Integrated Financial Solutions

David Thorburn & Mike Williams – General Managers, iFS

3rd July 2007

Yorkshire Bank

Clydesdale Bank

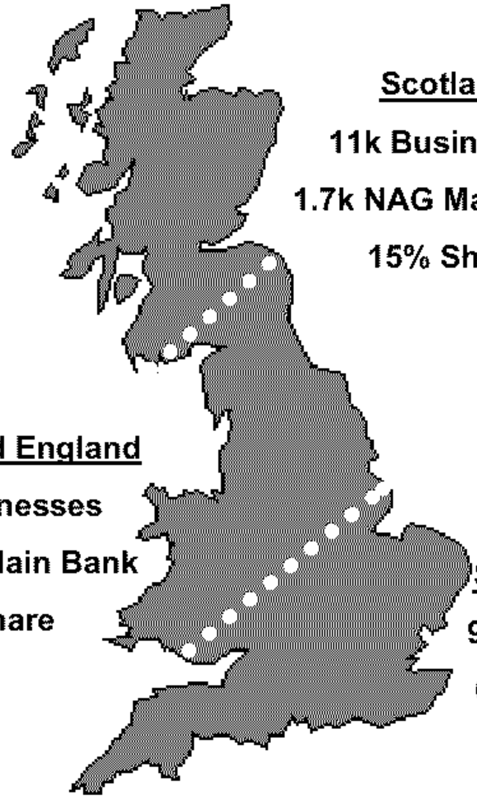
Market Background

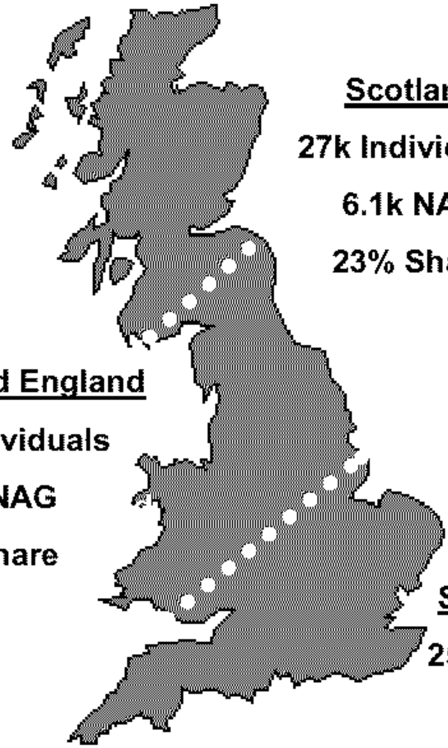
Yorkshire Bank

Clydesdale Bank

Market Size & Main Banking Share 2007 - Customers

Business (Turnover Between £2m and £100m)	**Private** (Income/credit turnover £75k+)
Mkt UK 161k NAG (Main Banking) 3k Share 2%	Individuals 392k NAG (Main Banking) 11.7k Share 3%





