



Clydesdale demerger and IPO Short Form Presentation

8 December 2015

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CYBG Group also presents income statement data on a Management Basis and certain key non-statutory performance indicators as they reflect what CYBG Group considers to be useful supplementary information to assist in evaluating the underlying operating performance of CYBG Group. Refer to Section 3 of the Scheme Booklet for further details including the reconciliation of the CYBG HFI to the Management Basis.

Transaction summary

Transaction structure

- Demerger of 75% of Clydesdale to NAB shareholders, and divestment of up to 25% by IPO to institutional investors
- Demerger will be effected via a court-approved Scheme of Arrangement. The demerger will not be conditional on the IPO occurring
- The proposed IPO and Demerger will be structured as a three cornered demerger with CYBG PLC as the newly formed holding company of Clydesdale Bank PLC and CYB Investments Limited (formerly, National Australia Group Europe Limited)
- IPO: Private placement to institutional investors in the EEA, 144A private placement to QIBs in the US, and Reg S complied offering outside the US
- No retail offer
- Timetable:
 - *Management roadshow*: 8th – 11th Dec. 2015 (Australia) and 18th Jan. – 1st Feb. 2016 (Global)
 - *PDIE*: 15th – 18th Dec. 2015 (Australia) and 4th – 16th Jan. 2016 (Global)

Offering size

- 100% of Clydesdale expected to be distributed via a demerger and IPO
- 75% to be distributed to NAB shareholders via demerger and up to 25% offered via IPO
- Demerger and IPO proposed to be effective simultaneously
- Greenshoe on the IPO component (inclusive within the IPO percentage, i.e. base offer size of 21.7% and Greenshoe of 3.3%)
- Sale facility offered to small shareholders in NAB (who hold 2,000 NAB shares or less)

Listing location

- Premium listing of shares on the Official List of the UKLA and the Main Market of the London Stock Exchange and concurrent listing of CHES Depositary Interests (CDIs) on the Australian Securities Exchange on a foreign exempt basis
- Expected to qualify for full FTSE250 and S&P/ASX index inclusion

Company and Seller

- Company: CYBG PLC ("Clydesdale"), which will become the holding company of CYB Investments Limited (formerly known as National Australia Group Europe Limited ("NAGE"))
- Seller: National Australia Bank Limited ("NAB")

Use of proceeds

- 100% Secondary (no primary capital raised), all proceeds of the IPO to NAB

Global coordinators and bookrunners

- Global Co-ordinators: Morgan Stanley (sponsor), Macquarie Capital, BofA Merrill Lynch
- Joint bookrunner: J.P. Morgan Cazenove
- Co-leads: KBW, Royal Bank of Canada

Investment highlights summary

⇒ Strong fundamentals underpin the CYBG value proposition

- 1 *Differentiated proposition relative to the UK challengers*
- 2 *Robust and de-risked balance sheet*
- 3 *Proven ability to attract and retain low cost customer deposits*
- 4 *Track-record of strong asset growth, while maintaining asset quality*
- 5 *Standalone and scalable full service operating platform*

⇒ Upside from execution

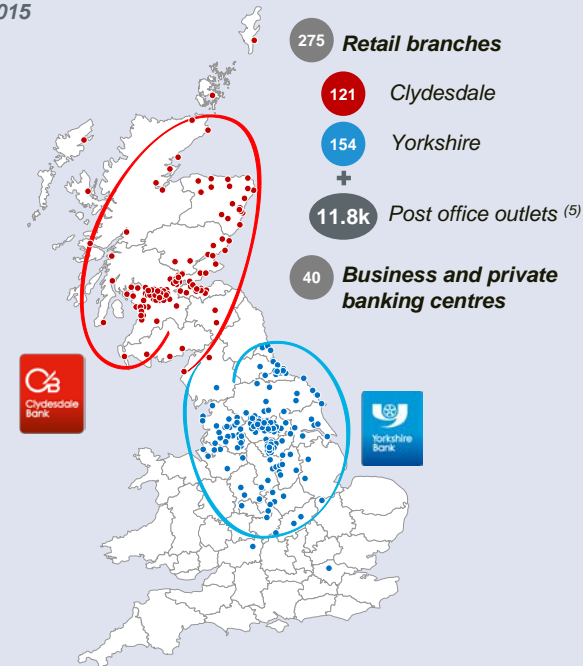
- 1 *Highly experienced management team, leading a newly independent CYBG*
- 2 *Disciplined investment plan, delivering cost and efficiency savings*
- 3 *Omni-channel strategy underpinned by comprehensive digital agenda*
- 4 *Clear strategy to drive growth and deliver double digit RoTE*

Established franchise positioning

- ✓ **Large existing customer base**
 - 2.6m Retail and 179k SME
- ✓ **Strong market shares in core regions**
 - 9.1% PCA share and 8.1% business lending share⁽¹⁾
- ✓ **Loyal customer base**
 - 78% PCA customers with us > 10 years; 42% primary PCA⁽⁸⁾
- ✓ **Two well known and trusted brands**
 - Clydesdale and Yorkshire Bank
- ✓ **Recognised superior customer service**
 - NPS score ahead of peers⁽²⁾; #1 “best customer service (branch)”⁽³⁾
- ✓ **Track record across key distribution channels**
 - 11 years in intermediary market – c.3% national lending share⁽⁴⁾
- ✓ **Underpinned by a proven platform with a clear plan to be standalone**
 - Ability to expand 2x peak transaction capacity

