

EON CAPITAL BERHAD
(454644-K)

CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2011

	Note	Unaudited 31 March 2011 RM'000	Audited 31 December 2010 RM'000
ASSETS			
Cash and short-term funds		9,404,440	9,825,426
Deposits and placements with banks and other financial institutions		871,559	1,189,094
Financial assets held-for-trading	10	288,570	380,926
Derivative financial assets	11	37,759	28,473
Financial investments available-for-sale	12	4,504,558	3,458,714
Financial investments held-to-maturity	13	149,458	152,841
Loans, advances and financing	14	37,343,708	36,650,026
Other assets	15	408,533	448,778
Statutory deposits with Bank Negara Malaysia		339,266	359,893
Deferred tax assets		171,449	163,872
Property, plant and equipment		316,090	318,986
Goodwill		86,610	86,610
TOTAL ASSETS		53,922,000	53,063,639
LIABILITIES AND SHAREHOLDERS' FUNDS			
Deposits from customers	17	41,241,957	41,386,506
Deposits and placements of banks and other financial institutions	18	5,124,075	4,110,031
Derivative financial liabilities	11	48,558	36,154
Bills and acceptances payable		767,096	841,040
Provision for taxation and zakat		83,800	84,400
Other liabilities	19	874,960	932,464
Subordinated medium term notes	33	1,149,010	1,147,517
Hybrid capital	34	490,913	502,058
Borrowings	35	65,327	65,321
TOTAL LIABILITIES		49,845,696	49,105,491
Share capital		693,209	693,209
Reserves		3,383,095	3,264,939
SHAREHOLDERS' FUNDS		4,076,304	3,958,148
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS		53,922,000	53,063,639
COMMITMENTS AND CONTINGENCIES	25	27,571,327	25,619,983
Net assets per ordinary share (RM)		5.88	5.71

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF INCOME
FOR THE 1ST QUARTER ENDED 31 MARCH 2011

	Note	1st Quarter Ended		Three Months Ended	
		31 March 2011 RM'000	31 March 2010 RM'000	31 March 2011 RM'000	31 March 2010 RM'000
Interest income	20	545,371	441,791	545,371	441,791
Interest expense	21	(278,037)	(199,821)	(278,037)	(199,821)
Net interest income		267,334	241,970	267,334	241,970
Net income from Islamic Banking business	27(ii)	64,609	60,101	64,609	60,101
		331,943	302,071	331,943	302,071
Non-interest income	22	92,764	82,120	92,764	82,120
Net income		424,707	384,191	424,707	384,191
Other operating expenses	23	(216,863)	(201,290)	(216,863)	(201,290)
Operating profit		207,844	182,901	207,844	182,901
Impairment losses on securities and loans, advances and financing	24	(42,581)	(51,016)	(42,581)	(51,016)
Profit before taxation and zakat		165,263	131,885	165,263	131,885
Taxation	32	(43,029)	(34,063)	(43,029)	(34,063)
Zakat		(8)	(6)	(8)	(6)
Profit for the financial quarter		122,226	97,816	122,226	97,816
Earnings per share (sen)					
- Basic	46	17.63	14.11	17.63	14.11
- Diluted	46	17.63	14.11	17.63	14.11

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CONDENSED FINANCIAL STATEMENTS
AUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 1ST QUARTER ENDED 31 MARCH 2011

	1st Quarter Ended		Three Months Ended	
	31 March 2011 RM'000	31 March 2010 RM'000	31 March 2011 RM'000	31 March 2010 RM'000
Profit for the financial quarter	122,226	97,816	122,226	97,816
Other comprehensive (loss)/income:				
Financial investments available-for-sale				
- Unrealised net (loss)/gain on revaluation	(4,264)	2,615	(4,264)	2,615
- Net transfer to statement of income on disposal or impairment	(1,163)	(1,238)	(1,163)	(1,238)
Taxation relating to components of other comprehensive (loss)/income	1,357	(344)	1,357	(344)
Other comprehensive (loss)/income for the financial quarter, net of tax	(4,070)	1,033	(4,070)	1,033
Total comprehensive income for the financial quarter	118,156	98,849	118,156	98,849

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CONDENSED FINANCIAL STATEMENTS
AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 1ST QUARTER ENDED 31 MARCH 2011

	Share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Financial investments available-for- sale reserve RM'000	Retained profits RM'000	Total RM'000
Balance as at 1 January 2011	693,209	1,066,296	888,208	22,243	1,288,192	3,958,148
Profit for the financial quarter	-	-	-	-	122,226	122,226
Financial investments available-for-sale						
- Unrealised net loss on revaluation	-	-	-	(4,264)	-	(4,264)
- Net transfer to statement of income on disposal or impairment	-	-	-	(1,163)	-	(1,163)
Taxation relating to components of other comprehensive loss	-	-	-	1,357	-	1,357
Total comprehensive income for the financial quarter	-	-	-	(4,070)	122,226	118,156
Balance as at 31 March 2011	693,209	1,066,296	888,208	18,173	1,410,418	4,076,304
Balance as at 1 January 2010						
- As previously reported	693,209	1,066,296	754,339	22,535	1,017,161	3,553,540
- Effects of adopting FRS 139	-	-	-	-	(35,188)	(35,188)
- As restated	693,209	1,066,296	754,339	22,535	981,973	3,518,352
Profit for the financial quarter	-	-	-	-	97,816	97,816
Financial investments available-for-sale						
- Unrealised net gain on revaluation	-	-	-	2,615	-	2,615
- Net transfer to statement of income on disposal or impairment	-	-	-	(1,238)	-	(1,238)
Taxation relating to components of other comprehensive income	-	-	-	(344)	-	(344)
Total comprehensive income for the financial quarter	-	-	-	1,033	97,816	98,849
Balance as at 31 March 2010	693,209	1,066,296	754,339	23,568	1,079,789	3,617,201

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CONDENSED FINANCIAL STATEMENTS
AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 1ST QUARTER ENDED 31 MARCH 2011

	31 March 2011 RM'000	31 March 2010 RM'000
Cash Flows From Operating Activities		
Profit for the financial quarter	122,226	97,816
Adjustments for investing and financing items not involving movement of cash and cash equivalents	133,529	467,271
Operating profit before working capital changes	255,755	565,087
Increase in operating assets	(315,676)	(2,706,446)
Increase/(decrease) in operating liabilities	748,386	(316,356)
Cash generated from/(used in) operations	688,465	(2,457,715)
Income tax paid	(49,931)	(12,603)
Zakat paid	-	(6)
Net cash generated from/(used in) operating activities	638,534	(2,470,324)
Cash Flows From Investing Activities		
Net (purchase of)/proceeds from disposal/maturity of financial investments available-for-sale	(1,032,737)	1,330,604
Purchase of property, plant and equipment	(14,823)	(16,795)
Proceeds from disposal of property, plant and equipment	4,837	63
Interest/dividend received from financial investments available-for-sale and held-to-maturity	19,554	18,158
Net dividends received	219	220
Net cash (used in)/generated from investing activities	(1,022,950)	1,332,250
Cash Flows From Financing Activities		
Interest paid on subordinated medium term notes	(11,949)	(11,755)
Interest paid on Innovative Tier-1 Capital Securities	(20,116)	(20,455)
Interest paid on borrowings	(637)	(519)
Net interest paid for interest rate related derivatives	(3,868)	(8,718)
Net cash used in financing activities	(36,570)	(41,447)
Net decrease in cash and cash equivalents	(420,986)	(1,179,521)
Cash and cash equivalents:		
- as at beginning of the financial quarter	9,825,426	8,279,675
- as at end of the financial quarter	9,404,440	7,100,154

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Disclosure requirements pursuant to Malaysian Accounting Standards Board's (MASB) Standard No. FRS 134 (Interim Financial Reporting) and Bank Negara Malaysia's ("BNM") Guidelines on Financial Reporting for Banking Institutions (issued on 5 February 2010).

1. Basis of Preparation

The condensed financial statements have been prepared in accordance with the MASB Standard No. FRS 134 (Interim Financial Reporting) and BNM Guidelines on Financial Reporting for Banking Institutions (issued on 5 February 2010) and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and should be read in conjunction with the financial statements of the Group for the financial year ended 31 December 2010.

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

2. Changes in Accounting Policies

During the current financial quarter, the Group adopted the following standards, amendments to published standards and interpretations to existing standards issued by MASB that are applicable and effective for the Group for the financial period beginning on 1 January 2011:

- Amendments to FRS 7 "Financial instruments: disclosures"
- Amendments to FRS 1 "First-time adoption of financial reporting standards"
- IC Interpretation 4 "Determining whether an arrangement contains a lease"
- IC Interpretation 18 "Transfers of assets from customers"

The adoption of the abovementioned standards, amendments to published standards and interpretations to existing standards does not have any significant financial impact on the financial results and position of the Group.

The following FRS and IC Interpretations have been issued by MASB but are not yet effective, and have yet to be adopted by the Group:

Effective for financial period commencing on or after 1 July 2011:

- IC Interpretation 19 "Extinguishing financial liabilities with equity instruments"

Effective for financial period commencing on or after 1 January 2012:

- FRS 124 "Related party disclosures"

3. Audit Report

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

4. Seasonality or Cyclicity of Operations

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

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EXPLANATORY NOTES

5. Items Affecting Net Income and Cash Flow

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group during the financial quarter ended 31 March 2011.

6. Changes in Estimates

There were no significant changes in estimates arising from prior financial quarter that have a material effect on the financial results and position of the Group for the financial quarter ended 31 March 2011.

7. Issuance and Repayments

There were no cancellation, repurchase, resale or repayment of debt and equity securities during the financial quarter ended 31 March 2011.