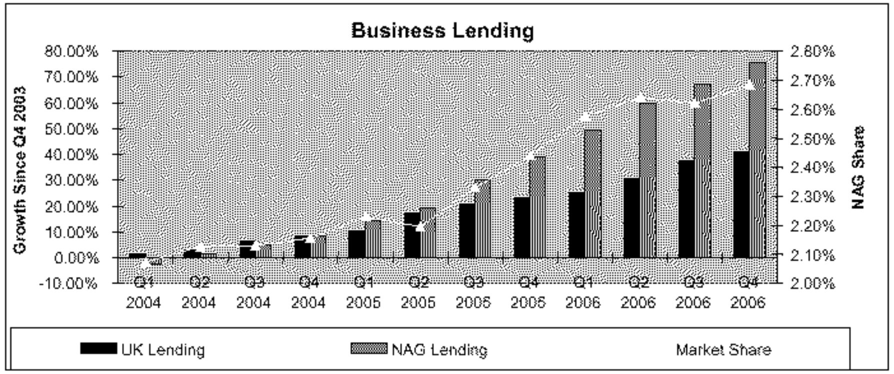
Source; Business – P H Group

Source; Private – Internal analysis

Market Growth & Main Bank Share 2007 – £ Value*

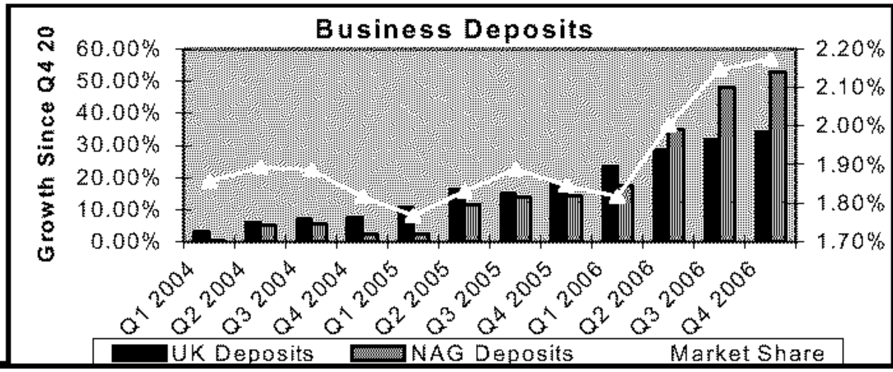
Business Lending

UK System £413bn NAG £11bn Share 3%



Business Deposits

UK System £280bn NAG £6bn Share 2%

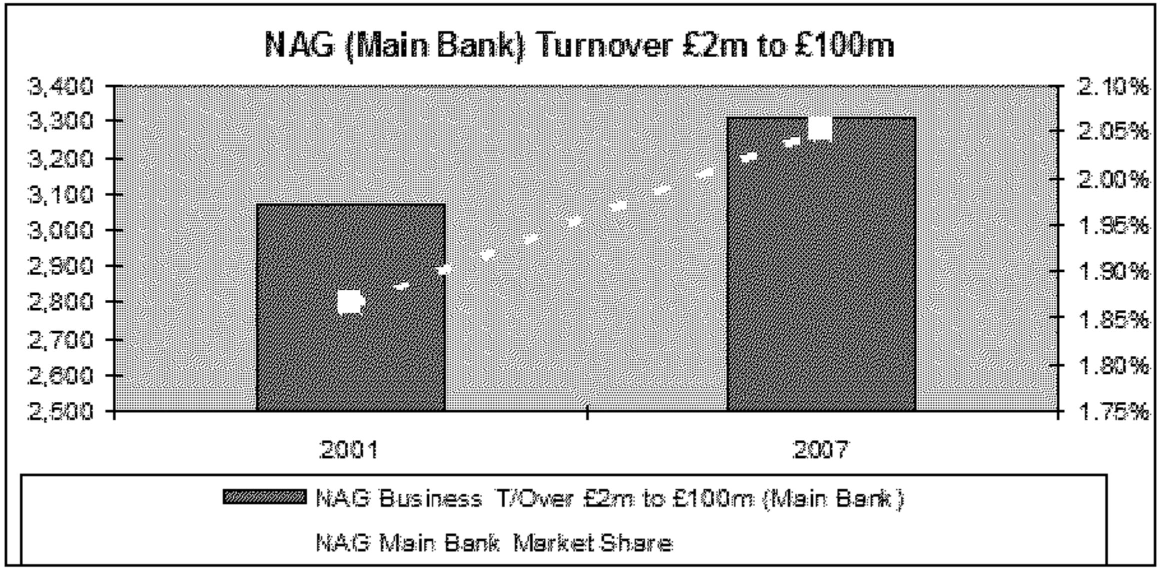


Note; * NAG UK rather than iFS specific

Source; NAG Finance, BOE Business Return, CACI

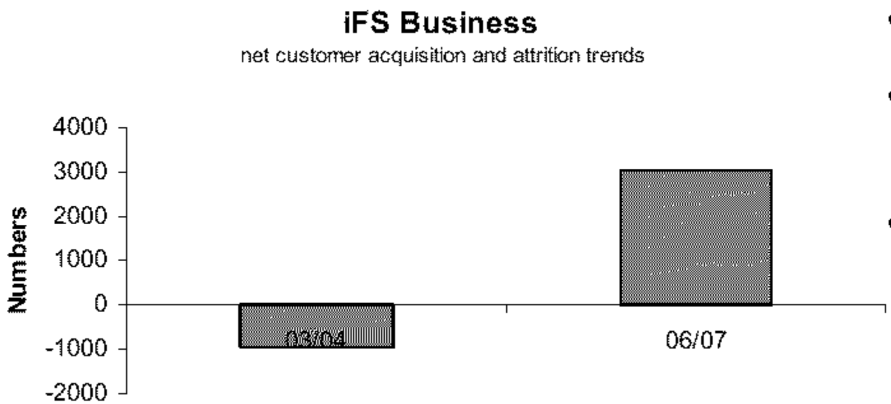
Market Growth & NAG Main Bank Share Over Time

- The size of the UK Business £2m to £100m Turnover Market has remained relatively flat over time at circa 160k Businesses

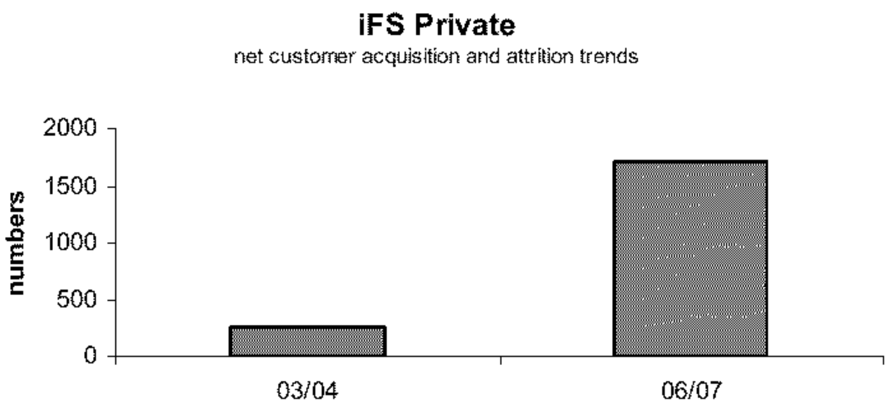


- In comparison NAG has grown the number of Businesses in this Turnover Band where it is considered to be the Main Bank by 8%
- This has increased Market Share to above 2%

iFS Net Acquisition & Attrition 03/04 Vs 06/07 (Forecast)



- 171% growth in acquisition of Business members
- 36% growth (or 1,500 members) in annualised attrition relative to a significantly growing stock
- Significant improvement from a position of net attrition in 03/04 to a net acquirer



- 34% growth in acquisition of Private members
- 5 fold improvement in net acquisition
- 13% decline in annualised attrition

Note; includes all Connections managed by iFS regardless of Turnover

Source; CK Database

iFS Development, Performance, Metrics

Yorkshire Bank

Clydesdale Bank

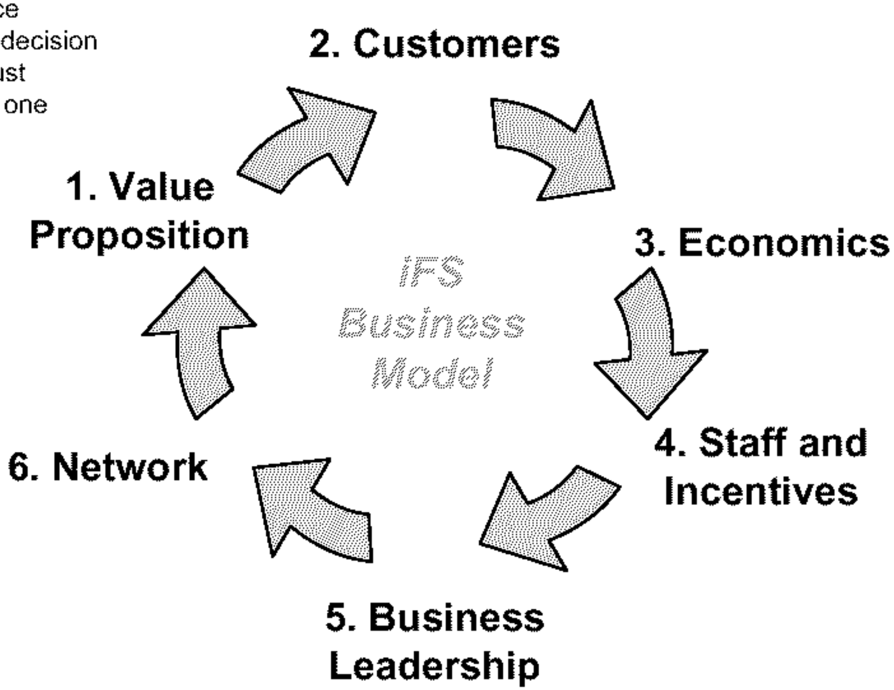
iFS as a Self-Reinforcing Model

"iFS…More than just a bank…connecting people, creating partnerships, delivering real value"

…targeting high value and high-potential "members" from mass affluent and SME business segments…

A compelling value proposition of full service offering, traditional relationship model with decision making close to the customer, more than just banking but helping businesses connect to one another - "Delivering the promise"

…driving favourable economics through relationship based pricing and a low cost network footprint…



…in turn reinforcing the powerful business network that creates value for the members and leads for NAB; supplemented by referral partners / brokers…

…sharing profits through an incentive system that promotes "ownership", self selects and aligns high-performance partners, and encourages tenure…

…attracting local business leaders as chairmen to provide mentoring and connections…

