Welcome

- Strategic Progress
- Financial Results
- iB Platform
- Outlook and Summary
- Q & A

Jim Pettigrew
Chairman
Strategic Progress

David Duffy
Chief Executive Officer
MOMENTUM IN BUSINESS PERFORMANCE

- Delivering sustainable income growth while actively managing margin
- Cost reduction programme gaining momentum
  - Restructuring costs in line with expectations
- Positive ‘jaws’ with both income growth and cost reduction
- Delivering improved shareholder returns

Underlying cost to income ratio

- H1 FY16: 72%
- H1 FY17: 70%
- Improvement: 2% pts

Underlying profit before tax

- H1 FY16: £107m
- H1 FY17: £123m
- Improvement: 15% pts

Underlying ROTE

- H1 FY16: 4.5%
- H1 FY17: 6.3%
- Improvement: 1.8% pts
CONTINUED DELIVERY OF OUR STRATEGIC OBJECTIVES...

OUR STRATEGY

- Annualised mortgage growth of 5%
- Core SME balances +7% year on year
- Dynamic margin and portfolio management – stable NIM
- Digital usage up 27% annually(1)

SUSTAINABLE CUSTOMER GROWTH

- Cost Programme on track—down 7% half on half
- 8 out of 22 Customer Journeys completed
- Core FTE reduction of 10% year on year
- Momentum in cost reduction into H2’17

EFFICIENCY

- IRB waiver application submitted to PRA and overall programme on track
- Consultation underway to close defined benefit scheme to future accrual
- IRB modelling development and data assessment improvements ongoing

CAPITAL OPTIMISATION

(1) Mobile App, B App, Retail Internet Banking and Business Online
...AND BUILDING OUR FRANCHISE CAPABILITIES

- Commitment to lend £6bn to SMEs over next 3 years
- Customer-focused propositions – over 40% of B app users from younger more affluent target market
- Launched Leadership Framework and new values and behaviours developed
- Innovation Lab "Studio B" and flagship branches opened
- Continuous upgrades to digital functionality – online account opening launched
- Branch automation and refurbishment ongoing – c.100 smart ATMs now available across the network
- Robust asset quality: 15bps Cost of Risk in H1
- Continued reweighting of mortgage front book to owner occupier: 64% in H1
- Time for mortgage application to offer reduced to best in industry 10 days as part of pilot
- TSA programme milestones successfully delivering with 21 of 29 now complete
- Ongoing investment in enhanced cyber security strategy
- Business Banking(1) account opening reduced from 20 days to 1 day
ON TRACK TO DELIVER FY17 TARGETS

- Delivering sustainable growth with momentum into H2 2017
- Stable NIM profile despite low rate environment and competitive pressures
- Confidence and momentum building in cost reduction programme
- 117% LDR remains within guidance, including TFS
- CET1 of 12.5% – robust and in line with guidance
- Economic conditions consistent with planning assumptions

### Total Loan Growth

<table>
<thead>
<tr>
<th></th>
<th>(£bn)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sep 16</td>
<td>301</td>
<td>Mar 17</td>
</tr>
</tbody>
</table>

FY17e
- Mid Single Digit

### NIM

<table>
<thead>
<tr>
<th></th>
<th>(%)</th>
<th>FY17e</th>
</tr>
</thead>
<tbody>
<tr>
<td>H2 FY16</td>
<td>2.26</td>
<td>CYBG</td>
</tr>
<tr>
<td>H1 FY17</td>
<td>2.26</td>
<td>Average Base Rate</td>
</tr>
<tr>
<td></td>
<td>0.25</td>
<td>Broadly Stable</td>
</tr>
</tbody>
</table>

### Underlying Costs

<table>
<thead>
<tr>
<th></th>
<th>(£m)</th>
<th>FY17e</th>
</tr>
</thead>
<tbody>
<tr>
<td>H2 FY16</td>
<td>376</td>
<td>CE690m</td>
</tr>
<tr>
<td>H1 FY17</td>
<td>348</td>
<td>£700m</td>
</tr>
</tbody>
</table>

