Interim Condensed Consolidated Financial Statements.

Clydesdale Bank PLC.

For the six months ended 31 March 2009.

Company Number: SC001111.

Clydesdale Bank

CLYDESDALE BANK PLC

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2009

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CLYDESDALE BANK PLC
Officers and Professional Advisers

Directors	**Chairman:**	Sir Malcolm Williamson #
	Non-executive:	Jonathan Dawson* # Sir David Fell KCB* Richard Gregory OBE * # Roy Nicolson * # Peter Wood*
	Executive:	Lynne Peacock (Chief Executive Officer) # David Thorburn # John Hooper # (appointed 24 April 2009)
		Gavin Slater resigned as a Director of the Company on 12 March 2009
		* Member of the European Boards' Audit Committee # Member of the European Boards' Risk Committee
UK Executive Committee		Lynne Peacock, Chief Executive Officer David Thorburn, Executive Director John Hooper, Executive Director Tom Burns, Chief Risk Officer Margaret Butler, Quality and Efficiency Director Debbie Crosbie, Chief Information Officer Dean Cutbill, Products & Marketing Director Kevin Page, Operations Director Steve Reid, Retail Director Bruce Rose, Managing Director & Head of nabCapital UK Sue Sjuve, Group General Manager, Inclusion & Diversity Iain Smith, Chief Financial Officer Arthur Willett, Human Resources Director Mike Williams, Executive General Manager iFS
Secretary		Michael Webber
Registered Office		30 St Vincent Place Glasgow G1 2HL
Bankers		National Australia Bank Limited
Auditor		Ernst & Young LLP Registered Auditor

Chairman's Statement

Sir Malcolm Williamson, Chairman

It gives me great pleasure to present the interim report of Clydesdale Bank PLC. Our traditional banking model, which offers a full range of products and services to business and retail customers, has enabled the Bank to continue to deliver a creditable performance, despite the current market conditions. This reflects the successful execution of a consistent and disciplined strategy that has been developed over the past few years to build our franchise, delivering conventional banking products to business and retail customers. Clydesdale is one of the few banks whose shareholders' interests have not been diluted by rescue funding.

In line with our risk appetite, we have reshaped the balance sheet, with a substantially reduced reliance on unsecured lending in favour of more sustainable, lower risk earnings from a broader business base. Furthermore, we have actively sought to simplify the Bank's activities and improved overall efficiency, enhancing our ability to respond to changing market conditions.

We continue to lend in a prudent and balanced manner, reflecting risk settings that are regularly monitored and adjusted in light of prevailing market conditions and our funding plans. The strong funding and liquidity position has been further strengthened by the higher than industry average deposit growth.

Operating expenses have been firmly controlled, and this has helped to mitigate the impact of lower income due to the exceptional costs directly relating to market turbulence. Bad and doubtful debts have increased, reflecting the current adverse economic and market conditions. As a whole, the portfolio remains well-secured and diversified and asset quality measures remain under close management scrutiny.

Capital strength has been improved following an additional £700 million injected into the Bank by National Australia Bank, the parent company, in December 2008.

We believe that our business model is robust and well diversified enough to withstand the challenges ahead, whilst at the same time we are in a position to take advantage of opportunities that may arise.

Sir Malcolm Williamson
Chairman
28 May 2009

Lynne Peacock, Chief Executive Officer

Overview

Clydesdale Bank PLC (“the Bank”) together with its subsidiary undertakings (which together comprise “the Group”) is the United Kingdom arm of the National Australia Bank Limited (“NAB”). The Group operates under the long established Yorkshire and Clydesdale Bank brands, delivering traditional banking products to business and personal customers.

As difficult trading conditions continue, the Bank’s priority has been to support its customers, further strengthen its balance sheet and ensure security of funding and liquidity. Whilst this necessitated higher funding and liquidity costs with the inevitable adverse effect on profit, it has enabled the bank to face the future with confidence and continue to meet the needs of its customers. This strategy has also resulted in increasing customer numbers which were 1.6% higher year on year.

Strategic Highlights and Business Developments

The Group has demonstrated a creditable performance in difficult market conditions, maintaining strong underlying business momentum with robust cost control and a strong funding and liquidity position. The operating profit before impairment losses for the half year ended 31 March 2009 of £217 million was down 23.6% on the prior corresponding period. Profit after tax of £30 million decreased 81.7% over half year March 2008.

High deposit growth relative to the industry average in the half has improved the already strong funding and liquidity position. Retail deposits now account for 59% of Clydesdale Bank’s funding (up from 55% a year ago). Deposit growth in the half was almost five times the industry average (as measured by the British Banking Association in February 2009).

During a period in which the UK banking sector was widely criticised for not lending, the Bank demonstrated strong support for its personal customers and small and medium enterprises with gross new lending of £1.9 billion in the half.

Liquidity holdings were £7.6 billion, significantly higher than those prior to the onset of market dislocation.

The Stable Funding Index (“SFI”) improved significantly over the half, increasing from 83.1% at September 2008 to 97.2% at March 2009. The strengthening index reflects the continuing growth in customer deposits and longer term wholesale funding, and demonstrates the strength of the UK brands.

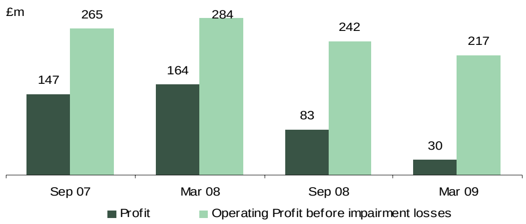
Operating expenses have decreased by £22 million (6.4%) against the March 2008 half. This has helped mitigate the exceptional costs directly relating to market turbulence with the Bank recording its sixth consecutive half of flat or falling costs.

The bad and doubtful debt coverage ratio (total provisions to gross loans and acceptances) increased from 1.09% at September 2008 to 1.30% at March 2009 in response to rapidly deteriorating economic conditions. As a whole, the portfolio remains well-secured and diversified, both geographically and by lending type, and bad and doubtful debt levels remain below UK averages.

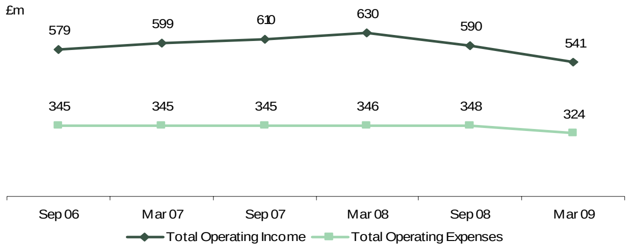
During the half £700 million of additional capital was invested in CB PLC by NAB to further increase the already strong capital base.

Strategic Highlights and Business Developments (continued)

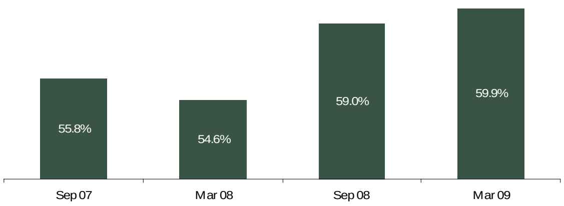
Profit and Operating Profit before impairment losses



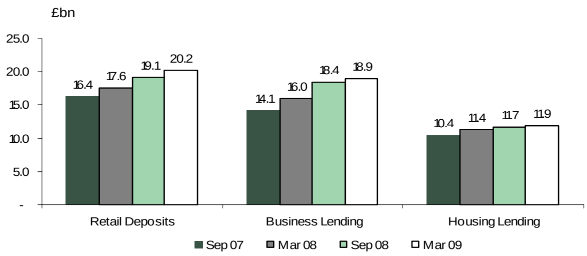
Income and Expense Trends



Cost to Income Ratios



Loans and Deposits Average Balances



Operating Environment

The UK economy has deteriorated significantly over the past six months, with the decline in activity now expected to be both severe and potentially protracted. Combined with the continuance of the market turbulence that commenced in the second half of 2007, the operating environment for UK banks has been extremely challenging. Trading conditions for the sector are expected to remain difficult for the remainder of 2009 and into 2010.

The latest Confederation of British Industry (CBI) GDP forecast for 2009 is now a decline of 3.3% compared with its November forecast of a decline of 1.7%. The quarterly profile shows six consecutive falls in output, with the UK economy contracting throughout this year. A muted recovery in output growth is expected over the course of 2010 as the various stimulus measures take effect and credit flows are repaired.

At the same time, UK unemployment reached 2 million (Office of National Statistics) and the unemployment rate was 6.5% in the three months to January 2009. This is the highest recorded level in 12 years.

Lower fuel prices coupled with the VAT cut have seen Consumer Price Index inflation fall from its peak of 5.2% at September 2008 to 2.5% in the first quarter of 2009. The CBI predicts further reductions over the next two quarters, with a reversal when the temporary reduction in VAT is lifted in the last quarter of the year. Forecasts, however, are well within the Government 2% target.

Responding to deteriorating economic conditions, the Government has used both fiscal and monetary policy to stimulate activity. Supporting this broader economic objective, there have been a number of measures to help stabilise the financial system, ease the structural issues affecting key funding and liquidity markets, and increase the flow of new lending. Whilst these measures are positive, they will take some time to generate higher demand and output.

The Bank of England has progressively reduced interest rates, leaving the UK base rate at the historically low level of 0.5%. This has helped reduce the monthly interest costs for borrowers on variable interest rates, improving the affordability of debt. Reduced utilities and fuel prices together with more affordable debt have provided some counterbalance to the underlying economic trends.

However, unprecedented dislocation in the UK Financial markets has significantly affected both the cost of holding liquidity and the cost of replacing or raising new funding. The UK market average daily spread between base rate and three month LIBOR in the period was 114 basis points (90 day rolling average three month LIBOR to base spread was 211 basis points). This compares to an average of circa 18 basis points from April 1997 to March 2008. This increased the Bank's costs of funding and of holding liquidity and had a significant impact on net interest income and profitability.

Operating Environment (continued)

In common with all the other deposit takers in the UK, Clydesdale Bank is a member of the Financial Services Compensation Scheme ("FSCS"). The cost of guaranteeing Bradford & Bingley's deposits after it was taken into public ownership in late September triggered an FSCS 'Special Levy.'

The Office of Fair Trading ("OFT") investigation into the operation of the personal current account market in the UK was published on 16 July 2008 and highlighted perceived issues of transparency and switching. Discussions on the way forward continue between the industry and the OFT.

The unarranged overdraft charges legal test case continues. The Court has ruled that none of the Bank's unarranged overdraft charges amount to penalties at common law. In relation to accounts held by consumers, the Court of Appeal has ruled that such charges can be assessed for fairness under the Unfair Terms in Consumer Contracts Regulations (UK) 1999. The banks participating in the test case, which include Clydesdale Bank PLC, have been given leave to appeal to the House of Lords and that appeal is being progressed. There has not been any ruling on whether the charges are in fact unfair; that aspect is proceeding and the OFT has chosen Clydesdale Bank PLC as one of three banks to advance that matter with. The three banks are chosen because they represent a fair cross section of the industry and not because their terms are regarded as any less fair than any of the others.

In the meantime, the Financial Services Authority ("FSA") has extended the waiver (under the terms of which banks do not have to process claims for a return of charges where no financial hardship is involved) until July 2009 and the stays of individual cases in the Courts remain in place.

In relation to business accounts, the Court has ruled that none of the banks' contracts contain penalties at common law and such accounts are therefore not affected.

Customer, Employee and Community

Customers

During the period the Bank's strong brands helped to further strengthen relationships with customers, with the result that retention rates improved. This, coupled with increased acquisition of new customers, led to an increase in the number of overall Retail and integrated Financial Solutions (iFS) customers of 1.6% year on year.

Customer satisfaction relative to peers has improved during a period when some banks are facing real reputational difficulties. The Bank's brands are now in second place in both the business and personal segments within the UK peer group measured.

Employees

Through the award winning payroll giving scheme, 17% of employees now give to charities through this means. From February 2008, the Bank has been working with Help the Hospices, an organisation which supports over 200 charities that care for terminally ill patients and has raised over £450,000 for this cause as at 31 March 2009.

The Bank's Investors in People accreditation was reaffirmed in November 2008, recognising the framework for improving organisational performance through the development of its people.

Community

During these tough times, the Bank has focussed on supporting the communities in which it operates by launching a range of initiatives with the intention of supporting business and personal customers with financial problems. These include special mortgages, a customer support centre and, through the local business model, the provision of business seminars and customer care units. The Bank is committed to taking all possible steps to enable customers with financial difficulties to keep their homes, minimising properties taken into possession which totalled 38 during the half.

