

EON CAPITAL BERHAD
(454644-K)

CONDENSED FINANCIAL STATEMENTS
UNAUDITED BALANCE SHEETS
AS AT 30 SEPTEMBER 2008

		Unaudited	Audited
	Note	30 September	31 December
		2008	2007
		RM'000	RM'000
ASSETS			
Cash and short-term funds		6,479,217	5,547,918
Deposits and placements with banks and other financial institutions		975,131	623,841
Held-for-trading securities	10	630	7,418
Derivative financial instruments	11	13,459	10,004
Available-for-sale securities	12	3,312,810	3,713,112
Held-to-maturity securities	13	403,034	592,300
Loans, advances and financing	14	29,271,962	28,232,794
Other assets	15	829,559	805,133
Statutory deposits with Bank Negara Malaysia		1,053,902	1,065,182
Deferred tax assets		169,609	153,134
Property, plant and equipment		279,673	272,598
Goodwill		96,448	96,448
TOTAL ASSETS		42,885,434	41,119,882
LIABILITIES AND SHAREHOLDERS' FUNDS			
Deposits from customers	17	29,094,388	26,912,672
Deposits and placements of banks and other financial institutions	18	6,928,625	7,665,129
Derivative financial instruments	11	10,751	19,970
Bills and acceptances payable		1,980,681	1,563,019
Provision for taxation and zakat		14,268	44,640
Other liabilities	19	828,295	904,042
Subordinated obligations	37	768,647	726,135
Borrowings	38	148,637	147,864
TOTAL LIABILITIES		39,774,292	37,983,471
SHARE CAPITAL		693,209	693,209
RESERVES		2,417,933	2,443,202
SHAREHOLDERS' FUNDS		3,111,142	3,136,411
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS		42,885,434	41,119,882
COMMITMENTS AND CONTINGENCIES	25	19,529,841	20,578,668
Net assets per ordinary share (RM)		4.49	4.52

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED INCOME STATEMENTS
FOR THE FINANCIAL QUARTER/PERIOD ENDED 30 SEPTEMBER 2008

	Note	<u>Individual quarter</u>		<u>Cumulative quarter</u>	
		<u>Current financial quarter ended 30 September 2008</u>	<u>Preceding year corresponding quarter ended 30 September 2007</u>	<u>Current financial period ended 30 September 2008</u>	<u>Preceding year corresponding period ended 30 September 2007</u>
		<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Interest income	20	487,699	493,999	1,455,185	1,477,254
Interest expense	21	(254,583)	(263,532)	(747,604)	(816,068)
Net interest income		233,116	230,467	707,581	661,186
Net income from Islamic Banking business	28	44,944	43,266	128,138	119,413
		278,060	273,733	835,719	780,599
Other operating income	22	41,643	83,523	199,754	234,120
Net income		319,703	357,256	1,035,473	1,014,719
Other operating expenses	23	(198,856)	(143,223)	(575,452)	(421,434)
Operating profit		120,847	214,033	460,021	593,285
Allowances for losses on loans, advances and financing	24	(27,383)	(69,037)	(358,931)	(288,984)
Impairment losses on securities		(4,054)	(56,305)	(5,002)	(105,152)
Profit before taxation and zakat		89,410	88,691	96,088	199,149
Taxation		(25,389)	(24,207)	(31,468)	(52,807)
Zakat		661	(983)	(2,205)	(3,144)
Net profit for the financial quarter/period		<u>64,682</u>	<u>63,501</u>	<u>62,415</u>	<u>143,198</u>
Earnings per share (sen)					
- Basic	45	9.33	9.16	9.00	20.66
- Diluted	45	9.33	9.16	9.00	20.66

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2008

	Issued and fully paid ordinary shares of RM1 each			Cash flow hedge reserve	Available- for-sale securities reserve	Retained profits	Total
	Share capital RM'000	Share premium RM'000	Statutory reserve 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	-	-	-	-	(33,683)	-	(33,683)
Income and expense recognised directly in equity	-	-	-	-	(33,683)	-	(33,683)
Net profit for the financial period	-	-	-	-	-	62,415	62,415
Total recognised income and expense for the financial period	-	-	-	-	(33,683)	62,415	28,732
Dividends in respect of financial year ended 31 December 2007	-	-	-	-	-	(54,001)	(54,001)
Balance as at 30 September 2008	693,209	1,066,296	592,166	-	6,761	752,710	3,111,142
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	-	-	-	-	(983)	-	(983)
Net fair value changes in interest rate derivatives, net of tax	-	-	-	2,367	-	-	2,367
Income and expense recognised directly in equity	-	-	-	2,367	(983)	-	1,384
Net profit for the financial period	-	-	-	-	-	143,198	143,198
Total recognised income and expense for the financial period	-	-	-	2,367	(983)	143,198	144,582
Dividends in respect of financial year ended 31 December 2006	-	-	-	-	-	(80,967)	(80,967)
Balance as at 30 September 2007	693,209	1,066,296	532,032	-	44,406	725,046	3,060,989

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2008

	Current financial period ended 30 September 2008	Preceding year corresponding period ended 30 September 2007
	RM'000	RM'000
Cash Flows From Operating Activities		
Net profit for the financial period	62,415	143,198
Adjustments for investing and financing items not involving movement of cash and cash equivalents	433,237	494,485
Operating profit before working capital changes	495,652	637,683
Increase in operating assets	(1,841,972)	(1,381,619)
Increase in operating liabilities	1,784,612	(326,244)
Cash generated from/(used in) operating activities	438,292	(1,070,180)
Income tax paid	(70,032)	(82,780)
Income tax refunded	7,739	6,736
Zakat paid	(4,371)	(5,572)
Net cash generated from/(used in) operating activities	371,628	(1,151,796)
Cash Flows From Investing Activities		
Proceeds from sale of available-for-sale and held-to-maturity securities, net of purchases	548,271	2,028,624
Purchase of property, plant and equipment	(34,406)	(26,875)
Proceeds from disposal of property, plant and equipment	475	61
Interest/dividend received from available-for-sale and held-to-maturity securities	136,043	184,362
Net dividends received	3,052	2,516
Net cash generated from investing activities	653,435	2,188,688
Cash Flows From Financing Activities		
Net dividend paid	(54,001)	(80,967)
Repayment of short term borrowings	-	(10,000)
Interest paid on long term borrowings	(39,322)	(8,040)
Net interest received from interest rate related derivatives	4,120	38,791
Interest paid on subordinated obligations	(4,561)	(42,269)
Net cash used in financing activities	(93,764)	(102,485)
Net increase in cash and cash equivalents	931,299	934,407
Cash and cash equivalents:		
- as at beginning of the financial period	5,547,918	3,080,304
- as at end of the financial period	6,479,217	4,014,711

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EXPLANATORY NOTES

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/GP 8) 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, except for those disclosed in Note 2 of these explanatory notes.