(1) Annualised basis
Financial Results

Ian Smith
Chief Financial Officer
## IMPROVED OPERATING PERFORMANCE

<table>
<thead>
<tr>
<th>Income statement</th>
<th>6 months to</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>31 March 2017</td>
<td>31 March 2016</td>
</tr>
<tr>
<td>£m</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net interest income</td>
<td>411</td>
<td>400</td>
</tr>
<tr>
<td>Non-interest income</td>
<td>86</td>
<td>91</td>
</tr>
<tr>
<td>Total operating income</td>
<td>497</td>
<td>491</td>
</tr>
<tr>
<td>Total operating and administrative expenses</td>
<td>(348)</td>
<td>(353)</td>
</tr>
<tr>
<td>Operating profit before impairment losses</td>
<td>149</td>
<td>138</td>
</tr>
<tr>
<td>Impairment losses on credit exposures (1)</td>
<td>(26)</td>
<td>(31)</td>
</tr>
<tr>
<td>Underlying profit on ordinary activities before tax</td>
<td>123</td>
<td>107</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>226 bps</th>
<th>225 bps</th>
<th>1 bps</th>
</tr>
</thead>
<tbody>
<tr>
<td>NIM (2)</td>
<td>15 bps</td>
<td>19 bps</td>
<td>(4) bps</td>
</tr>
<tr>
<td>Cost of risk</td>
<td>6.3%</td>
<td>4.5%</td>
<td>+1.8% pts</td>
</tr>
<tr>
<td>Underlying RoTE</td>
<td>9.0</td>
<td>7.2</td>
<td>25%</td>
</tr>
</tbody>
</table>

(1) Relate solely to loans and advances to customers and exclude the credit risk adjustments on loans at fair value through profit or loss which are incorporated in the movement in other assets and liabilities at fair value within non-interest income.
(2) NIM is defined as net interest income divided by average interest earning assets for a given period (excluding short term repos used for liquidity management purposes, amounts received under the conduct indemnity and not yet utilised, and any associated income).
## STATUTORY EARNINGS

<table>
<thead>
<tr>
<th>Statutory profit</th>
<th>Six months to</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>31 March 2017</td>
<td>31 March 2016</td>
</tr>
<tr>
<td>Underlying profit on ordinary activities before tax</td>
<td>123</td>
<td>107</td>
</tr>
<tr>
<td>Exceptional Items</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Conduct</td>
<td>(19)</td>
<td>(46)</td>
</tr>
<tr>
<td>- Restructuring</td>
<td>(53)</td>
<td></td>
</tr>
<tr>
<td>- Other</td>
<td>(5)</td>
<td>(3)</td>
</tr>
<tr>
<td>Statutory profit on ordinary activities before tax</td>
<td>46</td>
<td>58</td>
</tr>
<tr>
<td>Tax charge</td>
<td>(16)</td>
<td>(22)</td>
</tr>
<tr>
<td>Statutory profit for the period</td>
<td>30</td>
<td>36</td>
</tr>
</tbody>
</table>
ASSET GROWTH IN LINE WITH GUIDANCE

Mortgages

<table>
<thead>
<tr>
<th>(£bn)</th>
<th>Sep-16</th>
<th>Dec-16</th>
<th>Mar-17</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>21.8</td>
<td>22.1</td>
<td>22.4</td>
</tr>
</tbody>
</table>

+5%⁽¹⁾

Strong new business volumes, net lending growth offset by Q1 redemptions

Core SME

<table>
<thead>
<tr>
<th>(£bn)</th>
<th>Sep-16</th>
<th>Dec-16</th>
<th>Mar-17</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>6.4</td>
<td>6.3</td>
<td>6.4</td>
</tr>
</tbody>
</table>

+3%⁽¹⁾

Unsecured personal lending

<table>
<thead>
<tr>
<th>(£bn)</th>
<th>Sep-16</th>
<th>Dec-16</th>
<th>Mar-17</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1.2</td>
<td>1.1</td>
<td>1.1</td>
</tr>
</tbody>
</table>

(3)%⁽¹⁾

Disciplined origination in competitive rate environment

(¹) Annualised basis

Sustainable growth ahead of the market
ACTIVE MANAGEMENT OF FUNDING BASE

**Deposits**

- Sep-16: £27.0bn
- Mar-17: £26.3bn

- Current account growth +4.5% (1)

