



**PARAGON MORTGAGES PRESS RELEASE
20 MAY 2014**

PARAGON'S BUY-TO-LET BUSINESS INCREASES 167%

- Paragon reports surge in buy-to-let lending activity
- Group pre-tax profits reach £58.2 million
- Milestone achieved with launch of Paragon Bank

Paragon Group, the parent company of specialist buy-to-let lender Paragon Mortgages, has today announced its interim results for the period 1 October 2013 to 31 March 2014.

The Group reported pre-tax profits of £58.2 million for the half year, a 19.3% increase on the same period last year (H1 2013: £48.8 million).

Buy-to-let lending has significantly increased, with £269.3 million in loans advanced, up 167% on the same period last year.

The buy-to-let business is expected to significantly increase during the second half of the year with a pipeline of new business at 31 March 2014 of £348.1 million.

During the first half of the year Paragon was granted its banking licence and subsequently launched Paragon Bank in February. The Group also completed its latest securitisation deal, PM19, in March.

John Heron, Director of Mortgages, said: "It has been an excellent start to the year for the Group, with continued growth and progress made in all areas of the business.

"Thanks to a material improvement in the scale and the cost of our funding facilities we have been able to compete much more effectively. As a result we have seen a surge in buy-to-let lending activity as the wider market has gained momentum, and we are positioned well for future growth, particularly with the extension of our warehouse facility from £450 million to £550 million.

“Now is an exciting time for both the mortgage business and the wider Group as we continue to develop our three core business streams. With a more diverse funding capability, and the launch of Paragon Bank, the start of 2014 has been something of a milestone for the Group.”

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NOTES TO EDITORS

Paragon Mortgages is a leading provider of buy-to-let mortgages delivering lending solutions designed for professional landlords with more complex requirements. These include lending to limited companies as well as private individuals, lending on more complex property including HMO's and multi-unit blocks, higher aggregate lending limits and the ability to accommodate more complex letting arrangements including local authority leases and corporate leases along with standard ASTs.

Paragon Mortgages introduced its first product aimed at the professional property investor in 1995 and is a member of the Council of Mortgage Lenders (CML), the Intermediary Mortgage Lenders Association (IMLA), National Landlords Association (NLA) and the Association of Residential Letting Agents (ARLA).

Paragon Mortgages is part of The Paragon Group of Companies, a FTSE 250 company and a specialist provider of finance.

In February 2014 Paragon Group launched its banking subsidiary, Paragon Bank PLC. It is a retail-funded lending bank with a direct-to-consumer Internet platform for savings. Its loan products are distributed via intermediaries. The Bank is authorised and regulated by the Prudential Regulation Authority and the Financial Conduct Authority.