



All Registry communications to:

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16 May 2017

THIS LETTER CONTAINS IMPORTANT INFORMATION ABOUT YOUR CDI HOLDING IN CYBG PLC AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT ABOUT THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT, OR OTHER PROFESSIONAL INDEPENDENT ADVISER IMMEDIATELY.

Dear CDI holder

Small Holding Sale Facility

I am writing to advise you that CYBG PLC (**Company**) is implementing a sale facility (**Facility**) for eligible holders of CHESS Depositary Interests (**CDIs**) and/ or shares in the Company, in each case with an aggregate market value of less than A\$500 (**Small Holding**) based on the closing price of a CDI on the Australian Securities Exchange (**ASX**).

The Facility provides eligible holders with an easy and cost-effective way to sell all of their CDIs/ Shares while assisting with reducing the Company's ongoing costs associated with administering the security registers.

This letter is being provided to any CDI holder whose registered address is not in the United States of America (**US**) and who, at 7.00 pm AEST on 9 May 2017 (**Record Date**), was a holder of a Small Holding. On the Record Date the closing price of a CDI was A\$5.00, therefore a Small Holding on that date was any holding of 99 CDIs and /or shares or less. Our records indicate that as at the Record Date, you held a Small Holding.

Accordingly, the Company is providing you with the opportunity, in accordance with the Company's articles of association (**Articles**), to sell your CDIs through the Facility without taking any further action and without paying for any brokerage or handling costs associated with the sale (although any tax consequence from the sale will be your responsibility). However, if the value of your CDIs increases to become A\$500 or more as at 4.30 pm AEST on 28 June 2017 (**Closing Date**), whether due to the acquisition by you of further CDIs (and/ or shares) and/ or by virtue of an increase in the value of your CDIs (based on the closing price of a CDI on the ASX on 28 June 2017), your CDIs will not be sold as part of the Facility. Similarly, if you opt out of the Facility (in accordance with the procedures described below) before the Closing Date your CDIs will not be sold as part of the Facility.

What do I need to do?

If you want to sell your CDIs under the Facility, you do not need to take any action.

If you do not take any action, and as at the Closing Date you continue to hold a Small Holding, your CDIs will be sold on your behalf within 10 days of the Closing Date.

If you buy more CDIs and/ or Shares, and/ or if the CDI price increases prior to the Closing Date, you may no longer have a Small Holding at the Closing Date and therefore your CDIs may not be sold under the Facility. Please see sections 13 and 14 of the Small Holding Sale Facility Terms and Conditions for CDI Holders for further details.

If you hold your CDIs in different names these will be treated as separate holdings for the purpose of the Facility. Please see section 11 for further details.

The proceeds of the sale of your CDIs will be sent to you no later than 14 July 2017 using the payment method recorded by the Company's share registry, Computershare Investor Services Pty Limited (**Share Registry**), for your CDI holding. If the Share Registry does not hold a specified payment method for you, you will receive a cheque at the address at which the CDIs are registered.

You do not need to appoint a broker or pay any brokerage or handling costs associated with the sale of your CDIs under the Facility. However, any tax consequences arising from the sale of your CDIs will be your responsibility to calculate and pay.

If you are in doubt, or if you require further information regarding possible tax implications from participating in the Facility, please consult your legal, financial and/or taxation adviser.

If you DO NOT want to sell your CDIs through the Facility, you need to:

- **complete and return the enclosed CDI Retention Form to the postal address set out in the CDI Retention Form so that it is received by the Share Registry by the Closing Date;**
- **acquire further CDIs (and/ or shares) prior to the Closing Date such that your holding is no longer a Small Holding; or**
- **sell your entire holding by other means by the Closing Date.**

If you wish to retain your CDIs, the CDI Retention Form must be returned to the Share Registry's address listed on the CDI Retention Form and must arrive by no later than the Closing Date. The CDI Retention Form cannot be returned to the Share Registry by email.

Important information

It is important that you read and understand the terms and conditions that apply to the Facility (**Small Holding Sale Facility Terms and Conditions for CDI Holders**), which are enclosed with this letter. If you participate in the Facility, you cannot specify the price at which your CDIs will be sold and you will not have control over the time at which your CDIs are sold, but your CDIs will be sold within 10 days of the Closing Date.

If you take no action or your CDI Retention Form is received after the Closing Date then your CDIs will be sold and the proceeds sent to you as outlined above.

The price that you will receive for each of your CDIs sold through the Facility (**Sale Price**) will be the average price of all CDIs and shares sold through the Facility.

You should seek independent financial advice (including tax advice) specific to your circumstances when determining whether or not to participate in the Facility.