**Wholesale funding**

- Sep-16: £5.8bn
- Mar-17: £7.2bn

- Secured longer term-dated funding

**Of which TFS**

- Sep-16: £1.9bn

**Supplementary funding strategically deployed**

(1) Annualised basis
MORTGAGES – SUSTAINABLE GROWTH ABOVE MARKET

Mortgage balances

£bn

<table>
<thead>
<tr>
<th></th>
<th>Sep 16</th>
<th>Mar 17</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>21.8</td>
<td>22.4</td>
</tr>
<tr>
<td>Variable</td>
<td>4.6</td>
<td>4.2</td>
</tr>
<tr>
<td>Fixed</td>
<td>14.8</td>
<td>15.9</td>
</tr>
<tr>
<td>Tracker</td>
<td>2.4</td>
<td>2.2</td>
</tr>
</tbody>
</table>

5% (1)

Lending by recipient (3)

<table>
<thead>
<tr>
<th></th>
<th>H1 2016</th>
<th>H2 2016</th>
<th>H1 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Owner Occupied</td>
<td>42%</td>
<td>40%</td>
<td>36%</td>
</tr>
<tr>
<td>Buy to let</td>
<td>58%</td>
<td>60%</td>
<td>64%</td>
</tr>
</tbody>
</table>

H1 2017 flow (£bn)

- Fixed (2yr)
- Fixed (5yr)
- Variable/other

<table>
<thead>
<tr>
<th></th>
<th>Gross</th>
<th>Net</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>23</td>
<td>0.5</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Yield</td>
<td>257</td>
<td>274</td>
<td>(17)</td>
</tr>
<tr>
<td>Swap rate (2)</td>
<td>53</td>
<td>48</td>
<td>+5</td>
</tr>
</tbody>
</table>

(1) Annualised basis
(2) Weighted average 2 yr, 5 yr
(3) Flow in period
SME – UNDERLYING MOMENTUM ALIGNED TO SECTOR STRATEGY

**Core SME balance growth**

(£bn)

- Mar 16: 6.0
- Sep 16: 6.4
- Mar 17: 6.4

- March 2016 inflexion point in growth
- Strong level of new business drawdowns (+5% half on half)
- Q1 2017 impacted by c.£120m of exceptional redemptions

**H1 2017 – £1.1bn gross new loans & facilities**

- Term lending: 60%
- Overdrafts: 21%
- Asset finance: 8%
- Invoice finance: 10%
- Other: 1%

**Yield (%)**

- Back book: 3.08%
- Front book: 3.25%

Note: Non-core SME lending declined by 7.5% from £800m to £740m
• Current account growth of 4.5% offset by:
  – Active run-off of higher rate back book, £0.4bn reduction in TD
  – £0.8bn outflows following repricing of ISAs
  – Non-core corporate balances of £0.7bn exited

• Mix improvement alongside repricing benefits from changes made in December 2016
• Reduction in higher cost savings and term deposits, replaced by current account balance growth and TFS
Customer margins broadly stable with lending margin pressure offset by deposit actions

H1 2016: 225
H2 2016: 226
Lending: 8
Deposits: 12
Mortgage swap income: 230
Liquidity: 3
Wholesale funding: 2
Other: 2
H1 2017: 226
SIMPLIFYING THE BUSINESS – DELIVERING ON COSTS

‘Sustain’ programme driving momentum in underlying cost delivery

CI ratio

Cost actions H2 2016:
• Run rate savings of £19m confirmed
• 26 branch closures
• 223 FTE reduction
• Cost to do £45m

£376m

H2 2016

Cost actions H1 2017:
• Further run rate savings of £52m confirmed
• Announced 79 branch closures
• 810 FTE reduction
• Cost to do £53m

£348m

H1 2017

<£350m

Reiterating FY 2017 guidance £690m – £700m

H2 2017
SIMPLIFYING THE BUSINESS – DELIVERING ON COSTS

• Further reconfiguration of network, 79 branches to close in H2
  • Annualised savings c.£31m
  • Continued investment in automation

• VS/OD initiatives implemented; 223 FTE reduction
  • Annualised savings c.£16m
  • Focus on organisation design to deliver streamlined, lower cost management model

• 8 customer journey reviews complete
  • Annualised savings c.£6m
  • Implementation of major lending process enhancements to take place in H2

