



THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to any aspect of the proposals referred to in the document or as to the action you should take, you should seek advice from an independent financial adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or otherwise transferred all of your shares in Paragon Banking Group PLC, please pass this document together with the accompanying documents to the purchaser or transferee, or to the person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares.

Paragon Banking Group PLC

(incorporated and registered in England and Wales under number 2336032)

Notice of Annual General Meeting

Your attention is drawn to the letter from the Chair of Paragon Banking Group PLC (the 'Company') which is set out on page 2 of this document and which recommends you to vote in favour of the resolutions to be proposed at the Annual General Meeting.

The Notice of Annual General Meeting of the Company to be held at the offices of UBS AG London Branch at 5 Broadgate, London EC2M 2QS on Wednesday 2 March 2022 at 9.00am is set out on pages 6 to 7 of this document.

Shareholders will also find enclosed with this document a proxy form for use in connection with the Annual General Meeting. **To be valid, the proxy form should be completed, signed and returned in accordance with the instructions printed on it, as soon as possible and, in any event, so as to reach the Registrars of the Company by no later than 9.00am on Monday 28 February 2022 (or, in the event of any adjournment, not less than 48 hours (excluding non-working days) before the time of the adjourned meeting).** Completion and return of a proxy form will not preclude shareholders from attending and voting at the Annual General Meeting should they choose to do so. Further instructions relating to the proxy form are set out in the notes to the Notice of Annual General Meeting.

Paragon Banking Group PLC

(incorporated and registered in England and Wales under number 2336032)

Registered and Head Office

51 Homer Road
Solihull, West Midlands,
B91 3QJ

10 January 2022

To all Shareholders: NOTICE OF ANNUAL GENERAL MEETING

Dear Shareholder

I am pleased to advise you that our Annual General Meeting ('AGM') will be held at the offices of UBS AG London Branch at 5 Broadgate, London EC2M 2QS on Wednesday 2 March 2022 at 9.00am.

Due to the current uncertainty in respect of the ongoing COVID-19 pandemic, we have arranged for shareholders to be able to participate in the AGM remotely via a live webcast using the Lumi platform, which will be available at <https://web.lumiagm.com/139-361-547>. Instructions for joining the meeting electronically and submitting your votes and questions can be found at Appendix 1 on page 10 of this document.

In light of the current situation, we advise shareholders to participate in the AGM remotely rather than in person. Subject to any relevant government advice and/or legislation relating to the ongoing COVID-19 pandemic in place at the time of the AGM (including restrictions on gatherings and/or travel), shareholders will be able to attend the AGM in person but we ask shareholders who would like to do so to confirm their attendance beforehand by emailing company.secretary@paragonbank.co.uk by 28 February 2022. This will help us to ensure that adequate social distancing, and all other recommended safety precautions, can be observed at all times. In this regard, please note the following:

- Please do not attend the AGM in person if you are experiencing any COVID-19 related symptoms
- Refreshments will not be served before or after the meeting and the directors will not be available to circulate with shareholders after the AGM
- Shareholders will not be permitted to bring guests (with the exception of carers of shareholders)

Should it become necessary or appropriate to revise the current arrangements for the AGM, details of any such changes will be made available on our website www.paragonbanking.group.co.uk and via a London Stock Exchange announcement as required by our Articles of Association. Please check our website (www.paragonbankinggroup.co.uk) before travelling to the AGM.

Given the COVID-19 uncertainty referenced above, we strongly encourage you to complete and return the proxy form included with the Notice of AGM (the 'Notice'). Those submitting a proxy are encouraged to consider appointing the Chair of the AGM, rather than some other named person, as their proxy to ensure that their vote is counted in the event that public health guidance and / or legislation change between the date of the Notice and the date of the AGM such that the AGM becomes subject to stricter attendance restrictions. Please return your completed proxy form to our Registrars, to be received by 9.00am on Monday 28 February 2022 (or, in the event of any adjournment, not less than 48 hours (excluding non-working days) before the time of the adjourned meeting), to ensure that your vote is counted. The resolutions to be proposed at the AGM are set out in the Notice on pages 8 to 11 and explanatory notes on the proposed resolutions appear on pages 3 to 7 of this document.

Shareholders unable to attend the AGM are also encouraged to submit any questions about the business of the meeting either by email to company.secretary@paragonbank.co.uk or in writing to Company Secretary, Paragon Banking Group PLC (AGM), 51 Homer Road, Solihull, West Midlands B91 3QJ to be received by 28 February 2022. A summary of any questions submitted, and the Company's response, will be uploaded to the AGM section of the Company's website (www.paragonbankinggroup.co.uk) following the AGM.

