

The logo for CYBG, consisting of the letters 'CYBG' in a white, sans-serif font, set against a red, rounded rectangular background with a small downward-pointing tail at the bottom center.

CYBG

FUTURE BANKING LANDSCAPE

David Duffy, CEO

26 September 2017

CYBG HAS EVOLVED RAPIDLY SINCE IPO

FEBRUARY 2016¹TODAY²

275

BRANCHES

168

£727m

UNDERLYING OPERATING COSTS

<£680m³

0

B CUSTOMERS

c.100k

£28.8bn

LOANS

£31.2bn

5.1%

UNDERLYING RoTE

6.3%⁴

Transforming CYBG into the only full-scale challenger bank in the UK

MANAGEMENT ACTIONS ENHANCE OUR FRANCHISE STRENGTHS

MANAGEMENT ACTIONS

CYBG FRANCHISE STRENGTHS

Transforming the culture

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

- Trusted, heritage brands
- Deep customer relationships in core regions

Reinvigorating customer franchise

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

- PCA/BCA funded
- Long-standing mortgage broker relationships
- SME sector expertise and focus

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

- Scalable infrastructure
- Evolving omni-channel distribution
- Proven operating platform flexibility

SETTING US ON A CLEAR PATH TO DELIVERY IN FY19



Underpinned by omni-channel approach

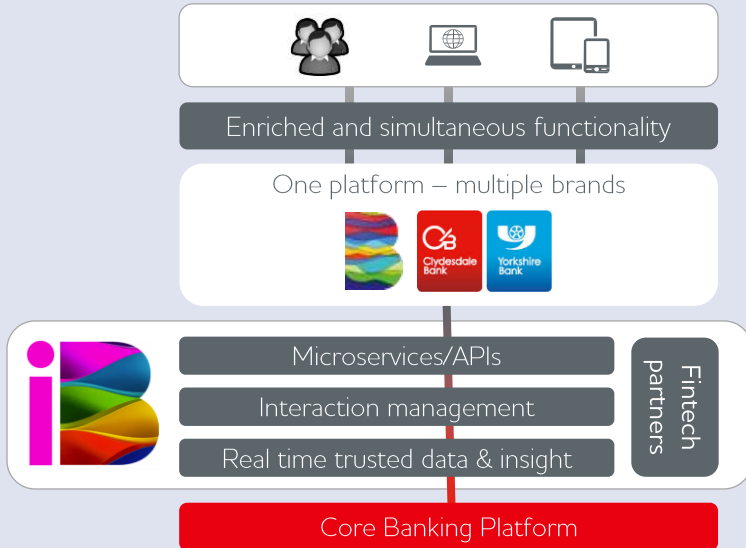
...to deliver medium term guidance

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

Delivering a bank fit to compete in the future

WHILE DELIVERING A DIFFERENTIATED AND MARKET-LEADING DIGITAL PLATFORM

Leveraging our market-leading 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