Target £100m+ by FY19 On track

• Enterprise wide actions to reduce third party costs underway
  • Annualised savings c.£18m
  • Consultation ongoing on closure of DB scheme to future accrual

Proportion of savings reinvested in digital and growth agenda
**IMPROVED ASSET QUALITY**

**Cost of risk**

<table>
<thead>
<tr>
<th></th>
<th>H1 2016</th>
<th>H2 2016</th>
<th>H1 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>(bps)</td>
<td>19</td>
<td>0</td>
<td>15</td>
</tr>
</tbody>
</table>

**Mortgage front book LTVs**

<table>
<thead>
<tr>
<th></th>
<th>1H16</th>
<th>2H16</th>
<th>1H17</th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
<td>21%</td>
<td>20%</td>
<td>21%</td>
</tr>
<tr>
<td>Below 80%</td>
<td>79%</td>
<td>80%</td>
<td>79%</td>
</tr>
<tr>
<td>Above 80%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**90 DPD plus impaired assets to customer loans**

<table>
<thead>
<tr>
<th></th>
<th>Sep 2016</th>
<th>Mar 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>(%)</td>
<td>1.27</td>
<td>1.17</td>
</tr>
</tbody>
</table>

**SME categorised loan balances**

<table>
<thead>
<tr>
<th></th>
<th>Sep 2016</th>
<th>Mar 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>(£bn)</td>
<td>0.85</td>
<td>0.78</td>
</tr>
</tbody>
</table>
CAPITAL GENERATION SUPPORTING GROWTH AND RESTRUCTURING

CET1 ratio evolution

(bps)

- Total capital: 18.2%
- Leverage ratio: 6.8%

Sep-16: 12.6%
- Generated: 49
- Absorbed by business growth: 45
- Impact of £352m increase in RWAs: 7

Mar-17: 12.5%
- Total capital: 18.0%
- Leverage ratio: 6.7%
- Conduct: 24
- Structuring: 8
- Pension: 24
- Other: -1
- £47m reduction in pension deficit

Impact of conduct provisions
ACTIVE CAPITAL MANAGEMENT

IAS 19 pension accounting basis (£m)

- Sep 15: 52
- Mar 16: 135
- Sep 16: (75)
- Mar 17: (28)

Consultation ongoing with staff on closure of defined benefit scheme to accrual of future benefits
September 2016 triennial valuation underway

Regulatory update

- IRB programme on track
- Submitted IRB waiver application in April
- Expected IRB transition timelines unchanged:
  - 1 Oct 18: Mortgages
  - By 1 Oct 19: Full bank
- PRA consultations welcomed:
  - Pillar 2A (CP3/17)
  - IRB (CP5/17)
Financial cover for legacy conduct exposures (31 March 2017)

- Total cost to date: £2.4bn
- Unutilised provisions: £1.1bn
- Indemnity: £0.3bn

Provisions increased by £190m, principally PPI
Total remaining cover £1.1bn for legacy conduct exposure

Provision utilisation

- PPI (LHS)
- Other (LHS)
- PPI complaints received (RHS)
- PPI complaints cleared (RHS)

- Significant resources deployed to drive accelerated clearance of PPI claims
- PBR / Remediation “back book” exercises well progressed
NIM – HEADWINDS AND TAILWINDS

H2 2017 vs. H1 2017

Pricing
- Mortgage competition
- Term deposits & savings
- TFS
- Structural hedge
- Overall

Mix / volume
- Mortgage / SME mix
- Deposit mix
- TFS
- MREL
- Overall

FY 2017 NIM expected to be broadly stable versus FY 2016
## Full Year Outlook Unchanged

<table>
<thead>
<tr>
<th>Metric</th>
<th>H1 FY17</th>
<th>FY 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>NIM</td>
<td>2.26%</td>
<td>Broadly stable vs. FY16</td>
</tr>
<tr>
<td>Underlying costs</td>
<td>£348m</td>
<td>c. £690m - £700m</td>
</tr>
<tr>
<td>Loan growth</td>
<td>4%(1)</td>
<td>Mid single digit %</td>
</tr>
<tr>
<td>LDR</td>
<td>117%</td>
<td>&lt; 120%(2)</td>
</tr>
<tr>
<td>CET1</td>
<td>12.5%</td>
<td>12% - 13%</td>
</tr>
</tbody>
</table>

