



**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.

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# Paragon Banking Group PLC

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

## Notice of Annual General Meeting

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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 Computershare Investor Services PLC at Moor House, 3rd Floor, 120 London Wall, London EC2Y 5ET on Wednesday 6 March 2024 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 4 March 2024 (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

18 January 2024

## To all Shareholders: NOTICE OF ANNUAL GENERAL MEETING

### Dear Shareholder

I am pleased to invite you to our Annual General Meeting (the 'AGM'), which will be held at the offices of Computershare Investor Services PLC at Moor House, 3rd Floor, 120 London Wall, London EC2Y 5ET on Wednesday 6 March 2024 at 9.00am.

The resolutions to be proposed at the AGM are set out in the Notice of AGM (the 'Notice') on pages 6 to 7 and explanatory notes on the proposed resolutions appear on pages 3 to 5 of this document. If you would like to vote on the resolutions but are unable to attend the AGM, you are strongly encouraged to complete the proxy form sent to you with this Notice and return it to our Registrars as soon as possible. They must receive it by 9.00am on Monday 4 March 2024 (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.

Shareholders unable to attend the AGM are encouraged to submit any questions about the business of the meeting either by email to [company.secretary@paragonbank.co.uk](mailto: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 4 March 2024. 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](http://www.paragonbankinggroup.co.uk)) following the AGM.

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.paragonbankinggroup.co.uk](http://www.paragonbankinggroup.co.uk) and via a London Stock Exchange announcement as required by our Articles of Association. Please check our website [www.paragonbankinggroup.co.uk](http://www.paragonbankinggroup.co.uk) before travelling to the AGM. The investor section on our website 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](http://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 do in respect of their own beneficial holdings.

Yours sincerely

### Robert East

Chair of the Board

# Explanation of the proposed resolutions

## **Resolution 1 (Annual Report and Accounts)**

The directors must lay the 2023 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 2023 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 2023 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 11 pence per ordinary share paid on 28 July 2023 was so approved. The directors are recommending that shareholders declare a final dividend of 26.4 pence per ordinary share in respect of the year ended 30 September 2023. The amount declared as a final dividend may not exceed the amount recommended by directors. If approved, the final dividend will be paid on 8 March 2024 to shareholders on the Register of Members at close of business on Thursday 1 February 2024.

## **Resolutions 4 (appointment of Director joining since the last AGM) and resolutions 5 to 13 inclusive (annual re-election of Directors)**

The Company's Articles of Association provide that any new director appointed by the Board during the year may hold office only until the next AGM, when that director must stand for appointment by the shareholders. On 1 June 2023, Zoe Howorth was appointed as a non-executive director and is accordingly seeking appointment by shareholders. You can read more about the search process to recruit Zoe in section B5 of the 2023 Annual Report and Accounts circulated with this Notice.

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 5 to 13, including Hugo Tudor, who reached his nine-year tenure as a director in November 2023. Following a review, and the subsequent recommendation by the Nomination Committee, the Board have agreed that Hugo Tudor's appointment should be extended for an additional one-year period given the value and knowledge he contributes to the Board and to ensure an effective transition of duties. Alison Morris succeeded Hugo as Senior Independent Director in August 2023 and Tanvi Davda succeeded Hugo as Chair of the Remuneration Committee in December 2023.

As part of its annual process, the Nomination Committee considered the reappointment of the directors and, based on their recommendation, 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 re-election remains independent, with the exception of Hugo Tudor who will be deemed to be non-independent following the conclusion of the meeting.

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 2023 Annual Report and Accounts.

## **Resolutions 14 and 15 (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 14 proposes that KPMG LLP be reappointed. Resolution 15 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 16 (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 17 (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 1 March 2023 and will expire at the end of the forthcoming AGM. Resolution 17 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 £72,400,000, representing approximately one third of the Company's issued share capital, excluding treasury shares, at 12 January 2024, the latest practicable date prior to publication of this document. On the same date, the Company held 11,332,829 treasury shares, representing 5.21 percent of the Company's issued ordinary

share capital, excluding treasury shares. The directors have no present intention of exercising this authority, which will expire at the conclusion of the next AGM or, if earlier, at the close of business on 5 June 2025. 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 from shareholders under section 551 of the 2006 Act.