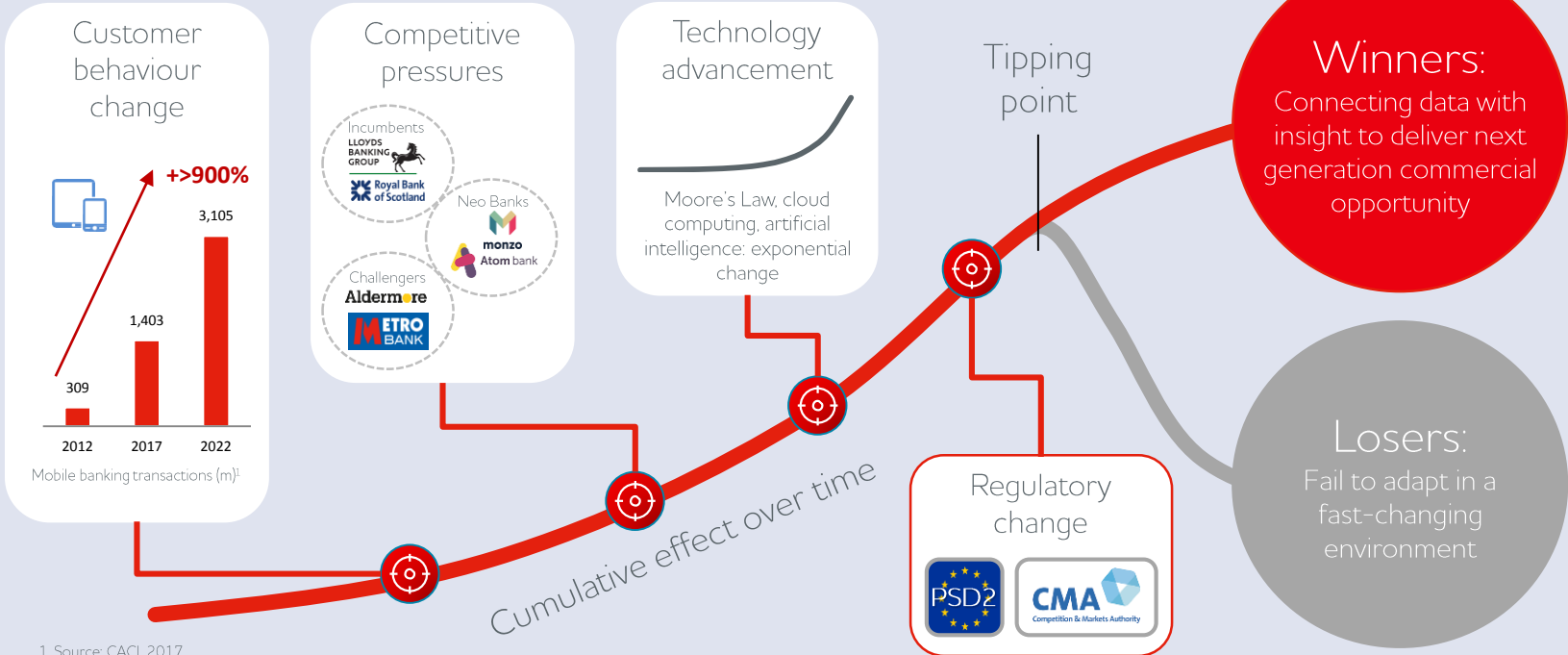
- Planning for future regulatory and consumer market dynamics

Delivering a differentiated digital platform while restructuring the core business

PSD2 & OPEN BANKING – CREATING OPPORTUNITIES FOR CYBG

	Open Banking	Overlap	PSD2
What is it?	<ul style="list-style-type: none"> ▶ 9 largest banks must provide access to certain information via standardised set of APIs 	<ul style="list-style-type: none"> ▶ API development ▶ Centralised regulation controlling access 	<ul style="list-style-type: none"> ▶ EU legislation that widens the scope of PSD and forces EU credit institutions to provide access to payment accounts via APIs
Purpose	<ul style="list-style-type: none"> ▶ Improve customer experience 	<ul style="list-style-type: none"> ▶ Increase competition ▶ Lower prices 	<ul style="list-style-type: none"> ▶ Increase security ▶ Protect customers
Scope	<ul style="list-style-type: none"> ▶ UK banks ▶ Unsecured loans and overdrafts ▶ Business deposits 	<ul style="list-style-type: none"> ▶ Personal and SME current accounts 	<ul style="list-style-type: none"> ▶ Credit institutions operating in EU ▶ Credit cards
Measures	<ul style="list-style-type: none"> ▶ Product data ▶ Reference data ▶ Service quality data ▶ Central infrastructure ▶ Other remedies (o/d limits, switching) 	<ul style="list-style-type: none"> ▶ Account information ▶ Payment initiation ▶ Security/authentication 	<ul style="list-style-type: none"> ▶ Compliance monitoring ▶ Cap on surcharging for cards ▶ Extension of one leg out rules ▶ Complaints handling ▶ Customer liability reduction ▶ Immediate release of earmarked funds