The FSA's 'Treating Customers Fairly' principles for the UK are now embedded throughout the business.

In January 2009 Clydesdale Bank unveiled the designs of a new family of banknotes which will be issued later in the year in celebration of the best of Scotland's heritage, people and culture. They have been introduced to coincide with the Scotland 2009 Homecoming celebrations. It will be the very first time that a new 'depth image' hologram security feature will be used on a UK banknote. Clydesdale Bank is the largest note issuer in Scotland.

Initiatives supporting the goal of being carbon neutral by September 2010 continue, with extensive recycling, environmental procurement policies, reduced travel and energy saving campaigns.

Awards

At the Your Mortgage Awards, Clydesdale Bank was awarded Best Mortgage Lender in Scotland for the fifth consecutive year and the Yorkshire Bank was Best Regional Lender for the tenth time.

Financial Analysis

	Half Year to				
	Mar 09 £m	**Mar 08 £m**	**Sep 08 £m**	**Mar 09 v Mar 08 %**	**Mar 09 v Sep 08 %**
Net interest income	**383**	449	447	(14.7)	(14.3)
Non interest income	**158**	181	143	(12.7)	10.5
Total operating income	**541**	630	590	(14.1)	(8.3)
Total operating expenses	**(324)**	(346)	(348)	6.4	6.9
Operating profit before impairment losses	**217**	284	242	(23.6)	(10.3)
Impairment losses on credit exposures	**(168)**	(58)	(121)	large	(38.8)
Group operating profit	**49**	226	121	(78.3)	(59.5)
Significant items (1)	**(6)**	6	(3)	large	large
Profit on ordinary activities before tax	**43**	232	118	81.5	63.6
Tax expense	**(13)**	(68)	(35)	80.9	62.9
Profit for the period	**30**	164	83	(81.7)	(63.9)
Average Volumes (£bn)					
Gross loans and acceptances (2)	**33.3**	30.0	32.4	11.0	2.8
Interest earning assets	**38.4**	34.0	37.4	12.9	2.7
Total assets	**42.0**	36.2	39.8	16.0	5.5
Retail deposits (3)	**20.2**	17.6	19.1	14.8	5.8
Performance Measures (annualised)					
Profit on average assets	**0.14%**	0.91%	0.42%	(77bps)	(28bps)
Net interest margin	**2.00%**	2.64%	2.39%	(64bps)	(39bps)
Cost to income ratio	**59.9%**	54.6%	59.0%	(530bps)	(90bps)
Profit per average FTE (4) (£'000s)	**10**	57	29		
FTEs (4) (spot)	**5,942**	5,756	5,658		

(1) Included within Significant items: Mar'09:£6m FSCS levy, Mar'08: £6m profit on sale of land & buildings, Sept'08: £4m profit on sale of land and buildings offset by FSCS levy £6m and refund of current account fees & associated costs £1m.

(2) Gross loans and acceptances includes gross loans and advances to customers, loans designated at fair value through profit and loss and due from customers on acceptances.

(3) Retail deposits include current accounts, savings accounts and term deposits.

(4) The FTE numbers above disclose the staff remunerated directly by the Group but exclude employees working within other National Australia Group Europe Limited subsidiaries who provide support services to the Group. The number of staff employed in the UK Region at 31 March 2009 was 8,510

March 2009 v March 2008

Profit for the period at £30 million decreased by 81.7% over March 2008, reflecting lower income, higher charges to provide for bad and doubtful debts partially offset by lower expenses. Over the same period, operating profit before impairment losses totalled £217 million, a decrease of 23.6%.

Average gross loans and acceptances increased by £3.3 billion, or 11.0%. Within this business lending grew by 18.7%, mortgage growth was 4.4% and exposure to credit card and personal lending continued to fall as planned, with average balances declining by 6.3% over the year.

During the half £1.9 billion of gross new loans were advanced to personal and SME customers, of which £1.2 billion was business lending and £0.6 billion was mortgage advances through the retail and direct channels.

Average retail deposits grew by 14.8% (£2.6 billion) which is almost five times the industry average growth rate in a highly competitive market. The flight to quality by new customers demonstrates the strength of both the Clydesdale and Yorkshire brands. Integrated Financial Solutions (iFS) average deposit growth was 15.2% and Retail network balance growth was 14.5%.

March 2009 v March 2008 (continued)

Net interest income decreased by 14.7%, reflecting the continued high costs of funding, liquidity and basis risk. These impacts were partially offset by strong volume growth and robust underlying new lending margins, re-pricing and a net gain of £14 million on the buy back of Lanark Master Trust notes.

The **net interest margin** decreased by 64 basis points and was primarily driven by market dislocation costs including increased liquidity costs, basis risk and increased funding costs.

Excluding the cost of market dislocation the net interest margin decreased by 11 basis points and was primarily driven by relationship repricing to reflect risk while supporting customers, offset by lower deposit margins.

Non Interest income decreased by 12.7% driven by lower payment protection insurance revenues and lower operating lease income following the disposal of this business in December 2007 (offset in expenses).

Operating expenses decreased by £22 million (6.4%) on the prior corresponding period. Additional depreciation from investment spend in prior periods and general wage inflation was offset by back office efficiency savings, further process improvements and lower other staff expenses. The disposal of the operating lease book in December 2007 resulted in a £4 million reduction in expenses in the current half (offset in other income).

The **cost to income** ratio at 59.9% showed an adverse 530 basis point movement over the prior corresponding period, refecting lower income levels as a result of market dislocation costs, partly offset by strong cost control.

The **charge for bad and doubtful debts** reflects the significant deterioration in the UK environment over the last six months, particularly in the business sector. This has resulted in an increased coverage ratio and an increase in the charge to the profit and loss account of £110 million.

March 2009 v September 2008

The **profit for the period** decreased by 63.9% on the September 2008 half. This decrease reflects increased funding costs and higher charges to provide for bad and doubtful debts partially offset by lower expenses. Operating profit before impairment losses of £217 million represent a decrease of 10.3% on the second half of 2008.

Average gross loans and acceptances increased by 2.8% (£0.9 billion) on the September 2008 half. Gross new advances to Retail and iFS customers were £1.9 billion, which were offset by lower lending to sectors with a less attractive risk profile. Mortgage lending experienced volume growth of 1.7%. Card and personal lending balances declined by 4.9%.

Average retail deposits grew by 5.8% (£1.1 billion). This was primarily driven by the continued momentum in the Financial Solutions Centres and a robust performance in the Retail network.

Net interest income decreased by 14.3%, with the increased costs arising from the market dislocation being partially offset by portfolio growth and widening lending product margins.

The **net interest margin** decreased 39 basis points primarily as a result of market dislocation costs. Excluding the impacts of market dislocation the net interest margin increased by 14 basis points reflecting more judicious pricing.

Non interest income increased by 10.5%, this reflects the £6m fair value revaluation driven by large movement in yield curve as interest rates have fallen from 5.25% to 0.5% in this half , in addition the volatile market environment has provided a constant stream of client Sales during the first half of this financial year resulting in a strong uplift to income.

Operating expenses fell by £24 million (6.9%) on the September 2008 half, reflecting increased efficiencies and lower other staff expenses, partially offset by general wage inflation.

The **charge for bad and doubtful debts** increased by £47 million over the September 2008 half. This was driven by conservatively providing for bad debts in deteriorating economic conditions, and was amplified by the low historical base. The coverage ratio increased from 1.09% to 1.30%.

Asset Quality

	As at		
	Mar 09	**Mar 08**	**Sep 08**
Gross impaired assets [1] (£m)	**403**	87	201
Gross impaired assets to gross loans and acceptances	**1.22%**	0.27%	0.61%
90 days past due assets (£m)	**239**	123	154
90 days past due to gross loans and acceptances	**0.72%**	0.39%	0.47%
GIA and 90 days past due to gross loans and acceptances	**1.94%**	0.66%	1.08%
Total provision to gross loans and acceptances	**1.30%**	0.98%	1.09%

(1) Gross impaired assets consist of:

- retail loans (excluding credit card loans and portfolio managed facilities) which are contractually past due 90 days with security insufficient to cover principal and arrears of interest revenue;
- non retail loans which are contractually past due 90 days and there is sufficient doubt about the ultimate collectability of principal and interest;
- impaired off-balance sheet credit exposures where current circumstances indicate that losses may be incurred; and
- unsecured portfolio managed facilities are classified as impaired when they become 180 days past due (if not written off).

Due to the deteriorating UK economic conditions asset quality measures have softened during the period. However, the impact on performance has been mitigated by the relationship-based model and significant proactive management actions.

As a whole, the portfolio remains well-secured and diversified, both geographically and by lending type. Where a gross impaired asset has been identified a provision has been raised to recognise the level of impairment after taking account of the security held on the asset.

The deterioration in asset quality is largely as a result of the business banking book reflecting the rapid weakening of the economy and trading environment.

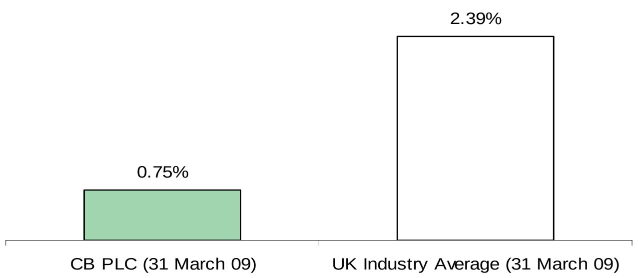
The increase of the March 2009 gross impaired asset balances over the September 2008 balances reflects the current economic and market conditions, primarily in business banking book and is also in part due to the low historical base and the lending growth experienced by the Bank in recent years.

The ratio of 90 days past due balances (90+DPD) to gross loans and acceptances increased from 0.47% to 0.72%. The increase was mitigated by the improved management of balances in this category, including an enhanced contact programme with customers.

The residential mortgages portfolio has proved very resilient, with 90 days past due arrears 0.75% of mortgage balances. This compares well with the UK industry average which was 2.39% at 31 March 2009. The average Loan to Value ratio (LTV) of the mortgage book is 63% on an un-indexed basis. As a result, loss levels remain very low as a proportion of the overall portfolio. The mortgage book does not include any low doc (self certified) or sub prime lending.

As the Bank continues to manage its customers through this difficult period, it has sought to minimise repossessions. Reflecting this approach and the underlying asset quality of the portfolio, the number of residential properties repossessed in the half was 38 and at the end of the period, a stock of 85 properties was held.

Proportion of Mortgages in arrears by 90+ DPD



(Source: Council of Mortgage Lenders)

Asset Quality (continued)

As a result of the strategy adopted four years ago, the unsecured element of the portfolio continues to fall as a percentage of the loan book and stands at 5%. The level of 90 days past due in arrears has remained relatively stable in the period.

Lending on commercial property represents 24% of gross loans and acceptances. Of this, approximately £6 billion is investment lending, with development lending totalling £2 billion. Within this, there is a good spread of exposures and low exposure to higher risk inner city apartments and office property. No one loan represents more than 1.4% of the commercial property portfolio. The portfolio is broadly spread around the UK and is not concentrated in any one geographical region.

The coverage ratio of total provisions to gross loans and acceptances was significantly strengthened over the half from 1.09% in September 2008 to 1.30% in March 2009. This reflects additional provisioning, primarily for business lending, recognising the impact on this segment due to the current environment.

A number of management initiatives have been undertaken recently in response to the operating environment. These include reviewing stressed sectors, ongoing commercial property reviews, increasing resourcing in Specialised Business Services and Collections and establishing a Portfolio Assurance Team within integrated Financial Solutions to work closely with customers and bankers to anticipate potential problems. These initiatives along with ongoing management oversight have delivered strong relative asset quality measures. Asset quality will continue to be carefully managed by controlling exposures to riskier sectors.

All asset quality measures remain under close management scrutiny to ensure actions in place are appropriate and reflective of the current environment.

Funding

Clydesdale Bank PLC Diversity of Funding

	As at	
	Mar 09	**Mar 08**
Retail deposits	**59%**	55%
External short term	**14%**	9%
Subordinated debt	**3%**	3%
Structured finance	**3%**	8%
Securitisation	**7%**	9%
Parent company	**6%**	10%
Medium term notes	**8%**	6%
CB PLC Funding	**100%**	100%

The Bank's position as a member of a strong and geographically diversified group continues to be an asset in these turbulent times. The long-term credit ratings of Clydesdale Bank were maintained through the period (AA- by Standard & Poors, Aa3 by Moodys and AA- by Fitch). In May 2009, Moody's reviewed ratings of a number of UK Institutions including Clydesdale Bank and the long tem rating was revised to A1 from Aa3. The ratings continue to be valuable in the attraction and retention of funds.