2. Change in Accounting Policies

During the financial period, 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 Contingent 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/period ended 30 September 2008.

6. Changes in Estimates

There were no significant changes in estimates arising from prior financial quarter/period that have a material effect on the financial results and position of the Group for the financial quarter/period ended 30 September 2008.

7. Issuance and Repayments

There were no cancellation, repurchase, resale or repayment of debt and equity securities during the current financial quarter/period ended 30 September 2008.

8. Dividends Paid During the Current Financial Quarter

There were no dividends paid or declared in respect of financial year ending 31 December 2008 during the financial quarter/period ended 30 September 2008.

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EXPLANATORY NOTES

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 ended 30 September 2008</u>					
Gross operating revenue from external parties ⁽¹⁾	139,515	307,646	88,186	86,054	621,401
Inter-segment gross operating revenue ⁽²⁾	79,244	127,242	-	143,754	350,240
Total segment revenue	<u>218,759</u>	<u>434,888</u>	<u>88,186</u>	<u>229,808</u>	<u>971,641</u>
Segment results	61,934	6,157	11,432	12,248	91,771
Unallocated costs					<u>(2,361)</u>
Profit before taxation and zakat					89,410
Taxation and zakat					<u>(24,728)</u>
Net profit for the financial quarter ended 30 September 2008					<u><u>64,682</u></u>
<u>Preceding year corresponding quarter ended 30 September 2007</u>					
Gross operating revenue from external parties ⁽¹⁾	128,936	275,353	78,136	143,263	625,688
Inter-segment gross operating revenue ⁽²⁾	79,947	128,330	-	153,289	361,566
Total segment revenue	<u>208,883</u>	<u>403,683</u>	<u>78,136</u>	<u>296,552</u>	<u>987,254</u>
Segment results	(27,151)	43,241	13,250	62,269	91,609
Unallocated costs					<u>(2,918)</u>
Profit before taxation and zakat					88,691
Taxation and zakat					<u>(25,190)</u>
Net profit for the financial quarter ended 30 September 2007					<u><u>63,501</u></u>

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9. Segment reporting (continued)

(a) Segment revenue and segment results (continued)

<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 period ended 30 September 2008</u>					
Gross operating revenue from external parties ⁽¹⁾	413,724	899,049	253,823	345,281	1,911,877
Inter-segment gross operating revenue ⁽²⁾	224,155	361,665	-	432,237	1,018,057
Total segment revenue	<u>637,879</u>	<u>1,260,714</u>	<u>253,823</u>	<u>777,518</u>	<u>2,929,934</u>
Segment results	(14,530)	(21,015)	7,018	131,534	103,007
Unallocated costs					(6,919)
Profit before taxation and zakat					96,088
Taxation and zakat					(33,673)
Net profit for the financial period ended 30 September 2008					<u><u>62,415</u></u>
<u>Preceding year corresponding period ended 30 September 2007</u>					
Gross operating revenue from external parties ⁽¹⁾	389,662	867,349	226,347	451,508	1,934,866
Inter-segment gross operating revenue ⁽²⁾	213,321	332,522	-	433,002	978,845
Total segment revenue	<u>602,983</u>	<u>1,199,871</u>	<u>226,347</u>	<u>884,510</u>	<u>2,913,711</u>
Segment results	(54,672)	97,875	36,280	130,080	209,563
Unallocated costs					(10,414)
Profit before taxation and zakat					199,149
Taxation and zakat					(55,951)
Net profit for the financial period ended 30 September 2007					<u><u>143,198</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
<u>As at 30 September 2008</u>					
Segment assets	9,328,966	15,453,520	6,699,579	10,320,531	41,802,596
Unallocated assets					1,082,838
Total assets					<u>42,885,434</u>
<u>As at 31 December 2007</u>					
Segment assets	9,071,555	14,727,313	6,091,382	10,273,166	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.

10. Held for Trading Securities

	<u>Unaudited 30 September 2008</u> RM'000	<u>Audited 31 December 2007</u> RM'000
Quoted equity securities in Malaysia	630	2,500
Private debt securities	-	4,918
	<u>630</u>	<u>7,418</u>

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11. Derivative Financial Instruments

	Unaudited 30 September 2008 RM'000	Audited 31 December 2007 RM'000
Derivatives at fair value through profit and loss:		
- Interest rate swaps	2,792	10,004
- Foreign currency forwards	10,667	-
Total derivative financial instruments - assets	13,459	10,004
Derivatives at fair value through profit and loss:		
- Interest rate swaps	10,751	7,120
- Foreign currency forwards	-	12,850
Total derivative financial instruments - liabilities	10,751	19,970

12. Available-for-sale Securities

	Unaudited 30 September 2008 RM'000	Audited 31 December 2007 RM'000
Available-for-sale securities, at fair value:		
Bank Negara Malaysia monetary notes	388,478	224,803
Malaysian Government investment issues	265,953	266,479
Malaysian Government Islamic treasury bills	29,871	98,486
Malaysian Government securities	544,791	751,980
Sukuk Bank Negara Malaysia Ijarah	-	10,002
Cagamas bonds	14,679	154,872
Quoted equity securities in Malaysia	12,416	29,873
Quoted private debt securities	3,458	4,891
Private and Islamic debt securities	1,028,101	1,029,081
Negotiable instruments of deposit	900,135	1,100,239
Islamic negotiable instrument debt securities	108,419	29,809
Commercial papers	11,924	5,973
Islamic commercial papers	41,336	42,328
Allowance for impairment	(43,960)	(39,960)
	3,305,601	3,708,856
Available-for-sale securities, at cost		
Unquoted equity securities in Malaysia	6,215	6,667
Unquoted equity securities outside Malaysia	3,757	804
Allowance for impairment	(2,763)	(3,215)
	7,209	4,256
	3,312,810	3,713,112

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13. Held-to-maturity Securities

	Unaudited 30 September 2008	Audited 31 December 2007
	RM'000	RM'000
Held-to-maturity securities, at amortised cost:		
Private and Islamic debt securities	486,748	595,407
Credit link notes denominated in USD	86,013	165,475
	<u>572,761</u>	<u>760,882</u>
Held-to-maturity securities, at cost		
Unquoted equity securities in Malaysia	18,082	17,557
	<u>590,843</u>	<u>778,439</u>
Allowance for impairment	(187,809)	(186,139)
	<u>403,034</u>	<u>592,300</u>