Current network

2015

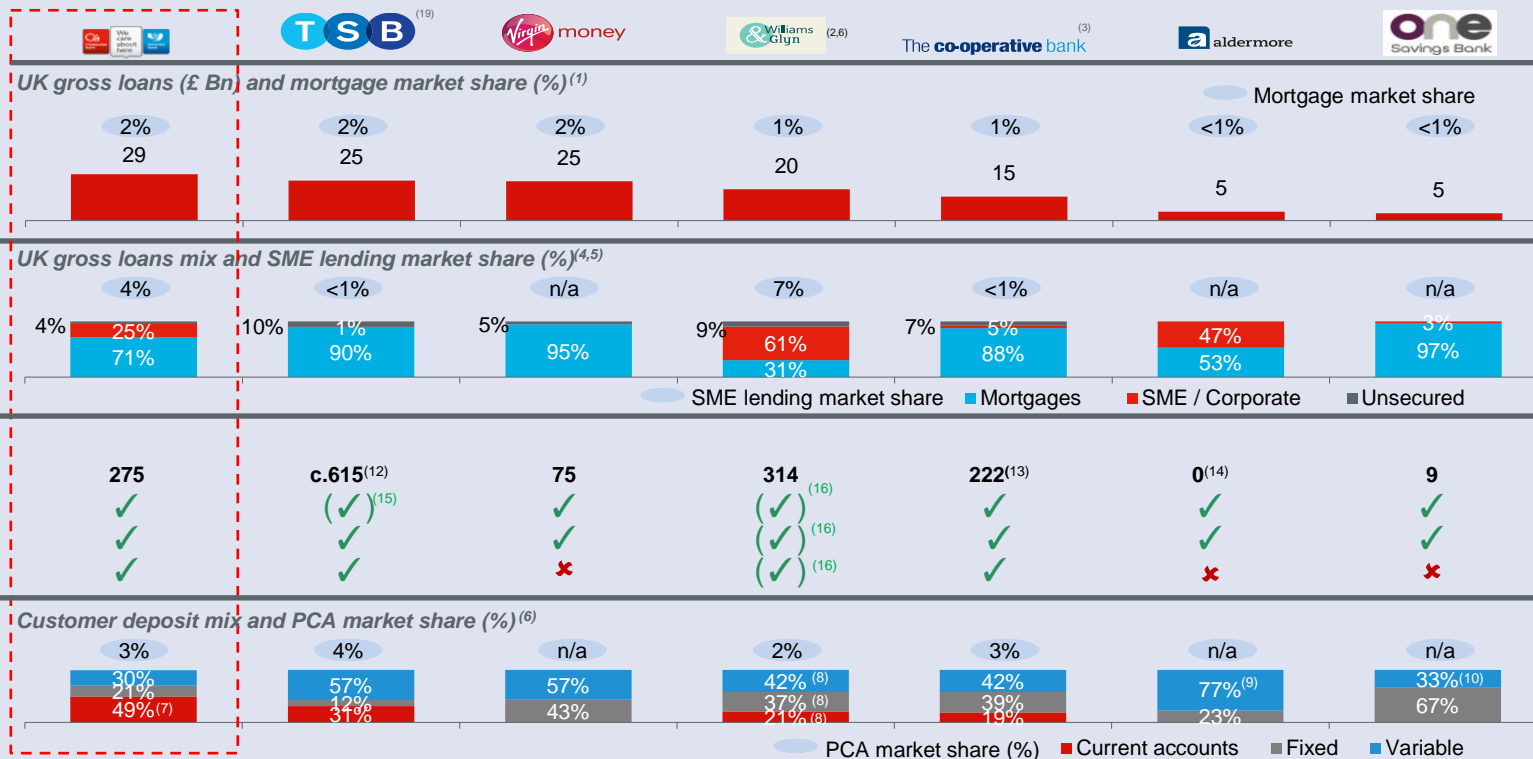


- ✓ Presence in 7 of top 10 Retail sites in GB ⁽⁶⁾
- ✓ c.18 MM customers within a 10 minute drive of a Clydesdale / Yorkshire retail branch ⁽⁷⁾

1. BBA 1Q2015 SME lending stock; 2. Defined as net promoter score. Peers: YB - Barclays, Co-Op, Halifax, HSBC, Lloyds, Nationwide, NatWest, Santander, TSB / CB - Bank of Scotland, RBS, Santander, TSB; 3. uSwitch annual customer survey responses, based on 10,000 current account customers survey during 9th to 16th March 2015. Ranking and response pertaining to Clydesdale Bank only not CYBG; 4. Estimate based on 60% (from CML Regulated Mortgage Survey) as proxy for overall intermediary lending as proportion of total lending (CML); 5. Ability to transact through post office branches, providing access where CYBG not present in the vicinity; 6. Cushman & Wakefield Retail Centre Rankings; 7. Based on Experian Branch Catchments (September 2015); 8. Primary (i.e. main bank) customer must be party to at least one MT account of a selected product type which meets the following criteria: i) credit turnover averaging at least £1000 in the last 3 consecutive months, ii) three or more standing orders or direct debits (or a combination of the three) in place, iii) three or more customer initiated transactions (ATM, point of sale, branch counter services)

Differentiated position to UK challengers

Figures (Latest) in £ Bn unless stated otherwise⁽¹⁷⁾



The only UK mid-market bank which has material scale, full service capabilities and a substantially standalone IT platform

Source: Company Information, Mintel, BBA, Bank of England

1. CYBG, TSB, Virgin, OSB, W&G, Aldermore and Co-op represent the total group; 2. W&G based on RBS FY2014 disclosure; 3. Excluding Optimum and Non Core Corporate; 4. Based on BBA postcode lending data; 5. Latest portfolio mix disclosure for W&G is as at H1 2012; 6. PCA market share based on Mintel data July 2014. For W&G, based on Santander report, August 2010; 7. CYBG PCAs includes non interest bearing demand deposits; 8. Represents RBS UK mix; 9. Amounts repayable within one year assumed as proxy for variable; 10. Includes flexible savings; 11. Defined as mobile banking app available on line with transaction functions; 12. Estimated branches adjusting for announced branch closures post Sabadell acquisition announcement. Currently at 633 branches; 13. Core branches; 14. Defined as retail branches only, not SME centres (of which there are 11); 15. Short track record, offering available only since 19 January 2015; 16. All functions embedded in RBS platform with no fully standalone capabilities; 17. Data as at FY2014, except gross loans as at 1H2015. CYBG shown on a FY15 basis; 19. TSB gross loans and loan mix pro forma for £3.3 Bn UKAR mortgage acquisition

Strategic direction clear

Our business today

We are a **strong regional bank with established Retail and SME franchises** supported by **trusted local community brands**

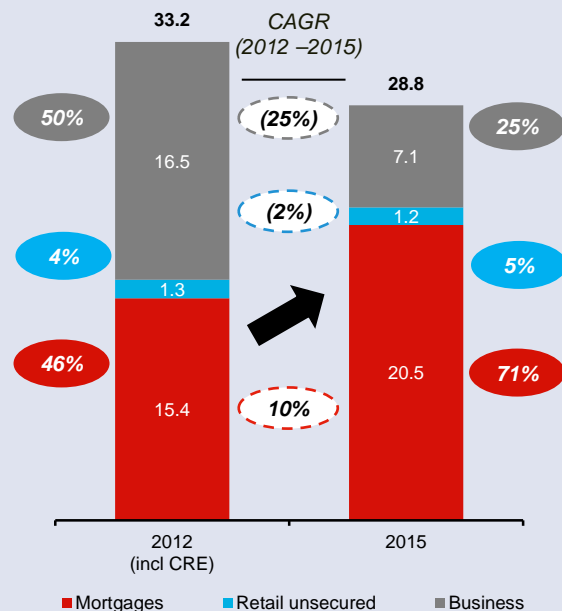
Our strategic aims

- ⇒ **Leverage our capabilities** in existing core regional markets
- ⇒ **Continue our successful national growth strategy focusing on selected products and sectors** where we have a strong history and established capabilities
- ⇒ **Deliver a consistently superior experience** to our customers underpinned by our **local community brands** and a **customer driven omni-channel strategy**
- ⇒ **Deliver enhanced shareholder returns**

