

Paragon Banking Group PLC (“PBG”)

&

Paragon Bank PLC (the “Bank”)

Terms of Reference: Audit Committee (the “Committee”)

Approved: 28 September 2023

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Section 1: Overview

1.1 Board approval and review

This revised version was approved by the Boards of each of PBG and the Bank on 28 September 2023. The Terms of Reference will be reviewed annually, or when required by changes to regulation/legislation.

1.2 Interpretation

- 1.2.1 The Boards and Committees of PBG and the Bank have identical membership and sit jointly on most occasions. Where a joint meeting takes place, these Terms of Reference shall apply. Where the Committee of PBG or the Bank sit separately, these Terms of Reference shall apply to each Committee except where, due to statute, regulation or other reasons considered appropriate by the non-executive directors, they cannot or should not apply. As of the date of these Terms of Reference, all such items have been noted in Appendix 1 but they are not exhaustive and can be amended from time to time on an ad hoc or continuous basis, separate to any agreement to amend the Terms of Reference, provided that a quorum of the relevant Board/Committee agrees and this amendment is minuted as such.
- 1.2.2 For the purpose of these Terms of Reference the term 'Group' shall mean, when the Committee is sitting as a joint Committee, PBG and its subsidiaries as defined by the Companies Act 2006. Should the Committee sit solely as a Committee of PBG then the same definition shall apply but when meeting as a Committee only of the Bank then this definition shall mean only the Bank and those subsidiaries of the Bank as defined by the Companies Act 2006.
- 1.2.3 For the purpose of these Terms of Reference the term 'Company' shall mean, when the Committee is sitting as a joint Committee, each of PBG and the Bank. Where the Committee is sitting as either a Committee of PBG or the Bank then it shall mean the relevant company only.
- 1.2.4 For the purpose of these Terms of Reference the term 'Board' shall mean, when the Committee is sitting as a joint Committee, the Boards of each of PBG and the Bank. Where the Committee is sitting as either a Committee of PBG or the Bank then it shall mean the relevant Board only.

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1 Role

The role of the Committee is to assist the Board in fulfilling its oversight responsibilities by reviewing and monitoring:

- 1.1 the integrity of the financial and narrative statements provided to shareholders;
- 1.2 the effectiveness of the Group’s internal control systems;
- 1.3 the independence and effectiveness of the internal and external audit process and auditors; and
- 1.4 the process for compliance with laws, regulations, ethical codes of practice, the UK Corporate Governance Code 2018 (the “Code”) and the Financial Reporting Council’s (the “FRC”) Audit Committees and the External Audit: Minimum Standard (the “FRC Minimum Standard”).

2 Authority

- 2.1 The Committee is a committee of the Board from which it derives its authority and to which it regularly reports.
- 2.2 The Committee has delegated authority from the Board in respect of the functions and powers set out in these Terms of Reference. The Committee may sub-delegate any or all of its powers and authority as it sees fit, including, without limitation the establishment of sub-committees to analyse particular issues or themes and to report back to the Committee.
- 2.3 The Committee is concerned with the business of the whole Group and accordingly its authority extends to all relevant matters relating to the Group.
- 2.4 The Committee has authority to investigate any matters within its responsibilities and to obtain such information as it may require from any director, officer or employee of the Group.
- 2.5 The Committee Chair is authorised to request remedial action be taken in relation to any matter, within the Committee’s Terms of Reference, which the Committee Chair considers has not been addressed promptly or sufficiently.
- 2.6 The Committee is authorised by the Board to obtain, at the Company’s expense, outside legal or other professional advice on any matters within its Terms of Reference.
- 2.7 The Committee shall have direct access to the Chief Financial Officer, the Director of Internal Audit and the Group’s external auditor/s.
- 2.8 The Committee shall have the right to publish in the Company’s annual report details of any issue that cannot be resolved between the Committee and the Board.

3 Relationship with other Committees

- 3.1 It is recognised that the Committee and the Risk and Compliance Committee (the “RCC”) have duties in potentially overlapping areas of the Group’s operations. Consequently, the Committee Chair, in conjunction with the Chair of the RCC, has the authority to determine, from time to time, in relation to any matter whether it falls within the remit of the Committee or the RCC or is the responsibility of both the RCC and the Committee.
- 3.2 The Committee shall work and liaise as necessary with all other Board Committees in addition to the points noted above in order to fulfil its duties.