The investor section on our website (www.paragonbankinggroup.co.uk) includes financial news and other information, which we hope will be of interest to shareholders. If you would like to register to receive shareholder documents electronically in future, please visit www.investorcentre.co.uk/ecomms.

The directors consider that all the resolutions to be put to the AGM are in the best interests of the Company and its shareholders as a whole and unanimously recommend that you give them your support by voting in favour of all the resolutions, as they intend to in respect of their own beneficial holdings.

Yours sincerely

Fiona Clutterbuck
Chair of the Board

Explanation of the proposed resolutions

Resolution 1 (Annual Report and Accounts)

The directors must lay the Annual Report and Accounts, including the Strategic Report, the Directors' Report and the Auditor's Report, of the Company before its members at a general meeting for the members to receive and consider. This is a legal requirement following the directors having approved the Annual Report and Accounts and the auditor having prepared their report.

Resolution 2 (Directors' Remuneration Report)

Shareholders are being asked to consider and approve the Directors' Remuneration Report, excluding the Directors' Remuneration Policy, found at section B7 of the 2021 Annual Report and Accounts. The vote on the approval of the Directors' Remuneration Report is advisory only and the directors' entitlement to remuneration is not conditional on it being passed.

Resolution 3 (Declaration of a final dividend)

Under the Articles of Association of the Company, a final dividend must be approved by shareholders by ordinary resolution. An interim dividend may, however, be authorised by the board of directors of the Company (the 'Board') and the interim dividend of 7.2 pence per ordinary share paid on 23 July 2021 was so approved. The directors are recommending that shareholders declare a final dividend of 18.9 pence per ordinary share in respect of the year ended 30 September 2021. The amount declared as a final dividend may not exceed the amount recommended by directors. If approved, the final dividend will be paid on 4 March 2022 to shareholders on the Register of Members at close of business on 28 January 2022.

Resolutions 4 to 11 inclusive (Annual re-election of Directors)

The UK Corporate Governance Code 2018 (the 'Code') recommends that all directors of listed companies should be subject to annual re-election by shareholders. The directors standing for re-election in light of this provision are listed in resolutions 4 to 11 below.

Following completion of internal performance evaluations, the Chair of the Board confirms on behalf of the Board that each director continues to make an effective and valuable contribution and demonstrates commitment to their role. The Board is also satisfied that each of the non-executive directors seeking appointment or reappointment remain independent for the purposes of the Code. Fiona Clutterbuck's nine-year term on the Board came to an end in September 2021 since she was first appointed in 2012 and Fiona has indicated her intention to step down as Chair once a suitable candidate is appointed and after an appropriate handover period. The Board and the Nomination Committee have considered Fiona's position, including her other commitments, and agreed that in the interests of succession planning and to ensure a smooth transition of duties to Fiona's successor, her appointment be extended beyond nine years to September 2022. Fiona will therefore be standing for re-election and the Board believes this limited extension to be in the interests of shareholders and other stakeholders. Fiona will step down once a new Chair has been appointed and an appropriate handover has taken place. The search process, led by Hugo Tudor, Senior Independent Director, is well underway and the outcome will be communicated to shareholders in due course.

Further biographical information on all of the directors, detailing their business knowledge and experience as well as their specific areas of expertise which are important to the Company's long-term sustainable success, can be found in section B3 of the 2021 Annual Report and Accounts.

Resolutions 12 and 13 (Reappointment and remuneration of the auditor)

At each meeting at which Accounts are laid before the members, the Company is required to appoint auditors to serve from the conclusion of that meeting until the conclusion of the next such meeting. The Company's present auditor, KPMG LLP, have confirmed that they are willing to continue in office for a further year.

Resolution 12 proposes that KPMG LLP be reappointed. Resolution 13 gives authority to the Board, acting through the Audit Committee, to determine the auditor's remuneration. The remuneration will then be disclosed in the next Annual Report and Accounts of the Company.