Dividend ambition remains unchanged: targeting a modest inaugural dividend with respect to FY 2017

---

(1) Annualised basis  
(2) Including TFS
iB Platform

Debbie Crosbie
Chief Operating Officer
LEVERAGING OUR MARKET LEADING BANKING PLATFORM...

iB platform positions CYBG for future banking landscape
- Open API architecture
- Focus on Big Data and valuable customer insights
- Cross bank service & product capability

B app successfully launched and building momentum
- Digital launch of the year – FsTech awards 2017
- Driving new to bank customers and deposits

Continuous product and service capability improvements
- Migrate CB + YB customers onto iB platform – H2 2017
- New ‘B’ credit card in Q3
- “B for Business” by end CY17
- Android Pay for Mastercard payments by end FY17
- New packaged accounts online, in branch and through contact centre by end CY17
...AND POSITIONING THE BANK FOR FUTURE GROWTH

Studio B opened

- Insight – enables design collaboration with our customers for products and propositions
- Showcase – provides interaction and feedback on digital concepts
- Customer Banking Centre – supports range of services and trial area for new ideas

Building enriched and simultaneous functionality

- One consistent platform – multiple brands

Collaborating with FinTech...

- Developing market leading e-lending solution for small business customers
- On-going discussions with FinTech companies

...working with existing technology...

- Prototyping voice activated capability

...and positioned for open banking environment

- Planning for future regulatory and consumer market dynamics
FOCUSED ON MEDIUM TERM TARGETS

**Overall summary**

1. Strong start to FY17
2. On track to achieve our FY17 targets
3. Building strong momentum to deliver medium term guidance
4. Driving omni-channel capability and positioning business for future growth
5. Mindful of uncertain political and economic environment

<table>
<thead>
<tr>
<th>Metric</th>
<th>H1 FY17</th>
<th>Medium term guidance</th>
</tr>
</thead>
<tbody>
<tr>
<td>CIR (1)</td>
<td>70%</td>
<td>55% - 58% by FY2019e</td>
</tr>
<tr>
<td>Retail lending</td>
<td>5%(2)</td>
<td>Mid single digit % CAGR to FY2019e</td>
</tr>
<tr>
<td>SME lending</td>
<td>4%(3)</td>
<td>Mid single digit % CAGR to FY2019e</td>
</tr>
<tr>
<td>CET1</td>
<td>12.5%</td>
<td>12-13%</td>
</tr>
<tr>
<td>LDR (4)</td>
<td>117%</td>
<td>&lt; 120%</td>
</tr>
<tr>
<td>Dividend</td>
<td>n/a</td>
<td>Targeting a modest inaugural dividend for 2017, in time 50% pay-out of earnings (5)</td>
</tr>
<tr>
<td>RoTE (1)</td>
<td>6.3%</td>
<td>Double digit by FY2019e</td>
</tr>
</tbody>
</table>

Inorganic opportunities considered where aligned to existing strategy and shareholder value

(1) Underlying; (2) Annualised basis; (3) Year on year; (4) Including TFS; (5) After paying additional Tier 1 (AT1) distributions
Digital Bank of the Year
CFI Awards
(March 2017)

Bank of the Year – Highly Commended
North West Insider Awards 2016
(October 2016)

Bank of the Year (Yorkshire Bank)
Yorkshire Dealmakers’ Awards
(November 2016)

Best New Challenger
The Market Gravity Corporate Entrepreneur Awards
(October 2016)

Funder of the Year
LaingBuisson Healthcare Awards
(November 2016)

Digital Launch of Year (B)
FSTech Awards
(March 2017)

Best Mortgage Lender Scotland
Clydesdale Bank, YourMortgage Awards
(November 2016)

Best Regional Mortgage Lender
(Yorkshire Bank), YourMortgage Awards
(November 2016)

Best High Net Worth Lender
Mortgageforce Awards 2016
(November 2016)

Best current account with overdraft (B)
FairBanking Foundation
(February 2017)
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MORTGAGE PORTFOLIO – H1 2017

Mortgage lending stock

- Scotland: 15%
- England North: 21%
- England Midlands: 6%
- Greater London: 32%
- Rest of South: 22%
- Other: 4%