Structure End 2003 – Business/Private Banking

Scotland

16 Business Banking Centres

160 Business Relationship Managers

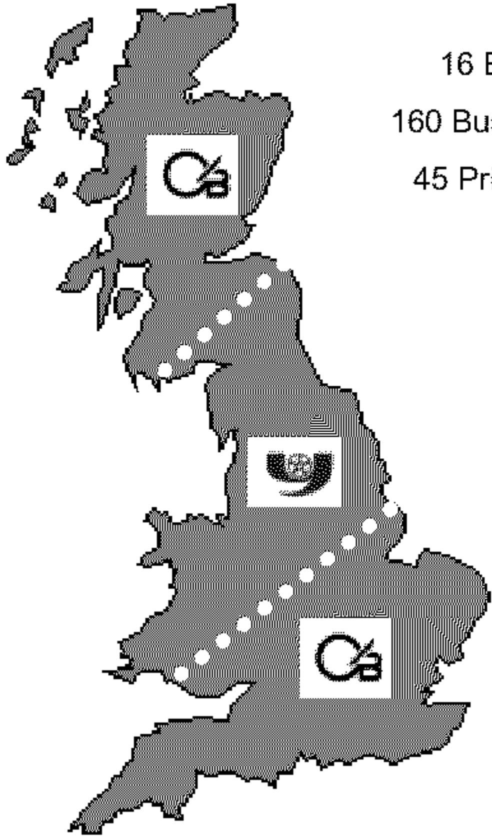
45 Private Relationship Managers

North & Mid England

22 Business Banking Centres

176 Business Relationship Managers

71 Premium Relationship Managers



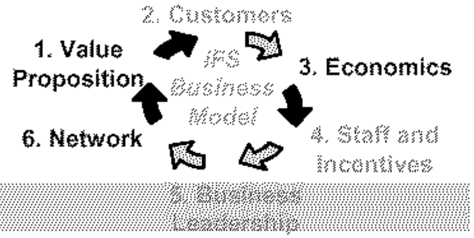
South England

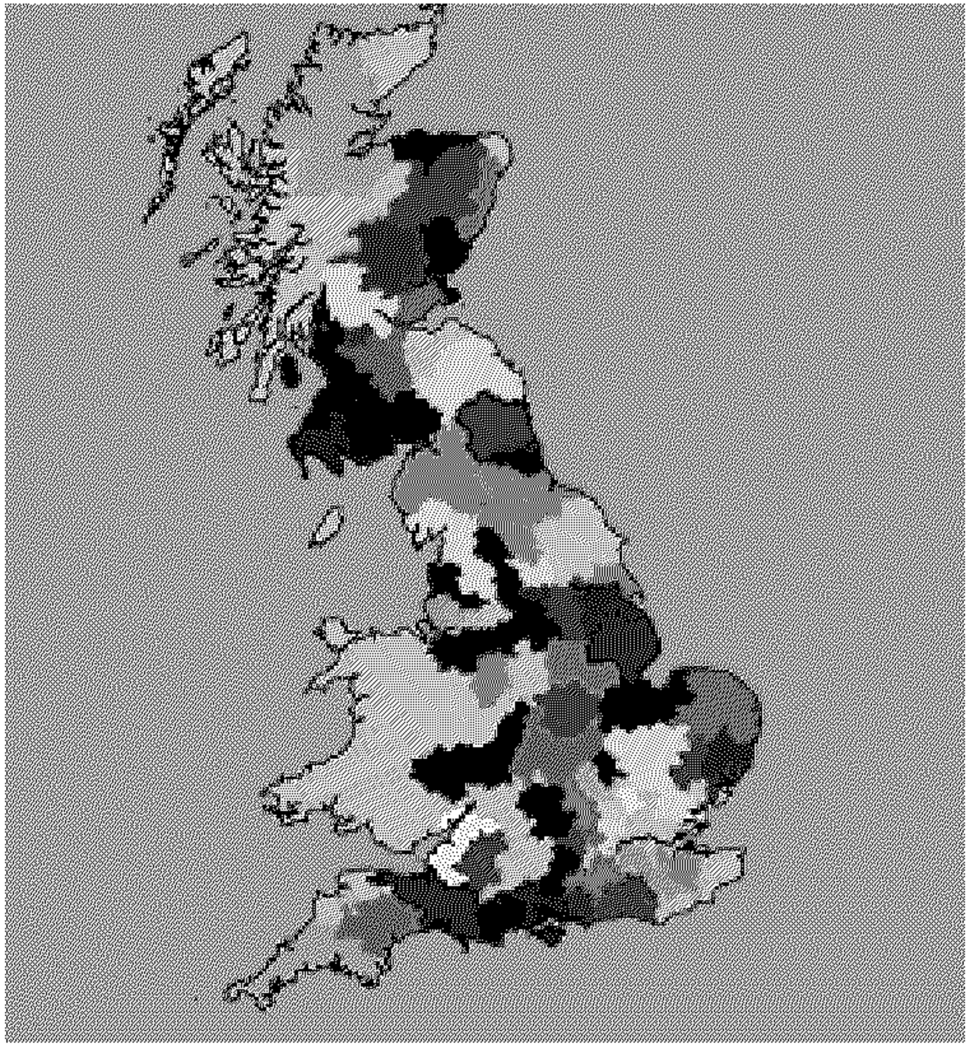
4 Business Banking Centres

30 Business Relationship Managers

25 Private Relationship Managers

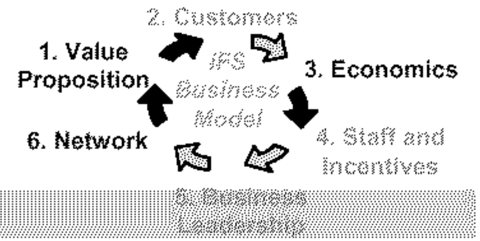
Our Centre Growth & Impact





- 74 Financial Solution Centres and Satellites
    – includes 3 satellites to full FSC status
- 17 Small scale / Without full facility locations
- 91 Locations in total are now covered

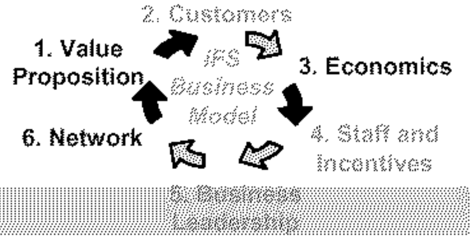
iFS South Centre Growth



Number of centres open = 36

Q4 04	11
Q1 05	4
Q2 05	2
Q3 05	14
Q4 05	2
Q1 06	3

iFS North Conversion

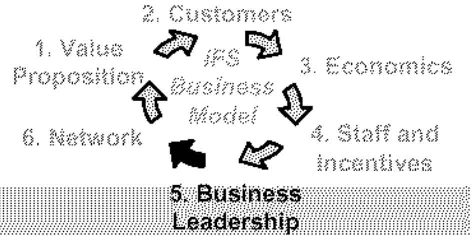


Number of centres converted = 28

Q4 04	4
Q1 05	-
Q2 05	1
Q3 05	8
Q4 05	4
Q1 06	1
Q2 06	2
Q3 06	3
Q4 06	3
Q1 07	2

NB. Physical conversion of a site rather than conversion to iFS proposition

Local Chairmen



33 Local Chairpersons in place

Industry Experience

Telecoms Trading & Manufacturing
Chartered Electrical Engineering
Media
Food and Drink Industry
Corporate Banking
Property & Development
Shipping
Oil Industry
Discretionary Fund Management
Textiles
Construction
Agriculture
Risk Management
Insurance Broking
Recruitment Specialists