Resolution 14 (Political donations)

Part 14 of the Companies Act 2006 (the '2006 Act') prohibits companies from making political donations exceeding £5,000 in aggregate in any 12-month period to (i) political parties, (ii) other political organisations and (iii) independent election candidates and from incurring political expenditure without shareholders' consent. The Company does not make, and does not intend to make (either now or in the future), donations to political organisations or incur political expenditure in respect of any political party, political organisation or independent election candidate. However, the definitions of these terms used in the 2006 Act are very wide. As a result, the prohibition can cover normal business activities such as sponsorship, subscriptions, payment of expenses, paid leave for employees fulfilling certain public duties, and support for bodies representing the business community in policy review or reform. Shareholder approval is therefore being sought on a precautionary basis only, to ensure that the Company and any company which, at any time during the period for which this resolution has effect, is a subsidiary of the Company, does not inadvertently breach the 2006 Act.

Resolution 15 (Renewal of authority to allot shares)

Section 549 of the 2006 Act states that directors may not exercise a company's power to allot shares or grant rights to subscribe for or convert any security into shares unless given authority to do so by resolution of the shareholders in general meeting.

The present authority of the directors to allot shares of the Company was granted at the AGM on 24 February 2021 and will expire at the end of the forthcoming AGM. Resolution 15 seeks to give the directors authority to allot shares or grant rights to subscribe for or convert any security into shares up to an aggregate nominal value of £83,200,000, representing approximately one third of the Company's issued share capital, excluding treasury shares, at 7 January 2022, the latest practicable date prior to publication of this document. At 7 January 2022 the Company held 584,788 treasury shares, representing 0.23 percent of the Company's issued ordinary share capital, excluding treasury shares, at that date. The directors have no present intention of exercising this authority, which will expire at the conclusion of the following AGM or, if earlier, at the close of business on 1 June 2023. For information, allotments are made in connection with the Company's employee share schemes, from time to time, for which statute provides an exemption from the requirement to obtain authority under section 551 of the 2006 Act.

Resolutions 16 and 17 (Renewal of section 561 authority)

Under section 561 of the 2006 Act, any shares allotted (or, in the case of any shares held in treasury, sold) wholly for cash must be offered to existing shareholders in proportion to their holdings, but this requirement may be modified by the authority of a special resolution of the shareholders in general meeting.

The authority given at the AGM held on 24 February 2021 will expire at the end of the forthcoming AGM and resolutions 16 and 17 seek to renew it. These special resolutions would give the directors the power to allot ordinary shares (or sell any ordinary shares which the Company elects to hold in treasury) for cash without first offering them to existing shareholders in proportion to their existing shareholdings.

The power under resolution 16 would be, similar to previous years, limited to: (a) allotments or sales in connection with pre-emptive offers and offers to holders of other equity securities if required by the rights of those shares or as the Board otherwise considers necessary; or (b) otherwise up to a nominal amount of £12,400,000 (representing 12,400,000 ordinary shares). This nominal amount represents approximately 5 percent of the issued ordinary share capital of the Company (excluding treasury shares) as at 7 January 2022, the latest practicable date prior to publication of this document.

In respect of the authority under resolution 16, the Board confirms its intention to follow the provisions of the Pre-Emption Group's Statement of Principles regarding cumulative usage of authority within a rolling three-year period where the Principles provide that usage in excess of 7.5 percent of issued ordinary share capital of the Company (excluding treasury shares) should not take place without prior consultation with shareholders, except in connection with an acquisition or specified capital investment as referred to below.

The power under resolution 17 would be limited to allotments up to a nominal amount of £12,400,000 (representing 12,400,000 ordinary shares) in connection with an acquisition or specified capital investment (within the meaning given in the Pre-Emption Group's Statement of Principles). This nominal amount represents approximately 5 percent of the issued ordinary share capital of the Company (excluding treasury shares) as at 7 January 2022, the latest practicable date prior to publication of this document).

In respect of the authority under resolution 17, the Board confirms that it will only allot shares pursuant to this authority where the acquisition or specified capital investment is announced contemporaneously with the allotment, or has taken place in the preceding six-month period and is disclosed in the announcement of the allotment.

The authorities under resolutions 16 and 17 will expire at the conclusion of the following AGM or, if earlier, at the close of business on 1 June 2023.

Resolution 18 (Renewal of authority to purchase own ordinary shares)

Following a review of the capital position and forecasts at the half-year, and considering the capital impacts of the stress testing carried out as part of the ICAAP and forecasting processes, the Company announced on 8 June 2021 that it would commence a buy-back programme of up to £40.0 million of shares in the market, initially to be held in treasury. This share buy-back programme was completed on 16 December 2021 and 12,100,834 treasury shares were cancelled on 24 November 2021.