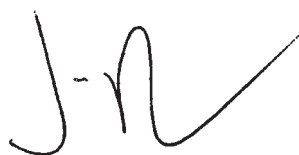
The Company does not make any recommendation as to whether you should participate in the Facility and for legal and regulatory reasons the Company is not giving, and cannot give, any advice to you.

If you are resident in the US you are not eligible to participate in the Facility.

IT IS IMPORTANT TO NOTE THAT THE EFFECT OF TAKING NO ACTION MAY RESULT IN THE SALE OF YOUR CDIS AS PART OF THE FACILITY

If you have any questions concerning the contents of this letter, please call the CYBG PLC Shareholder Enquiry Line on 1800 764 308 (toll free within Australia) or +61 3 9415 4142 (outside Australia). Please note that the Shareholder Enquiry Line and Share Registry cannot provide any legal, financial or tax advice and they will be unable to express any opinion on the Facility or the merits or otherwise of participating in it.

Yours sincerely



Jim Pettigrew
Chairman, CYBG PLC
16 May 2017

SMALL HOLDING SALE FACILITY TERMS AND CONDITIONS FOR CDI HOLDERS

These terms and conditions apply to CDI holders who participate in the Facility. Separate terms and conditions apply to shareholders who participate in the Facility. Terms defined in the Chairman's Letter dated 16 May 2017 apply to these terms and conditions.

1 What is a CDI and am I a CDI holder?

A CDI is a depositary interest in the Company which provides the holder with beneficial ownership of an underlying ordinary share in the Company (**Share**). The legal title to those underlying Shares is held by CHESS Depositary Nominees Pty Limited (**Nominee**). CDIs are quoted on the ASX (ASX: CYB).

Generally, if you are resident in Australia or New Zealand, your interests in the Company are likely to be held in the form of CDIs. To confirm this, look at the enclosed CDI Retention Form. If the CDI Retention Form shows the address of the Share Registry in Australia and New Zealand, our records indicate that you are a CDI holder.

If you hold Shares directly (not through the Nominee), you should consult the terms and conditions for shareholders. Shares are listed on the London Stock Exchange (**LSE**) (LSE: CYBG).

2 What is the Facility?

The Facility provides eligible CDI holders and shareholders with an opportunity to dispose of all of their CDIs and/or Shares without incurring brokerage costs which, in proportion to their holding, may otherwise render a sale unattractive or uneconomical.

Under the Facility, unless they take action to retain their CDIs and/or Shares, eligible holders of Small Holdings will have their entire holding sold for them.

3 What is a Small Holding?

As prescribed in the Articles and the ASX Listing Rules, a **Small Holding** is a parcel of CDIs or shares with a value of less than A\$500, based on the closing price of a CDI on the ASX. Based on the closing price on 9 May 2017, a Small Holding was a parcel of 99 or fewer CDIs or shares. However, only holders with a Small Holding at the Closing Date (i.e. 4.30 pm AEST on 28 June 2017), based on the closing price of a CDI on the ASX on 28 June 2017, will be eligible to participate in the Facility.

4 Am I eligible to participate?

The Facility is available to security holders (**Eligible Holders**):

- whose registered address is outside the US,
- who held, as at the Record Date (7.00 pm AEST on 9 May 2017), a Small Holding; and
- who continue to hold, as at the Closing Date (4.30 pm AEST on 28 June 2017), a Small Holding (based on the closing price of a CDI on the ASX on 28 June 2017).

You are receiving this notice because our records indicate that as at the Record Date you held a Small Holding in the form of CDIs.

5 What do I need to do?

If you are an Eligible Holder and you want your CDIs to be sold under the Facility, you do not need to take any action. You should, however, check that your details as recorded by the Share Registry as set out on the enclosed CDI Retention Form are correct. If your details are not correct please call the CYBG PLC Shareholder Enquiry Line using the details set out in section 25 below.

If you are an Eligible Holder and you **do not** want your CDIs to be sold, you need to:

- complete and return the enclosed CDI Retention Form to the postal address set out in the CDI Retention Form in accordance with the instructions on the form so that it is received by the Share Registry by the Closing Date (4.30 pm AEST on 28 June 2017);
- acquire further CDIs (and/ or Shares) prior to the Closing Date such that your holding of CDIs and Shares is no longer a Small Holding; or
- sell your entire holding by other means by the Closing Date.

The CDI Retention Form cannot be returned to the Share Registry by email.

If you are an Eligible Holder and you do not take any action, the Company intends to sell your CDIs on your behalf within 10 days after the Closing Date in accordance with the Articles and the ASX Listing Rules.

If you are resident in the US you are not eligible to participate in the Facility.