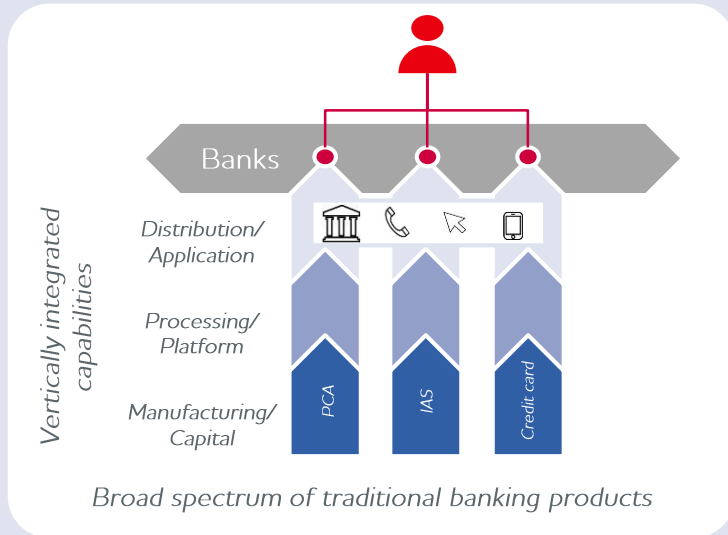
KEY FACTORS SHAPING THE FUTURE LANDSCAPE



1. Source: CACI, 2017

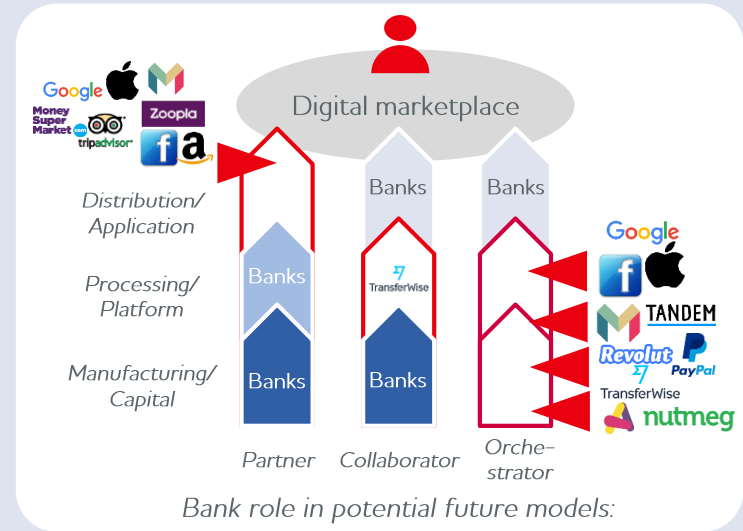
ADAPTING TO THE EMERGENCE OF DIGITAL MARKETPLACES

