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15 March 2021

PARAGON BANKING GROUP PLC

LAUNCH OF TENDER OFFER

Paragon Banking Group PLC (the "**Issuer**") has today launched an invitation to eligible holders of its outstanding notes detailed below (the "**Notes**") to tender any and all such Notes for purchase by the Issuer for cash (such invitation, the "**Offer**"). The Offer is made on the terms and subject to the conditions (including the satisfaction or waiver of the New Issue Condition (as defined below)) set out in the tender offer memorandum dated 15 March 2021 (the "**Tender Offer Memorandum**").

Description of Notes	Issuer	ISIN / Common Code	Aggregate Principal Amount Outstanding	Purchase Price	Amount subject to the Offer
£150,000,000 Fixed Rate Reset Callable Subordinated Tier 2 Notes due 2026	Paragon Banking Group PLC (formerly known as The Paragon Group of Companies PLC)	XS1482136154 / 148213615	£150,000,000	102.85 per cent. of the principal amount of Notes validly tendered and accepted for purchase by the Issuer	Any and all

Capitalised terms used in this announcement but not otherwise defined have the meanings given to them in the Tender Offer Memorandum. The Offer is subject to certain restrictions, as further described below.

The Offer will expire at 16:00 hours (London time) on 22 March 2021 (the "**Expiry Deadline**") unless extended, withdrawn or terminated at the sole discretion of the Issuer.

Rationale for the Offer

The Offer in conjunction with an issue of New Notes is being made as part of the Issuer's active management of its capital base. The Offer will also provide liquidity for investors in the Notes concurrent with the opportunity to redeploy funding into the Issuer's proposed New Notes (as defined below).

Purchase Price

Subject to the Minimum Denomination in respect of the Notes, the price payable in respect of Notes validly tendered and accepted for purchase by the Issuer will be 102.85 per cent. of the principal amount of such Notes (the "**Purchase Price**"). In respect of any Notes accepted for purchase, the Issuer will also pay an amount equal to any accrued and unpaid interest on the Notes from, and including, the interest payment date for the Notes immediately preceding the Tender Offer Settlement Date up to, but excluding, the Tender Offer Settlement Date, which is expected to be 25 March 2021.

Notes repurchased by the Issuer pursuant to the Offer will not be immediately cancelled and will not be re-issued or re-sold and may be held or, at the option of the Issuer, surrendered to the Registrar or any Paying

Agent for cancellation in the future. Notes which have not been validly tendered and accepted for purchase pursuant to the Offer will remain outstanding after the Tender Offer Settlement Date.

New Issue Condition

The Issuer is not under any obligation to accept for purchase any Notes tendered pursuant to the Offer. The acceptance for purchase by the Issuer of Notes tendered pursuant to the Offer is at the sole and absolute discretion of the Issuer and tenders may be rejected by the Issuer for any reason.

The Issuer announced on 15 March 2021 its intention to issue new sterling-denominated subordinated Tier 2 Notes (the "**New Notes**"). Whether the Issuer will accept for purchase Notes validly tendered in the Offer is subject (unless such condition is waived by the Issuer in its sole and absolute discretion), without limitation, to the successful completion of the issue of the New Notes (in each case as determined by the Issuer in its sole and absolute discretion) (the "**New Issue Condition**").

Allocation of the New Notes

When considering the allocation of the New Notes, the Issuer may give preference to those Noteholders who, prior to such allocation, have given a firm intention to any Dealer Manager that they intend to tender their Notes pursuant to the Offer. Therefore, a Noteholder who wishes to subscribe for New Notes in addition to tendering its Notes for purchase pursuant to the Offer may be eligible to receive, at the sole and absolute discretion of the Issuer, priority in the allocation of the New Notes, subject to the issue of the New Notes and such Noteholder making a separate application for the purchase of such New Notes to a Dealer Manager (in its capacity as a joint lead manager of the issue of the New Notes). However, the Issuer is not obliged to allocate the New Notes to a Noteholder who has validly tendered or indicated a firm intention to tender the Notes pursuant to the Offer and, if New Notes are allocated, the principal amount thereof may be less or more than the principal amount of Notes tendered by such holder and accepted by the Issuer pursuant to the Offer. Any such allocation will also, among other factors, take into account the minimum denomination of the New Notes (being £100,000). Holders should note that the pricing and allocation of the New Notes are expected to take place prior to the Expiration Deadline and therefore should provide, as soon as practicable, to any Dealer Manager any indications of a firm intention to tender Notes for purchase pursuant to the Offer and the quantum of Notes that it intends to tender.

