

THE ROYAL BANK OF SCOTLAND BERHAD (301932-A)
(Incorporated in Malaysia)

BALANCE SHEETS AS AT 30 SEPTEMBER 2009

	Note	Group		Bank	
		30-Sep 2009 RM'000	31-Dec 2008 RM'000	30-Sep 2009 RM'000	31-Dec 2008 RM'000
ASSETS					
Cash and short-term funds	d) i	1,813,865	980,782	1,813,865	980,782
Deposits and placements with banks and other financial institutions	d) ii	1,305,856	342,192	1,305,856	342,192
Securities purchased under resale agreements	f) i	-	-	-	-
Securities - Held for trading	f) ii	779,997	1,288,357	779,997	1,288,357
Securities - Available for sale	f) iii	458,061	455,821	458,061	455,821
Loans, advances and financing	h) i	359,261	624,018	359,261	624,018
Other assets	s)	1,426,257	2,478,104	1,426,257	2,478,104
Deferred tax assets		23,131	24,050	23,131	24,050
Statutory deposits with Bank Negara Malaysia	g)	-	1,350	-	1,350
Investments in subsidiary companies		-	-	20	20
Investments in an associated company		13,640	13,141	8,503	8,503
Property, plant and equipment	r)	32,513	32,788	32,513	32,788
Intangible asset	r)	1,166	1,513	1,166	1,513
TOTAL ASSETS		6,213,747	6,242,116	6,208,630	6,237,498
LIABILITIES AND SHAREHOLDERS' FUNDS					
Deposits from customers	c)	2,582,156	2,489,966	2,582,176	2,489,986
Deposits and placements of banks and other financial institutions	e)	1,275,621	311,710	1,275,621	311,710
Other liabilities	t)	1,543,814	2,638,818	1,543,814	2,638,818
Provision for taxation		-	25,540	-	25,540
Subordinated debt capital		200,000	200,000	200,000	200,000
TOTAL LIABILITIES		5,601,591	5,666,034	5,601,611	5,666,054

THE ROYAL BANK OF SCOTLAND BERHAD (301932-A)
(Incorporated in Malaysia)

BALANCE SHEETS AS AT 30 SEPTEMBER 2009 (CONTD.)

		Group		Bank	
		30-Sep 2009 RM'000	31-Dec 2008 RM'000	30-Sep 2009 RM'000	31-Dec 2008 RM'000
Share capital	o)	203,000	203,000	203,000	203,000
Reserves		409,156	373,082	404,019	368,444
SHAREHOLDERS' FUNDS		612,156	576,082	607,019	571,444
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS		6,213,747	6,242,116	6,208,630	6,237,498
COMMITMENTS AND CONTINGENCIES	p)	87,132,817	120,926,756	87,132,817	120,926,756

**INCOME STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2009**

		Group		Bank	
		30-Sep 2009 RM'000	30-Sep 2008 RM'000	30-Sep 2009 RM'000	30-Sep 2008 RM'000
Interest income	j)	83,960	268,809	83,960	268,809
Interest expense	k)	(64,717)	(220,934)	(64,717)	(220,934)
Other operating income	l)	89,004	181,123	89,004	181,123
Other operating expenses	m)	(59,657)	(112,705)	(59,657)	(112,705)
Allowance for losses on loans and financing	n)	(1,467)	1,260	(1,467)	1,260
Provision for commitments and contingencies		-	-	-	-
Share of profit of an associate		499	3,185	-	-
Impairment Loss		-	-	-	-
Profit before taxation		47,622	120,738	47,123	117,553
Taxation		(11,781)	(31,392)	(11,781)	(31,392)
Profit after taxation		35,841	89,346	35,342	86,161

THE ROYAL BANK OF SCOTLAND BERHAD (301932-A)
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2009

