

CYBG capital structure table and terms applicable to CYBG securities

Equity Securities

Initial capital structure

The issued and fully paid share capital of CYBG PLC as at incorporation was as follows:

Issued and fully paid			
Class	Nominal Value	Number	Amount
Ordinary	£1.00 each	1	£1.00

Pre-demerger capital structure

With effect from 20 November 2015 until the implementation of the demerger of CYBG PLC from National Australia Bank Limited on 8 February 2016 (**Demerger**), the issued and fully paid share capital of CYBG PLC is as follows:

Issued and fully paid			
Class	Nominal Value	Number	Amount
Ordinary	£1.25 each	40,000	£50,000

Post demerger proposed capital structure

Immediately following the implementation of the Demerger, the issued and fully paid share capital of CYBG PLC is expected to be as follows:

Issued and fully paid			
Class	Nominal Value	Number	Amount
Ordinary	£1.25 each	879,315,256	£1,099,144,070

If the proposed CYBG capital reduction does not become effective there will be no change to the share capital as set out above.

If the proposed CYBG capital reduction becomes effective, the issued and fully paid share capital of CYBG PLC immediately following the CYBG capital reduction becoming effective is expected to be as follows:

Issued and fully paid			
Class	Nominal Value	Number	Amount
Ordinary	10 pence each	879,315,256	£87,931,525.60

Rights attaching to CYBG ordinary shares

Voting rights of members

Subject to any special terms as to voting for the time being attached to any class of shares (as to which there are none at present) and subject to disenfranchisement in the event of non-payment of

any call or other amount due and payable in respect of any share or non-compliance with any statutory notice requiring disclosure of the beneficial ownership of any shares, on a show of hands every member present in person or by proxy has one vote and on a poll every member present in person or by proxy has one vote for every share of which he is a holder (except in the case of the Authorised Nominee who shall have (or whose proxy shall have) one vote for every CYBG CDI in respect of which a valid voting instruction is received).

The Authorised Nominee may appoint a CYBG CDI Holder or a third party nominated by a CYBG CDI Holder as its proxy or proxies so as to enable the person so appointed to attend, speak and vote at general meetings and to demand or join in demanding a poll.

Dividends

Subject to the *Companies Act (UK)* and the Articles, CYBG PLC may by ordinary resolution declare dividends, and the CYBG Directors may decide to pay interim dividends. A dividend must not be declared unless the CYBG Directors have made a recommendation as to its amount. Such a dividend must not exceed the amount recommended by the CYBG Directors and no dividend may be declared or paid unless it is in accordance with members' respective rights.

Unless the members' resolution to declare or CYBG Directors' decision to pay a dividend, or the terms on which shares are issued, specify otherwise, it must be paid by reference to each members' holdings of shares on the date of the resolution or decision to declare or pay it.

Subject to the provisions of the *Companies Act (UK)* and rights attached to shares, CYBG PLC or the CYBG Directors may fix any date as the record date for a dividend. The record date may be on or at any time before or after a date on which the dividend is declared or paid.

Except as otherwise provided by the Articles or the rights attached to, or the terms of issue of, any shares, all dividends must be declared and paid according to the amounts paid up on the shares on which the dividend is paid and apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.

Except as otherwise provided by the rights attached to the shares, the CYBG Board may determine:

- (a) the currency in which dividends shall be declared;
- (b) the currency or currencies in which any dividends declared shall be paid; and
- (c) how and when any currency exchange calculations shall be carried out and how any associated costs shall be met.

All dividends or other sums which are payable in respect of shares and unclaimed after having been declared or become payable may be invested or otherwise made use of by the CYBG Directors for the benefit of CYBG PLC until claimed. If 12 years have passed from the date on which a dividend or other sum became due for payment and the distribution recipient has not claimed it, the distribution recipient is no longer entitled to that dividend or other sum and it ceases to remain owing by CYBG PLC.

The CYBG Directors may pay any dividend (including any dividend payable at a fixed rate) if it appears to them that the profits available for distribution justify the payment. If CYBG PLC's share capital is divided into different classes, no interim dividend may be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrears.

Subject to the Articles, CYBG PLC may, by ordinary resolution on the recommendation of the CYBG Directors, decide to pay all or part of a dividend or distribution payable in respect of a share by transferring non-cash assets of equivalent value (including shares or other securities in any company).

Subject to the *Companies Act (UK)* and the Articles, CYBG PLC may by ordinary resolution offer to shareholders the right to elect to receive, in lieu of a dividend, an allotment of new ordinary shares credited as fully paid.

