Strategic progress

David Duffy
Chief Executive Officer
CLEAR STRATEGIC DIRECTION...

...DRIVING REVENUE / COST JAWS...

...AND ULTIMATELY RETURNS

Sustainable customer growth

Capital optimisation

Efficiency

Underpinned by digital transformation

<table>
<thead>
<tr>
<th>Underlying cost : income ratio</th>
<th>FY 15</th>
<th>FY 16</th>
<th>FY 17</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 15</td>
<td>75%</td>
<td>74%</td>
<td>67%</td>
</tr>
<tr>
<td>FY 16</td>
<td>964</td>
<td>989</td>
<td>1,016</td>
</tr>
<tr>
<td>FY 17</td>
<td>727</td>
<td>729</td>
<td>675</td>
</tr>
</tbody>
</table>

5.1% 5.2% 7.5%

159 221 293

Underlying RoTE

Underlying operating income

Underlying operating expenses

Underlying PBT
BUSINESS TRANSFORMATION CONTINUES TO ENHANCE THE CUSTOMER EXPERIENCE

GROWTH

- Expanded product & channel suite
- New flagship branches
- Fintech collaborations

EFFICIENCY

- Reduced site footprint
- Procurement capability enhanced
- Streamlined mortgage approval process
Financial results

Ian Smith
Chief Financial Officer
## STRONG PROFIT GROWTH

### Income statement

<table>
<thead>
<tr>
<th></th>
<th>Year to</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£m</td>
<td>30 Sep 2017</td>
</tr>
<tr>
<td>Net interest income</td>
<td>844</td>
<td>806</td>
</tr>
<tr>
<td>Non-interest income</td>
<td>172</td>
<td>183</td>
</tr>
<tr>
<td><strong>Total operating income</strong></td>
<td><strong>1,016</strong></td>
<td><strong>989</strong></td>
</tr>
<tr>
<td>Total operating and administrative expenses</td>
<td>(675)</td>
<td>(729)</td>
</tr>
<tr>
<td>Operating profit before impairment losses</td>
<td>341</td>
<td>260</td>
</tr>
<tr>
<td>Impairment losses on credit exposures</td>
<td>(48)</td>
<td>(39)</td>
</tr>
<tr>
<td><strong>Underlying profit on ordinary activities before tax</strong></td>
<td><strong>293</strong></td>
<td><strong>221</strong></td>
</tr>
</tbody>
</table>

|                                |           | 227 bps | 226 bps | +1 bps |
| NIM                            | FY17 vs. FY16 |
| Cost of risk                  | 14 bps    | 9 bps   | +5 bps  |
| Underlying cost income ratio  | 67%       | 74%     | (7) %pts|
| Underlying RoTE               | 7.5%      | 5.2%    | +2.3 %pts|
| Underlying EPS (pence)        | 21.5      | 16.2    | +33%    |
| Dividend per share (pence)    | 10        | -       | n/a     |
## FIRST STATUTORY PROFIT IN OVER 5 YEARS

<table>
<thead>
<tr>
<th>Statutory profit</th>
<th>£m</th>
<th>30 Sep 2017</th>
<th>30 Sep 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Underlying profit on ordinary activities before tax</td>
<td>293</td>
<td>221</td>
<td></td>
</tr>
<tr>
<td>Exceptional Items</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Conduct charges</td>
<td>(58)</td>
<td>(51)</td>
<td></td>
</tr>
<tr>
<td>- Restructuring expense</td>
<td>(67)</td>
<td>(45)</td>
<td></td>
</tr>
<tr>
<td>- Gain on defined benefit pension scheme reforms</td>
<td>88</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>- Gain on disposal of Vocalink</td>
<td>20</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>- Other</td>
<td>(8)</td>
<td></td>
<td>(48)</td>
</tr>
<tr>
<td>Statutory profit on ordinary activities before tax</td>
<td>268</td>
<td>77</td>
<td></td>
</tr>
<tr>
<td>Tax charge</td>
<td>(86)</td>
<td>(241)</td>
<td></td>
</tr>
<tr>
<td>Statutory profit for the period</td>
<td>182</td>
<td></td>
<td>(164)</td>
</tr>
</tbody>
</table>
SUSTAINABLE ASSET GROWTH AS PLANNED