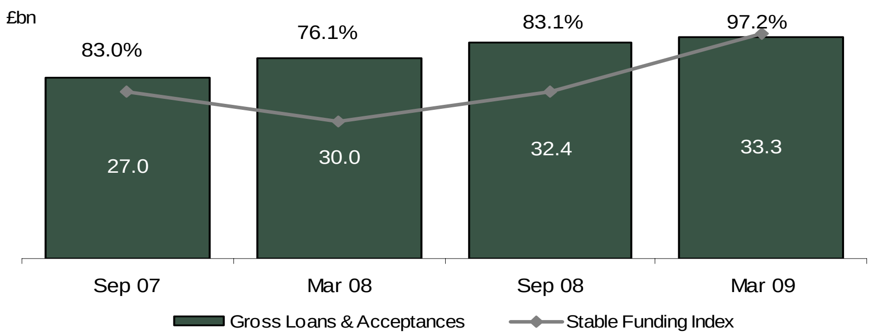
Clydesdale Bank held a portfolio of liquid assets totalling £7.6 billion as at 31 March 2009. This portfolio includes UK government gilts, Bank of England Reserve Account, lending to other banks and Bank of England treasury bills. The diverse funding mix of short and long-term wholesale funding, parent company funding and securitisation has enabled this strong liquidity position.

After receiving approval to join the UK Government's Credit Guarantee Scheme, the Bank took advantage of this funding source by pricing and issuing £1,250 million of three year Government backed bonds under the scheme. This enhanced an already strong medium-term funding position.

In October 2008, Clydesdale Bank completed its first Covered Bond issuance under its €9 billion programme. The Covered bonds are collateralised on retail mortgages. On 27 January 2009, Clydesdale Bank issued it second series of Covered Bonds under this programme. Both issuances to date, which totalled £2.45 billion, have received a AAA rating from all three rating agencies.

The Bank continues to recognise the importance of retail deposits and has launched a number of new products as a means of ensuring that strong deposit growth continues. The growth in this book continues and will ensure that CB PLC remains well positioned to grow, without increasing the refinancing risks typically associated with wholesale funding.

Stable Funding Index



CFI = Customer Deposits / Core Assets*
TFI = Term Funding (remaining maturity > 12 months) / Core Assets*
SFI = CFI + TFI

(* Core Assets include: Loans and Advances, Investment Securities, Fixed Assets.)

Funding (continued)

In March 2009 Clydesdale Bank bought back £20 million of Sterling notes and €93.5 million denominated notes issued by Lanark Master Trust (Clydesdale Bank's own securitisation vehicle) on the open market realising a net gain of £14 million, taking advantage of price opportunities on residential mortgage backed securities. Whilst the securitisation market is currently effectively closed, Lanark remains an important element of the medium to long term funding strategy of the Bank.

Capital

The Bank improved capital ratios during the period and, as at 31 March 2009, the core Tier 1 ratio was 7.9% (total Tier 1 ratio 8.3%). In December 2008, additional capital was injected into Clydesdale Bank PLC by the parent company, National Australia Bank, comprising £300 million of ordinary shares, £100 million of preference shares and £300 million of subordinated debt.

Capital ratios as at 31 March 2009 were as follows:

	As at		
	Mar 09	**Sep 08**	**Mar 08**
Core Tier 1	**7.9%**	7.4%	7.5%
Tier 1	**8.3%**	7.4%	7.5%
Total ratio	**13.2%**	11.3%	11.4%
Risk weighted assets (£m)	**28,097**	27,687	26,882

Investment Spend

During the period the Bank continued to invest in it's business with cash spend for the half at £39 million (£11 million operating expense) across regulatory and compliance, simplification and revenue generating categories. This investment was similar to the cash spend of £40 million in the March 2008 half (£14 million operating expense) and was made while costs continued to be contained.

Following the successful completion of the pilot, the new Business Internet Banking Channel was successfully launched to Clydesdale Bank customers in December 2008. February 2009 saw another significant milestone in the program with the launch of the channel to Yorkshire Bank customers.

The Business Lending program is on schedule to commence a pilot of a new end-to-end Business Lending system for iFS and retail channels by end May 2009.

The Regulatory & Compliance Programme successfully implemented a suite of changes in December 2008 including an electronic Credit Rating Score upgrade. This month also saw the final implementation of a suite of changes to ensure continued compliance with the Consumer Credit Act.

The Debit Card Transformation project has been fully mobilised to migrate Debit Cards to the industry standard of a 16 digit Primary Account Number ("PAN"). This project will also deliver, in conjunction with MasterCard, a new Debit MasterCard, which, when deployed late 2009, will significantly enhance the customer proposition.

Distribution

The network of Financial Solutions Centres ("FSCs") and retail branches has remained stable over the six months to September 2008, with 77 FSCs and 342 branches.

During the last half, a strategic alliance with AXA Life was agreed. This exclusive alliance is designed to provide an enhanced financial advisory service and a wider choice of investment and protection products for the Bank's retail customers. The alliance was formed as a result of a major review of the Bank's financial planning operation. The 129-strong team of financial planners, based in Clydesdale and Yorkshire Banks' retail branches, transferred to AXA on 16 February 2009 and will provide advice on AXA's investment and protection products.

Reflecting current market conditions, iFS has focused on close management of its portfolio - working in partnership with members to manage market-driven risks and pricing to reflect the increased cost of funds. From a new business perspective, the priority has been support for existing members and high-quality trading business prospects. Deposit growth has continued strongly both in domestic retail deposits and offshore deposits.

With the national network of iFS Financial Solutions Centres now established, the focus has moved to utilising these resources as effectively as possible. Detailed reviews of Private Banking, Asset Finance and Invoice Finance have been completed and improvements implemented to ensure that these specialist lines of business enhance core lending activities and deliver additional value through deepening relationships with members.

In a challenging trading environment the Retail business generated strong deposit growth and remained active in the mortgage market. A continuing focus on cost control and process improvement has delivered further efficiencies. Strong growth in deposit business from new-to-bank customers saw the improving trend in customer numbers continue.

CB PLC to NAB UK Region Reconciliation
Six months ended 31 March 2009

The NAB Group publishes segmental financial results of which the UK Region forms one segment. The 2009 half year results were published by NAB on 28 April 2009. The segmentation is based on geographical lines, the exception being the nabCapital business which is treated as a global business segment in its own right. As shown in Note 3 of these interim statements, certain of the nabCapital business is written on the CB PLC balance sheet and therefore this business is not included in the UK Region result. The UK wealth management business, which operates through separate legal entities, is also included in the UK Region results but is not part of CB PLC. Additionally, the UK Region result excludes fair value and hedge ineffectiveness income in determining cash earnings. The table below sets out the reconciliation of the income statements of the two views.

	CB PLC	Add: Wealth Management	Less: nabCapital	Fair value and hedge ineffectiveness	Other*	NAB UK Region
	£m	£m	£m	£m	£m	£m
Profit on ordinary activities before tax/Cash earnings before tax	43	19	(23)	(5)	36	70
Profit attributable to shareholders/Cash earnings after tax	30	15	(16)	(3)	24	50
Total assets	42,896					43,607

*Other includes the FSCS levy, Business Efficiency initiatives and liquidity costs absorbed by NAB at Group level and not included in the NAB UK Region result.

Lynne Peacock
Chief Executive Officer
28 May 2009

Statement of Directors' Responsibilities

The Directors confirm that this interim financial report has been prepared in accordance with International Accounting Standards 34, "Interim Financial Reporting" ("IAS" 34) as adopted by the European Union. The interim report includes condensed financial statements and a fair review of the important events that have occurred in the first six months of the financial year and their impact on the financial statements, with a description of the principal risks and uncertainties for the remaining six months.

The Bank's management has made an assessment of the Bank's ability to continue as a going concern and is satisfied that the Bank has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern.

The Bank's strategy is to maintain a conservative approach to liquidity and funding which is demonstrated through improvements to the Tier 1 ratio, an increase in the liquid assets portfolio and maintaining a diverse funding base. Additionally, the Bank has been able to raise funding through the participation in the UK Government's Credit Guarantee Scheme, launching a Covered Bonds programme and strong growth in retail deposits.

Michael Webber
Secretary
28 May 2009

Independent Review Report to the members of Clydesdale Bank PLC

Introduction

We have been engaged by Clydesdale Bank PLC to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2009 which comprises Consolidated Balance Sheet, Consolidated Income Statement, Consolidated Cash Flow Statement, Consolidated Statement of Recognised Income and Expense and the related explanatory notes 1 to 32. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with guidance contained in ISRE 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

Directors' Responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with International Accounting Standards 34, “Interim Financial Reporting,” as adopted by the European Union.

As disclosed in note 1, the annual financial statements of the company are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standards 34, “Interim Financial Reporting,” as adopted by the European Union.

Our Responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2009 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union.

Ernst & Young LLP
London
28 May 2009

CLYDESDALE BANK PLC
Interim Consolidated Income Statement
for the 6 months ended 31 March 2009

	Note	**6 months to 31 Mar 09 £m**	6 months to 31 Mar 08 £m	12 months to 30 Sept 2008 £m
Interest receivable and similar income		**955**	1,154	2,393
Interest expense and similar charges		**(572)**	(705)	(1,497)
Net interest income	4	**383**	449	896
Gains less losses on financial instruments at fair value		**16**	34	31
Other operating income		**142**	147	293
Non interest income	5	**158**	181	324
Total operating income		**541**	630	1,220
Personnel expenses		**(105)**	(105)	(211)
Depreciation expense		**(12)**	(14)	(26)
Other operating expenses		**(207)**	(227)	(457)
Total operating expenses	6	**(324)**	(346)	(694)
Operating profit before impairment losses		**217**	284	526
Impairment losses on credit exposures	15	**(168)**	(58)	(179)
Group operating profit		**49**	226	347
Profit on sale of land and buildings		**-**	6	10
Special Financial Services Compensation Scheme levy		**(6)**	-	(6)
Refund of current account fees & associated costs	19	**-**	-	(1)
Profit on ordinary activities before tax		**43**	232	350
Tax expense	7	**(13)**	(68)	(103)
Profit for the period attributable to the shareholders	22	**30**	164	247

All material items dealt with in arriving at the profit on ordinary activities before tax for the above periods relate to continuing activities.

CLYDESDALE BANK PLC
Interim Consolidated Statement of Recognised Income and Expense
for the 6 months ended 31 March 2009

	Note	**6 months to 31 Mar 09 £m**	6 months to 31 Mar 08 £m	12 months to 30 Sept 08 £m
Income and expense recognised directly in equity				
Revaluation of land and buildings	22	**-**	-	(3)
Net change in available for sale investments reserve	22	**2**	3	3
Net change in cash flow hedge reserve	22	**157**	4	28
Actuarial (losses)/gains on defined benefit pension plans	22	**(391)**	68	5
Post retirement medical benefits	22	**-**	-	(7)
Total changes in items recognised directly in equity		**(232)**	75	26
Tax on items recognised directly in equity	7	**65**	(24)	(12)
Net change in items recognised directly in equity		**(167)**	51	14
Profit for the period		**30**	164	247
Total recognised income and expense for the period		**(137)**	215	261
Attributable to:				
Ordinary shareholders		**(137)**	215	261

The net recognised expense in the period is due to the impact of the actuarial loss on the defined benefit pension plan offset by the gain in the cash flow hedge reserve.