6 What are the key dates for the Facility?

Record Date: 7.00 pm AEST on 9 May 2017

Announcement of the Facility: 16 May 2017 AEST

Notices sent to holders who, as at the Record Date, held a Small Holding: 16 May 2017 AEST

Closing Date: 4.30 pm AEST on 28 June 2017

Sale of CDIs: No later than 5.00 pm AEST on 7 July 2017

Sale proceeds sent to participating Eligible Holders: No later than 14 July 2017 AEST

7 Why is the Company offering the Facility?

The Company values all of its CDI holders and shareholders. The Company recognises that holders of Small Holdings may find it difficult or expensive to dispose of their CDIs/ Shares through the normal means. In addition, the administrative costs (including security register and CDI holder/ shareholder communication expenses) incurred by the Company in maintaining many accounts for holders of Small Holdings is disproportionately high when compared with the value of Small Holdings.

Accordingly, the Facility provides Eligible Holders with an easy and cost-effective way to sell all of their CDIs/ Shares while assisting with reducing the Company's ongoing costs associated with administering the security registers.

8 Will I pay tax on the sale?

You may need to pay tax on any gains you make on the sale of your Small Holding. This will depend on your personal taxation circumstances.

If you are in doubt, or if you require further information regarding possible tax implications from participating in the Facility, please consult your legal, financial and/or taxation adviser.

If you obtained your CDIs through the Demerger

As indicated in the scheme booklet for the demerger (**Demerger**) of the Company from National Australia Bank Limited (**NAB**) dated 7 December 2015, and confirmed in an announcement released by NAB on the ASX on 9 March 2016, Australian tax resident CDI holders that obtained their CDIs through the Demerger:

- will be treated for CGT purposes as having acquired their CDIs on 8 February 2016 for their market value (\$4.01 per CDI); and
- may make a capital gain or loss if they sell their CDIs.

9 What other costs will I incur?

The Company is responsible for the costs of sale of your Small Holding under the Facility. This includes any stamp duty, brokerage and Share Registry fees (but excludes any tax on income or capital gains).

10 Can I sell some but not all of my Small Holding through the Facility?

No. You cannot sell only part of your Small Holding under the Facility.

11 Why did I receive two or more letters inviting me to sell my securities through the Facility?

You may have two or more separate holdings of CDIs (and/ or Shares) which are Small Holdings. If that is the case, the Facility will apply to each holding of CDIs separately and each holding of Shares separately. If you want to retain one or more of your Small Holdings you need to:

- separately return a completed CDI Retention Form (or Share Retention Form as the case may be) for each of the Small Holdings you want to retain;
- acquire further CDIs (or Shares, as the case may be) prior to the Closing Date for each separate holding you have which you want to retain so that such holding is no longer a Small Holding as at the Closing Date; or
- consolidate your separate holdings so that your combined holding is no longer a Small Holding as at the Closing Date (see section 12 below).

A “separate holding” is where you hold CDIs (and/ or Shares) in different names. For example, if you hold CDIs which are registered in the name of “John Smith” and CDIs which are registered in the name of “John A. Smith”, these will constitute separate holdings and therefore be valued independently for the purposes of determining whether or not each holding is a Small Holding.

12 How can I consolidate my separate holdings, and what will happen to my consolidated holding?

If you have separate CDI holdings, you may consolidate your holdings by contacting the Share Registry on the Shareholder Enquiry Line detailed in section 25 below.

If you consolidate your holdings and the resulting combined holding is greater than a Small Holding as at the Closing Date, then the CDIs which constitute such combined holding will not be sold.

If one or more of your holdings remain Small Holdings at the Closing Date, these will still be sold under the Facility unless you return completed CDI Retention Form(s) for the respective holdings to the postal address set out in the CDI Retention Form in accordance with the instructions on the form so that they are received by the Share Registry by the Closing Date.

13 If I buy more CDIs, will I retain my holding?

Yes, provided you purchase sufficient additional CDIs to ensure you no longer hold a Small Holding, and those additional CDIs are registered in the same name as your Small Holding as at the Closing Date, then you will no longer have a Small Holding and the CDIs which constitute such holding will not be sold.

14 What happens if the CDI price increases after the Record Date so that I no longer have a Small Holding on the Closing Date?

If the price of CDIs increases so that the value of your Small Holding increases to A\$500 or more as at the Closing Date (based on the closing price of a CDI on the ASX on 28 June 2017), then you will no longer have a Small Holding and your CDIs will not be sold under the Facility.

15 When and how will my CDIs be sold?

The sale of CDIs under the Facility is expected to occur after the Closing Date, and in any event, by 5.00 pm AEST on 7 July 2017.

A broker appointed by the Company will sell the CDIs on your behalf. The broker has full discretion with regards to the terms of the sales of CDIs and Shares under the Facility.

The Company will release an announcement on the ASX and the LSE after the Closing Date setting out the number of Shares and CDIs sold as part of the Facility, together with the Sale Price (see section 16).

