

5 May 2016

Re: National Australia Bank first half results

We note that National Australia Bank (NAB) has today announced its results for the six months to 31 March 2016. The results announcement includes certain financial information in respect of CYBG PLC.

NAB has published summary balance sheet and income statement information in relation to CYBG as at, and for the four month period ended, 8 February 2016. This information relates to the period in which the CYBG group (CYBG) was owned by NAB. The information published by NAB does not represent the results and financial position of CYBG for the period ended 8 February 2016. It includes the results of transactions unrelated to the trading performance of CYBG, it has been prepared under different accounting policies from those adopted by CYBG and it includes certain costs that were borne solely by NAB. Accordingly it is of limited value to CYBG's stakeholders.

In addition NAB has recognised a charge of A\$801 million in connection with claims that have been, or are expected to be, made by CYBG in connection with the Conduct Indemnity Deed between CYBG and NAB effective 8 February 2016. The claims relate principally to an increase in CYBG's provision for PPI costs of £450 million. Under the terms of the Conduct Indemnity Deed, CYBG is required to fund 9.7% of this provision increase, and will therefore recognise a charge of £44 million (pre-tax) in its income statement for the six month period ended 31 March 2016, with the balance being funded by NAB. This will impact CYBG's CET1 ratio by approximately 20bps.

The increase in the PPI provision principally relates to:

- a revised estimate of the expected level of claims and costs of customer redress subsequent
 to the closure of the FCA's public consultation on the application of the outcome of Plevin v
 Paragon and the proposed implementation of a time bar for PPI claims, in line with recent
 industry practice; and
- updated forecasts of the costs of administering CYBG's PPI remediation programme.

At 30 September 2015 CYBG had, through a combination of on-balance sheet provisions and the indemnity provided by NAB, total cover of £2.1 billion for legacy conduct matters. As at 31 March 2016 total cover had reduced by £328 million through the utilisation of provisions. CYBG considers that, based on our updated assumptions, the total cover remaining of £1.8 billion is sufficient to cover the costs of dealing with legacy conduct matters.

Further details will be provided when CYBG announces its interim results on 24 May 2016.

Enquiries:

Investors and Analysts

John Crosse +44 7917 172535 Head of Investor Relations john.crosse@cybg.com

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

Hany Messieh +61 414 446 876

Investor Relations <u>hany.messieh@cybg.com</u>

<u>Media</u>

Jason Clarke 0800 066 5998

Snr. Media Relations Manager <u>Jason.clarke@cybg.com</u>