8. Dividends Paid During the Current Financial Quarter

There were no interim dividends paid or declared in respect of the financial year ending 31 December 2011 during the financial quarter ended 31 March 2011.

9. Segment Reporting

(a) Segment revenue and segment results are as follows:

Group
Three Months Ended
31 March 2011

	Business and Investment Banking RM'000	Consumer Banking RM'000	Islamic Banking RM'000	Treasury RM'000	Others RM'000	Inter- segment Elimination RM'000	Total RM'000
Net interest income and Islamic banking income	92,918	178,011	55,277	10,657	(5,025)	105	331,943
Non-interest income	25,472	46,811	2,153	21,969	(3,098)	(543)	92,764
Net income	118,390	224,822	57,430	32,626	(8,123)	(438)	424,707
Other operating expenses	(59,155)	(120,092)	(28,827)	(3,678)	(5,549)	438	(216,863)
Operating profit	59,235	104,730	28,603	28,948	(13,672)	-	207,844
Impairment losses on securities and loans, advances and financing	12,609	(44,162)	(9,252)	-	(1,776)	-	(42,581)
Profit before taxation and zakat	71,844	60,568	19,351	28,948	(15,448)	-	165,263
Taxation and zakat							(43,037)
Profit for the financial quarter							122,226

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9. Segment Reporting (continued)

(a) Segment revenue and segment results are as follows: (continued)

Group
Three Months Ended
31 March 2010

	Business and Investment Banking RM'000	Consumer Banking RM'000	Islamic Banking RM'000	Treasury RM'000	Others RM'000	Inter- segment Elimination RM'000	Total RM'000
Net interest income and Islamic banking income	79,332	162,217	56,574	29,080	(25,132)	-	302,071
Non-interest income	25,328	46,189	3,153	12,772	(3,501)	(1,821)	82,120
Net income	104,660	208,406	59,727	41,852	(28,633)	(1,821)	384,191
Other operating expenses	(56,814)	(112,415)	(24,269)	(4,177)	(5,436)	1,821	(201,290)
Operating profit	47,846	95,991	35,458	37,675	(34,069)	-	182,901
Impairment losses on securities and loans, advances and financing	6,536	(49,432)	(4,674)	-	(3,446)	-	(51,016)
Profit before taxation and zakat	54,382	46,559	30,784	37,675	(37,515)	-	131,885
Taxation and zakat							(34,069)
Profit for the financial quarter							97,816

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9. Segment Reporting (continued)

(b) Segment assets and liabilities are as follows:

Unaudited Group 31 March 2011	Business and Investment Banking RM'000	Consumer Banking RM'000	Islamic Banking RM'000	Treasury RM'000	Others RM'000	Inter- segment Elimination RM'000	Total RM'000
Segment assets	11,833,195	14,056,726	3,058,583	6,954,054	19,833,680	(1,814,238)	53,922,000
Segment liabilities	9,434,110	13,611,281	2,751,971	1,099,406	24,149,622	(1,200,694)	49,845,696
Audited Group 31 December 2010							
Segment assets	12,063,862	14,696,888	3,352,287	5,355,429	19,267,724	(1,672,551)	53,063,639
Segment liabilities	9,689,507	13,215,314	2,858,571	1,238,987	23,162,674	(1,059,562)	49,105,491

(c) Revenue by products and services

Details of revenue from external customers by products or services are disclosed in Note 20 and Note 22.

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10. Financial Assets Held-for-trading

	Unaudited	Audited
	31 March	31 December
	2011	2010
	RM'000	RM'000
At fair value:		
Malaysian Government securities	193,126	-
Malaysian Government investment issues	40,483	-
Bank Negara Malaysia bills	-	149,058
Bank Negara Malaysia monetary notes	-	171,010
Private and Islamic debt securities	54,961	60,858
	288,570	380,926
	288,570	380,926

11. Derivative Financial Assets/Liabilities

	Unaudited			Audited		
	31 March			31 December		
	2011			2010		
	Contractual/ notional amounts RM'000	Fair values		Contractual/ notional amounts RM'000	Fair values	
		Assets	Liabilities		Assets	Liabilities
		RM'000	RM'000		RM'000	RM'000
Trading derivatives:						
Interest rate swaps	1,520,000	4,114	10,389	1,670,000	2,352	16,801
Foreign currency forwards	3,615,407	13,553	25,359	1,963,261	12,546	12,762
Cross currency interest rate swaps	15,072	1,662	-	16,294	1,537	-
	5,150,479	19,329	35,748	3,649,555	16,435	29,563
	5,150,479	19,329	35,748	3,649,555	16,435	29,563
Hedging derivatives:						
Interest rate swaps	4,695,000	18,430	12,810	3,915,000	12,038	6,591
	9,845,479	37,759	48,558	7,564,555	28,473	36,154
	9,845,479	37,759	48,558	7,564,555	28,473	36,154

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12. Financial Investments Available-for-sale

	Unaudited	Audited
	31 March	31 December
	2011	2010
	RM'000	RM'000
At fair value:		
Bank Negara Malaysia monetary notes	568,159	902,259
Bank Negara Malaysia negotiable notes	149,307	149,731
Bank Negara Malaysia bills	477,187	530,155
Malaysian Government investment issues	255,684	116,572
Malaysian Government treasury bills	-	19,909
Malaysian Government securities	389,333	181,592
Cagamas bonds	10,183	-
Quoted private debt securities	22,404	22,404
Private and Islamic debt securities	785,639	757,604
Negotiable instruments of deposit	900,690	401,123
Islamic negotiable instrument debt securities	649,088	179,636
Commercial papers	15,966	18,937
Bankers' acceptances	256,670	154,483
Unquoted equity securities in Malaysia	26,185	26,185
Unquoted equity securities outside Malaysia	3,305	3,366
	<u>4,509,800</u>	<u>3,463,956</u>
Allowance for impairment	(5,242)	(5,242)
	<u><u>4,504,558</u></u>	<u><u>3,458,714</u></u>

13. Financial Investments Held-to-maturity

	Unaudited	Audited
	31 March	31 December
	2011	2010
	RM'000	RM'000
At amortised cost:		
Private and Islamic debt securities	321,737	325,344
Allowance for impairment	(172,279)	(172,503)
	<u>149,458</u>	<u>152,841</u>

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14. Loans, Advances and Financing

	Unaudited	Audited
	31 March	31 December
	2011	2010
	RM'000	RM'000
Overdrafts/cash line	2,219,567	2,251,833
Term loans/financing:		
Housing loans/financing	10,889,352	10,375,904
Syndicated term loans/financing	1,509,759	1,399,500
Hire purchase/AITAB receivables	13,806,873	13,552,099
Personal loans/financing	1,142,852	1,124,819
Other term loans/financing	7,279,181	7,258,742
Bills receivable	8,509	9,854
Trust receipts	137,976	166,713
Claims on customers under acceptance credit/financing	2,682,277	2,597,862
Staff loans/financing	237,353	241,024
Credit cards	1,674,037	1,677,862
Revolving credit/financing	1,620,289	1,716,939
Other loans/financing	89,656	89,609
	<u>43,297,681</u>	<u>42,462,760</u>
Unearned interest/income	(4,705,665)	(4,579,096)
Gross loans, advances and financing at amortised cost	38,592,016	37,883,664
Unrealised fair value loss arising from fair value hedge	(21,620)	(11,390)
Unamortised fair value gain arising from the unwinded fair value hedge	8,513	10,780
Allowances for impaired loans, advances and financing		
- Collective assessment impairment allowance	(749,741)	(746,544)
- Individual assessment impairment allowance	(485,460)	(486,484)
Net loans, advances and financing	<u><u>37,343,708</u></u>	<u><u>36,650,026</u></u>

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EXPLANATORY NOTES

14. Loans, Advances and Financing (continued)

	Unaudited	Audited
	31 March	31 December
	2011	2010
	RM'000	RM'000
(i) Gross loans, advances and financing disbursed by type of customers are as follows:		
Domestic non-bank financial institutions	546,616	580,061
Domestic business enterprises	13,972,985	13,821,879
(of which: Small and medium enterprises)	7,987,984	7,864,430
Government and statutory bodies	29,740	30,827
Individuals	23,437,082	22,869,466
Other domestic entities	20,768	21,063
Foreign entities	584,825	560,368
	38,592,016	37,883,664
(ii) Gross loans, advances and financing analysed by interest /profit rate sensitivity are as follows:		
Fixed rate	16,100,879	15,692,221
(of which: (a) Housing loans/financing	2,378,523	2,191,315
(b) Hire purchase/AITAB receivables	11,774,182	11,569,313
(c) Others)	1,948,174	1,931,593
Variable rate	22,473,552	22,173,596
(of which: (a) Base lending/financing rate plus	13,987,717	13,809,309
(b) Cost plus	6,401,570	6,283,219
(c) Others)	2,084,265	2,081,068
Non-interest/profit bearing	17,585	17,847
	38,592,016	37,883,664

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EXPLANATORY NOTES

14. Loans, Advances and Financing (continued)

	Unaudited	Audited
	31 March	31 December
	2011	2010
	RM'000	RM'000
(iii) Gross loans, advances and financing analysed by residual contractual maturity are as follows:		
Maturing within one year	9,507,055	9,507,559
One year to three years	2,450,082	2,283,942
Three years to five years	5,406,503	5,455,359
Over five years	21,228,376	20,636,804
	38,592,016	37,883,664
(iv) Gross loans, advances and financing analysed by sector are as follows:		
Agriculture, hunting, forestry and fishing	676,342	654,731
Mining and quarrying	62,550	66,318
Manufacturing	3,065,825	3,070,880
Electricity, gas and water	308,698	305,656
Construction	2,273,312	2,189,358
Wholesale and retail trade, restaurants and hotels	2,876,205	2,833,835
Transport, storage and communication	1,234,189	1,102,979
Finance, insurance and business services	1,591,177	1,641,066
Real estate	2,213,841	2,307,333
Community, social and personal services	222,155	207,298
Household	23,647,871	23,056,471
(of which: (a) Purchase of transport vehicles	10,146,490	9,982,601
(b) Purchase of residential properties	8,971,581	8,586,888
(c) Purchase of non-residential properties	1,004,927	1,007,886
(d) Consumption credit	3,277,915	3,235,577
(e) Others)	246,958	243,519
Others	419,851	447,739
	38,592,016	37,883,664