14. Loans, Advances and Financing

	Unaudited 30 September 2008	Audited 31 December 2007
	RM'000	RM'000
Overdrafts/cash line	2,503,451	2,556,306
Term loans/financing:		
Housing loans/financing	6,857,722	6,731,117
Syndicated term loans/financing	1,125,827	840,929
Hire purchase receivables	12,298,657	11,395,887
Lease receivables	1	1
Other term loans/financing	5,706,846	6,044,665
Bills receivable	18,556	18,282
Trust receipts	196,031	193,272
Claims on customers under acceptance credit/financing	2,815,974	2,702,920
Staff loans/financing	186,149	189,149
Credit cards	1,095,864	1,010,161
Revolving credit/financing	1,215,197	979,581
Other loans/financing	110,908	29,226
	<u>34,131,183</u>	<u>32,691,496</u>
Less: Unearned interest and income	(3,564,003)	(3,384,574)
Gross loans, advances and financing	<u>30,567,180</u>	<u>29,306,922</u>
Less: Allowances for bad and doubtful debts and financing		
- Specific	(849,380)	(644,214)
- General	(445,838)	(429,914)
Total net loans, advances and financing	<u>29,271,962</u>	<u>28,232,794</u>

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14. Loans, Advances and Financing (continued)

	Unaudited 30 September 2008 RM'000	Audited 31 December 2007 RM'000
(i) The loans, advances and financing are disbursed to the following types of customers:		
Domestic non-bank financial institutions (of which: Stockbroking companies)	167,385 -	146,679 -
Domestic business enterprises (of which: Small and medium enterprises)	11,860,378 6,074,859	11,522,192 5,675,611
Government and statutory bodies	20,672	26,563
Individuals	18,155,749	17,523,083
Other domestic entities	29,129	23,638
Foreign entities	333,867	64,767
Gross loans, advances and financing	<u>30,567,180</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)	13,826,909 1,582,507 10,496,540	13,286,982 1,613,251 9,774,017
Variable rate (of which: (i) Base lending rate plus (ii) Cost plus)	16,740,271 10,271,533 5,040,997	16,019,940 10,251,554 4,679,927
Gross loans, advances and financing	<u>30,567,180</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	362,467	365,394
Mining and quarrying	107,574	253,821
Manufacturing	3,286,669	3,044,900
Electricity, gas and water	223,357	198,042
Construction (of which: Infrastructure)	2,239,195 206,743	2,354,005 98,449
Real estate	1,309,440	1,230,511
Purchase of landed property (of which: (i) Residential (ii) Non-residential)	6,555,566 5,839,083 716,483	6,449,311 5,722,250 727,061
Wholesale, retail trade and restaurants and hotels	2,547,629	2,480,382
Transport, storage and communication	665,014	500,385
Finance, insurance and business services	752,662	635,829
Purchase of securities	328,658	387,541
Purchase of transport vehicles	9,397,356	8,835,004
Consumption credit	1,961,111	1,933,525
Others	830,482	638,272
Gross loans, advances and financing	<u>30,567,180</u>	<u>29,306,922</u>

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14. Loans, Advances and Financing (continued)

	Unaudited 30 September 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 period/year	3,021,775	4,493,429
Reclassified as performing during the financial period/year	(2,487,704)	(3,592,005)
Loans/financing converted to securities	-	(4,224)
Amount recovered	(450,545)	(584,449)
Amount written off	(214,310)	(374,566)
Balance as at 30 September / 31 December	<u>1,716,659</u>	<u>1,847,443</u>
Non-performing loans, advances and financing which have no adverse financing impact on the Group	(113,305)	(142,030)
Specific allowance	(736,062)	(518,322)
Net non-performing loans, advances and financing	<u>867,292</u>	<u>1,187,091</u>
As % of total loans, advances and financing, net of specific allowance	<u>2.9%</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	14,793	15,313
Mining and quarrying	201	42
Manufacturing	304,202	229,043
Electricity, gas and water	214	204
Construction	286,331	305,094
(of which: Infrastructure)	<u>46,767</u>	<u>52,926</u>
Real estate	64,688	61,543
Purchase of landed property	481,053	595,354
(of which: (i) Residential	<u>436,163</u>	<u>523,526</u>
(ii) Non-residential)	<u>44,890</u>	<u>71,828</u>
Wholesale, retail trade and restaurants and hotels	210,571	194,127
Transport, storage and communication	18,139	20,665
Finance, insurance and business services	24,962	40,044
Purchase of securities	24,720	21,150
Purchase of transport vehicles	172,255	207,316
Consumption credit	72,832	84,970
Others	41,698	72,578
	<u>1,716,659</u>	<u>1,847,443</u>

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14. Loans, Advances and Financing (continued)

	Unaudited 30 September 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 made during the financial period/year	15,924	15,598
Balance as at 30 September /31 December	<u>445,838</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 period/year	534,470	567,550
Allowance charged to deferred asset/other assets during the financial period/year	15,865	33,068
Amount written back in respect of recoveries/reclassification	(114,496)	(168,356)
Recoveries set-off against deferred asset	(16,362)	(10,300)
Amount transferred to allowance for impairment on securities	-	(3,843)
Amount written-off	(214,311)	(374,565)
Balance as at 30 September/31 December	<u>849,380</u>	<u>644,214</u>

15. Other Assets

	Unaudited 30 September 2008 RM'000	Audited 31 December 2007 RM'000
Trade receivables, net of allowances for bad and doubtful debts and interest-in-suspense of RM5,630,663 (31.12.2007: RM5,117,000)	15,052	32,652
Interest / income receivable	50,455	67,526
Other debtors, deposits and prepayment, net of allowances for bad doubtful debts of RM4,353,422 (31.12.2007: RM4,814,380)	482,632	460,103
Deferred asset account	260,967	209,348
Tax recoverable	19,715	20,205
Prepaid lease payments	738	746
Amount due from originating non-banking institutions for mortgage loans sold on their behalf to Cagamas Berhad	-	14,553
	<u>829,559</u>	<u>805,133</u>

16. Valuation of Property, Plant and Equipment

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

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17. Deposits from Customers

	Unaudited 30 September 2008	Audited 31 December 2007
	RM'000	RM'000
Demand deposits	3,755,047	3,701,484
Savings deposits	2,754,404	2,595,213
Fixed/investment deposits	21,218,343	19,256,141
Money market deposits	1,366,594	1,359,734
Negotiable Islamic debt certificates	-	100
	<u>29,094,388</u>	<u>26,912,672</u>

(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	21,962,660	19,729,191
More than one year	622,277	886,784
	<u>22,584,937</u>	<u>20,615,975</u>

