



21 February 2019

CYBG PLC Update on Capability and Innovation Fund

CYBG has this evening been informed by Banking Competition Remedies Ltd (BCR) that it has not received a grant from Pool A of the Capability and Innovation Fund, part of the RBS Alternative Remedies Package. The Group remains focused on competing at scale in the Incentivised Switching Scheme that goes live on Monday 25 February 2019. CYBG has a strong position in the UK SME market and will continue with its successful existing SME growth strategy.

The Capability and Innovation Fund was established to increase competition in the UK's SME banking market. The Group believes it put forward the strongest possible case to explain how large scale additional investment in its SME business would accelerate the Group's ability to increase the scale of its business and make it a more effective competitor than any other eligible Pool A bank.

CYBG has a strong existing position in the SME banking market and has both the capability and critical mass to scale its SME proposition to offer UK customers a meaningful alternative to the incumbent banks. The Group will maintain its existing strategic focus on its SME business, continuing to invest in growth and developing new capabilities and propositions for customers.

Separately, CYBG will compete strongly in the Incentivised Switching Scheme and intends to offer an attractive home to former Williams & Glyn SME customers being encouraged to leave RBS. The Board is confident that the Group is well positioned to effectively and efficiently switch RBS customers at scale when the scheme goes live on 25 February 2019. The Capability and Innovation Fund is separate from the Incentivised Switching Scheme and so the Group's participation in this element of the package remains unchanged.

Background

Banking Competition Remedies Limited (BCR) was established to implement the Alternative Remedies Package of measures agreed between the UK Government and the European Commission following the EC approving a number of state aid measures granted to The Royal Bank of Scotland Group plc (RBS). The package consists of an Incentivised Switching Scheme to provide funding to incentivise RBS's Williams and Glyn SME banking customers to switch their business current accounts and the Capability and Innovation Fund to provide grants to help improve banking capabilities for SMEs.

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