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14. Loans, Advances and Financing (continued)

	Unaudited		Audited		Loans Growth
	31 March 2011	%	31 December 2010	%	
	RM'000		RM'000		
(v) Gross loans, advances and financing analysed by economic purpose are as follows:					
Purchase of securities	458,713	1.2	458,279	1.2	
Purchase of transport vehicles	11,760,909	30.5	11,461,022	30.3	
Purchase of landed properties	12,490,142	32.4	12,083,290	31.9	
(of which: (a) Residential	9,056,788	23.5	8,670,398	22.9	
(b) Non-residential)	3,433,354	8.9	3,412,892	9.0	
Purchase of fixed assets (excluding landed properties)	661,704	1.7	598,390	1.6	
Personal use	1,603,105	4.2	1,556,964	4.1	
Credit cards	1,674,035	4.3	1,677,759	4.4	
Purchase of consumer durables	141	-	160	-	
Construction	523,984	1.4	483,616	1.3	
Mergers and acquisitions	23,717	0.1	23,676	0.1	
Working capital	7,895,765	20.5	7,980,648	21.1	
Others	1,499,801	3.7	1,559,860	4.0	
	38,592,016	100.0	37,883,664	100.0	7.5%

Unaudited	Audited
31 March	31 December
2011	2010
RM'000	RM'000

(vi) Gross loans, advances and financing analysed by geographical distribution are as follows:

Malaysia	38,365,467	37,654,316
Other countries	226,549	229,348
	38,592,016	37,883,664

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14. Loans, Advances and Financing (continued)

	Unaudited	Audited
	31 March	31 December
	2011	2010
	RM'000	RM'000
(vii) Movements in impaired loans, advances and financing are as follows:		
Balance as at 1 January		
- As previously reported	1,376,397	1,253,834
- Effects of adopting FRS 139	-	176,680
- As restated	1,376,397	1,430,514
Classified as impaired during the financial quarter/year	384,165	1,929,985
Reclassified as non-impaired during the financial quarter/year	(230,545)	(1,013,860)
Amount recovered	(129,344)	(594,432)
Amount written off	(87,994)	(358,857)
Exchange differences	(2,549)	(16,953)
Balance as at 31 March/31 December	1,310,130	1,376,397
Less: Impaired loans, advances and financing which have no adverse financial impact on the Group	(7,643)	(9,949)
	1,302,487	1,366,448
Less:		
(a) Individual assessment impairment allowance	(485,460)	(486,484)
(b) Additional collective assessment impairment allowance for loans/financing classified as impaired but not individually assessed for impairment	(124,361)	(149,585)
Net impaired loans, advances and financing	692,666	730,379
(viii) Impaired loans, advances and financing analysed by sector are as follows:		
Agriculture, hunting, forestry and fishing	35,541	35,337
Mining and quarrying	4,159	3,735
Manufacturing	284,091	302,727
Electricity, gas and water	148	135
Construction	95,003	94,931
Wholesale and retail trade, restaurants and hotels	136,673	142,764
Transport, storage and communication	69,218	72,540
Finance, insurance and business services	17,606	21,114
Real estate	23,588	23,850
Community, social and personal services	1,880	818
Household	503,386	534,311
(of which: (a) Purchase of transport vehicles	137,174	142,847
(b) Purchase of residential properties	277,857	296,519
(c) Purchase of non-residential properties	17,449	20,903
(d) Consumption credit	68,014	70,097
(e) Others)	2,892	3,945
Others	138,837	144,135
	1,310,130	1,376,397

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14. Loans, Advances and Financing (continued)

	Unaudited		Audited	
	31 March		31 December	
	2011		2010	
	RM'000	%	RM'000	%
(ix) Impaired loans, advances and financing analysed by economic purpose are as follows:				
Purchase of securities	4,441	0.3	9,511	0.7
Purchase of transport vehicles	160,777	12.3	165,249	12.0
Purchase of landed properties	343,679	26.3	363,374	26.4
(of which: (a) Residential	278,408	21.3	297,086	21.6
(b) Non-residential)	65,271	5.0	66,288	4.8
Purchase of fixed assets (excluding landed properties)	19,998	1.5	19,025	1.4
Personal use	32,661	2.5	33,969	2.5
Credit cards	35,354	2.7	36,128	2.6
Purchase of consumer durables	17	-	7	-
Construction	25,281	1.9	25,162	1.8
Working capital				
(Analysed by geographical distribution:	657,260	50.2	693,369	50.4
Malaysia	518,772	39.6	554,710	40.3
Other countries)	138,488	10.6	138,659	10.1
Others	30,662	2.3	30,603	2.2
	1,310,130	100.0	1,376,397	100.0

Unaudited	Audited
31 March	31 December
2011	2010
RM'000	RM'000

(x) Impaired loans, advances and financing analysed by geographical distribution are as follows:

Malaysia	1,171,571	1,237,629
Other countries	138,559	138,768
	1,310,130	1,376,397

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14. Loans, Advances and Financing (continued)

	Unaudited	Audited
	31 March	31 December
	2011	2010
	RM'000	RM'000
(xi) Movements in allowances for impaired loans, advances and financing are as follows:		
Collective assessment impairment allowance		
Balance as at 1 January		
- As previously reported	746,544	-
- Effects of adopting FRS 139	-	784,734
- As restated	<u>746,544</u>	<u>784,734</u>
Allowance made during the financial quarter/year	73,964	347,923
Allowance written-back in respect of recoveries/reclassification	(21,100)	(100,619)
Amount written off	(49,667)	(285,494)
Balance as at 31 March/31 December	<u><u>749,741</u></u>	<u><u>746,544</u></u>
Collective assessment impairment allowance comprised the following:		
(a) Collective assessment impairment allowance	625,380	596,959
(b) Additional collective assessment impairment allowance for loans/financing classified as impaired but not individually assessed for impairment (determined in accordance with BNM/GP3)	124,361	149,585
	<u><u>749,741</u></u>	<u><u>746,544</u></u>
Collective assessment impairment allowance (a) as a % of gross loans, advances and financing, net of individual assessment impairment allowance and additional collective assessment impairment allowance calculated under (b) above	<u><u>1.6%</u></u>	<u><u>1.6%</u></u>
Individual assessment impairment allowance		
Balance as at 1 January		
- As previously reported	486,484	-
- Effects of adopting FRS 139	-	386,585
- As restated	<u>486,484</u>	<u>386,585</u>
Allowance made during the financial quarter/year	76,136	291,177
Allowance charged to deferred asset/other assets during the financial quarter/year	9	130
Allowance written-back in respect of recoveries/reclassification	(37,296)	(116,353)
Reversal of allowance set-off against deferred asset	(89)	(631)
Amount written off	(38,327)	(73,364)
Exchange differences	(1,457)	(1,060)
Balance as at 31 March/31 December	<u><u>485,460</u></u>	<u><u>486,484</u></u>

The Group has applied the transitional arrangement in determining the collective assessment impairment allowances as at the end of the reporting period for loans/financing, as prescribed in BNM's Guideline on Classification and Impairment Provisions for Loans/Financing issued on 8 January 2010 and subsequently updated on 26 January 2010 and 17 December 2010.

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14. Loans, Advances and Financing (continued)

	Unaudited	Audited
	31 March	31 December
	2011	2010
	RM'000	RM'000
(xii) Key indicators for loans, advances and financing		
(a) Gross loans, advances and financing	38,592,016	37,883,664
(b) Total allowances for impaired loans, advances and financing		
- Collective assessment impairment allowance	(749,741)	(746,544)
- Individual assessment impairment allowance	(485,460)	(486,484)
	(1,235,201)	(1,233,028)
(c) Net loans, advances and financing	37,343,708	36,650,026
(d) Gross impaired loans, advances and financing analysed by geographical distribution:	1,310,130	1,376,397
Malaysia	1,171,571	1,237,629
Other countries	138,559	138,768
(e) Net impaired loans, advances and financing	692,666	730,379
(f) Gross impaired loan/financing ratio	3.4%	3.6%
(g) Net impaired loan/financing ratio	1.8%	2.0%
(h) Impaired loan/financing loss coverage	94.3%	89.6%

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15. Other Assets

	Unaudited	Audited
	31 March	31 December
	2011	2010
	RM'000	RM'000
Trade receivables, net of allowances for bad and doubtful debts and interest-in-suspense of RM105,000 (31.12.2010: RM133,000)	37,209	34,121
Other debtors, deposits and prepayments, net of impairment allowances for doubtful debts of RM8,775,386 (31.12.2010: RM10,405,722)	362,333	385,445
Deferred asset account	3,892	24,184
Tax recoverable	5,099	5,028
	408,533	448,778
	408,533	448,778

16. Valuation of Property, Plant and Equipment

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

17. Deposits from Customers

	Unaudited	Audited
	31 March	31 December
	2011	2010
	RM'000	RM'000
Demand deposits	5,212,685	5,424,627
Savings deposits	3,403,035	3,291,312
Fixed/investment deposits	25,718,542	26,580,685
Money market deposits	6,907,695	6,089,882
	41,241,957	41,386,506
	41,241,957	41,386,506

