

**EON CAPITAL BERHAD**  
(454644-K)

**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED BALANCE SHEETS**  
**AS AT 30 JUNE 2009**

|  | Note | Unaudited<br>30 June<br>2009<br>RM'000 | Audited<br>31 December<br>2008<br>RM'000 |
|--|------|--|--|
| <b>ASSETS</b>  |      |  |  |
| Cash and short-term funds  |      | 7,464,968                              | 7,849,181                                |
| Deposits and placements with banks<br>and other financial institutions |      | 393,512                                | 249,440                                  |
| Held-for-trading securities  | 9    | 19,968                                 | 27,931                                   |
| Derivative financial instruments                                       | 10   | 11,910                                 | 13,393                                   |
| Available-for-sale securities  | 11   | 3,443,071                              | 3,076,980                                |
| Held-to-maturity securities  | 12   | 270,677                                | 349,217                                  |
| Loans, advances and financing  | 13   | 30,194,046                             | 29,637,558                               |
| Other assets   | 14   | 723,727                                | 780,988                                  |
| Statutory deposits with Bank Negara Malaysia                           |      | 270,938                                | 940,952                                  |
| Deferred tax assets  |      | 141,041                                | 122,866                                  |
| Property, plant and equipment  |      | 316,276                                | 287,626                                  |
| Goodwill   |      | 86,610                                 | 86,610                                   |
| <b>TOTAL ASSETS</b>  |      | <u>43,336,744</u>                      | <u>43,422,742</u>                        |
| <b>LIABILITIES AND SHAREHOLDERS' FUNDS</b>                             |      |  |  |
| Deposits from customers  | 16   | 32,195,913                             | 32,391,890                               |
| Deposits and placements of banks<br>and other financial institutions   | 17   | 4,316,671                              | 4,257,820                                |
| Derivative financial instruments                                       | 10   | 57,984                                 | 80,624                                   |
| Bills and acceptances payable  |      | 1,890,068                              | 1,817,440                                |
| Provision for taxation and zakat                                       |      | 732                                    | 32                                       |
| Other liabilities  | 18   | 924,011                                | 820,676                                  |
| Subordinated medium term notes   | 33   | 380,142                                | -  |
| Subordinated obligations   | 34   | -                                      | 700,778                                  |
| Borrowings   | 35   | 179,452                                | 148,894                                  |
| <b>TOTAL LIABILITIES</b>   |      | <u>39,944,973</u>                      | <u>40,218,154</u>                        |
| SHARE CAPITAL  |      | 693,209                                | 693,209                                  |
| RESERVES   |      | 2,698,562                              | 2,511,379                                |
| <b>SHAREHOLDERS' FUNDS</b>   |      | <u>3,391,771</u>                       | <u>3,204,588</u>                         |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS</b>                       |      | <u>43,336,744</u>                      | <u>43,422,742</u>                        |
| <b>OFF-BALANCE SHEET EXPOSURES</b>                                     | 24   | <u>19,970,825</u>                      | <u>20,240,783</u>                        |
| Net assets per ordinary share (RM)                                     |      | <u>4.89</u>                            | <u>4.62</u>                              |

**EON CAPITAL BERHAD**  
**(454644-K)**

**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED INCOME STATEMENTS**  
**FOR THE FINANCIAL QUARTER/PERIOD ENDED 30 JUNE 2009**

|   | Note | Individual quarter   |   | Cumulative quarter  |  |
|---|------|--|---|---|--|
|   |      | Current<br>financial<br>quarter ended<br>30 June<br>2009<br>RM'000 | Preceding year<br>corresponding<br>quarter ended<br>30 June<br>2008<br>RM'000 | Current<br>financial<br>period ended<br>30 June<br>2009<br>RM'000 | Preceding year<br>corresponding<br>period ended<br>30 June<br>2008<br>RM'000 |
| Interest income   | 19   | 426,036  | 475,093   | 878,915   | 953,937  |
| Interest expense  | 20   | (203,320)  | (246,213)   | (432,250)   | (493,021)  |
| Net interest income                                       |      | 222,716  | 228,880   | 446,665   | 460,916  |
| Net income from Islamic Banking<br>business               | 26   | 57,812   | 38,698  | 103,961   | 80,368   |
|   |      | 280,528  | 267,578   | 550,626   | 541,284  |
| Non-interest income                                       | 21   | 71,067   | 90,993  | 141,163   | 158,111  |
| Net income  |      | 351,595  | 358,571   | 691,789   | 699,395  |
| Other operating expenses                                  | 22   | (196,169)  | (207,868)   | (385,765)   | (359,346)  |
| Operating profit  |      | 155,426  | 150,703   | 306,024   | 340,049  |
| Allowances for losses on loans,<br>advances and financing | 23   | (40,959)   | (246,761)   | (76,533)  | (331,548)  |
| Impairment losses on securities                           |      | (2,029)  | (556)   | (10,029)  | (948)  |
| Profit/(loss) before taxation and zakat                   |      | 112,438  | (96,614)  | 219,462   | 7,553  |
| Taxation  |      | 12,174   | 20,862  | (15,281)  | (5,566)  |
| Zakat   |      | (9)  | (1,447)   | (16)  | (2,866)  |
| Net profit/(loss) for the financial<br>quarter/period     |      | 124,603  | (77,199)  | 204,165   | (879)  |
| Earnings/(loss) per share (sen)                           |      |  |   |   |  |
| - Basic   | 45   | 17.97  | (11.14)   | 29.45   | (0.13)   |
| - Diluted   | 45   | 17.97  | (11.14)   | 29.45   | (0.13)   |

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**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2009**

|   | <b>Issued and fully<br/>paid ordinary<br/>shares of<br/>RM1 each</b> |                          |                              | <b>Available-<br/>for-sale<br/>securities<br/>reserve</b> |               | <b>Retained<br/>profits</b> | <b>Total</b> |
|---|--|--------------------------|------------------------------|---|---------------|-----------------------------|--------------|
|   | <b>Share<br/>capital</b>   | <b>Share<br/>premium</b> | <b>Statutory<br/>reserve</b> | <b>RM'000</b>   | <b>RM'000</b> |                             |              |
|   | <b>RM'000</b>  | <b>RM'000</b>            | <b>RM'000</b>                | <b>RM'000</b>   | <b>RM'000</b> |                             |              |
| Balance as at 1 January 2009  | 693,209  | 1,066,296                | 657,198                      | (25,311)  | 813,196       | 3,204,588                   |              |
| Net fair value changes in available-for-sale securities, net of tax | -  | -                        | -                            | 23,016  | -             | 23,016                      |              |
| Income and expense recognised directly in equity                    | -  | -                        | -                            | 23,016  | -             | 23,016                      |              |
| Net profit for the financial period                                 | -  | -                        | -                            | -   | 204,165       | 204,165                     |              |
| Total recognised income and expense for the financial period        | -  | -                        | -                            | 23,016  | 204,165       | 227,181                     |              |
| Dividends in respect of financial year ended 31 December 2008       | -  | -                        | -                            | -   | (39,998)      | (39,998)                    |              |
| Balance as at 30 June 2009  | 693,209  | 1,066,296                | 657,198                      | (2,295)   | 977,363       | 3,391,771                   |              |
| Balance as at 1 January 2008  | 693,209  | 1,066,296                | 608,326                      | 40,444  | 782,292       | 3,190,567                   |              |
| Net fair value changes in available-for-sale securities, net of tax | -  | -                        | -                            | (41,824)  | -             | (41,824)                    |              |
| Income and expense recognised directly in equity                    | -  | -                        | -                            | (41,824)  | -             | (41,824)                    |              |
| Net loss for the financial period                                   | -  | -                        | -                            | -   | (879)         | (879)                       |              |
| Total recognised income and expense for the financial period        | -  | -                        | -                            | (41,824)  | (879)         | (42,703)                    |              |
| Dividends in respect of financial year ended 31 December 2007       | -  | -                        | -                            | -   | (54,001)      | (54,001)                    |              |
| Balance as at 30 June 2008  | 693,209  | 1,066,296                | 608,326                      | (1,380)   | 727,412       | 3,093,863                   |              |

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**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED CASH FLOW STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2009**

|   | <b>Current<br/>financial<br/>period ended<br/>30 June<br/>2009<br/>RM'000</b> | <b>Preceding year<br/>corresponding<br/>period ended<br/>30 June<br/>2008<br/>RM'000</b> |
|---|---|--|
| <b>Cash Flows From Operating Activities</b>   |   |  |
| Net profit/(loss) for the financial period  | 204,165   | (879)  |
| Adjustments for investing and financing items not involving movement of cash and cash equivalents | (140,401)   | 300,302  |
| Operating profit before working capital changes   | 63,764  | 299,423  |
| Decrease/(Increase) in operating assets   | 231,687   | (1,552,618)  |
| (Decrease)/Increase in operating liabilities  | (386,726)   | 580,945  |
| Cash (used in)/generated from operations  | (91,275)  | (672,250)  |
| Income tax paid   | (34,647)  | (43,159)   |
| Income tax refunded   | 4,606   | 7,739  |
| Zakat paid  | (1,008)   | (3,906)  |
| Net cash (used in)/generated from operating activities  | (122,324)   | (711,576)  |
| <b>Cash Flows From Investing Activities</b>   |   |  |
| Proceeds from sale of available-for-sale and held-to-maturity securities, net of purchases        | 90,653  | 506,381  |
| Purchase of property, plant and equipment   | (47,543)  | (12,198)   |
| Proceeds from disposal of property, plant and equipment   | 6,700   | 407  |
| Interest/dividend received from available-for-sale and held-to-maturity securities                | 63,103  | 91,033   |
| Net dividends received  | -   | 863  |
| Net cash generated from investing activities  | 112,913   | 586,486  |
| <b>Cash Flows From Financing Activities</b>   |   |  |
| Net proceeds from issuance of subordinated medium term notes                                      | 378,126   | -  |
| Net proceeds from short-term borrowings   | 30,000  | -  |
| Redemption of subordinated obligations  | (731,799)   | -  |
| Interest paid on subordinated obligations   | (2,185)   | (19,708)   |
| Interest paid on long term borrowings   | (5,049)   | (4,561)  |
| Interest paid on short term borrowings  | (327)   | -  |
| Net interest (paid)/received for interest rate related derivatives                                | (43,568)  | 2,569  |
| Net dividends paid  | -   | (54,001)   |
| Net cash used in financing activities   | (374,802)   | (75,701)   |
| <b>Net decrease in cash and cash equivalents</b>  | <b>(384,213)</b>  | <b>(200,791)</b>   |
| <b>Cash and cash equivalents:</b>   |   |  |
| - as at beginning of the financial period   | 7,849,181   | 5,547,918  |
| - as at end of the financial period   | 7,464,968   | 5,347,127  |

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) and Bank Negara Malaysia's Revised Guidelines on Financial Reporting for Licensed Institutions (revised BNM/GP8), and should be read in conjunction with the financial statements of the Group for the financial year ended 31 December 2008.

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.

**2. Audit Report**

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

**3. Seasonality or Cyclicity of Operations**

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

**4. 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 June 2009.

**5. 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 June 2009.

**6. Issuance and Repayments**

EON Bank Berhad ("EBB"), a wholly-owned subsidiary of the Company, has fully redeemed its USD225 million nominal value Subordinated Notes on the optional maturity date of 21 January 2009. Subsequently, on 27 February 2009, EBB issued RM410 million nominal value of the 10 non-callable 5 years Subordinated Medium Term Notes ("MTN") under the Subordinated MTN programme.

**7. Dividends Paid During the Current Financial Quarter**

The first and final tax-exempt dividends of 5.77 sen per share on 693,208,732 ordinary shares, amounting to RM39,998,144, for the financial year ended 31 December 2008 was approved for declaration by the shareholders at the annual general meeting held on 25 June 2009.

There were no interim dividends paid or declared in respect of financial year ending 31 December 2009 during the financial quarter/period ended 30 June 2009.

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**EXPLANATORY NOTES**

**8. Segment reporting**

The Group can be divided into four major business lines, i.e. Enterprise Banking, Retail Banking, Islamic Banking and Treasury and Investment Banking. The business lines are the basis on which the Group reports its primary segment information.