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

Government and statutory bodies	4,492,712	3,483,703
Business enterprises	11,425,779	10,777,968
Individuals	12,158,931	11,869,783
Others	1,016,966	781,218
	<u>29,094,388</u>	<u>26,912,672</u>

18. Deposits and Placements of Banks and Other Financial Institutions

	Unaudited 30 September 2008	Audited 31 December 2007
	RM'000	RM'000
Licensed banks	1,133,242	1,891,716
Licensed Islamic banks	300,098	55,000
Licensed investment banks	70,038	14
Bank Negara Malaysia	1,817,771	1,943,405
Other financial institutions	3,607,476	3,774,994
	<u>6,928,625</u>	<u>7,665,129</u>

(i) The maturity structure of deposits and placements of banks and other financial institutions is as follows:

One year or less	5,024,609	5,555,801
More than one year	1,904,016	2,109,328
	<u>6,928,625</u>	<u>7,665,129</u>

Included in the above are negotiable certificates of deposit/
Islamic debt certificates issued by the Group

	<u>1,200,098</u>	<u>1,309,253</u>
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19. Other Liabilities

	Unaudited 30 September 2008	Audited 31 December 2007
	RM'000	RM'000
Trade payable	36,950	21,568
Other liabilities	556,740	645,257
Interest/dividend payable	234,598	234,960
Profit equalisation reserves	7	2,257
	828,295	904,042

20. Interest Income

	Individual quarter		Cumulative quarter	
	Current financial quarter ended 30 September 2008	Preceding year corresponding quarter ended 30 September 2007	Current financial period ended 30 September 2008	Preceding year corresponding period ended 30 September 2007
	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing				
- Interest income other than recoveries	390,904	377,805	1,149,037	1,126,094
- Recoveries from non-performing loans, advances and financing	13,670	14,098	44,266	38,395
Money at call and deposit placements with financial institutions	52,041	60,768	160,620	170,009
Held for trading securities	6,432	8,374	24,168	27,976
Available-for-sale securities	32,116	35,561	99,901	118,305
Held-to-maturity securities	3,812	7,579	14,739	23,382
Others	-	1,589	-	3,282
	498,975	505,774	1,492,731	1,507,443
Amortisation of premium less accretion of discount	(1,239)	(1,812)	(5,991)	4,149
Interest suspended	(10,037)	(9,963)	(31,555)	(34,338)
Total interest income	487,699	493,999	1,455,185	1,477,254

21. Interest Expense

	Individual quarter		Cumulative quarter	
	Current financial quarter ended 30 September 2008	Preceding year corresponding quarter ended 30 September 2007	Current financial period ended 30 September 2008	Preceding year corresponding period ended 30 September 2007
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	32,170	47,813	99,325	172,643
Deposits from customers	204,578	199,871	595,939	595,923
Subordinated obligations	14,435	11,029	42,096	33,104
Long term borrowings	2,809	4,458	8,401	13,373
Others	591	361	1,843	1,025
	254,583	263,532	747,604	816,068

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22. Other Operating Income

	<u>Individual quarter</u>		<u>Cumulative quarter</u>	
	<u>Current financial quarter ended 30 September 2008</u>	<u>Preceding year corresponding quarter ended 30 September 2007</u>	<u>Current financial period ended 30 September 2008</u>	<u>Preceding year corresponding period ended 30 September 2007</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Fee and commission income:				
- Commissions	10,803	12,933	32,449	33,924
- Service charges and fees	40,092	27,702	99,038	84,200
- Guarantee fees	4,024	3,286	9,990	10,182
- Advisory and arrangement fees	1,660	3,823	6,980	12,328
- Underwriting commissions	208	644	2,127	4,617
- Brokerage	1,333	5,012	5,844	14,966
Net (losses)/gains arising from sale of securities				
- Held for trading securities	(974)	(582)	(281)	8,752
- Available-for-sale securities	(45)	19,913	16,628	37,326
Net gains/(losses) from redemption of held-to-maturity securities	1,323	(470)	5,987	(470)
Dividend income:				
- Held for trading securities	-	146	-	508
- Available-for-sale securities	2,898	2,335	3,761	2,770
Net unrealised gains/(losses) on fair value changes on held for trading securities	908	489	664	(165)
Net unrealised gains/(losses) on fair value changes on derivatives held at fair value through profit and loss:				
- interest rate derivatives	(25,440)	(3,824)	(11,324)	699
- foreign currency forwards	13,275	(30,138)	23,517	(27,722)
Net unrealised gains on fair value changes between the subordinated debts and interest rate swaps designated as fair value hedge	-	1,651	-	121
Net gains from foreign exchange translations	(7,121)	37,314	(1,285)	41,179
Other income/(expenditure) :				
- Rental income from premises	633	769	2,035	2,301
- Gains on disposal of property, plant and equipment	3	5	16	44
- Other operating income/(expenditure)	(1,002)	1,927	3,334	6,069
- Other non-operating income/(expenditure)	(817)	577	817	1,813
- Allowances written back/(made) in respect of other bad and doubtful debts	24	(567)	(422)	(171)
- Other bad debts recovered/(written-off)	(142)	577	(121)	848
	<u>41,643</u>	<u>83,523</u>	<u>199,754</u>	<u>234,120</u>

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23. Other Operating Expenses

	<u>Individual quarter</u>		<u>Cumulative quarter</u>	
	<u>Current financial quarter ended 30 September 2008</u>	<u>Preceding year corresponding quarter ended 30 September 2007</u>	<u>Current financial period ended 30 September 2008</u>	<u>Preceding year corresponding period ended 30 September 2007</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Personnel expenses	107,049	75,603	303,715	223,320
Promotion and marketing related expenses	19,133	10,329	43,551	30,914
Establishment related expenses	32,563	29,238	91,723	86,764
General administrative expenses	40,111	28,053	136,463	80,436
	<u>198,856</u>	<u>143,223</u>	<u>575,452</u>	<u>421,434</u>
(i) Personnel expenses comprise the following:				
Salaries, bonuses and allowances	86,225	60,684	247,499	180,616
Defined contribution plan	14,012	9,967	40,561	29,765
Other employee benefits	6,812	4,952	15,655	12,939
	<u>107,049</u>	<u>75,603</u>	<u>303,715</u>	<u>223,320</u>
(ii) Promotion and marketing related expenses comprise the following:				
Hire-purchase handling fees and commissions				
Others	13,877	6,415	31,126	18,500
	<u>5,256</u>	<u>3,914</u>	<u>12,425</u>	<u>12,414</u>
	<u>19,133</u>	<u>10,329</u>	<u>43,551</u>	<u>30,914</u>
(iii) Establishment related expenses comprise the following:				
Depreciation of property, plant and equipment	8,822	9,641	26,759	28,732
Repair and maintenance	6,859	5,084	18,132	15,151
Rental of premises	5,999	5,812	17,743	16,929
Hire of equipment	1,190	987	3,185	2,835
Others	9,693	7,714	25,904	23,117
	<u>32,563</u>	<u>29,238</u>	<u>91,723</u>	<u>86,764</u>
(iv) General administrative expenses comprise the following:				
Communication costs				
Printing and stationeries	5,777	4,887	15,430	14,205
Property, plant and equipment written off	4,227	3,512	12,409	10,706
Loss on disposal of property, plant and equipment	-	14	45	20
Legal and other professional charges	14	236	60	259
Others	10,229	7,671	59,418	23,013
	<u>19,864</u>	<u>11,733</u>	<u>49,101</u>	<u>32,233</u>
	<u>40,111</u>	<u>28,053</u>	<u>136,463</u>	<u>80,436</u>