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

Due within six months	26,896,965	28,074,696
Six months to one year	5,377,408	4,269,754
One year to three years	323,261	301,862
Three years to five years	28,603	24,255
	32,626,237	32,670,567
	32,626,237	32,670,567

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17. Deposits from Customers (continued)

	Unaudited	Audited
	31 March	31 December
	2011	2010
	RM'000	RM'000
(ii) The deposits are sourced from the following type of customers:		
Government and statutory bodies	3,986,609	3,996,440
Business enterprises	16,396,045	16,610,667
Individuals	13,683,235	13,267,201
Others	7,176,068	7,512,198
	<u>41,241,957</u>	<u>41,386,506</u>

18. Deposits and Placements of Banks and Other Financial Institutions

	Unaudited	Audited
	31 March	31 December
	2011	2010
	RM'000	RM'000
Licensed banks	1,925,489	817,743
Licensed investment banks	42,873	58,116
Bank Negara Malaysia	1,816,429	1,718,649
Other financial institutions	1,339,284	1,515,523
	<u>5,124,075</u>	<u>4,110,031</u>

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

One year or less	3,704,527	2,700,484
More than one year	1,419,548	1,409,547
	<u>5,124,075</u>	<u>4,110,031</u>
Included in the above are negotiable certificates of deposit issued by the Group	<u>800,000</u>	<u>200,000</u>

19. Other Liabilities

	Unaudited	Audited
	31 March	31 December
	2011	2010
	RM'000	RM'000
Trade payable	62,157	52,185
Other accruals and payables	299,501	412,388
Clearing account	324,217	276,970
Loans sold to Cagamas Berhad with recourse	189,078	190,914
Profit equalisation reserve	7	7
	<u>874,960</u>	<u>932,464</u>

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20. Interest Income

	1st Quarter Ended		Three Months Ended	
	31 March 2011 RM'000	31 March 2010 RM'000	31 March 2011 RM'000	31 March 2010 RM'000
Loans, advances and financing	459,542	376,506	459,542	376,506
Money at call and deposit placements with financial institutions	59,436	38,735	59,436	38,735
Financial assets held-for-trading	2,228	1,115	2,228	1,115
Financial investments available-for-sale	23,253	24,014	23,253	24,014
Financial investments held-to-maturity	912	1,421	912	1,421
	545,371	441,791	545,371	441,791
Of which:				
Interest income earned on impaired loans, advances and financing	5,285	3,544	5,285	3,544

21. Interest Expense

	1st Quarter Ended		Three Months Ended	
	31 March 2011 RM'000	31 March 2010 RM'000	31 March 2011 RM'000	31 March 2010 RM'000
Deposits and placements of banks and other financial institutions	24,526	32,359	24,526	32,359
Deposits from customers	222,499	144,289	222,499	144,289
Subordinated medium term notes	16,926	10,907	16,926	10,907
Innovative Tier 1 Capital Securities	10,460	10,459	10,460	10,459
Short term borrowings	643	520	643	520
Others	2,983	1,287	2,983	1,287
	278,037	199,821	278,037	199,821

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22. Non-interest Income

	1st Quarter Ended		Three Months Ended	
	31 March 2011 RM'000	31 March 2010 RM'000	31 March 2011 RM'000	31 March 2010 RM'000
Fee and commission income:				
Commissions	9,867	9,622	9,867	9,622
Service charges and fees	50,555	48,083	50,555	48,083
Guarantee fees	2,858	3,184	2,858	3,184
Advisory and arrangement fees	3,051	3,568	3,051	3,568
Underwriting commissions	300	692	300	692
Brokerage	3,393	2,269	3,393	2,269
	<u>70,024</u>	<u>67,418</u>	<u>70,024</u>	<u>67,418</u>
Net gains arising from financial assets held-for-trading:				
Net gains on disposal	677	432	677	432
Unrealised net gains/(losses) on revaluation	40	(10)	40	(10)
	<u>717</u>	<u>422</u>	<u>717</u>	<u>422</u>
(Losses)/gains representing ineffective portions of hedging derivatives:				
Fair value hedge	(367)	32	(367)	32
Net gains arising from financial investments available-for-sale:				
Net gains on disposal	7,036	49	7,036	49
Gross dividend income	221	220	221	220
	<u>7,257</u>	<u>269</u>	<u>7,257</u>	<u>269</u>
Net gains arising from financial investments held-to-maturity:				
Net gains on redemption	55	239	55	239
Unrealised net (losses)/gains on revaluation of trading derivatives	(6,577)	12,886	(6,577)	12,886
Other income/(expenditure):				
Net foreign exchange gains	21,348	296	21,348	296
Rental income from premises	377	504	377	504
Gains on disposal of property, plant and equipment	200	17	200	17
Other operating income	1,625	1,884	1,625	1,884
Other non-operating income	991	842	991	842
Amortisation of fair value gains arising from the unwinded fair value hedges	(2,891)	-	(2,891)	-
Reversal of unrealised net losses on revaluation of hedged financial investments available-for-sale upon their maturity	-	(2,613)	-	(2,613)
Net amount written-back/(provided) in respect of other bad and doubtful debts	5	(76)	5	(76)
	<u>21,655</u>	<u>854</u>	<u>21,655</u>	<u>854</u>
	<u>92,764</u>	<u>82,120</u>	<u>92,764</u>	<u>82,120</u>

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23. Other Operating Expenses

	1st Quarter Ended		Three Months Ended	
	31 March 2011 RM'000	31 March 2010 RM'000	31 March 2011 RM'000	31 March 2010 RM'000
Personnel expenses	135,136	121,409	135,136	121,409
Promotion and marketing related expenses	3,714	5,291	3,714	5,291
Establishment related expenses	34,481	33,155	34,481	33,155
General administrative expenses	43,532	41,435	43,532	41,435
	<u>216,863</u>	<u>201,290</u>	<u>216,863</u>	<u>201,290</u>

(i) Personnel expenses comprise the following:

Salaries, bonuses and allowances	109,618	98,351	109,618	98,351
Defined contribution plan	18,295	16,455	18,295	16,455
Other employee benefits	7,223	6,603	7,223	6,603
	<u>135,136</u>	<u>121,409</u>	<u>135,136</u>	<u>121,409</u>

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

Advertisement and publicity expenses	2,685	4,390	2,685	4,390
Marketing related travelling expenses	415	474	415	474
Others	614	427	614	427
	<u>3,714</u>	<u>5,291</u>	<u>3,714</u>	<u>5,291</u>

(iii) Establishment related expenses comprise the following:

Depreciation of property, plant and equipment	12,990	11,956	12,990	11,956
Repair and maintenance	6,435	6,665	6,435	6,665
Rental of premises	6,601	6,454	6,601	6,454
Hire of equipment	580	398	580	398
Dataline rental	1,787	1,348	1,787	1,348
Security services	2,583	2,150	2,583	2,150
Electricity, water and sewerage	2,436	2,643	2,436	2,643
Others	1,069	1,541	1,069	1,541
	<u>34,481</u>	<u>33,155</u>	<u>34,481</u>	<u>33,155</u>

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23. Other Operating Expenses (continued)

	1st Quarter Ended		Three Months Ended	
	31 March	31 March	31 March	31 March
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
(iv) General administrative expenses comprise the following:				
Communication costs	5,303	4,134	5,303	4,134
Auditors' remuneration	229	137	229	137
Printing and stationeries	2,780	2,820	2,780	2,820
Property, plant and equipment written off	57	-	57	-
Loss on disposal of property, plant and equipment	35	14	35	14
Legal and other professional charges	4,935	10,917	4,935	10,917
Cards expenses	17,627	14,852	17,627	14,852
Transport and travelling	697	913	697	913
Information service subscription	2,063	608	2,063	608
Others	9,806	7,040	9,806	7,040
	<u>43,532</u>	<u>41,435</u>	<u>43,532</u>	<u>41,435</u>

24. Impairment Losses on Securities And Loans, Advances and Financing

	1st Quarter Ended		Three Months Ended	
	31 March	31 March	31 March	31 March
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Impairment losses on loans, advances and financing:				
Collective assessment impairment allowance				
- Made	73,964	100,089	73,964	100,089
- Written back	(21,100)	(28,701)	(21,100)	(28,701)
Individual assessment impairment allowance				-
- Made	76,136	21,034	76,136	21,034
- Written back	(37,296)	(10,338)	(37,296)	(10,338)
Impaired loans, advances and financing:				
- Recovered	(47,432)	(35,274)	(47,432)	(35,274)
- Written off	2	6	2	6
	<u>44,274</u>	<u>46,816</u>	<u>44,274</u>	<u>46,816</u>
Impairment losses on securities:				
- (Written-back)/Made	(1,693)	4,200	(1,693)	4,200
	<u>42,581</u>	<u>51,016</u>	<u>42,581</u>	<u>51,016</u>

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EXPLANATORY NOTES

25. Commitments and Contingencies

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

The commitments and contingencies and their related counterparty credit risk of the Banking Units of the Group are as follows:

Unaudited	Positive Fair		Credit	Risk
31 March 2011	Principal	Value of	Equivalent	Weighted
	Amount	Derivative	Amount *	Assets *
	RM'000	Contracts	RM'000	RM'000
		RM'000		
<u>Commitments and Contingent Liabilities</u>				
Direct credit substitutes	378,470	-	378,470	378,470
Transaction related contingent items	1,074,012	-	537,006	537,006
Short term self liquidating trade related contingencies	171,150	-	34,230	34,230
Forward asset purchases	248,915	-	25,829	5,166
Obligations under on-going underwriting agreements	78,000	-	-	-
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
Over one year	5,489,531	-	2,744,767	2,418,471
Up to one year	7,564,169	-	1,512,834	1,399,432
Unutilised credit card lines	2,736,673	-	547,335	410,501
	17,740,920	-	5,780,471	5,183,276
<u>Derivative financial contracts</u>				
Foreign exchange related contracts:				
One year or less	3,521,862	12,654	51,840	10,524
Over one year to three years	93,545	899	3,706	1,853
Interest rate related contracts:				
One year or less	950,000	1,557	2,456	491
Over one year to three years	2,385,000	6,873	43,523	8,705
Over three years	2,880,000	14,114	110,414	22,082
	9,830,407	36,097	211,939	43,655
	27,571,327	36,097	5,992,410	5,226,931

* The credit equivalent amount and risk-weighted assets are arrived at using the credit conversion factors and risk-weights as defined in Bank Negara Malaysia's ("BNM") revised Risk-Weighted Capital Adequacy Framework ("RWCAF") and Capital Adequacy Framework for Islamic Banks ("CAFIB").