CLYDESDALE BANK PLC
Interim Consolidated Balance Sheet
at 31 March 2009

	Note	31 Mar 09 £m	31 Mar 08 £m	30 Sept 08 £m
Assets				
Cash and balances with central banks	9	**2,971**	**3,190**	5,109
Due from other banks	10	**1,755**	**553**	522
Derivative financial assets	11	**1,452**	**454**	602
Financial assets at fair value through profit or loss	12	**6,250**	**3,891**	4,276
Investments	13	**1,335**	**441**	7
Loans and advances to customers	14	**27,403**	**27,371**	28,656
Due from customers on acceptances		**3**	**5**	3
Investments in controlled entities and associates		**2**	**2**	2
Property, plant and equipment		**225**	**185**	223
Deferred tax assets		**112**	**8**	-
Defined benefit pension assets	26	**-**	**248**	239
Due from related entities	28	**380**	**353**	1,153
Other assets		**1,008**	**1,836**	1,179
Total assets		**42,896**	**38,537**	41,971
Liabilities				
Due to other banks	17	**1,886**	3,049	3,962
Derivative financial liabilities	11	**144**	38	36
Financial liabilities at fair value through profit or loss	12	**1,443**	465	553
Due to customers	18	**24,888**	20,704	22,334
Liabilities on acceptances		**3**	5	3
Current taxes		**52**	50	(5)
Deferred tax liabilities		**55**	18	24
Provisions	19	**13**	10	9
Defined benefit pension liabilities	26	**151**	-	-
Bonds and notes	20	**6,597**	5,332	5,451
Due to related entities	28	**3,302**	4,132	5,151
Other liabilities		**1,947**	2,621	2,289
Total liabilities		**40,481**	36,424	39,807
Shareholders' equity				
Share capital	21	**632**	232	232
Share premium account	22	**243**	243	243
Share option reserve	22	**8**	19	20
Asset revaluation reserve	22	**7**	13	7
Available for sale investments reserve	22	**2**	-	-
Merger reserve	22	**338**	338	338
Cash flow hedge reserve	22	**124**	(6)	11
Retained earnings	22	**1,061**	1,274	1,313
Total parent shareholders' equity		**2,415**	2,113	2,164
Total liabilities and shareholders' equity		**42,896**	38,537	41,971

These financial statements were approved by the Board of Directors on 28 May 2009 and were signed on its behalf by:

Sir Malcolm Williamson
Director

Lynne Peacock
Director

CLYDESDALE BANK PLC
Interim Consolidated Cash Flow Statement
for the 6 months ended 31 March 2009

	Note	**6 months to 31 Mar 09 £m**	6 months to 31 Mar 08 £m	12 months to 30 Sept 08 £m
Profit on ordinary activities before tax		**43**	232	350
Adjustments for:				
Non cash items included in profit before tax		**(586)**	(308)	(691)
Changes in operating assets		**(4,335)**	(2,750)	(3,468)
Changes in operating liabilities		**1,660**	2,689	4,841
Interest received		**1,141**	1,036	2,052
Interest paid		**(531)**	(338)	(656)
Tax received/(paid)		**28**	(63)	(131)
Net cash (used in)/provided by operating activities		**(2,580)**	498	2,297
Cash flows from investing activities				
Interest received		**14**	33	55
Purchase of property, plant and equipment		**(40)**	(7)	(78)
Proceeds from sale of property, plant and equipment		**26**	69	90
Net cash provided by investing activities		**-**	95	67
Cash flows from financing activities				
Interest received		**11**	32	69
Interest paid		**(209)**	(284)	(553)
Proceeds from ordinary shares issued	21	**300**	-	-
Proceeds from redeemable preference shares issued	21	**100**	-	-
Net Issue/(Redemption) of bonds and notes		**1,146**	(139)	(20)
Share options settled	22	**(20)**	-	-
Net decrease in amount due from related entities		**773**	976	176
Net (decrease)/increase in amount due to related entities		**(1,824)**	79	1,248
Net decrease in minority interest		**-**	-	(136)
Dividends paid	8	**-**	(95)	(95)
Net cash provided by financing activities		**277**	569	689
Net (decrease)/increase in cash and cash equivalents		**(2,303)**	1,162	3,053
Cash and cash equivalents at beginning of the period		**5,190**	2,137	2,137
Cash and cash equivalents at end of the period	27	**2,887**	3,299	5,190

1. Basis of preparation

Clydesdale Bank PLC is incorporated in the UK and registered in Scotland.

The ultimate parent undertaking, and ultimate controlling party is National Australia Bank Limited ("NAB"), a company incorporated in the State of Victoria, Australia. This company also heads the largest group in which the results of the Group are consolidated. The smallest group in which the results of the Group are consolidated is that headed by National Australia Group Europe Limited ("NAGE") which is incorporated and registered in England and Wales. National Europe Holdings (GB) Limited, a company incorporated and registered in England and Wales, is the immediate holding company for the Bank.

The interim financial statements have been prepared on a going concern basis in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting.

The information in the interim financial statements does not include all of the disclosures required by International Financial Reporting Standards (IFRS) in full annual financial statements, and should be read in conjunction with the Group's Consolidated Financial Statements for the year ended 30 September 2008.

The information in these interim financial statements does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985 ("the Act"). Statutory accounts for the year ended 30 September 2008, which contained an unqualified audit report under Section 235 of the Act and which did not contain any statements under Section 237 of the Act, have been delivered to the Registrar of Companies in accordance with Section 242 of the Act.

2. Accounting policies

The preparation of financial statements requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosed amount of contingent liabilities. Assumptions made at each balance sheet date are based on best estimates at that date. Although the Group has internal control systems in place to ensure that estimates can be reliably measured, actual amounts may differ from those estimates. It is not anticipated that such differences would be material. There have been no significant changes to the bases upon which estimates have been determined, compared to those applied at 30 September 2008.

The interim financial statements have been prepared under the historical cost convention, as modified by the application of fair value measurements.

The accounting policies adopted are consistent with those followed in the preparation of the Group's Consolidated Financial Statements for the year ended 30 September 2008. International Financial Reporting Interpretations Committee (IFRIC) 14 "IAS 19: The limit on a defined benefit asset, minimum funding requirements and their interaction" was issued by the International Accounting Standards Board for application in accounting periods beginning on or after 1 January 2008 and has been adopted by the European Union. The interpretation provides guidance on how to assess the limit on the amount of surplus in a defined benefit scheme that can be recognised as an asset under IAS 19 Employee Benefits. In adopting the IFRIC management considered the period from 1 October 2007 to 31 March 2009 and concluded that there was no impact on the financial position or performance of the Group.

The Directors do not anticipate that the adoption of the following interpretations will have a material impact on the Group's financial statements in the period of initial application.

International Financial Reporting Interpretations Committee (IFRIC)		***Effective Date: Annual periods on or after***
IFRIC 12	Service Concession Arrangements	1 August 2008
IFRIC 13	Customer Loyalty Programmes	1 July 2008
IFRIC 15	Agreements for the Construction of Real Estate	1 January 2009
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	1 October 2008

3. Nature of business and segmental reporting

For the purposes of this note a business segment is a distinguishable component of the entity that is engaged in providing groups of related products and services and that is subject to risks and returns that are different from those of other business segments. Separate financial information for each segment is reported to the UK Executive Committee for the purposes of evaluating performance.

The Group's business is currently organised into two main operating segments: Financial Services UK and nabCapital. Financial Services UK is the retailing arm of the Group, providing a full range of financial services to customers. nabCapital is responsible for the Group's relationships with large corporations and institutions, however corporate lending is to be integrated with the regional business banking operations going forward as part of the new National Australia Bank ("NAB") strategy. The Group will report on this basis for the 2010 financial year.

Revenue and expenses directly associated with each business segment are included in determining their result. Segment revenue represents revenue directly attributable to a segment and a portion of the Group's revenue that can be allocated to a segment on a reasonable basis. Segment result represents segment revenue less segment expenses and impairment losses on credit exposures and after income taxes. The Group allocates all of its assets and liabilites to business segments.

6 months to 31 March 2009	Financial Services UK £m	nabCapital £m	Total £m
Net interest income	381	2	383
Non interest income	134	24	158
Segment revenue	515	26	541
Impairment losses	165	3	168
Segment result	20	23	43
Tax expense			(13)
Profit for the period			30
Total assets	42,465	431	42,896
Total liabilities	39,435	1,046	40,481

A strategic review during 2008 focused on the most appropriate platform for the relationship management of mid-tier UK corporate clients. The outcome of the review resulted in a number of nabCapital regional client portfolios being transferred to Clydesdale’s Corporate & Acquisition Finance business, which is an integral part of Financial Services UK, under Clydesdale/Yorkshire Bank branding.

3. Nature of business and segmental reporting (continued)

6 months to 31 March 2008	Financial Services UK £m	nabCapital £m	Total £m
Net interest income	437	12	449
Non interest income	161	20	181
Net significant revenue	6	-	6
Segment revenue	604	32	636
Impairment losses	58	-	58
Segment result	201	31	232
Tax expense			(68)
Profit for the period			164
Total assets	33,178	5,359	38,537
Total liabilities	31,260	5,164	36,424

12 months to 30 September 2008	Financial Services UK £m	nabCapital £m	Total £m
Net interest income	868	28	896
Non interest income	296	28	324
Net significant revenue	3	-	3
Segment revenue	1,167	56	1,223
Impairment losses	174	5	179
Segment result	303	47	350
Tax expense			(103)
Profit for the financial year			247
Total assets	40,329	1,642	41,971
Total liabilities	32,552	7,255	39,807

Geographical segments

The Group has no material segments outwith the UK and thus no secondary geographical segment information is presented.

4. Net interest income

	6 months to 31 Mar 09 £m	6 months to 31 Mar 08 £m	12 months to 30 Sept 08 £m
Interest income			
Due from other banks	**45**	25	97
Investments	**14**	33	55
Loans and advances to customers	**745**	917	1,844
Due from related entities	**11**	32	69
	815	1,007	2,065
Financial assets at fair value through profit or loss	**140**	147	328
Total interest income	**955**	1,154	2,393
Interest expense			
Due to other banks	**48**	36	129
Due to customers	**312**	382	805
Bonds and notes	**120**	170	322
Due to related entities	**89**	114	231
	569	702	1,487
Financial liabilities at fair value through profit or loss	**3**	3	10
Total interest expense	**572**	705	1,497
Net interest income	**383**	449	896

Included within interest income is a net gain of £14m on the purchase by Clydesdale Bank PLC of notes issued by Lanark Master Trust (the Bank's own securitisation vehicle - refer note 16).

5. Non interest income

	6 months to 31 Mar 09 £m	6 months to 31 Mar 08 £m	12 months to 30 Sept 08 £m
Gains less losses on financial instruments at fair value			
Foreign exchange derivatives	**13**	9	9
Movement in fair value of assets (see note below)	**338**	90	80
Interest rate derivatives	**(330)**	(68)	(84)
Other derivatives	**4**	-	-
Ineffectiveness arising from hedging relationships	**(9)**	3	26
	16	34	31
Other operating income			
Fee and commission income	**130**	139	268
Operating lease income	**-**	4	4
Other income	**12**	4	21
	142	147	293
Total non interest income	**158**	181	324

Certain financial assets are designated at inception as fair value through profit or loss. These assets are predominantly fixed interest rate loans which are individually hedged. The fair value of these fixed rate loans will increase as interest rates fall and decrease as interest rates rise. Corresponding opposite movements in the underlying derivatives are shown in the interest rate derivatives line. The positive fair value reflects the fall in the yield curve in the period.

6. Operating expenses

	6 months to 31 Mar 09 £m	6 months to 31 Mar 08 £m	12 months to 30 Sept 08 £m
Personnel expenses			
Salaries, wages and non cash benefits	**83**	90	186
Related personnel expenses	**8**	8	17
Defined contribution pension expense	**2**	3	5
Defined benefit pension expense	**-**	(8)	(21)
Equity-based compensation	**8**	7	12
Other personnel expenses	**4**	5	12
	105	105	211
Depreciation expense			
Depreciation of property, plant & equipment	**12**	14	26
Other operating expenses			
Operating lease rental	**15**	16	31
Other occupancy expenses	**17**	17	34
Related entity recharges	**126**	149	304
Other operating expenses	**43**	45	88
Business Efficiency Initiative costs (refer note 19)	**6**	-	-
	207	227	457
Total operating expenses	**324**	346	694

7. Tax expense

a) Analysis of charge in the period

Tax charged in the income statement

The charge for taxation comprises:	**6 months to 31 Mar 09 £m**	6 months to 31 Mar 08 £m	12 months to 30 Sept 08 £m
Current tax			
United Kingdom Corporation Tax at 28% (Sept 2008: 29%)			
- current year	**1**	49	47
Other overseas taxation	**8**	9	28
Total current tax	**9**	58	75
Deferred tax			
Origination and reversal of temporary differences			
- current year	**4**	10	25
- prior year	**-**	-	3
Total deferred income tax	**4**	10	28
Income tax expense reported in income statement	**13**	68	103

Tax relating to items charged or credited to equity

	6 months to 31 Mar 09 £m	6 months to 31 Mar 08 £m	12 months to 30 Sept 08 £m
Current tax			
Release of transitional deferred tax	**(4)**	(3)	(6)
Deferred tax asset			
Actuarial gains and losses on defined benefit pension schemes	**(109)**	19	-
Equity-based compensation	**-**	4	4
Release of transitional deferred tax	**4**	3	6
Deferred tax liability			
Net gain on revaluation of cash flow hedges	**44**	1	8
Tax (credit)/charge in the statement of recognised income and expense	**(65)**	24	12

7. Tax expense (continued)

b) Factors affecting tax charge for the period

The tax assessed for the period reflects the standard rate of Corporation Tax in the UK (28%). The factors affecting the tax charge for the period are explained below:

	6 months to 31 Mar 09 £m	6 months to 31 Mar 08 £m	12 months to 30 Sept 08 £m
Profit on ordinary activities before tax	**43**	232	350
Profit on ordinary activities multiplied by standard rate of Corporation Tax in the UK of 28% (Sept 2008: 29%)	**12**	68	101
Effects of:			
Expenses not deductible for tax purposes	**1**	1	4
Amounts not subject to UK Tax	**-**	-	(3)
Other	**-**	-	(1)
Rate differences	**-**	-	(1)
Adjustments to tax charge in respect of previous periods	**-**	(1)	3
Total income tax charge for period	**13**	68	103

On 1 April 2008, the UK Corporation Tax rate was reduced from 30% to 28%. The rate differences adjustment reflects the impact on the deferred tax balances held.