(a) Segment revenue and segment results

| <u>Group</u>  | <u>Enterprise<br/>Banking</u><br>RM'000 | <u>Retail<br/>Banking</u><br>RM'000 | <u>Islamic<br/>Banking</u><br>RM'000 | <u>Treasury and<br/>Investment<br/>Banking</u><br>RM'000 | <u>Total</u><br>RM'000 |
|---|---|-------------------------------------|--------------------------------------|--|------------------------|
| <b><u>Current financial quarter<br/>ended 30 June 2009</u></b>            |   |                                     |                                      |  |                        |
| Gross operating revenue<br>from external parties <sup>(1)</sup>           | 116,745                                 | 293,266                             | 85,189                               | 89,397   | 584,597                |
| Inter-segment gross<br>operating revenue <sup>(2)</sup>                   | 3,638                                   | 12,436                              | -                                    | -  | 16,074                 |
| Total segment revenue   | <u>120,383</u>                          | <u>305,702</u>                      | <u>85,189</u>                        | <u>89,397</u>  | <u>600,671</u>         |
| Segment results   | 28,372                                  | 69,190                              | 31,119                               | (13,108)   | 115,573                |
| Unallocated costs   |   |                                     |                                      |  | (3,135)                |
| Profit before taxation and zakat  |   |                                     |                                      |  | <u>112,438</u>         |
| Taxation and zakat  |   |                                     |                                      |  | 12,165                 |
| Net profit for the financial<br>quarter ended 30 June 2009                |   |                                     |                                      |  | <u><u>124,603</u></u>  |
| <b><u>Preceding year corresponding<br/>quarter ended 30 June 2008</u></b> |   |                                     |                                      |  |                        |
| Gross operating revenue<br>from external parties <sup>(1)</sup>           | 139,284                                 | 290,275                             | 79,455                               | 138,494  | 647,508                |
| Inter-segment gross<br>operating revenue <sup>(2)</sup>                   | 3,098                                   | 11,271                              | -                                    | -  | 14,369                 |
| Total segment revenue   | <u>142,382</u>                          | <u>301,546</u>                      | <u>79,455</u>                        | <u>138,494</u>   | <u>661,877</u>         |
| Segment results   | (92,488)                                | (10,419)                            | (21,122)                             | 29,948   | (94,081)               |
| Unallocated costs   |   |                                     |                                      |  | (2,533)                |
| Loss before taxation and zakat  |   |                                     |                                      |  | <u>(96,614)</u>        |
| Taxation and zakat  |   |                                     |                                      |  | 19,415                 |
| Net loss for the financial<br>quarter ended 30 June 2008                  |   |                                     |                                      |  | <u><u>(77,199)</u></u> |

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**EXPLANATORY NOTES**

**8. Segment reporting (continued)**

(a) Segment revenue and segment results (continued)

| <u>Group</u>   | <u>Enterprise<br/>Banking</u><br>RM'000 | <u>Retail<br/>Banking</u><br>RM'000 | <u>Islamic<br/>Banking</u><br>RM'000 | <u>Treasury and<br/>Investment<br/>Banking</u><br>RM'000 | <u>Total</u><br>RM'000 |
|--|---|-------------------------------------|--------------------------------------|--|------------------------|
| <b><u>Current financial period<br/>ended 30 June 2009</u></b>            |   |                                     |                                      |  |                        |
| Gross operating revenue<br>from external parties <sup>(1)</sup>          | 239,590                                 | 590,543                             | 168,135                              | 194,042  | 1,192,310              |
| Inter-segment gross<br>operating revenue <sup>(2)</sup>                  | 6,943                                   | 24,314                              | -                                    | -  | 31,257                 |
| Total segment revenue  | <u>246,533</u>                          | <u>614,857</u>                      | <u>168,135</u>                       | <u>194,042</u>   | <u>1,223,567</u>       |
| Segment results  | 68,491                                  | 144,405                             | 39,376                               | (27,249)   | 225,023                |
| Unallocated costs  |   |                                     |                                      |  | <u>(5,561)</u>         |
| Profit before taxation and zakat   |   |                                     |                                      |  | 219,462                |
| Taxation and zakat   |   |                                     |                                      |  | <u>(15,297)</u>        |
| Net profit for the financial<br>period ended 30 June 2009                |   |                                     |                                      |  | <u><u>204,165</u></u>  |
| <b><u>Preceding year corresponding<br/>period ended 30 June 2008</u></b> |   |                                     |                                      |  |                        |
| Gross operating revenue<br>from external parties <sup>(1)</sup>          | 273,270                                 | 576,351                             | 162,811                              | 266,149  | 1,278,581              |
| Inter-segment gross<br>operating revenue <sup>(2)</sup>                  | 5,959                                   | 21,613                              | -                                    | -  | 27,572                 |
| Total segment revenue  | <u>279,229</u>                          | <u>597,964</u>                      | <u>162,811</u>                       | <u>266,149</u>   | <u>1,306,153</u>       |
| Segment results  | (80,569)                                | 67,968                              | (4,596)                              | 29,340   | 12,143                 |
| Unallocated costs  |   |                                     |                                      |  | <u>(4,590)</u>         |
| Profit before taxation and zakat   |   |                                     |                                      |  | 7,553                  |
| Taxation and zakat   |   |                                     |                                      |  | <u>(8,432)</u>         |
| Net loss for the financial<br>period ended 30 June 2008                  |   |                                     |                                      |  | <u><u>(879)</u></u>    |

<sup>(1)</sup> Gross operating revenue comprised gross interest income received from loans, advances and financing (net of interest/income suspended), securities (net of amortisation of premium less accretion of discount) and inter-bank placements and deposits, fees income, gains or losses from sale of securities, gross income received from Islamic banking and other operating revenue.

<sup>(2)</sup> Inter-segment transactions are carried out on commercial terms at market rates obtainable in transactions with unrelated parties.

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**EXPLANATORY NOTES**

**8. Segment reporting (continued)**

(b) Segment assets

| <b>Group</b>                                     | <b>Enterprise<br/>Banking</b> | <b>Retail<br/>Banking</b> | <b>Islamic<br/>Banking</b> | <b>Treasury and<br/>Investment<br/>Banking</b> | <b>Total</b>      |
|--|-------------------------------|---------------------------|----------------------------|--|-------------------|
|  | <b>RM'000</b>                 | <b>RM'000</b>             | <b>RM'000</b>              | <b>RM'000</b>                                  | <b>RM'000</b>     |
| <b>As at 30 June 2009</b>                        |                               |                           |                            |  |                   |
| Segment assets                                   | 9,074,927                     | 15,349,961                | 6,418,357                  | 12,008,565                                     | 42,851,810        |
| Unallocated assets                               |                               |                           |                            |  | 484,934           |
| Total assets                                     |                               |                           |                            |  | <u>43,336,744</u> |
| Segment liabilities                              | 14,682,914                    | 11,518,989                | 5,705,246                  | 7,090,119                                      | 38,997,268        |
| Unallocated liabilities                          |                               |                           |                            |  | 947,705           |
| Total liabilities                                |                               |                           |                            |  | <u>39,944,973</u> |
| Other segment information:                       |                               |                           |                            |  |                   |
| Capital expenditure                              | 9,716                         | 30,494                    | 3,407                      | 3,926  | 47,543            |
| Depreciation of property, plant<br>and equipment | 6,184                         | 12,367                    | 320                        | 2,061  | 20,932            |
| Other non-cash expenses                          | 30,846                        | 66,676                    | 25,070                     | 9,882  | 132,474           |
| <b>As at 31 December 2008</b>                    |                               |                           |                            |  |                   |
| Segment assets                                   | 9,100,745                     | 14,745,282                | 7,077,924                  | 11,972,945                                     | 42,896,896        |
| Unallocated assets                               |                               |                           |                            |  | 525,846           |
| Total assets                                     |                               |                           |                            |  | <u>43,422,742</u> |
| Segment liabilities                              | 11,643,204                    | 13,742,804                | 6,199,705                  | 7,800,203                                      | 39,385,916        |
| Unallocated liabilities                          |                               |                           |                            |  | 832,238           |
| Total liabilities                                |                               |                           |                            |  | <u>40,218,154</u> |
| Other segment information:                       |                               |                           |                            |  |                   |
| Capital expenditure                              | 14,479                        | 25,831                    | 1,384                      | 9,937  | 51,631            |
| Depreciation of property, plant<br>and equipment | 10,552                        | 21,104                    | 632                        | 3,517  | 35,805            |
| Other non-cash expenses                          | 224,788                       | 279,939                   | 66,806                     | 30,039   | 601,572           |

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

**9. Held for Trading Securities**

|                                      | <b>Unaudited<br/>30 June<br/>2009</b> | <b>Audited<br/>31 December<br/>2008</b> |
|--------------------------------------|---------------------------------------|---|
|                                      | <b>RM'000</b>                         | <b>RM'000</b>                           |
| Malaysian Government securities      | -                                     | 27,538                                  |
| Quoted equity securities in Malaysia | -                                     | 393                                     |
| Commercial papers                    | 19,968                                | -                                       |
|                                      | <u>19,968</u>                         | <u>27,931</u>                           |



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**EXPLANATORY NOTES**

**10. Derivative Financial Instruments**

|   | Unaudited<br>30 June<br>2009<br>RM'000 | Audited<br>31 December<br>2008<br>RM'000 |
|---|--|--|
| <b>Derivatives at fair value through profit and loss:</b> |  |  |
| - Interest rate swaps                                     | -                                      | 1,967                                    |
| - Foreign currency forwards                               | 8,504                                  | 11,405                                   |
| <b>Derivatives designated as fair value hedge:</b>        |  |  |
| - Interest rate swaps                                     | 3,406                                  | 21                                       |
| Total derivative financial instruments - assets           | <u>11,910</u>                          | <u>13,393</u>                            |
| <b>Derivatives at fair value through profit and loss:</b> |  |  |
| - Interest rate swaps                                     | -                                      | 1,097                                    |
| - Foreign currency forwards                               | 5,224                                  | 12,540                                   |
| - Cross currency interest rate swap                       | -                                      | 275                                      |
| <b>Derivatives designated as fair value hedge:</b>        |  |  |
| - Interest rate swaps                                     | 51,760                                 | 66,712                                   |
| - Cross currency interest rate swaps                      | 1,000                                  | -  |
| Total derivative financial instruments - liabilities      | <u>57,984</u>                          | <u>80,624</u>                            |

**11. Available-for-sale Securities**

|  | Unaudited<br>30 June<br>2009<br>RM'000 | Audited<br>31 December<br>2008<br>RM'000 |
|--|--|--|
| <b>Available-for-sale securities, at fair value:</b> |  |  |
| Bank Negara Malaysia monetary notes                  | 139,479                                | 40,916                                   |
| Malaysian Government investment issues               | 237,059                                | 349,460                                  |
| Malaysian Government treasury bills                  | 32,469                                 | 29,579                                   |
| Malaysian Government Islamic treasury bills          | -                                      | 29,546                                   |
| Malaysian Government securities                      | 502,646                                | 501,909                                  |
| Cagamas bonds  | 14,963                                 | 15,219                                   |
| Khazanah bonds                                       | 99,490                                 | 73,305                                   |
| Quoted equity securities in Malaysia                 | 17,963                                 | 11,292                                   |
| Quoted private debt securities                       | 61                                     | 1,324                                    |
| Private and Islamic debt securities                  | 1,119,437                              | 1,085,920                                |
| Negotiable instruments of deposit                    | 999,962                                | 800,432                                  |
| Islamic negotiable instrument debt securities        | 148,746                                | 109,475                                  |
| Commercial papers                                    | 23,933                                 | 31,790                                   |
| Islamic commercial papers                            | 50,300                                 | 48,284                                   |
| Islamic acceptance bills                             | 5,647                                  | -  |
| Bankers' acceptances                                 | 112,327                                | -  |
|  | <u>3,504,482</u>                       | <u>3,128,451</u>                         |
| Allowance for impairment                             | (68,710)                               | (58,710)                                 |
|  | <u>3,435,772</u>                       | <u>3,069,741</u>                         |
| <b>Available-for-sale securities, at cost:</b>       |  |  |
| Unquoted equity securities in Malaysia               | 6,215                                  | 6,215                                    |
| Unquoted equity securities outside Malaysia          | 3,847                                  | 3,787                                    |
|  | <u>10,062</u>                          | <u>10,002</u>                            |
| Allowance for impairment                             | (2,763)                                | (2,763)                                  |
|  | <u>7,299</u>                           | <u>7,239</u>                             |
|  | <u>3,443,071</u>                       | <u>3,076,980</u>                         |

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**12. Held-to-maturity Securities**

|  | <b>Unaudited<br/>30 June<br/>2009<br/>RM'000</b> | <b>Audited<br/>31 December<br/>2008<br/>RM'000</b> |
|--|--|--|
| <b>Held-to-maturity securities, at amortised cost:</b> |  |  |
| Private and Islamic debt securities                    | 446,405  | 428,326  |
| Credit linked notes denominated in USD                 | -  | 86,688   |
|  | <u>446,405</u>                                   | <u>515,014</u>                                     |
| <b>Held-to-maturity securities, at cost:</b>           |  |  |
| Unquoted equity securities in Malaysia                 | 18,082   | 18,082   |
|  | <u>464,487</u>                                   | <u>533,096</u>                                     |
| Allowance for impairment                               | (193,810)  | (183,879)  |
|  | <u>270,677</u>                                   | <u>349,217</u>                                     |

**13. Loans, Advances and Financing**

|   | <b>Unaudited<br/>30 June<br/>2009<br/>RM'000</b> | <b>Audited<br/>31 December<br/>2008<br/>RM'000</b> |
|---|--|--|
| Overdrafts/cash line                                      | 2,327,505  | 2,483,658  |
| Term loans/financing:                                     |  |  |
| Housing loans/financing                                   | 7,191,800  | 6,959,353  |
| Syndicated term loans/financing                           | 1,188,529  | 1,209,860  |
| Hire purchase receivables                                 | 12,718,830                                       | 12,455,025   |
| Other term loans/financing                                | 5,919,853  | 5,694,939  |
| Bills receivable  | 10,598   | 10,410   |
| Trust receipts  | 139,257  | 176,496  |
| Claims on customers under acceptance credit/financing     | 2,439,393  | 2,750,785  |
| Staff loans/financing                                     | 202,350  | 181,285  |
| Credit cards  | 1,293,863  | 1,192,801  |
| Revolving credit/financing                                | 1,461,093  | 1,319,936  |
| Other loans/financing                                     | 101,251  | 108,363  |
|   | <u>34,994,322</u>                                | <u>34,542,911</u>                                  |
| Less: Unearned interest/income                            | (3,669,429)                                      | (3,689,906)  |
| Gross loans, advances and financing                       | <u>31,324,893</u>                                | <u>30,853,005</u>                                  |
| Fair value changes arising from fair value hedge          | 19,874   | 28,011   |
| Less: Allowances for bad and doubtful debts and financing |  |  |
| - Specific  | (691,216)  | (792,530)  |
| - General   | (459,505)  | (450,928)  |
| Net loans, advances and financing                         | <u>30,194,046</u>                                | <u>29,637,558</u>                                  |