Management actions strengthened balance sheet

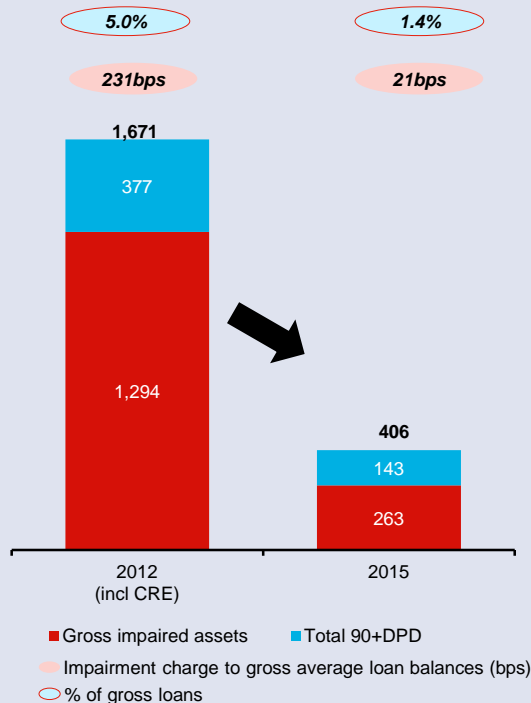
✓ Loan book reshaped

Gross stock loans, £ Bn



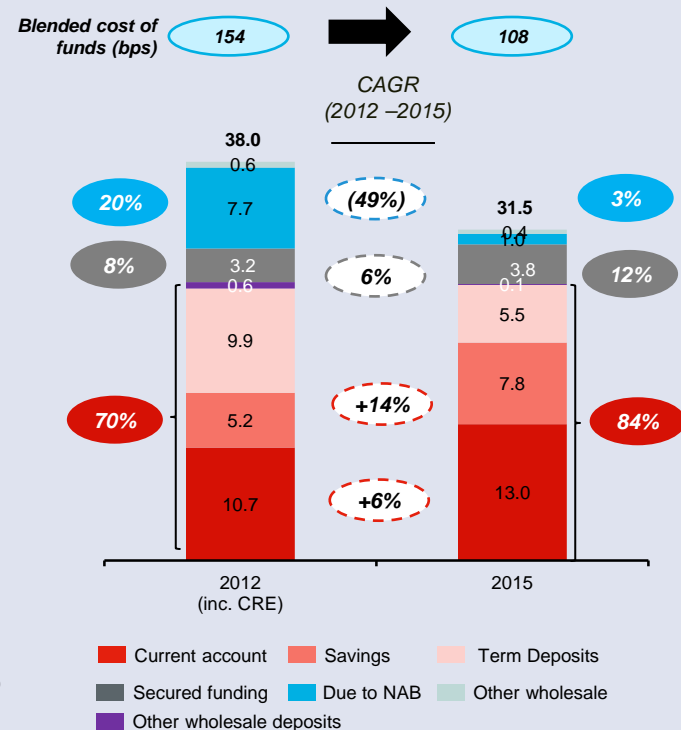
✓ Asset portfolio de-risked

Portfolio asset quality (£ MM)



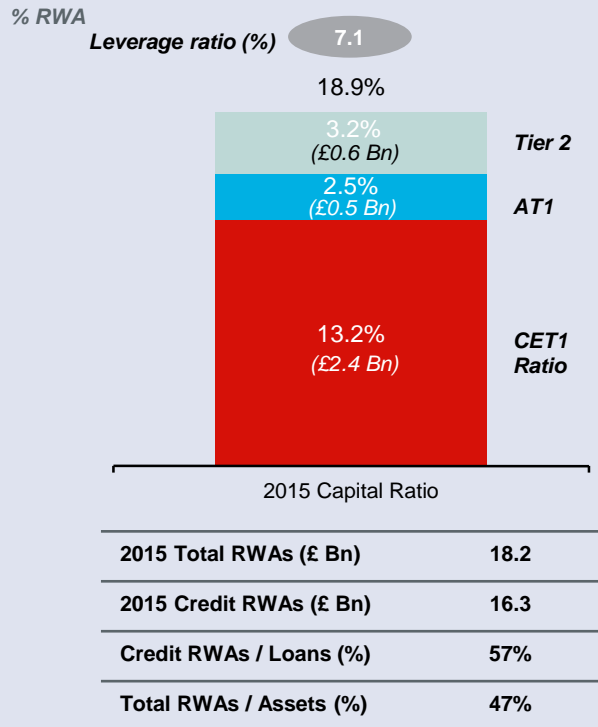
✓ Funding position improved

£ Bn



Robustly capitalised to support growth ambition

Group capital structure⁽¹⁾



Total capital and leverage ratio comfortably in excess of regulatory requirements

- 13.2% CET1 ratio and 7.1% leverage ratio
- Includes pension and indemnity buffer



Standardised approach to risk weighting ⇒ IRB upside potential



Additional capital protection from £1.1 Bn conduct indemnity from NAB

- Supplemented by existing **unutilised provision of c.£1.0 Bn**

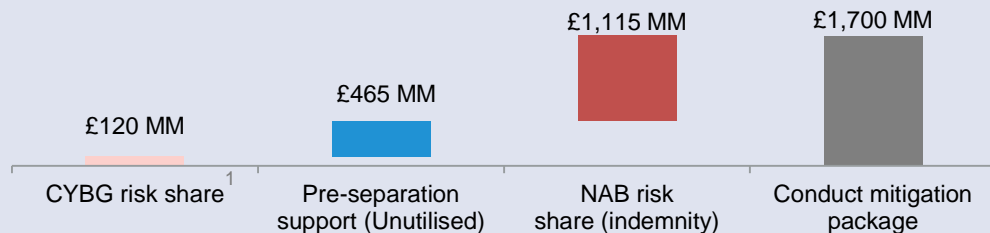


Existing Tier 2 and AT1 to be replaced at separation⁽²⁾

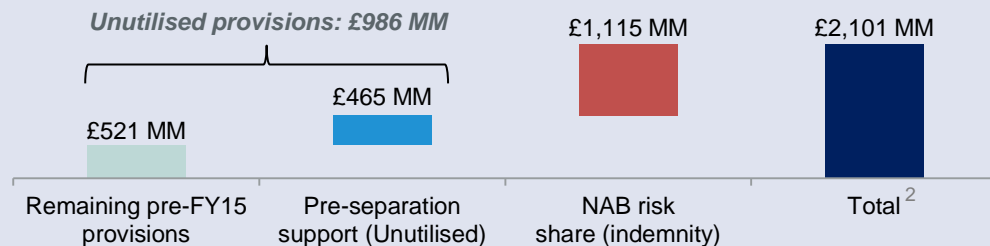
- NAB to remarket securities post completion of the transaction

Conduct protection sized to provide cover in severe stress

£1.7 BN conduct mitigation package



£2.1 BN provisions and indemnity



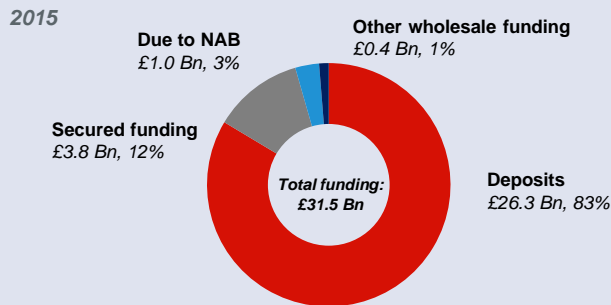
Key messages

- ⇒ **CYBG capital requirement includes £120 MM risk share, which is deployed alongside the NAB indemnity**
 - Draw downs are *pro rata*¹ between NAB and CYBG
- ⇒ **Mitigation package amount is the result of stress tests to CYBG's provision models and conduct exposures, and reflects:**
 - A series of extreme stresses to underlying provision assumptions
 - Multi-factor stresses
 - Potential lifetime cover