Group	← Non-distributable →				Distributable	Total RM'000
	Share capital RM'000	Share premium RM'000	Statutory reserves RM'000	Unrealised reserves RM'000	Retained earnings RM'000	
At 1 January 2008	203,000	76,182	121,278	1,495	52,893	454,848
Profit for the year	-	-	-	-	120,205	120,205
Unrealised net gain on revaluation of securities available-for-sale	-	-	-	1,029	-	1,029
Transfer of reserves	-	-	29,461	-	(29,461)	-
At 31 December 2008	203,000	76,182	150,739	2,524	143,637	576,082
At 1 January 2009	203,000	76,182	150,739	2,524	143,637	576,082
Profit for the year	-	-	-	-	35,841	35,841
Unrealised net loss on revaluation of securities available-for-sale	-	-	-	233	-	233
Transfer of reserves	-	-	-	-	-	-
At 30 September 2009	203,000	76,182	150,739	2,757	179,478	612,156

Bank	← Non-distributable →				Distributable	Total RM'000
	Share capital RM'000	Share premium RM'000	Statutory reserves RM'000	Unrealised reserves RM'000	Retained earnings RM'000	
At 1 January 2008	203,000	76,182	121,278	1,495	50,618	452,573
Profit for the year	-	-	-	-	117,842	117,842
Unrealised net gain on revaluation of securities available-for-sale	-	-	-	1,029	-	1,029
Transfer of reserves	-	-	29,461	-	(29,461)	-
At 31 December 2008	203,000	76,182	150,739	2,524	138,999	571,444
At 1 January 2009	203,000	76,182	150,739	2,524	138,999	571,444
Profit for the year	-	-	-	-	35,342	35,342
Unrealised net loss on revaluation of securities available-for-sale	-	-	-	233	-	233
Transfer of reserves	-	-	-	-	-	-
At 30 September 2009	203,000	76,182	150,739	2,757	174,341	607,019

THE ROYAL BANK OF SCOTLAND BERHAD (301932-A)
(Incorporated in Malaysia)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2009

	Group		Bank	
	30-Sep 2009 RM'000	30-Sep 2008 RM'000	30-Sep 2009 RM'000	30-Sep 2008 RM'000
Cash Flows from Operating Activities				
Profit before taxation	47,622	120,738	47,123	117,553
Adjustments for:				
Depreciation of property, plant and equipment	4,454	4,641	4,454	4,641
Amortisation of intangible asset	650		650	
Loss/ (Gain) on disposal of property, plant and equipment	-	-	-	-
Property, plant and equipment written-off				
Allowance for losses on loans and financing	1,467	(1,260)	1,467	(1,260)
Amortisation of premium less accretion of discount	246	(12,636)	246	(12,636)
Loss/(gain) from sale of securities held for trading	(24,747)	(36,032)	(24,747)	(36,032)
Unrealised (gain)/loss on revaluation of securities held-for-trading	(252)	193	(252)	193
Unrealised foreign exchange (gain)/loss	(76,595)	(219,984)	(76,595)	(219,984)
Unrealised loss/(gain) on derivatives trading	(40,448)	82,860	(40,448)	82,860
(Writeback)/provision for diminution in value of shares	-	-	-	-
(Writeback)/provision for commitment and contingencies	-	-	-	-
Share of profit of an associate	(499)	(3,185)	-	-
	(135,724)	(185,403)	(135,225)	(182,218)
Operating profit/(loss) before working capital changes	(88,102)	(64,665)	(88,102)	(64,665)
(Increase)/Decrease in:				
Securities held-for-trading	2,076,672	(2,263,907)	2,076,672	(2,263,907)
Loans, advances and financing	234,663	7,475,107	234,663	7,475,107
Securities purchased under resale agreements	-	-	-	-
Other assets	214,156	(911,864)	214,156	(911,864)
Statutory deposits with Bank Negara Malaysia	0	258,263	0	258,263
Increase/(Decrease) in:				
Deposits from customers	(164,883)	(715,839)	(164,883)	(715,839)
Deposits and placements of banks and other financial institutions	(2,593,639)	(4,007,107)	(2,593,639)	(4,007,107)
Subordinated debt capital	-	-	-	-
Other liabilities	(104,331)	945,987	(104,331)	945,987
Cash (used in)/generated from operations	(425,464)	715,975	(425,464)	715,975
Income taxes paid	(17,000)	(12,750)	(17,000)	(12,750)
Dividends paid	-	-	-	-
Net Cash (Used in)/Generated from Operating Activities	(442,464)	703,225	(442,464)	703,225

THE ROYAL BANK OF SCOTLAND BERHAD (301932-A)
(Incorporated in Malaysia)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2009 (CONTD.)