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25. Commitments and Contingencies (continued)

The commitments and contingencies and their related counterparty credit risk of the Banking Units of the Group are as follows: (continued)

31 December 2010	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount * RM'000	Risk Weighted Assets * RM'000
<u>Commitments and Contingent Liabilities</u>				
Direct credit substitutes	352,142	-	352,142	352,142
Transaction related contingent items	1,156,688	-	578,344	578,344
Short term self liquidating trade related contingencies	143,317	-	28,663	28,663
Forward asset purchases	24,300	-	-	-
Obligations under on-going underwriting agreements	125,940	-	-	-
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
Over one year	5,535,686	-	2,767,844	2,414,320
Up to one year	7,338,907	-	-	-
Unutilised credit card lines	3,394,742	-	678,948	509,211
	<u>18,071,722</u>	<u>-</u>	<u>4,405,941</u>	<u>3,882,680</u>
<u>Derivative financial contracts</u>				
Foreign exchange related contracts:				
One year or less	1,931,736	12,327	35,027	8,135
Over one year to three years	31,525	219	1,164	582
Interest rate related contracts:				
One year or less	900,000	2,057	2,404	481
Over one year to three years	2,165,000	3,712	40,262	8,053
Over three years	2,520,000	8,621	90,921	18,184
	<u>7,548,261</u>	<u>26,936</u>	<u>169,778</u>	<u>35,435</u>
	<u>25,619,983</u>	<u>26,936</u>	<u>4,575,719</u>	<u>3,918,115</u>

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

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26. Capital Adequacy

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

	Unaudited 31 March 2011	Audited 31 December 2010
Tier I capital ratio	10.35%	10.92%
Risk-weighted capital ratio	<u>14.74%</u>	<u>15.41%</u>

The components of Tier I and Tier II capital of the Banking Units of the Group are as follows:

	Unaudited 31 March 2011 RM'000	Audited 31 December 2010 RM'000
Tier I Capital:		
Paid-up share capital	1,329,807	1,329,807
Share premium	39,337	39,337
Retained profits	1,402,948	1,402,948
Other reserves	1,379,370	1,379,370
Innovative Tier 1 capital securities	489,980	489,691
	<u>4,641,442</u>	<u>4,641,153</u>
Less: Goodwill	(333,861)	(333,861)
Deferred tax assets	(171,284)	(171,284)
Total Tier I Capital	<u>4,136,297</u>	<u>4,136,008</u>
Tier II Capital:		
Subordinated medium term notes	1,138,238	1,136,526
Collective assessment impairment allowance #	613,010	562,939
Total Tier II Capital	<u>1,751,248</u>	<u>1,699,465</u>
Total Capital	5,887,545	5,835,473
Less: Investment in subsidiaries	(690)	(690)
Capital Base	<u>5,886,855</u>	<u>5,834,783</u>

Excludes collective assessment impairment allowance attributable to loans, advances and financing classified as impaired but not individually assessed for impairment pursuant to BNM's Guideline on "Classification and Impairment Provisions for Loans/Financing" issued on 8 January 2010 and subsequently updated on 26 January 2010 and 17 December 2010.

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26. Capital Adequacy (continued)

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

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 ("EBB"), EONCAP Islamic Bank Berhad ("EIBB") and MIMB Investment Bank Berhad ("MIMB").

The capital adequacy ratios of the Banking Units of the Group are computed in accordance with BNM's revised RWCAF-Basel II. The Banking Units of the Group have adopted the Standardised Approach for Credit Risk and Market Risk and the Basic Indicators Approach for Operational Risk.

EBB had, on 24 March 2010, granted a RM270 million Standby Subordinated Financing Facility ("Financing Facility") to EIBB to support the expansion of the business operations of EIBB. EBB had issued RM270 million of Subordinated Medium Term Notes ("MTN") under its RM2.0 billion MTN Programme to raise this capital on behalf of EIBB. Under the Guidelines for the computation of Risk-Weighted Capital Adequacy Ratio ("RWCR"), the funding disbursed by EBB to EIBB under this Financing Facility will be reflected as a deduction from EBB's capital funds, as an "Investment in Capital Instruments of Other Banking Institutions". The first tranche of RM100 million under the Financing Facility has been drawn down by EIBB on 26 March 2010. The final tranche of RM170 million under the Financing Facility has been drawn down by EIBB on 31 January 2011.

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

	EON Bank Berhad ¹	MIMB Investment Bank Berhad ¹	EONCAP Islamic Bank Berhad ²
Unaudited			
31 March 2011			
Tier 1 capital ratio	11.90%	74.78%	10.78%*
Risk-weighted capital ratio	13.70%	75.40%	17.30%*

* After deducting proposed first and final dividends for financial year ended 31 December 2010.

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26. Capital Adequacy (continued)

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

	EON Bank Berhad ¹	MIMB Investment Bank Berhad ¹	EONCAP Islamic Bank Berhad ²
Audited			
31 December 2010			
Tier 1 capital ratio	12.56%	73.30%	11.84%*
Risk-weighted capital ratio	14.83%	73.83%	15.41%*

* After deducting proposed first and final dividends for financial year ended 31 December 2010.

1. The capital adequacy ratios of EBB and MIMB are computed in accordance with BNM's RWCAF-Basel II. EBB and MIMB have adopted the Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk.
2. The capital adequacy ratios of EIBB are computed in accordance with BNM's CAFIB, which are based on the Basel II Capital Accord. EIBB has adopted the Standardised Approach for Credit and Market Risk and Basic Indicator Approach for Operational Risk.

The Financing Facility granted by EBB to EIBB qualified for inclusion as part of EIBB's Tier II capital funds for the purposes of computation of EIBB's capital adequacy ratios.

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27. Operations of Islamic Banking

(i) Unaudited Statement of Financial Position as at 31 March 2011

	Note	Unaudited 31 March 2011 RM'000	Audited 31 December 2010 RM'000
ASSETS			
Cash and short-term funds		1,176,219	1,271,591
Deposits and placements with banks and other financial institutions		151,255	100,265
Derivative financial assets		89	643
Financial investments available-for-sale		1,337,745	1,203,524
Financing and advances	27(iv)	5,376,726	5,228,208
Other assets		62,879	78,347
Statutory deposits with Bank Negara Malaysia		49,032	53,552
Deferred tax assets		18,074	17,525
Property, plant and equipment		3,812	3,801
TOTAL ASSETS		<u>8,175,831</u>	<u>7,957,456</u>
LIABILITIES			
Deposits from customers	27(v)	6,008,246	6,025,709
Deposits and placements of banks and other financial institutions		1,153,823	1,084,048
Bills and acceptances payable		17,816	16,989
Provision for taxation and zakat		19,597	22,356
Other liabilities		72,336	91,581
Capital financing		271,659	104,411
TOTAL LIABILITIES		<u>7,543,477</u>	<u>7,345,094</u>
Share capital		397,755	397,755
Reserves		234,599	214,607
SHAREHOLDER'S FUNDS		<u>632,354</u>	<u>612,362</u>
TOTAL LIABILITIES AND SHAREHOLDER'S FUNDS		<u>8,175,831</u>	<u>7,957,456</u>
COMMITMENTS AND CONTINGENCIES		<u>1,435,704</u>	<u>1,237,092</u>

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27. Operations of Islamic Banking (continued)

(ii) Unaudited Statement of Income for the 1st Quarter ended 31 March 2011

	<u>1st Quarter Ended</u>		<u>Three Months Ended</u>	
	<u>31 March</u>	<u>31 March</u>	<u>31 March</u>	<u>31 March</u>
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds	96,340	76,973	96,340	76,973
Income derived from investment of shareholder's funds	12,855	9,984	12,855	9,984
	<u>109,195</u>	<u>86,957</u>	<u>109,195</u>	<u>86,957</u>
Impairment losses on financing and advances	(9,782)	(5,011)	(9,782)	(5,011)
Total distributable income	99,413	81,946	99,413	81,946
Income attributable to depositors	(44,586)	(26,856)	(44,586)	(26,856)
Total net income	54,827	55,090	54,827	55,090
Other operating expenses	(29,289)	(23,978)	(29,289)	(23,978)
Profit before taxation and zakat	25,538	31,112	25,538	31,112
Taxation	(5,435)	(7,761)	(5,435)	(7,761)
Zakat	(8)	(6)	(8)	(6)
Profit for the financial quarter	<u>20,095</u>	<u>23,345</u>	<u>20,095</u>	<u>23,345</u>

(iii) Unaudited Statement of Comprehensive Income for the 1st Quarter ended 31 March 2011