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**13. Loans, Advances and Financing (continued)**

|  | <b>Unaudited<br/>30 June<br/>2009<br/>RM'000</b>                           | <b>Audited<br/>31 December<br/>2008<br/>RM'000</b>                         |
|--|--|--|
| <b>(i) Gross loans, advances and financing are disbursed to the following type of customers:</b>   |  |  |
| Domestic non-bank financial institutions   | 402,182  | 224,787  |
| Domestic business enterprises<br>(of which: Small and medium enterprises)  | 11,461,768<br><u>6,218,122</u>   | 11,744,610<br><u>6,159,118</u>   |
| Government and statutory bodies  | 21,925   | 21,753   |
| Individuals  | 18,945,631   | 18,448,240   |
| Other domestic entities  | 22,469   | 25,724   |
| Foreign entities   | 470,918  | 387,891  |
|  | <u>31,324,893</u>  | <u>30,853,005</u>  |
| <b>(ii) Gross loans, advances and financing analysed by interest rate/profit rate sensitivity are as follows:</b>  |  |  |
| Fixed rate   | 14,093,943   | 13,905,535   |
| (of which: (i) Housing loans/financing<br>(ii) Hire purchase receivables)  | <u>1,541,577</u><br><u>10,814,749</u>                                      | <u>1,571,018</u><br><u>10,606,348</u>                                      |
| Variable rate  | 17,219,395   | 16,934,839   |
| (of which: (i) Base lending rate plus<br>(ii) Cost plus)   | <u>10,522,271</u><br><u>4,983,992</u>                                      | <u>10,355,717</u><br><u>5,028,424</u>                                      |
| Non-interest bearing   | 11,555   | 12,631   |
|  | <u>31,324,893</u>  | <u>30,853,005</u>  |
| <b>(iii) Gross loans, advances and financing analysed by their sectors are as follows:</b>   |  |  |
| Agriculture, hunting, forestry and fishing   | 447,653  | 372,604  |
| Mining and quarrying   | 92,571   | 94,048   |
| Manufacturing  | 2,956,925  | 3,184,934  |
| Electricity, gas and water   | 234,829  | 231,561  |
| Construction   | 2,331,804  | 2,200,008  |
| Wholesale and retail trade and restaurants and hotels  | 2,482,142  | 2,622,671  |
| Transport, storage and communication   | 653,638  | 579,585  |
| Finance, insurance and business services   | 1,042,500  | 931,514  |
| Real estate  | 1,157,731  | 1,302,053  |
| Community, social and personal services  | 298,513  | 304,260  |
| Household  | 19,030,473   | 18,519,944   |
| (comprise: (i) Purchase of transport vehicles<br>(ii) Purchase of residential properties<br>(iii) Purchase of non-residential properties<br>(iv) Others) | <u>9,561,872</u><br><u>6,138,728</u><br><u>767,235</u><br><u>2,562,638</u> | <u>9,475,724</u><br><u>5,938,134</u><br><u>738,586</u><br><u>2,367,500</u> |
| Others   | 596,114  | 509,823  |
|  | <u>31,324,893</u>  | <u>30,853,005</u>  |

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**13. Loans, Advances and Financing (continued)**

|   | <b>Unaudited<br/>30 June<br/>2009<br/>RM'000</b> | <b>Audited<br/>31 December<br/>2008<br/>RM'000</b> |
|---|--|--|
| <b>(iv) Gross loans, advances and financing analysed by their economic purposes are as follows:</b>     |  |  |
| Purchase of securities  | 490,857  | 547,432  |
| Purchase of transport vehicles  | 10,781,667                                       | 10,589,345   |
| Purchase of landed properties   | 8,456,103  | 8,445,896  |
| (comprise: (i) Residential  | 6,199,029  | 5,974,735  |
| (ii) Non-residential)   | 2,257,074  | 2,471,161  |
| Purchase of fixed assets (excluding landed properties)  | 324,218  | 267,744  |
| Personal use  | 947,916  | 882,141  |
| Credit cards  | 1,292,766  | 1,191,898  |
| Purchase of consumer durables   | 420  | 764  |
| Construction  | 805,133  | 811,991  |
| Mergers and acquisitions  | 13,780   | 13,033   |
| Working capital   | 7,357,561  | 7,235,940  |
| Others  | 854,472  | 866,821  |
|   | <u>31,324,893</u>                                | <u>30,853,005</u>                                  |
| <b>(v) Movements in non-performing loans, advances and financing are as follows:</b>                    |  |  |
| Balance as at 1 January   | 1,545,654  | 1,847,443  |
| Classified as non-performing during the financial period/year   | 2,247,225  | 4,152,844  |
| Reclassified as performing during the financial period/year   | (1,876,555)                                      | (3,437,918)  |
| Amount recovered  | (270,447)  | (662,074)  |
| Amount written off  | (210,004)  | (354,641)  |
| Loans/financing converted to securities   | (17,922)   | -  |
| Balance as at 30 June/31 December   | <u>1,417,951</u>                                 | <u>1,545,654</u>                                   |
| Less: Non-performing loans, advances and financing, which have no adverse financing impact on the Group | <u>(22,021)</u>                                  | <u>(64,425)</u>                                    |
|   | 1,395,930  | 1,481,229  |
| Specific allowance  | <u>(582,814)</u>                                 | <u>(728,059)</u>                                   |
| Net non-performing loans, advances and financing  | <u>813,116</u>                                   | <u>753,170</u>                                     |
| As % of total loans, advances and financing, net of specific allowance                                  | <u>2.7%</u>                                      | <u>2.5%</u>  |
| <b>(vi) Non-performing loans, advances and financing analysed by their sectors are as follows:</b>      |  |  |
| Agriculture, hunting, forestry and fishing  | 9,408  | 5,107  |
| Mining and quarrying  | 380  | 3,020  |
| Manufacturing   | 258,554  | 275,981  |
| Electricity, gas and water  | 24   | 250  |
| Construction  | 112,628  | 146,137  |
| Wholesale and retail trade and restaurants and hotels   | 157,267  | 191,096  |
| Transport, storage and communication  | 15,037   | 17,349   |
| Finance, insurance and business services  | 18,665   | 20,505   |
| Real estate   | 38,583   | 65,364   |
| Community, social and personal services   | 3,722  | 2,934  |
| Household   | 735,206  | 800,825  |
| (comprise: (i) Purchase of transport vehicles   | 190,305  | 201,720  |
| (ii) Purchase of residential properties   | 424,272  | 457,028  |
| (iii) Purchase of non-residential properties  | 32,985   | 42,680   |
| (iv) Others)  | 87,644   | 99,397   |
| Others  | 68,477   | 17,086   |
|   | <u>1,417,951</u>                                 | <u>1,545,654</u>                                   |

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**EXPLANATORY NOTES**

**13. Loans, Advances and Financing (continued)**

|   | <b>Unaudited<br/>30 June<br/>2009<br/>RM'000</b> | <b>Audited<br/>31 December<br/>2008<br/>RM'000</b> |
|---|--|--|
| <b>(vii) Non-performing loans, advances and financing analysed by their economic purposes are as follows:</b> |  |  |
| Purchase of securities  | 16,595   | 31,027   |
| Purchase of transport vehicles  | 225,242  | 235,539  |
| Purchase of landed properties   | 522,320  | 584,738  |
| (comprise: (i) Residential  | 426,403  | 458,727  |
| (ii) Non-residential)   | 95,917   | 126,011  |
| Purchase of fixed assets (excluding landed properties)  | 16,127   | 26,673   |
| Personal use  | 42,635   | 44,048   |
| Credit cards  | 30,201   | 26,966   |
| Purchase of consumer durables   | 10   | 158  |
| Construction  | 14,576   | 32,239   |
| Working capital   | 524,386  | 510,813  |
| Others  | 25,859   | 53,453   |
|   | <u>1,417,951</u>                                 | <u>1,545,654</u>                                   |
| <b>(vi) Movements in allowances for bad and doubtful debts and financing:</b>                                 |  |  |
| <b>General allowance</b>  |  |  |
| Balance as at 1 January   | 450,928  | 429,914  |
| Allowance made during the financial period/year   | 8,577  | 21,014   |
| Balance as at 30 June/31 December   | <u>459,505</u>                                   | <u>450,928</u>                                     |
| As % of gross loans, advances and financing, net of specific allowance  | <u>1.5%</u>                                      | <u>1.5%</u>  |
| <b>Specific allowance</b>   |  |  |
| Balance as at 1 January   | 792,530  | 644,214  |
| Allowance made during the financial period/year   | 224,199  | 658,687  |
| Allowance charged to deferred asset/other assets during the financial period/year                             | 153  | 15,998   |
| Amount written back in respect of recoveries/reclassification   | (102,483)  | (152,324)  |
| Recoveries set-off against deferred asset   | (2,557)  | (19,404)   |
| Amount written-off  | (210,005)  | (354,641)  |
| Amount transferred to allowance for impairment on securities  | (10,621)   | -  |
| Balance as at 30 June/31 December   | <u>691,216</u>                                   | <u>792,530</u>                                     |

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**14. Other Assets**

|  | <b>Unaudited<br/>30 June<br/>2009<br/>RM'000</b> | <b>Audited<br/>31 December<br/>2008<br/>RM'000</b> |
|--|--|--|
| Unamortised handling fees  | 80,367   | 80,403   |
| Trade receivables, net of allowances for bad and doubtful debts<br>and interest-in-suspense of RM262,000 (31.12.2008: RM5,673,000) | 21,933   | 8,803  |
| Interest/income receivable   | 35,008   | 60,733   |
| Other debtors, deposits and prepayments, net of allowances for<br>bad and doubtful debts of RM600,683 (31.12.2008: RM95,161)       | 383,009  | 383,135  |
| Deferred asset account   | 183,437  | 226,407  |
| Tax recoverable  | 19,241   | 20,772   |
| Prepaid lease payments   | 732  | 735  |
|  | <u>723,727</u>                                   | <u>780,988</u>                                     |

**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**

|                           | <b>Unaudited<br/>30 June<br/>2009<br/>RM'000</b> | <b>Audited<br/>31 December<br/>2008<br/>RM'000</b> |
|---------------------------|--|--|
| Demand deposits           | 4,407,721  | 3,785,408  |
| Savings deposits          | 2,966,527  | 2,804,807  |
| Fixed/investment deposits | 22,812,481                                       | 22,894,115   |
| Money market deposits     | 2,009,184  | 2,907,560  |
|                           | <u>32,195,913</u>                                | <u>32,391,890</u>                                  |

**(i) The maturity structure of fixed/investment deposits and money market deposits is as follows:**

|                           |                   |                   |
|---------------------------|-------------------|-------------------|
| Due within six months     | 19,738,568        | 19,607,045        |
| Six months to one year    | 4,267,933         | 5,221,329         |
| One year to three years   | 783,484           | 911,881           |
| Three years to five years | 31,680            | 61,420            |
|                           | <u>24,821,665</u> | <u>25,801,675</u> |

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

|                                 |                   |                   |
|---------------------------------|-------------------|-------------------|
| Government and statutory bodies | 3,576,266         | 4,578,710         |
| Business enterprises            | 12,314,059        | 11,860,874        |
| Individuals                     | 12,114,203        | 12,221,749        |
| Others                          | 4,191,385         | 3,730,557         |
|                                 | <u>32,195,913</u> | <u>32,391,890</u> |

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**17. Deposits and Placements of Banks and Other Financial Institutions**

|                              | <b>Unaudited<br/>30 June<br/>2009<br/>RM'000</b> | <b>Audited<br/>31 December<br/>2008<br/>RM'000</b> |
|------------------------------|--|--|
| Licensed banks               | 1,511,081  | 957,408  |
| Licensed Islamic banks       | 168,645  | 531,332  |
| Licensed investment banks    | 163,625  | 119,510  |
| Bank Negara Malaysia         | 1,478,090  | 1,476,867  |
| Other financial institutions | 995,230  | 1,172,703  |
|                              | <u>4,316,671</u>                                 | <u>4,257,820</u>                                   |

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

|  |                  |                  |
|--|------------------|------------------|
| One year or less   | 2,662,033        | 2,753,979        |
| More than one year   | 1,654,638        | 1,503,841        |
|  | <u>4,316,671</u> | <u>4,257,820</u> |
| Included in the above are negotiable certificates of deposit/<br>Islamic debt certificates issued by the Group | <u>1,177,492</u> | <u>1,371,065</u> |

**18. Other Liabilities**

|                              | <b>Unaudited<br/>30 June<br/>2009<br/>RM'000</b> | <b>Audited<br/>31 December<br/>2008<br/>RM'000</b> |
|------------------------------|--|--|
| Trade payable                | 42,221   | 35,014   |
| Other liabilities            | 686,585  | 534,271  |
| Interest/dividend payable    | 195,198  | 251,383  |
| Profit equalisation reserves | 7  | 8  |
|                              | <u>924,011</u>                                   | <u>820,676</u>                                     |