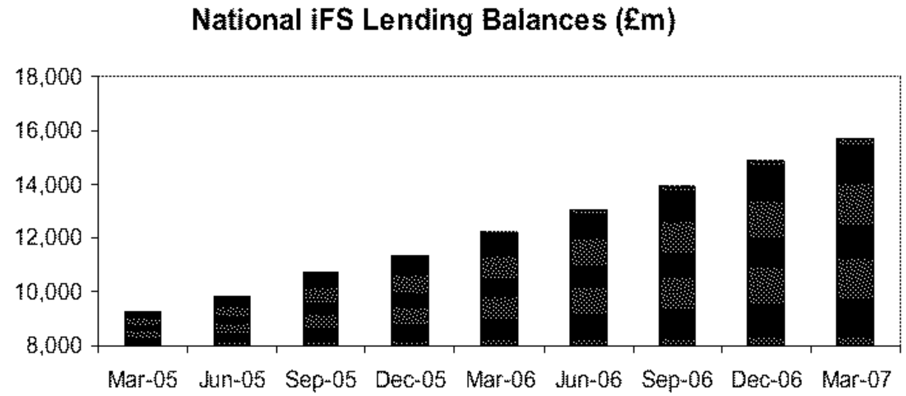
Bodies/Connections

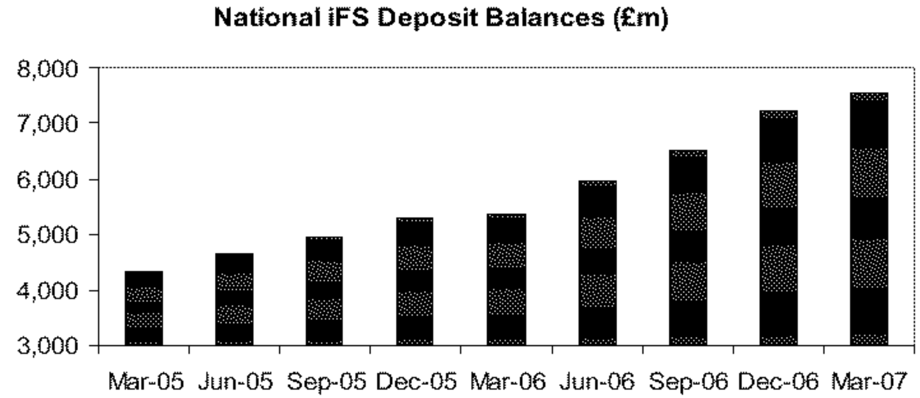
Chairman of various Football Clubs
Director of Scottish Premier League
Member of Commonwealth Games Council
Various Honorary Degrees awarded
Directorships of CBI Council and IoD Council
Chairs to educational, charity and health trusts
Various CBEs and OBEs held
Deputy Lieutenants of various counties
Awarded Scottish Business Insider Dealmaker of the Year
Numerous Chairs of Chambers of Commerce
Members of Rotary International

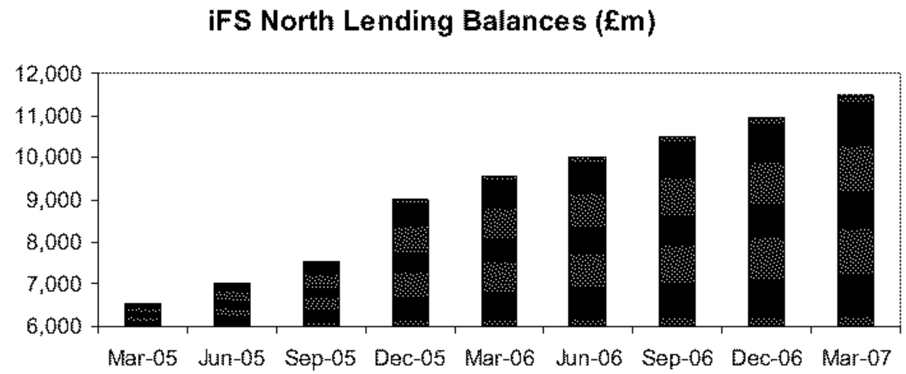
Experience

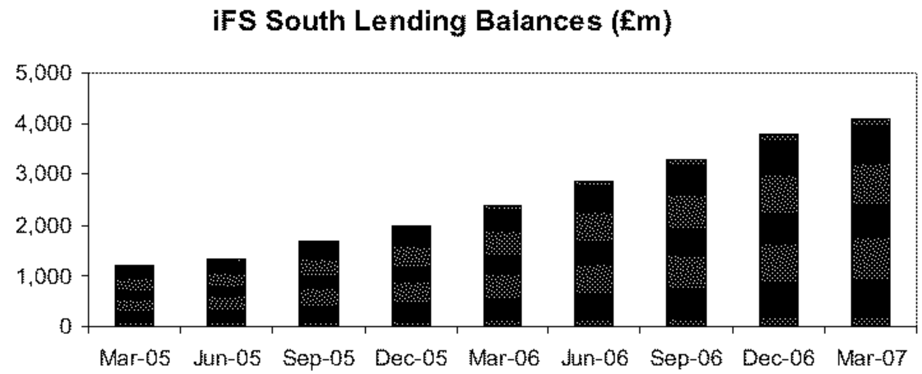
CEOs for multi million t/o companies
Number of MBOs transacted
Many have M&A experience

