

ASX ANNOUNCEMENT

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Attached is an announcement today from Clydesdale Bank PLC

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Clydesdale Bank PLC announced today that it will make an additional provision of £100 million relating to the UK banking industry Payment Protection Insurance (PPI) issue¹. This follows the announcement by the British Bankers' Association that it does not intend to pursue the judicial review process, and the public announcement of provisions by some of the largest British banks.

The provision reflects an assessment of future PPI claims based upon estimates, statistical analysis and assumptions in relation to a wide range of uncertain factors, including how many PPI claims will be made against Clydesdale Bank PLC, for what value, and the prospects of mis-selling being established in relation to those claims.

Clydesdale Bank will continue to work to resolve PPI claims promptly and fairly.

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¹ **Background on the UK banking industry Payment Protection Insurance issue:**

The PPI issue relates to insurance provided to customers to protect them from financial hardship if they were unable to make repayments on mortgages, unsecured personal loans and credit cards. It was disclosed in the NAB Group and Clydesdale Bank's 2009 Full Year Results announcements, following the publication of a UK Competition Commission report into the matter and subsequent Financial Services Authority (FSA) proposals for UK banks to undertake a range of remedies to address the issue. The most recent updated disclosure was included in the NAB Group's March 2011 Half Year Results announcement.

On behalf of the industry, the British Bankers' Association sought a review of guidance from the FSA as to how such claims should be approached. On 20 April 2011, the High Court ruled in favour of the FSA and on 9 May 2011, the British Bankers' Association announced that it would not appeal the High Court decision.