	<u>1st Quarter Ended</u>		<u>Three Months Ended</u>	
	<u>31 March</u>	<u>31 March</u>	<u>31 March</u>	<u>31 March</u>
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Profit for the financial quarter	20,095	23,345	20,095	23,345
Other comprehensive loss:				
Financial investments available-for-sale				
- Unrealised net loss on revaluation	(97)	(472)	(97)	(472)
- Net transfer to statement of income on disposal or impairment	(40)	(8)	(40)	(8)
Taxation relating to other components of comprehensive loss	34	120	34	120
Other comprehensive loss for the financial quarter, net of tax	<u>(103)</u>	<u>(360)</u>	<u>(103)</u>	<u>(360)</u>
Total comprehensive income for the financial quarter	<u>19,992</u>	<u>22,985</u>	<u>19,992</u>	<u>22,985</u>

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EXPLANATORY NOTES

27. Operations of Islamic Banking (continued)

(iv) Financing and Advances

	Unaudited 31 March 2011 RM'000	Audited 31 December 2010 RM'000
Cash line	291,965	268,690
Term financing:		
Housing financing	3,430,602	3,319,794
AITAB receivables	2,249,854	2,166,903
Syndicated financing	81,841	82,679
Personal financing	744,852	725,811
Other term financing	1,097,961	1,082,874
Bills receivable	2,045	1,997
Trust receipts	1,632	1,052
Claims on customers under acceptance financing	307,728	293,622
Staff financing	34,927	35,375
Revolving financing	168,547	166,563
Other financing	70,284	70,013
	<u>8,482,238</u>	<u>8,215,373</u>
Unearned income	<u>(2,886,524)</u>	<u>(2,770,958)</u>
Gross financing and advances	5,595,714	5,444,415
Allowances for impaired financing and advances		
- Collective assessment impairment allowance	(108,091)	(105,977)
- Individual assessment impairment allowance	(110,897)	(110,230)
Net financing and advances	<u><u>5,376,726</u></u>	<u><u>5,228,208</u></u>

(a) Movements in impaired financing and advances are as follows:

Balance as at 1 January		
- As previously reported	296,615	265,721
- Effects of adopting FRS 139	-	79,936
- As restated	<u>296,615</u>	<u>345,657</u>
Classified as impaired during the financial quarter/year	75,214	308,264
Reclassified as non-impaired during the financial quarter/year	(58,725)	(216,425)
Amount recovered	(19,574)	(87,793)
Amount written off	(7,714)	(36,135)
Exchange differences	(2,549)	(16,953)
Balance as at 31 March/31 December	<u>283,267</u>	<u>296,615</u>
Less:		
(i) Individual assessment impairment allowance	(110,897)	(110,230)
(ii) Additional collective assessment impairment allowance for financing classified as impaired but not individually assessed for impairment	(25,266)	(24,964)
Net impaired financing and advances	<u><u>147,104</u></u>	<u><u>161,421</u></u>

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EXPLANATORY NOTES

27. Operations of Islamic Banking (continued)

(iv) Financing and Advances (continued)

	Unaudited	Audited
	31 March	31 December
	2011	2010
	RM'000	RM'000
(b) Movements in allowances for impaired financing and advances are as follows:		
Collective assessment impairment allowance		
Balance as at 1 January		
- As previously reported	105,977	-
- Effects of adopting FRS 139	-	112,826
- As restated	<u>105,977</u>	<u>112,826</u>
Allowance made during the financial quarter/year	8,452	41,023
Allowance written back in respect of recoveries/reclassification	(3,660)	(18,584)
Amount written-off	<u>(2,678)</u>	<u>(29,288)</u>
Balance as at 31 March/31 December	<u><u>108,091</u></u>	<u><u>105,977</u></u>
Collective assessment impairment allowance comprised the following:		
(i) Collective assessment impairment allowance	82,825	81,013
(ii) Additional collective assessment impairment allowance for financing classified as impaired but not individually assessed for impairment (determined in accordance with BNM/GP3)	25,266	24,964
	<u>108,091</u>	<u>105,977</u>
Collective assessment impairment allowance (i) as a % of gross financing and advances, net of individual assessment impairment allowance and additional collective assessment impairment allowance calculated under (ii) above	<u>1.5%</u>	<u>1.5%</u>

The Islamic banking subsidiary has applied the transitional arrangement in determining the collective assessment impairment allowances for financing and advances as at the end of the reporting period, as prescribed in BNM's Guidelines on Classification and Impairment Provisions for Loans/Financing issued on 8 January 2010 and subsequently updated on 26 January 2010 and 17 December 2010.

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EXPLANATORY NOTES

27. Operations of Islamic Banking (continued)

(iv) Financing and Advances (continued)

	Unaudited	Audited
	31 March	31 December
	2011	2010
	RM'000	RM'000
(b) Movements in allowances for impaired financing and advances are as follows: (continued)		
Individual assessment impairment allowance		
Balance as at 1 January		
- As previously reported	110,230	-
- Effects of adopting FRS 139	-	103,427
- As restated	<u>110,230</u>	<u>103,427</u>
Allowance made during the financial quarter/year	12,601	41,464
Allowance written back in respect of recoveries/reclassification	(5,441)	(26,754)
Amount written-off	(5,036)	(6,847)
Exchange differences	(1,457)	(1,060)
Balance as at 31March/31 December	<u><u>110,897</u></u>	<u><u>110,230</u></u>

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EXPLANATORY NOTES

27. Operations of Islamic Banking (continued)

(v) Deposits from Customers

	Unaudited	Audited
	31 March	31 December
	2011	2010
	RM'000	RM'000
<u>Non-Mudharabah:</u>		
Al-Wadiah demand deposits	1,273,576	1,372,161
Al-Wadiah savings deposits	221,674	200,945
<u>Mudharabah:</u>		
Al-Fareed demand deposits	142,212	150,154
Al-Mudharabah savings deposits	108,945	106,984
Total demand and savings deposits	1,746,407	1,830,244
<u>Mudharabah:</u>		
General investment deposits	4,261,839	4,195,465
Total investment deposits	4,261,839	4,195,465
	6,008,246	6,025,709

28. Significant Events During the Financial Quarter Ended 31 March 2011

Other than those disclosed in Note 26(a) and Note 38(b), there were no significant events during the financial quarter ended 31 March 2011 that have not been disclosed in these condensed financial statements.

29. Changes in the Composition of the Group

There were no significant changes in the composition of the Group during the financial quarter ended 31 March 2011 that have not been disclosed in these condensed financial statements.

30. Significant Events Subsequent to the Balance Sheet Date

Other than those disclosed in Note 38(b), there were no significant events subsequent to the balance sheet date that have not been disclosed in these condensed financial statements.

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31. Other Commitments

	Unaudited	Audited
	31 March	31 December
	2011	2010
	RM'000	RM'000
Authorised and contracted for	38,058	35,484
Authorised but not contracted for	14,163	39,765
	<u>52,221</u>	<u>75,249</u>
Analysed as follows:		
- Property, plant and equipment	<u>52,221</u>	<u>75,249</u>

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

32. Taxation

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

	1st Quarter Ended		Three Months Ended	
	31 March 2011 RM'000	31 March 2010 RM'000	31 March 2011 RM'000	31 March 2010 RM'000
Malaysian income tax:				
- Charge for the financial quarter	49,251	37,780	49,251	37,780
Transfer to deferred taxation	(6,222)	(3,717)	(6,222)	(3,717)
	43,029	34,063	43,029	34,063

33. Subordinated Medium Term Notes

	Unaudited 31 March 2011 RM'000	Audited 31 December 2010 RM'000
Subordinated medium term notes, at par	1,160,000	1,160,000
Interest payable	12,611	9,346
Unrealised fair value (gain)/loss arising from fair value hedge	(1,839)	1,645
	1,170,772	1,170,991
Less: Unamortised discounts	(21,762)	(23,474)
	1,149,010	1,147,517

On 27 February 2009, EON Bank Berhad ("EBB") issued the first tranche of 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 RM2.0 billion 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 EBB 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.

On 2 December 2009, EBB issued a second tranche of RM250.0 million nominal value of the 10 non-callable 5 years Subordinated MTN callable on 2 December 2014 (and thereafter) and due on 2 December 2019 under the RM2.0 billion Subordinated MTN Programme. The coupon rate of this second tranche of the Subordinated MTN is 5.75% per annum, which is payable semi-annually in arrears from the date of the issue. Should EBB decide not to exercise its call option on the fifth (5) year from the issue date, the coupon rate of this second tranche 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; similar to the step-up rates in the first tranche.

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33. Subordinated Medium Term Notes (continued)

On 30 December 2010, EBB issued a third tranche of RM500.0 million nominal value of the 10 non-callable 5 years Subordinated MTN callable on 30 December 2015 (and at each anniversary date thereafter) and due on 30 December 2020 under the RM2.0 billion Subordinated MTN Programme. The coupon rate of this third tranche of the Subordinated MTN is 4.75% per annum, which is payable semi-annually in arrears from the date of the issue. Should EBB decide not to exercise its call option on the fifth (5) year from the issue date, the coupon rate of this third tranche will remain at 4.75% per annum, from the beginning of the sixth (6) year to the final maturity date.

The above tranches of Subordinated MTNs constitute unsecured liabilities of EBB 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 MTNs. The Subordinated MTNs qualify as Tier II capital for the purpose of determining the capital adequacy ratios of EBB, and are rated A2 by RAM Rating Services Berhad.

