



13 September 2016

CYBG PLC: Capital Markets Day

CYBG PLC (“CYBG” or “the Group”) is today holding a Capital Markets Day in London for analysts and investors, to provide an update on the Group’s strategic priorities and revised medium term targets.

David Duffy, Chief Executive of CYBG PLC, commented:

“I am pleased to report that we continue to execute our strategy successfully and have today announced improved medium term targets, which will also be delivered faster than originally announced at our demerger and IPO earlier this year.

We have refreshed our strategic plan, taking into account revised expectations for the UK economy. Our strategy is unchanged. We will continue to support our customers, invest in our business, and remain focused on delivering enhanced returns for shareholders. We firmly believe that our size and scale, strong funding base and balance of assets across retail and business lending give us a solid foundation – enabling us to simplify and grow our business, reduce costs and increase capital efficiency, notwithstanding more complex market conditions.

As a result, we expect to deliver double-digit return on tangible equity by the end of FY2019, one year earlier than originally planned.

CYBG is committed to providing customers with a banking experience that is useful, simple and rewarding. We know that people want to manage money on their terms, not ours. We will invest more than £350 million over the next 2 years to simplify our business, drive cost and capital efficiency, maintain our platform’s resilience and support the continued roll out of our omni-channel model. Delivering our strategy will provide an improved branch experience, supported by a strong digital offering, reflecting the new face of banking and putting customers at the heart of what we do.”

Pre-close FY2016

The Group confirms that trading has continued to be in line with expectations and prior guidance. The Group expects net interest margin for the year to 30 September 2016 to be broadly stable compared to FY2015, and that underlying operating costs will be no more than £730 million. Loan growth and capital are expected to be in line with prior guidance.

Revised medium term guidance announced

The Group’s Board has been strengthened and the full leadership team is now in place. The Group’s strategy remains unchanged, focusing on sustainable customer growth, improved efficiency and capital optimisation, underpinned by investment and the delivery of its omni-channel model.

The Board has confirmed delivery of the Group’s FY16 commitments and has approved new medium term performance targets, to be delivered in a shorter time frame than envisaged at IPO.

The Group now anticipates that it will deliver, by the end of FY2019:

- Mid-single digit annual loan growth
- Cost to income ratio of 55% - 58% (previously < 60% by FY2020)
- Double digit return on tangible equity (previously by FY2020)

In order to deliver these targets the Group is targeting more than £100 million of sustainable cost reductions by FY2019, in addition to the cost savings already delivered in FY2016, after incurring pre-tax restructuring costs of c.£200 million. The Group also expects to transition to the IRB basis of measuring risk weighted assets by FY2020, subject to regulatory approval. CET1 is expected to remain in the Group's range of 12% - 13% throughout.

The Group also confirms that its dividend ambition remains unchanged, targeting a modest inaugural dividend with respect to FY2017 with a longer term goal to pay-out up to c.50% of earnings (after paying AT1 distributions).

Key UK macro-economic assumptions underpinning the revised medium term performance targets are:

- 0% base rate through FY2019
- GDP growth of between 1-2%
- Unemployment rates of 5-6%
- House Price Inflation of 0.5 – 2%

FY2017 Outlook

The Group has also provided guidance for FY2017. The Group expects net interest margin to be broadly stable compared to FY2016, and that underlying costs will be in the range of £690 million - £700 million. Loan growth is expected to be in line with the medium term guidance given above, with a loan to deposit ratio of less than 120%, an increase due to the expected participation in the Term Funding Scheme provided by the Bank of England. The CET1 capital ratio is expected to be 12% to 13%.

The Capital Markets Day presentation will be held at CYBG's offices, 15th Floor, 122 Leadenhall Street, London, EC3V 4AB, beginning at 08:30 BST / 17:30 AET.

A copy of the presentation and a live webcast will be available at www.cybg.com/investor-presentations.

Dial in details for the presentation are below:

UK Freephone:	0800 6781161
UK Direct:	01296 311600
Australia toll free:	18 0003 5387
Australia local:	+61 (0) 2 8223 9237
USA toll free:	1866 804 8688
USA local:	+1 718 354 1175

Passcode: 348 559. Please dial in 10 minutes before the start time.

For a full list of access numbers please go to: www.btconferencing.com/globalaccess/?bid=54_attended

A recording of the presentation will be made available on our website www.cybg.com shortly after the conclusion of the event.

Enquiries:

Investors and Analysts

John Crosse
Head of Investor Relations

+44 7917 172535
john.crosse@cybg.com

Hany Messieh
Investor Relations (Australia)

+61 414 446 876
hany.messieh@cybg.com

Media

Victoria Geoghegan
Bell Pottinger

+44 20 3772 2562
vgeoghegan@bellpottinger.com

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Forward looking statements

The information in this document may include forward looking statements, which are based on assumptions, expectations, valuations, targets, estimates, forecasts and projections about future events. These can be identified by the use of words such as 'expects', 'aims', 'targets', 'seeks', 'anticipates', 'plans', 'intends', 'believes', 'estimates', 'potential', 'possible', and similar words or phrases. These forward-looking statements, as well as those included in any other material discussed at any presentation, are subject to risks, uncertainties and assumptions about the CYBG Group and its securities, investments and the environment in which it operates, including, among other things, the development of its business and strategy, trends in its operating industry, changes to customer behaviours and covenant, macroeconomic and/ or geopolitical factors, changes to law and/ or the policies and practices of the Bank of England, the Financial Conduct Authority and/ or other regulatory bodies, inflation, deflation, interest rates, exchange rates, changes in the liquidity, asset position and/ or credit ratings of the CYBG Group, the repercussions of the UK's referendum vote to leave the European Union, and future capital expenditures and acquisitions.

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