Timetable for the Offer

The expected timetable of events will be as follows:

<u>Date</u>	<u>Number of Business Days from and including Launch</u>	<u>Action</u>
15 March 2021	Day 1	<i>Commencement of the Offer</i> Announcement of the Offer and intention of the Issuer to issue the New Notes. Tender Offer Memorandum available (subject to distribution restrictions) from the Tender Agent. Preliminary Prospectus available (subject to distribution restrictions) from the Dealer Managers.
22 March 2021 16.00 hours, London time	Day 6	<i>Expiration Deadline</i> Deadline for receipt by the Tender Agent of all Tender Instructions in order for Noteholders to be able to participate in the Offer.
As soon as reasonably	Day 7	<i>Announcement of Result of Offer</i>

practicable on 23
March 2021

Announcement of the Issuer's decision whether to accept (subject to satisfaction or waiver of the New Issue Condition on or prior to the Tender Offer Settlement Date) valid tenders of Notes for purchase pursuant to the Offer (including, if applicable, the Tender Offer Settlement Date for the Offer), the final aggregate principal amount of the Notes tendered pursuant to the Offer and the aggregate principal amount of Notes accepted for purchase pursuant to the Offer.

25 March 2021 Day 9

Tender Offer Settlement Date

Subject to satisfaction or waiver of the New Issue Condition on or prior to the Tender Offer Settlement Date, expected Tender Offer Settlement Date for the Offer. Payment of Purchase Consideration and Accrued Interest Payment in respect of the Offer.

Unless stated otherwise, announcements in connection with the Offer will be made through the clearing systems and via RNS. Such announcements may also be made by (i) the issue of a press release to a Notifying News Service and (ii) the delivery of notices to the Clearing Systems for communication to Direct Participants. Copies of all such announcements, press releases and notices can also be obtained from the Tender Agent, the contact details for whom are set out below. Significant delays may be experienced where notices are delivered to the Clearing Systems and Noteholders are urged to contact the Tender Agent for the relevant announcements relating to the Offer.

General

The complete terms and conditions of the Offer are set forth in the Tender Offer Memorandum, which will be sent to eligible Noteholders at their request. Noteholders are urged to read the Tender Offer Memorandum carefully.

The Issuer reserves the right, in its sole and absolute discretion, not to accept any Tender Instructions, not to purchase Notes or to extend, re-open, withdraw or terminate the Offer and to amend or waive any of the terms and conditions of the Offer in any manner, subject to applicable laws and regulations.

The Issuer has retained Barclays Bank PLC, Merrill Lynch International and UBS AG London Branch to act as Dealer Managers for the Offer.

Procedure for Participation

To tender Notes in the Offer, a holder of Notes should deliver, or arrange to have delivered on its behalf, via the relevant Clearing System and in accordance with the requirements of such Clearing System, a valid Tender Instruction that is received in each case by the Tender Agent by the Expiration Deadline.

Tender Instructions must be submitted in respect of a principal amount of Notes of no less than the Minimum Denomination (being £100,000) and may be submitted in integral multiples of £1,000 thereafter.

Noteholders are advised to check with any bank, securities broker or other intermediary through which they hold Notes when such intermediary would require to receive instructions from a Noteholder in order for that Noteholder to be able to participate in, or (in the limited circumstances in which revocation is permitted) revoke their instruction to participate in, the Offer before the deadlines specified above. The deadlines set by any such intermediary and each Clearing System for the submission of Tender Instructions will be earlier than the relevant deadlines specified above.

If you need further information about the Offer, please contact any of the Dealer Managers or the Tender Agent.

