

Clydesdale Bank PLC

Year of Adoption

Pillar 3 Summary Disclosures

March 2009

always thinking

 Clydesdale Bank |  Yorkshire Bank

Scope of Pillar 3 Application

As of 1 January 2008, Clydesdale Bank PLC ('CB PLC') adopted the new Basel II Capital Requirements Directive ('CRD') standardised approach to credit risk and operational risk. Consequently, it is required to make disclosures to the market relating to its risk management processes to assist market transparency. These disclosures are often described as Pillar 3 disclosures and are covered by the provisions of Chapter 11 of the FSA's Prudential Source Book for Banks, Building Societies and Investment Firms ('BIPRU'). These disclosures are designed to complement the minimum capital requirements contained in Pillar 1 and the supervisory review process (including the Internal Capital Adequacy Assessment) contained in Pillar 2 of the CRD.

Consolidation Basis

CB PLC is authorised and regulated by the Financial Services Authority ('FSA') encompassing the banking operations of both the Clydesdale Bank and Yorkshire Bank brands. CB PLC is the parent undertaking of the Clydesdale Bank Group which is required by the FSA to produce UK regulated information to assess its capital resources and capital requirements.

National Australia Bank Limited ('NAB'), a company incorporated in the state of Victoria, Australia is the ultimate parent undertaking and ultimate controlling party of CB PLC. NAB is regulated as an Australian bank by the Australian Prudential Regulation Authority ('APRA') and is required by APRA to produce Australian Consolidated regulated information to assess its capital resources and capital requirements.

Date of Disclosure

The disclosure is based on the financial position of CB PLC and NAB as at 30 September 2008.

FSA Pillar 3 Waiver

BIPRU 11.2.6: (Waiver: Comparable disclosures provided on a consolidated basis by a parent undertaking established in a third country) allows for a firm to apply to the FSA for a waiver from the relevant disclosure requirements in BIPRU 11.2.2R – BIPRU11.2.5 R.

The FSA has granted CB PLC a waiver direction that can be found on the FSA website.
http://www.fsa.gov.uk/pubs/waivers/bipru_waivers.pdf

In line with the FSA waiver direction, CB PLC will rely on the following references to comparable NAB consolidated disclosure to satisfy its Pillar 3 disclosure obligations:

National Australia Bank Limited 2008 Risk and Capital Report
<http://www.nabgroup.com/0,,96819,00.html>

National Australia Bank Limited Addendum to 2008 Risk and Capital Report
www.nabgroup.com/0,,96819,00.html

National Australia Bank Limited 2008 Annual Financial Report
<http://www.nabgroup.com/0,,32863,00.html>

With specific reference to Securitisation policy, disclosure is made on pages 45, 52 and 147-152

Frequency of Disclosure

After due consideration by the CB PLC Directors, Pillar 3 disclosures will be made annually and published as soon as practicable after the publication of the Annual Report and Consolidated Financial Statements. These disclosures will be in line with the FSA Waiver direction as outlined above.

Verification

The information contained in these qualitative disclosures has not been audited by the Group's external auditors except to the extent that they are equivalent to those made under accounting requirements and is limited to those required by BIPRU 11.