LTV of gross new mortgage lending

- 90-100%: 6%
- 80-90%: 16%
- 50-80%: 68%
- <50%: 10%

Repayment and borrower profile

- Gross new mortgage lending
  - BTL - VO: 35%
  - OO - VO: 17%
  - OO - CA: 46%
  - BTL - CA: 2%

Loan-to-income breakdown

- Gross new mortgage lending
  - H1 2016: 272
  - H2 2016: 272
  - H1 2017: 278

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.
BROKER ORIGINATION – H1 2017

Gross new mortgage lending volumes

(£bn)

<table>
<thead>
<tr>
<th></th>
<th>1H2016</th>
<th>1H2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Broker</td>
<td>2.6</td>
<td>0.4</td>
</tr>
<tr>
<td>Proprietary Channels</td>
<td>0.6</td>
<td>0.4</td>
</tr>
<tr>
<td>% broker of total new business volume</td>
<td>78%</td>
<td>79%</td>
</tr>
</tbody>
</table>

Indexed LTV band (value)

Intermediary stock

<table>
<thead>
<tr>
<th>LTV Band</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;50%</td>
<td>31%</td>
</tr>
<tr>
<td>50-80%</td>
<td>63%</td>
</tr>
<tr>
<td>80-90%</td>
<td>5%</td>
</tr>
<tr>
<td>90-100%</td>
<td>1%</td>
</tr>
</tbody>
</table>

Geographic split

Intermediary stock

- England North: 7%
- England Midlands: 5%
- Greater London: 48%
- Rest of South: 30%
- Scotland: 5%
- Other: 5%

LTV split

Intermediary stock

<table>
<thead>
<tr>
<th>LTV Band</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;=2</td>
<td>17%</td>
</tr>
<tr>
<td>2-3</td>
<td>27%</td>
</tr>
<tr>
<td>3-4</td>
<td>31%</td>
</tr>
<tr>
<td>&gt;5</td>
<td>4%</td>
</tr>
</tbody>
</table>

Note: Excludes loans where data is not currently available due to front book data matching still not being 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.
BTL LOAN BOOK – H1 2017

BTL stock

(£bn)

<table>
<thead>
<tr>
<th></th>
<th>H1 2016</th>
<th>H1 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>I/O</td>
<td>7.0</td>
<td>7.6</td>
</tr>
<tr>
<td>C&amp;I</td>
<td>0.7</td>
<td>0.7</td>
</tr>
<tr>
<td>Total</td>
<td>6.3</td>
<td>6.9</td>
</tr>
</tbody>
</table>

Indexed LTV

Total BTL

- 80-90%: 1%
- 90-100%: 1%
- <50%: 26%
- 50-80%: 72%

Rent cover

New lending

- <=75%: 2%
- 75-100%: 3%
- 100-125%: 6%
- 125-150%: 12%
- >150%: 77%

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 – H1 2017

SME book

- Agriculture: 23%
- Retail & wholesale trade: 11%
- Hospitality: 7%
- CRE: 10%
- Manufacturing: 10%
- Business services: 10%
- Transport and storage: 4%
- Entertainment: 4%
- Construction: 2%
- Other: 8%

Business lending portfolio by collateral cover

- Fully secured: 47%
- Largely/fully unsecured: 32%
- Partially secured: 21%

Business banking clients

- Top 5: 3%
- 6-20 largest: 5%
- Other: 92%

(1) Other includes utilities, post, and telecommunications, resources and finance sectors
### Structural Hedge Benefit

<table>
<thead>
<tr>
<th>(£m)</th>
<th>H1 2016</th>
<th></th>
<th>H2 2016</th>
<th></th>
<th>H1 2017</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Average balance</td>
<td>Notional income</td>
<td>Average balance</td>
<td>Notional income</td>
<td>Average balance</td>
<td>Notional income</td>
</tr>
<tr>
<td>NIBs and other</td>
<td>10,822</td>
<td>36</td>
<td>11,262</td>
<td>38</td>
<td>11,574</td>
<td>41</td>
</tr>
<tr>
<td>Equity</td>
<td>3,403</td>
<td>6</td>
<td>3,401</td>
<td>6</td>
<td>3,444</td>
<td>7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>14,225</td>
<td>42</td>
<td>14,663</td>
<td>44</td>
<td>15,018</td>
<td>48</td>
</tr>
</tbody>
</table>
## FTE Breakdown

