

PARAGON BANKING GROUP PLC
Half Year Pillar 3 Disclosures
For the six months ended 31 March 2023

Introduction

As a UK banking group regulated by the Prudential Regulation Authority ('PRA'), Paragon Banking Group PLC is required to make half yearly disclosures of key metrics related to the capital and liquidity position of the accounting group of companies which it heads ('the Group') by the Disclosure (CRR) Part of the PRA Rulebook ('the Rulebook').

These disclosures were reviewed and approved by the directors of Paragon Banking Group PLC on 6 June 2023.

Form and content of disclosures

The disclosures are provided for the Group as at 31 March 2023, and the reporting currency is the pound sterling. The Group's accounts are prepared in accordance with International Accounting Standards as adopted in the United Kingdom. The scope of disclosures includes all entities in the Group.

The Group is defined as an 'Other Institution' under these rules (i.e. neither Large or Small and Simple) having a balance sheet of less than €30.0 billion but greater than €5.0 billion. Its disclosure requirements are therefore those set out in the Article 433c chapter of the Rulebook. For a half yearly report the requirement is for a table of key metrics. The required disclosures are required to be presented in accordance with the fixed template, template UK KM1 set out in the Rulebook.

In addition to the key metric template, 'Other Institutions' are required to give disclosures relating to own funds and eligible liabilities ratios, calculated in accordance with Articles 92a and 92b of the Rulebook. These articles are not applicable to the Group and hence no such disclosures are given.

The Group discusses its capital and liquidity position at 31 March 2023 in its half yearly report which is available on its investor relations website at www.paragonbankinggroup.co.uk.

Full Pillar 3 disclosures are required only at year end. The Group's most recent Pillar 3 disclosures, for the year ended 30 September 2022, can be found on the investor relations website. Full year Pillar 3 disclosures under the Rulebook are published annually at approximately the same time as the Group's report and accounts for the same financial year.

Key metrics table

Presented in accordance with Template UK KM1, set out in Annex I to the Disclosure (CRR) Part of the PRA Rulebook.

		31 Mar 2023	30 Sep 2022	31 Mar 2022	Notes
		£m	£m	£m	
	Available own funds (amounts)				
1	Common Equity Tier 1 (CET1) capital	1,170.4	1,221.8	1,092.4	
2	Tier 1 capital	1,170.4	1,221.8	1,092.4	
3	Total capital	1,320.4	1,371.8	1,242.4	

		31 Mar 2023	30 Sep 2022	31 Mar 2022	Notes
		£m	£m	£m	
Risk-weighted exposure amounts					
4	Total risk-weighted exposure amount	7,479.9	7,515.0	7,095.7	
Capital ratios (as a percentage of risk-weighted exposure amount)					
5	Common Equity Tier 1 ratio (%)	15.6	16.3	15.4	
6	Tier 1 ratio (%)	15.6	16.3	15.4	
7	Total capital ratio (%)	17.7	18.3	17.5	
Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)					
UK 7a	Additional CET1 SREP requirements (%)	0.4	0.4	0.4	[a]
UK 7b	Additional AT1 SREP requirements (%)	0.2	0.2	0.2	[a]
UK 7c	Additional T2 SREP requirements (%)	0.2	0.2	0.2	[a]
UK 7d	Total SREP own funds requirements (%)	8.8	8.8	8.8	
Combined buffer requirement (as a percentage of risk-weighted exposure amount)					
8	Capital conservation buffer (%)	2.5	2.5	2.5	
UK 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	-	-	-	[b]
9	Institution specific countercyclical capital buffer (%)	1.0	0.0	0.0	
UK 9a	Systemic risk buffer (%)	-	-	-	[b]
10	Global Systemically Important Institution buffer (%)	-	-	-	[b]
UK 10a	Other Systemically Important Institution buffer	-	-	-	[b]
11	Combined buffer requirement (%)	3.5	2.5	2.5	
UK 11a	Overall capital requirements (%)	12.3	11.3	11.3	
12	CET1 available after meeting the total SREP own funds requirements (%)	8.9	9.5	8.7	[c]

		31 Mar 2023	30 Sep 2022	31 Mar 2022	Notes
		£m	£m	£m	
Leverage ratio					
13	Total exposure measure excluding claims on central banks	15,322.1	15,387.5	14,728.3	
14	Leverage ratio excluding claims on central banks (%)	7.6	7.9	7.4	
Additional leverage ratio disclosure requirements					
14a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)				[d]
14b	Leverage ratio including claims on central banks (%)				[d]
14c	Average leverage ratio excluding claims on central banks (%)				[d]
14d	Average leverage ratio including claims on central banks (%)				[d]
14e	Countercyclical leverage ratio buffer (%)				[d]
Liquidity Coverage Ratio					
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	1,575.0	1,296.7	1,254.3	[e]
UK 16a	Cash outflows - Total weighted value	1,293.4	1,152.8	1,115.6	[e]
UK 16b	Cash inflows - Total weighted value	287.9	265.4	273.0	[e]
16	Total net cash outflows (adjusted value)	1,005.5	887.4	842.5	[e]
17	Liquidity coverage ratio (%)	155.6	146.3	151.1	[f]
Net Stable Funding Ratio					
18	Total available stable funding	16,874.6	16,596.2	16,019.3	[g]
19	Total required stable funding	13,690.4	13,660.0	13,286.1	[g]
20	NSFR ratio (%)	123.3	121.5	120.6	[g]

The notes column does not form part of the template, but provides additional information for users.

Notes

- [a]** The amount specified for CET1 capital is a minimum percentage. Percentages for AT1 and T2 capital are maximums and additional CET1 capital may be used to make up the total capital requirement if AT1 and / or T2 capital are not available.
- [b]** These buffers are not currently applicable to the Group.
- [c]** This assumes that T2 capital is used in meeting the SREP own funds requirements to the maximum extent possible with the CET requirement comprising the balance of that requirement.
- [d]** These lines are only required for LREQ banks, as defined by the PRA Rulebook. The Group's balance sheet size is too small for it to be classified as an LREQ bank.
- [e]** These measures are based on a 12 month rolling average of month end positions.
- [f]** This measure is based on a 12 month rolling average of month end positions, therefore cannot be derived from the values given above it.
- [g]** These measures are based on a 4 quarter rolling average of quarter end positions.

Paragon Banking Group PLC

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