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24. Allowances for Losses on Loans, Advances and Financing

	<u>Individual quarter</u>		<u>Cumulative quarter</u>	
	<u>Current financial quarter ended 30 September 2008</u>	<u>Preceding year corresponding quarter ended 30 September 2007</u>	<u>Current financial period ended 30 September 2008</u>	<u>Preceding year corresponding period ended 30 September 2007</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Allowances for bad and doubtful debts and financing :				
(a) Specific allowance:				
- Made	99,797	138,848	534,470	447,246
- Written back	(48,520)	(31,435)	(114,496)	(93,494)
(b) General allowance:				
- Made	13,880	6,195	15,924	10,877
Bad debts and financing:				
- Recovered	(37,832)	(44,571)	(77,027)	(75,645)
- Written off	58	-	60	-
	<u>27,383</u>	<u>69,037</u>	<u>358,931</u>	<u>288,984</u>

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25. Commitments and Contingencies

In the normal course of business, the Group make 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			Group		
	30 September 2008			31 December 2007		
	Principal amount RM'000	Credit equivalent amount* RM'000	Risk- weighted amount** RM'000	Principal amount RM'000	Credit equivalent amount* RM'000	Risk- weighted amount** RM'000
Direct credit substitutes	540,178	540,178	540,178	404,036	404,036	404,036
Certain transaction-related contingent items	1,153,929	576,965	576,965	925,460	462,730	462,730
Short term self-liquidating trade-related contingencies	114,481	22,896	22,896	101,830	20,366	20,366
Assets sold with recourse and commitments with certain drawdown	192,000	192,000	49,938	226,000	226,000	95,871
Obligations under underwriting agreements	94,660	47,330	8,042	476,860	238,430	224,991
Irrevocable commitments to extend credit:						
- maturity more than one year	2,923,818	1,461,910	1,243,386	2,591,710	1,200,485	902,444
- maturity less than one year	9,435,453	1,887,090	1,632,880	8,961,285	-	-
Foreign exchange related contracts						
- maturity less than one year	1,080,433	35,372	25,907	3,833,450	85,408	30,262
Interest rate related contracts						
- maturity more than one year	1,435,000	35,263	35,428	2,958,913	47,844	10,230
- maturity less than one year	2,422,338	5,250	3,550	-	-	-
Miscellaneous	137,551	-	-	99,124	-	-
	19,529,841	4,804,254	4,139,170	20,578,668	2,685,299	2,150,930

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

** The risk weighted amount as at 30 September 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 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.

	30 September 2008	31 December 2007
	RM'000	RM'000
The components of Tier I and Tier II Capital are as follows:		
Tier I Capital:		
Paid-up share capital	693,209	693,209
Share premium	1,066,296	1,066,296
Retained profits	690,295	744,296
Other reserves	632,610	632,610
	<u>3,082,410</u>	<u>3,136,411</u>
Less: Goodwill	(96,448)	(96,448)
Deferred tax assets	(169,644)	(169,644)
Available-for-sale securities reserve	(40,444)	(40,444)
Total Tier I Capital	<u>2,775,874</u>	<u>2,829,875</u>
Tier II Capital:		
Subordinated obligations	768,647	726,135
General allowance for bad and doubtful debts and financing	445,927	430,008
Total Tier II Capital	<u>1,214,574</u>	<u>1,156,143</u>
Total Capital Base	<u><u>3,990,448</u></u>	<u><u>3,986,018</u></u>
Capital ratios:		
Core capital ratio	8.33%	9.22%
Risk-weighted capital ratio	11.98%	12.98%
Core capital ratio (net of proposed dividend)	8.33%	9.04%
Risk-weighted capital ratio (net of proposed dividend)	11.98%	12.80%

For regulatory purposes, 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 Risk-Weighted Capital Adequacy Framework: Standardised Approach for Credit and Market Risk and Basic Indicator Approach for Operational Risk (Basel II). 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 11.70%, the Islamic banking subsidiary company, EONCAP Islamic Bank Berhad, of 11.19% and the investment banking subsidiary company, MIMB Investment Bank Berhad, of 82.64% as at 30 September 2008, exceeded the minimum requirements of 8.00% prescribed by Bank Negara Malaysia.

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27. Interest Rate Risk

	← Non-trading book →					Non- interest sensitive	Trading book	Total	Effective interest 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					RM'000	RM'000	%
As at 30 September 2008												
Assets:												
Cash and short-term funds	6,194,690	-	-	-	-	284,527	-	6,479,217	3.50			
Deposits and placements with banks and other financial institutions	-	698,523	276,608	-	-	-	-	975,131	3.59			
Held for trading securities	-	-	-	-	-	-	630	630	-			
Derivative financial statements	-	-	-	-	-	13,459	-	13,459	-			
Available-for-sale securities	545,687	879,299	303,647	1,026,873	537,841	19,463	-	3,312,810	4.40			
Held-to-maturity securities	125,908	-	46,607	192,558	19,879	18,082	-	403,034	3.05			
Loans, advances and financing	-	-	-	-	-	-	-	-	-			
- performing	15,005,209	576,435	563,804	4,361,703	8,333,836	7,910	-	28,848,897	6.69			
- non-performing	-	-	-	-	-	423,065	^	423,065	-			
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	1,053,902	-	1,053,902	-			
Other assets ⁽¹⁾	7,357	-	-	-	-	1,367,932	-	1,375,289	7.00			
Total assets	21,878,851	2,154,257	1,190,666	5,581,134	8,891,556	3,188,340	630	42,885,434				

^ The amount represents non-performing loans, 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, property, plant and equipment, deferred tax assets and goodwill.

