January 2007. On this date, the judge directed the parties to file written skeletal submissions and fixed 8 May 2007 for a decision. EBB's appeal was dismissed with costs. Solicitors have filed the Notice of Appeal to the Court of Appeal on 31 May 2007 against the decision of the High Court. No development since the last announcement.

The solicitors are of the view that EBB has a good case.

- (2) A Writ of Summon was filed by the borrower (Plaintiff) on 25 June 2007 against EBB and 7 other syndicated lenders (now collectively known as "the Lenders") for RM121.4 million for the breach by the Lenders of the terms of the Alleged Agreement made between the borrower and the Lenders for the restructuring of the borrower's existing loans with the said Lenders.

Status update

EBB has filed a Statement of Defence on 7 August 2007 denying that there was such an Alleged Agreement. Matter fixed for mentioned on 13 August 2008.

The solicitors are of the opinion that the suit is defensible.

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EXPLANATORY NOTES

40. Material Litigation (continued)

EON Bank Berhad ('EBB') (continued)

- (3) A Writ of Summons was filed on 25 January 2005 by the Plaintiff against EBB claiming RM50.3 million being General, Aggravated, Exemplary and Special Damages and Interest thereon as a result of EBB wrongfully claiming for an alleged fictitious unsecured claim of RM0.03 million. The property securing the facilities of RM0.19 million granted to a borrower in which the Plaintiff was a partner, was auctioned off and an Adjudicating and Receiving Order (AO & RO) was obtained against the Plaintiff. The Court of Appeal set aside the auction and the High Court set aside the AO & RO as the Court of Appeal and the High Court accepted the Plaintiff's contention that EBB had included a fictitious sum of RM0.03 million in its claim against the Plaintiff. The Plaintiff claims loss and damage for injury to her credit, character and reputation.

Status update

The Writ of Summons was served on EBB on 3 February 2005. Memorandum of Appearance was filed on 4 February 2005. Application to strike out the Writ of Summons and Statement of Claim was filed and served on 21 February 2005. At the hearing fixed on 10 March 2005, the application to strike out the suit was withdrawn and solicitors have filed the Statement of Defence.

The Plaintiff has filed an application for Interlocutory Judgement against EBB for wrongful sale in 1996 of the Plaintiff's property resulting from the Court of Appeal setting aside the auction and also for assessment of damages. The respective parties were directed to file in the Written Submissions and Court fixed 7 October 2005 for mention. The Court has fixed 27 October 2005 for a decision on this application. On that day, the Senior Assistant Registrar granted Order in Terms in favour of the Plaintiff's application with costs. Our solicitors filed an appeal to the Judge in Chambers on 31 October 2005. Hearing of Notice of Appeal has been fixed on 20 January 2006 and at this hearing, the Court ordered parties to file Written Submissions on or before 3 March 2006. On 27 July 2006, the High Court Judge dismissed our appeal with costs. The Plaintiff has filed the Summons-In-Chambers for assessment of damages and the hearing fixed on 30 March 2007 has been adjourned to 11 May 2007 for hearing. The Bank has filed a Summons In Chambers for a stay of the hearing of assessment of damages pending the hearing of our appeal to the Court of Appeal on the Interlocutory Judgement granted in favour of the Plaintiff. The Court of Appeal has fixed the hearing on 3 September 2007. The hearing of the stay application for the hearing of the assessment of damages has been fixed on 18 May 2007. The hearing proceeded on 18 May 2007 and 31 May 2007 was fixed for a decision on stay application. The High Court has on 31 May 2007 granted the Bank a Stay Order on the application for assessment of damages. The hearing on the assessment of damages has been fixed for mention on 17 September 2007. The High Court fixed the continuation of the hearing of Assessment of Damages on 9 October 2007. On 9 October 2007, the hearing was postponed to 7 January 2008 for a DeNovo (rehearing) of the Assessment of Damages as a new Senior Registrar has been appointed. The hearing was further postponed from 5 March 2008 to 18 April 2008 for mention. Fixed for Assessment of Damages on 9 June 2008 and 10 June 2008. The total aggregate of the Plaintiff's claim is RM138.3 mil.