The Company subsequently announced on 7 December 2021, the extension of its share buy-back programme, over the coming year, initially up to a further £50.0 million, to be reviewed periodically to take account of anticipated investment opportunities and the balance of the Group's debt and equity capital resources. This extended share buy-back programme commenced on 5 January 2022. The Company intends that the repurchased shares will be held in treasury.

The Company currently has the necessary shareholder approval to undertake such share buy-backs and is proposing the appropriate renewal of this authority at its forthcoming AGM. This resolution, which is being proposed as a special resolution, will enable the Company to purchase, in the market, up to a maximum aggregate number of 24,800,000 of the Company's ordinary shares (approximately 10 percent of the issued share capital (excluding treasury shares) as at 7 January 2022, the latest practicable date prior to publication of this document) for cancellation, or to be held in treasury, at a minimum price (exclusive of expenses) of 10p per share and a maximum price (exclusive of expenses) of the higher of: (i) 5 percent above the average middle market quotation for an ordinary share as derived from the London Stock Exchange Daily Official List for the five business days immediately prior to purchase; and (ii) the higher of the price of the last independent trade and the highest current independent purchase bid on the trading venue where the purchase is carried out. Listed companies, with authorisation from shareholders, may buy and hold their own shares in treasury instead of cancelling them immediately. Shares held as treasury shares can in the future be cancelled, re-sold or used to provide shares for employee share schemes.

Any purchases made by the Company will be announced no later than 7.30am on the business day following the transaction. This authority will expire at the conclusion of the following AGM or, if earlier, at the close of business on 1 June 2023.

Share buy-backs will only be undertaken if to do so would result in an increase in earnings per share and be in the best interests of shareholders generally.

As at 7 January 2022, the latest practicable date prior to publication of this document, there were 584,788 shares held in treasury.

Resolution 19 (Authority to allot equity securities in relation to the issue of Additional Tier 1 Securities)

The power under resolution 19 would give the Board authority to allot shares in the Company or grant rights to subscribe for, or to convert any security into, shares in the Company up to an aggregate nominal amount of £37,200,000 in connection with the issue of Additional Tier 1 Securities ('AT1 Securities'), representing approximately 15 percent of the issued ordinary share capital of the Company, excluding treasury shares, as at 7 January 2022 (being the latest practicable date prior to publication of this document). The authority under this resolution is in addition to the authority proposed under resolution 15. The authority sought under resolution 19 is not contemplated by the guidance issued by the Investment Association.

The authority sought under resolution 19 (and resolution 20 below) will be utilised as considered desirable to comply with or maintain compliance with regulatory capital requirements or targets applicable to the Group (being the Company and all of its subsidiary undertakings) from time to time, and taking into account a number of factors in respect of the Group, including its capital structure, an assessment of appropriate capital ratios, market conditions at the time and demand for the issue of AT1 Securities. However, the request for this authority should not be taken as an indication that the Company will or will not issue any, or any given amount of, AT1 Securities.

The authority under resolution 19 will expire at the end of the next AGM or, if earlier, at the close of business on 1 June 2023.

Resolution 20 (Authority to disapply pre-emption rights in relation to the issue of Additional Tier 1 Securities)

The power under resolution 20 would give the Board authority to allot equity securities pursuant to any proposal to issue AT1 Securities, without first offering them to existing shareholders. This authorises the Board to allot shares in the Company or grant rights to subscribe for, or to convert any security into, shares in the Company on a non pre-emptive basis up to an aggregate nominal amount of £37,200,000 in connection with the issue of AT1 Securities, representing approximately 15 percent of the Company's issued ordinary share capital, excluding treasury shares, as at 7 January 2022 (being the latest practicable date prior to publication of this document). Together with resolution 19, this resolution, which is being proposed as a special resolution, is intended to provide the Board with the flexibility to issue AT1 Securities, which may convert into ordinary shares in the Company. This will allow the Company to manage its capital in the most efficient and economic way for the benefit of shareholders.

The authority under resolution 20 will expire at the end of the next AGM or, if earlier, at the close of business on 1 June 2023.

Resolution 21 (Notice period for general meetings to be 14 clear days)

Shareholders may give approval, by special resolution, to shorten the notice period required for general meetings (other than AGMs) from 21 clear days to 14 clear days. At the AGM on 24 February 2021 shareholders approved the reduction of the notice period for general meetings (other than AGMs) to 14 clear days and resolution 21 seeks to renew this approval. The approval will be effective until the Company's next AGM, when it is intended that a similar resolution will be proposed. The shorter notice period will not be used as a matter of routine, but only in time-sensitive circumstances where flexibility is merited by the business of the general meeting and the shorter notice period is to the advantage of the shareholders as a whole.