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**19. Interest Income**

|  | Individual quarter                           |   | Cumulative quarter                          |  |
|--|--|---|---|--|
|  | Current financial quarter ended 30 June 2009 | Preceding year corresponding quarter ended 30 June 2008 | Current financial period ended 30 June 2009 | Preceding year corresponding period ended 30 June 2008 |
|  | RM'000                                       | RM'000  | RM'000                                      | RM'000   |
| Loans, advances and financing                                    |  |   |   |  |
| - Interest income other than recoveries                          | 361,667                                      | 372,104   | 737,204                                     | 744,584  |
| - Recoveries from non-performing loans, advances and financing   | 10,111                                       | 17,068  | 21,514                                      | 30,596   |
| Money at call and deposit placements with financial institutions | 26,003                                       | 51,338  | 67,082                                      | 108,579  |
| Held for trading securities                                      | 6,170  | 8,826   | 14,591                                      | 17,736   |
| Available-for-sale securities                                    | 28,411                                       | 32,042  | 58,461                                      | 67,785   |
| Held-to-maturity securities                                      | 1,570  | 5,416   | 3,426                                       | 10,927   |
| Others   | 416  | -   | 416   | -  |
|  | 434,348                                      | 486,794   | 902,694                                     | 980,207  |
| Accretion of discount less amortisation of premium               | 4,483  | (1,227)   | 3,602                                       | (4,752)  |
| Interest suspended   | (12,795)                                     | (10,474)  | (27,381)                                    | (21,518)   |
|  | 426,036                                      | 475,093   | 878,915                                     | 953,937  |

**20. Interest Expense**

|   | Individual quarter                           |   | Cumulative quarter                          |  |
|---|--|---|---|--|
|   | Current financial quarter ended 30 June 2009 | Preceding year corresponding quarter ended 30 June 2008 | Current financial period ended 30 June 2009 | Preceding year corresponding period ended 30 June 2008 |
|   | RM'000                                       | RM'000  | RM'000                                      | RM'000   |
| Deposits and placements of banks and other financial institutions | 35,433                                       | 31,204  | 66,963                                      | 67,155   |
| Deposits from customers   | 155,768                                      | 197,775   | 344,676                                     | 391,361  |
| Subordinated medium term notes                                    | 7,450  | -   | 10,015                                      | -  |
| Subordinated obligations  | -  | 13,846  | 2,481                                       | 27,661   |
| Long term borrowings  | 2,732  | 2,810   | 5,578                                       | 5,592  |
| Short term borrowings   | 396  | -   | 396   | -  |
| Others  | 1,541  | 578   | 2,141                                       | 1,252  |
|   | 203,320                                      | 246,213   | 432,250                                     | 493,021  |



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**21. Non-interest Income**

|  | Individual quarter   |   | Cumulative quarter  |  |
|--|--|---|---|--|
|  | Current<br>financial<br>quarter ended<br>30 June<br>2009<br>RM'000 | Preceding year<br>corresponding<br>quarter ended<br>30 June<br>2008<br>RM'000 | Current<br>financial<br>period ended<br>30 June<br>2009<br>RM'000 | Preceding year<br>corresponding<br>period ended<br>30 June<br>2008<br>RM'000 |
| Fee and commission income:   |  |   |   |  |
| - Commissions  | 9,314  | 10,650  | 18,457  | 21,646   |
| - Service charges and fees   | 44,157   | 30,850  | 88,964  | 58,946   |
| - Guarantee fees   | 4,911  | 2,964   | 8,942   | 5,966  |
| - Advisory and arrangement fees  | 1,606  | 1,591   | 3,640   | 5,320  |
| - Underwriting commissions   | 101  | 320   | 376   | 1,919  |
| - Brokerage  | 3,585  | 1,604   | 4,456   | 4,511  |
| Net gains/(losses) arising from sale of:   |  |   |   |  |
| - Held for trading securities  | 711  | 158   | (69)  | 693  |
| - Available-for-sale securities  | 2,592  | 16,673  | 2,365   | 16,673   |
| Net gains on redemption of held-to-maturity securities   | 163  | 2,999   | 691   | 4,664  |
| Dividend income from:  |  |   |   |  |
| - Held for trading securities  | 13   | -   | 13  | -  |
| - Available-for-sale securities  | 13   | 744   | 133   | 863  |
| Net unrealised losses on fair value changes on held for trading securities   | (432)  | (158)   | (162)   | (244)  |
| Net unrealised (losses)/gains on fair value changes on derivatives held at fair value through profit and loss:                                   |  |   |   |  |
| - interest rate derivatives  | (30)   | 10,618  | (1,170)   | 14,116   |
| - foreign currency forwards  | (2,558)  | 10,373  | 4,415   | 10,242   |
| Net unrealised losses on fair value changes between the subordinated medium term notes and interest rate swaps designated as fair value hedge    | (1,177)  | -   | (1,177)   | -  |
| Net unrealised losses on fair value changes between hire purchase receivables and interest rate swaps designated as fair value hedge             | (1,280)  | -   | (1,018)   | -  |
| Net unrealised losses on fair value changes between foreign currency loans and cross currency interest rate swaps designated as fair value hedge | (27)   | -   | (209)   | -  |
| Net unrealised gains on fair value changes between available-for-sale securities and interest rate swaps designated as fair value hedge          | 1,000  | -   | 1,000   | -  |
| Reversal of net unrealised gains on fair value changes of hedged available-for-sale securities upon their maturity                               | (4,172)  | -   | (4,172)   | -  |
| Net gains/(losses) from foreign exchange translations  | 9,240  | (2,793)   | 9,031   | 5,836  |
| Other income/(expenditure):  |  |   |   |  |
| - Rental income from premises  | 635  | 701   | 1,032   | 1,402  |
| - Gains on disposal of property, plant and equipment   | 19   | 4   | 180   | 13   |
| - Other operating income   | 2,070  | 2,246   | 4,458   | 4,336  |
| - Other non-operating income   | 528  | 1,124   | 1,079   | 1,634  |
| - Net amount written-back/(provided) in respect of other bad and doubtful debts  | 85   | 325   | (92)  | (425)  |
|  | <u>71,067</u>  | <u>90,993</u>   | <u>141,163</u>  | <u>158,111</u>   |

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22. Other Operating Expenses

|  | Individual quarter                                     |   | Cumulative quarter                                    |  |
|--|--|---|---|--|
|  | Current financial quarter ended 30 June 2009<br>RM'000 | Preceding year corresponding quarter ended 30 June 2008<br>RM'000 | Current financial period ended 30 June 2009<br>RM'000 | Preceding year corresponding period ended 30 June 2008<br>RM'000 |
| Personnel expenses   | 108,402  | 110,279   | 221,064   | 196,667  |
| Promotion and marketing related expenses                                     | 5,205  | 3,843   | 11,314  | 7,168  |
| Establishment related expenses   | 39,339   | 29,841  | 69,851  | 59,160   |
| General administrative expenses  | 43,223   | 63,905  | 83,536  | 96,351   |
|  | <u>196,169</u>   | <u>207,868</u>  | <u>385,765</u>  | <u>359,346</u>   |
| <b>(i) Personnel expenses comprise the following:</b>                        |  |   |   |  |
| Salaries, bonuses and allowances   | 88,067   | 90,645  | 177,247   | 161,275  |
| Defined contribution plan  | 14,649   | 14,751  | 29,372  | 26,549   |
| Other employee benefits  | 5,686  | 4,883   | 14,445  | 8,843  |
|  | <u>108,402</u>   | <u>110,279</u>  | <u>221,064</u>  | <u>196,667</u>   |
| <b>(ii) Promotion and marketing related expenses comprise the following:</b> |  |   |   |  |
| Advertisement and publicity cost   | 4,618  | 2,500   | 9,639   | 5,134  |
| Travelling and transportation  | 798  | 713   | 1,112   | 1,030  |
| Others   | (211)  | 630   | 563   | 1,004  |
|  | <u>5,205</u>   | <u>3,843</u>  | <u>11,314</u>   | <u>7,168</u>   |
| <b>(iii) Establishment related expenses comprise the following:</b>          |  |   |   |  |
| Depreciation of property, plant and equipment                                | 10,711   | 8,798   | 20,932  | 17,937   |
| Repair and maintenance   | 6,791  | 5,802   | 11,248  | 11,273   |
| Rental of premises   | 6,265  | 5,746   | 12,681  | 11,744   |
| Hire of equipment  | 346  | 1,108   | 708   | 1,995  |
| Others   | 15,226   | 8,387   | 24,282  | 16,211   |
|  | <u>39,339</u>  | <u>29,841</u>   | <u>69,851</u>   | <u>59,160</u>  |
| <b>(iv) General administrative expenses comprise the following:</b>          |  |   |   |  |
| Communication costs  | 5,109  | 5,105   | 10,013  | 9,653  |
| Printing and stationeries  | 2,842  | 3,872   | 6,102   | 8,182  |
| Property, plant and equipment written off                                    | 86   | -   | 86  | 45   |
| Loss on disposal of property, plant and equipment                            | 120  | 2   | 138   | 46   |
| Legal and other professional charges   | 8,062  | 38,888  | 18,695  | 49,189   |
| Others   | 27,004   | 16,038  | 48,502  | 29,236   |
|  | <u>43,223</u>  | <u>63,905</u>   | <u>83,536</u>   | <u>96,351</u>  |

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**23. Allowances for Losses on Loans, Advances and Financing**

|   | Individual quarter   |   | Cumulative quarter  |  |
|---|--|---|---|--|
|   | Current<br>financial<br>quarter ended<br>30 June<br>2009<br>RM'000 | Preceding year<br>corresponding<br>quarter ended<br>30 June<br>2008<br>RM'000 | Current<br>financial<br>period ended<br>30 June<br>2009<br>RM'000 | Preceding year<br>corresponding<br>period ended<br>30 June<br>2008<br>RM'000 |
| Allowances for bad and doubtful debts<br>and financing: |  |   |   |  |
| (a) Specific allowance:                                 |  |   |   |  |
| - Made  | 107,629  | 300,613   | 224,199   | 434,673  |
| - Written back  | (49,279)   | (38,857)  | (102,483)   | (65,976)   |
| (b) General allowance:                                  |  |   |   |  |
| - Made  | 6,179  | 5,961   | 8,577   | 2,044  |
| Bad debts on loans, advances and financing:             |  |   |   |  |
| - Recovered   | (23,676)   | (20,958)  | (53,866)  | (39,195)   |
| - Written off   | 106  | 2   | 106   | 2  |
|   | 40,959   | 246,761   | 76,533  | 331,548  |

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**24. Capital Adequacy**

(a) The capital adequacy ratios of the Banking Units of the Group are analysed as follows:

|  | <b>Unaudited<br/>30 June<br/>2009</b> | <b>Audited<br/>31 December<br/>2008</b> |
|--|---------------------------------------|---|
| <u>Before deducting proposed dividends:</u>  |                                       |   |
| Core capital ratio   | 9.72%                                 | 9.17%                                   |
| Risk-weighted capital ratio  | 12.27%                                | 12.63%                                  |
| <u>After deducting proposed dividends:</u>   |                                       |   |
| Core capital ratio   | 9.72%                                 | 9.05%                                   |
| Risk-weighted capital ratio  | 12.27%                                | 12.50%                                  |
| <b>Components of Tier I and Tier II capital:</b>   |                                       |   |
|  | <b>Unaudited<br/>30 June<br/>2009</b> | <b>Audited<br/>31 December<br/>2008</b> |
|  | <b>RM'000</b>                         | <b>RM'000</b>                           |
| <b>Tier I Capital:</b>   |                                       |   |
| Paid-up share capital  | 1,329,807                             | 1,329,807                               |
| Share premium  | 39,337                                | 39,337                                  |
| Retained profits   | 1,156,608                             | 991,096                                 |
| Other reserves   | 1,146,065                             | 1,123,050                               |
|  | 3,671,817                             | 3,483,290                               |
| Less: Goodwill   | (333,861)                             | (333,861)                               |
| Deferred tax assets  | (139,846)                             | (114,429)                               |
| Cumulative net unrealised losses on fair value changes<br>on available-for-sale securities | 2,295                                 | 25,310                                  |
| Total Tier I Capital   | 3,200,405                             | 3,060,310                               |
| <b>Tier II Capital:</b>  |                                       |   |
| Subordinated medium term notes   | 380,142                               | -                                       |
| Subordinated obligations   | -                                     | 700,778                                 |
| General allowance for bad and doubtful debts and financing                                 | 459,505                               | 450,928                                 |
| Total Tier II Capital  | 839,647                               | 1,151,706                               |
| Total Capital  | 4,040,052                             | 4,212,016                               |
| Less: Investment in subsidiaries   | (690)                                 | (690)                                   |
| <b>Capital Base</b>  | <b>4,039,362</b>                      | <b>4,211,326</b>                        |

The capital adequacy ratios of the Banking Units of the Group consist of capital base and risk-weighted assets derived from consolidated balances of its banking subsidiaries which comprise EON Bank Berhad, EONCAP Islamic Bank Berhad and MIMB Investment Bank Berhad.

The capital adequacy ratios of the Banking Units of the Group are computed in accordance with Bank Negara Malaysia's revised Risk-Weighted Capital Adequacy Framework ("RWCAF")– Basel II. The Banking Units of the Group have adopted the Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk.

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**24. Capital Adequacy (continued)**

(b) The capital adequacy ratios of the banking subsidiary companies of the Group are as follows:

|   | <b>EON Bank<br/>Berhad<sup>1</sup></b> | <b>MIMB<br/>Investment<br/>Bank Berhad<sup>1</sup></b> | <b>EONCAP<br/>Islamic Bank<br/>Berhad<sup>2</sup></b> |
|---|--|--|---|
| <b>30 June 2009</b>                         |  |  |   |
| <b>Unaudited</b>                            |  |  |   |
| <u>Before deducting proposed dividends:</u> |  |  |   |
| Core capital ratio                          | 11.67%                                 | 75.10%   | 11.02%  |
| Risk-weighted capital ratio                 | <u>11.67%</u>                          | <u>75.80%</u>  | <u>12.59%</u>   |
| <u>After deducting proposed dividends:</u>  |  |  |   |
| Core capital ratio                          | 11.67%                                 | 75.10%   | 11.02%  |
| Risk-weighted capital ratio                 | <u>11.67%</u>                          | <u>75.80%</u>  | <u>12.59%</u>   |
| <b>31 December 2008</b>                     |  |  |   |
| <b>Audited</b>                              |  |  |   |
| <u>Before deducting proposed dividends</u>  |  |  |   |
| Core capital ratio                          | 11.18%                                 | 86.28%   | 9.99%   |
| Risk-weighted capital ratio                 | <u>12.25%</u>                          | <u>87.20%</u>  | <u>11.54%</u>   |
| <u>After deducting proposed dividends</u>   |  |  |   |
| Core capital ratio                          | 11.03%                                 | 86.28%   | 9.99%   |
| Risk-weighted capital ratio                 | <u>12.10%</u>                          | <u>87.20%</u>  | <u>11.54%</u>   |

<sup>1</sup> The capital adequacy ratios of EON Bank Berhad and MIMB Investment Bank Berhad are computed in accordance with Bank Negara Malaysia's revised Risk-Weighted Capital Adequacy Framework ("RWCAF")–Basel II. EON Bank Berhad and MIMB Investment Bank Berhad have adopted the Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk.