Status quo in UK banking



'Ownership' of customer relationship through the current account

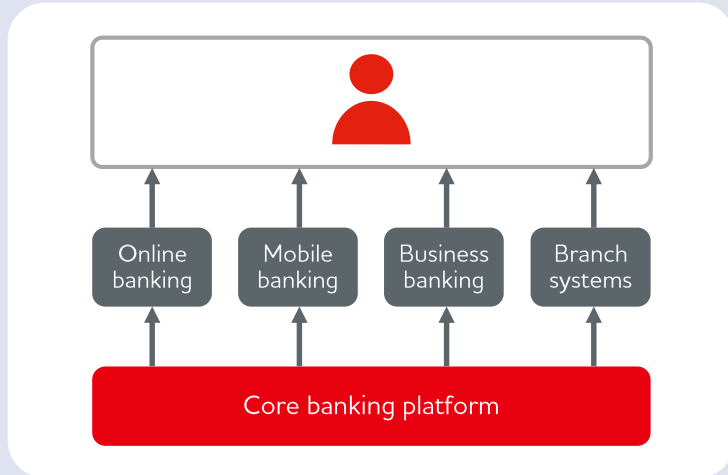
Possible future state



'Ownership' of the customer through delivery of the best user experience

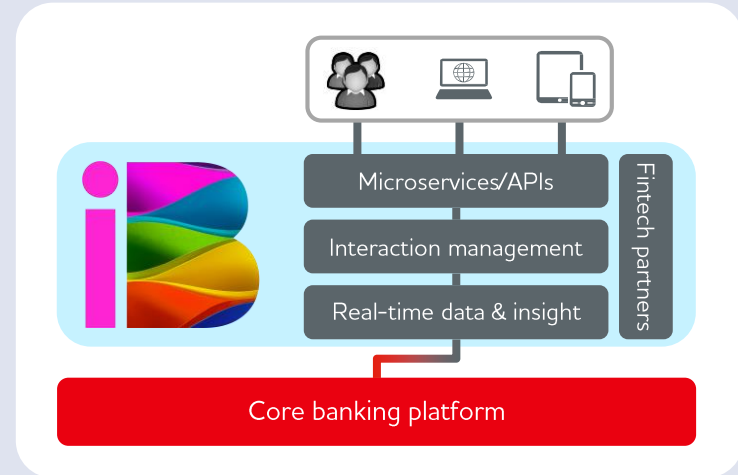
CYBG'S IB PLATFORM ENABLING SPEED TO MARKET AND RELEVANT PARTICIPATION IN DIGITAL ECOSYSTEMS...

Typical banking architecture



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

iB platform

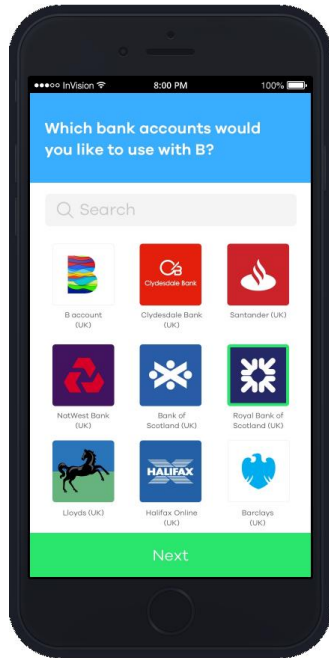


Integrated platform, real time data, interaction management, and personalisation

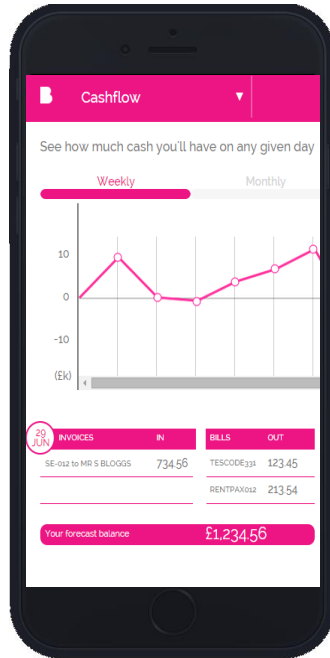


...BY HELPING TO PUT CUSTOMERS IN CONTROL

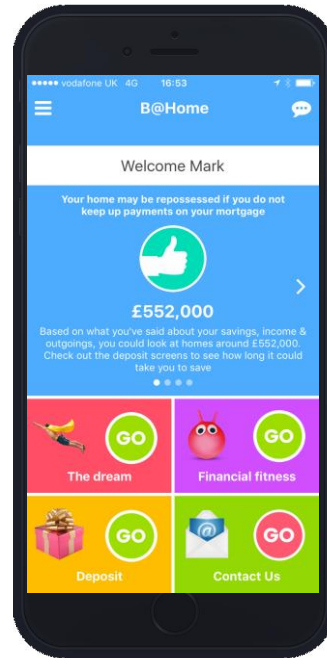
Retail aggregator



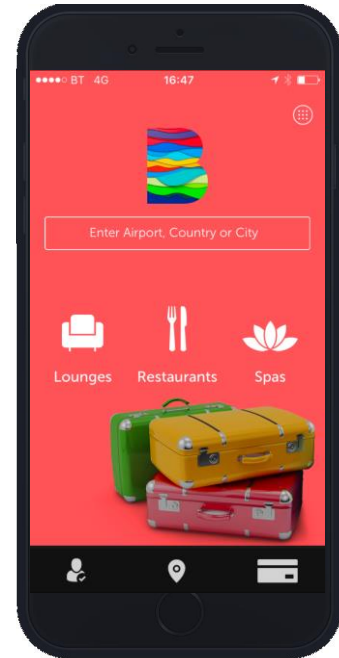
B for Business



B @ Home



B Travel







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