Return of capital

A liquidator may, on obtaining any sanction required by law, divide among the members in kind the whole or any part of the assets of CYBG PLC and may, for that purpose, value any assets and determine how the division is carried out as between the members or different classes of members.

Debt Securities

The terms of the new AT1 Notes and Tier 2 Notes to be issued by CYBG PLC have been set so that the face value of the new securities will be equal to the face value of the existing securities. A summary of the key terms is set out below:

Summary terms of the proposed new AT1 Notes

Issuer:	CYBG PLC
Type:	Perpetual Notes
Market:	Regulation S
Issue Size:	GBP 450,000,000
Denominations:	GBP 200,000 and integral multiples of GBP 1,000 in excess thereof
Maturity:	Perpetual; First Optional Redemption Date of 8 December 2022 @ par
Initial Coupon:	8.00%

Summary terms of the proposed new Tier 2 Notes

Issuer:	CYBG PLC
Type:	Dated Subordinated Notes
Market:	Regulation S
Issue Size:	GBP 475,000,000
Denominations:	GBP 100,000 and integral multiples of GBP 1,000 in excess thereof
Maturity:	9 February 2026; First Optional Redemption Date of 8 February 2021 @ par
Initial Coupon:	5.00%

Summary of the rights and obligations of security holders

Types of transactions which require security holder approval

There are principally two approval thresholds dependent upon the nature of the transaction:

- 1 **Ordinary resolution** – a resolution passed by a simple majority of the votes cast (in person or by proxy) by shareholders entitled to vote on the resolution (i.e. greater than 50%). Examples of matters requiring approval by way of an ordinary resolution include:
 - (a) providing loans and guarantees to the company's directors;
 - (b) granting directors' service contracts exceeding a term of two years;
 - (c) removing the company's directors against their will;
 - (d) appointment and, in certain circumstances, removal of the company's auditor;
 - (e) substantial property transactions (between the company and a director or a connected person of a director);
 - (f) redenomination of the company's share capital;
 - (g) approval of the appointment of directors;
 - (h) authorising directors to allot shares;
 - (i) the declaration of a final dividend; and
 - (j) approval of political donations or expenditure which fall within certain statutory definitions.

- 2 **Special resolution** – a resolution passed by shareholders representing not less than 75% of the total voting rights of members who, being eligible to vote, do so in person or by proxy. Examples of matters requiring approval by way of a special resolution include:
 - (a) amending the company's articles of association;
 - (b) disapplying pre-emption rights/sale of treasury shares;
 - (c) varying rights attaching to classes of shares of the company;
 - (d) entering into share buy-backs;
 - (e) reduction of notice of meeting for a traded company from 21 days to 14 days in certain circumstances; and
 - (f) a reduction of share capital.

Right to request or requisition a meeting of security holders

Shareholders representing at least 5% of a company's paid up share capital carrying voting rights have a right to request the directors to call a general meeting of the shareholders of the company.

Right to appoint proxies to attend and vote at meetings on their behalf

Shareholders are entitled to appoint another person as their proxy to exercise all or any of their rights to attend, speak and vote at a meeting of the company.

Regulation of changes in the rights attaching to securities

Under the *Companies Act* (UK), rights attaching to a class of shares in the company may only be varied by:

- consent in writing by the holders of at least three-quarters in nominal value of the issued shares of that class which are voted, whether in person or by proxy (excluding any shares held as treasury shares); or
- a special resolution of the holders of that class of shares passed at a separate general meeting sanctioning the variation.

Rights that security holders have to seek relief for oppressive conduct

A shareholder of the company may petition the UK Court for relief where:

- the affairs of the company are being, or have been, conducted in a manner that is unfairly prejudicial to the shareholders' interests as a member; or
- an actual or proposed act or omission of the company is or would be so prejudicial.

Examples of conduct which may be held to be unfairly prejudicial include:

- breaches of fiduciary duty;
- improper dilution of minority shareholders;
- failure to abide by the company's articles of association; and
- non-compliance with the *Companies Act* (UK).

Once a court is satisfied that a petition for relief is well founded, it may make an appropriate order. The most common order is for the shares of the petitioning member to be bought by other members of the company or even by the company itself.

Rights that security holders have to bring or intervene in legal proceedings on behalf of the entity

If a director (including a former director) commits an actual, or proposed, act or omission involving any negligence, default, breach of duty and/or breach of trust, from which a cause of action arises, the court has discretion to permit shareholders of the company to bring a claim in their own name on behalf of the company, against the directors and/or a relevant third party. This is known as a derivative claim.

There is no minimum shareholding required in order to bring a derivative claim, but the court will look at the size of a shareholding in deciding whether or not to exercise its discretion to permit a derivative claim.