34. Hybrid Capital

	Unaudited	Audited
	31 March	31 December
	2011	2010
	RM'000	RM'000
Innovative Tier 1 Capital Securities, at par	500,000	500,000
Interest payable	2,374	12,318
Unrealised fair value (gain)/loss arising from fair value hedge	(485)	1,073
	501,889	513,391
Less: Unamortised discounts	(10,020)	(10,309)
Unamortised fair value gain arising from the unwinded fair value hedge	(956)	(1,024)
	490,913	502,058

On 10 September 2009, EBB have issued the first tranche of Innovative Tier 1 Capital Securities ("IT-1 Capital Securities") amounting to RM500 million in nominal value, from its RM1.0 billion IT-1 Capital Securities Programme. The IT-1 Capital Securities are structured in accordance with the Risk-Weighted Capital Adequacy Framework (General Requirements and Capital Components) issued by Bank Negara Malaysia ("BNM") and are rated A3 by RAM Rating Services Berhad.

The RM500 million IT-1 Capital Securities have a tenor of 30 years and EBB has the option to redeem the RM500 million IT-1 Capital Securities at the 10th anniversary, subject to the approval of BNM. The RM500 million IT-1 Capital Securities have a coupon rate of 8.25% per annum, payable semi-annually. In the event the IT-1 Capital Securities are not redeemed at the 10th anniversary (the First Optional Redemption Date), the coupon rate will be revised to 9.25% per annum from the 11th year to the final maturity.

The IT-1 Capital Securities constitute unsecured and subordinated obligations of EBB and are subordinated to all deposit liabilities and all other liabilities except those liabilities which rank equally in rights, and/or junior to the rights, of payment with the IT-1 Capital Securities. The IT-1 Capital Securities qualify as Tier 1 capital for the purpose of computing the capital adequacy ratios of EBB.

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35. Borrowings

	Note	Unaudited 31 March 2011 RM'000	Audited 31 December 2010 RM'000
Short-term borrowings:			
Revolving credit facilities	(i)	65,000	65,000
Interest payable		327	321
Total borrowings		65,327	65,321

- (i) Short-term borrowings are unsecured revolving credit facilities granted by licensed banks under a rollover tenure of one, three and six months.

36. Unquoted Investments and Properties

There were no sale of unquoted investments and properties for the financial quarter ended 31 March 2011, other than in the ordinary course of banking business.

37. Quoted securities

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

38. Status of Corporate Proposals Announced But Not Completed

- (a) On 26 May 2009, the Company announced that it proposed to undertake an issuance of up to 58,174,500 new warrants to Primus Pacific Partners LPI ("Primus") for a total consideration of RM29.5 million ("Proposed Issue of Warrants B"). Through a letter dated 18 June 2009, the Company has been advised by Bank Negara Malaysia ("BNM") that the Proposed Issue of Warrants B was not approved. Primus, in a letter issued to the Company on 22 June 2009, has advised that it intends to appeal the decision. To-date, the Company has not received any update on the outcome of the appeal by Primus.
- (b) On 21 January 2010, the Company had received an unsolicited offer from Hong Leong Bank Berhad ("HLBB") to acquire the entire assets and liabilities of the Company for a total cash consideration of RM4,921,781,997.20. After due consideration of the said offer, the Board of Directors ("Board") of the Company had resolved that the said offer is not in the interest of the Company and its shareholders based on, amongst others, the consideration in relation to the offer. Accordingly, the Board of the Company had on 2 February 2010 notified HLBB that it has resolved not to table the offer for consideration and approval by the shareholders of the Company. The first offer had therefore lapsed.

On 30 March 2010, the Board received a second offer from HLBB to acquire the entire assets and liabilities of the Company for a total cash consideration of RM4,921,781,997.20. Following negotiations between the Company and HLBB, HLBB had subsequently on 1 April 2010 made a revised offer to the Company by increasing the offer price from RM4,921,781,997.20 to RM5,060,423,743.60 ("HLBB Offer" or "Proposed Disposal").

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38. Status of Corporate Proposals Announced But Not Completed (continued)

(b) (continued)

On 21 May 2010, the Company had announced a proposal to distribute all the proceeds arising from the Proposed Disposal back to the entitled shareholders via a proposed special dividend, proposed increase in authorised share capital, proposed capital reduction and proposed issue of 2 new shares ("Proposed Distribution").

On 21 June 2010, the Company announced that it had received a petition containing several complaints brought by Primus (Malaysia) Sdn Bhd under Section 181 of the Company's Act, 1965 against the Company (as nominal respondent) and Directors (save for Mr Ng Wing Fai), seeking relief of the High Court of Malaya, on the grounds, among other matters, that the affairs of the Company are being conducted or the powers of the Directors of the Company are being exercised in a manner oppressive to one or more shareholders of the Company (including Primus) or in disregard of their interests as shareholders ("Petition"). The hearing of the petition commenced on 20 September 2010. After hearing oral submissions from the respective counsels, the Learned High Court Judge had on 18 April 2011 fixed the above Petition for decision on 28 April 2011.

On 7 July 2010, the Company announced that after deliberation by its Board and consultation with the Company's legal advisers, the Board (with the exception of Mr Ng Wing Fai who dissented) has affirmed its decision to table the HLBB Offer to the Company's shareholders at a general meeting for their consideration and approval and to empower the Board to make the decision whether or not to accept the Offer subject to the following being obtained:

- (i) The approval of the shareholders for the HLBB Offer at such general meeting
- (ii) The approval of the Minister of Finance for the HLBB Offer; and
- (iii) A final decision of the court on the Petition filed with the High Court of Malaya at Kuala Lumpur (Commercial Division) by Primus (Malaysia) Sdn Bhd on 21 July 2010 against the Company (as nominal respondent) and 12 others.

The approval of the Minister of Finance for the Proposed Disposal dated 26 July 2010 was obtained vide Bank Negara Malaysia's letter dated 3 August 2010. At the Company's Extraordinary General Meeting ("EGM") held on 27 September 2010, all the resolutions in relation to the Proposed Disposal and the Proposed Distribution have been passed by the shareholders.

On 4 October 2010, Primus (Malaysia) Sdn Bhd via its solicitors had informed the Company that it has filed an originating summons at the High Court of Malaya at Kuala Lumpur seeking the Court reliefs for, inter-alia, the declaration that all the resolutions passed at the EGM of the Company held on 27 September 2010 to be null and void and an order to restrain the Company, its servants, agents or whomsoever from implementing, or giving effect to, any such resolution passed at the EGM. The originating summons had been served on 15 October 2010 and on 19 October 2010, at the case management hearing, the originating summons was held on 2 December 2010.

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38. Status of Corporate Proposals Announced But Not Completed (continued)

(b) (continued)

On 31 January 2011, the Company announced that the Learned Judge had on 31 January 2010 held that:

Based on the proper construction of Article 63 of the Articles of Association of ECB, the Chairman of the EGM held on 27 September 2010; (a) ought to have put the motion for adjournment which was properly seconded to the vote; (b) the Chairman's refusal to put the motion to replace him as Chairman was justified; and (c) he would decline to make any other declaratory orders sought by Primus (Malaysia) Sdn Bhd. The Learned Judge also held that the contravention of Article 63 does not render the EGM a nullity and the resolutions passed thereat void. As a result of the above, the shareholders resolutions passed at the EGM on 27 September 2010 are valid.

On 16 February 2011, the Company announced that Primus (Malaysia) Sdn Bhd has filed a notice of appeal to the Court of Appeal appealing against the decision of the Learned High Court Judge given on 31 January 2011 in relation to the validation of the EGM. As at 1 April 2011, the Court of Appeal has yet to fix the hearing date.

On 28 April 2011, the High Court of Malaya had dismissed the Petition filed by Primus (Malaysia) Sdn Bhd with costs to be borne by Primus (Malaysia) Sdn Bhd. Following the above High Court decisions, Primus (Malaysia) Sdn Bhd had filed its notices of appeal appealing the said decisions to the Court of Appeal, and on 5 May 2011, the Company announced that the Deputy Registrar of the Court of Appeal has fixed the Petitioner's appeal for case management on 31 May 2011 at 2.30 p.m.

On 28 April 2011, after due consideration, the Board of the Company had accepted the HLBB Offer at RM7.30 per share, subject to the conditions that HLBB confirming that it has no objection to EON Bank Berhad, a subsidiary of the Company declaring and paying an net interim dividend of RM311,943,930 ("Interim Dividend") to the Company, subject to the approval of Bank Negara Malaysia, and that such net interim dividend shall not form part of the assets of the Company to be disposed of to HLBB and shall not be deducted from the offer price payable by HLBB. On the same date, HLBB has confirmed its agreement to the above conditions in relation to the payment of net interim dividend.

On 5 May 2011, Bank Negara Malaysia had vide its letter dated 5 May 2011 given its approval for EON Bank Berhad to declare and pay a net interim dividend amounting to RM312 million to the Company.

On 6 May 2011, the Company announced that the HLBB Offer had been completed on 6 May 2011, whereby the sale consideration of RM5,060,423,743.60 ("Sale Consideration") has been fully remitted to the Company on 6 May 2011.

Following the approval of Bank Negara Malaysia on 5 May 2011, the Company had received the interim dividend from EON Bank Berhad on 10 May 2011.

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38. Status of Corporate Proposals Announced But Not Completed (continued)

(b) (continued)

It is the intention of the Board to distribute the entire Sale Consideration and the Interim Dividend, with any interest thereon and after deducting other obligations that may be incurred or approved by the Company after 6 May 2011, back to all the entitled shareholders of the Company in due course via the proposed special dividend and proposed capital repayment as approved by the Company's shareholders at the EGM held on 27 September 2010

With the completion of the HLBB Offer, the Company will no longer have any business or operations and is deemed a cash company based on its cash holdings position comprising the Sale Consideration and the Interim Dividend, after the receipt thereof.