CYBG has in aggregate £2.1 BN of unutilised provisions and indemnity (excluding £120 MM CYBG risk share) to absorb future costs arising from conduct issues, including redress and cost to do

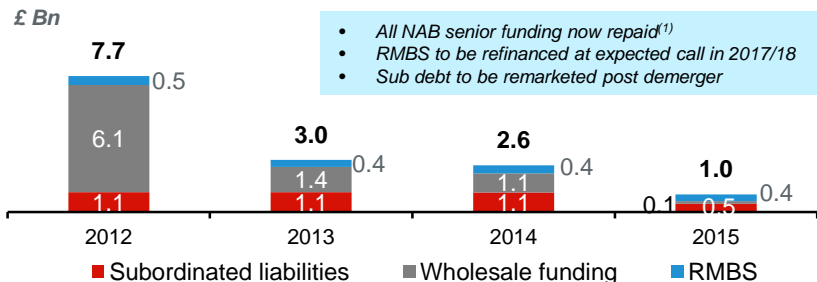
Diversified funding with proven low cost deposit growth

✓ Diversified funding mix



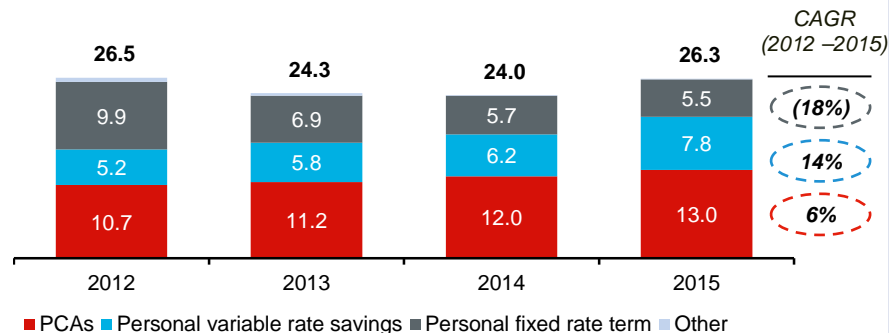
Already investment grade rated by all agencies, with and without parental support notches

✓ Reduced NAB funding



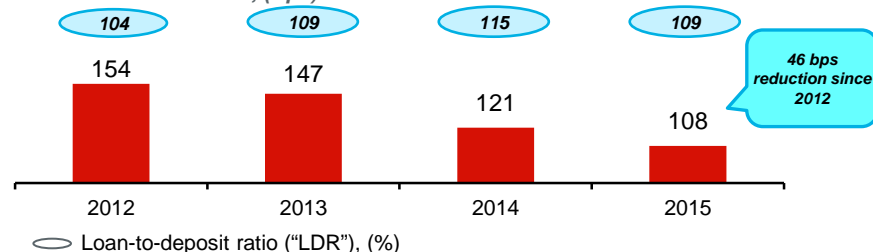
✓ Strong track record of growing low cost deposits

Gross deposits balances (£ Bn)



✓ Reducing overall funding costs and maintaining stable funding position

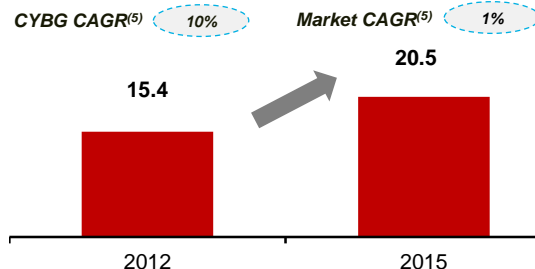
Blended cost of funds, (Bps)



Demonstrated track-record of retail franchise growth

✓ Track record of mortgage growth

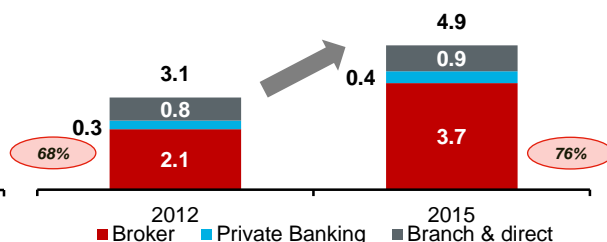
Gross stock balances, £ Bn



Award winning "first time buyers" proposition with Moneyfacts 2 years running and "best regional lender" with Your Mortgage⁽⁶⁾

✓ Established intermediary franchise

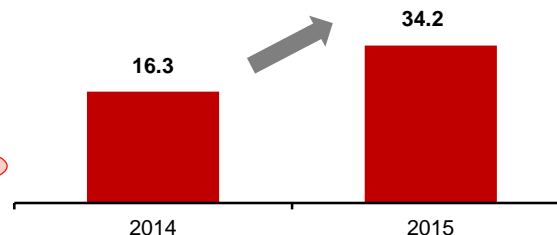
Gross new mortgage lending volumes, £ Bn



Intermediary lending market share now c.3%⁽⁷⁾

✓ Unsecured propositions reinvigorated

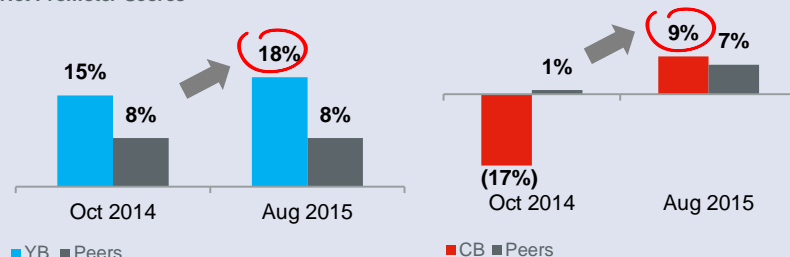
Retail new card issuance, 000s⁽¹⁾



Digital enablement - increased sales via aggregators
Competitive credit card proposition - 0% offer on purchases

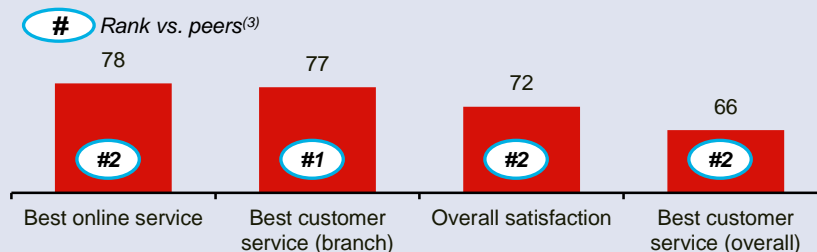
✓ Customer advocacy improved

Net Promoter Scores⁽⁴⁾



✓ Recognised service quality

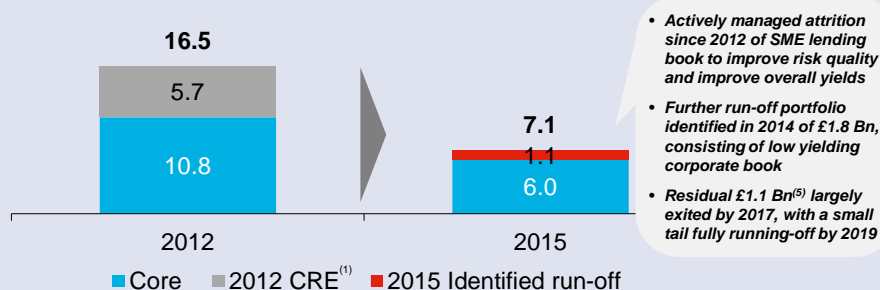
uSwitch Annual customer survey responses⁽²⁾, %



