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**WRITTEN NOTICE**  
**Classification as CET 1 instrument**

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To: **Paragon Bank Plc (FRN 604551)**  
**(the “firm”)**

Reference Number: 2324138

Date: 23 December 2015

**ACTION**

- (1) In accordance with Article 26(3) of Regulation 575/2013 of the European Parliament and of the Council of 26<sup>th</sup> June 2013 on prudential requirements for credit institutions and investment firms (the “CRR”), the Prudential Regulation Authority (“the PRA”) has decided to grant the firm the permission to classify £109,000,000 of ordinary shares with a nominal value of £1 issued on 30 October 2015, and any future issuances of shares of the same type and characteristics, as common equity tier 1 instruments
- (2) This permission is granted on the basis that the conditions set out in Article 26(3) of the CRR have been met and continue to be met. If any of those conditions ceases to be met, the PRA may re-consider the terms and conditions of this permission, including revocation in whole or in part

**Decision-Maker and Publication**

- (3) The decision which gave rise to the obligation to give this Notice was made by Nick Parish, Manager.
- (4) Details of this permission will be published on the Financial Services Register.

**PRA contacts**

- (5) For more information concerning this matter generally, the firm should contact their usually supervisory contact.

**Effect**

- (6) This permission takes effect on 22 December 2015.

Nick Parish  
Prudential Regulation Authority