**Mortgages**

- £bn
- Sep 16: 21.8
- Mar 17: 22.4
- Sep 17: 23.5

**Core SME**

- £bn
- Sep 16: 6.4
- Mar 17: 6.4
- Sep 17: 6.8

**Unsecured personal**

- £bn
- Sep 16: 1.2
- Mar 17: 1.1
- Sep 17: 1.2

- +8%
- +6%
- +1%

Sustainable growth ahead of market

Strong new business volumes

Disciplined origination in complex environment
STRONG NEW BUSINESS FLOWS WITHIN RISK APPETITE

Strong growth ahead of market

Mortgage origination

<table>
<thead>
<tr>
<th></th>
<th>FY16</th>
<th>FY17</th>
<th>+13%</th>
</tr>
</thead>
<tbody>
<tr>
<td>£bn</td>
<td>4.9</td>
<td>5.5</td>
<td></td>
</tr>
<tr>
<td>Owner occupied</td>
<td>41%</td>
<td>30%</td>
<td></td>
</tr>
<tr>
<td>BTL</td>
<td>59%</td>
<td>70%</td>
<td></td>
</tr>
</tbody>
</table>

Front book LTV

<table>
<thead>
<tr>
<th></th>
<th>FY16</th>
<th>FY17</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>69%</td>
<td>71%</td>
</tr>
</tbody>
</table>

Front book LTI

<table>
<thead>
<tr>
<th></th>
<th>FY16</th>
<th>FY17</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2.72</td>
<td>2.93</td>
</tr>
</tbody>
</table>

Increased new business drawdowns

SME drawdowns

<table>
<thead>
<tr>
<th></th>
<th>FY16</th>
<th>FY17</th>
<th>+13%</th>
</tr>
</thead>
<tbody>
<tr>
<td>£bn</td>
<td>1.8</td>
<td>2.1</td>
<td></td>
</tr>
</tbody>
</table>

- Origination pace maintained: £2.1bn approvals (FY16: £2.2bn)
- Stable internal risk rating
- Lower average probability of default
Pricing reflects competitive environment

Mortgage market continues to be competitive...

Front book mortgage swap rates (bps)

- FY16: 66
- FY17: 55

...though SME pricing remains robust

Average 3-month LIBOR (bps)

- FY16: 55
- FY17: 34

Mortgage front book GIM (bps)

- FY16: 277
- FY17: 246

SME front book GIM (bps)

- FY16: 351
- FY17: 325

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- FY17: 325

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SME front book GIM (bps)

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- FY17: 325
### Maintaining a Broad Mix of Funding Sources

**Restructured deposit portfolio...**

<table>
<thead>
<tr>
<th>Deposit balances (£bn)</th>
<th>Sep-16</th>
<th>Sep-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current accounts</td>
<td>5.5</td>
<td>6.0</td>
</tr>
<tr>
<td>Savings</td>
<td>8.2</td>
<td>7.7</td>
</tr>
<tr>
<td>Term deposits</td>
<td>13.2</td>
<td>13.9</td>
</tr>
</tbody>
</table>

**...with strong H2 deposit growth**

<table>
<thead>
<tr>
<th>Deposit balances (£bn)</th>
<th>Sep-16</th>
<th>Dec-16</th>
<th>Mar-17</th>
<th>Jun-17</th>
<th>Sep-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current accounts</td>
<td>27.0</td>
<td>27.3</td>
<td>26.3</td>
<td>26.2</td>
<td>27.7</td>
</tr>
<tr>
<td>Savings</td>
<td>72</td>
<td>47</td>
<td>112%</td>
<td>115%</td>
<td></td>
</tr>
<tr>
<td>Term deposits</td>
<td>47</td>
<td>115%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**...and lower funding costs**

- Wholesale funding cost 151bps (FY16: 196bps)
- No TFS drawdowns in H2, £1.9bn drawn at 30-Sep
- Inaugural £300m MREL issuance completed in June
COST SAVINGS RUNNING AHEAD OF SCHEDULE

One year in, 2/3rds of initiatives delivered

Underlying operating costs £m

- FY16: 729
- FY17: 675

Run rate savings delivered: £90m provides cost momentum into FY18 and capacity for reinvestment

Cost savings facilitating reinvestment

Run rate cost savings £m

- FY16: 729
- FY17: 675

- Network efficiency: 33
- Operational efficiency: 7
- Organisational design: 23
- Central cost management: 27

Run rate savings achieved to date

- Run rate savings to be delivered in FY18-19

Reinvestment in business to enhance customer proposition

Driven by central cost management and organisational efficiency

Target net cost savings by FY19

- 100+

(1) Relative to FY16
NO COMPROMISE ON ASSET QUALITY

Credit performance remains stable...

