

CYBG PLC

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01 November 2017

## CYBG PLC – re National Australia Bank full year results

National Australia Bank Limited ("NAB") has today announced its results for the twelve months to 30 September 2017. NAB has recognised a charge in connection with claims that have been, or are expected to be, made by CYBG PLC ("CYBG" or "the Group") in connection with the conduct indemnity deed between CYBG and NAB (the "Conduct Indemnity Deed").

CYBG will increase its provisions for legacy conduct costs as at 30 September 2017 by £403 million and under the terms of the Conduct Indemnity Deed CYBG is required to fund 9.7% of this provision increase. As a result, CYBG will recognise a further charge of £39 million (pre-tax) in its income statement for the twelve month period ended 30 September 2017, with the balance being funded by NAB. This will impact CYBG's CET1 capital ratio by approximately 20 bps as at 30 September 2017, with the Group's CET1 ratio remaining comfortably within its 12-13% guidance range.

The increase in the conduct provision principally relates to:

- an updated forecast of the costs of finalising the remaining cases within CYBG's PPI remediation programme; and
- a revised estimate of the expected level of walk-in PPI claims and the cost of customer redress between now and the time bar in August 2019.

At 30 September 2017 CYBG has, through a combination of on-balance sheet provisions and the indemnity provided by NAB, unutilised cover of £671 million for legacy conduct matters. CYBG considers that, following the recent completion of the past business review, the substantial completion of the remediation programme, and based on our updated assumptions, the unutilised cover is sufficient to cover the costs of dealing with legacy conduct matters.

Further details will be provided when CYBG announces its full year results on 21 November 2017.

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CYBG PLC is registered in England and Wales (company number: **09595911**) and as a foreign company in Australia (**ARBN 609 948 281**) and has its registered office at 20 Merrion Way, Leeds, West Yorkshire LS2 8NZ

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#### Forward looking statements

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