FUTURE BANKING LANDSCAPE

David Duffy, CEO

26 September 2017
<table>
<thead>
<tr>
<th>CYBG HAS EVOLVED RAPIDLY SINCE IPO</th>
</tr>
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<tbody>
<tr>
<td>FEBRUARY 2016¹</td>
</tr>
<tr>
<td>275</td>
</tr>
<tr>
<td>BRANCHES</td>
</tr>
<tr>
<td>£727m</td>
</tr>
<tr>
<td>UNDERLYING OPERATING COSTS</td>
</tr>
<tr>
<td>0</td>
</tr>
<tr>
<td>B CUSTOMERS</td>
</tr>
<tr>
<td>£28.8bn</td>
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<tr>
<td>LOANS</td>
</tr>
<tr>
<td>5.1%</td>
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<tr>
<td>UNDERLYING RoTE</td>
</tr>
<tr>
<td>TODAY²</td>
</tr>
<tr>
<td>168</td>
</tr>
<tr>
<td>&lt;£680m³</td>
</tr>
<tr>
<td>c.100k</td>
</tr>
<tr>
<td>£31.2bn</td>
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<td>6.3%⁴</td>
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Transforming CYBG into the only full-scale challenger bank in the UK

¹ Financials as at 30 September 2015
² Financials as at 30 June 2017
³ Updated guidance for FY17 as at 1 August 2017
⁴ For 6 months to 31 March 2017
MANAGEMENT ACTIONS ENHANCE OUR FRANCHISE STRENGTHS

**MANAGEMENT ACTIONS**

**Transforming the culture**
- Senior Board appointments, LT restructured, senior management bench strengthened
- More agile and simplified decision-making
- New employee engagement approach

**Reinvigorating customer franchise**
- Reinvigorated focus on retail and SME business
- Continuous programme of customer journey simplification
- Deposit-led strategy

**Investing in core platforms**
- Over £350m investment spend on growth and resilience from FY17
- Integration of retail and SME franchises
- Completing full separation from NAB

**CYBG FRANCHISE STRENGTHS**

- Trusted, heritage brands
- Deep customer relationships in core regions
- PCA/BCA funded
- Long-standing mortgage broker relationships
- SME sector expertise and focus
- Scalable infrastructure
- Evolving omni-channel distribution
- Proven operating platform flexibility
SETTING US ON A CLEAR PATH TO DELIVERY IN FY19

- **Sustainable customer growth**: Reinvigorating customer franchise with above market growth
- **A clear strategic plan...**: Underpinned by omni-channel approach
- **Capital optimisation**: IRB accreditation to deliver more efficient capital base
- **Efficiency**: £100m+ of underlying cost savings by FY19

**...to deliver medium term guidance**

<table>
<thead>
<tr>
<th>Sustainable customer growth</th>
<th>Mid-single digit lending growth in retail and SME</th>
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<tbody>
<tr>
<td>Efficiency</td>
<td>Cost income ratio 55-58% c.20% reduction from FY16</td>
</tr>
<tr>
<td>Capital and dividend</td>
<td>CET1 12-13%, targeting dividend from FY17</td>
</tr>
<tr>
<td>RoTE</td>
<td>Double digit by FY19 c.100% increase from FY16</td>
</tr>
</tbody>
</table>

**Delivering a bank fit to compete in the future**
WHILE DELIVERING A DIFFERENTIATED AND MARKET-LEADING DIGITAL PLATFORM

Leveraging our market-leading platform...

- Enriched and simultaneous functionality
- One platform – multiple brands
- Microservices/ APIs
- Interaction management
- Real time trusted data & insight

Core Banking Platform

...to position the bank for growth

- Integrating with partner/ fintech...
  - ezbob
  - National micro SME e-lending solution
  - Discussions with other partners ongoing
  - Prototyping voice activated capability

- Across the full product range...
  - Full service range – Retail, SME, mortgages, corporate and commercial.

- Positioned for open banking environment...
  - PSD2
  - Planning for future regulatory and consumer market dynamics

Delivering a differentiated digital platform while restructuring the core business
## PSD2 & Open Banking – Creating Opportunities for CYBG

<table>
<thead>
<tr>
<th>What is it?</th>
<th>Open Banking</th>
<th>Overlap</th>
<th>PSD2</th>
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<tbody>
<tr>
<td>Purpose</td>
<td>9 largest banks must provide access to certain information via standardised set of APIs</td>
<td>API development</td>
<td>EU legislation that widens the scope of PSD and forces EU credit institutions to provide access to payment accounts via APIs</td>
</tr>
<tr>
<td>Scope</td>
<td>Improve customer experience</td>
<td>Centralised regulation controlling access</td>
<td>Increase security</td>
</tr>
<tr>
<td>Measures</td>
<td>UK banks, Unsecured loans and overdrafts, Business deposits</td>
<td>Increase competition, Lower prices</td>
<td>Protect customers</td>
</tr>
<tr>
<td></td>
<td>Product data, Reference data, Service quality data, Central infrastructure, Other remedies (o/d limits, switching)</td>
<td>Personal and SME current accounts</td>
<td>Credit institutions operating in EU, Credit cards</td>
</tr>
<tr>
<td></td>
<td>Account information, Payment initiation, Security/authentication</td>
<td></td>
<td></td>
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</table>

Challenges and opportunities for market participants

- Compliance monitoring
- Cap on surcharging for cards
- Extension of one leg out rules
- Complaints handling
- Customer liability reduction
- Immediate release of earmarked funds
ADAPTING TO THE EMERGENCE OF DIGITAL MARKETPLACES

Status quo in UK banking

Possible future state

Vertically integrated capabilities

Distribution/Application
Processing/Platform
Manufacturing/Capital

Broad spectrum of traditional banking products

‘Ownership’ of customer relationship through the current account

Digital marketplace

Distribution/Application
Processing/Platform
Manufacturing/Capital

Bank role in potential future models:

‘Ownership’ of the customer through delivery of the best user experience
CYBG’S IB PLATFORM ENABLING SPEED TO MARKET AND RELEVANT PARTICIPATION IN DIGITAL ECOSYSTEMS...

Typical banking architecture:
- Online banking
- Mobile banking
- Business banking
- Branch systems

Core banking platform

Independent systems, data passed in batch, no sharing of events across platforms

iB platform:
- Microservices/APIs
- Interaction management
- Real-time data & insight
- Fintech partners

Core banking platform

Integrated platform, real time data, interaction management, and personalisation
...BY HELPING TO PUT CUSTOMERS IN CONTROL

Retail aggregator

B for Business

B @ Home

B Travel

Illustrative examples, not all screens are currently live
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