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27. Interest Rate Risk (continued)

	← Non-trading book →					Non- interest sensitive	Trading book	Total	Effective interest 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					RM'000	RM'000	%
As at 30 September 2008												
Liabilities:												
Deposits from customers	11,806,406	5,073,112	7,831,477	622,277	-	3,761,116	-	29,094,388	2.84			
Deposits and placements of banks and other financial institutions	2,436,877	1,566,592	980,932	1,909,000	-	35,224	-	6,928,625	2.96			
Derivative financial instruments	-	-	-	-	-	10,751	-	10,751	-			
Bills and acceptances payable	-	-	-	-	-	1,980,681	-	1,980,681	-			
Other liabilities ⁽²⁾	26,035	-	-	-	-	816,528	-	842,563	3.30			
Subordinated obligations	-	-	855,000	-	-	(86,353)	-	768,647	5.38			
Borrowings	-	-	-	150,000	-	(1,363)	-	148,637	6.75			
Total liabilities	14,269,318	6,639,704	9,667,409	2,681,277	-	6,516,584	-	39,774,292				
Shareholders' funds	-	-	-	-	-	3,111,142	-	3,111,142				
Total liabilities and shareholders' funds	14,269,318	6,639,704	9,667,409	2,681,277	-	9,627,726	-	42,885,434				
On-balance sheet interest sensitivity gap	7,609,533	(4,485,447)	(8,476,743)	2,899,857	8,891,556							
Off-balance sheet interest sensitivity gap	300,000	-	1,135,000	(1,435,000)	-							
Total interest sensitivity gap	7,909,533	(4,485,447)	(7,341,743)	1,464,857	8,891,556							

Note:

(1) The negative balance represents (i) unamortised discount at issuance, unamortised fair value changes arising from discontinued fair value hedge and foreign currency translation gains of the subordinated obligations, and (ii) unamortised discount for long term secured fixed rate bonds 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 Rate Risk (continued)

	← Non-trading book →					Non- interest sensitive	Trading book	Total	Effective interest 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	RM'000	%
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 statements	-	-	-	-	-	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	6.72			
- non-performing	-	-	-	-	-	775,143	^	775,143	-			
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	1,065,182	-	1,065,182	-			
Other assets ⁽¹⁾	5,742	-	-	-	-	1,321,571	-	1,327,313	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, 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, property, plant and equipment, deferred tax assets and goodwill.

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27. Interest Rate Risk (continued)

	← Non-trading book →					Non- interest sensitive	Trading book	Total	Effective interest 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					RM'000	RM'000	RM'000	%
As at 31 December 2007													
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⁾⁽ⁱ⁾	-	726,135	5.38				
Borrowings	-	-	-	150,000	-	(2,136) ⁽¹⁾⁽ⁱⁱ⁾	-	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 sensitivity gap	6,258,761	(3,974,992)	(6,854,521)	2,105,557	8,312,869								
Off-balance sheet interest sensitivity gap	(644,638)	625,000	-	19,638	-								
Total interest 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 at issuance, unamortised fair value changes arising from discontinued fair value hedge and foreign currency translation gains of the subordinated obligations, and (ii) unamortised discounts for long term secured fixed rate bonds 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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28. Islamic Banking Operations

28(i) Islamic banking assets and liabilities

Included in the Group's balance sheets are Islamic banking assets and liabilities of a subsidiary company are as follows:

		Unaudited 30 September 2008 RM'000	Audited 31 December 2007 RM'000
ASSETS	Note		
Cash and short-term funds		1,492,874	1,004,427
Deposits and placements with banks and other financial institutions		20,000	-
Available-for-sale securities		316,355	287,543
Held-to-maturity securities		-	15,062
Financing and advances	28(iii)	4,630,011	4,553,237
Other assets		86,330	55,751
Statutory deposits with Bank Negara Malaysia		168,461	181,886
Deferred tax assets		19,068	19,203
Property, plant and equipment		2,281	2,525
TOTAL ASSETS		6,735,380	6,119,634
LIABILITIES			
Deposits from customers	28(iv)	4,028,050	3,763,887
Deposits and placements of banks and other financial institutions		1,997,171	1,700,192
Bills and acceptances payable		186,634	138,715
Provision for zakat		597	2,763
Other liabilities		86,317	72,557
TOTAL LIABILITIES		6,298,769	5,678,114
NET ISLAMIC BANKING ASSETS		436,611	441,520
COMMITMENTS AND CONTINGENCIES		1,017,967	949,306

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28. Islamic Banking Operations (continued)

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

The financial results contribution from Islamic banking operation of the Group's financial results are as follows:

	Individual quarter		Cumulative quarter	
	Current financial quarter ended 30 September 2008	Preceding year corresponding quarter ended 30 September 2007	Current financial period ended 30 September 2008	Preceding year corresponding period ended 30 September 2007
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds	80,082	70,593	229,934	203,803
Income derived from investment of shareholder's funds	8,104	7,544	23,889	22,544
	<u>88,186</u>	<u>78,137</u>	<u>253,823</u>	<u>226,347</u>
Allowances for losses on financing and advances	(2,281)	(11,511)	(48,419)	(30,023)
Transfer from profit equalisation reserves	1,850	3,986	2,250	5,378
Total distributable income	<u>87,755</u>	<u>70,612</u>	<u>207,654</u>	<u>201,702</u>
Income attributable to depositors	<u>(45,092)</u>	<u>(38,857)</u>	<u>(127,935)</u>	<u>(112,312)</u>
Total net income	42,663	31,755	79,719	89,390
Other operating expenses	<u>(31,231)</u>	<u>(18,505)</u>	<u>(72,701)</u>	<u>(53,110)</u>
Profit before taxation and zakat	11,432	13,250	7,018	36,280
Taxation	(2,973)	(3,578)	(1,825)	(9,796)
Zakat	661	(983)	(2,205)	(3,144)
Net profit for the financial quarter/period	<u><u>9,120</u></u>	<u><u>8,689</u></u>	<u><u>2,988</u></u>	<u><u>23,340</u></u>

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28. Islamic Banking Operations (continued)