	Group/Bank		Group/Bank	
	30-Sep 2009 RM'000	30-Sep 2008 RM'000	30-Sep 2009 RM'000	30-Sep 2008 RM'000
Cash Flows from Investing Activities				
Purchase of property, plant and equipment	(4,310)	(3,788)	(4,310)	(3,788)
Purchase of intangible asset	(238)	(1,002)	(238)	(1,002)
Proceeds from disposal of property, plant and equipment	-	-	-	-
Decrease/(Increase) in securities available-for-sale	(8,565)	(37,895)	(8,565)	(37,895)
Investment in an associated company	0	(8,503)	0	(8,503)
Net Cash Used In Investing Activities	(13,113)	(51,188)	(13,113)	(51,188)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS				
CASH AND CASH EQUIVALENTS AT 30 SEPT 08 AND 07	3,575,298	2,923,261	3,575,298	2,923,261
CASH AND CASH EQUIVALENTS AT 30 SEPT 09 AND 08	3,119,721	3,575,298	3,119,721	3,575,298

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2009

a) PERFORMANCE REVIEW

The Bank has continued to grow through Q3 at a slightly faster rate than that of Q2, however performance still remains subdued. Net Interest Income continues to remain well below 2008 YTD comparatives due to the 40% reduction in balance sheet since that period coupled with the reduction in interest rates which has led to lower Net Interest Income margins. Trading income is also lower than last year as reduced market volatility has pared back some of the supernormal 2008 gains, and sentiment has turned, impacting interest rate positions. FX moves, including a depreciating USD, has impacted the long foreign currency positions of the bank over 2009. The Bank has a healthy pipeline of fee income, however has not yet realised the same amount of deals as it did in 2008. The Retail & Commercial business continues to maintain a steady revenue run-rate as it capitalises from the return of confidence from retail investors looking to take on more risk.

Costs remain in checked with a strong reduction over 2008 costs. Balance sheet has also reduced leading to increasing Tier1 capital ratios as the bank manages its balance sheet carefully over 2009.

b) CURRENT YEAR PROSPECTS

The Bank expects 2009 performance to be markedly lower than the 2008 results. With market sentiment returning, economies moving out of recession, and new opportunities presenting themselves, the Bank expects a stronger performance in Q4 and leading into 2010. The Bank has throughout 2009 successfully implemented its new strategy of focussing on key clients with innovative and tailored financial solutions, and expects to see the benefits of these newly energised partnerships to deliver strong performance in the new year. The divestment of non-core businesses, including Retail & Commercial will not have a material impact on projected performance although will lead to further reductions in the cost-base.

c) DEPOSITS FROM CUSTOMERS

	Group		Bank	
	30 September 2009 RM'000	31 December 2008 RM'000	30 September 2009 RM'000	31 December 2008 RM'000
i) By type of deposit				
Demand deposits	854,982	737,694	855,002	737,714
Saving deposits	6,847	6,103	6,847	6,103
Fixed deposits	1,570,327	1,544,305	1,570,327	1,544,305
Other deposits	-	31,864	-	31,864
Negotiable instruments of deposit	150,000	170,000	150,000	170,000
Repurchase agreements	-	-	-	-
	2,582,156	2,489,966	2,582,176	2,489,986