Notice of Annual General Meeting

To all Shareholders

NOTICE IS HEREBY GIVEN that the thirty-second Annual General Meeting ('AGM') of Paragon Banking Group PLC (the 'Company') will be held at the offices of UBS AG London Branch at 5 Broadgate, London EC2M 2QS on Wednesday 2 March 2022 at 9.00am to transact the business set out in the resolutions below.

Resolutions 1 to 15 (inclusive) are proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than 50 percent of the votes cast must be in favour of the resolution.

Resolutions 16 to 21 (inclusive) are proposed as special resolutions. This means that for each of those resolutions to be passed, at least 75 percent of the votes cast must be in favour of the resolution.

- 1 To receive and consider the Company's Annual Report and Accounts for the year ended 30 September 2021, the Strategic Report and the Reports of the Directors and the Auditor.
- 2 To consider and approve the Directors' Remuneration Report for the year ended 30 September 2021, excluding the Directors' Remuneration Policy.
- 3 To declare a final dividend of 18.9 pence per ordinary share payable to holders of ordinary shares registered at the close of business on 28 January 2022.
- 4 To reappoint Fiona Clutterbuck as a director of the Company.
- 5 To reappoint Nigel Terrington as a director of the Company.
- 6 To reappoint Richard Woodman as a director of the Company.
- 7 To reappoint Peter Hill as a director of the Company.
- 8 To reappoint Alison Morris as a director of the Company.
- 9 To reappoint Barbara Ridpath as a director of the Company.
- 10 To reappoint Hugo Tudor as a director of the Company.
- 11 To reappoint Graeme Yorston as a director of the Company.
- 12 To reappoint KPMG LLP as auditor of the Company, to hold office from the conclusion of this meeting until the conclusion of the next general meeting at which Accounts are laid before the members.
- 13 To authorise the directors to fix the remuneration of the auditor.
- 14 THAT, in accordance with sections 366 and 367 of the Companies Act 2006 (the '2006 Act'), the Company and any company which, at any time during the period for which this resolution has effect, is a subsidiary of the Company, be and are hereby authorised to:
 - (a) make political donations to political parties and/or independent election candidates not exceeding £50,000 in total; b) make political donations to political organisations other than political parties not exceeding £50,000 in total; and c) incur political expenditure not exceeding £50,000 in total, provided that the aggregate amount of any such donations and expenditure shall not exceed £50,000, during the period beginning with the date of the passing of this resolution and ending at the conclusion of the AGM to be held in 2023 or on 1 June 2023, whichever is sooner. For the purpose of this resolution, the terms "political donations", "political parties", "independent election candidates", "political organisations" and "political expenditure" have the meanings set out in sections 363 to 365 of the 2006 Act in total.
- 15 THAT the board of directors of the Company (the 'Board') be and it is hereby generally and unconditionally authorised (in substitution for all subsisting authorities to the extent unused) to exercise all powers of the Company to allot shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company up to an aggregate nominal amount of £83,200,000 PROVIDED THAT this authority shall expire at the end of the next Annual General Meeting of the Company (or, if earlier, at the close of business on 1 June 2023) but in each case, prior to its expiry, the Company may make offers, or enter into agreements, which would or might require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after such expiry and the Board may allot shares or grant rights to subscribe for or convert securities into shares under any such offer or agreement as if the authority had not expired.
- 16 THAT, subject to the passing of resolution 15, the Board be authorised to allot equity securities (as defined in the 2006 Act) for cash under the authority given by resolution 15 and / or to sell ordinary shares held by the Company as treasury shares for cash as if section 561 of the 2006 Act did not apply to any such allotment or sale, such authority to be limited to:
 - (a) the allotment of equity securities in connection with a rights issue, open offer or any other pre-emptive offer in favour of ordinary shareholders and in favour of all holders of any other class of equity security in accordance with the rights attached to such class where the equity securities respectively attributable to the interests of all such persons on a fixed record date are proportionate (as nearly as may be) to the respective numbers of equity securities held by them or are otherwise allotted in accordance with the rights attaching to such equity securities (subject in either case to such exclusions or other arrangements as the Board may deem necessary or expedient to deal with treasury shares, fractional entitlements, record dates or legal or practical problems arising in any overseas territory, the requirements of any regulatory body or any stock exchange in any territory or any other matter whatsoever); and

- (b) the allotment of equity securities or sale of treasury shares (otherwise than under paragraph (a) above) up to a nominal amount of £12,400,000,

such authority to expire at the end of the next Annual General Meeting of the Company (or, if earlier, at the close of business on 1 June 2023) but, in each case, prior to its expiry the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the authority expires and the Board may allot equity securities (and sell treasury shares) under any such offer or agreement as if the authority had not expired.