4 Membership

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- 4.1 The Committee shall comprise at least three members. The Committee shall include at least one member of the RCC and where possible, one member of the Remuneration Committee. Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination Committee in consultation with the Committee Chair. It is recognised that the number of members may fall below three for temporary periods due to departures pending new appointments.
- 4.2 Only members of the Committee have the right to attend Committee meetings. However, the Committee will invite the external auditor, Chair of the Board, Chief Financial Officer, Chief Risk Officer, Director of Internal Audit, General Counsel and Group Financial Controller to attend meetings of the Committee on a regular basis and the Committee may invite any other non-members to attend all or part of any meeting as and when appropriate and necessary.
- 4.3 Appointments to the Committee shall be for a period of up to three years, extendable by no more than two additional three-year periods, so long as members continue to be independent.
- 4.4 The Board shall appoint the Committee Chair. The Chair of the Board shall not be a member of the Committee. In the absence of the Committee Chair and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.
- 4.5 The Committee Chair shall review membership of the Committee annually, as part of the annual performance evaluation of the Committee.
- 4.6 All members of the Committee shall be independent non-executive directors (within the meaning of the Code), at least one of whom shall have recent and relevant financial experience, ideally with a professional qualification from one of the professional accountancy bodies. The Committee as a whole shall have competence relevant to the financial services sector.

5 Secretary

- 5.1 The Company Secretary, or his or her nominee, shall act as the Secretary of the Committee and provide all necessary support to the Committee.

6 Quorum

- 6.1 The quorum necessary for the transaction of business shall be two members.
- 6.2 Significant decisions such as the process for and appointment of a new external auditor, should, in all practical circumstances, be taken by the Committee as a whole.

7 Meetings

- 7.1 The Committee shall meet at least four times a year and otherwise as required. Meetings should coincide with key dates in the relevant Group’s financial reporting and audit cycle.
- 7.2 Outside of the formal meeting programme, the Committee Chair, and to a lesser extent the other Committee members, will maintain a dialogue with key individuals involved in the Company’s governance, including the Chair of the Board, the Chief Executive, the Chief Financial Officer, regulators, the External Audit Partner and the Director of Internal Audit.
- 7.3 Meetings of the Committee may be conducted when the members are physically present together, in the form of either video or audio conference or as a hybrid.

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8 Notice of meetings

- 8.1 Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Committee Chair or any of its members, or at the request of the External Audit Partner or Director of Internal Audit if they consider it necessary.
- 8.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, any other person requested to attend and all other non-executive directors, normally no later than five days before the date of the meeting unless otherwise agreed. Supporting papers shall be sent to Committee members and to other attendees, as appropriate, at the same time so far as practicable. Late papers will be accepted by agreement with the Committee Chair.
- 8.3 The Committee may send notices, agendas and supporting papers in electronic form where the recipient has agreed to receive documents in such a way.

9 Minutes of meetings

- 9.1 The Secretary of the Committee, or their nominated alternate, shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance and the existence of any conflicts of interest.
- 9.2 Draft minutes of Committee meetings shall be circulated normally no later than 10 working days after the meeting or as soon as practicable. Once finalised, draft minutes will be made available to all members of the Committee before formal approval at the next Committee meeting. Once approved, minutes should be made available to all members of the Board unless, exceptionally, in the opinion of the Committee Chair, it would be inappropriate to do so.

10 Shareholder engagement

- 10.1 The Committee Chair should attend the Annual General Meeting to answer any shareholder questions on the Committee’s activities and areas of responsibility.
- 10.2 The Committee Chair should seek engagement with shareholders on significant matters related to the Committee’s areas of responsibility.

11 Duties

The Committee shall carry out the following duties for the Group as a whole, as appropriate.