(ii) By type of customer

	Group		Bank	
	30 September 2009 RM'000	31 December 2008 RM'000	30 September 2009 RM'000	31 December 2008 RM'000
Government and Statutory bodies	13,349	9,724	13,349	9,724
Business enterprises	1,421,273	1,429,753	1,421,273	1,429,753
Individuals	583,997	598,808	583,997	598,808
Others	563,537	451,681	563,557	451,701
	2,582,156	2,489,966	2,582,176	2,489,986

d i) CASH AND SHORT-TERM FUND

	Group/Bank	
	30 September	31 December
	2009	2008
	RM'000	RM'000
Cash and balances with banks and other Financial institutions	77,174	633,206
Money at call and deposit placements maturing within one month	1,736,691	347,576
	<u>1,813,865</u>	<u>980,782</u>

d ii) DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

Licensed banks	-	-
Other financial institutions	1,305,856	342,192
	<u>1,305,856</u>	<u>342,192</u>

e) DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group/Bank	
	30 September	31 December
	2009	2008
	RM'000	RM'000
Licensed banks	0	0
Licensed finance companies	0	0
Licensed investment banks	0	0
Bank Negara Malaysia	2,811	15,163
Other financial institutions	1,272,810	296,547
	<u>1,275,621</u>	<u>311,710</u>

d) SECURITIES PORTFOLIO

i) SECURITIES PURCHASED UNDER RESALE AGREEMENTS

Securities purchased under resale agreements are as follows:

	Group/Bank	
	30 September 2009 RM'000	31 December 2008 RM'000
Reverse Repo	-	-

ii) SECURITIES - HELD FOR TRADING

	Group/Bank	
	30 September 2009 RM'000	31 December 2008 RM'000
At Fair Value		
Money market instruments:		
Malaysian Government securities	642,211	588,052
BNM Bills	49,737	271,321
Cagamas	-	-
Government Investment Issues (GII)	30,205	386,850
Khazanah Bonds	25,525	-
Treasury Bills	32,319	-
Private debt securities	-	42,134
Total securities held-for-trading	779,997	1,288,357

iii) SECURITIES - AVAILABLE FOR SALE

	Group/Bank	
	30 September 2009 RM'000	31 December 2008 RM'000
At Fair Value		
Malaysian Government securities	147,585	91,455
Government Investment Issues	207,942	263,007
Private debt securities	100,815	99,640
Shares	1,719	1,719
	458,061	455,821
less: Provision for diminution in value of shares	0	0
Total securities available-for-sale	458,061	455,821

g) **STATUTORY DEPOSITS WITH BANK NEGARA MALAYSIA**

The non-interest bearing statutory deposits are maintained with Bank Negara Malaysia in compliance with Section 37(1) of the Central Bank of Malaysia Act, 1958 (revised 1994) , the amounts of which are determined at set percentages of total eligible liabilities.

As a principal dealer, RBS is permitted to pledge marketable securities as collateral to meet statutory reserve requirements. As at 30 September 09, RBS had pledged RM 20 million of securities to the SRA.

h) **LOANS, ADVANCES AND FINANCING**

	Group/Bank	
	30 September 2009 RM'000	31 December 2008 RM'000
i) By type		
Overdrafts	64,783	25,600
Term loans/financing	111,316	127,697
Housing loans/financing	36,381	40,329
Syndicated term loan/financing	-	-
Hire purchase receivables	-	-
Other term loans/financing	74,935	87,368
Bills receivable	59,223	127,099
Trust receipts	-	-
Claims on customers under acceptance credits	78,608	91,739
Staff loans	12,377	13,545
Loans/financing to banks and other financial institutions	-	-
Credit/charge cards	-	-
Revolving credit	51,471	255,574
Less: Unearned interest and income	(257)	(182)
Other loans/financing	-	-
Gross loans, advances and financing	377,521	641,072
Less: Allowance for bad and doubtful debts		
- general	(15,783)	(15,783)
- specific	(2,477)	(1,271)
Total net loans, advances and financing	359,261	624,018

ii) **By type of customer**

	Group/Bank	
	30 September 2009 RM'000	31 December 2008 RM'000
Domestic banking institutions	-	-
Domestic non-bank financial institutions		
Stockbroking companies	-	-
Domestic business enterprises		
Small medium enterprises	29,636	28,012
Others	294,405	555,791
Government and statutory bodies	-	-
Individuals	53,480	57,269
Foreign entities	-	-
	377,521	641,072

iii) By interest/profit rate sensitivity

Fixed rate		
Housing loans/financing	9,508	10,314
Other fixed rate loan/financing	5,869	7,131
Variable rate		
BLR plus	102,604	67,790
Cost plus	259,540	555,837
	<u>377,521</u>	<u>641,072</u>

