

Paragon Bank's robust performance surpasses expectations with strong buy-to-let and SME lending

Paragon Bank, a FTSE 250-listed company and a major provider of loans to professional landlords with at least four properties, has reported that new business levels are exceeding expectations. [The Solihull-based](#) bank also lends to medium-sized housebuilders seeking loans up to £35m.

In a trading update for the nine months leading up to June, Paragon revealed that its buy-to-let application flows have been robust, resulting in a pipeline increase during the quarter to £888.5m, up from £594.6m at the end of September last year.

The bank also reported growth in commercial lending volumes above their 2023 level, with an expansion in SME lending helping to balance lower flows in property and motor finance.

However, Paragon also noted an uptick in enquiry levels for its property loans since it reported its half-year results in June. "The new government's focus on developing the scale of new house building also enhances the outlook for this sector," it stated.

The bank reported few signs of stress in the buy-to-let portfolio, with three-month plus arrears on the loan book dropping to 44 basis points at the end of June from 68 basis points at the end of March. However, there was a slight increase in stage 3 accounts in property finance, which continued during the third quarter, as reported by [City AM](#).

Paragon Bank has reaffirmed its guidance for the rest of the

year, which includes a net interest margin of 310 basis points, mortgage lending advances between £1.4-£1.6bn and commercial lending between £1.1-£1.2bn.

“Margins, costs and credit performance continue to perform in line with expectations, whilst strong new business flows reflect improving customer sentiment and more favourable economic conditions,” stated Nigel Terrington, the bank’s long-standing chief executive.

“We carry good momentum into the remainder of the year. Our strong balance sheet and high-quality customer base, allied with our in-depth sector expertise, positions us well to take advantage of improving market conditions”.

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