<sup>2</sup> The capital adequacy ratios of EONCAP Islamic Bank Berhad are computed in accordance with Bank Negara Malaysia's Capital Adequacy Framework for Islamic Banks (CAFIB), which are based on the Basel II capital accord. EONCAP Islamic Bank Berhad has adopted the Standardised Approach for Credit and Market Risk and Basic Indicator Approach for Operational Risk.

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**EXPLANATORY NOTES**

**24. Capital Adequacy (continued)**

(c) The breakdown of risk-weighted assets ("RWA") by exposure for the Banking Units of the Group is as follows:

|  | <b>Gross Exposures</b> | <b>Net Exposures</b> | <b>Risk Weighted Assets</b> | <b>Unaudited<br/>30 June 2009<br/>Capital Requirements</b> |
|--|------------------------|----------------------|-----------------------------|--|
|  | <b>RM'000</b>          | <b>RM'000</b>        | <b>RM'000</b>               | <b>RM'000</b>  |
| <b>Credit Risk</b>   |                        |                      |                             |  |
| <u>On-Balance Sheet Exposures:</u>   |                        |                      |                             |  |
| Sovereigns/Central Banks   | 7,449,742              | 7,449,742            | -                           | -  |
| Public Sector Entities   | 381                    | 381                  | 76                          | 6  |
| Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs") | 2,865,260              | 2,865,260            | 604,515                     | 48,361   |
| Corporates   | 8,567,358              | 8,455,150            | 7,670,713                   | 613,657  |
| Regulatory Retail  | 20,930,563             | 20,729,927           | 15,547,445                  | 1,243,796  |
| Residential Mortgages  | 860                    | 860                  | 301                         | 24   |
| Higher Risk Assets   | 5,932                  | 5,932                | 8,898                       | 712  |
| Other Assets   | 742,700                | 742,700              | 550,783                     | 44,063   |
| Equity Exposures   | 47,064                 | 47,064               | 37,400                      | 2,992  |
| Defaulted Exposures  | 1,889,362              | 1,882,520            | 2,657,163                   | 212,573  |
| <b>Total On-Balance Sheet Exposures</b>  | <b>42,499,222</b>      | <b>42,179,536</b>    | <b>27,077,294</b>           | <b>2,166,184</b>   |
| <u>Off-Balance Sheet Exposures:</u>  |                        |                      |                             |  |
| Over-The-Counter ("OTC") Derivatives   | 96,104                 | 96,104               | 20,761                      | 1,661  |
| Off-Balance Sheet Exposures Other Than OTC Derivatives or Credit Derivatives                   | 3,222,692              | 3,222,692            | 2,867,582                   | 229,407  |
| <b>Total Off-Balance Sheet Exposures</b>   | <b>3,318,796</b>       | <b>3,318,796</b>     | <b>2,888,343</b>            | <b>231,068</b>   |
| <b>Total On and Off-Balance Sheet Exposures</b>  | <b>45,818,018</b>      | <b>45,498,332</b>    | <b>29,965,637</b>           | <b>2,397,252</b>   |
|  | <u>Long</u>            | <u>Short</u>         |                             |  |
|  | <u>Position</u>        | <u>Position</u>      |                             |  |
| <b>Market Risk</b>   |                        |                      |                             |  |
| Interest Rate Risk   | 3,250,579              | 2,551,104            | 699,475                     | 348,669  |
| Foreign Currency Risk  | 8,331                  | 5,035                | 8,331                       | 666  |
| Equity Risk  | 9                      | -                    | 9                           | 25   |
| <b>Operational Risk</b>  |                        |                      | <b>2,597,777</b>            | <b>207,822</b>   |
| <b>Total RWA and Capital Requirements</b>  |                        |                      | <b>32,920,439</b>           | <b>2,633,636</b>   |

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**24. Capital Adequacy (continued)**

(c) The breakdown of risk-weighted assets (“RWA”) by exposure for the Banking Units of the Group is as follows (continued):

|   | <b>Audited</b>          |                   |                        |                     |
|---|-------------------------|-------------------|------------------------|---------------------|
|   | <b>31 December 2008</b> |                   |                        |                     |
|   | <b>Gross</b>            | <b>Net</b>        | <b>Risk</b>            | <b>Capital</b>      |
|   | <b>Exposures</b>        | <b>Exposures</b>  | <b>Weighted Assets</b> | <b>Requirements</b> |
|   | <b>RM'000</b>           | <b>RM'000</b>     | <b>RM'000</b>          | <b>RM'000</b>       |
| <b>Credit Risk</b>  |                         |                   |                        |                     |
| <u>On-Balance Sheet Exposures:</u>  |                         |                   |                        |                     |
| Sovereigns/Central Banks  | 9,188,619               | 9,188,619         | -                      | -                   |
| Public Sector Entities  | 444                     | 444               | 88                     | 7                   |
| Banks, DFIs and MDBs  | 2,003,271               | 2,003,271         | 492,407                | 39,393              |
| Corporates  | 8,803,136               | 8,631,087         | 8,028,854              | 642,308             |
| Regulatory Retail   | 20,580,970              | 20,389,017        | 15,291,762             | 1,223,341           |
| Higher Risk Assets  | 5,978                   | 5,978             | 8,968                  | 718                 |
| Other Assets  | 713,419                 | 713,419           | 514,568                | 41,165              |
| Equity Exposures  | 40,333                  | 40,333            | 30,668                 | 2,453               |
| Defaulted Exposures   | 1,344,744               | 1,332,891         | 1,817,096              | 145,368             |
| <b>Total On-Balance Sheet Exposures</b>   | <b>42,680,914</b>       | <b>42,305,059</b> | <b>26,184,411</b>      | <b>2,094,753</b>    |
| <u>Off-Balance Sheet Exposures:</u>   |                         |                   |                        |                     |
| OTC Derivatives   | 76,507                  | 76,507            | 18,063                 | 1,445               |
| Off-Balance Sheet Exposures Other Than<br>OTC Derivatives or Credit Derivatives | 4,703,860               | 4,703,860         | 4,219,054              | 337,524             |
| <b>Total Off-Balance Sheet Exposures</b>  | <b>4,780,367</b>        | <b>4,780,367</b>  | <b>4,237,117</b>       | <b>338,969</b>      |
| <b>Total On and Off-Balance Sheet Exposures</b>                                 | <b>47,461,281</b>       | <b>47,085,426</b> | <b>30,421,528</b>      | <b>2,433,722</b>    |
|   | <u>Long</u>             | <u>Short</u>      |                        |                     |
|   | <u>Position</u>         | <u>Position</u>   |                        |                     |
| <b>Market Risk</b>  |                         |                   |                        |                     |
| Interest Rate Risk  | 2,282,552               | 1,505,968         | 776,584                | 379,035             |
| Foreign Currency Risk   | 36,024                  | 56                | 36,024                 | 2,882               |
| Equity Risk   | 393                     | -                 | 393                    | 87                  |
| <b>Operational Risk</b>   |                         |                   | <b>2,503,953</b>       | <b>200,316</b>      |
| <b>Total RWA and Capital Requirements</b>                                       |                         |                   | <b>33,341,621</b>      | <b>2,667,330</b>    |

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**EXPLANATORY NOTES**

**24. Capital Adequacy (continued)**

(d) The breakdown of the credit risk exposures by risk weights for the Banking Units of the Group is as follows:

| As at 30 June 2009<br>Risk Weights          | ← Exposures after Netting and Credit Risk Mitigation (RM'000) → |                              |                            |                   |                      |                          |                          |                 |               | Total Exposures<br>after Netting and<br>Credit Risk<br>Mitigation | Total Risk<br>Weighted<br>Assets |
|---|---|------------------------------|----------------------------|-------------------|----------------------|--------------------------|--------------------------|-----------------|---------------|---|----------------------------------|
|   | Sovereigns/<br>Central<br>Banks                                 | Public<br>Sector<br>Entities | Banks,<br>DFIs and<br>MDBs | Corporates        | Regulatory<br>Retail | Residential<br>Mortgages | Higher<br>Risk<br>Assets | Other<br>Assets | Equity        |   |                                  |
| 0%  | 7,450,018   | -                            | -                          | -                 | -                    | -                        | -                        | 191,917         | -             | 7,641,935   | -                                |
| 10%   | -   | -                            | -                          | -                 | -                    | -                        | -                        | -               | -             | -   | -                                |
| 20%   | -   | 381                          | 2,855,457                  | 651,143           | -                    | -                        | -                        | -               | 12,080        | 3,519,061   | 703,812                          |
| 35%   | -   | -                            | -                          | -                 | -                    | 860                      | -                        | -               | -             | 860   | 301                              |
| 50%   | -   | -                            | 104,874                    | 664,645           | 27,978               | -                        | 245                      | -               | -             | 797,742   | 398,871                          |
| 75%   | -   | -                            | -                          | -                 | 22,146,407           | -                        | -                        | -               | -             | 22,146,407  | 16,609,805                       |
| 90%   | -   | -                            | -                          | -                 | -                    | -                        | -                        | -               | -             | -   | -                                |
| 100%  | -   | -                            | -                          | 8,964,810         | 120,013              | -                        | 696                      | 550,783         | 34,984        | 9,671,286   | 9,671,286                        |
| 110%  | -   | -                            | -                          | -                 | -                    | -                        | -                        | -               | -             | -   | -                                |
| 125%  | -   | -                            | -                          | -                 | -                    | -                        | -                        | -               | -             | -   | -                                |
| 135%  | -   | -                            | -                          | -                 | -                    | -                        | -                        | -               | -             | -   | -                                |
| 150%  | -   | -                            | -                          | 784,295           | 928,597              | -                        | 8,149                    | -               | -             | 1,721,041   | 2,581,562                        |
| <b>Total Exposures</b>                      | <b>7,450,018</b>  | <b>381</b>                   | <b>2,960,331</b>           | <b>11,064,893</b> | <b>23,222,995</b>    | <b>860</b>               | <b>9,090</b>             | <b>742,700</b>  | <b>47,064</b> | <b>45,498,332</b>   |                                  |
| <b>Risk Weighted Assets<br/>by Exposure</b> | <b>-</b>  | <b>76</b>                    | <b>623,528</b>             | <b>10,603,804</b> | <b>18,136,703</b>    | <b>301</b>               | <b>13,042</b>            | <b>550,783</b>  | <b>37,400</b> |   | <b>29,965,637</b>                |
| <b>Average Risk Weight</b>                  | <b>0.0%</b>   | <b>20.0%</b>                 | <b>21.1%</b>               | <b>95.8%</b>      | <b>78.1%</b>         | <b>35.0%</b>             | <b>143.5%</b>            | <b>74.2%</b>    | <b>79.5%</b>  |   | <b>65.9%</b>                     |
| <b>Deduction from Capital Base</b>          | <b>-</b>  | <b>-</b>                     | <b>-</b>                   | <b>-</b>          | <b>-</b>             | <b>-</b>                 | <b>-</b>                 | <b>-</b>        | <b>-</b>      |   |                                  |



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**24. Capital Adequacy (continued)**

(d) The breakdown of the credit risk exposures by risk weights for the Banking Units of the Group is as follows (continued):

| As at 31 December 2008<br>Risk Weights | ← Exposures after Netting and Credit Risk Mitigation (RM'000) → |                              |                            |            |                      |                          |                          |                 |        | Total Exposures<br>after Netting and<br>Credit Risk<br>Mitigation | Total Risk<br>Weighted<br>Assets |
|--|---|------------------------------|----------------------------|------------|----------------------|--------------------------|--------------------------|-----------------|--------|---|----------------------------------|
|  | Sovereigns/<br>Central<br>Banks                                 | Public<br>Sector<br>Entities | Banks,<br>DFIs and<br>MDBs | Corporates | Regulatory<br>Retail | Residential<br>Mortgages | Higher<br>Risk<br>Assets | Other<br>Assets | Equity |   |                                  |
| 0%                                     | 9,188,619   | -                            | -                          | -          | -                    | -                        | -                        | 198,850         | -      | 9,387,469   | -                                |
| 10%                                    | -   | -                            | -                          | -          | -                    | -                        | -                        | -               | -      | -   | -                                |
| 20%                                    | -   | 444                          | 1,770,481                  | 592,006    | -                    | -                        | -                        | -               | 12,081 | 2,375,012   | 475,002                          |
| 35%                                    | -   | -                            | -                          | -          | -                    | -                        | -                        | -               | -      | -   | -                                |
| 50%                                    | -   | -                            | 305,846                    | 387,214    | 32,938               | -                        | 270                      | -               | -      | 726,268   | 363,134                          |
| 75%                                    | -   | -                            | -                          | -          | 22,328,239           | -                        | -                        | -               | -      | 22,328,239  | 16,746,179                       |
| 90%                                    | -   | -                            | -                          | -          | -                    | -                        | -                        | -               | -      | -   | -                                |
| 100%                                   | -   | -                            | -                          | 10,456,352 | 131,248              | -                        | 467                      | 514,569         | 28,252 | 11,130,888  | 11,130,888                       |
| 110%                                   | -   | -                            | -                          | -          | -                    | -                        | -                        | -               | -      | -   | -                                |
| 125%                                   | -   | -                            | -                          | -          | -                    | -                        | -                        | -               | -      | -   | -                                |
| 135%                                   | -   | -                            | -                          | -          | -                    | -                        | -                        | -               | -      | -   | -                                |
| 150%                                   | -   | -                            | -                          | 535,010    | 594,015              | -                        | 8,525                    | -               | -      | 1,137,550   | 1,706,325                        |
| Total Exposures                        | 9,188,619   | 444                          | 2,076,327                  | 11,970,582 | 23,086,440           | -                        | 9,262                    | 713,419         | 40,333 | 47,085,426  |                                  |
| Risk Weighted Assets                   |   |                              |                            |            |                      |                          |                          |                 |        |   |                                  |
| by Exposure                            | -   | 89                           | 507,019                    | 11,570,875 | 17,784,919           | -                        | 13,390                   | 514,569         | 30,668 |   | 30,421,528                       |
| Average Risk Weight                    | 0.0%  | 20.0%                        | 24.4%                      | 96.7%      | 77.0%                | 0.0%                     | 144.6%                   | 72.1%           | 76.0%  |   | 64.6%                            |
| Deduction from Capital Base            | -   | -                            | -                          | -          | -                    | -                        | -                        | -               | -      |   |                                  |