Group/Bank	
30 September 2009 RM'000	31 December 2008 RM'000

iii) By sector

Mining and Quarrying	7,594	-
Agriculture, hunting, forestry & fishing	2,591	1,883
Electricity, Gas & Water	350	894
Manufacturing	126,200	236,161
Construction	43,584	26,172
Real estate	61,300	82,642
Purchase of landed properties (Residential)	42,498	50,068
Transport, storage and communication	386	101,022
Finance, insurance and business services	18,159	25,000
Purchase of securities	-	1,500
Purchase of transport vehicles	613	271
Wholesale and retail	46,342	95,076
Consumption credit	27,904	20,383
Others	-	-
	<u>377,521</u>	<u>641,072</u>

Group/Bank	
30 September 2009 RM'000	31 December 2008 RM'000

i) NON-PERFORMING LOANS/FINANCING (NLF/NPF)

i) Movements in non-performing loans, advances and financing

At beginning of year	2,195	5,362
Classified as non-performing during the year	2,876	353
Reclassified as performing during the year	(452)	-
Loans/financing converted to securities	-	-
Amount Recovered	-	(132)
Amount written off	(262)	(3,388)
Other adjustments	-	-
At end of year	<u>4,357</u>	<u>2,195</u>
Specific allowance	<u>(2,477)</u>	<u>(1,271)</u>
Net non-performing loans, advances and financing	<u>1,880</u>	<u>924</u>
Ratio of net NPLs and financing to net loans and financing	<u>0.50%</u>	<u>0.14%</u>

ii) Movements in allowance for bad and doubtful debts

	Group/Bank	
	30 September 2009 RM'000	31 December 2008 RM'000
General allowance:		
At beginning of year	15,783	15,783
Allowance made/ (written back) during the year	-	-
Amount transferred to specific allowance	-	-
At end of year	<u>15,783</u>	<u>15,783</u>
As % of gross loans, advances and financing less specific allowance	<u>4.21%</u>	<u>2.47%</u>
Specific allowance:		
At beginning of year	1,271	4,210
Allowance made during the year	1,587	756
Transferred from general allowance	-	-
Transferred from provision for commitments and contingencies	-	-
Transferred to accumulated impairment loss in value of securities	-	-
Amount recovered	(120)	(307)
Amount written off	(261)	(3,388)
Others (received from written off debtors)	-	-
At end of year	<u>2,477</u>	<u>1,271</u>

iii) NPL/NPF by sector

	Group/Bank	
	30 September 2009 RM'000	31 December 2008 RM'000
Purchase of landed properties (Residential)	3,288	2,118
Wholesale and retail	1,069	77
	<u>4,357</u>	<u>2,195</u>

j) INTEREST INCOME

	Group/Bank	
	30 September 2009	30 September 2008
	RM'000	RM'000
Loans, advances and financing	17,884	23,346
- Interest income other than recoveries from NPL	17,884	22,634
- Recoveries from NPL	-	712
Money at call and deposit placements with banks and other financial institutions	51,471	232,170
Securities - Available for sale	14,969	872
Securities - Held for trading	-	-
Others	-	-
	<u>84,324</u>	<u>256,388</u>
Amortisation of premium less accretion of discount	(246)	12,636
Interest suspended	(118)	(215)
Total interest income	<u>83,960</u>	<u>268,809</u>

k) INTEREST EXPENSE

	Group/Bank	
	30 September 2009	30 September 2008
	RM'000	RM'000
Deposits and placements of banks and other financial institutions	23,583	166,502
Deposits from other customers	41,134	54,432
Loans sold to Cagamas	-	-
Others	-	-
Total interest expense	<u>64,717</u>	<u>220,934</u>