iFS Performance Update

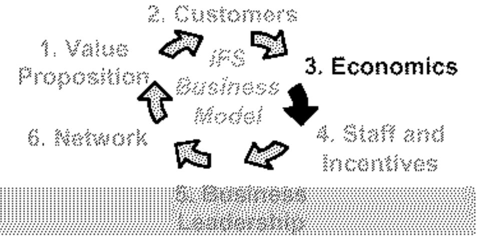




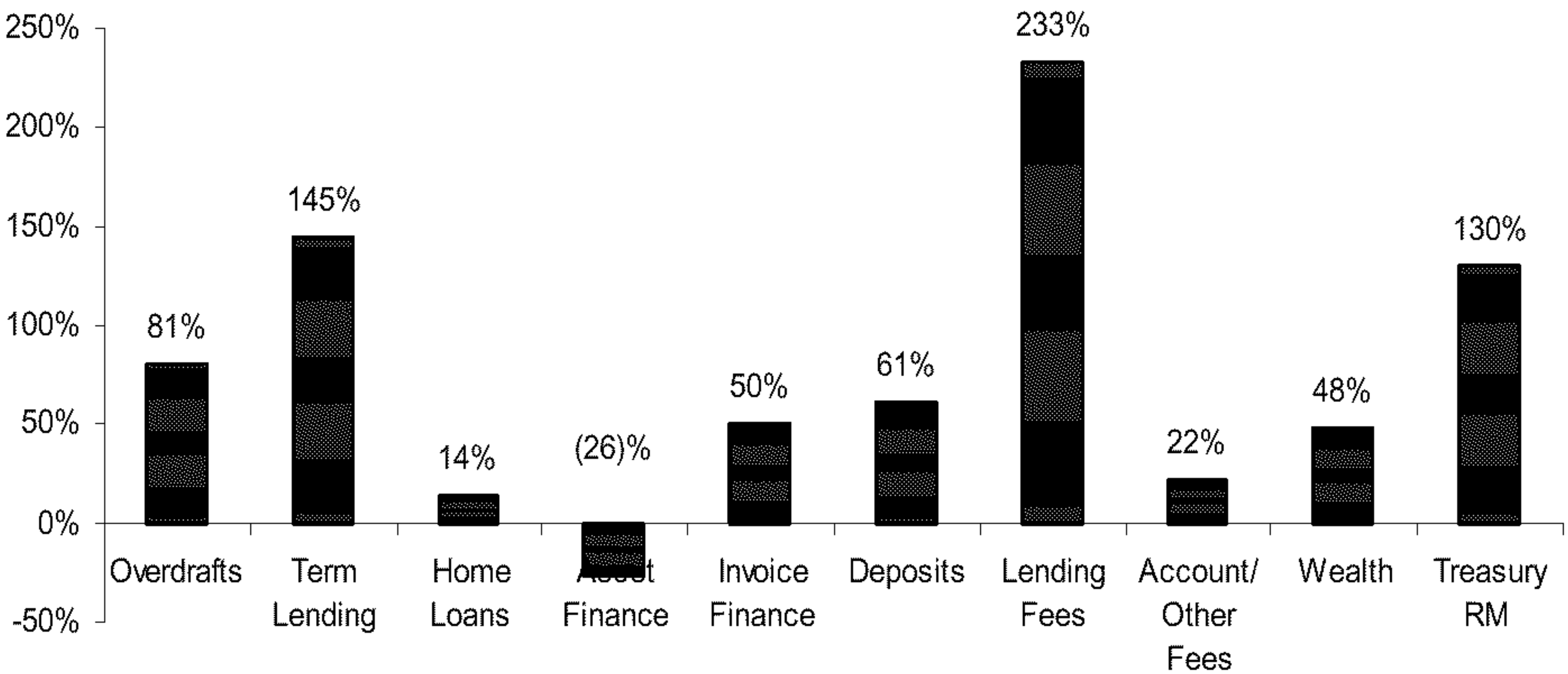




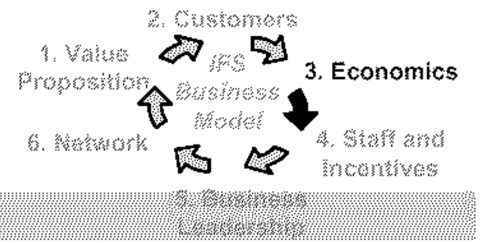
iFS Performance Update



Balance of iFS Income Growth Current Estimate

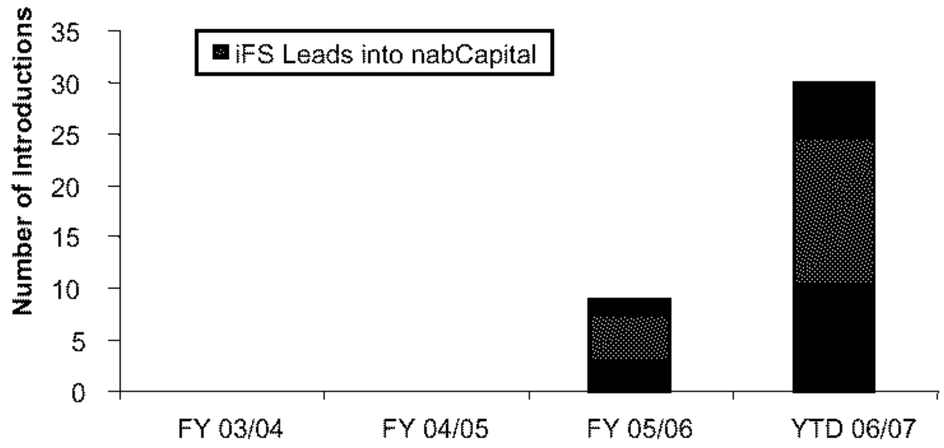


iFS Performance Update



iFS Commercial Deal Introductions into nabCapital – YTD Position

- iFS are currently tracking 30 Commercial Deal introductions in the pipeline from across the national business. We currently have 4 deals which have drawndown

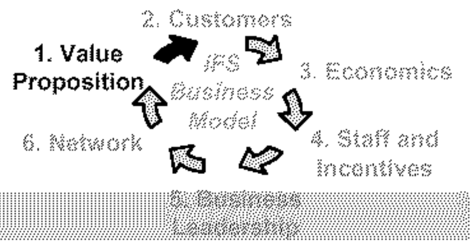


- Treasury Solutions income has increased

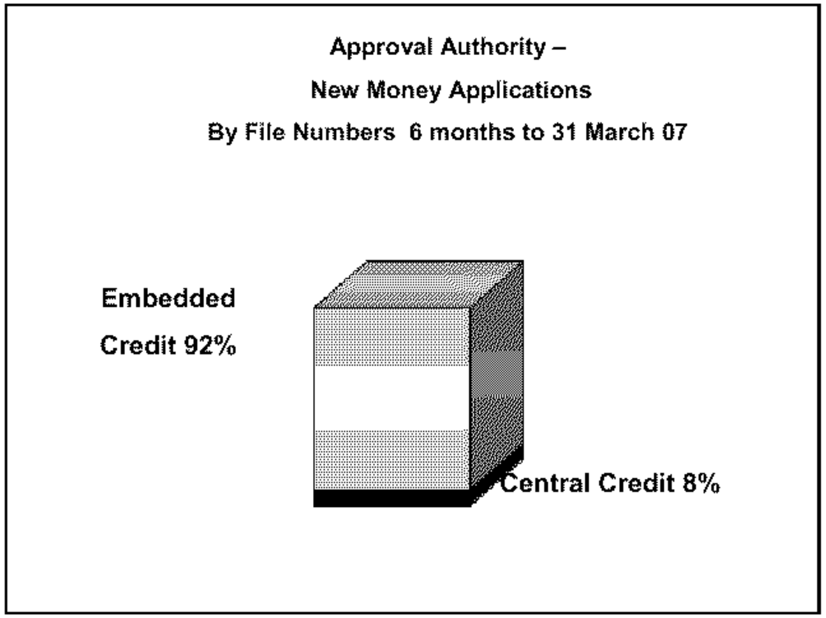
	FY04 £m	H1 07 £m
Treasury Risk Mgt products	9	13

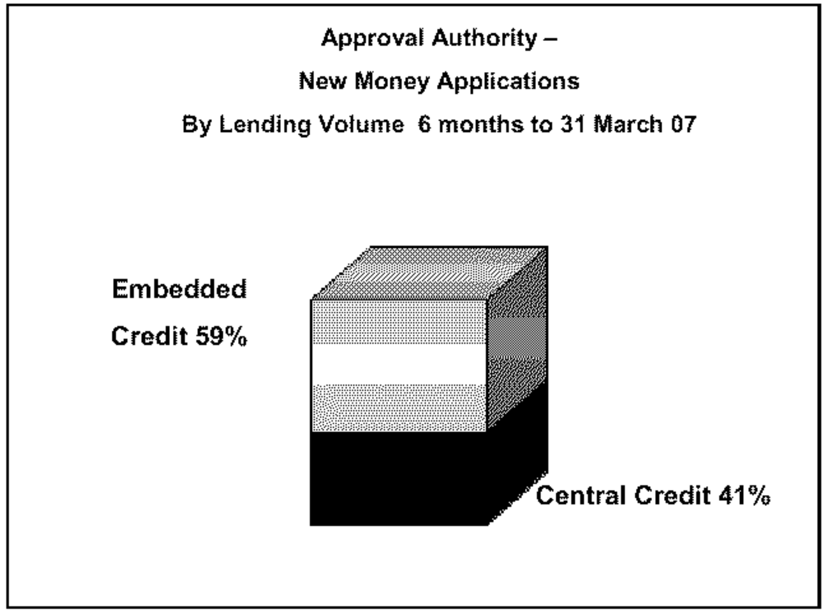
- Indirect Foreign Exchange 34% increase March 06 to March 07