The Board of the Company will not be undertaking any plans to regularize the financial condition of the Company as it does not intend to maintain the listing status of the Company on the Main Market of Bursa Malaysia Securities Berhad after the Proposed Distribution.

Accordingly, the Company would not be complying with the relevant obligations under the Practice Notes 16 and 17 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Please note that the proposed capital repayment is still subject to the confirmation of the High Court of Malaya in accordance with Section 64 of the Companies Act, 1965.

Further announcements will be made by the Company on the timing of the aforementioned proposed special dividend and the proposed capital repayment in due course. Meanwhile, the Sale Consideration and Interim Dividend (upon receipt) shall be placed with financial institutions to earn interest income.

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39. Derivative Financial Instruments

Details of derivative financial instruments measured at their fair values together with their corresponding contract/notional amounts are as follows:

31 March 2011	Contract/ Notional Amount RM'000	Fair Value	
		Assets RM'000	Liabilities RM'000
Foreign exchange related contracts:			
One year or less	3,521,862	12,654	25,359
Over one year to three years	93,545	899	-
Interest rate related contracts:			
One year or less	950,000	1,557	6,935
Over one year to three years	2,385,000	6,873	10,479
Over three years	2,880,000	14,114	5,785
	9,830,407	36,097	48,558
31 December 2010			
Foreign exchange related contracts:			
One year or less	1,931,736	12,327	12,762
Over one year to three years	31,525	219	-
Interest rate related contracts:			
One year or less	900,000	2,057	8,456
Over one year to three years	2,165,000	3,712	13,396
Over three years	2,520,000	8,621	1,540
	7,548,261	26,936	36,154

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39. Derivative Financial Instruments (continued)

The Group's derivative financial instruments are subject to market, credit risk and liquidity risk, as follows:

(i) Market risk

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts stated above provide only a measure of involvement in these types of transactions and do not represent the amounts subject to market risk. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions. As at 31 March 2011, the amount of contracts of the Group, which were not hedged and, hence, exposed to market risk was RM14,130,178 (31 December 2010: RM13,654,153).

(ii) Credit risk

Credit risk arises from the possibility that a counterparty may be unable to meet the terms of a contract in which the Group has a gain position. As at 31 March 2011, the amount of credit risk of the Group, measured in terms of the cost to replace the profitable contracts, was RM13,464,018 (31 December 2010: RM36,834,842). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

(iii) Liquidity risk

Liquidity risk on derivatives is the risk that the derivative position cannot be closed out promptly. Exposure to liquidity risk is reduced through contracting derivatives where the underlying items are widely traded.

Cash requirements of the derivatives

Cash requirements of the derivatives may arise from margin requirements to post cash collateral with counterparties as the fair value moves beyond the agreed upon threshold limits in the counterparties' favour, or upon downgrade in the credit ratings of the banking subsidiaries of the Group. As at 31 March 2011, there is no requirement for the banking subsidiaries of the Group to post any additional cash collateral on their derivative contracts.

There have been no changes since the end of the previous financial year in respect of the following:

- (a) the types of derivative financial contracts entered into and the rationale for entering into such contracts, as well as the expected benefits accruing from these contracts;
- (b) the risk management policies in place for mitigating and controlling the risks associated with these financial derivative contracts; and
- (c) the related accounting policies.

The above information, policies and procedures in respect of derivative financial instruments of the Group are discussed in the audited annual financial statements for the financial year ended 31 December 2009 and in the Risk Management Section of the 2009 Annual Report.

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40. Realised and Unrealised Profits

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Malaysia further issued guidance on the disclosure and the format required.

The breakdown of retained profits of the Group as at 31 March 2011, into realised and unrealised profits is as follows:

	31 March 2011 RM'000	31 December 2010 RM'000
Retained profits:		
- Realised	1,209,065	1,102,518
- Unrealised - in respect of deferred tax recognised in the income statement	177,507	171,284
- in respect of other items of income and expense	23,846	14,390
	<u>1,410,418</u>	<u>1,288,192</u>

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

Accordingly, the unrealised retained profits of the Group as disclosed above excludes translation gains and losses on monetary items denominated in a currency other than the functional currency and foreign exchange contracts, as these translation gains and losses are incurred in the ordinary course of business of the Group, and are hence deemed as realised.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

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41. Material Litigation

As at 31 March 2011, other than those disclosed in Note 38(b), the Group does not have any litigation outside the ordinary course of business. The Group also does not have any material litigation in the ordinary course of business which would materially and adversely affect the Group's financial position.

42. Profit Forecast

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

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

The Group recorded a profit before taxation and zakat of RM165.3 million compared to RM142.9 million achieved in the immediate preceding quarter ended 31 December 2010. The higher pre-tax profit was attributed mainly to higher net income of RM2.9 million from Islamic Banking and lower impairment losses on securities and loans, advances and financing of RM53.1 million. The gross impaired loans ratio has dropped to 3.4%, from 3.6% in the immediate preceding financial quarter, whilst the impaired loan loss coverage ratio has improved from 89.6% to 94.3%.

Net interest income was lower by RM18.6 million or 6.5% mainly due to the rise in interest expense by RM12.4 million or 4.7% as compared to the immediate preceding quarter ended 31 December 2010. The repricing of deposits from customers at higher rates following the three consecutive rise in the Overnight Policy Rate ("OPR") in March 2010, May 2010 and July 2010 had contributed to the higher interest expense in the current financial quarter vis-a-vis the immediate preceding quarter.

Other operating expenses increased by RM11.2 million or 5.5% due mainly to the rise in personnel expenses arising from annual increments and implementation of a performance based remuneration system, as well as general administrative expenses.

For the current financial quarter ended 31 December 2010, the Group reported a net profit after tax of RM122.2 million as compared to RM100.9 million in the immediate preceding financial quarter ended 31 December 2010.

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44. Review of performance for the financial quarter ended 31 March 2011 against the corresponding financial quarter of preceding year

Current financial quarter against corresponding financial quarter of preceding year

The Group recorded a profit before taxation and zakat of RM165.3 million for the financial quarter ended 31 March 2011, an increase of RM33.4 million or 25.3% compared to RM131.9 million achieved during the financial quarter ended 31 March 2010. The improvement in pre-tax profit was contributed mainly by the increase in net interest income by RM25.4 million or 10.5%. Interest income increased by RM103.6 million or 23.4% following the 75 basis points upward revision in the Overnight Policy Rate ("OPR") and Base Lending Rate ("BLR") from March 2010 to July 2010. In addition, loans portfolio continued to expand at a year-on-year growth rate of 13.5% (i.e gross loans, advances and financing of RM34,012 million as at 31 March 2010 as compared with RM38,592 million as at 31 March 2011). With the three consecutive rise OPR in 2010 as well as the issuance of a further RM500 million Subordinated Medium Term Notes in December 2010, interest expense grew by RM78.2 million or 39.1%. Net income from Islamic banking business has also expanded by RM4.5 million or 7.5%, as a result of the increase in its financing portfolio coupled with the impact of OPR revision.

Non-interest income had increased by RM10.6 million or 13.0% arising mainly from transactional banking services, trade finance activities, brokerage activities and higher net gains on disposal of financial investments available-for-sale.

Other operating expenses increased by RM15.6 million or 7.7% due mainly to the rise in personnel expenses arising from annual increments and the implementation of a performance based remuneration system, as well as higher general administrative expenses in tandem with the expansion of business activities. Nevertheless, the overall cost-to-income ratio has improved moderately to 51.1% from 52.3% a year ago.

Impairment losses on securities and loans, advances and financing were RM8.4 million lower due to higher recoveries of impaired loans. Impaired loan loss coverage improved from 83.0% as at 31 March 2010 to 94.3% as at 31 March 2011. There is also a reduction in gross and net impaired loans ratio from 4.2% and 2.2% respectively as at 31 March 2010 to 3.4% and 1.8% respectively as at 31 March 2011.

After setting aside tax expense of RM43.0 million, the net profit after tax for the current financial quarter ended 31 March 2011 amounted to RM122.2 million, or an increase of 25.0%. This translated into earnings per share of 17.63 sen for the quarter, or an increase of 25.0%, from a year ago.

Total assets expanded by RM858.4 million or annualised growth of 6.5%. The growth was driven mainly by the RM693.7 million rise in net loans, advances and financing, as well as rise in financial investments available-for-sale. The annualised pre-tax return on assets ratio was 1.2% as at 31 March 2011 compared to 1.1% as at 31 March 2010. The annualised pre-tax return on equity ratio also improved to 16.5% as at 31 March 2011 compared to 14.7% as at 31 March 2010.

In conclusion, the results for the three-month period ended 31 March 2011 were satisfactory.

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45. Prospects for 2011

The Company had completed the disposal of its entire assets and liabilities to Hong Leong Bank Berhad on 6 May 2011 and the Board of Directors of the Company will not undertake any plans to regularise the financial condition of the Company as it does not intend to maintain the listing status of the Company on the Main Market of Bursa Malaysia Securities Berhad.

46. Earnings Per Share

The calculation of the earnings per share of the Group, which is based on the profit for the financial quarter ended 31 March 2011 and 31 March 2010 respectively and the weighted average number of ordinary shares in issue during the respective financial quarter, are set out as follows:

	1st Quarter Ended		Three Months Ended	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
	RM'000	RM'000	RM'000	RM'000
Profit for the financial quarter/year	122,226	97,816	122,226	97,816
Weighted average number of ordinary shares in issue during the financial quarter/year	693,209	693,209	693,209	693,209
Earnings per share (sen)				
- Basic/diluted	17.63	14.11	17.63	14.11

There were no dilutive potential ordinary shares outstanding as at 31 March 2011 and 31 March 2010.