SME franchise repositioned for growth

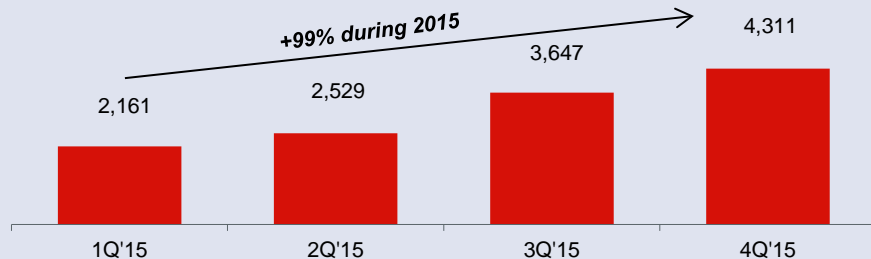
✓ Strategic realignment of SME book

Business banking loan book, £ Bn



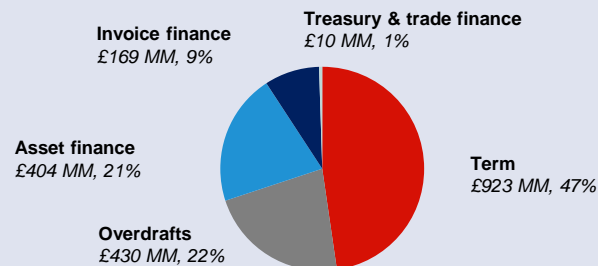
✓ Targeted acquisition of Small Business⁽⁴⁾ customers

Number of BCA opened (accounts)



✓ Focused on growth in high return product areas

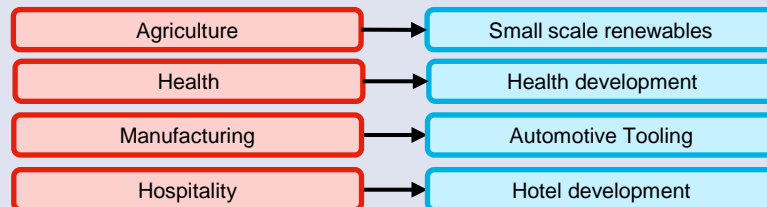
Gross new facilities accepted and available to customers, 2015



Gross new facilities: £1.9 Bn

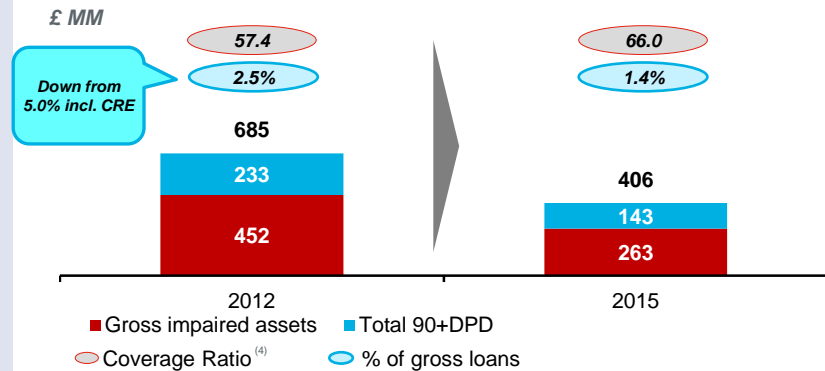
✓ Entering under-served subsectors with expertise

- ✓ £200 MM YoY^(2,3) origination in specialist / niche propositions
- ✓ New Head of CRE and team – operational in Sept 2015
- ✓ Additional examples of sub-sector focus areas identified below:



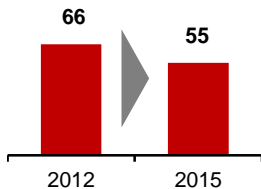
Growth while maintaining prudent risk appetite

✓ Asset quality improved following de-risking activities



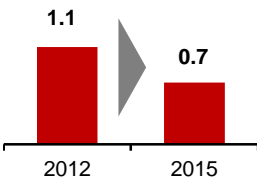
Reduced mortgage LTVs

Average Mortgage LTV, %



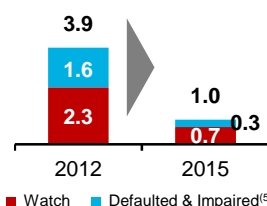
Reduced unsecured 90+DPD

Unsecured 90+DPD as a % UPLs



SME categorised loans reduced

Categorised SME portfolio, £ Bn



✓ Prudence maintained on front book lending

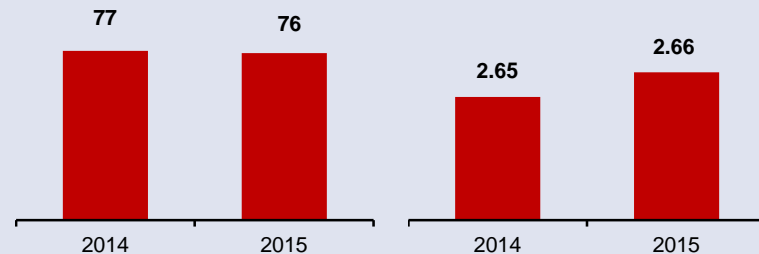
% of mortgage front book below 80% LTV, %

Average mortgage origination loan-to-income ("LTI")⁽³⁾, x

✓ LTV broadly stable

✓ Maintained LTI cover

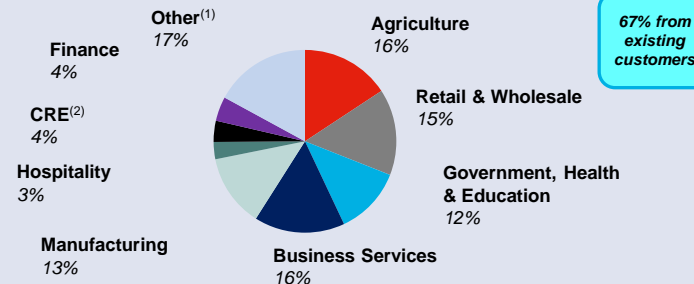
Retail



Gross new facilities accepted and available to customers, 2015

✓ SME lending sector diversification

SME



Identified opportunities for improvement

Positive dynamics ...