- 17 THAT, subject to the passing of resolution 15, the Board be authorised in addition to any authority granted under resolution 16 to allot equity securities (as defined in the 2006 Act) for cash under the authority given by that resolution and / or to sell ordinary shares held by the Company as treasury shares for cash as if section 561 of the 2006 Act did not apply to any such allotment or sale, such authority to be:

- (a) limited to the allotment of equity securities or sale of treasury shares up to a nominal value of £12,400,000; and
- (b) used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Board determines to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this Notice,

such authority to expire at the end of the next Annual General Meeting of the Company (or, if earlier, at the close of business on 1 June 2023) but, in each case, prior to its expiry the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the authority expires and the Board may allot equity securities (and sell treasury shares) under any such offer or agreement as if the authority had not expired.

- 18 THAT the Company be and is hereby generally and unconditionally authorised for the purposes of section 701 of the 2006 Act to make one or more market purchases (within the meaning of section 693(4) of the 2006 Act) of ordinary shares of £1 each in the share capital of the Company ('Ordinary Shares') PROVIDED THAT:

- (a) the maximum aggregate number of Ordinary Shares hereby authorised to be purchased is 24,800,000
- (b) the minimum price (exclusive of expenses) which may be paid for an Ordinary Share is 10p;
- (c) the maximum price (exclusive of expenses) which may be paid for an Ordinary Share is the higher of: (i) an amount equal to 105 percent of the average of the middle market price shown in the quotations for an Ordinary Share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Ordinary Share is contracted to be purchased; and (ii) the higher of the price of the last independent trade and the highest current independent purchase bid on the trading venue where the purchase is carried out;
- (d) unless previously renewed, varied or revoked, the authority hereby conferred shall expire on the earlier of the conclusion of the next Annual General Meeting of the Company (or, if earlier, at the close of business on 1 June 2023); and

- (e) the Company may make a contract or contracts to purchase Ordinary Shares under the authority hereby conferred prior to the expiry of such authority, which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of Ordinary Shares in pursuance of any such contract or contracts as if the authority had not expired.

- 19 THAT, in addition to the authority granted under resolution 15 (if passed), the Board be and it is hereby generally and unconditionally authorised to exercise all powers of the Company to allot shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company up to an aggregate nominal amount of £37,200,000 in relation to the issue by the Company or any subsidiary or subsidiary undertaking of the Company of any Additional Tier 1 Securities that automatically convert into or are exchanged for ordinary shares in the Company in prescribed circumstances where the directors consider that the issue of such Additional Tier 1 Securities would be desirable, including for the purpose of complying with, or maintaining compliance with, the regulatory requirements or targets applicable to the Company and its subsidiaries and subsidiary undertakings from time to time PROVIDED THAT this authority shall expire at the end of the next Annual General Meeting of the Company (or, if earlier, at the close of business on 1 June 2023) but in each case, prior to its expiry the Company may make offers, and enter into agreements which would, or might, require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after the authority expires and the Board may allot shares or grant rights to subscribe for or convert securities into shares under such an offer or agreement as if the authority had not expired.

- 20 THAT, subject to the passing of resolution 19 and in addition to the power granted pursuant to resolution 17 (if passed), the Board be authorised to allot equity securities (as defined in section 560 of the 2006 Act) for cash under the authority given in resolution 19 up to an aggregate nominal amount of £37,200,000 in relation to the issue of Additional Tier 1 Securities as if section 561 of the 2006 Act did not apply to any such allotment, such authority to expire at the end of the next Annual General Meeting of the Company (or, if earlier, at the close of business on 1 June 2023) but, in each case, prior to its expiry the Company may make offers, or enter into agreements which would, or might, require equity securities to be allotted after the authority expires and the Board may allot equity securities under any such offer or agreement as if the authority had not expired.

- 21 THAT a general meeting other than an annual general meeting may be called on not less than 14 clear days' notice.