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**24. Capital Adequacy (continued)**

(e) The Off-Balance Sheet exposures and their related counterparty credit risk of the Banking Units of the Group are as follows:

|  | <b>Unaudited<br/>30 June 2009</b>      |   |  |  |
|--|--|---|--|--|
|  | <b>Principal<br/>Amount<br/>RM'000</b> | <b>Positive Fair<br/>Value of<br/>Derivative<br/>Contracts<br/>RM'000</b> | <b>Credit<br/>Equivalent<br/>Amount *<br/>RM'000</b> | <b>Risk<br/>Weighted<br/>Amount *<br/>RM'000</b> |
| Direct credit substitutes  | 474,598                                | -   | 474,598  | 474,598  |
| Transaction related contingent items   | 1,160,247                              | -   | 580,124  | 580,124  |
| Short term self liquidating trade related contingencies  | 122,630                                | -   | 24,526   | 24,526   |
| Forward asset purchases  | 5,000                                  | -   | -  | -  |
| Obligations under an on-going underwriting agreement   | 41,000                                 | -   | -  | -  |
| Foreign exchange related contracts:  |  |   |  |  |
| One year or less   | 1,898,829                              | 9,123   | 26,216   | 6,728  |
| Interest/profit rate related contracts:  |  |   |  |  |
| One year or less   | 300,000                                | -   | 300  | 60   |
| Over one year to five years  | 2,445,000                              | 3,406   | 70,756   | 14,151   |
| Other commitments, such as formal standby facilities and credit lines, with an original maturity of: |  |   |  |  |
| Over one year  | 2,916,341                              | -   | 1,458,170  | 1,275,077  |
| Up to one year   | 7,186,651                              | -   | -  | -  |
| Unutilised credit card lines   | 3,420,529                              | -   | 684,106  | 513,079  |
|  | <b>19,970,825</b>                      | <b>12,529</b>   | <b>3,318,796</b>                                     | <b>2,888,343</b>                                 |

\* The credit equivalent amount and risk-weighted amount are arrived at using the credit conversion factors and risk-weights as defined in Bank Negara Malaysia's revised RWCAF and CAFIB.

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**24. Capital Adequacy (continued)**

(e) The Off-Balance Sheet exposures and their related counterparty credit risk of the Banking Units of the Group are as follows (continued):

|  | <b>Audited</b>          |                      |                   |                  |
|--|-------------------------|----------------------|-------------------|------------------|
|  | <b>31 December 2008</b> |                      |                   |                  |
|  | <b>Principal</b>        | <b>Positive Fair</b> | <b>Credit</b>     | <b>Risk</b>      |
|  | <b>Amount</b>           | <b>Value of</b>      | <b>Equivalent</b> | <b>Weighted</b>  |
|  | <b>RM'000</b>           | <b>Derivative</b>    | <b>Amount *</b>   | <b>Amount *</b>  |
|  | <b>RM'000</b>           | <b>Contracts</b>     | <b>RM'000</b>     | <b>RM'000</b>    |
| Direct credit substitutes  | 551,878                 | -                    | 551,878           | 551,878          |
| Transaction related contingent items   | 1,161,767               | -                    | 580,884           | 580,884          |
| Short term self liquidating trade related contingencies  | 82,014                  | -                    | 16,403            | 16,403           |
| Forward asset purchases  | 82,000                  | -                    | -                 | -                |
| Obligations under an on-going underwriting agreement   | 56,660                  | -                    | -                 | -                |
| Foreign exchange related contracts:  |                         |                      |                   |                  |
| One year or less   | 802,053                 | 11,405               | 21,779            | 7,117            |
| Interest/profit rate related contracts:  |                         |                      |                   |                  |
| One year or less   | 2,640,562               | 1,967                | 5,058             | 1,012            |
| Over one year to five years  | 1,985,000               | 21                   | 49,670            | 9,934            |
| Other commitments, such as formal standby facilities and credit lines, with an original maturity of: |                         |                      |                   |                  |
| Over one year  | 3,263,085               | -                    | 1,631,543         | 1,413,037        |
| Up to one year   | 6,700,773               | -                    | 1,340,154         | 1,219,604        |
| Unutilised credit card lines   | 2,914,991               | -                    | 582,998           | 437,248          |
|  | <b>20,240,783</b>       | <b>13,393</b>        | <b>4,780,367</b>  | <b>4,237,117</b> |

\* The credit equivalent amount and risk-weighted amount are arrived at using the credit conversion factors and risk-weights as defined in Bank Negara Malaysia's revised RWCAF and CAFIB.

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**25. Interest Rate Risk**

| Group  | ← Non-trading book → |                  |                    |                  |                  | Non-<br>interest<br>sensitive | Trading<br>book | Total             | Effective<br>interest<br>rate |
|--|----------------------|------------------|--------------------|------------------|------------------|-------------------------------|-----------------|-------------------|-------------------------------|
|  | Up to 1<br>month     | > 1- 3<br>months | > 3 - 12<br>months | 1 - 5<br>years   | Over 5<br>years  |                               |                 |                   |                               |
| As at 30 June 2009   | RM'000               | RM'000           | RM'000             | RM'000           | RM'000           | RM'000                        | RM'000          | RM'000            | %                             |
| Assets:  |                      |                  |                    |                  |                  |                               |                 |                   |                               |
| Cash and short-term funds  | 7,197,381            | -                | -                  | -                | -                | 267,587                       | -               | 7,464,968         | 2.26                          |
| Deposits and placements with banks<br>and other financial institutions | -                    | 314,370          | 55,000             | 24,142           | -                | -                             | -               | 393,512           | 2.34                          |
| Held for trading securities  | -                    | -                | -                  | -                | -                | -                             | 19,968          | 19,968            | 6.20                          |
| Derivative financial instruments                                       | -                    | -                | -                  | -                | -                | 11,910                        | -               | 11,910            | -                             |
| Available-for-sale securities  | 598,529              | 875,425          | 692,418            | 675,926          | 575,070          | 25,703                        | -               | 3,443,071         | 3.32                          |
| Held-to-maturity securities  | -                    | -                | 35,003             | 179,886          | 37,706           | 18,082                        | -               | 270,677           | 4.77                          |
| Loans, advances and financing  |                      |                  |                    |                  |                  |                               |                 |                   |                               |
| - performing   | 15,649,453           | 414,637          | 703,826            | 4,607,132        | 8,521,313        | 30,455                        | -               | 29,926,816        | 6.58                          |
| - non-performing   | -                    | -                | -                  | -                | -                | 267,230 ^                     | -               | 267,230           | -                             |
| Other assets <sup>(1)</sup>  | 5,778                | -                | -                  | -                | -                | 1,532,814                     | -               | 1,538,592         | 8.00                          |
| <b>Total assets</b>  | <b>23,451,141</b>    | <b>1,604,432</b> | <b>1,486,247</b>   | <b>5,487,086</b> | <b>9,134,089</b> | <b>2,153,781</b>              | <b>19,968</b>   | <b>43,336,744</b> |                               |

Note:

^ 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.

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

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**25. Interest Rate Risk (continued)**

|  | ← Non-trading book → |                    |                    |                  |                  | Non-<br>interest<br>sensitive | Trading<br>book | Total             | Effective<br>interest<br>rate |
|--|----------------------|--------------------|--------------------|------------------|------------------|-------------------------------|-----------------|-------------------|-------------------------------|
|  | Up to 1<br>month     | > 1- 3<br>months   | > 3 - 12<br>months | 1 - 5<br>years   | Over 5<br>years  |                               |                 |                   |                               |
|  | RM'000               | RM'000             | RM'000             | RM'000           | RM'000           | RM'000                        | RM'000          | RM'000            | %                             |
| <b>As at 30 June 2009</b>  |                      |                    |                    |                  |                  |                               |                 |                   |                               |
| <b>Liabilities:</b>  |                      |                    |                    |                  |                  |                               |                 |                   |                               |
| Deposits from customers  | 12,194,488           | 6,572,000          | 8,196,523          | 819,583          | -                | 4,413,319                     | -               | 32,195,913        | 2.01                          |
| Deposits and placements of banks<br>and other financial institutions | 1,636,832            | 811,624            | 337,108            | 1,507,260        | 23,836           | 11                            | -               | 4,316,671         | 2.62                          |
| Derivative financial instruments                                     | -                    | -                  | -                  | -                | -                | 57,984                        | -               | 57,984            | -                             |
| Bills and acceptances payable  | -                    | -                  | -                  | -                | -                | 1,890,068                     | -               | 1,890,068         | -                             |
| Other liabilities <sup>(2)</sup>                                     | 33,452               | -                  | -                  | -                | -                | 891,291                       | -               | 924,743           | 4.86                          |
| Subordinated medium term notes                                       | -                    | -                  | -                  | -                | 410,000          | (29,858) <sup>1(ii)</sup>     | -               | 380,142           | 5.75                          |
| Borrowings   | -                    | 30,000             | 150,000            | -                | -                | (548) <sup>1(i)</sup>         | -               | 179,452           | 6.46                          |
| <b>Total liabilities</b>   | <b>13,864,772</b>    | <b>7,413,624</b>   | <b>8,683,631</b>   | <b>2,326,843</b> | <b>433,836</b>   | <b>7,222,267</b>              | <b>-</b>        | <b>39,944,973</b> |                               |
| Shareholders' funds  | -                    | -                  | -                  | -                | -                | 3,391,771                     | -               | 3,391,771         |                               |
| <b>Total liabilities and shareholders' funds</b>                     | <b>13,864,772</b>    | <b>7,413,624</b>   | <b>8,683,631</b>   | <b>2,326,843</b> | <b>433,836</b>   | <b>10,614,038</b>             | <b>-</b>        | <b>43,336,744</b> |                               |
| On-balance sheet interest sensitivity gap                            | 9,586,369            | (5,809,192)        | (7,197,384)        | 3,160,243        | 8,700,253        |                               |                 |                   |                               |
| Off-balance sheet interest sensitivity gap                           | 100,000              | 1,635,000          | 300,000            | (2,035,000)      | -                |                               |                 |                   |                               |
| <b>Total interest sensitivity gap</b>                                | <b>9,686,369</b>     | <b>(4,174,192)</b> | <b>(6,897,384)</b> | <b>1,125,243</b> | <b>8,700,253</b> |                               |                 |                   |                               |

Note:

(1) The negative balance represents (i) unamortised discounts of the long term secured fixed rate bonds, and (ii) unamortised discounts of the subordinated medium term notes, calculated in accordance with the Group's accounting policy.

(2) Other liabilities include provision for taxation and zakat.

