

Interest rate risk

The Group is exposed to movements in interest rates in relation to fixed rate savings and mortgage lending. This risk is managed, within limits set by ALCO, using interest rate cap and swap contracts. No transactions of a speculative nature are undertaken. After taking into account the interest rate cap and swap contracts entered into by the Group, the interest rate sensitivity exposures of the Group at 31 December 2008 and 31 December 2007 were as follows:

Group	Not more than three months £,000	More than three months but not more than six months £,000	More than six months but not more than one year £,000	More than one year but not more than five years £,000	More than five years £,000	Non interest bearing £,000	Total £,000
31 December 2008							
Assets							
Liquid assets	63,036	18,528	29,401	4,103	0	1,254	116,322
Loans and advances to customers	229,944	6,592	18,716	50,167	518	-687	305,250
Intangible fixed assets	0	0	0	0	0	897	897
Tangible fixed assets	0	0	0	0	0	6,970	6,970
Investment Properties	0	0	0	0	0	2,400	2,400
Pension asset	0	0	0	0	0	2,005	2,005
Other assets	0	0	0	0	0	1,695	1,695
Total assets	292,980	25,120	48,117	54,270	518	14,534	435,539
Liabilities							
Shares	353,710	6,796	23,523	8,656	0	8,652	401,337
Amounts owed to other customers	1,364	250	496	0	0	22	2,132
Other liabilities	0	0	0	0	0	1,090	1,090
Reserves	0	0	0	0	0	30,980	30,980
Total liabilities	355,074	7,046	24,019	8,656	0	40,744	435,539
Off balance sheet items	58,500	-4,000	-12,500	-41,500	-500	0	0
Interest rate sensitivity gap	-3,594	14,074	11,598	4,114	18	-26,210	0
31 December 2007							
Total assets	318,470	28,721	14,704	53,443	0	23,396	438,734
Total liabilities	359,932	907	10,928	16,978	0	49,989	438,734
Off balance sheet items	49,000	-3,000	-9,000	-37,000	0	0	0
Interest rate sensitivity gap	7,538	24,814	-5,224	-535	0	-26,593	0

Liquid assets include cash in hand and balances with the Bank of England, loans and advances to credit institutions and debt securities.