

Paragon grows new lending to £1.9 billion

- Total lending increased 29% to £1.9 billion
- Mortgage completions up 21% to £1.5 billion
- Commercial lending increased 67% to £389 million
- Savings deposits reach £3.6 billion

Paragon Banking Group PLC today reported underlying profits of £145 million as it unveiled its full year results for the period ended 30 September 2017.

Total lending grew by 29% to £1.9 billion and included a 21% increase in mortgage lending to £1.5 billion and a 67% increase in commercial lending to £389 million

The year marked a significant step forward in the Group's long-term evolution from a monoline mortgage lender to a diversified banking group as Paragon brought more of its product lines into the banking framework under a simplified business model, enabling more consistent branding and more efficient access to capital going forward.

In addition to a 21% increase in buy-to-let mortgage lending to £1.4 billion, Paragon grew second charge mortgage lending by 35% to £61 million. Paragon also made good progress with the pilot of its specialist residential mortgages intended for home owners who are poorly served by mainstream lenders, including customers with complex incomes or those who may wish to borrow into retirement.

The strong growth in Paragon's commercial lending operations included a 53% increase in asset finance to £220 million, providing vital funding for small and medium sized businesses across the UK. Motor finance lending also grew by 50% to £120 million and residential development funding increased five-fold to £49 million, helping to finance new homes.

Savings deposits nearly doubled over the year to £3.6 billion as Paragon continued to attract new customers with its range of simple, straightforward and consistently competitive, online savings accounts.

Nigel Terrington, Chief Executive of Paragon said: "We have made outstanding progress across all business lines with lending growth exceeding 29% and deposit funding nearly doubling to £3.6 billion over the year. The improving strength and depth of the Group's franchises reflects the growing importance of specialist lending in the UK retail banking market as it undergoes much needed structural change.

Paragon has undergone an extraordinary transformation in recent years with the diversification strategy delivering six new lending product lines and a growing deposit capability. Significant progress has been made in our strategic development and we have put in place the foundations to support the growing demands and expectations of our customers and intermediaries and the increasing range of opportunities in the specialist lending markets.

With a strong capital base and exemplary asset quality, increasingly diversified funding, and a broadening product range supported by a more financially efficient operating model, we are well positioned to exploit the opportunities and manage the challenges ahead."

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Notes to editors:

Paragon Bank PLC provides mortgages and commercial lending products to customers in the UK. Its product lines include savings, buy-to-let, second charge and residential mortgages, asset finance, motor finance, residential property development funding and structured lending. Paragon's lending products are distributed principally through intermediaries and its savings accounts are offered online, direct to consumers.

Paragon Bank PLC a subsidiary of the Paragon Banking Group PLC which is a FTSE 250 company based in Solihull in the West Midlands. Established in 1985, Paragon Banking Group PLC has over £12 billion of assets under management and manages over 450,000 customer accounts.

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