### **Resolutions 18 and 19 (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 1 March 2023 will expire at the end of the forthcoming AGM and resolutions 18 and 19 seek to renew it. These special resolutions 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 18 would be 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 £10,850,000 (representing 10,850,000 ordinary shares). This nominal amount represents approximately 5 percent of the issued ordinary share capital of the Company (excluding treasury shares) as at 12 January 2024, the latest practicable date prior to publication of this document. The power under resolution 18 also proposes the disapplication of pre-emption rights as described above, in relation to "follow on" offers (within the meaning given in the Pre-Emption Group's 2022 Statement of Principles) up to a nominal amount of 20 percent of any allotment of equity securities or sale of treasury shares from time to time pursuant to (b) above.

The power under resolution 19 would be limited to allotments up to a nominal amount of £10,850,000 (representing 10,850,000 ordinary shares) in connection with an acquisition or specified capital investment (within the meaning given in the Pre-Emption Group's 2022 Statement of Principles). This nominal amount represents approximately 5 percent of the issued ordinary share capital of the Company (excluding treasury shares) as at 12 January 2024, the latest practicable date prior to publication of this document). In respect of the authority under resolution 19, 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 power under resolution 19 also proposes the disapplication of pre-emption rights as described above, in relation to "follow on" offers (within the meaning given in the Pre-Emption Group's 2022 Statement of Principles) up to a nominal amount of 20 percent of any allotment of equity securities or sale of treasury shares from time to time pursuant to an acquisition or specified capital investment described in this paragraph.

In respect of the authorities sought under resolutions 18 and 19, the Board acknowledges the provisions of the Pre-Emption Group's 2022 Statement of Principles and confirms that it will follow the general principles set out therein (including as to any "follow on" offers). However, the Board has retained the previous limits of 5 percent of the issued ordinary share capital of the Company (excluding treasury shares) in resolutions 18 and 19 (plus any "follow on" offers), rather than the increased limit of 10 percent set out in the Pre-Emption Group's 2022 Statement of Principles, as the Board believes that provides sufficient flexibility to the Company at this time.

The authorities under resolutions 18 and 19 will expire at the conclusion of the next AGM or, if earlier, at the close of business on 5 June 2025.

### **Resolution 20 (Renewal of authority to purchase own ordinary shares)**

On 14 June 2022 the Company extended the share buy-back programme originally announced on 7 December 2021 to £75.0 million – this extended programme completed on 7 November 2022. On 6 December 2022 a further share buy-back programme of £50.0 million was announced and this programme was extended by an additional £50.0 million on 6 June 2023 and completed on 22 September 2023. During the year a total of £111.5 million of shares, including costs, were purchased (Note 47 of the 2023 Annual Report and Accounts). On 1 June 2023, 12,870,044 treasury shares were cancelled and during the year a further 1,418,430 treasury shares were transferred to the holders of maturing options granted under the Company's Sharesave share option plan.

As part of the ongoing review of capital management the Board decided that it was appropriate to authorise a new share buy-back programme of up to £50 million for the 2024 financial year (the 'Share Buy-Back Programme') and this commenced on 11 December 2023.

The Company currently has the necessary shareholder approval to undertake share buy-backs (including in relation to the Share Buy-Back Programme) and is proposing the appropriate renewal of this authority at its forthcoming AGM. This resolution, which is being proposed as a special resolution, would enable the Company to purchase, in the market, up to a maximum aggregate number of 21,700,000 of the Company's ordinary shares (approximately 10 percent of the issued share capital (excluding treasury shares) as at 12 January 2024, 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.

The Share Buy-Back Programme will be effected in accordance with the Market Abuse Regulation 596/2014/EU (as in force in the UK and as amended by the Market Abuse (Amendment) (EU Exit) Regulations 2019) (the 'Regulation'). However, given the low level of liquidity in the Company's shares, the Company will retain the ability to exceed the average daily volume restrictions established by the Commission Delegated Regulation 2016/1052/EU (as in force in the UK and as amended by the FCA's Technical Standards (Market Abuse Regulation) (EU Exit) Instrument 2019) and therefore the Share Buy-Back Programme may not benefit from the 25 percent average daily volume safe harbour provisions of the Regulation.