Our solicitors are of the view that the damages and costs to be awarded should be substantially lower than the amount claimed and would not have a material adverse impact on the financial position of the Group.

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40. Material Litigation (continued)

EON Bank Berhad ('EBB') (continued)

- (4) A Writ of Summons and Statement of Claim was filed on 25 July 2007 by a Plaintiff's against EBB claiming inter alia the sum of RM27.9 million, damages and costs as a result of EBB refusal to extend the bank guarantee and wrongfully withdrawing the end-financing facility granted to the Plaintiff.

Status update

The Bank has filed a Statement of Defence on 22 November 2007 denying the allegations made by the Plaintiffs stating that the banking facilities which were granted to the Plaintiffs were cancelled as the Plaintiffs failed to comply with the terms and conditions of the Letter of Offer. Furthermore, the Plaintiffs are estopped from filing this claim as the principle of resjudicata and issue estoppel applies as the Plaintiff should have filed its claim as a counterclaim against EBB before the High Court gave a Judgement on 4 May 1999 on the civil actions taken by EBB against the Plaintiff to recover the banking facilities previously. To date, the Plaintiffs have yet to obtain a date for Case Management. No development since the last announcement

Ex-Oriental Bank Berhad ('Ex-OBB')

(Ex-OBB refers to litigation in relation to OBB where pursuant to the Vesting Order dated 5 December 2000, the assets and liabilities of the banking business of OBB have been vested to EBB).

- (5) A Writ of Summons was filed on 3 January 2000 by a guarantor for RM135.9 million for wrongful and inequitable enlistment of his name in the Credit Tip-Off Services by ex-OBB.

Status update

On 19 May 2003, the Court dismissed the Plaintiff's action with costs on the grounds that the Plaintiff did not have a valid cause of action and failed to prove his loss. The Plaintiff has filed a Notice of Appeal against the Court's decision. No development since the last announcement.

Malaysian International Merchant Bankers Berhad ('MIMB')

- (6) A Writ of Summons was filed by MIMB on 17 December 1998 against the borrower and three guarantors for RM21.4 million, being outstanding banking facilities granted plus interest thereon. On 10 April 2000, the High Court granted the order to the borrower to amend its Statement of Defence and to add the Counterclaim for RM70.2 million against MIMB for inter alia, wrongfully terminating the credit facilities of the borrower resulting in the loss of goodwill and reputation of the borrower and loss of projects.

Status update

Further Case Management fixed on 19 October 2004 for mention has been postponed to 22 November 2004. On that day, the Court fixed 13 to 16 September 2005 for trial. Trial dates have been vacated and Court has fixed 28 July 2005 for mention pending the borrower obtaining a sanction letter from the Official Liquidator to proceed with the counterclaim against EBB as borrower has been wound up. Case Management fixed on 12 March 2007 has been postponed to 10 May 2007 for mention. On 10 May 2007, the Bank has obtained an Order to uplift the Stay Order. Case Management fixed on 24 July 2007 has been postponed to 26 September 2007 for mention and was further postponed to 14 December 2007 for mention. Second and third Defendants Counter Claim postponed to 19 February 2008 of mention pending settlement. Postphoned to 23 April 2008 for mention. Case management on 26 June 2008.

The solicitors are of the opinion that the suit is defensible.

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40. Material Litigation (continued)

Malaysian International Merchant Bankers Berhad ('MIMB')(continued)

(7) A Writ of Summons was filed by MIMB on 10 December 2003 for RM0.2 million against the Defendant for providing advisory, consultancy and administrative services to Defendant wherein the Defendant was supposed to pay the professional fees for the services rendered by MIMB.