11.1 Financial reporting

The Committee shall:

- 11.1.1 monitor and discuss with management the integrity of the financial statements of the Company and the Group, including:
- i. the annual and half-yearly reports;
 - ii. preliminary results announcements;
 - iii. any other formal announcement relating to the Company’s or the Group’s financial performance, where requested to do so; and

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- iv. interactions with regulators in relation to the Company or the Group’s financial reporting;
- 11.1.2 review and report to the Board significant financial reporting issues and judgements which the financial statements, interim reports, preliminary announcements and related formal statements contain having regard to matters communicated to it by the external auditor;
- 11.1.3 review and challenge where necessary:
 - i. the consistency, quality and appropriateness of significant accounting policies, including any changes to those accounting policies both on a year on year basis and across the Company and the Group;
 - ii. whether the Group has adopted appropriate accounting standards and policies and where necessary made appropriate estimates and judgements, taking into account the external auditor’s views;
 - iii. the clarity and completeness of financial reporting disclosures and any changes to those disclosures, including the review of any correspondence between the Company/Group and the external auditor;
 - iv. the methods used to account for significant or unusual transactions (including any off balance sheet arrangements) where different approaches are possible;
 - v. significant adjustments resulting from the external audit;
 - vi. the assumptions or qualifications in support of the going concern statement (including any material uncertainties as to the Company’s/Group’s ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements) and the longer term viability statement (including an assessment of the prospects of the Group looking forward over an appropriate and justified period); and
 - vii. the Group’s disclosure controls and procedures, including reviewing reports of the Group’s Disclosure Committee, where requested to do so;
- 11.1.4 monitor compliance with financial reporting standards and any recognised investment exchange and other financial and governance reporting requirements;
- 11.1.5 review all material information presented with the financial statements, such as the strategic report and the corporate governance statements, insofar as it relates to audit and risk management;
- 11.1.6 review any other statements that contain financial information and require Board approval, if carrying out a review before Board approval would be practicable and consistent with any prompt reporting requirements under any law or regulation including the Financial Conduct Authority’s (the “FCA’s”) Listing Rules, Prospectus Rules or Disclosure Guidance and Transparency Rules sourcebook; and
- 11.1.7 where the Committee is not satisfied with any aspect of the proposed financial reporting by the Group, report its views to the Board.

11.2 Narrative reporting

Where requested by the Board, the Committee shall review the content of the annual report and accounts and advise the Board on whether, taken as a whole, it is fair, balanced and understandable and

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provides the information necessary for shareholders to assess the Group’s performance, business model and strategy and whether it informs the Board’s statement in the annual report on these matters that is required under the Code (Provision 25).

11.3 Internal financial controls

The Committee shall (unless otherwise expressly addressed by the RCC) review the Group’s internal financial controls and, at least annually, carry out a review of their effectiveness and approve the statement to be included in the annual report concerning internal financial controls.

11.4 On-going viability

The Committee shall (unless otherwise expressly addressed by the RCC), where requested by the Board, provide advice on how, taking into account the Company’s position and principal risks, the Company’s prospects have been assessed, over what period and why the period is regarded as appropriate. The Committee shall also advise on whether there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the said period, drawing attention to any qualifications or assumptions as necessary.

11.5 Management and internal and external audit reports

The Committee shall:

- 11.5.1 review the assurance reports from management on the effectiveness of the internal control and risk management systems and from the internal audit function, the external auditor and others on the operational effectiveness of matters related to risk and control; and
- 11.5.2 review the timeliness of, and reports on, the effectiveness of corrective action taken by management in response to any material external or internal audit recommendation, including making recommendations for further action, where appropriate.

11.6 Disclosures

The Committee shall:

- 11.6.1 consider any necessary disclosure implications of the process that has been applied by the Board to deal with material internal control aspects of any significant problems stated in the annual report and accounts; and
- 11.6.2 consider the major findings of any relevant internal investigations into risk and control weaknesses, fraud, or misconduct and management’s response, and also consider whether any such failings or weaknesses are significant and therefore require disclosure, the basis and accuracy of explanations given as to what actions are being taken to address them, and whether the level of disclosure of such actions is appropriate.