Credit Model / Asset Quality

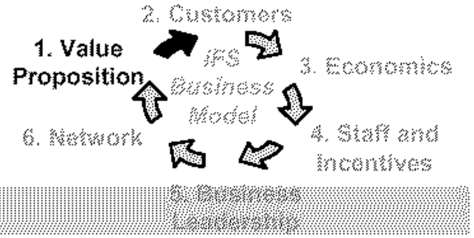


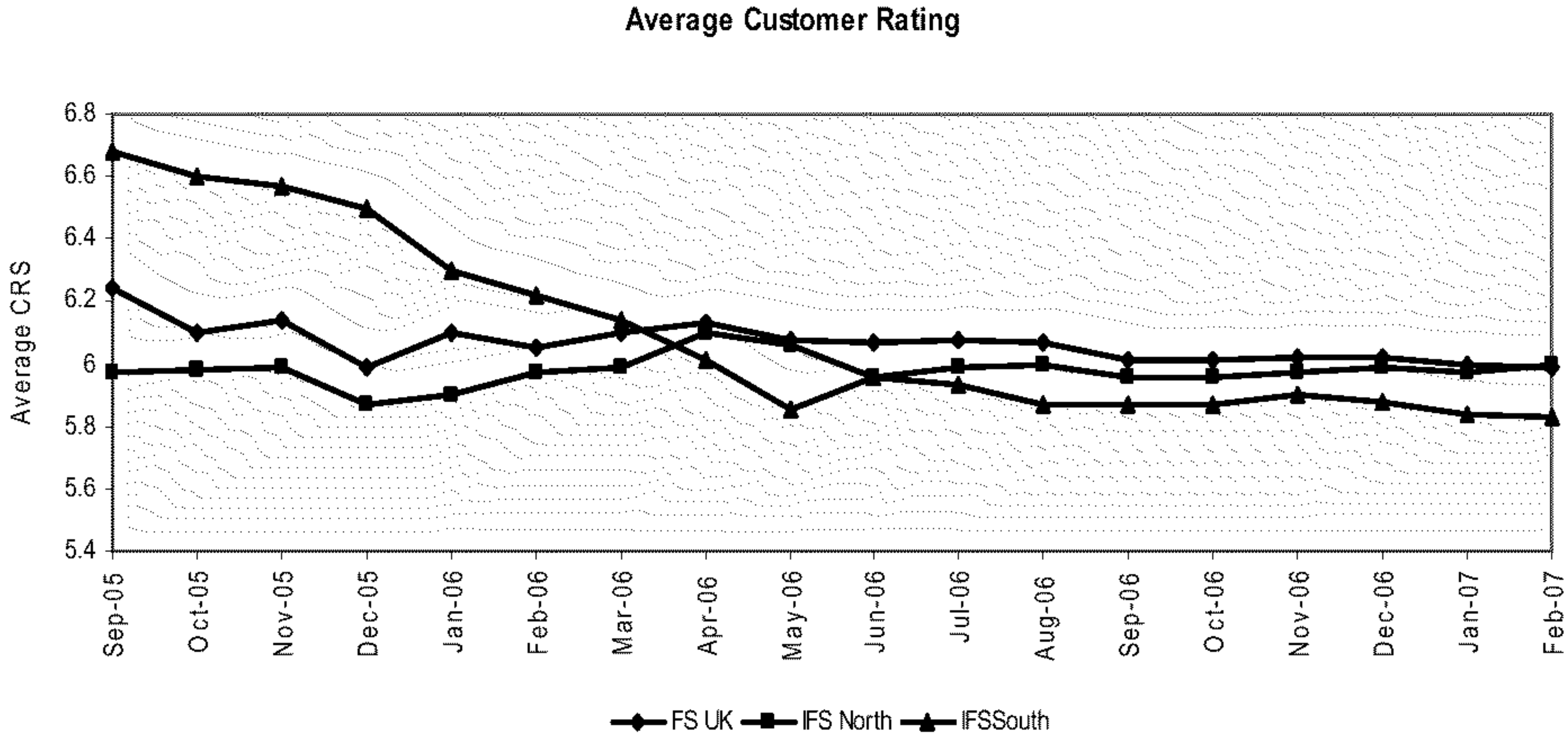
- Embedded credit model
- Competitor advantage