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**25. Interest Rate Risk (continued)**

|  | ← Non-trading book → |                  |                    |                  |                  | Non-<br>interest<br>sensitive | Trading<br>book | Total             | Effective<br>interest<br>rate |        |        |        |   |
|--|----------------------|------------------|--------------------|------------------|------------------|-------------------------------|-----------------|-------------------|-------------------------------|--------|--------|--------|---|
|  | Up to 1<br>month     | > 1- 3<br>months | > 3 - 12<br>months | 1 - 5<br>years   | Over 5<br>years  |                               |                 |                   |                               | RM'000 | RM'000 | RM'000 | % |
|  | RM'000               | RM'000           | RM'000             | RM'000           | RM'000           |                               |                 |                   |                               | RM'000 | RM'000 | RM'000 | % |
| <b>Group</b>   |                      |                  |                    |                  |                  |                               |                 |                   |                               |        |        |        |   |
| <b>As at 31 December 2008</b>  |                      |                  |                    |                  |                  |                               |                 |                   |                               |        |        |        |   |
| Assets:  |                      |                  |                    |                  |                  |                               |                 |                   |                               |        |        |        |   |
| Cash and short-term funds  | 7,607,136            | -                | -                  | -                | -                | 242,045                       | -               | 7,849,181         | 3.19                          |        |        |        |   |
| Deposits and placements with banks<br>and other financial institutions | -                    | 187,500          | 37,500             | 24,440           | -                | -                             | -               | 249,440           | 3.15                          |        |        |        |   |
| Held for trading securities  | -                    | -                | -                  | -                | -                | -                             | 27,931          | 27,931            | 3.18                          |        |        |        |   |
| Derivative financial instruments                                       | -                    | -                | -                  | -                | -                | 13,393                        | -               | 13,393            | -                             |        |        |        |   |
| Available-for-sale securities  | 407,838              | 618,883          | 322,847            | 1,172,417        | 534,761          | 20,234                        | -               | 3,076,980         | 3.76                          |        |        |        |   |
| Held-to-maturity securities  | 86,688               | -                | 35,029             | 172,615          | 36,803           | 18,082                        | -               | 349,217           | 7.17                          |        |        |        |   |
| Loans, advances and financing  |                      |                  |                    |                  |                  |                               |                 |                   |                               |        |        |        |   |
| - performing   | 15,282,064           | 447,527          | 616,135            | 4,568,410        | 8,382,281        | 38,945                        | -               | 29,335,362        | 6.50                          |        |        |        |   |
| - non-performing   | -                    | -                | -                  | -                | -                | 302,196 <sup>^</sup>          | -               | 302,196           | -                             |        |        |        |   |
| Other assets <sup>(1)</sup>  | 8,475                | -                | -                  | -                | -                | 2,210,567                     | -               | 2,219,042         | 8.00                          |        |        |        |   |
| <b>Total assets</b>  | <b>23,392,201</b>    | <b>1,253,910</b> | <b>1,011,511</b>   | <b>5,937,882</b> | <b>8,953,845</b> | <b>2,845,462</b>              | <b>27,931</b>   | <b>43,422,742</b> |                               |        |        |        |   |

Note:

<sup>^</sup> 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.

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

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**EXPLANATORY NOTES**

**25. Interest Rate Risk (continued)**

|  | ← Non-trading book → |                    |                    |                  |                  | Non-<br>interest<br>sensitive | Trading<br>book | Total             | Effective<br>interest<br>rate |
|--|----------------------|--------------------|--------------------|------------------|------------------|-------------------------------|-----------------|-------------------|-------------------------------|
|  | Up to 1<br>month     | > 1- 3<br>months   | > 3 - 12<br>months | 1 - 5<br>years   | Over 5<br>years  |                               |                 |                   |                               |
|  | RM'000               | RM'000             | RM'000             | RM'000           | RM'000           | RM'000                        | RM'000          | RM'000            | %                             |
| <b>As at 31 December 2008</b>  |                      |                    |                    |                  |                  |                               |                 |                   |                               |
| <b>Liabilities:</b>  |                      |                    |                    |                  |                  |                               |                 |                   |                               |
| Deposits from customers  | 11,465,676           | 7,336,178          | 8,833,193          | 976,003          | -                | 3,780,840                     | -               | 32,391,890        | 2.97                          |
| Deposits and placements of banks<br>and other financial institutions | 1,280,970            | 1,281,393          | 206,587            | 1,478,708        | 500              | 9,662                         | -               | 4,257,820         | 3.79                          |
| Derivative financial instruments                                     | -                    | -                  | -                  | -                | -                | 80,624                        | -               | 80,624            |                               |
| Bills and acceptances payable  | 634,788              | 937,962            | 139,554            | -                | -                | 105,136                       | -               | 1,817,440         |                               |
| Other liabilities <sup>(2)</sup>                                     | 38,375               | -                  | -                  | -                | -                | 782,333                       | -               | 820,708           | 3.10                          |
| Subordinated obligations   | 768,930              | -                  | -                  | -                | -                | (68,152) <sup>1(ii)</sup>     | -               | 700,778           | 5.38                          |
| Borrowings   | -                    | -                  | 150,000            | -                | -                | (1,106) <sup>1(i)</sup>       | -               | 148,894           | 6.75                          |
| <b>Total liabilities</b>   | <b>14,188,739</b>    | <b>9,555,533</b>   | <b>9,329,334</b>   | <b>2,454,711</b> | <b>500</b>       | <b>4,689,337</b>              | <b>-</b>        | <b>40,218,154</b> |                               |
| Shareholders' funds  | -                    | -                  | -                  | -                | -                | 3,204,588                     | -               | 3,204,588         |                               |
| <b>Total liabilities and shareholders' funds</b>                     | <b>14,188,739</b>    | <b>9,555,533</b>   | <b>9,329,334</b>   | <b>2,454,711</b> | <b>500</b>       | <b>7,893,925</b>              | <b>-</b>        | <b>43,422,742</b> |                               |
| On-balance sheet interest sensitivity gap                            | 8,736,174            | (7,835,039)        | (8,334,347)        | 3,504,994        | 8,948,750        |                               |                 |                   |                               |
| Off-balance sheet interest sensitivity gap                           | 620,000              | 1,665,000          | (375,000)          | (1,910,000)      | -                |                               |                 |                   |                               |
| <b>Total interest sensitivity gap</b>                                | <b>9,356,174</b>     | <b>(6,170,039)</b> | <b>(8,709,347)</b> | <b>1,594,994</b> | <b>8,948,750</b> |                               |                 |                   |                               |

Note:

(1) The negative balance represents (i) unamortised discounts of the long term secured fixed rate bonds, and (ii) unamortised discounts, unamortised fair value changes 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 provision for taxation and zakat.

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**26. Islamic Banking Operations**

**26(i) Islamic Banking Assets and Liabilities**

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

|   | <b>Note</b> | <b>Unaudited<br/>30 June<br/>2009<br/>RM'000</b> | <b>Audited<br/>31 December<br/>2008<br/>RM'000</b> |
|---|-------------|--|--|
| <b>ASSETS</b>   |             |  |  |
| Cash and short-term funds   |             | 1,208,869  | 1,783,860  |
| Deposits and placements with banks and other financial institutions |             | 115,000  | -  |
| Available-for-sale securities                                       |             | 405,309  | 353,004  |
| Held-to-maturity securities   |             | 6,399  | -  |
| Financing and advances  | 26(iii)     | 4,573,957  | 4,702,496  |
| Other assets  |             | 61,527   | 89,223   |
| Statutory deposits with Bank Negara Malaysia                        |             | 41,602   | 150,811  |
| Deferred tax assets   |             | 14,629   | 13,663   |
| Property, plant and equipment                                       |             | 2,206  | 2,162  |
| <b>TOTAL ASSETS</b>   |             | <b>6,429,498</b>                                 | <b>7,095,219</b>                                   |
| <b>LIABILITIES</b>  |             |  |  |
| Deposits from customers   | 26(iv)      | 4,500,400  | 4,521,812  |
| Deposits and placements of banks and other financial institutions   |             | 1,247,429  | 1,847,227  |
| Bills and acceptances payable                                       |             | 85,867   | 183,273  |
| Provision for zakat   |             | 722  | 25   |
| Other liabilities   |             | 103,945  | 81,264   |
| <b>TOTAL LIABILITIES</b>  |             | <b>5,938,363</b>                                 | <b>6,633,601</b>                                   |
| <b>NET ISLAMIC BANKING ASSETS</b>                                   |             | <b>491,135</b>                                   | <b>461,618</b>                                     |
| <b>OFF-BALANCE SHEET EXPOSURES</b>                                  |             | <b>1,082,208</b>                                 | <b>951,001</b>                                     |



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**EXPLANATORY NOTES**

**26. Islamic Banking Operations (continued)**

**26(ii) Financial Results Contribution from Operations of Islamic Banking**

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

|   | <u>Individual quarter</u>                           |  | <u>Cumulative quarter</u>                          |   |
|---|---|--|--|---|
|   | <u>Current financial quarter ended 30 June 2009</u> | <u>Preceding year corresponding quarter ended 30 June 2008</u> | <u>Current financial period ended 30 June 2009</u> | <u>Preceding year corresponding period ended 30 June 2008</u> |
|   | <u>RM'000</u>                                       | <u>RM'000</u>  | <u>RM'000</u>                                      | <u>RM'000</u>   |
| Income derived from investment of depositors' funds   | 74,682  | 71,945   | 151,311  | 147,224   |
| Income derived from investment of shareholder's funds | 10,507  | 7,510  | 16,824   | 15,587  |
|   | <u>85,189</u>                                       | <u>79,455</u>  | <u>168,135</u>                                     | <u>162,811</u>  |
| Allowances for losses on financing and advances       | (4,217)   | (39,057)   | (21,013)   | (46,138)  |
| Transfer from profit equalisation reserves            | -   | 1,100  | -  | 400   |
| Total distributable income                            | <u>80,972</u>                                       | <u>41,498</u>  | <u>147,122</u>                                     | <u>117,073</u>  |
| Income attributable to depositors                     | <u>(27,377)</u>                                     | <u>(41,857)</u>  | <u>(64,174)</u>                                    | <u>(82,843)</u>   |
| Net income  | <u>53,595</u>                                       | <u>(359)</u>   | <u>82,948</u>                                      | <u>34,230</u>   |
| Other operating expenses                              | <u>(22,476)</u>                                     | <u>(20,763)</u>  | <u>(43,572)</u>                                    | <u>(38,826)</u>   |
| Profit/(loss) before taxation and zakat               | <u>31,119</u>                                       | <u>(21,122)</u>  | <u>39,376</u>                                      | <u>(4,596)</u>  |
| Taxation  | <u>(7,779)</u>                                      | <u>5,492</u>   | <u>(9,844)</u>                                     | <u>1,335</u>  |
| Zakat   | <u>(9)</u>  | <u>(1,447)</u>   | <u>(16)</u>  | <u>(2,866)</u>  |
| Net profit/(loss) for the financial quarter/period    | <u><u>23,331</u></u>                                | <u><u>(17,077)</u></u>   | <u><u>29,516</u></u>                               | <u><u>(6,127)</u></u>   |

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**26. Islamic Banking Operations (continued)**

**26(iii) Financing and Advances**

|   | <b>Unaudited<br/>30 June<br/>2009</b> | <b>Audited<br/>31 December<br/>2008</b> |
|---|---------------------------------------|---|
|   | <b>RM'000</b>                         | <b>RM'000</b>                           |
| Cash line                                       | 295,855                               | 352,054                                 |
| Term financing:                                 |                                       |   |
| Housing financing                               | 2,650,172                             | 2,719,508                               |
| Hire purchase receivables                       | 2,021,673                             | 2,045,590                               |
| Syndicated loans                                | 99,143                                | 96,710                                  |
| Other term financing                            | 1,227,270                             | 1,268,379                               |
| Bills receivable                                | 4,469                                 | 1,074                                   |
| Trust receipts                                  | 2,076                                 | 6,515                                   |
| Claims on customers under acceptance financing  | 228,097                               | 275,583                                 |
| Staff financing                                 | 25,834                                | 27,488                                  |
| Revolving financing                             | 175,074                               | 154,844                                 |
| Other financing                                 | 77,154                                | 76,990                                  |
|   | <u>6,806,817</u>                      | <u>7,024,735</u>                        |
| Less: Unearned income                           | (2,067,335)                           | (2,164,386)                             |
| Gross financing and advances                    | <u>4,739,482</u>                      | <u>4,860,349</u>                        |
| Less: Allowances for bad and doubtful financing |                                       |   |
| - Specific                                      | (95,871)                              | (86,242)                                |
| - General                                       | (69,654)                              | (71,611)                                |
| Net financing and advances                      | <u><u>4,573,957</u></u>               | <u><u>4,702,496</u></u>                 |

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

|   |                |                |
|---|----------------|----------------|
| Balance as at 1 January   | 224,462        | 245,756        |
| Classified as non-performing during the financial period/year   | 548,842        | 898,297        |
| Reclassified as performing during the financial period/year     | (448,663)      | (800,487)      |
| Amount recovered  | (47,198)       | (78,613)       |
| Amount written off  | (11,045)       | (40,491)       |
| Financing converted to investment securities                    | (12,106)       | -              |
| Balance as at 30 June/31 December                               | <u>254,292</u> | <u>224,462</u> |
| Less: Specific allowance  | (87,357)       | (86,242)       |
| Net non-performing financing and advances                       | <u>166,935</u> | <u>138,220</u> |
| As % of total financing and advances, net of specific allowance | <u>3.59%</u>   | <u>2.90%</u>   |

**(b) Movements in allowances for bad and doubtful financing:**

**General allowance**

|   |               |               |
|---|---------------|---------------|
| Balance as at 1 January   | 71,611        | 69,338        |
| Allowance (written back)/made during the financial period/year  | (1,957)       | 2,273         |
| Balance as at 30 June/31 December                               | <u>69,654</u> | <u>71,611</u> |
| As % of gross financing and advances, net of specific allowance | <u>1.5%</u>   | <u>1.5%</u>   |

**Specific allowance**

|   |               |               |
|---|---------------|---------------|
| Balance as at 1 January                                       | 86,242        | 66,199        |
| Allowance made during the financial period/year               | 52,453        | 83,722        |
| Amount written back in respect of recoveries/reclassification | (26,072)      | (23,188)      |
| Amount written-off  | (11,045)      | (40,491)      |
| Amount transferred to allowance for impairment of securities  | (5,707)       | -             |
| Balance as at 30 June/31 December                             | <u>95,871</u> | <u>86,242</u> |

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**26(iv) Deposits from Customers**

|                                   | <b>Unaudited<br/>30 June<br/>2009<br/>RM'000</b> | <b>Audited<br/>31 December<br/>2008<br/>RM'000</b> |
|-----------------------------------|--|--|
| <b>Non-Mudharabah:</b>            |  |  |
| Al-Wadiah demand deposits         | 1,013,145  | 994,385  |
| Al-Wadiah savings deposits        | 183,722  | 173,454  |
| <b>Mudharabah:</b>                |  |  |
| Al-Fareed demand deposits         | 122,295  | 111,258  |
| Al-Mudharabah savings deposits    | 89,611   | 78,917   |
| Total demand and savings deposits | <u>1,408,773</u>                                 | <u>1,358,014</u>                                   |
| <b>Non-Mudharabah:</b>            |  |  |
| Bai Al-Inah HARI                  | 10,231   | 11,464   |
| <b>Mudharabah:</b>                |  |  |
| General investment deposits       | 3,081,396  | 3,152,334  |
| Total investment deposits         | <u>3,091,627</u>                                 | <u>3,163,798</u>                                   |
|                                   | <u>4,500,400</u>                                 | <u>4,521,812</u>                                   |

**27. Significant Events During the Financial Quarter/Period Ended 30 June 2008**

Other than those disclosed in Note 32, 33 and 37(i), 37(iii), 37(iv) and 37(v), there were no significant events during the financial quarter/ period ended 30 June 2009 that have not been disclosed in these condensed financial

**28. 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 June 2009 that have not been disclosed in these condensed financial statements.