By order of the Board

Marius van Niekerk

General Counsel and Company Secretary

10 January 2022

51 Homer Road, Solihull, West Midlands B91 3QJ

Registered in England and Wales: Company number 2336032

Notes

The AGM is a private meeting for shareholders, proxies, duly authorised representatives and the auditor of Paragon Banking Group PLC (the 'Company'). Non-shareholders, including spouses and partners and nominated persons are not entitled to admission to the AGM. Any disabled shareholder may be accompanied and the person accompanying them need not be a shareholder. In the case of joint holders of a share, the vote of the senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the Register of Members of the Company in respect of the relevant joint holding.

Appointment of proxies

A member entitled to attend and vote at this meeting may appoint another person as their proxy to exercise all or any of their rights to attend and to speak and vote at a meeting of the Company. A member may appoint more than one proxy in relation to the AGM provided that the member specifies the number of shares in relation to which each proxy is appointed and each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A proxy need not also be a member of the Company. A proxy form is enclosed for use in connection with the AGM. Proxy forms and any power of attorney or other written authority under which they are executed (or an office or notarially certified copy thereof) should be lodged with the Registrars of the Company at the address shown on the proxy form by 9.00am on Monday 28 February 2022 (or, in the event of any adjournment, not less than 48 hours (excluding non-working days) before the time of the adjourned meeting). The appointment of a proxy or any CREST Proxy Instruction (as described below) will not preclude a shareholder from attending and voting at the AGM.

Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

To be entitled to attend and vote at the AGM (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the Register of Members of the Company at the close of business on Monday 28 February 2022 (or, in the event of any adjournment, on the date which is 48 hours (excluding non-working days) before the time of the adjourned meeting). Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the AGM.

Nominated persons

The proxy appointment rights described above do not apply to any person nominated to enjoy information rights under section 146 of the 2006 Act (a 'Nominated Person') by a member who holds shares on behalf of that person. The rights described in the above paragraphs can only be exercised by members of the Company.

A Nominated Person may, under an agreement between him or her and the member by whom he or she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the AGM. If a Nominated Person has no such right or does not wish to exercise it, he or she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via www.euroclear.com). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID number 3RA50) by 9.00am on Monday 28 February 2022 (or, in the event of any adjournment, not less than 48 hours (excluding non-working days) before the time of the adjourned meeting). For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that their CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Electronic proxy appointment

As an alternative to appointing a proxy using the proxy form or CREST, members can appoint a proxy online at www.investorcentre.co.uk/eproxy. In order to appoint a proxy using this website, members will need their Control Number, Shareholder Reference Number ('SRN') and PIN. This information is printed on the proxy form. If for any reason a member does not have this information, they should contact the Registrars by telephone on 0370 707 1244. Members may appoint a proxy using the website no later than 48 hours (excluding non-working days) before the time of the AGM or any adjournment thereof.

Shareholder questions

Any member attending the AGM has the right to ask questions. The Company must cause to be answered any such questions relating to the business being dealt with at the AGM but no such answer need be given if: (a) to do so would interfere unduly with the preparation for the AGM or involve the disclosure of confidential information; (b) the answer has already been given on a website in the form of an answer to a question; or (c) it is undesirable in the interests of the Company or the good order of the AGM that the question be answered.

Audit information on website

Under section 527 of the 2006 Act members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (a) the audit of the Company's accounts (including the Auditor's Report and the conduct of the audit) that are to be laid before the AGM; or (b) any circumstance connected with auditor of the Company ceasing to hold office since the previous meeting at which annual reports and accounts were laid in accordance with section 437 of the 2006 Act. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the 2006 Act. Where the Company is required to place a statement on a website under section 527 of the 2006 Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under section 527 of the 2006 Act to publish on a website.

Inspection of documents

The Register of Directors' Interests, copies of directors' service contracts and letters of appointment of non-executive directors will be available for inspection during normal business hours on any weekday (public holidays excepted) at the Registered Office of the Company from the date of this Notice until the date of the AGM and at the place of the AGM for at least 15 minutes before, and during, the AGM. Under the current circumstances these documents will also be available upon request via email from company.secretary@paragonbank.co.uk until the conclusion of the AGM.

Total shares and voting rights

As at 7 January 2022 (being the latest practicable date prior to the publication of this Notice) the Company's issued share capital consisted of 250,442,435 ordinary shares, carrying one vote each, of which 584,788 were held in treasury. Therefore, the total voting rights in the Company as at 7 January 2022 were 249,857,647.

Voting interests

The voting interests disclosed to the Company, in accordance with DTR 5 of the FCA's Disclosure Guidance and Transparency Rules, between 1 October 2021 and 7 December 2021 are set out on page 158 of the 2021 Annual Report and Accounts. Between 8 December 2021 and 7 January 2022, no further changes to voting interests had been disclosed to the Company.