Any purchases made by the Company under the Share Buy-Back Programme will be announced no later than 7.30am on the business day following the transaction. This authority will expire at the conclusion of the next AGM or, if earlier, at the close of business on 5 June 2025.

Any further share buy-backs carried out pursuant to this authority would be subject to the approval of the Prudential Regulation Authority and would 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. The total number of share options to subscribe for shares that were outstanding on 12 January 2024, being the latest practicable date before this Notice was published, was 2,681,648, representing 1.23 percent of issued share capital (excluding treasury shares) at that date and which would represent 1.46 percent of issued share capital (excluding treasury shares) if the full authority to buy back shares (existing and being sought) is used.

As at 12 January 2024, the latest practicable date prior to publication of this document, there were 11,332,829 shares held in treasury.

**Resolution 21 (Authority to allot equity securities in relation to the issue of Additional Tier 1 Securities)**

The power under resolution 21 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 £32,500,000 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 12 January 2024 (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 19. The authority sought under resolution 21 is not contemplated by the guidance issued by the Investment Association.

The authority sought under resolutions 21 and 22 below will be utilised as considered desirable to comply with or maintain compliance with regulatory capital requirements or targets applicable to the Company and all of its subsidiary undertakings (the 'Group') 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 21 will expire at the end of the next AGM or, if earlier, at the close of business on 5 June 2025.

**Resolution 22 (Authority to disapply pre-emption rights in relation to the issue of Additional Tier 1 Securities)**

The power under resolution 22 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 would authorise 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 £32,500,000 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 12 January 2024 (being the latest practicable date prior to publication of this document). Together with resolution 21, 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 22 will expire at the end of the next AGM or, if earlier, at the close of business on 5 June 2025.

**Resolution 23 (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 1 March 2023, shareholders approved the reduction of the notice period for general meetings (other than AGMs) to 14 clear days and resolution 23 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 shareholders as a whole.



# Notice of Annual General Meeting

## To all Shareholders

NOTICE IS HEREBY GIVEN that the thirty-fifth Annual General Meeting (the 'AGM') of Paragon Banking Group PLC (the 'Company') will be held at the offices of Computershare Investor Services PLC at Moor House, 3rd Floor, 120 London Wall, London EC2Y 5ET on Wednesday 6 March 2024 at 9.00am to transact the business set out in the resolutions below.

**Resolutions 1 to 17 (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 18 to 23 (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.

- To receive and consider the Company's Annual Report and Accounts for the year ended 30 September 2023, the Strategic Report and the Reports of the Directors and the Auditor.
- To consider and approve the Directors' Remuneration Report for the year ended 30 September 2023, excluding the Directors' Remuneration Policy.
- To declare a final dividend of 26.4 pence per ordinary share payable to holders of ordinary shares registered at the close of business on 1 February 2024.
- To appoint Zoe Howorth as a director of the Company.
- To reappoint Robert East as a director of the Company.
- To reappoint Nigel Terrington as a director of the Company.
- To reappoint Richard Woodman as a director of the Company.
- To reappoint Tanvi Davda as a director of the Company.
- To reappoint Peter Hill as a director of the Company.
- To reappoint Alison Morris as a director of the Company.
- To reappoint Barbara Ridpath as a director of the Company.
- To reappoint Hugo Tudor as a director of the Company.
- To reappoint Graeme Yorston as a director of the Company.
- 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.
- To authorise the directors to fix the remuneration of the auditor.
- 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:
  - make political donations to political parties and/or independent election candidates not exceeding £50,000 in total;
  - make political donations to political organisations other than political parties not exceeding £50,000 in total; and
  - 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 2025 or on 5 June 2025, 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.
- THAT the board of directors of the Company (the 'Board') be and 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 £72,400,000, PROVIDED THAT this authority shall expire at the end of the next AGM of the Company (or, if earlier, at the close of business on 5 June 2025) 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.
- THAT, subject to the passing of Resolution 17, the Board be authorised 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 limited:
  - to 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);
  - to the allotment of equity securities or sale of treasury shares (otherwise than under paragraph (a) above) up to a nominal amount of £10,850,000; and
  - to the allotment of equity securities or sale of treasury shares (otherwise than under paragraph (a) or paragraph (b) above) up to a nominal amount equal to 20 percent of any allotment of equity securities or sale of treasury shares from time to time under paragraph (b) above, such authority to be used only for the purposes of making a follow-on offer which the Board of the Company determines to be of a kind contemplated by paragraph 3 of Section 2B of the 2022 Statement of Principles on Disapplying Pre-Emption Rights, such authority to expire at the end of the next AGM of the Company (or, if earlier, at the close of business on 5 June 2025) 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.