28(iii) Financing and advances

	Unaudited 30 September 2008 RM'000	Audited 31 December 2007 RM'000
Cash line	362,090	380,389
Term financing:		
Housing financing	2,722,172	2,664,259
Hire purchase receivables	2,000,508	1,896,450
Other term financing	1,305,355	1,415,898
Bills receivable	906	743
Trust receipts	4,448	4,955
Claims on customers under acceptance financing	262,415	228,010
Staff financing	29,784	33,163
Revolving financing	105,857	114,576
Other financing	79,773	4,496
	<u>6,873,308</u>	<u>6,742,939</u>
Less: Unearned income	(2,078,269)	(2,054,165)
Gross financing and advances	<u>4,795,039</u>	<u>4,688,774</u>
Less: Allowances for bad and doubtful financing		
- Specific	(94,520)	(66,199)
- General	(70,508)	(69,338)
Total net financing and advances	<u><u>4,630,011</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 period/year	586,820	873,887
Reclassified as performing during the financial period/year	(529,119)	(772,282)
Amount recovered	(57,286)	(77,783)
Amount written off	(22,152)	(20,509)
Balance as at 30 September / 31 December	<u>224,019</u>	<u>245,756</u>
Specific allowance	(94,520)	(66,199)
Net non-performing financing and advances	<u><u>129,499</u></u>	<u><u>179,557</u></u>
As % of total financing and advances, net of specific allowance	<u>2.8%</u>	<u>3.9%</u>
 (b) Movements in allowances for bad and doubtful financing:		
General allowance		
Balance as at 1 January	69,338	62,278
Allowance made during the financial period/year	1,170	7,060
Balance as at 30 September / 31 December	<u>70,508</u>	<u>69,338</u>
As % of gross financing and advances, net of specific allowances	<u>1.5%</u>	<u>1.5%</u>
 Specific allowance		
Balance as at 1 January	66,199	47,099
Allowance made during the financial period/year	69,294	55,287
Amount recovered	(18,821)	(15,678)
Amount written-off	(22,152)	(20,509)
Balance as at 30 September / 31 December	<u>94,520</u>	<u>66,199</u>

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28. Islamic Banking Operations (continued)

28(iv) Deposits from customers

	Unaudited 30 September 2008 RM'000	Audited 31 December 2007 RM'000
<u>Non-Mudharabah:</u>		
Al-Wadiah demand deposits	975,651	861,037
Al-Wadiah savings deposits	177,838	150,189
<u>Mudharabah:</u>		
Al-Fareed demand deposits	116,597	118,481
Al-Mudrabah savings deposits	87,335	83,533
Total demand and savings deposits	<u>1,357,421</u>	<u>1,213,240</u>
<u>Non-Mudharabah:</u>		
Bai Al-Inah HARI	12,606	43,996
Negotiable Islamic debt certificates	-	100
<u>Mudharabah:</u>		
General investment deposits	2,658,023	2,506,551
Total investment deposits	<u>2,670,629</u>	<u>2,550,647</u>
Total deposits from customers	<u>4,028,050</u>	<u>3,763,887</u>

29. Significant Events During the Financial Quarter/Period Ended 30 September 2008

There were no significant events during the financial quarter/period ended 30 September 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/period ended 30 September 2008 that have not been disclosed in these condensed financial statements.

31. Significant Events Subsequent to the Balance Sheet Date

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

32. Other Commitments

	Unaudited 30 September 2008 RM'000	Audited 31 December 2007 RM'000
Authorised and contracted for	10,722	19,862
Authorised but not contracted for	15,323	11,840
	<u>26,045</u>	<u>31,702</u>
Analysed as follows:		
- Property, plant and equipment	26,045	31,702
	<u>26,045</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 tax expense for the respective financial quarter/period are as follows:

	Individual quarter		Cumulative quarter	
	Current financial quarter ended 30 September 2008	Preceding year corresponding quarter ended 30 September 2007	Current financial period ended 30 September 2008	Preceding year corresponding period ended 30 September 2007
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax:				
- Charge for the financial quarter/period	28,059	32,733	35,474	62,006
- Under/(over) provision in respect of prior years	22	(7,776)	94	(8,405)
	28,081	24,957	35,568	53,601
Transfer to deferred taxation	(2,692)	(750)	(4,100)	(794)
	25,389	24,207	31,468	52,807

34. Unquoted Investments and Properties

There were no sale of unquoted investments and properties for the financial quarter/period ended 30 September 2008 other than in the ordinary course of banking business.

35. Quoted securities

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

36. Status of Corporate Proposals Announced But Not Completed

(i) 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.

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 Group') the capital that will strengthen its balance sheet as well as partially repay the maturing USD Subordinated Notes due in January 2009. 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.

Bank Negara Malaysia and the Securities Commission, via their respective letters dated 1 August 2008 and 30 September 2008, had approved the Proposed Bond Issue and Proposed Issue of Warrants and the proposals are expected to be completed by December 2008.

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

- (ii) On 28 October 2008, the Company had proposed to undertake the following proposals :
- (a) proposed establishment of a new employee share scheme (ESS) involving up to fifteen percent (15%) of the issued and paid-up share capital of the Company for the benefit of the eligible Directors and employees of the Company and its subsidiaries, and
 - (b) proposed authority for the Company to purchase up to ten percent (10%) of its issued and paid-up share capital in accordance with Section 67A of the Companies Act 1965.
- (ii) On 3 November 2008, Bank Negara Malaysia had granted approval for the Company's subsidiary, EON Bank Berhad, to commence discussions with Pacific Mas Berhad pursuant to Section 67 of the Insurance Act 1996 for the proposed acquisition of all the issued and paid up capital of its wholly owned subsidiary, The Pacific Insurance Berhad, a general insurance company.

In the event these discussions are successful, further details on the proposed acquisition shall be announced, for which pursuant to Section 67 of the Insurance Act, the signing of the definitive agreements is subject to the prior approval of the Minister of Finance, with the recommendation of Bank Negara Malaysia.

Other than the above, there were no other corporate proposals announced but not completed as at 7 November 2008.

37. Subordinated Obligations

	Unaudited 30 September 2008 RM'000	Audited 31 December 2007 RM'000
Subordinated obligations, at par	855,000	855,000
Foreign exchange translations	(80,888)	(110,363)
	774,112	744,637
Less: Unamortised discounts on issuance	(806)	(2,656)
Unamortised fair value changes arising from the discontinued fair value hedge	(4,659)	(15,846)
	768,647	726,135

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

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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 30 September 2008 RM'000	Audited 31 December 2007 RM'000
Long term borrowings:		
Secured fixed rate bond, at par	150,000	150,000
Less: Unamortised discounts	<u>(1,363)</u>	<u>(2,136)</u>
	<u>148,637</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 RM150 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 31 October 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	912,723	434,751	182,947	270,296	24,729	-	-
Interest rate related contracts:							
- Interest rate swaps	4,254,828	-	2,399,828	-	100,000	1,755,000	-

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 31 October 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 31 October 2008, the amount of contracts of the Group, which were not hedged and, hence, exposed to market risk was RM 19,534,352 (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 31 October 2008, the amount of credit risk of the Group, measured in terms of the cost to replace the profitable contracts, was RM24,737,633 (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 31 October 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 Plaintiff (borrower) 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

EBB filed an appeal in the Court of Appeal against the decision on 8 May 2007 whereby the High Court dismissed EBB's appeal to the judge against the dismissal of its application to strike out the Plaintiff's suit and it is now pending fixing of hearing date by the Court of Appeal.