l) OTHER OPERATING INCOME

	Group/Bank	
	30 September 2009 RM'000	30 September 2008 RM'000
Fee income:		
Commission	3,686	18,448
Service charges and fees	8,172	36,864
Guarantee fees	3,557	1,452
Other fee income	165	-
	15,580	56,764
Gain arising from sale of securities:		
Net gain from sale of securities held-for-trading	24,747	36,032
	24,747	36,032
Unrealised(loss)/gain on revaluation of securities held-for-trading	252	(193)
	252	(193)
Gross dividend income from:		
Securities available-for-sale	54	54
	54	54
Other income:		
Foreign exchange profit	15,516	51,617
Unrealised	76,595	219,984
Realised	(61,079)	(168,367)
Gain on disposal of property, plant and equipment	-	-
(Loss)/gain on derivatives trading	19,689	35,046
Unrealised	40,448	(82,860)
Realised	(20,759)	117,906
Premium earned from currency option trading	-	-
Writeback of restructuring costs	-	-
Writeback of provision in diminution in value of shares	-	-
Others	13,166	1,803
	48,371	88,466
Total	89,004	181,123

m) OTHER OPERATING EXPENSES

	Group/Bank	
	30 September 2009 RM'000	30 September 2008 RM'000
Personnel costs (Note a)	24,721	50,539
Establishment costs (Note b)	10,934	11,377
Marketing expenses (Note c)	2,149	4,803
Administration and general expenses (Note d)	21,853	45,986
	59,657	112,705

OTHER OPERATING EXPENSES (CONTD.)

	Group/Bank	
	30 September 2009 RM'000	30 September 2008 RM'000
a) Personnel costs		
Salaries, bonuses and allowances	19,494	40,302
Social security costs	1,040	1,381
Pension costs-defined contribution plan	3,659	5,338
Other staff related expenses	528	3,518
	24,721	50,539
	Group/Bank	
	30 September 2009 RM'000	30 September 2008 RM'000
b) Establishment costs		
Premises rental	2,606	2,549
Depreciation of property, plant and equipment	5,081	4,772
Repairs and maintenance	609	537
Others	2,638	3,519
	10,934	11,377
	Group/Bank	
	30 September 2009 RM'000	30 September 2008 RM'000
c) Marketing Expenses		
Advertising	1,829	4,268
Others	320	535
	2,149	4,803
	Group/Bank	
	30 September 2009 RM'000	30 September 2008 RM'000
d) Administration and general expenses		
Management fees	14,916	36,911
Communication and transportation	4,106	2,444
Others	2,831	6,631
	21,853	45,986
n) ALLOWANCE FOR LOSSES ON LOANS AND FINANCING		
	Group/Bank	
	30 September 2009 RM'000	30 September 2008 RM'000
Provision for bad and doubtful debts and financing:		
Specific provision		
- Made in the financial year	1,587	850
- Written back	(120)	(2,110)
General allowance		
- Made in the financial year	0	0
- Written back in the financial year	0	0
	1,467	(1,260)

o) CAPITAL ADEQUACY

The components of Tier I and Tier II capital are as follows:

	30 September 2009 RM'000	Bank 31 December 2008 RM'000
Tier-I capital		
Paid-up share capital	203,000	203,000
Share premium	76,182	76,182
Statutory reserves	150,739	150,739
Retained earnings	138,999	138,999
Current unaudited unadjusted profit/(loss)	0	0
	<u>568,920</u>	<u>568,920</u>
Less : Deferred tax assets	(24,050)	(24,050)
Total Tier-I capital	<u>544,870</u>	<u>544,870</u>
Tier-II Capital		
General provision for bad and doubtful debts and financing	15,783	15,783
Subordinated Debt Capital	200,000	200,000
	<u>215,783</u>	<u>215,783</u>
Total Tier-II capital	<u>215,783</u>	<u>215,783</u>
Total capital funds	760,653	760,653
Less: Investment in subsidiary companies	(20)	(20)
Less: Stale Inventory Reserves	(29)	0
Capital base	<u>760,604</u>	<u>760,633</u>
Capital Ratios		
Core capital ratio	10.95%	9.41%
Risk-weighted capital ratio	15.28%	13.14%