In order for the court to permit a derivative claim, two pre-conditions must be satisfied:

- the claim must not be contrary to the duty to promote the success of the company; and
- the action on which the claim is based must not have been authorised or ratified by shareholders.

If these pre-conditions are satisfied, the court then has discretion whether or not to permit the claim.

As the claim is brought on behalf of the company, if the claim is successful, any award granted by the court will be for the company (as opposed to the shareholder who brought the claim on behalf of the company).

Equivalent to the “two strikes” rule in relation to remuneration reports in Part 2G.2 Division 9 of the Corporations Act (Guidance Note 4 section 2.3)

The directors of a company incorporated in England and Wales and listed on the LSE are required to put:

- (i) a remuneration report (which reports on remuneration for the previous year); and
- (ii) a remuneration policy (which sets out how the company intends to compensate directors going forward) to a shareholder vote.

Shareholders will vote on the remuneration report annually but the vote is advisory only, so a negative vote on that resolution would not have an automatic impact or affect the remuneration payable to any particular individual. The remuneration policy will be subject to a binding vote at the company's annual general meeting at least once every 3 years. If approved by shareholders, the policy will be effective from the date of the annual general meeting and will remain valid for up to three financial years without needing further shareholder approval. However, should any changes be proposed to the remuneration policy within the three years, shareholders would again need to vote on the revised policy by way of a binding vote. Remuneration payments can only be made to directors in accordance with the approved policy.

CYBG PLC's obligations regarding disclosure of material information, financial information and dealings by directors and controlling holders

As a company admitted to listing on the premium segment of the Official List of the UK Financial Conduct Authority (the "**FCA**") and to trading on the main market for listed securities of the London Stock Exchange plc (the "**LSE**"), CYBG PLC will be required to comply with the Listing Rules (the "**Listing Rules**") and the Disclosure Rules and Transparency Rules (the "**DTRs**") made by the FCA and the Admission and Disclosure Standards (the "**Standards**") of the LSE.

The key provisions of such rules and standards relating to the requirements for information to be sent to shareholders are summarised below. These include rules in relation to:

- the disclosure of material information
- the disclosure of periodic financial information and the accounting and auditing standards that apply;
- requirements for information to be sent to security holders; and
- regulation of dealings with directors and controlling holders of equity securities.

The disclosure of material information

Chapter 2 of the DTRs requires a listed company to notify the market via a regulatory information service ("**RIS**") as soon as possible (subject to certain limited exceptions) of any "inside information" that directly concerns the company. "Inside information" is defined as information which is precise, not generally available to the public, relates directly or indirectly to the company and, if made public, would be likely to have a significant effect on the price of the company's shares.

Chapter 5 of the DTRs requires a company to make certain announcements regarding share capital. Major shareholders are required under to inform the company of changes to their holdings if they control the exercise of 3 per cent or more of total voting rights. Upon receiving such a notification, the company must then announce this information to the market.

Chapter 9 of the Listing Rules require a company to notify a RIS as soon as possible of certain specified information, including:

- (i) any proposed change in its capital structure;
- (ii) any redemption of listed shares;
- (iii) the results of any new issue or public offering;
- (iv) any changes in its accounting reference date;
- (v) any change of name;
- (vi) any shareholder resolution (other than ordinary business resolutions passed at an AGM); and
- (vii) any change to the board of directors, including appointments, resignations, etc and important changes to the role, functions or responsibilities of a director.

The disclosure of periodic financial information and the accounting and auditing standards that apply

Chapter 4 of the DTRs requires a company to prepare and publish an annual financial report and a half-yearly financial report. A company must publish its annual financial report within four months of the end of the financial year and its half-yearly financial report within two months of the end of the relevant period.

Requirements for information to be sent to security holders

Chapters 10 and 11 of the Listing Rules set out the circumstances in which a company is required to publish a shareholder circular in relation to significant transactions and related party transactions, respectively. Chapter 13 of the Listing Rules also sets out the general requirements which apply to all shareholder circulars.

The Standards set out certain continuing obligations owed to the LSE which require listed companies to comply with the disclosure obligations found in the Listing Rules and DTRs and impose disclosure obligations on listed companies as regards proposed timetables for all corporate actions for securities traded on the LSE.

Regulation of dealings with directors and controlling holders of equity securities

Chapter 3 of the DTRs requires directors as well as other persons discharging managerial responsibility and their connected persons to notify the company of all transactions conducted on their own account in the company's shares within four business days of the transaction occurring. The company is then obliged to notify the market of the disclosures through a RIS as soon as possible, and in any event no later than the end of two business days following receipt of the notification.