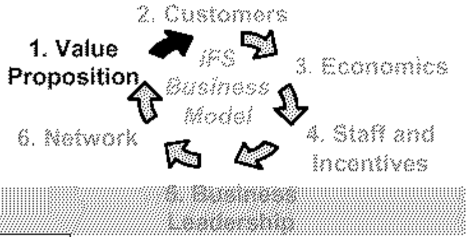


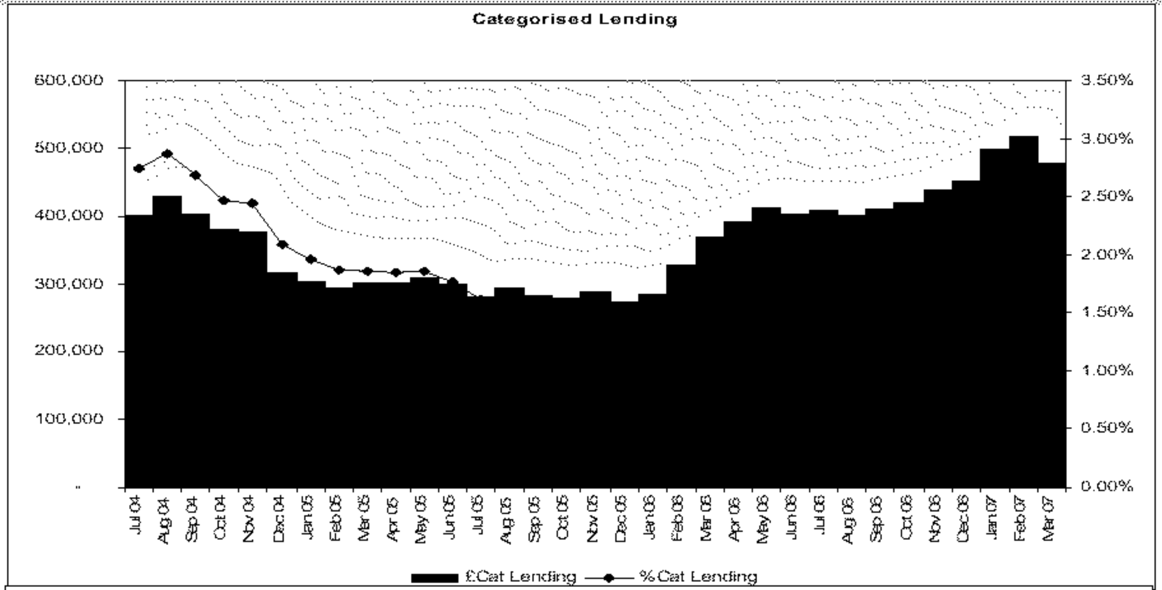
Credit Model / Asset Quality

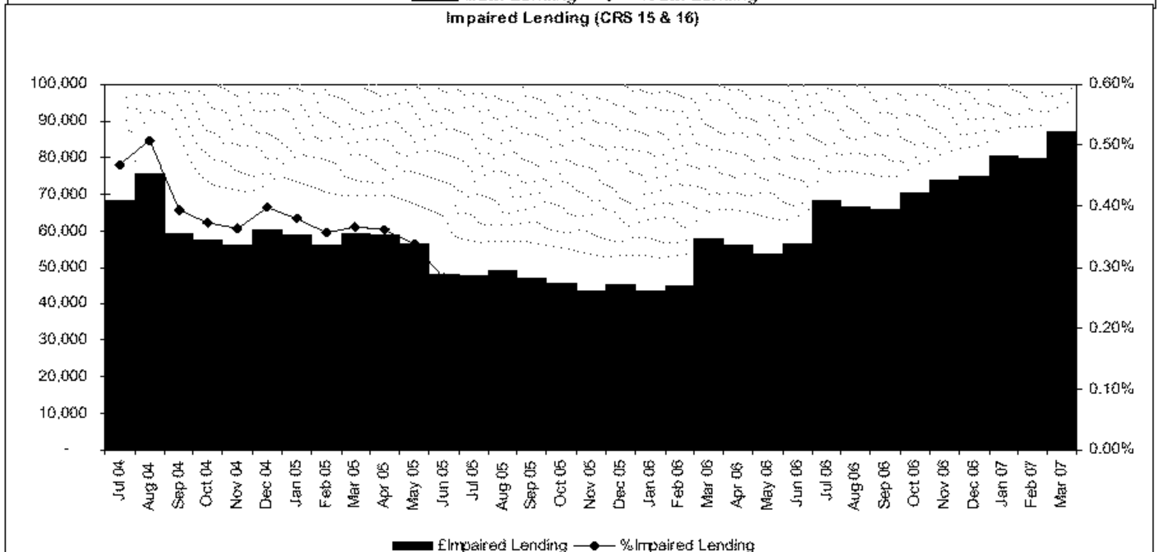




Credit Model / Asset Quality – Lending Under Increased Monitoring







Milestones – February 2005

New Sites

- A typical new iFS centre is expected to have a cash flow payback of circa 23 months
- Opportunity for new site represents circa £4m PBT in steady state
- Targeting 40% cost/income ratio
- Between 30-40 new sites within 2 years

Converted Sites

- Some costs when retro-fitting to traditional centres
- Opportunity per converted sites represents circa £400k PBT
- A national network of 70 – 90 sites

iFS South Expansion Sites – Progress

NB. Excludes legacy sites of London City, West End and Watford which are all green

Overall Progress Including Financials

○ On Track
◑
● More Work To Do

FSC	Launch Date	Performance
Bristol	09/03	○
Reading	09/03	○
Southampton	11/03	○
Maidstone	04/04	○
Oxford	07/04	○
Milton Keynes	09/04	○
Chelmsford	10/04	○
Tunbridge Wells	11/04	○
Guildford	12/04	○
Canary Wharf	01/05	◑
Cambridge	03/05	●
High Wycombe	03/05	○
Knightsbridge	03/05	○
Crawley	04/05	○
St Albans	06/05	○
Gloucester	07/05	○
Bath	07/05	○

FSC	Launch Date	Performance
Exeter	07 / 05	○
Norwich	07 / 05	●
Peterborough	08 / 05	○
Plymouth	08 / 05	○
Taunton	08 / 05	○
Basildon	09 / 05	●
Basingstoke	09 / 05	○
Bury St Edmunds	09 / 05	○
Cardiff	09 / 05	◑
Croydon	09 / 05	◑
Hertford	09 / 05	◑
Ipswich	09 / 05	●
Richmond	11 / 05	●
Portsmouth	12 / 05	○
Paddington	01 / 06	○
Worcester	03 / 06	○

iFS North Conversion Sites – Progress

Using baseline at 31st March 2005

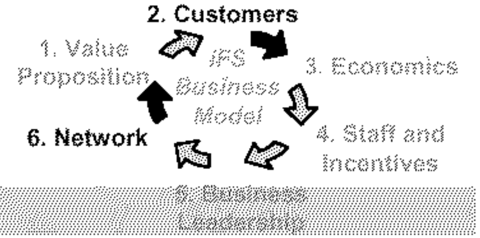
Overall Progress Including Financials

On Track

More Work To Do

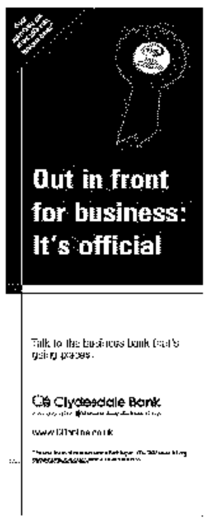
Converted FSC	Performance
Stirling	
Dunfermline	
Aberdeen	
Dundee	
Edinburgh	
Glasgow	
East Kilbride	
Paisley	
Birmingham	
Nottingham	
Manchester	
Liverpool	
Coventry	
Bolton	
Preston	

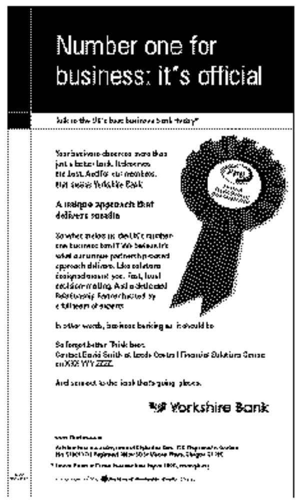
Converted FSC	Performance
Leicester	
West Yorkshire	
Leeds	
Doncaster	
South Yorkshire	
Newcastle	
Tees Valley	
York (Hull relocated)	
Ayrshire	
Thainstone	
Carlisle	
Inverness	
Stafford	



Member Experience - Forum of Private Business

"The gap between the smaller banks and the rest is very clear, with virtually identical performances registered by customers of AIB, Yorkshire Bank and Clydesdale Bank. In the 2004 survey, we were able to report that such high levels of performance need not be limited to smaller banks, using the performance of HSBC as evidence of similar levels of achievement by one of the largest. With the fall in HSBC's performance score, there is now a clear divide between the two groups."