The breakdown of risk-weighted assets in the various categories of risk-weights are as follows:

0%	-	-
10%	-	10
20%	1,149,007	1,128,616
50%	407,943	804,667
100%	676,875	756,798
Total	<u>2,233,825</u>	<u>2,690,091</u>
Total Risk Weighted Assets		
Credit Risk	2,233,825	2,690,091
Market Risk	2,742,400	3,099,769
	<u>4,976,225</u>	<u>5,789,860</u>

p. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Bank 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.

Risk Weighted Exposures of the Group and of the Bank are as follows:

	September 2009			December 2008		
	Principal amount RM'000	Credit equivalent amount * RM'000	Risk-weighted amount RM'000	Principal amount RM'000	Credit equivalent amount * RM'000	Risk-weighted amount RM'000
Direct credit substitutes	10,075	10,075	10,075	47,245	47,245	47,245
Transaction-related contingent items	601,793	300,897	256,488	357,284	178,641	147,328
Short-term self-liquidating trade-related contingencies	108,771	21,754	21,735	163,188	32,638	32,446
Other assets sold with recourse and commitments with certain drawdown	133	133	133	444	444	444
Irrevocable commitments to extend credit:						
- maturity less than one year	609,702	-	-	756,466	-	-
- maturity more than one year	502	251	126	598	299	150
Foreign exchange related contracts:						
- Forward contracts						
- less than one year	9,884,318	188,097	46,015	16,830,572	601,695	144,764
- one year to less than five years	7,983,247	578,998	126,575	7,831,735	573,896	127,642
- five years and above	3,271,308	355,637	126,829	3,569,246	387,387	134,927
Interest rate related contracts:						
- less than one year	15,553,484	160,184	33,490	30,147,394	155,212	38,205
- one year to less than five years	36,618,204	1,248,434	262,118	43,717,683	1,440,501	305,464
- five years and above	12,491,280	1,539,459	452,965	17,504,901	2,805,732	912,372
	<u>87,132,817</u>	<u>4,403,919</u>	<u>1,336,549</u>	<u>120,926,756</u>	<u>6,223,690</u>	<u>1,890,987</u>

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

q) INTEREST RATE RISK

The following table represents the Bank's carrying assets and liabilities at carrying amounts as at 30 SEPTEMBER 2009.

	Non-Trading Book							SPJ-related items RM'000	Trading book RM'000	Total RM'000
	Up to 1 month RM'000	1 - 3 months RM'000	3 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	Provisions RM'000			
Assets										
Cash and short-term funds	1,813,865	-	-	-	-	-	-	-	-	1,813,865
Deposits and placements with banks and other financial institutions	-	168,476	788,994	348,386	-	-	-	-	-	1,305,856
Securities purchased under resale agreements	-	-	-	-	-	-	-	-	779,997	779,997
Securities - Held For Trading	-	-	-	-	-	-	-	-	-	458,061
Securities - Available For Sale	-	35,065	91,213	328,872	2,911	-	-	-	-	359,261
Loans, advances and financing	165,585	50,778	145,607	15,808	-	-	(18,517)	-	-	1,426,257
Other assets	-	-	-	-	-	-	-	1,426,257	-	1,426,257
Deferred tax assets	-	-	-	-	-	-	-	23,131	-	23,131
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	-	-	-	-	-
Investments in subsidiary companies	-	-	-	-	-	-	-	20	-	20
Investments in an associated company	-	-	-	-	-	-	-	8,503	-	8,503
Property, plant and equipment	-	-	-	-	-	-	-	32,513	-	32,513
Intangible asset	-	-	-	-	-	-	-	1,166	-	1,166
Total Assets	1,979,450	254,319	1,025,814	693,066	2,911	1,491,590	(18,517)	-	-	6,208,630
Liabilities										
Deposits from customers	1,977,284	410,218	91,207	103,467	-	-	-	-	-	2,582,176
Deposits and placements of banks and other financial institutions	1,163,014	34,251	42,908	35,448	-	-	-	-	-	1,275,621
Subordinated debt capital	-	-	-	-	-	200,000	-	-	-	200,000
Other liabilities	-	-	-	-	-	1,543,814	-	-	-	1,543,814
Provision for taxation	-	-	-	-	-	-	-	-	-	-
Total Liabilities	3,140,298	444,469	134,115	138,915	-	1,743,814	-	-	-	5,601,611
On balance sheet interest rate gap	(1,160,848)	(190,150)	891,699	554,151	2,911	(252,224)	(18,517)	-	-	607,019
Off balance sheet interest rate gap	-	-	-	-	-	-	-	-	163,000	-
Net interest rate gap	(1,160,848)	(190,150)	891,699	554,151	2,911	(252,224)	(18,517)	-	-	607,019