19. THAT if subject to the passing of Resolution 17, the Board be authorised in addition to any authority granted under Resolution 18 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 amount of £10,850,000, such authority to be used only for the purposes of financing (or refinancing, if the authority is to be used within 12 months after the original transaction) a transaction which the Board of the Company determines to be either an acquisition or a specified capital investment of a kind contemplated by the 2022 Statement of Principles on Disapplying Pre-Emption Rights; and

(b) limited to the allotment of equity securities or sale of treasury shares (otherwise than under paragraph (a) above) up to a nominal amount equal to 20 percent of any allotment of equity securities or sale of treasury shares from time to time under paragraph (a) above, such authority to be used only for the purposes of making a follow-on offer which the Board of the Company determines to be of a kind contemplated by paragraph 3 of Section 2B of the 2022 Statement of Principles on Disapplying Pre-Emption Rights, such authority to expire at the end of the next AGM of the Company (or, if earlier, at the close of business on 5 June 2025) 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.

20. 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 (the 'Ordinary Shares') PROVIDED THAT:

(a) the maximum aggregate number of Ordinary Shares hereby authorised to be purchased is 21,700,000;

(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 AGM of the Company (or, if earlier, at the close of business on 5 June 2025); 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.

21. THAT, in addition to the authority granted under resolution 17 (if passed), the Board be and 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 £32,500,000 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 AGM of the Company (or, if earlier, at the close of business on 5 June 2025) 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.
22. THAT, subject to the passing of resolution 21 and in addition to the power granted pursuant to resolution 19 (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 21 up to an aggregate nominal amount of £32,500,000 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 AGM of the Company (or, if earlier, at the close of business on 5 June 2025) 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.
23. THAT a general meeting other than an AGM may be called on not less than 14 clear days' notice.

By order of the Board

**Ciara Murphy**

Company Secretary

18 January 2024

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 4 March 2024 (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 4 March 2024 (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](http://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 4 March 2024 (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.

If you are an institutional investor you may also be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Company's Registrar. For further information regarding Proxymity, please go to [www.proxymity.io](http://www.proxymity.io). Your proxy must be lodged by 09:00am on 4 March 2024 in order to be considered valid (or, in the event of any adjournment of the AGM, not less than 48 hours before the time fixed for the adjourned meeting, provided that no account shall be taken of any part of a day that is not a working day). Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy.



## 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](http://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 the 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.

## Total shares and voting rights

As at 12 January 2024 (being the latest practicable date prior to the publication of this Notice) the Company's issued share capital consisted of 228,700,413 ordinary shares, carrying one vote each, of which 11,332,829 were held in treasury. Therefore, the total voting rights in the Company as at 12 January 2024 were 217,367,584.

## 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 2023 and 6 December 2023 are set out on page 141 of the 2023 Annual Report and Accounts. Between 7 December 2023 and 12 January 2024 (being the latest practicable date prior to the publication of this Notice), no further changes to voting interests had been disclosed to the Company.

## Directors' interests

The share interests of the directors, reported up to 1 December 2023, are set out on page 152 of the 2023 Annual Report and Accounts. Between 2 December 2023 and 12 January 2024, the Company was notified of the following changes to the number of shares beneficially owned by the following directors:

	Date	Nigel Terrington	Richard Woodman
Shares acquired under bonus arrangements (market purchase)	6 Dec 2023	39,542	25,326
Award under the Paragon Performance Share Plan 2013	15 Dec 2023	265,164	167,539
Award under the Paragon Deferred Share Bonus Plan 2013	15 Dec 2023	22,102	13,965
Role based allowance (market purchase)	21 Dec 2023	3,644	2,239

## General

Biographical details of current directors are provided in section B3 of the 2023 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](http://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](mailto: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](mailto: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 the 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](http://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](http://www.paragonbankinggroup.co.uk).







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