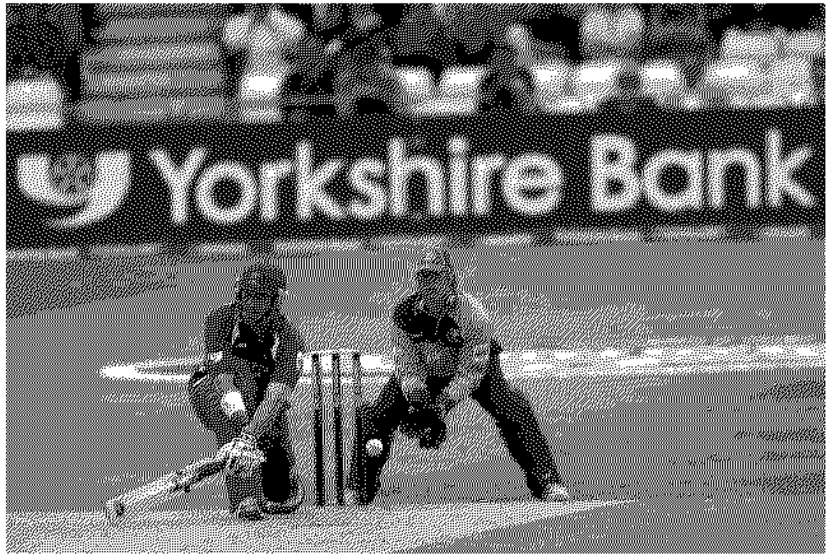
Bank	Rank	2006	Rank	2004	Rank	2002
AIB	1	67.0	1	70.9	1	60.3
Yorkshire	1	67.0	2	62.6	2	57.7
Clydesdale	3	66.0	3	62.0	7	50.8
RBS	4	59.5	5	58.4	4	54.5
NatWest	5	58.3	6	53.8	6	53.8
HSBC	6	55.9	4	59.7	3	57.5
Barclays	7	55.1	8	52.0	5	54.4
Lloyds TSB	8	54.7	7	52.7	8	49.6

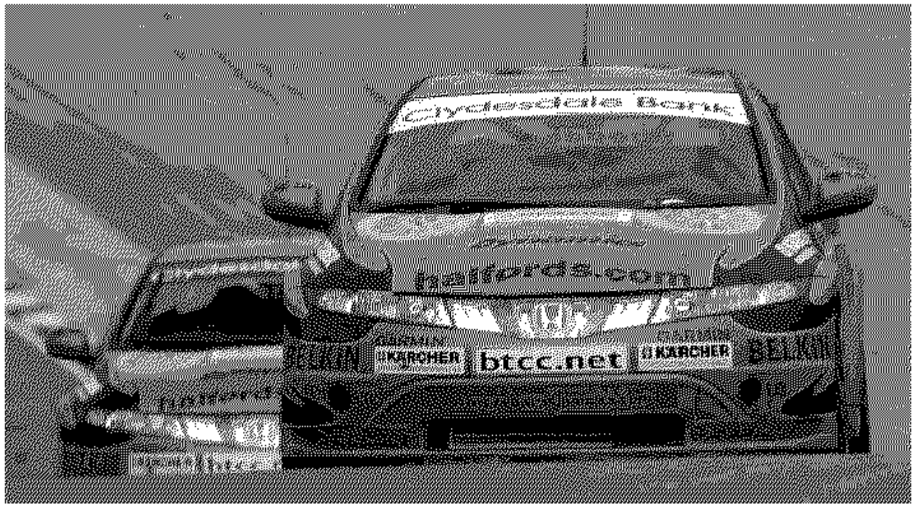
Member Experience

2. Customers
1. Value Proposition
3. Economics
iFS Business Model
4. Staff and Incentives
6. Network
5. Business Leadership

Networking

- 800 events held during first 6months of this year!
- Minimum ROI = 2.5 times cost
- Local Marketing framework = local management of activity





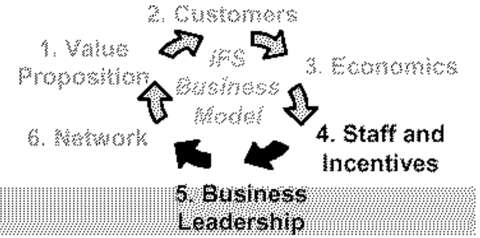
Major sponsorship activities include;

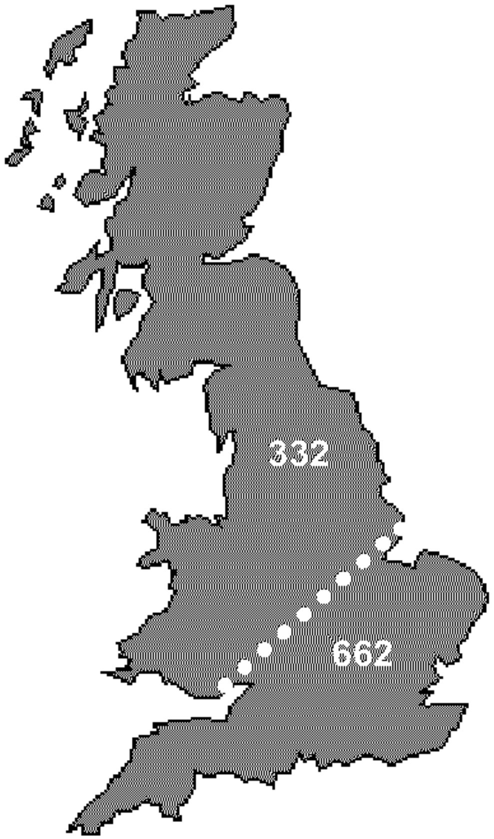
- Twenty20;
- Touring Cars/Team Halfords
- FT Golf

Ambassadors in place;

- Alec Stewart
- Gavin Hastings
- Gordon Shedden
- Michael Lynagh
- Jonathan Davies

iFS People

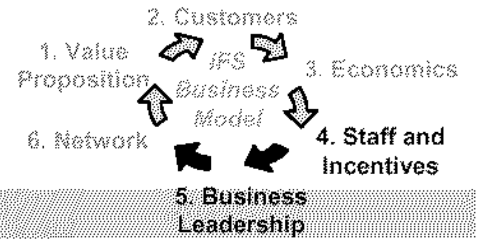




Recruitment since Jan 2004

- **994** New recruits since 2004
- Attrition Rate of only **9%** vs. industry average of 16%
- Growing our talent with **618** internal promotions
- Restructures / Management re organisations = NIL

iFS OCI & EOS Results



"I am confident and capable of changing with the times" 99%

"I feel encouraged to take the initiative and suggest improvements to better serve our customers" 94%

"I am excited about my part in the future of our organisation" 91%

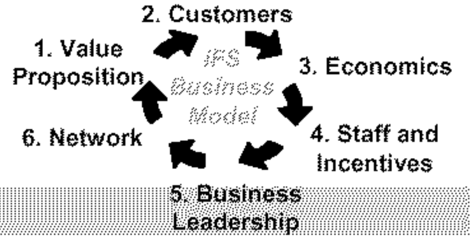
"People throughout our organisation share a common vision of our future" 87%

"Our Senior Leaders inspire me about the future of this organisation" 84%

"The work processes we have in place allow me to be as productive as possible" **23%**

"Our organisation's policies are clear and easy to understand" **61%**

iFS UK Growth Opportunities



Product

- Acquisition Finance
- Commercial Property lending activities

Proposition

- Continued delivery of iFS proposition
- Members register / database
- Focus on Specialist areas to increase cross sale effectiveness.
- Develop Private Banking capability
- Business Internet Banking
- Business Lending

People

- Continued personnel and site growth
- Enhancing the iFS business reward scheme with a share orientated Long Term Incentive
- Junior Partner / Graduate development

Largely organic by being more effective in what we do and to leverage existing capabilities

Integrated Financial Solutions

Yorkshire Bank

Clydesdale Bank

Disclaimer

•This document is a presentation of general background information about the Group's activities current at the date of the presentation, July 2007. It is information in a summary form and does not purport to be complete. It is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. These should be considered, with or without professional advice, when deciding if an investment is appropriate.

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