Cost of risk \(^{(1)}\) (bps)

\[
\begin{array}{ccc}
2015 & 21 & 25 \\
2016 & 9 & 26 \\
2017 & 14 &\
\end{array}
\]

Impairment charge

\[
\begin{array}{ccc}
2015 & £78m & \\
2016 & £39m & \\
2017 & £48m & \\
\end{array}
\]

Gross cost of risk \(^{(2)}\) (bps)

\[
\begin{array}{ccc}
\text{Mortgages} & £23.5bn & \\
& FY15 & 12 \\
& FY16 & 4 \\
& FY17 & 2 \\
\text{SME} & £7.3bn & \\
& FY15 & 72 \\
& FY16 & 60 \\
& FY17 & 62 \\
\text{Unsecured} & £1.2bn & \\
& FY15 & 189 \\
& FY16 & 210 \\
& FY17 & 266 \\
\end{array}
\]

\(^{(1)}\) Cost of risk includes credit risk adjustment on loans at fair value

\(^{(2)}\) Excluding provision releases/recoveries and debt sales
CAPITAL GENERATION SUPPORTING GROWTH AND RESTRUCTURING

CET1 ratio evolution (bps)

- Underlying capital generation 13bps

- Impact of increase in RWAs: 42 bps

- £58m impact of increased provisions: 34 bps

- Elimination of IAS19 pension deficit less £50m contribution: 21 bps

<table>
<thead>
<tr>
<th>Sep-16</th>
<th>Generated</th>
<th>Asset growth</th>
<th>Investment spend</th>
<th>AT1 distribution</th>
<th>Restructuring</th>
<th>Conduct</th>
<th>Pension</th>
<th>Other</th>
<th>Sep-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>18.2%</td>
<td>168</td>
<td>42</td>
<td>93</td>
<td>20</td>
<td></td>
<td></td>
<td>34</td>
<td>27</td>
<td>21</td>
</tr>
<tr>
<td>6.8%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Total capital</td>
<td></td>
<td></td>
<td></td>
<td>17.9%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Leverage ratio</td>
<td></td>
<td></td>
<td></td>
<td>6.3%</td>
</tr>
</tbody>
</table>

12.6% 12.4%
Management action on pensions delivering clear benefits

- Harmonised colleagues’ pension benefits
- Cost savings reinvested in colleague rewards
- Scheme liabilities reduced
- Improves deficit, reduces capital risk

DB scheme closed to future accruals

- Deficit reduced from £450m to £290m
- Contribution plan of £50m per annum from FY19 to FY23
- Route to fully-funded scheme agreed

Triennial valuation agreed

Targeted lending growth increased RWAs...

<table>
<thead>
<tr>
<th>RWAs</th>
<th>Sep-16</th>
<th>Sep-17</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>19.0</td>
<td>19.7</td>
</tr>
<tr>
<td>Retail mortgages</td>
<td>3.9</td>
<td>3.7</td>
</tr>
<tr>
<td>Business lending</td>
<td>7.1</td>
<td>7.4</td>
</tr>
<tr>
<td>Other</td>
<td>8.0</td>
<td>8.6</td>
</tr>
</tbody>
</table>

...with IRB programme on track

- Expectations for transition timeline and impact unchanged
  - Mortgage portfolio – 1 October 2018
  - Full bank – by 1 October 2019
- c.£5bn mortgage RWA reduction when IRB achieved (1)

Note: More detail in appendix, slide 29
(1) Based on internal models and 31 March 2016 balance sheet.
**FURTHER PROGRESS ON LEGACY CONDUCT**

**Management believe cover is sufficient...**

- **Unutilised cover**
  - £bn
  - 1.5
  - 0.4
  - 0.3

  PBR now complete. Remediation expected to complete in Q1 2018

  Indemnity drawn down by £534m in FY17, principally PPI

**...based on updated assumptions**

**PPI walk in complaints**

- '000
- FY15: 40
- FY16: 56
- FY17: 79
- To Aug-19: 73
c.2x

FY17 assumed to be high watermark for walk ins:
- Increased CMC activity ahead of time bar/denial of Judicial Review
- Increased media attention around FCA advertising campaign

Management believe cover is sufficient... based on updated assumptions.
## FY18 AND MEDIUM TERM GUIDANCE