11.7 Internal audit

The Committee shall:

- 11.7.1 approve the appointment and removal of the Director of Internal Audit;
- 11.7.2 review and approve the remit of the internal audit function and assess and ensure that the function has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with appropriate professional

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- standards. The Committee shall also ensure that the function has adequate standing and is free from management interference or other restrictions;
- 11.7.3 review and approve the Audit Charter at least annually;
 - 11.7.4 ensure the internal audit function has direct access to the Chair of the Board, the Committee Chair and the Committee; and is accountable to the Committee. Further, it should ensure that internal audit has a reporting line which enables it to be independent of the executive and so able to exercise independent judgement;
 - 11.7.5 review, assess and approve the annual internal audit plan and be advised of the reasons for any change or delay in the plan and ensure co-ordination between the internal and external auditors;
 - 11.7.6 receive a report on the results of the internal auditor’s work on a periodic basis;
 - 11.7.7 determine whether it is satisfied that the quality, experience and expertise of the internal audit function are appropriate for the business;
 - 11.7.8 review and monitor management’s responsiveness to the internal auditors’ findings and recommendations;
 - 11.7.9 monitor and assess the role and effectiveness of the internal audit function in the overall context of the Group’s risk management system and the work of compliance, finance and the external audit. An independent review, commissioned by the Committee, should be performed every five years;
 - 11.7.10 ensure that the internal audit function evaluates the effectiveness of the risk, compliance and finance functions as part of its internal audit plan;
 - 11.7.11 set the objectives of the Director of Internal Audit and annually appraise the performance of the Director of Internal Audit considering the views of the Chief Executive Officer and the effectiveness evaluation of the internal audit function;
 - 11.7.12 review and recommend the annual remuneration package of the Director of Internal Audit to the Remuneration Committee;
 - 11.7.13 the Committee Chair shall be consulted on the construction of the remuneration packages for other members of the Internal Audit team to ensure that any variable remuneration is not linked to Group performance, including that contractual payments of profit-related pay are not significant;
 - 11.7.14 ensure that the Committee meets with the Director of Internal Audit, without management present, at least twice per year. The Committee Chair shall also normally be available before each Committee meeting to meet the Director of Internal Audit privately; and
 - 11.7.15 ensure that the internal audit function has fulfilled all relevant regulatory obligations over the assurance it provides to the Group. As a non-exhaustive list, the internal audit function is required to provide assurance over the Group’s remuneration policies as well as Article 191 of the EU Capital Requirements Regulation (the requirement for the internal audit function to review annually the Group’s capital rating systems).

11.8 External audit

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The Committee shall, taking into account any applicable law and legislation, other professional requirements (including but not limited to the FRC Minimum Standard) and the Financial Reporting Standard’s Ethical Standard 2019 (the “Ethical Standard”):

Appointment, reappointment and resignation

- 11.8.1 consider and make recommendations to the Board, to be put to shareholders for approval at the Company’s AGM, on the appointment, reappointment or removal of the Company’s external auditor/s;
- 11.8.2 ensure that at least once every ten years the audit services contract is put out to tender to enable the Committee to compare the quality and effectiveness of the services provided by the incumbent auditor with those of other audit firms. This tender process should:
 - i be led by the Committee;
 - ii not preclude the participation of challenger audit firms;
 - iii be conducted far enough in advance of appointment to enable independence issues to be managed;
 - iv ensure that all tendering firms have such access as is necessary to information and individuals during the tendering process;
 - v have selection criteria which are transparent and non-discriminatory;
 - vi be based on quality, including independence, challenge and technical competence, taking account public reports on firms’ audit quality published by regulators and other available quality indicators published by firms or the regulator; and
 - vii conclude with the recommendation of two firms for consideration by the Board, with a preference expressed for one of them;
- 11.8.3 consider whether the audit services contract is put out to tender, each year commencing from the fifth year following the external auditor’s initial appointment;
- 11.8.4 if any external auditor resigns, investigate the issues leading to this and decide whether any action is required;
- 11.8.5 evaluate the risks to the quality and effectiveness of the financial reporting process including consideration of the need to include the risk of the withdrawal of the auditor from the market in that evaluation;
- 11.8.6 oversee the management of the Group’s relationships with audit firms other than the external auditor to ensure that it has a fair choice of suitable potential external auditors at the time of the next tender, and in light of the need for greater market diversity and any market opening measures which might be introduced.