The Defendant filed a Defence and Counterclaim which was served on MIMB on 12 January 2006. In the Counterclaim, the Defendant alleged that MIMB was negligent and failed to carry out its duty diligently. The Defendant is claiming compensation totalling RM23.9 million being expenses and costs incurred by the Defendant and damages.

Status update

MIMB filed an application for Summary Judgement with Sessions Court on 23 July 2004 and mention has been fixed on 21 September 2006 pending Defendant's application to transfer the counterclaim to the High Court fixed for hearing on 31 January 2007. The hearing had been adjourned to 11 April 2007 for decision. On 11 April 2007, the Judge allowed the transfer to the High Court. Once the file is physically transferred to the High Court, a new suit number would be given and the suit will continue. No development since the last announcement.

Solicitors are of the opinion that the Defendant's claim is defensible.

41. Profit Forecast

There were no profit forecast and profit guarantee issued by the Group.

42. Review of performance for the current financial quarter against immediate preceding financial quarter

Compared with the immediate preceding financial quarter, the Group's pre-tax profit decreased by RM22.6 million from RM128.2 million to RM105.6 million before taking into account the charge for reduction in the carrying amount of goodwill of the immediate preceding quarter ended 31 December 2007. This was mainly due to an increase in allowances for losses on loans, advances and financing by RM52.9 million. However, this was partly offset by higher operating profit of RM29.8 million.

After taking into account the charge for reduction in the carrying amount of goodwill arising from recognition of deferred tax assets on unutilised tax losses transferred from a subsidiary subsequent to acquisition of RM40.0 million, the Group's pre-tax profit for the immediate preceding financial quarter ended 31 December 2007 was reduced to RM88.2 million as compared to the pre-tax profit of RM105.6 million registered for the current financial quarter ended 31 March 2008. However, the charge for reduction in the carrying amount of goodwill was offset by the corresponding tax benefits recognised as deferred tax credits of RM40.0 million in the immediate preceding financial quarter ended 31 December 2007, thus making no impact on the Group's profit after tax for the immediate preceding financial quarter ended 31 December 2007 of RM79.4 million. For the current financial quarter, the Group achieved profit after tax of RM76.6 million.

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43. Review of performance for the financial quarter ended 31 March 2008 against the corresponding financial quarter of preceding year

Current financial quarter against corresponding financial quarter of preceding year

For the current financial quarter ended 31 March 2008, the Group recorded a pre-tax profit of RM105.6 million, 108.3% increase as compared to RM50.7 million achieved in the preceding year's corresponding financial quarter ended 31 March 2007. The increase in pre-tax profit was mainly due to higher net income of RM22.1 million, lower allowances for losses on loans, advances and financing and impairment losses on securities of RM33.2 million and RM22.6 million respectively. However, this was partly offset by an increase in other operating expenses of RM23.0 million.

44. Prospects for 2008

The economic environment in Malaysia is expected to remain favourable and the financial services industry is expected to remain keenly competitive in 2008. The Group will continue to build its presence in the retail and middle market segment and, barring any unforeseen circumstances, the Group expects to achieve a satisfactory performance in 2008.

45. Earnings Per Share (EPS)

The calculation of the basic earnings per share of the Group, which is based on the net profit for the financial quarter ended 31 March 2008 and 31 March 2007 respectively and the weighted average number of ordinary shares in issue during the respective financial quarter/year, are set out as follows:

	Individual quarter		Cumulative quarter	
	Current financial quarter ended 31 March 2008	Preceding year corresponding quarter ended 31 March 2007	Current financial period ended 31 March 2008	Preceding year corresponding period ended 31 March 2007
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial quarter	76,628	36,289	76,628	36,289
Weighted average number of ordinary shares in issue during the financial quarter	693,209	693,209	693,209	693,209
Basic earnings per share (sen) - basic/diluted	11.05	5.23	11.05	5.23

There were no dilutive potential ordinary shares outstanding as at 31 March 2008 and 31 March 2007.