Contact Details:

THE DEALER MANAGERS

Barclays Bank PLC

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Canary Wharf
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United Kingdom
Telephone: +44 20 3134 8515
Email: eu.lm@barclays.com
Attention: Liability Management Group

Merrill Lynch International

2 King Edward Street
London EC1A 1HQ
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Telephone: +44 20 7996 5420
Email: DG.LM-EMEA@bofa.com
Attention: Liability Management Group

UBS AG London Branch

5 Broadgate
London EC2M 2QS
United Kingdom
Telephone: +44 20 7568 1121
Email: ol-liabilitymanagement-eu@ubs.com
Attention: Liability Management Group

THE TENDER AGENT

Lucid Issuer Services Limited

Tankerton Works
12 Argyle Walk
London WC1H 8HA
United Kingdom
Telephone: +44 (0)20 7704 0880
Fax: +44 (0)20 3004 1590
E-mail: paragon@lucid-is.com
Attention: Arlind Bytyqi

A copy of the Tender Offer Memorandum is available to eligible persons upon request from the Tender Agent.

This announcement is released by Paragon Banking Group PLC and contains information that qualified as inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**UK MAR**"), encompassing information relating to the Offer described above. For the purposes of UK MAR and Article 2 of Commission Implementing Regulation (EU) 2016/1055 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018, this announcement is made by Marius van Niekerk, General Counsel and Company Secretary, on behalf of Paragon Banking Group PLC.

DISCLAIMER This announcement must be read in conjunction with the Tender Offer Memorandum. This announcement and the Tender Offer Memorandum contain important information which should be read carefully before any decision is made with respect to the Offer. If you are in any doubt as to the contents of this announcement or the Tender Offer Memorandum or the action you should take, you are recommended to seek your own financial and legal advice, including as to any tax consequences, immediately from your broker, bank manager, solicitor, accountant or other independent financial, legal or tax adviser. Any individual or company whose Notes are held on its behalf by a broker, dealer, bank, custodian, trust company or other nominee or intermediary must contact such entity if it wishes to

participate in the Offer. None of the Dealer Managers, the Tender Agent and the Issuer makes any recommendation as to whether Noteholders should tender Notes for purchase pursuant to the Offer.

None of the Dealer Managers, the Tender Agent and any of their respective directors, officers, employees, agents or affiliates assumes any responsibility for the accuracy or completeness of the information concerning the Issuer, the Notes or the Offer contained in this announcement or in the Tender Offer Memorandum. None of the Dealer Managers, the Tender Agent and any of their respective directors, officers, employees, agents or affiliates is acting for any Noteholder, or will be responsible to any Noteholder for providing any protections which would be afforded to its clients or for providing advice in relation to the Offer, and accordingly none of the Dealer Managers, the Tender Agent nor any of their respective directors, officers, employees, agents or affiliates assumes any responsibility for any failure by the Issuer to disclose information with regard to the Issuer or the Notes which is material in the context of the Offer and which is not otherwise publicly available.

OFFER AND DISTRIBUTION RESTRICTIONS

United States

The Offer is not being made and will not be made, directly or indirectly, in or into, or by use of the mails of, or by any means or instrumentality of interstate or foreign commerce of, or of any facilities of a national securities exchange of, the United States or to any U.S. Person (as defined in Regulation S of the United States Securities Act of 1933, as amended (each a "**U.S. Person**")). This includes, but is not limited to, facsimile transmission, electronic mail, telex, telephone, the internet and other forms of electronic communication. Accordingly, copies of this announcement, the Tender Offer Memorandum and any other documents or materials relating to the Offer are not being, and must not be, directly or indirectly, mailed or otherwise transmitted, distributed or forwarded (including, without limitation, by custodians, nominees or trustees) in or into the United States or to a U.S. Person and the Notes cannot be tendered in the Offer by any such use, means, instrumentality or facility or from or within or by persons located or resident in the United States or by any U.S. Person. Any purported tender of Notes in the Offer resulting directly or indirectly from a violation of these restrictions will be invalid and any purported tender of Notes made by a person located in the United States a U.S. Person, by any person acting for the account or benefit of a U.S. Person, or by any agent, fiduciary or other intermediary acting on a non-discretionary basis for a principal giving instructions from within the United States will be invalid and will not be accepted.

Neither this announcement nor the Tender Offer Memorandum is an offer of securities for sale in the United States or to U.S. Persons. Securities may not be offered or sold in the United States absent registration under, or an exemption from the registration requirements of, the Securities Act. The New Notes have not been, and will not be, registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States, and may not be offered, sold or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. Persons.