<table>
<thead>
<tr>
<th></th>
<th>March 17</th>
<th>September 16</th>
<th>March 16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core FTE</td>
<td>6,041</td>
<td>6,313</td>
<td>6,723</td>
</tr>
<tr>
<td>Legacy conduct FTE</td>
<td>585</td>
<td>533</td>
<td>545</td>
</tr>
<tr>
<td>Total FTE</td>
<td>6,625</td>
<td>6,846</td>
<td>7,268</td>
</tr>
</tbody>
</table>
# Balance Sheet

<table>
<thead>
<tr>
<th></th>
<th>March 2017</th>
<th>September 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mortgages</td>
<td>22,376</td>
<td>21,836</td>
</tr>
<tr>
<td>SME - Core Book</td>
<td>6,439</td>
<td>6,357</td>
</tr>
<tr>
<td>SME - Non-Core Book</td>
<td>740</td>
<td>800</td>
</tr>
<tr>
<td>Unsecured personal lending</td>
<td>1,135</td>
<td>1,153</td>
</tr>
<tr>
<td><strong>Total Customer Loans</strong></td>
<td><strong>30,690</strong></td>
<td><strong>30,146</strong></td>
</tr>
<tr>
<td>Liquid Assets and other</td>
<td>8,623</td>
<td>8,638</td>
</tr>
<tr>
<td>Other Assets</td>
<td>915</td>
<td>1,145</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>40,228</strong></td>
<td><strong>39,929</strong></td>
</tr>
<tr>
<td>Customer Deposits</td>
<td>26,333</td>
<td>27,000</td>
</tr>
<tr>
<td>Wholesale Funding (excl. TFS)</td>
<td>5,260</td>
<td>5,810</td>
</tr>
<tr>
<td>TFS</td>
<td>1,900</td>
<td>-</td>
</tr>
<tr>
<td>Notes in Circulation</td>
<td>2,043</td>
<td>1,912</td>
</tr>
<tr>
<td>Other Liabilities</td>
<td>1,443</td>
<td>1,996</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>36,979</strong></td>
<td><strong>36,718</strong></td>
</tr>
<tr>
<td>Equity and Reserves</td>
<td>3,249</td>
<td>3,211</td>
</tr>
<tr>
<td><strong>Liabilities and Equity</strong></td>
<td><strong>40,228</strong></td>
<td><strong>39,929</strong></td>
</tr>
</tbody>
</table>
### RWAs

<table>
<thead>
<tr>
<th></th>
<th>March 2017</th>
<th>September 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail mortgages</td>
<td>8,249</td>
<td>7,998</td>
</tr>
<tr>
<td>Business lending</td>
<td>7,396</td>
<td>7,087</td>
</tr>
<tr>
<td>Other retail lending</td>
<td>907</td>
<td>915</td>
</tr>
<tr>
<td>Other lending</td>
<td>856</td>
<td>906</td>
</tr>
<tr>
<td><strong>Total credit risk</strong></td>
<td><strong>17,408</strong></td>
<td><strong>16,906</strong></td>
</tr>
<tr>
<td>Credit valuation adjustment</td>
<td>195</td>
<td>286</td>
</tr>
<tr>
<td>Operational risk</td>
<td>1,623</td>
<td>1,623</td>
</tr>
<tr>
<td>Counterparty risk</td>
<td>155</td>
<td>214</td>
</tr>
<tr>
<td><strong>Total RWAs</strong></td>
<td><strong>19,381</strong></td>
<td><strong>19,029</strong></td>
</tr>
<tr>
<td><strong>Total Loans</strong></td>
<td><strong>30,690</strong></td>
<td><strong>30,147</strong></td>
</tr>
<tr>
<td><strong>Credit RWAs / total loans</strong></td>
<td><strong>57%</strong></td>
<td><strong>56%</strong></td>
</tr>
<tr>
<td><strong>Total RWAs / Assets</strong></td>
<td><strong>48%</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 with all 3 rating agencies.

### Credit Rating Summary (March 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>Negative</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 (March 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>Negative</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</td>
<td>Stable</td>
<td>P-2</td>
</tr>
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</table>