8. Dividends paid

	6 months to 31 Mar 09 £m	6 months to 31 Mar 08 £m	12 months to 30 Sept 08 £m
2007 final dividends paid on ordinary shares - 40.95p per share	-	95	95
	-	95	95

9. Cash and balances with central banks

	31 Mar 09 £m	31 Mar 08 £m	30 Sept 08 £m
Cash assets	**75**	153	153
Deposits with central banks	**2,896**	3,037	4,956
	2,971	3,190	5,109

Balances with central banks include mandatory deposits of £28m (31 March 2008: £35m and 30 September 2008: £26m) which are not available for use in the Group's day to day business.

10. Due from other banks

	31 Mar 09	31 Mar 08	30 Sept 08
	£m	£m	£m
Transaction balances with other banks	**16**	33	20
Securities purchased under agreements to resell	**-**	485	-
Loans and advances	**-**	-	500
Placements with other banks	**1,739**	35	2
	1,755	553	522

The Bank has increased its placements with other banks in the current period as part of the growth of its liquid asset portfolio.
The credit quality of balances due from banks, that are neither past due nor impaired (as defined in note 14), is as follows:

	31 Mar 09	31 Mar 08	30 Sept 08
	£m	£m	£m
Senior investment grade	**1,745**	553	519
Investment grade	**10**	-	3
Sub investment grade	**-**	-	-
	1,755	553	522

11. Derivative financial instruments

Derivative contracts are disclosed as follows:		**Fair Value**	
	Assets	Assets	Assets
	31 Mar 09	31 Mar 08	30 Sept 08
	£m	£m	£m
Derivative financial assets	**1,452**	454	602
Other derivative financial assets at fair value through profit or loss (note 12)	**505**	105	136
Derivative financial assets at fair value - related entities (note 12)	**520**	118	169
	2,477	677	907

		Fair Value	
	Liabilities	Liabilities	Liabilities
	31 Mar 09	31 Mar 09	30 Sept 08
	£m		£m
Derivative financial liabilities	**144**	38	36
Other derivative financial liabilities at fair value through profit or loss (note 12)	**507**	111	165
Derivative financial liabilities at fair value - related entities (note 12)	**856**	194	214
	1,507	343	415

The derivative financial assets are hedges for the Bank securisation and Medium Term Notes ("MTNs"). The increase in the value of the derivatives is driven by reduction in LIBOR yield curves used to discount future cashflows. There is a corresponding increase in the fair value of the securitisation and MTNs (see Note 20).

Other derivative assets held as fair value through profit or loss ("FVTPL") have increased in value as LIBOR yield curves have fallen. There is a corresponding increase in the value of the other derivative liabilities held at FVTPL.

The increase in the mark to market value ("MTM") on hedges for assets held at FVTPL is included in the derivative financial liabilities held at fair value. There is a corresponding increase in the assets held at FVTPL (see Note 12).

12. Financial assets and liabilities at fair value through profit or loss

	31 Mar 09	31 Mar 08	30 Sept 08
	£m	£m	£m
Financial assets at fair value			
Loans designated at fair value through profit or loss	**5,029**	3,668	3,772
Securities at fair value through profit or loss	**196**	-	199
Other derivative financial assets designated at			
fair value through profit or loss (note 11)	**505**	105	136
Derivative financial assets at fair value - related entities (note 11)	**520**	118	169
	6,250	3,891	4,276
Financial liabilities at fair value			
Deposits at fair value through profit or loss	**80**	160	174
Other derivative financial liabilities designated at			
fair value through profit or loss (note 11)	**507**	111	165
Derivative financial liabilities at fair value - related entities (note 11)	**856**	194	214
	1,443	465	553

13. Investments

		31 Mar 09	31 Mar 08	30 Sept 08
		£m	£m	£m
Available for sale	- listed	**1,328**	201	-
	- unlisted	**6**	-	6
Held to maturity	- listed	**-**	238	1
Other		**1**	2	-
		1,335	441	7

Included in the Available for sale ("AFS") listed securities at 31 March 2009 are investments in other banks' debt securities, which are subject to a UK Government backed guarantee. These are held as AFS investments as part of the Bank liquid asset portfolio.

14. Loans and advances to customers

	31 Mar 09	31 Mar 08	30 Sept 08
	£m	£m	£m
Overdrafts	**4,483**	4,466	4,779
Credit cards	**527**	542	543
Lease finance	**1,403**	1,461	1,533
Housing loans	**11,890**	11,591	11,868
Other term lending - non retail	**8,415**	8,380	9,104
Other term lending - retail	**1,370**	1,554	1,489
Other lending	**9**	2	2
Gross loans and advances to customers	**28,097**	27,996	29,318
Unearned income	**(310)**	(319)	(330)
Deferred and unamortised fee income	**(49)**	(54)	(52)
Impairment provisions on credit exposures (note 15)	**(335)**	(252)	(280)
	27,403	27,371	28,656

The Group has transferred £2,651m (Sept 2008: £2,910m and March 2008: £2,998m) of loans and advances through securitisation arrangements that do not qualify for derecognition from the balance sheet (note 16). The loans and advances do not qualify for derecognition because the Group remains exposed to some risks and rewards of ownership on an ongoing basis. The Group continues to be exposed primarily to the liquidity risk, rate risk and credit risk of the loans and advances. The Group is also exposed to the residual rewards of the loans and advances as a result of its ability to benefit from the future performance of the loans and advances through the receipt of deferred contribution. The carrying amount of the associated liability is £2,971m (Sept 2008: £2,867m and March 2008: £2,976m).

Included within loans and advances to customers are £2,795m (Sept 2008: nil) of mortgage advances assigned to a bankruptcy remote special purpose entity, Clydesdale Bank Covered Bonds LLP. These loans provide security for issues of covered bonds made by Clydesdale Bank PLC. These transactions do not qualify for derecognition from the balance sheet. During the period, Clydesdale Bank PLC issued £2,450m of covered bonds, under its covered bond programme, which were held by Clydesdale Bank PLC at 31 March 2009. Accordingly no accounting entries are required in these financial statements.

Industry concentration of assets

The following table shows the levels of industry concentration of loans and advances:

	31 Mar 09	31 Mar 08	30 Sept 08
	£m	£m	£m
Government and public authorities	**38**	38	31
Agriculture, forestry, fishing and mining	**933**	922	901
Financial, investment and insurance	**218**	361	471
Real estate - construction	**887**	834	1,157
Manufacturing	**698**	584	673
Instalment loans to individuals and other personal lending (including credit cards)	**2,822**	2,800	2,864
Real estate - mortgage	**11,890**	11,591	11,868
Asset and lease financing	**1,403**	1,461	1,533
Other commercial and industrial	**9,208**	9,405	9,820
	28,097	27,996	29,318

14. Loans and advances to customers (continued)

Description of collateral held as security and other credit enhancements

The Group evaluates each customer's creditworthiness on a case by case basis. The amount of collateral obtained, if deemed necessary by the Group upon extension of credit, is based on management's credit evaluation of the counterparty. Collateral held varies, but may include:

- a floating charge over all assets and undertakings of an entity, including uncalled capital and called but unpaid capital;
- specific or interlocking guarantees;
- specific charges over defined assets of the counterparty; and
- loan agreements which include affirmative and negative covenants and in some instances guarantees of counterparty obligations.

Distribution of loans and advances by credit quality

	31 Mar 09	31 Mar 08	30 Sept 08
Non retail	**£m**	£m	£m
Gross loans and advances:			
Neither past due nor impaired	**13,196**	13,775	14,593
Past due but not impaired	**723**	578	638
Impaired	**391**	81	187
	14,310	14,434	15,418

	31 Mar 09	31 Mar 08	30 Sept 08
Retail	**£m**	£m	£m
Gross loans and advances:			
Neither past due nor impaired	**13,331**	13,163	13,448
Past due but not impaired	**444**	393	438
Impaired	**12**	6	14
	13,787	13,562	13,900

Credit quality of loans and advances

The Group has an internally developed credit rating system that uses data drawn from a number of sources to assess the potential risk in lending to the Bank's customers. The Group has a single common masterscale across all (non-retail and retail) counterparties for probability of default. This probability of default masterscale can be broadly mapped to the equivalent external rating agencies' scales and has performing (pre-default) and non performing (post default) grades. Impaired assets consist of retail loans (excluding credit card loans and portfolio managed facilities) which are contractually past due 90 days with security insufficient to cover principal and arrears of interest revenue; non retail loans which are contractually past due 90 days and there is sufficient doubt about the ultimate collectability of principal and interest; and impaired off-balance sheet credit exposures where current circumstances indicate that losses may be incurred. Unsecured portfolio managed facilities are classified as impaired when they become 180 days past due (if not written off).

Distribution of loans and advances neither past due nor impaired

The credit quality of the portfolio of loans and advances that were neither past due nor impaired can be assessed by reference to the Group's standard credit rating system. The credit rating system is supported by a variety of financial analytics, combined with processed market information to provide the main inputs for the measurement of counterparty risk. All internal risk ratings are tailored to the various categories and are derived in accordance with the Group's rating policy.

14. Loans and advances to customers (continued)

The table below presents the analysis of credit quality of loans and advances that are neither past due nor impaired:

	31 Mar 09	31 Mar 08	30 Sept 08
Non retail	**£m**	£m	£m
Senior investment grade	**1,159**	726	987
Investment grade	**2,029**	2,456	2,629
Sub investment grade	**10,008**	10,593	10,977
	13,196	13,775	14,593

For the non-retail analysis, Investment Grades are determined by the Customer Rating System (eCRS) as defined under the Credit Risk Management Policy:

- Senior Investment Grade is eCRS Ratings 1 to 5.
- Investment Grade is eCRS Ratings 6 to 11.
- Sub-investment Grade is eCRS Ratings 12 to 23.

These ratings were applied based on the NAB Group determined CRS distribution curve utilising UK sourced data and reflects the Bank's small and medium-sized enterprise based lending book. The results of this are then applied to the Loans and Advances to determine the allocation between investment grades.

There are no eCRS ratings available for Retail Loans and Advances as these loans and advances are not risk rated on this basis, rather an overall portfolio profile basis is applied. These loans are therefore deemed to be investment grade.

Restructured/renegotiated loans

There are no loans that would be past due or impaired that have had their terms renegotiated.

Loans and advances which were past due but not impaired

	31 Mar 09	31 Mar 08	30 Sept 08
	£m	£m	£m
Non retail			
1 to 29 days past due	**550**	473	501
30 to 59 days past due	**50**	59	57
60 to 89 days past due	**16**	15	22
Past due over 90 days	**107**	31	58
	723	578	638

	31 Mar 09	31 Mar 08	30 Sept 08
	£m	£m	£m
Retail			
1 to 29 days past due	**146**	156	171
30 to 59 days past due	**133**	108	120
60 to 89 days past due	**33**	37	51
Past due over 90 days	**132**	92	96
	444	393	438

Loans and advances that are past due but are not impaired are classified as such where the net current market value of the supporting security is sufficient to cover all principal, interest and other amounts (including legal, enforcement, realisation costs etc.) due on the facility.