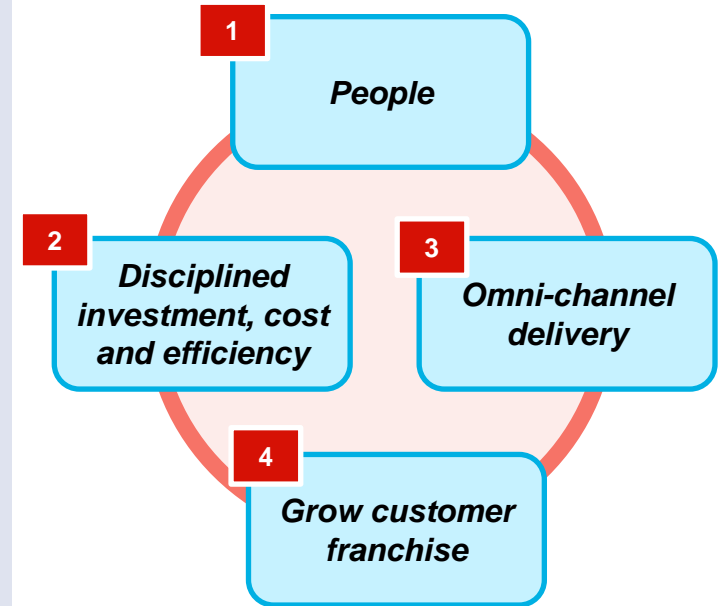
- ✓ **Loyal customers**
- ✓ **Motivated, engaged staff**
- ✓ **Solid financial fundamentals**

...with areas that require improvement and change

- ⇒ **Cultural transformation required to change subsidiary mind-set**
- ⇒ **Simplify internal governance and processes**
- ⇒ **Streamline operations and decrease inefficiencies**
- ⇒ **Significantly enhance productivity**



✓ Near term focus areas



New management team driving forward the strategic agenda

Priorities

Create
customer
centric culture

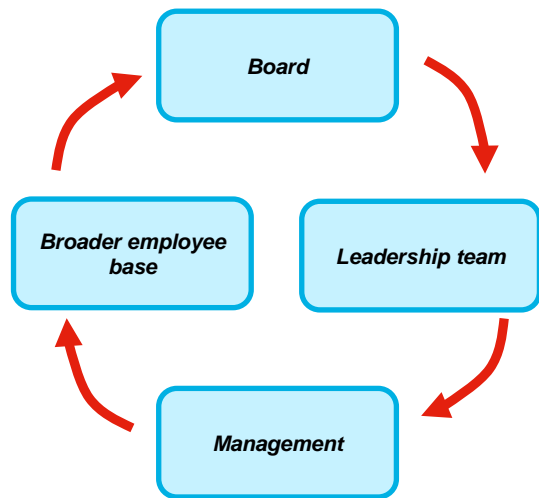
Empower &
deepen cross
bank talent

Drive
accountability
& responsibility

Appropriate
reward
structure

Focus on
governance
framework

Cross bank approach



Near term actions

- ⇒ Strengthen leadership team for standalone environment
- ⇒ Identify and fill key capability gaps
- ⇒ Full employee clarity on strategic direction
- ⇒ Reward programme aligned to strategic goals and customer

Progress

- ✓ Senior Board appointments
- ✓ Leadership team restructured
- ✓ Number of key senior positions filled
- ✓ Senior management bench strength assessment exercise ongoing
- ✓ Reduction in policies and committees
- ✓ New employee engagement approach

Disciplined investment, cost and efficiency

Priorities

Targeted investment in growth plan

Appropriate investment in resilience

Rigorous approach to cost control

Streamline customer and staff processes

Significantly enhanced productivity

Near term actions

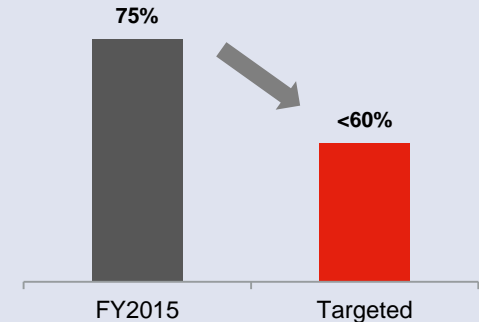
- ⇒ Review of investment spend linked to customer strategy agenda and resilience of franchise
- ⇒ Revised governance and control framework for costs
- ⇒ Targeting specific areas for cost reduction
- ⇒ End-to-end process simplification
- ⇒ Increased productivity and continued optimisation of branch network
- ⇒ Investment in data architecture

Progress

- ✓ c.£300 MM investment spend for growth and resilience across FY2015/2016
- ✓ Structural integration of retail and SME franchises
- ✓ 24 branch closures in FY 2015 aligned to network reconfiguration
- ✓ 70% of business centres co-located with retail branches
- ✓ Cost reduction and simplification initiatives
- ✓ End-to-end mortgage process to be replicated in business lending
- ✓ Targeted headcount reductions across the business

Path to improved operational efficiency

Cost-income-ratio ("CIR"), %



- ⇒ Targeting centralised costs and inefficiencies
- ⇒ Investment in growth strategy

Franchise opportunity from delivery of omni-channel strategy

Priorities

*Optimise our
branch
footprint*

*Strengthen our
existing digital
channels*

*Enhance
customer data
and analytics*

*Digitise internal
and customer
processes*

*Leverage “B”
platform and
functionality*



*Consistent, superior customer experience delivered through
seamless omni-channel platform*

Deepened relationships

**Broadened
offering**

**Extended
reach**

**Digitised operating
platform**

Near term actions

Distribution

- ⇒ Next generation branch format / automation - **Live**
- ⇒ Optimisation of footprint aligned to customer needs
- ⇒ Digital connectivity to non-branch channels

Processes

- ⇒ Online current account opening - **Live**
- ⇒ Mortgage end-to-end process simplification

Customer data analytics

- ⇒ "Digital Next Best Action" - **Live**

Mobile / Internet

- ⇒ Enhanced mobile banking proposition
- ⇒ Public Launch of "B" platform

2015 performance reflecting ongoing business reshaping

Income statement (management basis) ⁽¹⁾⁽²⁾

| | Year Ended 30 September | | |
|--|-------------------------|--------------------|------------------|
| £ MM | 2014 | 2015 | % change |
| Net interest income | 785 | 787 | 0.3% |
| Other operating income ("OOI") | 205 | 175 | (14.6%) |
| Gains & losses on financial instruments at FV | (8) | 2 | n.m. |
| Total income | 982 | 964 | (1.8%) |
| Operating and administrative expenses | (686) | (727) | 6.0% |
| Operating profit before impairment losses | 296 | 237 | (19.9%) |
| Impairment losses (credit exposures) | (74) | (78) | 5.4% |
| - Of which specific provisions | (95) | (73) | (23.2%) |
| - Of which collective provisions | 21 | (5) ⁽⁴⁾ | n.a. |
| Underlying profit before tax ⁽⁵⁾ | 222 | 159 | (28.4%) |
| NIM | 2.30% | 2.20% | (10)bps |
| Cost-to-income ratio ('CIR') | 70% | 75% | 5ppts |
| Impairment/Average Customer Loans⁽⁸⁾ | 30bps | 21bps | (9)Bps |
| RoTE (Underlying basis) ⁽³⁾ | 7.7% | 5.1% | (2.6)ppts |

Key trends in 2015

⇒ Income continues to rebase in line with expectations:

- Net interest income reflects growth in mortgages offset by lower business lending and unsecured volumes
- OOI lower due to changes to current account charging structures and non-recurrence of prior period sale and leaseback gains

⇒ Expenses reflect increased investment to support franchise growth:

- Increase compared to 2014 in part due to increased spend in marketing, digital platform and developing new propositions

⇒ Strong asset quality and low credit losses:

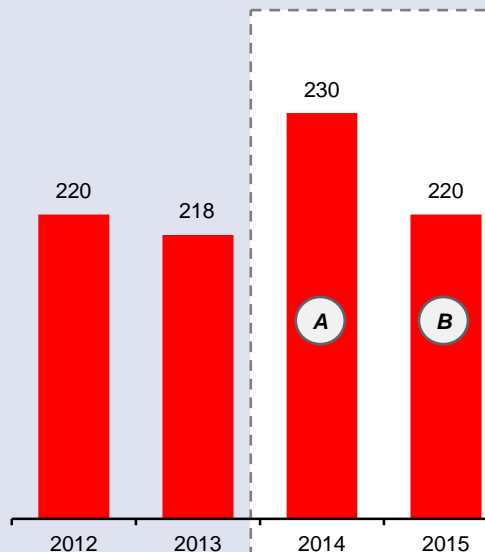
- Continued strong credit performance and prudent approach
- GIA and 90+DPD continue to decline while coverage ratios increased ⁽⁶⁾
- Through the cycle expected loss estimated at c.30 bps⁽⁷⁾

1. Presented on a management basis which represents the historical results of Clydesdale excluding adjustments that Clydesdale's Directors believe are non-recurring, or otherwise not indicative of the underlying performance of the business. These include conduct redress expenses, restructuring costs, impacts of the disposed UK CRE portfolio, impairment losses on goodwill and other one off items. Conduct charges exclude charges relating to Interest Rate Hedging Products (IRHP) in 2014. Underlying profit after tax is a non-statutory profit measure; 2. Management basis also excludes the impacts of the "Insurance Intermediary Business" (the non-trading holding company National Wealth Management Europe Holdings Ltd, and its trading subsidiary National Australia Insurance Services Ltd (NAIS), the operations of which were acquired by Clydesdale Bank PLC on 30 September 2015). Total income and net profit after tax for the Insurance Intermediary Business for the year ended 30 September 2015 was £22 MM (2014: £23 MM, 2013: £31 MM, 2012: £41 MM) and £13 MM (2014: £12 MM, 2013: £17 MM, 2012: £22 MM) respectively; 3. Management basis RoTE is defined as underlying profit less non-controlling, AT1 and preference share distributions as a percentage of average tangible equity (total equity less intangible assets excluding minorities, AT1 and preference shares for a given period); AT1 distributions commenced June 2015 with £18 MM paid in 2015 (£300 MM 6M LIBOR+76bps, £150 MM 6M LIBOR+60bps); 4. 2015 impairment charge includes £8 MM representing additional collective provision overlay on secured book for losses incurred but not recognised following conclusion of the Asset Quality Review in 2015; 5. Pre AT1 and preference shares distributions and minority interests 6. Total provisions as a percentage of impaired & 90DPD 2014 = 57.4%, 2015 = 66.0%; 7. CYBG Group has, using a financial model whose key inputs are cycle neutral probability of default ("PD"), loss given default ("LGD") and exposure at default ("EAD"), estimated the through the cycle ("TTC") expected loss on its non defaulted customer loan portfolio as at 30 September 2015 over a one year time horizon at approximately 30 basis points. The PD/LGD/EAD model inputs are based on internal models that have not been subject to any external validation process. No assurance can be given that future losses on, or future impairment charges with respect to, CYBG Group's total customer loan portfolio, which changes over time and which includes non-defaulted and defaulted customers loans, will not exceed the TTC expected loss set forth herein; 8. Defined as total impairments charge including fair value loan credit adjustments to gross average loan balances. 2014 ratio calculated on losses of £80 MM, being total losses on credit exposures of £74 MM plus fair value loan credit risk adjustment £6 MM. 2015 ratio calculated on losses of £60 MM, being total losses on credit exposures of £78 MM plus fair value loan credit risk adjustment £ (18) MM

Stable net interest margin supported by change in mix and management actions

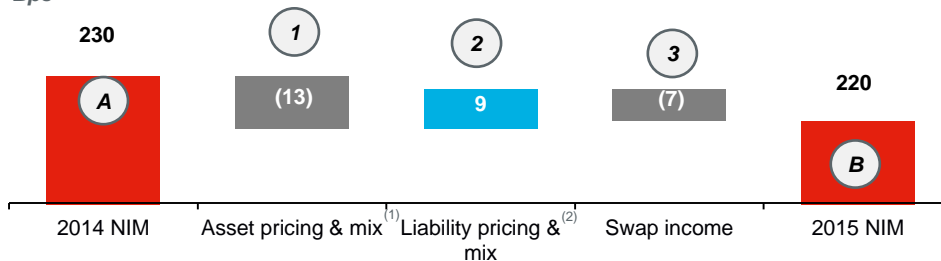
Stable NIM

Bps



Breakdown of NIM evolution

Bps



1 Asset pricing & mix:

- Continued shift of mix away from SME and unsecured into mortgages
- Competitive pressures on front book mortgage margins, partly offset by tracker run-off
- Unsecured environment remains competitive impacting yields and lending appetite
- Overall SME yield benefiting from run-off of low yielding corporate book
- Mix in SME front book shifting to higher yielding assets

2 Deposit pricing & mix:

- Continued run-off of expensive term deposits
- Strong growth in low cost current account and savings deposits

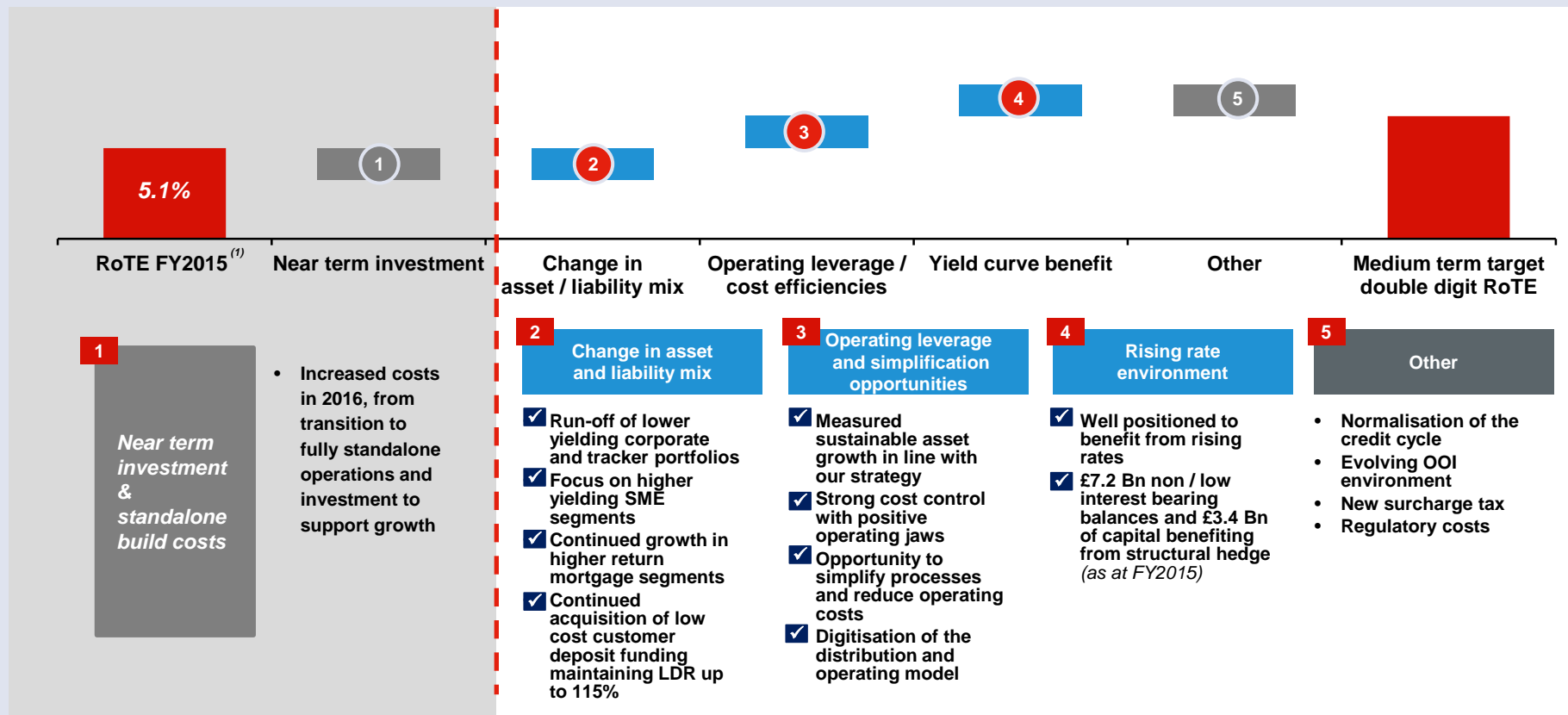
3 Swap unwind impact:

- Continued to reduce in 2015



Near term margin outlook: broadly stable subject to market interest rates and competitive environment

Strategy to deliver growth and shareholder returns



Clear set of targets underpins our objectives

Current (FY2015)

Target (within 5 years)

| | | |
|---|---|---|
| Asset growth | <ul style="list-style-type: none"> Mortgage book CAGR 10% ⁽¹⁾ Total retail book CAGR 9% ⁽¹⁾ Core business book stable | <ul style="list-style-type: none"> 40 – 50% growth in mortgage book 40 – 50% growth in retail lending book 15 – 25% growth in SME lending book |
| Funding and capital | <ul style="list-style-type: none"> £13 Bn current accounts LDR 109% CET1 13.2% | <ul style="list-style-type: none"> LDR up to 115% CET1 range 12 – 13 % |
| Margins | <ul style="list-style-type: none"> 2.20% NIM | <ul style="list-style-type: none"> Broadly stable in the near term with potential for modest widening, commensurate with expected movements in rates and competitive environment |
| Costs | <ul style="list-style-type: none"> 75% Cost-to-income ratio ("CIR") | <ul style="list-style-type: none"> Positive jaws (after FY2016) CIR below 60% |
| RoTE | <ul style="list-style-type: none"> Targeting double digit RoTE within the five year period post admission, following a period of planned increased investment in 2015 and 2016 | |
| Dividend (subject to regulatory approvals) | <ul style="list-style-type: none"> Target modest inaugural dividend in respect of 2017 In time, intended pay-out up to c.50% of earnings (after paying AT1 distributions) | |

Subject to assumptions as to interest rates, the broader macro-economic and competitive environment and having regards to the context of the current regulatory environment

Investment highlights

⇒ Strong fundamentals underpin the CYBG value proposition

1 **Differentiated proposition relative to the UK challengers**

- ❖ **Largest of the mid-sized banks** — 2.8m customers, £29bn loans, 275 branches
- ❖ **175 years of regional presence** — two trusted brands, recognised service quality, leading regional market shares
- ❖ **Full service Retail and SME capability** — established SME franchise underpinned by strong customer relationships
- ❖ **High regional market shares** — 9.1% PCAs, c.14.0% BCAs, 8.1% Business Lending and 3.9% Mortgages
- ❖ **11 year track-record in intermediary channel** — strong mortgage growth nationally through selective broker partnerships

2 **Robust and de-risked balance sheet**

- ❖ **Well capitalised relative to peers** — 13.2% CET1 ratio and 7.1% leverage ratio
- ❖ **Legacy conduct issues addressed** — £2.1bn total cover across provisions and conduct indemnity
- ❖ **Improved funding and liquidity position** — 109% LDR, 120% NSFR, all NAB senior funding repaid
- ❖ **Robust asset quality and provision coverage** — 21bps CoR; 55% average LTV; 66% coverage on 90+DPD

3 **Proven ability to attract and retain low cost customer deposits**

- ❖ **c. 50% of deposits in the form of low cost current account balances** — £13bn in FY2015
- ❖ **CA and savings balance growth ahead of market** — 6% CAGR in CAs, 14% CAGR in Savings ('12-'15)
- ❖ **Loyal and sticky customer deposit base** — 78% PCA customers and 54% BCA customers with us > 10 years

4 **Track-record of strong asset growth, while maintaining asset quality**

- ❖ **Growth in mortgage book ahead of market** — 10% CAGR ('12-'15)
- ❖ **Award winning propositions in key products** — winner “first time buyers” proposition with Moneyfacts 2 years running
- ❖ **Strong front book asset quality driven by tight lending controls** — manual underwriting, no self-cert, affordability stress testing

5 **Standalone and scalable full service operating platform**

- ❖ **Standalone core operating and IT platform post separation** — limited TSAs with NAB
- ❖ **Proven scalability delivering operating leverage** — ability to expand 2x peak transaction capacity at low cost
- ❖ **Track-record of investment, stepped up to support growth in 2015** — c. £300m investment spend 2015/2016

Investment highlights

⇒ Upside from execution

1 Highly experienced management team, leading a newly independent CYBG

- ❖ Cultural transformation from subsidiary mind-set ongoing
- ❖ Strengthened leadership team for a standalone environment, with clear delivery accountability
- ❖ Reward structures being aligned to strategic goals and positive customer outcomes
- ❖ Focus on governance framework, with new board appointments to complement existing talent

2 Disciplined investment plan, delivering cost and efficiency savings

- ❖ Investment spend closely linked to the omni-channel strategy and growth agenda
- ❖ Focus on cost reduction and simplification initiatives
- ❖ Targeted measures to increase staff and network productivity

3 Omni-channel strategy underpinned by comprehensive digital agenda

- ❖ Focus on optimisation of the branch footprint and delivering next generation layout / automation
- ❖ Launch of “B” platform in early 2016, supporting target customer acquisition at lower costs
- ❖ Digitising internal and customer processes — end-to-end process simplification driving reduced delivery time, improved satisfaction
- ❖ Improved customer data analytics — delivering product propositions tailored to customer needs

4 Clear strategy to drive growth and deliver double digit RoTE

- ❖ 40-50% asset growth targeted across the Retail book and 15 – 25% across the SME book, supported by targeted ongoing growth in low cost deposits
- ❖ Capital release from run-off of lower yielding SME corporate and mortgage tracker books – redeployed in higher margin segments
- ❖ <60% cost income ratio target, with positive jaws targeted after FY2016
- ❖ Well positioned for a rise in rates, with £7.2 Bn non / low interest bearing balances

Q&A