<table>
<thead>
<tr>
<th>Metric</th>
<th>FY18 guidance</th>
<th>Medium term guidance</th>
</tr>
</thead>
<tbody>
<tr>
<td>NIM</td>
<td>c.220bps</td>
<td></td>
</tr>
<tr>
<td>Underlying costs</td>
<td>&lt; £650m</td>
<td></td>
</tr>
<tr>
<td>Loan growth</td>
<td>Mid-single digit %</td>
<td></td>
</tr>
<tr>
<td>CET1</td>
<td>12-13%</td>
<td></td>
</tr>
<tr>
<td>LDR&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td>&lt;120%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Metric</th>
<th>Medium term guidance</th>
</tr>
</thead>
<tbody>
<tr>
<td>RoTE</td>
<td>Double digit by FY19</td>
</tr>
<tr>
<td>CIR</td>
<td>55% - 58% by FY19</td>
</tr>
<tr>
<td>Loan growth</td>
<td>Mid single digit % CAGR to FY19</td>
</tr>
<tr>
<td>CET1</td>
<td>12-13%</td>
</tr>
<tr>
<td>LDR&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td>&lt; 120%</td>
</tr>
<tr>
<td>Dividend</td>
<td>50% pay out ratio over time</td>
</tr>
</tbody>
</table>

<sup>(1)</sup> Including TFS

Medium term guidance on track
Summary & outlook

David Duffy
Chief Executive Officer
**CONTINUING OUR EVOLUTION**

Business transformation is delivering improved financial performance...

**IPO (1)**

<table>
<thead>
<tr>
<th>FY 17</th>
<th>IPO (1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>75%</td>
<td>UNDERLYING CTI 67%</td>
</tr>
<tr>
<td>£159m</td>
<td>UNDERLYING PBT £293m</td>
</tr>
<tr>
<td>(£229m)</td>
<td>STATUTORY PROFIT £182m</td>
</tr>
<tr>
<td>5.1%</td>
<td>UNDERLYING ROTE 7.5%</td>
</tr>
<tr>
<td>£26.3bn</td>
<td>DEPOSITS £27.7bn</td>
</tr>
<tr>
<td>£28.8bn</td>
<td>LOANS £32.0bn</td>
</tr>
</tbody>
</table>

...and a better bank for customers and colleagues

- Clear, customer-focused strategy
- Expanded channel and product capability
- Reinvigorated SME business
- Reshaped distribution network
- Overhauled colleague proposition
- Embedded prudent risk management culture
- Built market-leading digital platform

---

Financials as at 30 September 2015

- **STATUTORY PROFIT £182m**
  - **£229m** (1)
- **UNDERLYING ROTE 7.5%**
- **£28.8bn LOANS £32.0bn**
- **£26.3bn DEPOSITS £27.7bn**

---

(1) Financials as at 30 September 2015
DELIVERING GROWTH BY LEVERAGING OUR STRONG BRANDS AND DIGITAL PLATFORM...

Three brands, one digital platform...

Dynamic, digital brand

Proud Scottish heritage since 1838

Powerful regional brand since 1859

....powering national customer growth

National Digital Presence

Expansion
AND WE’RE READY FOR THE FUTURE TODAY
Contact details:

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Appendix
**MORTGAGE PORTFOLIO – 2017**

**Mortgage lending location**

Gross new mortgage lending

- Scotland: 8%
- England North: 12%
- England Midlands: 5%
- Greater London: 34%
- Rest of South: 28%
- Other: 13%

**Repayment and borrower profile**

Gross new mortgage lending

- OO - C/I: 50%
- OO - I/O: 19%
- BTL - I/O: 29%
- BTL - C/I: 2%

**LTV of gross new mortgage lending**

Gross new mortgage lending

- 50-80%: 66%
- >90%: 4%
- <50%: 11%
- 80-90%: 19%

**Loan-to-income breakdown**

Gross new mortgage lending

- 2015: 2.67
- 2016: 2.72
- 2017: 2.93

Note: Excludes loans where data is not currently available due to front book data matching still to be completed and historic data capture requirements.

1. Other includes Wales, Northern Ireland, Channel Islands and those new accounts where the region might be unknown until collateral matching has occurred.