Terms of engagement

- 11.8.7 oversee the relationship with the external auditor and negotiate and agree the scope of the audit and their remuneration (including fees for both the audit and non-audit services) to ensure that the level of fees is appropriate to enable an effective and high quality audit to be undertaken;

Independence and expertise

- 11.8.8 review and assess on an annual basis:

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- i. the external auditor’s independence and objectivity taking into account relevant UK law, the FRC Minimum Standard, the Ethical Standard and other professional and regulatory requirements and the relationship with the auditor as a whole, including any threats to the auditor’s independence and the safeguards applied to mitigate those threats including the provision of any non-audit services. The Committee should also take into consideration any findings and conclusions from a relevant regulatory body;
- ii. the qualifications, expertise and resources of the auditor and the effectiveness of the audit process, which shall include a report from the external auditor on their own internal quality procedures;
- iii. seek reassurance from the external auditor and their staff that they have no relationships with the Group which could adversely affect the auditor’s independence and objectivity and, annually, seek information from the external audit firm about policies and processes for maintaining independence and monitoring compliance, including guidance on rotation of the audit partner and staff;
- iv. agree with the Board a policy on the employment of former employees of the external auditor, taking into account the Ethical Standard and legal requirements and monitor the application of this policy;
- v. monitor the auditor’s processes for maintaining independence, its compliance with relevant law, regulation, other professional requirements and the Ethical Standard, including the guidance on the rotation of audit partner and staff; and
- vi. monitor the level of fees paid to the external auditor compared to the overall fee income of the firm and assess these in the context of the legal, professional and regulatory requirements;

Non-audit services

- 11.8.9 develop and recommend to the Board, the Company’s formal policy on the external auditor’s provision of non-audit services, including the Committee’s approval of non-audit services and the types of non-audit to be pre-approved and assess whether non-audit services have a direct or material effect on the audited financial statements. The policy should be kept under review, and include an assessment of:
- i. threats to the external auditor’s independence and objectivity and any safeguards in place to eliminate or reduce threats;
 - ii. the nature of the non-audit services;
 - iii. whether the external audit firm’s skills and experience make it the most suitable supplier of the non-audit service;
 - iv. the fees for the non-audit services, both for individual services and in aggregate, relative to the audit fee, including special terms and conditions;
 - v. the criteria governing compensation of the individuals performing the audit; and
 - vi. ensure that the provision of non-audit services does not impair the external auditor’s independence or objectivity, satisfying itself that there are no

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relationships between the auditor and the Company outside the ordinary course of business (including the level of non-audit fees) that could adversely affect the auditor’s independence and objectivity, or the audit process;

Audit cycle

- 11.8.10 review and approve the annual audit plan at the start of the audit cycle and ensure it is consistent with the scope of the audit engagement, having regard to the seniority, expertise and experience of the audit team;
- 11.8.11 meet regularly with the external auditor (including once at the planning stage before the audit and once after the audit at the reporting stage) and at least once a year, without the executive directors or management being present, to review the findings of the audit including (but not limited to) any major resolved or unresolved issues that arose during the audit, key accounting and audit judgements and levels of errors identified during the audit, consider the auditors findings and make changes to the financial statements if appropriate;
- 11.8.12 consider communications from the external auditor on audit planning and findings of material weaknesses in accounting and internal control systems that come to the auditor’s attention, including a review of material items of correspondence between the Company and the external auditor;
- 11.8.13 review any representation letter(s) requested by the external auditor before they are signed by management and consider whether, based on its knowledge, the information provided is complete and appropriate;
- 11.8.14 review, prior to its consideration by the Board, the external auditor’s report to the directors and their management letter, including management’s response to the auditor’s findings and recommendations;
- 11.8.15 at the end of the audit cycle, assess the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements, including:
 - i seeking feedback from the external auditor on their own assessment of the quality of the audit and the extent to which, in their view, the audit plan presented to the Committee had been successfully executed;
 - ii. understanding reasons for changes to the audit plan;
 - iii. considering the external auditor’s robustness and perceptiveness in handling key accounting and audit judgements and responding to the Committee’s questions;
 - iv. obtaining feedback from key people on the conduct of the audit;
 - v. reviewing and monitoring the content of the external auditor’s management letter and reporting to the Board on the effectiveness of the audit process; and
 - vi. considering the results of any Audit Quality Review (“AQR”) carried out by the FRC (or any successor body) on the Group audit, or on the external auditor firm more generally;

Other matters

- 11.8.16 ensure that the external auditor has full access to the Group’s employees and records;

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- 11.8.17 be responsible for the co-ordination between the activities of the external auditor and the internal audit function;
- 11.8.18 ensure that that there is open communication between legal, risk, compliance, finance, internal audit functions and external audit and oversee these relationships to ensure they are coordinated and operating effectively to avoid duplication;
- 11.8.19 be responsible for the co-ordination and consideration of any response to the FRC’s (or its successor body) Conduct Committee or its Financial Reporting Review Panel; and
- 11.8.20 be responsible for engagement with shareholders on matters relating to audit and assurance, where appropriate.