16 What price will I receive?

All CDIs and Shares to be sold under the Facility will be pooled. The Sale Price you will receive for each of your CDIs sold through the Facility will be the average price of all CDIs and Shares sold through the Facility. Accordingly, you cannot specify the price or time at which your CDIs/ Shares are sold.

This price will depend on a number of factors, including market conditions at the time, and cannot be guaranteed. The amount of money received by a participating holder of CDIs and/ or Shares sold through the Facility may be more or less than the actual price that is received by the broker for their individual CDIs and/ or Shares.

The sale proceeds to which you are entitled will be calculated by multiplying the Sale Price by the number of CDIs sold on your behalf through the Facility, rounded down to the nearest cent. Please see section 17 below for information on the currency and manner in which you will receive your sale proceeds.

The Share Registry will send you a payment advice notifying you of the number of your CDIs sold through the Facility, the Sale Price and the total sale proceeds you will receive. You will not receive any interest on the sale proceeds.

17 How and when will I receive the proceeds from the sale of my CDIs?

Sale proceeds will be paid in accordance with your existing payment instructions with the Share Registry and either you will receive payment by mandatory direct credit or a cheque will be sent to you by post by no later than 14 July 2017. If the Share Registry does not hold a specified payment method for you, you will receive a cheque at the address at which the CDIs are registered.

Payment will be made to Australian resident CDI holders in Australian dollars. Payment will be made to New Zealand resident CDI holders in New Zealand dollars. Payment will be made to all other CDI holders in Australian dollars. The terms of any currency conversions required in connection with the Facility will be determined at the sole discretion of the broker.

18 Can I revoke my CDI Retention Form?

Yes, if you have submitted a CDI Retention Form to exclude your CDIs from the Facility, provided that you submit a notice in writing to the Share Registry stating your wish to revoke your CDI Retention Form (**Revocation Notice**) and such Revocation Notice is received by the Share Registry at the postal address Computershare Investor Services Pty Limited, GPO Box 52, Melbourne Victoria 3001, Australia or Computershare Investor Services Limited, Private Bag 92119, Auckland 1142, New Zealand by the Closing Date, then your CDIs will be sold as part of the Facility.

Please note that if a Revocation Notice is sent on or prior to the Closing Date but not received by the Share Registry until after the Closing Date, your CDIs will not be sold as part of the Facility. A Revocation Notice cannot be sent to the Share Registry by email.

19 What if I hold securities in a CHESS / broker sponsored holding?

You can still participate in the Facility if you hold securities in a CHESS sponsored holding.

Any Small Holding remaining in a CHESS sponsored holding at the Closing Date will be moved to an issuer sponsored holding and sold under the Facility.

20 What if CYBG becomes subject to a takeover?

On the date on which there is an announcement of a takeover bid for the Company, the Facility will be suspended. However, on the close of the offers under the takeover, the Company may make a similar Facility available. If the Facility is suspended the Company will release an appropriate announcement on the ASX and the LSE.

21 Could the Facility be cancelled for any other reason?

The Company reserves the right to suspend, cancel or vary the Facility at any point.

22 What if I am a joint holder?

The CDI Retention Form must be signed by all holders. Proceeds from a sale under the Facility will be sent to the holder whose name appears first in the register of CDI holders in respect of the joint holding.

23 What is the price of CDIs?

Up-to-date information on the market price of CDIs can be found on the ASX website (www.asx.com.au).

The market price of the CDIs and Shares is subject to change from time to time.

24 Has the Company applied for relief from the Australian Securities and Investments Commission in respect of the Facility?

The Company has applied for, and been granted, ASIC relief in respect of the Facility. In accordance with that relief, the Company confirms that the definition of Facility in this notice is identical to the definition of that term in the draft notice provided to ASIC on 11 May 2017.

25 Is there anything else I need to know?

The Company reserves the right to change any of the dates referred to in this letter, or suspend, cancel, or vary the Facility, at any time, in which case the Company will release an announcement on the ASX and the LSE and send you a separate communication. The Company has however delegated full authority for all sales of CDIs pursuant to the Facility to the broker who will execute such sales on an execution only basis as described above.

This letter does not constitute advice or a recommendation to sell or retain your CDIs and/ or Shares, to buy or sell CDIs and/ or Shares, or that the Facility is the best way to sell your CDIs and/ or Shares.

If you are in any doubt, or if you require information regarding possible taxation implications from participating in the Facility, you should seek independent financial, taxation and/or legal advice.

If you have any questions concerning the contents of this letter, please contact the CYBG PLC Shareholder Enquiry Line on 1800 764 308 (toll free within Australia) or +61 3 9415 4142 (outside Australia). Please note that the Shareholder Enquiry Line and Share Registry cannot provide any legal, financial or tax advice and they will be unable to express any opinion on the Facility or the merits or otherwise of participating in it.