Each holder of Notes participating in the Offer will represent that it is not a U.S. Person located in the United States and is not participating in the Offer from the United States, or it is acting on a non-discretionary basis for a principal located outside the United States that is not giving an order to participate in the Offer from the United States and who is not a U.S. Person. For the purposes of this and the above two paragraphs, "**United States**" means the United States of America, its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands), any state of the United States of America and the District of Columbia.

United Kingdom

The communication of this announcement, the Tender Offer Memorandum and any other documents or materials relating to the Offer is not being made, and such documents and/or materials have not been approved, by an authorised person for the purposes of section 21 of the Financial Services and Markets Act 2000. Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials as a financial promotion is only being made to those persons in the United Kingdom falling within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Financial Promotion Order**")) or any other persons to whom it may otherwise lawfully be made under the Financial Promotion Order.

France

The Offer is not being made, directly or indirectly, in the Republic of France ("**France**") other than to qualified investors (*investisseurs qualifiés*) as defined in Article 2(e) of Regulation (EU) 2017/1129. Neither this Tender Offer Memorandum nor any other documents or materials relating to the Offer have been or shall be distributed in France other than to qualified investors (*investisseurs qualifiés*) and only qualified investors (*investisseurs qualifiés*) are eligible to participate in the Offer. This Tender Offer Memorandum and any other document or material relating to the Offer have not been and will not be submitted for clearance to nor approved by the *Autorité des marchés financiers*.

Italy

None of the Offer, this announcement, the Tender Offer Memorandum or any other documents or materials relating to the Tender Offer have been or will be submitted to the clearance procedure of the *Commissione Nazionale per le Società e la Borsa* ("**CONSOB**").

The Offer is being carried out in the Republic of Italy as an exempted offer pursuant to article 101-bis, paragraph 3-bis of the Legislative Decree No. 58 of 24 February 1998, as amended (the "**Financial Services Act**") and article 35-bis, paragraph 4 of CONSOB Regulation No. 11971 of 14 May 1999.

Noteholders, or beneficial owners of the Notes, can tender some or all of their Notes pursuant to the Offer through authorised persons (such as investment firms, banks or financial intermediaries permitted to conduct such activities in Italy in accordance with the Financial Services Act, CONSOB Regulation No. 20307 of 15 February 2018, as amended from time to time, and Legislative Decree No. 385 of 1 September 1993, as amended) and in compliance with applicable laws and regulations or with requirements imposed by CONSOB or any other Italian authority.

Each intermediary must comply with the applicable laws and regulations concerning information duties *vis-à-vis* its clients in connection with the Notes or the Offer.

General

Neither this announcement, the Tender Offer Memorandum nor the electronic transmission thereof constitutes an offer to buy or the solicitation of an offer to sell Notes (and tenders of Notes for purchase pursuant to the Offer will not be accepted from Noteholders) in any circumstances in which such offer or solicitation is unlawful. In those jurisdictions where the securities, blue sky or other laws require the Offer to be made by a licensed broker or dealer and any of the Dealer Managers or any of their respective affiliates is such a licensed broker or dealer in any such jurisdiction, the Offer shall be deemed to be made by such Dealer Manager or such affiliate, as the case may be, on behalf of the Issuer in such jurisdiction.

In addition to the representations referred to above in respect of the United States, each Noteholder participating in the Offer will also be deemed to give certain representations in respect of the other jurisdictions referred to above and generally as set out in the Tender Offer Memorandum under the heading "*Procedures for Participating in the Offer*". Any tender of Notes for purchase pursuant to the Offer from a Noteholder that is unable to make these representations will not be accepted.

Each of the Issuer, the Dealer Managers and the Tender Agent reserves the right, in its sole and absolute discretion, to investigate, in relation to any tender of Notes for purchase pursuant to the Offer whether any such representation given by a Noteholder is correct and, if such investigation is undertaken and as a result the Issuer determines (for any reason) that such representation is not correct, such tender or submission may be rejected.

No action has been or will be taken in any jurisdiction in relation to the New Notes to permit a public offering of securities. The New Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area or the United Kingdom.