11.9 Regulatory reporting

The Committee shall:

- 11.9.1 review and, if thought fit, recommend to the Board the Pillar 3 disclosures and any other equivalent documents required by a regulator from time to time; and
- 11.9.2 review arrangements for compliance with regulatory financial reporting and best practice requirements including the requirements and recommendations of relevant regulatory bodies.

11.10 Other

The Committee shall consider any matters that it considers key on its own initiative rather than rely solely on the work of the external auditor. The Committee should discuss what information and assurance it requires in order to properly carry out its roles to review, monitor and provide assurance or recommendations to the Board and, where there are gaps, how these should be addressed. The Committee should satisfy itself that these sources of assurance and information are sufficient and objective. For the avoidance of doubt it is not the duty of the Committee to carry out functions that properly belong to others such as the Group’s management.

12 Reporting responsibilities

- 12.1 The Committee Chair shall report formally to the Board on the Committee’s proceedings after each meeting, on all matters within its duties and responsibilities.
- 12.2 The Committee Chair shall report the outcome of the statutory audit to the Board and explain how it contributed to the integrity of the financial reporting and the role of the Committee in that process.
- 12.3 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed. This shall include that the Committee reports, as needed, on its monitoring of the financial reporting process and submitted recommendations/proposals to ensure its integrity.
- 12.4 The Committee will compile a report for inclusion in the annual report of the work of the Committee in discharging its responsibilities, including:
 - i. the significant issues dealt with by the Committee and how these issues were addressed;

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- ii. an explanation of how the Committee has assessed the independence and effectiveness of the external audit process and the approach taken to the appointment or reappointment of the external auditor, information on the length of tenure of the current audit firm, when a tender was last conducted and advance notice of any retendering plans;
 - iii. details of any tender process in respect of external audit services carried out in the year;
 - iv. an explanation where the Board has not adopted the Committee’s recommendations on the appointment or reappointment of auditors;
 - v. details of any AQR inspection relating to the Group carried out in the year;
 - vi. an explanation of how auditor independence and objectivity are safeguarded if the external auditor provides non-audit services, having regard to matters communicated to it by the auditor and all other information requirements set out in the Code;
 - vii. where shareholders have requested that the external audit cover certain matters, and that request has been rejected, the reason for that rejection; and
 - viii. all other information requirements set out in the Code and the FRC Minimum Standard including details of the activities the Committee has undertaken to meet the requirements of the FRC Minimum Standard; and
 - ix. any other issues on which the Board has requested the Committee’s opinion;
- 12.5 The Committee shall make publicly available the Committee’s Terms of Reference by placing them on the Group’s website.

13 Other matters

The Committee shall:

- 13.1 have access to sufficient resources (e.g. financial) to carry out its duties, including unfettered access to the Company Secretariat, the internal audit function, Group Compliance and Risk and Group Finance departments for advice and assistance as required;
- 13.2 have access to all data and information concerning the decision making process of the Board on matters within the Committee’s remit;
- 13.3 be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis, for all members;
- 13.4 commission, at the Company’s expense, any reports or surveys which it deems necessary to help it fulfil its obligations;
- 13.5 give due consideration to all relevant laws and regulations, in particular, the directors' duties contained in the Companies Act 2006, the provisions of the Code and published guidance and the FRC Minimum Standard, the requirements of the FCA’s Listing Rules, Prospectus Regulation Rules and Disclosure Guidance and Transparency Rules sourcebook and any other applicable rules, as appropriate; and
- 13.6 arrange for periodic reviews of its own performance and, at least annually, review its constitution and Terms of Reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

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Appendix 1

	Item Number	Additional comment/explanation
Items which do not apply to or are amended for PBG	NONE	
Items which do not apply to or are amended for the Bank	10 11.1.1 ii and iii and 11.1.3 vi - vii	These are not applicable to Paragon Bank PLC as it is not a listed entity. To the extent the clause 11.1.3. vi discusses viability statements this is not applicable to the Bank as it is not a listed entity.