**29. 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.

**30. Other Commitments**

|                                   | <b>Unaudited<br/>30 June<br/>2009<br/>RM'000</b> | <b>Audited<br/>31 December<br/>2008<br/>RM'000</b> |
|-----------------------------------|--|--|
| Authorised and contracted for     | 32,970   | 56,750   |
| Authorised but not contracted for | 2,881  | 2,773  |
|                                   | <u>35,851</u>                                    | <u>59,523</u>                                      |
| Analysed as follows:              |  |  |
| - Property, plant and equipment   | <u>35,851</u>                                    | <u>59,523</u>                                      |

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

**31. Taxation**

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

|  | Individual quarter                                     |   | Cumulative quarter                                    |  |
|--|--|---|---|--|
|  | Current financial quarter ended 30 June 2009<br>RM'000 | Preceding year corresponding quarter ended 30 June 2008<br>RM'000 | Current financial period ended 30 June 2009<br>RM'000 | Preceding year corresponding period ended 30 June 2008<br>RM'000 |
| Malaysian income tax:                              |  |   |   |  |
| - Charge for the financial quarter/period          | 31,155   | (19,577)  | 59,566  | 7,415  |
| - (Over)/under provision in respect of prior years | (18,868)   | 20  | (18,868)  | 72   |
|  | 12,287   | (19,557)  | 40,698  | 7,487  |
| Transfer to deferred taxation                      | (24,461)   | (1,305)   | (25,417)  | (1,921)  |
|  | (12,174)   | (20,862)  | 15,281  | 5,566  |

**32. Subordinated Medium Term Notes**

|  | Unaudited<br>30 June<br>2009<br>RM'000 | Audited<br>31 December<br>2008<br>RM'000 |
|--|--|--|
| Subordinated medium term notes, at par | 410,000                                | -  |
| Less: Unamortised discounts            | (29,858)                               | -  |
|  | 380,142                                | -  |

On 27 February 2009, the commercial banking subsidiary issued RM410.0 million nominal value of the 10 non callable 5 years Subordinated Medium Term Notes (MTN) callable on 27 February 2014 (and thereafter) and due on 27 February 2019 under the Subordinated MTN Programme. The coupon rate of the Subordinated MTN is 5.75% per annum, which is payable semi-annually in arrears from the date of the issue. Should the commercial banking subsidiary 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 7.75% or the then prevailing 5 years RM swap rate plus 3.70% per annum, whichever is higher, from the beginning of the sixth (6) year to the final maturity date.

The above Subordinated MTN constitute unsecured liabilities of the commercial banking subsidiary 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 Subordinated MTN. The Subordinated MTN qualify as Tier 2 capital for the purpose of determining the capital adequacy ratio of the commercial banking subsidiary.

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**33. Subordinated Obligations**

|  | <b>Unaudited<br/>30 June<br/>2009<br/>RM'000</b> | <b>Audited<br/>31 December<br/>2008<br/>RM'000</b> |
|--|--|--|
| Subordinated obligations, at par   | -  | 768,930  |
| Foreign exchange translations  | -  | (67,281)   |
|  | -  | 701,649  |
| Less: Unamortised discounts  | -  | (86)   |
| Unamortised fair value changes arising from<br>the discontinued fair value hedge | -  | (785)  |
|  | -  | 700,778  |

On 21 January 2004, the commercial banking subsidiary 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 December 2008, Moody's Investors Service Limited has reaffirmed the rating of the Notes of Baa2. The net proceeds arising from the issuance of the Notes were utilised for general banking purposes.

The commercial banking subsidiary 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 commercial banking subsidiary 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 commercial banking subsidiary 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 commercial banking subsidiary.

The commercial banking subsidiary has fully redeemed the Notes on the optional maturity date of 21 January 2009.

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**34. Borrowings**

|                                  | Note | Unaudited<br>30 June<br>2009<br>RM'000 | Audited<br>31 December<br>2008<br>RM'000 |
|----------------------------------|------|--|--|
| <b>Short-term borrowing:</b>     |      |  |  |
| Revolving credit facility        | (i)  | 30,000                                 | -  |
| <b>Long-term borrowing:</b>      |      |  |  |
| Secured fixed rate bonds, at par | (ii) | 150,000                                | 150,000                                  |
| Less: Unamortised discounts      |      | (548)                                  | (1,106)                                  |
| Total borrowings                 |      | 179,452                                | 148,894                                  |

- (i) Short-term borrowing is an unsecured revolving credit facility granted by a licensed bank, which has a rollover tenure of one, three and six months.
- (ii) The secured fixed rate bonds bear 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 ("RAM") has reaffirmed the long-term rating of A2 for the Company's long-term bonds which was awarded by RAM in December 2002.

**35. Unquoted Investments and Properties**

There were no sale of unquoted investments and properties for the financial quarter/period ended 30 June 2009 other than in the ordinary course of banking business.

**36. Quoted securities**

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

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**37. Status of Corporate Proposals Announced But Not Completed**

- (i) Proposed issue of up to RM655.0 million nominal value of the Medium Term Notes ("MTN") pursuant to Medium Term Notes Programme by the Bank and proposed issue of up to 93.8 million 2008/2013 new warrants by the holding company, EON Capital Berhad ("ECB") to Primus Pacific Partners LPI ("Primus") ("Proposed Issue of Warrants").

The proposed issue of MTN and the Proposed Issue of Warrants were inter-conditional with each other and were to be completed on the same date. On 5 December 2008, ECB obtained the approval of its shareholders for the issue of the Warrants, which are exchangeable into 93.8 million new shares of ECB.

On 26 May 2009, the Company announced that it proposed to undertake an issuance of up to 58,174,500 new warrants ("New Warrants"), which are part of the 93.8 million warrants as mentioned above, to Primus for a total consideration of RM29.5 million. Through a letter dated 18 June 2009, the Company has been advised by Bank Negara Malaysia ("BNM") that the proposed issue of the Warrants is not approved. Primus, in a letter issued to the Company on 22 June 2009, has advised that it intends to appeal the decision.

- (ii) On 5 December 2008, the Company obtained the approval of shareholders for the proposed establishment of Employee Share Scheme ("ESS"), which has yet to be implemented.
- (iii) On 16 January 2009, EON Bank Berhad announced that BNM has granted approval to commence discussions with Koperasi MCIS Berhad, Atalantik Sdn Bhd and other minority shareholders of MCIS Zurich Insurance Berhad, a composite insurance company, for the proposed acquisition of up to a 40% equity stake in MCIS Zurich Insurance Berhad.

EON Bank Berhad subsequently announced on 5 May 2009 that the above discussions had ceased.

- (iv) On 25 June 2009, the Company had obtained the approval of shareholders to purchase up to 10 percent (10%) of its issued and paid-up share capital in accordance with Section 67A of the Companies Act, 1965 ("Act"). No shares have been purchased pursuant to this mandate.
- (v) On 26 June 2009, the Company had announced that EON Bank Berhad, a wholly-owned subsidiary of the Company, has applied for regulatory approvals for the proposed establishment of a RM1.0 billion Innovative Tier 1 Capital Securities ("IT-1 Capital Securities") Programme involving the issuance of up to RM1.0 billion in nominal value of IT-1 Capital Securities. The IT-1 Capital Securities Programme was approved by BNM on 8 July 2009 and by the Securities Commission on 20 July 2009.

The IT-1 Capital Securities Programme is structured in accordance with BNM's Guidelines on the Risk-Weighted Capital Adequacy Framework. EON Bank Berhad is targeting to place out the first tranche of the Capital Securities before the year-end.

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**38. Derivative Financial Instruments**

Based on the balance sheet as at 14 August 2009, 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<br>RM'000 | 1 month or less<br>RM'000 | >1 - 3 months<br>RM'000 | >3 - 6 months<br>RM'000 | >6 - 12 months<br>RM'000 | >1 - 5 years<br>RM'000 |
|-------------------------------------|----------------------------|---------------------------|-------------------------|-------------------------|--------------------------|------------------------|
| Foreign exchange related contracts: |                            |                           |                         |                         |                          |                        |
| - Forward contracts                 | 2,109,045                  | 923,980                   | 774,178                 | 329,349                 | 81,538                   | -                      |
| Interest rate related contracts:    |                            |                           |                         |                         |                          |                        |
| - Interest rate swaps               | 2,745,000                  | 100,000                   | -                       | 200,000                 | -                        | 2,445,000              |

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 14 August 2009.

**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 14 August 2009, the amount of contracts of the Group, which were not hedged and, hence, exposed to market risk was RM3,920,008 (31 December 2008: RM5,414,070).

**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 14 August 2009, the amount of credit risk of the Group, measured in terms of the cost to replace the profitable contracts, was RM28,420,271 (31 December 2008: RM9,395,167). 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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**39. Material Litigation**

At the date of this report, there are no pending material litigation not in the ordinary course of business which would materially and adversely affect the Group's financial position.

**40. Profit Forecast**

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

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

Compared to the immediate preceding financial quarter ended 31 March 2009, the Group's pre-tax profit increased by RM5.4 million from RM107.0 million to RM112.4 million. This was mainly due to an increase in net income by RM11.4 million from RM340.2 million in the immediate preceding financial quarter to RM351.6 million in the current financial quarter. The increase in net income arose primarily from the net income of Islamic Banking business which registered an increase of RM11.7 million. A reduction in impairment losses on securities by RM6.0 million has also contributed to the improved performance which was, however, partially offset by the increase in operating expenses and allowances for losses on loans, advances and financing by RM6.6 million and RM5.4 million respectively.

**42. Review of performance for the financial quarter ended 30 June 2009 against the corresponding financial quarter/period of preceding year**

**Current financial quarter against corresponding financial quarter of preceding year**

For the financial quarter ended 30 June 2009, a pre-tax profit of RM112.4 million was registered by the Group, as compared to a pre-tax loss of RM96.6 million recorded in the preceding year's corresponding financial quarter ended 30 June 2008. The increase in pre-tax profit by RM209.1 million was mainly attributable to the substantial reduction in allowances for losses on loans, advances and financing by RM205.8 million. The higher allowances for losses on loans, advances and financing in the corresponding financial quarter of preceding year was due to the one-off adjustment of RM196.8 million effected to bring the Group's loan loss coverage closer to the industry average.

**Current financial period against corresponding financial period of preceding year**

For the financial period ended 30 June 2009, the Group recorded a pre-tax profit of RM219.5 million, an increase of RM211.9 million as compared to RM7.6 million recorded in the preceding year's corresponding financial period ended 30 June 2008. The improvement in financial performance was mainly due to the reduction in allowances for losses on loans, advances and financing by RM255.0 million and increase in net income from Islamic banking business by RM23.6 million, which was, however, partially offset by the increase in other operating expenses and impairment losses on securities by RM26.4 million and RM9.1 million respectively. The higher allowances for losses on loans, advances and financing in the corresponding financial period of preceding year was due to the one-off adjustment of RM196.8 million effected to bring the Group's loan loss coverage closer to the industry average.

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**43. Prospects for 2009**

We anticipate that the economic environment will remain challenging for the balance of 2009 and accordingly the management of asset quality remains a key priority. The Malaysian economy is expected to show some signs of recovery in the second half of the year which may lead to modest loans growth in the consumer and SME sector. The Group has also embarked on Phase 2 of its Business Transformation Program to further broaden the range of business activities, streamline its business operations for greater efficiency and improve customer service. The Group expects to report a satisfactory financial performance for the current financial year.

**44. Earnings/(loss) Per Share**

The calculation of the earnings/(loss) per share of the Group, which is based on the net profit/(loss) for the financial quarter/period ended 30 June 2009 and 30 June 2008 respectively and the weighted average number of ordinary shares in issue during the respective financial quarter/period, are set out as follows:

|   | <b>Individual quarter</b>                           |  | <b>Cumulative quarter</b>                          |   |
|---|---|--|--|---|
|   | <b>Current financial quarter ended 30 June 2009</b> | <b>Preceding year corresponding quarter ended 30 June 2008</b> | <b>Current financial period ended 30 June 2009</b> | <b>Preceding year corresponding period ended 30 June 2008</b> |
|   | <b>RM'000</b>                                       | <b>RM'000</b>  | <b>RM'000</b>                                      | <b>RM'000</b>   |
| Net profit/(loss) for the financial quarter/period                                      | 124,603   | (77,199)   | 204,165  | (879)   |
| Weighted average number of ordinary shares in issue during the financial quarter/period | 693,209   | 693,209  | 693,209  | 693,209   |
| Earnings/(loss) per share (sen)   |   |  |  |   |
| - Basic/diluted   | 17.97   | (11.14)  | 29.45  | (0.13)  |

There were no dilutive potential ordinary shares outstanding as at 30 June 2009 and 30 June 2008.