2. Excludes BTL portfolio.
### Gross new mortgage lending volumes

<table>
<thead>
<tr>
<th>Year</th>
<th>Broker</th>
<th>Proprietary Channels</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>13</td>
<td>36</td>
<td>49</td>
</tr>
<tr>
<td>2016</td>
<td>11</td>
<td>37</td>
<td>48</td>
</tr>
<tr>
<td>2017</td>
<td>10</td>
<td>44</td>
<td>54</td>
</tr>
</tbody>
</table>

### Indexed LTV band (value)

- Intermediary stock
  - 80-90%: 63%
  - 50-80%: 28%
  - <50%: 8%
  - >90%: 1%

### Geographic split

#### Intermediary stock

- England North: 8%
- England Midlands: 5%
- Greater London: 46%
- Rest of South: 31%
- Scotland: 5%
- Other (1): 5%

Note: Excludes loans where data is not currently available due to front book data matching still to be completed and historic data capture requirements.

### LTV split

#### Intermediary stock

- <=2: 26%
- 2-3: 31%
- 3-4: 23%
- >5: 4%
- <=2: 16%
BTL LOAN BOOK – 2017

BTL stock

<table>
<thead>
<tr>
<th>Year</th>
<th>Total BTL (£bn)</th>
<th>V/O</th>
<th>C&amp;I</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>6.4</td>
<td>0.7</td>
<td>5.7</td>
</tr>
<tr>
<td>2016</td>
<td>7.4</td>
<td>0.7</td>
<td>6.7</td>
</tr>
<tr>
<td>2017</td>
<td>7.8</td>
<td>0.7</td>
<td>7.1</td>
</tr>
</tbody>
</table>

Indexed LTV

- Total BTL
  - 80-90%: 1%
  - <50%: 26%
  - 50-80%: 73%

LTI split

Total BTL

- <=2: 27%
- 2-3: 24%
- 3-4: 24%
- 4-5: 14%
- >5: 6%

New lending

- <=75%: 2%
- 75-100%: 3%
- 100-125%: 5%
- 125-150%: 10%
- >150%: 80%

Rent cover

Note: Excludes loans where data is not currently available due to front book data matching still to be completed and historic data capture requirements.

(1) Other includes Wales, Northern Ireland, Channel Islands and those new accounts where the region might be unknown until collateral matching has occurred.
SME LOAN BOOK – 2017

SME book

Business lending portfolio by collateral cover

Total business lending

Business banking clients

% of total business lending

1. Other includes utilities, post and telecommunications, resources and finance sectors.
SIGNIFICANT PROGRESS ON DEFINED BENEFIT SCHEME

Closure of DB scheme to future accruals

IAS 19 impact

• P&L:
  - £88m exceptional gain (pre-tax)
• Balance sheet:
  - £88m positive impact to IAS19 position
  - Positive TNAV impact of £57m

CET1 impact

• Elimination of the IAS19 deficit
  - Removal of £75m deficit has a positive CET1 impact
  - No capital benefit once in surplus, although surplus position protects CET1 ratio from future adverse actuarial movements
• Future contributions will therefore reduce capital:
  - Cash contributions reduce CET1
  - IAS 19 surplus increases are capital neutral
• Contributions are already included in CYBG’s capital plan

Triennial valuation

Actuarial position

• Triennial valuation concluded by trustees of the DB scheme
• Deficit reduced from £450m to £290m
  - Agreement to close DB scheme delivered £131m reduction
• Value of contributions agreed with trustees pre-IPO is unchanged:
  - £50m in May 2017; plus
  - £50 million in each financial year 2019 to 2022; plus
  - £55 million in 2023
<table>
<thead>
<tr>
<th></th>
<th>September 2017</th>
<th>September 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mortgages</strong></td>
<td>23,480</td>
<td>21,836</td>
</tr>
<tr>
<td><strong>SME - Core Book</strong></td>
<td>6,821</td>
<td>6,438</td>
</tr>
<tr>
<td><strong>SME – Non-Core Book</strong></td>
<td>504</td>
<td>720</td>
</tr>
<tr>
<td><strong>Unsecured personal lending</strong></td>
<td>1,162</td>
<td>1,153</td>
</tr>
<tr>
<td><strong>Total Customer Loans</strong></td>
<td><strong>31,967</strong></td>
<td><strong>30,147</strong></td>
</tr>
<tr>
<td><strong>Liquid Assets and other</strong></td>
<td>9,013</td>
<td>7,686</td>
</tr>
<tr>
<td><strong>Other Assets</strong></td>
<td>2,251</td>
<td>2,096</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>43,231</strong></td>
<td><strong>39,929</strong></td>
</tr>
<tr>
<td><strong>Customer Deposits</strong></td>
<td>27,679</td>
<td>27,000</td>
</tr>
<tr>
<td><strong>Wholesale Funding (excl. TFS)</strong></td>
<td>6,702</td>
<td>5,810</td>
</tr>
<tr>
<td><strong>TFS</strong></td>
<td>1,900</td>
<td>-</td>
</tr>
<tr>
<td><strong>Notes in Circulation</strong></td>
<td>2,197</td>
<td>1,912</td>
</tr>
<tr>
<td><strong>Other Liabilities</strong></td>
<td>1,351</td>
<td>1,996</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>39,829</strong></td>
<td><strong>36,718</strong></td>
</tr>
<tr>
<td><strong>Equity and Reserves</strong></td>
<td>3,402</td>
<td>3,211</td>
</tr>
<tr>
<td><strong>Liabilities and Equity</strong></td>
<td><strong>43,231</strong></td>
<td><strong>39,929</strong></td>
</tr>
</tbody>
</table>
## RWA