Directors' interests

The share interests of the directors, reported up to 3 December 2021, are set out on page 127 of the 2021 Annual Report and Accounts. Between 4 December 2021 and 7 January 2022, the Company was notified of the following changes to the number of shares beneficially owned by the following directors:

	Date	Nigel Terrington	Richard Woodman
Award under the Paragon Performance Share Plan	15 Dec 2021	208,611	131,325
Award under the Paragon Deferred Share Bonus Plan	15 Dec 2021	74,912	45,473
Role based allowance (shares purchased)	22 Dec 2021	3,412	2,194

General

Biographical details of current directors are provided in section B3 of the 2021 Annual Report and Accounts circulated with this Notice.

Voting on all resolutions will be conducted by way of a poll rather than on a show of hands. This means that a shareholder has one vote for every share held. This approach ensures that all resolutions are conducted on the same basis and therefore assists with the smooth running of the AGM. The results will be published on our website (www.paragonbankinggroup.co.uk) following the AGM and released to the London Stock Exchange. Shareholders have the right to request, in accordance with section 360BA of the 2006 Act, information to enable them to determine that their vote on a poll was validly recorded and counted. Shareholders who wish to do so should contact the Company's Registrars by either: calling their shareholder helpline on 0370 707 1244; emailing them at webqueries@computershare.co.uk; or writing to them at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZZ, in each case no later than 30 days following the date of this year's AGM.

Except as provided above, members who have general queries about the AGM should contact the Company's Registrars by either: calling their shareholder helpline on 0370 707 1244; emailing them at webqueries@computershare.co.uk; or writing to them at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZZ.

You may not use any electronic address provided either in this Notice or any related documents (including the Chair of the Board's letter and proxy form) to communicate with the Company for any purposes other than those expressly stated.

The Company may process the personal data of attendees at the AGM. This may include photos, recordings and audio and video links, as well as other forms of personal data. The Company shall process any such personal data in accordance with its privacy policy, which can be found at www.paragonbankinggroup.co.uk/privacy, as applicable.

A copy of this Notice, and other information required by section 311A of the 2006 Act, can be found at www.paragonbankinggroup.co.uk.

Appendix 1

Attending the AGM electronically



Meeting access

For our 2022 AGM, shareholders will be able to attend and participate in the meeting electronically via <https://web.lumiagm.com/139-361-547>. This can be accessed online using the latest version of Chrome, Firefox and Safari on your PC, laptop, tablet or smartphone. On accessing the meeting platform, you will be asked to enter your unique SRN and PIN which can be found on your personalised Proxy form. Access to the meeting via the Lumi AGM platform will be available from 8:30am on 2nd March 2022.



Broadcast

The meeting will be broadcast with presentation slides. Once logged in, and at the commencement of the meeting, you will be able to listen to the meeting on your device, as well as being able to see the slides of the meeting which will include the resolutions to be put forward to the meeting, these slides will progress automatically as the meeting progresses.



Voting

Once the Chair has formally opened voting, the list of resolutions will automatically appear on your screen. Select the option that corresponds with how you wish to vote. Once you have selected your vote, the option will change colour and a confirmation message will appear to indicate your vote has been cast and received, there is no submit button.

To vote on all resolutions displayed select the “vote all” option at the top of the Screen.

To change your vote, reselect your choice. To cancel your vote, select the “cancel” button. You will be able to do whilst the poll remains open and before the Chair announces its closure.



Questions and Answers

Questions on the day can be submitted either as text via the Lumi messaging function or verbally via the Virtual Mic. Details of how to access the Virtual Mic will be provided on the day of the meeting, once you are logged into the Lumi platform.

To ask a question via the Lumi Messaging function, select the messaging icon from within the navigation bar and type your question at the top of the screen. To submit your question, click on the arrow icon to the right of the text box.



Requirements

An active internet connection is always required in order to allow you to cast your vote when the poll opens, submit questions and view the Broadcast. It is the user's responsibility to ensure you remain connected for the duration of the meeting.

As well as having the latest internet browser installed, users must ensure their device is up to date with the latest software release.



Duly appointed proxies and corporate representatives

Please contact the Company's registrar before 9:00am on Monday 28 February 2022 by 0370 707 1244 to request your SRN and PIN.

Lines are open 8.30am to 5.30pm Monday to Friday (excluding public holidays in England & Wales).



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