15. Impairment provisions on credit exposures

	Non retail		Retail		
	Specific	Collective	Specific	Collective	Total
31 March 2009	£m	£m	£m	£m	£m
Opening balance	41	164	5	70	280
Transfer to/from specific provision	97	(97)	38	(38)	-
Charge for the year	-	123	-	45	168
Amounts written off	(76)	-	(66)	-	(142)
Recoveries of amounts written off in previous years	-	-	29	-	29
Closing balance	62	190	6	77	335

	Non retail		Retail		
	Specific	Collective	Specific	Collective	Total
31 March 2008	£m	£m	£m	£m	£m
Opening balance	18	150	-	72	240
Transfer to/from specific provision	17	(17)	32	(32)	-
Charge for the year	-	29	-	29	58
Amounts written off	(27)	-	(49)	-	(76)
Recoveries of amounts written off in previous years	11	-	19	-	30
Closing balance	19	162	2	69	252

	Non retail		Retail		
	Specific	Collective	Specific	Collective	Total
30 September 2008	£m	£m	£m	£m	£m
Opening balance	18	150	-	72	240
Transfer to/from specific provision	45	(45)	122	(122)	-
Charge for the year	-	59	-	120	179
Amounts written off	(17)	-	(173)	-	(190)
Recoveries of amounts written off in previous years	-	-	56	-	56
Other	(5)	-	-	-	(5)
Closing balance	41	164	5	70	280

	31 Mar 09	31 Mar 08	30 Sept 08
	£m	£m	£m
Amounts included in			
Loans and advances to customers (note 14)	**335**	252	280
Non accrual loans			
Loans and advances to customers	**403**	87	201
Provisions	**(68)**	(21)	(46)
Total	**335**	66	155

Generally, the Group does not take possession of collateral it holds as security or call on other credit enhancements that would result in recognition of an asset on its balance sheet.

It is the Group's policy to dispose of repossessed properties in an orderly fashion. The proceeds are used to reduce or repay the outstanding claim. In general, the Group does not occupy repossessed properties for its own business use.

16. Securitisation

The Group's balance sheet includes the results, assets and liabilities of securitisation special purpose entities ("SPEs") on a line by line basis. Securitised advances are subject to non-recourse finance arrangements. These loans have been purchased at principal value by the SPEs from Clydesdale Bank PLC, and have been funded through the issue of amortising residential mortgage backed securities to wholesale market investors.

The balance of assets and liabilities in relation to securitisation notes in issue at 31 March 2009, 31 March 2008 and 30 September 2008 within the Group's balance sheet are as follows:-

	31 Mar 09	31 Mar 08	30 Sept 08
	£m	£m	£m
Assets			
Cross currency swaps on bonds and notes	**678**	180	286
Loans & advances to customers (note 14)	**2,651**	2,998	2,910
Accrued interest receivable	**20**	67	40
	3,349	3,245	3,236
Liabilities			
Bonds and notes	**2,971**	2,976	2,867
Accrued interest payable	**11**	42	24
	2,982	3,018	2,891

At 31 March 2009 the SPEs had cash deposits with Clydesdale Bank PLC amounting to £82m (Sept 2008: £150m and March 2008: £335m). This balance is restricted in use to the repayment of the debt securities issued by the SPEs and other legal obligations.

During the period, Clydesdale Bank PLC announced a cash tender offer for up to £200m of two senior triple-A rated securities issued by the Lanark Master Trust securitisation programme. The nominal amount of the securities purchased was £20m and €93.52m.

17. Due to other banks	**31 Mar 09**	31 Mar 08	30 Sept 08
	£m	£m	£m
Transaction balances with other banks	**8**	8	6
Securities sold under agreements to repurchase	**547**	2,089	2,087
Deposits with other banks	**1,331**	952	1,869
	1,886	3,049	3,962

18. Due to customers

	31 Mar 09	31 Mar 08	30 Sept 08
	£m	£m	£m
Non interest bearing demand deposits	**906**	547	873
Interest bearing demand deposits	**14,071**	13,895	13,403
Term deposits	**7,603**	5,233	6,138
Other wholesale deposits	**2,308**	1,029	1,920
	24,888	20,704	22,334

19. Provisions

	6 months to 31 Mar 09 £m	6 months to 31 Mar 08 £m	12 months to 30 Sept 08 £m
Refund of current account fees & associated costs			
Opening balance	**3**	7	7
Charge to income statement	**-**	-	1
Provisions utilised	**(1)**	(2)	(5)
Closing balance	**2**	5	3
Business Efficiency Initiatives			
Opening balance	**-**	-	-
Charge to income statement	**3**	-	-
Closing balance	**3**	-	-
Other provisions			
Opening balance	**6**	6	6
Provisions transferred	**-**	-	(3)
Charge to income statement	**2**	-	4
Provisions utilised	**-**	(1)	(1)
Closing balance	**8**	5	6
Total provisions	**13**	10	9

Refund of current account fees & associated costs
The Office of Fair Trading (OFT) investigation into the operation of the personal current account market in the UK was published on 16 July 2008 and highlighted perceived issues of transparency and switching. Discussions on the way forward continue between the industry and the OFT.

The unarranged overdraft charges legal test case continues. The Court has ruled that none of the Bank's unarranged overdraft charges amount to penalties at common law. In relation to accounts held by consumers, the Court of Appeal has ruled that such charges can be assessed for fairness under the Unfair Terms in Consumer Contracts Regulations (UK) 1999. The banks participating in the test case, which include Clydesdale Bank PLC, have been given leave to appeal to the House of Lords and that appeal is being progressed. There has not been any ruling on whether the charges are in fact unfair; that aspect is proceeding and the OFT has chosen Clydesdale Bank PLC as one of three banks to advance that matter with. The three banks are chosen because they represent a fair cross section of the industry and not because their terms are regarded as any less fair than any of the others. In the meantime, the Financial Services Authority (FSA) has extended the waiver (under the terms of which banks do not have to process claims for a return of charges where no financial hardship is involved) until July 2009 and the stays of individual cases in the Courts remain in place.

In relation to business accounts, the Court has ruled that none of the banks' contracts contain penalties at common law and such accounts are therefore not affected.

As at 31 March 2009 a provision of £2.2m remains to cover projected legal costs and further settlement of hardship cases and is considered adequate. With the current waiver position the bank charges position is largely unchanged.

Business Efficiency Initiatives
A provision has been created for £2.8m for the Business Efficiency Initiatives (BEI). This balance is considered adequate to cover the current obligation for severance payments and relates to employees already displaced and expected to leave the Bank before the year-end. Additional BEI costs of £3m have been expensed during the period.

Other
This category includes:
- Provision for costs arising in respect of a number of legal actions and claims arising in the ordinary course of the Bank's business;
- Provision for future employer related taxes in relation to share based remuneration;
- Provision for mis-selling of Payment Protection Insurance which is under review by Regulators, specifically the FSA and Competition Commission.

20. Bonds and notes

	31 Mar 09	31 Mar 08	30 Sept 08
	£m	£m	£m
Medium term notes	**3,145**	1,916	2,133
Subordinated medium term notes	**450**	450	450
Residential mortgage backed securities	**2,968**	2,980	2,860
Total bonds, notes and subordinated debt	**6,563**	5,346	5,443
Hedge adjustments	**34**	(13)	9
Net discounts	**-**	(1)	(1)
	6,597	5,332	5,451
Total bonds and notes were recorded as:			
At amortised cost	**1,812**	1,629	1,781
Designated as fair value hedges	**4,785**	3,703	3,670
	6,597	5,332	5,451

The Bank issued £1,250 million of Medium Term Notes in December 2008 under the UK Government's Credit Guarantee Scheme.

21. Called up share capital

	31 Mar 09	31 Mar 08	30 Sept 08
	Number	Number	Number
Authorised			
Ordinary shares of £1 each - equity	**554,785,000**	254,785,000	254,785,000
Redeemable preference shares of £1 each - equity	**100,000,000**	-	-

During the period the authorised share capital was increased by £400,000,000 with the creation of 300,000,000 ordinary shares of £1 each and 100,000,000 redeemable preference shares of £1 each.

	31 Mar 09	31 Mar 08	30 Sept 08
Allotted, called up and fully paid	**£m**	£m	£m
Ordinary shares of £1 each - equity			
At 1 October	**232**	232	232
Issued during the period	**300**	-	-
At 31 March and 30 September	**532**	232	232
Preference Shares	**£m**	£m	£m
Preference shares of £1 each - equity			
Issued during the period	**100**	-	-
At 31 March and 30 September	**100**	-	-
Share capital	**632**	232	232

On 17 December 2008, 300,000,000 ordinary shares of £1 each were issued at par, resulting in an increase of £300,000,000 in the allotted, called up and fully paid share capital. On the same day 100,000,000 preference shares of £1 each were issued at par, resulting in an increase of £100,000,000 in the preference share capital.

The preference shares entitle the holder to a discretionary fixed non-cumulative dividend of 12% per annum, payable semi-annually in arrears commencing on 17 June 2009, until the first redemption date, and thereafter semi-annually in arrears, at 12% per annum. The preference shares are redeemable, in whole only, at the option of CB PLC on the day following the 5th anniversary of the date of issue. No such redemption may be made without the consent of the FSA.

22. Reserves

	31 Mar 09 £m	31 Mar 08 £m	30 Sept 08 £m
Share premium account	**243**	243	243
Share option reserve	**8**	19	20
Asset revaluation reserve	**7**	13	7
Available for sale investments reserve	**2**	-	-
Merger reserve	**338**	338	338
Cash flow hedge reserve	**124**	(6)	11
Retained earnings	**1,061**	1,274	1,313
	1,783	1,881	1,932

Share option reserve
The share option reserve records the value of equity benefits provided to employees and directors as part of their remuneration.

Asset revaluation reserve
The asset revaluation reserve includes the gross revaluation increments and decrements arising from the revaluation of land and buildings.

Available for sale investments reserve
The available for sale investments reserve records the gains and losses arising from changes in the fair value of available for sale investments.

Merger reserve
The merger reserve arises as a result of the transfer of the entire business and undertakings of Yorkshire Bank PLC to Clydesdale Bank PLC on 1 December 2004. As no consideration was paid in relation to the transfer the only impact arising was the crystallisation of the Yorkshire Bank PLC Share Capital and Share Premium into a Merger Reserve in the combined entity.

Cash flow hedge reserve
The cash flow hedge reserve records fair value revaluations of derivatives designated as cash flow hedging instruments.

Movements in reserves	**Share premium account £m**	**Share option reserve £m**	**Asset revaluation reserve £m**	**Available for sale investments reserve £m**	**Cash flow hedge reserve £m**	**Retained earnings £m**
At 1 October 2007	243	12	13	(3)	(9)	1,160
Profit for the period ended 31 March 2008	-	-	-	-	-	164
Actuarial gains on defined benefit pension schemes	-	-	-	-	-	68
Share options granted	-	7	-	-	-	-
Net change in available for sale investments reserve	-	-	-	3	-	-
Net change in cash flow hedge reserve	-	-	-	-	4	-
Tax on items recognised directly in equity	-	-	-	-	(1)	(23)
Dividends paid	-	-	-	-	-	(95)
At 31 March 2008	**243**	**19**	**13**	**-**	**(6)**	**1,274**

22. Reserves (continued)

Movements in reserves	Share premium account £m	Share option reserve £m	Asset revaluation reserve £m	Available for sale investments reserve £m	Cash flow hedge reserve £m	Retained earnings £m
At 1 October 2007	243	12	13	(3)	(9)	1,160
Profit for the year ended 30 September 2008	-	-	-	-	-	247
Actuarial gains on defined benefit pension schemes	-	-	-	-	-	5
Post retirement medical benefits	-	-	-	-	-	(7)
Share options granted	-	12	-	-	-	-
Revaluation of land and buildings	-	-	(3)	-	-	-
Net change in available for sale investments reserve	-	-	-	3	-	-
Net change in cash flow hedge reserve	-	-	-	-	28	-
Transfers from/to asset revaluation reserve	-	-	(3)	-	-	3
Tax on items recognised directly in equity	-	(4)	-	-	(8)	-
Dividends paid	-	-	-	-	-	(95)
At 30 September 2008	**243**	**20**	**7**	**-**	**11**	**1,313**
Profit for the period ended 31 March 2009	-	-	-	-	-	30
Actuarial deficit on defined benefit pension schemes	-	-	-	-	-	(391)
Share options granted	-	8	-	-	-	-
Share options settled	-	(20)	-	-	-	-
Net change in available for sale investments reserve	-	-	-	2	-	-
Net change in cash flow hedge reserve	-	-	-	-	157	-
Tax on items recognised directly in equity	-	-	-	-	(44)	109
At 31 March 2009	**243**	**8**	**7**	**2**	**124**	**1,061**

23. Memorandum items

Contingent liabilities **Group**	**Contract amount 31 Mar 09 £m**	**Risk weighted amount 31 Mar 09 £m**	Contract amount 31 Mar 08 £m	Risk weighted amount 31 Mar 08 £m	Contract amount 30 Sept 08 £m	Risk weighted amount 30 Sept 08 £m
Guarantees and assets pledged as collateral security						
- guarantees and irrevocable letters of credit	**693**	**173**	811	176	828	189
At call	**2**		69		70	
Due in less than three months	**103**		45		46	
Due 3 months through to 1 year	**135**		431		440	
Due 1 year through to 3 years	**79**		18		18	
Due 3 years through to 5 years	**204**		8		8	
Due after 5 years	**130**		114		116	
No specified maturity	**40**		126		130	
	693		811		828	

Commitments **Group**						
Sale and option to repurchase transactions	**750**	**-**	2,000	-	2,000	-
At call	**-**		-		-	
Due in less than three months	**-**		-		1,000	
Due 3 months through to 1 year	**-**		1,000		-	
Due 1 year through to 3 years	**750**		-		-	
Due 3 years through to 5 years	**-**		1,000		1,000	
	750		2,000		2,000	
Other commitments						
- undrawn formal standby facilities, credit lines and other commitments to lend						
At call	**9,157**	**-**	11,353	-	10,420	-

The 30 September 2008 comparative figure for other commitments has been restated from £11,940m to £10,420m to remove an overstatement in the previously reported figure.