<table>
<thead>
<tr>
<th>£m</th>
<th>September 2017</th>
<th>September 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail mortgages</td>
<td>8,646</td>
<td>7,998</td>
</tr>
<tr>
<td>Business lending</td>
<td>7,359</td>
<td>7,087</td>
</tr>
<tr>
<td>Other retail lending</td>
<td>932</td>
<td>915</td>
</tr>
<tr>
<td>Other lending</td>
<td>815</td>
<td>906</td>
</tr>
<tr>
<td><strong>Total credit risk</strong></td>
<td><strong>17,752</strong></td>
<td><strong>16,906</strong></td>
</tr>
<tr>
<td>Credit valuation adjustment</td>
<td>167</td>
<td>286</td>
</tr>
<tr>
<td>Operational risk</td>
<td>1,621</td>
<td>1,623</td>
</tr>
<tr>
<td>Counterparty risk</td>
<td>138</td>
<td>214</td>
</tr>
<tr>
<td><strong>Total RWAs</strong></td>
<td><strong>19,678</strong></td>
<td><strong>19,029</strong></td>
</tr>
<tr>
<td>Total Loans</td>
<td><strong>31,967</strong></td>
<td><strong>30,147</strong></td>
</tr>
<tr>
<td>Credit RWAs / total loans</td>
<td><strong>56%</strong></td>
<td><strong>56%</strong></td>
</tr>
<tr>
<td>Total RWAs / Assets</td>
<td><strong>46%</strong></td>
<td><strong>48%</strong></td>
</tr>
</tbody>
</table>
CREDIT RATINGS

- CYBG is rated by S&P and Fitch. The Investment Grade ratings reflect each agency’s Holding Company methodology.
- CB PLC is rated Investment Grade by all 3 rating agencies.

### Credit Rating Summary (November 2017) — CYBG PLC

<table>
<thead>
<tr>
<th>Agency</th>
<th>Long-Term</th>
<th>Outlook</th>
<th>Short-term</th>
</tr>
</thead>
<tbody>
<tr>
<td>S&amp;P</td>
<td>BBB-</td>
<td>Stable</td>
<td>A-3</td>
</tr>
<tr>
<td>Fitch</td>
<td>BBB+</td>
<td>Stable</td>
<td>F2</td>
</tr>
</tbody>
</table>

### Credit Rating Summary (November 2017) — Clydesdale Bank PLC

<table>
<thead>
<tr>
<th>Agency</th>
<th>Long-Term</th>
<th>Outlook</th>
<th>Short-term</th>
</tr>
</thead>
<tbody>
<tr>
<td>S&amp;P</td>
<td>BBB+</td>
<td>Stable</td>
<td>A-2</td>
</tr>
<tr>
<td>Fitch</td>
<td>BBB+</td>
<td>Stable</td>
<td>F2</td>
</tr>
<tr>
<td>Moody’s</td>
<td>Baa2 (1)</td>
<td>Review for Upgrade</td>
<td>P-2</td>
</tr>
</tbody>
</table>

(1) Long-term bank deposit rating
## FTE Breakdown

<table>
<thead>
<tr>
<th></th>
<th>September 2017</th>
<th>September 2016</th>
<th>September 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core FTE</td>
<td>5,739</td>
<td>6,313</td>
<td>6,848</td>
</tr>
<tr>
<td>Legacy conduct FTE</td>
<td>621</td>
<td>533</td>
<td>396</td>
</tr>
<tr>
<td>Total FTE</td>
<td>6,360</td>
<td>6,846</td>
<td>7,244</td>
</tr>
</tbody>
</table>
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