q. **INTEREST RATE RISK**

The following table represents the Bank's carrying assets and liabilities at carrying amounts as at 31 December 2008.

	Up to		Non-Trading Book			Non-interest sensitive	Provisions	SPI-related items	Trading book	Total
	1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years					
Assets										
Cash and short-term funds	980,782	-	-	-	-	-	-	-	-	980,782
Deposits and placements with banks and other financial institutions	-	-	342,192	-	-	-	-	-	-	342,192
Securities held-for-trading	-	-	-	-	-	-	-	1,288,357	-	1,288,357
Securities available-for-sale	-	-	187,095	267,484	1,242	-	-	-	-	455,821
Loans, advances and financing	201,713	201,517	219,782	18,242	-	-	(17,236)	-	-	624,018
Other assets	-	-	-	-	-	2,478,104	-	-	-	2,478,104
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	1,350	-	-	-	1,350
Investments in subsidiary companies	-	-	-	-	-	20	-	-	-	20
Investment in an associated company	-	-	-	-	-	8,503	-	-	-	8,503
Deferred tax assets	-	-	-	-	-	24,050	-	-	-	24,050
Property, plant and equipment	-	-	-	-	-	32,788	-	-	-	32,788
Intangible asset	-	-	-	-	-	1,513	-	-	-	1,513
Total Assets	1,182,495	201,517	749,069	285,726	1,242	2,546,328	(17,236)	-	-	6,237,498
Liabilities										
Deposits from customers	1,997,167	252,376	118,385	122,058	-	-	-	-	-	2,489,986
Deposits and placements of banks and other financial institutions	189,933	-	52,337	69,440	-	-	-	-	-	311,710
Other liabilities	-	-	-	-	-	2,638,818	-	-	-	2,638,818
Provision for taxation	-	-	-	-	-	25,540	-	-	-	25,540
Subordinated debt capital	-	-	-	-	-	200,000	-	-	-	200,000
Total Liabilities	2,187,100	252,376	170,722	191,498	-	2,864,358	-	-	-	5,666,054
On balance sheet interest rate gap	(1,004,605)	(50,859)	578,347	94,228	1,242	(518,030)	(17,236)	-	-	(716,913)
Off balance sheet interest rate gap	-	-	-	-	-	-	-	6,000	-	6,000
Net interest rate gap	(1,004,605)	(50,859)	578,347	94,228	1,242	(318,030)	(17,236)	-	6,000	(710,913)

Group/Bank	
30 September	31 Dec
2009	2008
RM'000	RM'000

s) OTHER ASSETS

Other debtors, deposits and prepayments	91,430	88,969
Mark to market on derivative financial instruments	1,334,827	2,389,135
	<u>1,426,257</u>	<u>2,478,104</u>

t) OTHER LIABILITIES

Retirement benefits	22	22
Short Selling Securities	0	0
Other liabilities	314,995	238,649
Mark to market on derivative financial instruments	1,228,797	2,400,147
	<u>1,543,814</u>	<u>2,638,818</u>