23. Memorandum items (continued)

The tables above give the contract amounts and risk-weighted amounts of off balance sheet transactions for the Group. The contract amounts indicate the volume of business outstanding at the balance sheet date and do not represent amounts at risk. The risk weighted amounts have been calculated in accordance with the FSA guidelines.

Contingent liabilities and commitments are credit-related instruments which include acceptances, letters of credit, guarantees and commitments to extend credit. The contractual amounts represent the amounts at risk should the contract be fully drawn upon and the client default. Since a significant portion of guarantees and commitments are expected to expire without being drawn upon, the total of the contract amounts is not representative of future liquidity requirements.

The decrease in the sale and option to repurchase commitments reflects the termination of certain of the Bank's underlying structured transaction portfolio.

24. Other contingent liabilities

The Bank is defending a legal claim in relation to bank charges as referred to in note 19. The Bank is unable to predict with any accuracy the outcome of this legal action and is thus unable to reliably estimate any potential liability that may arise. No recognition has therefore been made, contingent or actual, within the financial statements for an adverse outcome to the legal action. Provision has been made for projected legal costs and further settlement of hardship cases (Note 19).

Apart from the bank charges claim, the Bank is named in and is defending a number of legal actions arising in the ordinary course of business. No material adverse impact on the financial position of the Group or the Bank is expected to arise from the ultimate resolution of these legal actions.

The Financial Services Compensation Scheme ("FSCS") provides compensation to customers of financial institutions in the event that an institution in unable, or likely to be unable, to pay claims against it. In late September 2008, after breaching regulatory requirements, Bradford & Bingley was taken into public ownership. During the current period, further banks were declared in default by the Financial Services Authority ("FSA"). The FSCS has borrowed funds from HM Treasury in order to meet its obligations to the depositors of these institutions, and it is anticipated these borrowings will be repaid wholly or substantially from the realisation of the assets of these institutions. The cost of guaranteeing these institutions' deposits will be met by the FSCS, of which the Bank is a member. Individual institutions are required to make levy payments based on their level of market participation. The Bank was a market participant at 31 December 2007 and 31 December 2008 and therefore a charge of £6m has been made in the current period (Sept 2008: £6m) for the estimated annual levy in respect of this item. The Bank may also be liable for further compensation scheme costs. At present it is not possible to accurately determine the amount of any future levy which may be charged to the Bank.

A provision is currently held for the refund of Payment Protection Insurance (PPI) premiums paid as a single premium, to cover customer claims for potential mis-selling. The Competition Commission (CC) published its final report on the 29th January 2009 into the PPI market, setting out the measures it has decided are needed to introduce competition between suppliers. In its final report, the CC has concluded that businesses that offer PPI alongside credit face little or no competition when selling PPI to their credit customers. To address the lack of competition, the CC will be announcing a package of measures to introduce competition in the market, including the withdrawal of the ability to sell single premium PPI alongside the credit approval. Whilst these measures will impact future income streams, there is no expected impact upon the level of potential retrospective mis-selling claims, therefore the provision currently held is deemed to be adequate.

25. Employees

The average number of full time equivalent employees of the Group during the year was made up as follows:

	6 months to 31 Mar 09 Number	6 months to 31 Mar 08 Number	12 months to 30 Sept 08 Number
Managers	**1,594**	1,535	1,545
Clerical staff	**4,403**	4,199	4,191
	5,997	5,734	5,736

All staff are contracted employees of National Australia Group Europe Limited ("NAGE") (the intermediate parent company of the Bank). The numbers above disclose the staff remunerated directly by the Group but exclude employees working within other NAGE subsidiaries who provide support services to the Group. The average number of staff employed in the UK Region in the six months to 31 March 2009 was 8,510.

26. Retirement benefit obligations

The Group operates two defined benefit schemes: the Clydesdale Bank and Yorkshire Bank schemes. The Group's net retirement benefits obligation at 31 March 2009 totalled £151m (March 2008: £248m surplus; September 2008: £239m surplus). The deterioration can be attributed to a decrease in the value of the schemes’ assets as a result of falls in the equity and bonds markets reflecting the volatile market conditions that existed during the period. The negative return on the schemes' assets together with a small positive change in the schemes' obligations at the balance sheet date have been taken to reserves through the consolidated statement of recognised income and expense.

Defined benefit schemes	**6 months to 31 Mar 09 £m**	6 months to 31 Mar 08 £m	12 months to 30 Sept 08 £m
Defined benefit assets	**1,482**	1,931	1,842
Defined benefit obligation	**(1,623)**	(1,683)	(1,593)
	(141)	248	249
Post-retirement medical benefits liability	**(10)**	-	(10)
Net retirement benefits (obligation)/surplus	**(151)**	248	239

At 30 September 2008 the post-retirement medical benefits were offset against the retirement benefits obligation. At March 2008, this figure was £3m, and is included in other provisions (note 19).

27. Notes to the statement of cash flows

	6 months to 31 Mar 09 £m	6 months to 31 Mar 08 £m	12 months to 30 Sept 08 £m
Non cash items included in profit before tax			
Interest receivable	**(955)**	(1,154)	(2,393)
Interest payable	**572**	705	1,497
Depreciation (note 6)	**12**	14	26
Actuarial gains on defined benefit pension plans	**(391)**	68	5
Post retirement medical benefits	**-**	-	(7)
Profit on sale of land & buildings	**-**	(6)	(10)
Impairment losses on credit exposures (note 15)	**168**	58	179
Equity-based compensation expense	**8**	7	12
	(586)	(308)	(691)
Changes in operating assets			
Net (increase)/decrease in:			
Balances with supervisory central banks	**(2)**	(1)	8
Due from other banks	**(1,233)**	132	163
Derivative financial assets	**(850)**	(328)	(476)
Financial assets at fair value through profit or loss	**(1,974)**	(838)	(1,223)
Investments	**(1,326)**	1,273	1,707
Loans and advances to customers	**1,085**	(2,374)	(3,780)
Due from customers on acceptances	**-**	(2)	-
Other assets	**(35)**	(612)	133
	(4,335)	(2,750)	(3,468)
Changes in operating liabilities			
Net increase/(decrease) in:			
Due to other banks	**(2,076)**	755	1,671
Derivative financial liabilities	**108**	16	14
Financial liabilities at fair value through profit or loss	**890**	23	111
Due to customers	**2,554**	1,385	3,015
Liabilities on acceptances	**-**	2	-
Provisions	**4**	(3)	(4)
Defined benefit pension obligations	**390**	(89)	(80)
Other liabilities	**(210)**	600	114
	1,660	2,689	4,841

For the purposes of the cash flow statement, cash and cash equivalents comprises the following balances with less than three months maturity from the date of acquisition.

	31 Mar 09 £m	31 Mar 08 £m	30 Sept 08 £m
Cash assets (excluding mandatory balances with central banks - note 9)	**2,943**	3,155	5,083
Other assets	**191**	431	343
Due to other banks	**(8)**	(11)	(8)
Due to related entities	**(136)**	(175)	(161)
Other liabilities	**(103)**	(101)	(67)
	2,887	3,299	5,190

28. Related party transactions

The Bank is a wholly owned controlled entity of National Australia Group Europe Limited. The ultimate parent entity of the Bank is National Australia Bank Limited.

During the period there have been transactions between the Bank, its ultimate parent, controlled entities of the ultimate parent, controlled entities of the Bank, and other related parties.

The Bank provides a range of services to related parties, including the provision of banking facilities and standby financing arrangements. Other dealings include granting loans and accepting deposits, and the provision of finance, forward exchange and interest cover. Those transactions are normally subject to commercial terms and conditions.

The Bank and Group receives a range of services from the parent and related parties, including loans and deposits, forward exchange and interest rate cover and various administrative services. Fees may be charged for these services.

Amounts due from related entities

	31 Mar 09	31 Mar 08	30 Sept 08
Group	**£m**	£m	£m
Loans			
Ultimate parent	**369**	339	1,140
Controlled entities of the ultimate parent	**-**	11	-
	369	350	1,140
Other receivables			
Ultimate parent	**-**	-	1
Controlled entities of the ultimate parent	**11**	3	12
	11	3	13
Total amounts due from related entities	**380**	353	1,153
Interest income on the above amounts was as follows:			
Ultimate parent	**11**	32	69
Total interest income on amounts due from related entities	**11**	32	69

28. Related party transactions (continued)

Amounts due to related entities

	31 Mar 09	31 Mar 08	30 Sept 08
Group	**£m**	£m	£m
Deposits			
Ultimate parent	**2,435**	3,480	4,486
Controlled entities of the ultimate parent	**103**	183	158
	2,538	3,663	4,644
Subordinated liabilities			
Controlled entities of the ultimate parent	**726**	426	426
Other payables			
Ultimate parent	**14**	5	21
Controlled entities of the ultimate parent	**24**	38	60
	38	43	81
Total amounts due to related parties	**3,302**	4,132	5,151
Interest expense on the above amounts was as follows:			
Ultimate parent	**77**	95	195
Controlled entities of the ultimate parent	**12**	18	36
Total interest expense on amounts due to related entities	**89**	113	231

Securitisation

The Bank has securitised part of its residential mortgage portfolio and the cash raised via the issue of Residential Mortgaged Backed Securities (RMBS) through SPEs forms part of the Banks medium term funding. The value of the RMBS issued as at 31 March 2009 was £2,394m (Sept 2008: £2,548m).

Other transactions with related entities

	6 months to 31 Mar 09	6 months to 31 Mar 08	12 months to 30 Sept 08
	£m	£m	£m
Non interest income received			
Controlled entities of the ultimate parent	**9**	11	25
Administrative expenses			
Ultimate parent	**2**	2	4
Controlled entities of the ultimate parent	**123**	147	300
	125	149	304

29. Contractual maturity profile

The tables below show assets and liabilities analysed according to when they are expected to be recovered or settled.