The Bank has also filed an appeal against the dismissal of its application for summary judgement in respect of the counterclaim against the guarantor and it is now pending fixing of hearing date by Court of Appeal.

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

- (2) A Writ of Summon was filed by the Plaintiff (borrower) on 25 June 2007 against EBB and seven 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 the Alleged Agreement was a binding agreement. Plaintiff's application to amend the Writ of Summons and EBB's application to strike out the matter is fixed for mention on 12 January 2009. 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 as a result of EBB wrongfully claiming for an alleged fictitious unsecured claim.

Status update

Interlocutory Judgement was granted against EON Bank by the senior assistant registrar on 27 October 2005 with damages to be assessed. EON Bank's appeal to the judge in chambers was dismissed with costs on 27 June 2006. On further appeal to the Court of Appeal, damages claimable by the Plaintiff was limited to general damages only. The Plaintiff's solicitors have served the sealed application of assessment for damages.

Hearing of assessment of damages concluded and matter is fixed for mention on 21 November 2008 for clarification and decision.

Our solicitors are of the opinion 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.

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

Status update

EBB has filed a Statement of Defence on 22 November 2007 claiming res judicata, estoppel and breach of terms of the Letter of Offer. Case management is fixed on 11 November 2008.

The solicitors of EBB are of the opinion that there is reasonable good chance of having the suit to be dismissed by the court.

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 and the same is fixed for hearing on 23 June 2008. Court of Appeal has dismissed the plaintiff's claim with costs.

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40. Material Litigation (continued)

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

The borrower has been wound up. Proof of Debt filed. On the 4 August 2008, MIMB's claim against the borrower was struck off as the borrower has been wound up. The borrower's counterclaim against MIMB was dismissed with no order as to costs.

MIMB has secured Judgement against the second, third and fourth Defendant. The third and fourth Defendants' counterclaim against MIMB was also dismissed with costs. Creditors Petition against second defendant pending extraction. The Court has fixed the case management for the second Defendant's counterclaim on 24 November 2008 and trial on the 3, 4 and 5 August 2009

The solicitors for MIMB are of the view that it will be difficult for the defendants to prove their counterclaim against MIMB in this civil suit.

- (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. On 11 April 2007, the defendant has obtained an order from the High Court to transfer the case from Sessions Court to the High Court on the ground that their counterclaim exceeds the jurisdiction of the Sessions Court. The Sessions Court's file has been transferred to the Kuala Lumpur High Court on 23 September 2008. Matter fixed for mention on 10 December 2008.

The solicitors of MIMB are of the opinion that MIMB's claim against the defendant is dependent upon the success of the defendant's counterclaim against MIMB and the solicitors are of the view that MIMB should not be liable to the defendant for negligent or breach of their duty as the advisor.

41. Profit Forecast

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

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

As compared to the immediate preceding financial quarter, the Group's pre-tax profit increased by 188.3 million from a pre-tax loss of RM98.9 million to a pre-tax profit of RM89.4 million. During the immediate preceding financial quarter ended 30 June 2008, the Group aligned its loan loss coverage ratio to the industry average. The Group set aside additional allowances for losses on loans, advances and financing of RM193.9 million, a one-off charge in the immediate preceding quarter ended 30 June 2008, to raise its loan loss coverage in respect of the non-performing loans from 62.1% as at 31 March 2008 to 74.1% as at 30 June 2008 and this has resulted in the Group reporting a pre-tax loss of RM98.9 million for the immediate preceding financial quarter ended 30 June 2008.

Compared to the immediate preceding financial quarter ended 30 June 2008, the Group's net income decreased by RM 47.1 million or 12.8% to RM319.7 million in the current financial quarter. This was mainly due to a reduction in other operating income by RM49.4 million or 54.3%.

43. Review of performance for the financial quarter ended 30 September 2008 against the corresponding financial quarter of preceding year.

Current financial quarter against corresponding financial quarter of preceding year

For the financial quarter ended 30 September 2008, the Group recorded a pre-tax profit of RM89.4 million as compared to RM88.7 million achieved in the preceding year's corresponding financial quarter ended 30 September 2007. The increase in pre-tax profit by RM0.7 million or 0.8% was mainly attributable to a reduction in allowances for loan losses and impairment losses on securities by RM41.7 million and RM52.3 million respectively. However, this was partly off-set by a reduction in other operating income by RM41.9 million and an increase in other operating expenses by 55.6 million.

Current financial period against corresponding financial period of preceding year

For the financial period ended 30 September 2008, the Group recorded a pre-tax profit of RM96.1 million as compared to RM199.1 million recorded in the preceding year's corresponding financial period ended 30 September 2007. Excluding the one-off adjustment for allowances for loan losses of RM193.9 million effected in the immediate preceding financial quarter ended 30 June 2008, the Group would have recorded a pre-tax profit of RM290.0 million, an increase of RM90.9 million or 45.7% as compared to the corresponding financial period ended 30 September 2007. Net income increased by RM20.7 million due to improvement recorded in net income from both conventional and Islamic Banking business. However, operating expenses has also increased, partly attributed to the recent salary adjustment for the staff under the National Union of Bank Employees, as well as new investments in upgrading of its IT systems, reorganisation in business and renovation of branches.

44. Prospects for 2008

Due to external uncertainties and increasingly challenging domestic and global economies, the Group expects the operating environment in the financial services industry to remain competitive and challenging in the last quarter of 2008. Notwithstanding that, the Group will continue to build its presence in the retail and middle market segment and the Group expects to achieve a satisfactory performance in 2008.

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45. Earnings Per Share

The calculation of the earnings per share of the Group, which is based on the net profit for the financial quarter/period ended 30 September 2008 and 30 September 2007 respectively and the weighted average number of ordinary shares in issue during the respective financial quarter/period, are set out as follows:

	Individual quarter		Cumulative quarter	
	Current financial quarter ended 30 September 2008 RM'000	Preceding year corresponding quarter ended 30 September 2007 RM'000	Current financial period ended 30 September 2008 RM'000	Preceding year corresponding period ended 30 September 2007 RM'000
Net profit for the financial quarter	64,682	63,501	62,415	143,198
Weighted average number of ordinary shares in issue during the financial quarter/period	693,209	693,209	693,209	693,209
Earnings per share (sen) - basic/diluted	9.33	9.16	9.00	20.66

There were no dilutive potential ordinary shares outstanding as at 30 September 2008 and 30 September 2007.