Concise summary of how the disclosure of substantial holdings and takeovers are regulated under England and Wales law

The Disclosure and Transparency Rules

The Disclosure and Transparency Rules set out various disclosure requirements and continuing obligations that apply to listed companies in the UK. As such, assuming that the CYBG PLC shares are admitted to the premium listing segment of the UKLA Official List and to trading on the London Stock Exchange plc's main market for listed securities, CYBG PLC will be obliged to comply with these rules, which apply in addition to the UK Listing Rules. These rules include that:

- Generally, a listed company must announce via a Regulatory Information Service (“**RIS**”) as soon as possible any inside information which directly concerns it. “Inside information” is, in summary, information of a precise nature which is not generally available which directly or indirectly relates to the company or its shares and which would, if generally available, be likely to have a significant effect on the price of its shares and is information which a reasonable investor would be likely to use as part of the basis of the investor's investment decisions.
- Save for certain very limited exceptions, inside information may not be selectively disclosed before announcement via an RIS.
- A listed company must ensure equal treatment for all shareholders of listed shares in the same position.
- Persons discharging managerial responsibilities and their connected persons must notify listed companies in respect of transactions conducted in securities of the listed company. The listed company must, in turn, announce via an RIS details of these transactions. Persons discharging managerial responsibilities includes directors and certain senior executives of the company.
- The preparation of the accounts of a listed company must be carried out in accordance with a number of requirements, which include the need for independent auditors and compliance with certain financial reporting standards. In addition, certain specific financial information specified in the UK Listing Rules must be included in the annual report and accounts.
- A listed company must prepare a half yearly report containing certain financial information and other information relating to important events and risks.
- A person must notify a listed company of certain percentages of voting rights the person holds directly or indirectly (either as a shareholder or through certain financial instruments) (namely, those of 3% or more). The listed company must, in turn, announce this information via an RIS.
- Any changes to the rights attaching to the listed company's shares must be announced via an RIS without delay.

The UK Takeover Code

After the Demerger, acquisitions of voting rights in CYBG PLC will be regulated by, among other regulations, the City Code on Takeovers and Mergers (“**UK Takeover Code**”).

The UK Takeover Code regulates takeover and merger transactions, however effected, pursuant to which control of public companies (and, in some cases, private companies) resident in the United Kingdom is to be obtained or consolidated. Control, in summary, means a holding or aggregated holdings of shares carrying 30% or more of the voting rights of a company, irrespective of whether the holding or holdings give de facto control. Voting rights normally means all the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting.

The UK Takeover Code is published and administered by the Panel on Takeovers and Mergers.

The general principles on which the UK Takeover Code is based include, in summary:

- All shareholders of the same class must be afforded equivalent treatment and if a person acquires control, the other shareholders must be protected.
- All shareholders must have sufficient time and information to enable them to reach a properly informed decision on the bid, and where it advises shareholders, the offeree's board must give its views on the effect of the implementation of the bid.

- The offeree's board must act in the interests of the company as a whole and not deny shareholders the opportunity to decide on the merits of the bid.
- False markets must not be created in the securities of any company concerned in the bid in such a way that rise and fall of prices of securities becomes artificial and the normal functioning of the market is distorted.
- An offeror may only announce a bid after ensuring they can fulfil in full any cash consideration (if any) and after taking all reasonable measures to secure the implementation of other type of consideration.
- An offeree must not be hindered in the conduct of its affairs for longer than is reasonable by a bid.

Rule 9 of the UK Takeover Code provides that if an acquisition of interests in shares were to increase the aggregate holding of the acquirer and its concert parties to interests in shares carrying 30% or more of the voting rights in CYBG PLC, the acquirer and, depending on circumstances, its concert parties would be required to make an immediate cash offer for the outstanding shares in CYBG PLC at a price not less than the highest price paid for interests in shares by the acquirer or its concert parties during the previous 12 months. This requirement would also be triggered by any acquisition of interests in shares by a person holding (together with its concert parties) shares carrying between 30% and 50% of the voting rights in CYBG PLC if the effect of such acquisition were to increase that person's percentage of the total voting rights in CYBG PLC.

In addition, under the *Companies Act (UK)*:

- If an offeror were to make an offer to acquire all the shares in CYBG PLC not already owned by it and were to acquire 90% of the shares to which the offer related, the offeror could compulsorily acquire the remaining 10% of shares.
- If a takeover offer related to all the shares in CYBG PLC and at any time before the end of the period during which the offer could be accepted, the offeror held or had agreed to acquire not less than 90% of the shares, any shareholder who had not accepted the offer could require the offeror to acquire their shares.

In each case, specific timing and notice requirements apply, as well as a right to object, as prescribed by the *Companies Act (UK)*.