31 March 2009	Call £m	3 months or less £m	3 to 12 months £m	1 to 5 years £m	Over 5 years £m	No specified maturity £m	Total £m
Assets							
Cash and balances with central banks	2,884	-	-	-	-	87	2,971
Due from other banks	68	1,687	-	-	-	-	1,755
Derivative financial assets	1,452	-	-	-	-	-	1,452
Financial assets at fair value through profit and loss	1,282	221	371	2,123	2,253	-	6,250
Investments	-	11	-	1,323	1	-	1,335
Loans and advances to customers	4,037	-	4,586	3,584	15,196	-	27,403
Due from customers on acceptances	-	3	-	-	-	-	3
Due from related entities	345	1	-	6	28	-	380
All other assets	191	-	-	-	-	1,156	1,347
Total assets	10,259	1,923	4,957	7,036	17,478	1,243	42,896
Liabilities							
Due to other banks	69	1,173	144	500	-	-	1,886
Derivative financial liabilities	144	-	-	-	-	-	144
Financial liabilities at fair value through profit and loss	1,385	-	-	4	54	-	1,443
Due to customers	14,745	5,077	3,731	1,335	-	-	24,888
Liabilities on acceptances	-	3	-	-	-	-	3
Bonds and notes	21	111	1,022	4,993	450	-	6,597
Due to related entities	214	681	395	856	1,156	-	3,302
All other liabilities	103	-	-	-	-	2,115	2,218
Total liabilities	16,681	7,045	5,292	7,688	1,660	2,115	40,481

29. Contractual maturity profile (continued)

31 March 2008	Call £m	3 months or less £m	3 to 12 months £m	1 to 5 years £m	Over 5 years £m	No specified maturity £m	Total £m
Assets							
Cash and balances with central banks	3,190	-	-	-	-	-	3,190
Due from other banks	33	520	-	-	-	-	553
Derivative financial assets	454	-	-	-	-	-	454
Financial assets at fair value through profit and loss	223	231	82	1,574	1,783	(2)	3,891
Investments	1	210	28	200	2	-	441
Loans and advances to customers	3,981	-	5,763	3,099	14,528	-	27,371
Due from customers on acceptances	-	5	-	-	-	-	5
Due from related entities	20	310	-	5	18	-	353
All other assets	431	-	-	-	-	1,848	2,279
Total assets	8,333	1,276	5,873	4,878	16,331	1,846	38,537
Liabilities							
Due to other banks	100	620	329	2,000	-	-	3,049
Derivative financial liabilities	38	-	-	-	-	-	38
Financial liabilities at fair value through profit and loss	305	2	-	158	-	-	465
Due to customers	14,697	4,027	1,498	478	4	-	20,704
Liabilities on acceptances	-	5	-	-	-	-	5
Bonds and notes	(1)	-	-	4,233	1,100	-	5,332
Due to related entities	202	1,620	404	1,052	854	-	4,132
All other liabilities	101	-	-	-	-	2,598	2,699
Total liabilities	15,442	6,274	2,231	7,921	1,958	2,598	36,424

29. Contractual maturity profile (continued)

30 September 2008	Call £m	3 months or less £m	3 to 12 months £m	1 to 5 years £m	Over 5 years £m	No specified maturity £m	Total £m
Assets							
Cash and balances with central banks	5,109	-	-	-	-	-	5,109
Due from other banks	-	522	-	-	-	-	522
Derivative financial assets	602	-	-	-	-	-	602
Financial assets at fair value through profit and loss	378	238	121	1,649	1,890	-	4,276
Investments	-	6	-	-	1	-	7
Loans and advances to customers	5,138	-	4,900	3,263	15,355	-	28,656
Due from customers on acceptances	-	3	-	-	-	-	3
Due from related entities	349	804	-	-	-	-	1,153
All other assets	1	-	-	-	-	1,642	1,643
Total assets	11,577	1,573	5,021	4,912	17,246	1,642	41,971
Liabilities							
Due to other banks	101	2,549	312	1,000	-	-	3,962
Derivative financial liabilities	36	-	-	-	-	-	36
Financial liabilities at fair value through profit and loss	553	-	-	-	-	-	553
Due to customers	14,006	5,070	2,603	651	4	-	22,334
Liabilities on acceptances	-	3	-	-	-	-	3
Bonds and notes	(4)	450	564	3,991	450	-	5,451
Due to related entities	1,427	784	1,042	50	1,848	-	5,151
All other liabilities	2,066	-	-	-	-	251	2,317
Total liabilities	18,185	8,856	4,521	5,692	2,302	251	39,807

30. Interest rate sensitivity gap analysis

Part of the Group's return on financial instruments is obtained from controlled mis-matching of the dates on which interest receivable on assets and interest payable on liabilities are next reset to market rates or, if earlier, the dates on which the instruments mature. The tables below summarise these repricing mis-matches on the Group's book as at 31 March 2009, 31 March 2008 and 30 September 2008. Items are allocated to time bands by reference to the earlier of the next contractual interest rate repricing date or the maturity date.

31 March 09	Weighted average effective interest rate %	0 to 3 months £m	3 to 12 months £m	1 to 2 years £m	2 to 3 years £m	3 to 4 years £m	4 to 5 years £m	Over 5 years £m	Non interest bearing £m	Total £m
Assets										
Cash assets	1.86	2,855	-	-	-	-	-	-	88	2,943
Balances with supervisory central banks		-	-	-	-	-	-	-	28	28
Due from other banks	2.75	1,755	-	-	-	-	-	-	-	1,755
Derivative financial assets		-	-	-	-	-	-	-	1,452	1,452
Financial assets at fair value through profit and loss	4.32	523	347	654	467	561	479	1,693	1,526	6,250
Investments										
-Available for sale	3.01	941	-	125	268	-	-	-	-	1,334
-Other		-	-	-	-	-	-	-	1	1
Loans and advances to customers	5.61	22,532	1,276	1,473	918	621	228	355	-	27,403
Due from customers on acceptances		-	-	-	-	-	-	-	3	3
Due from related entities		377	-	-	-	-	-	-	3	380
All other assets		-	-	-	-	-	-	-	1,347	1,347
Total assets		28,983	1,623	2,252	1,653	1,182	707	2,048	4,448	42,896
Liabilities										
Due to other banks	3.81	1,742	144	-	-	-	-	-	-	1,886
Derivative financial liabilities		-	-	-	-	-	-	-	144	144
Financial liabilities at fair value through profit and loss	0.93	3	2	5	6	6	10	25	1,386	1,443
Due to customers	2.65	19,771	3,075	511	607	7	10	-	907	24,888
Liabilities on acceptances		-	-	-	-	-	-	-	3	3
Bonds and notes	3.77	5,847	-	-	750	-	-	-	-	6,597
Due to related entities		2,602	-	-	700	-	-	-	-	3,302
All other liabilities		-	-	-	-	-	-	-	2,218	2,218
Shareholders' equity		-	-	-	-	-	-	-	2,415	2,415
Total liabilities and shareholders' equity		29,965	3,221	516	2,063	13	20	25	7,073	42,896
Off balance sheet items		(3,285)	2,303	946	1,922	(264)	60	(1,682)	-	-
Interest rate sensitivity gap		(4,267)	705	2,682	1,512	905	747	341	(2,625)	-
Cumulative gap		(4,267)	(3,562)	(880)	632	1,537	2,284	2,625	-	-

30. Interest rate sensitivity gap analysis (continued)

31 March 08	Weighted average effective interest rate %	0 to 3 months £m	3 to 12 months £m	1 to 2 years £m	2 to 3 years £m	3 to 4 years £m	4 to 5 years £m	Over 5 years £m	Non interest bearing £m	Total £m
Assets										
Cash assets	5.26	3,042	-	-	-	-	-	-	113	3,155
Balances with supervisory central banks		-	-	-	-	-	-	-	35	35
Due from other banks	5.32	553	-	-	-	-	-	-	-	553
Derivative financial assets		-	-	-	-	-	-	-	454	454
Financial assets at fair value through profit and loss	6.74	864	86	212	371	285	458	1,615	-	3,891
Investments										
-Available for sale	5.85	201	-	-	-	-	-	-	-	201
-Held to maturity	5.81	211	28	-	-	-	-	-	1	240
Loans and advances to customers	8.68	22,317	1,752	1,547	1,018	517	374	88	(242)	27,371
Due from customers on acceptances		-	-	-	-	-	-	-	5	5
Due from related entities		353	-	-	-	-	-	-	-	353
All other assets		-	-	-	-	-	-	-	2,279	2,279
Total assets		27,541	1,866	1,759	1,389	802	832	1,703	2,645	38,537
Liabilities										
Due to other banks	5.24	2,719	330	-	-	-	-	-	-	3,049
Derivative financial liabilities		-	-	-	-	-	-	-	38	38
Financial liabilities at fair value through profit and loss	4.38	305	3	4	5	6	7	135	-	465
Due to customers	3.27	18,407	1,386	172	78	3	6	4	648	20,704
Liabilities on acceptances		-	-	-	-	-	-	-	5	5
Bonds and notes	5.81	4,882	-	-	250	200	-	-	-	5,332
Due to related entities		3,669	216	29	18	200	-	-	-	4,132
All other liabilities		-	-	-	-	-	-	-	2,699	2,699
Shareholders' equity		-	-	-	-	-	-	-	2,113	2,113
Total liabilities and shareholders' equity		29,982	1,935	205	351	409	13	139	5,503	38,537
Off balance sheet items		(2,083)	2,025	754	1,707	(185)	(918)	(1,300)	-	-
Interest rate sensitivity gap		(4,524)	1,956	2,308	2,745	208	(99)	264	(2,858)	-
Cumulative gap		(4,524)	(2,568)	(260)	2,485	2,693	2,594	2,858	-	-

30. Interest rate sensitivity gap analysis (continued)

30 September 08	**Weighted average effective interest rate %**	**0 to 3 months £m**	**3 to 12 months £m**	**1 to 2 years £m**	**2 to 3 years £m**	**3 to 4 years £m**	**4 to 5 years £m**	**Over 5 years £m**	**Non interest bearing £m**	**Total £m**
Assets										
Cash assets	5.10	4,930	-	-	-	-	-	-	153	5,083
Balances with supervisory central banks		-	-	-	-	-	-	-	26	26
Due from other banks	2.95	522	-	-	-	-	-	-	-	522
Derivative financial assets		-	-	-	-	-	-	-	602	602
Financial assets at fair value through profit and loss	6.84	554	104	276	426	388	542	1,680	306	4,276
Investments -Available for sale	5.73	-	-	-	-	-	-	-	7	7
Loans and advances to customers	6.94	23,091	1,567	1,502	1,061	820	372	243	-	28,656
Due from customers on acceptances		-	-	-	-	-	-	-	3	3
Due from related entities		1,140	-	-	-	-	-	-	13	1,153
All other assets		-	-	-	-	-	-	-	1,643	1,643
Total assets		30,237	1,671	1,778	1,487	1,208	914	1,923	2,753	41,971
Liabilities										
Due to other banks	4.11	3,650	312	-	-	-	-	-	-	3,962
Derivative financial liabilities		-	-	-	-	-	-	-	36	36
Financial liabilities at fair value through profit and loss	3.78	-	8	10	11	13	18	114	379	553
Due to customers	3.79	18,702	2,335	224	189	4	3	4	873	22,334
Liabilities on acceptances		-	-	-	-	-	-	-	3	3
Bonds and notes	5.93	5,001	-	-	250	200	-	-	-	5,451
Due to related entities		5,095	-	-	-	-	-	-	56	5,151
All other liabilities		-	-	-	-	-	-	-	2,317	2,317
Shareholders' equity		-	-	-	-	-	-	-	2,164	2,164
Total liabilities and shareholders' equity		32,448	2,655	234	450	217	21	118	5,828	41,971
Off balance sheet items		(2,602)	1,872	143	1,122	1,061	(187)	(1,409)	-	-
Interest rate sensitivity gap		(4,813)	888	1,687	2,159	2,052	706	396	(3,075)	-
Cumulative gap		(4,813)	(3,925)	(2,238)	(79)	1,973	2,679	3,075	-	-

A negative interest rate sensitivity gap exists when more liabilities than assets reprice during a given period. A negative gap position tends to benefit net interest income in a declining interest rate environment, although the actual effect will depend on a number of factors, including the extent to which repayments are made earlier or later than the contracted date and variations in interest rate sensitivity within repricing periods and among currencies.

31. Basel II Capital Requirements Directive Pillar 3 Disclosure

The Financial Services Authority ("FSA") has granted the Bank a waiver direction under BIPRU 11.2.6: (Waiver: Comparable disclosures provided on a consolidated basis by a parent undertaking established in a third country).

The 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, the Bank will rely on the following references to comparable National Australia Bank Limited 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 of the National Australia Bank Limited 2008 Annual Financial Report.

The first published disclosure is based on the financial position of CB PLC and NAB as at 30 September 2008. After due consideration by the CB PLC Directors, subsequent Pillar 3 disclosures will be made annually by way of the National Australia Bank Limited Risk and Capital Report. These disclosures will be in line with the FSA Waiver direction as outlined above.

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.

32. Events after the balance sheet date

The Directors recommend the payment of an interim dividend on the Banks redeemable preference shares in respect of this financial period of £6m (September and March 2008: £nil).

On 12 May 2009 Moody's Investors Service reviewed ratings of a number of UK Institutions including Clydesdale Bank PLC and the long term rating was revised to A1 from Aa3.

There have been no other subsequent events which have occurred post 31 March 2009 that would require disclosure in the Interim Condensed Consolidated Financial Statements of Clydesdale Bank PLC.

For more information

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National Australia Bank	NAB Group results are available on www.nabgroup.com.au

Disclaimer

This document contains certain forward looking statements. The words "anticipate", "believe", "expect", "project", "forecast", "estimate", "outlook", "likely", "intend", "should", "could", "may", "target", "plan" and other similar expressions are intended to identify forward looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward looking statements. Such forward looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of the Group, which may cause actual results to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements. Further information on important factors that could cause actual results to differ materially from those projected in such statements are contained in the Group's Annual Report & Consolidated Financial Statements.

Clydesdale Bank Yorkshire Bank