

**RNS ANNOUNCEMENT  
PARAGON BANKING GROUP PLC  
15 November 2019**

**PM12 Notice: First Loss Fund Reduction**

On 26 June 2019, Paragon Banking Group PLC ("Paragon") disposed of its residual interests in the Paragon Mortgages (No 12) PLC ("PM12") mortgage securitisation, comprising the following:

- The Subordinated Loan used to establish the First Loss Fund in the PM12 Transaction Account
- The right to receive Deferred Consideration in respect of the mortgages in accordance with the PM12 pre and post enforcement priority of payments

The Paragon residual interests were assigned to a newly established orphan SPV, Residual Interest Paragon Mortgages (No 12) PLC ("RIPM12").

For further information, please refer to (i) the PM12 RNS release on 26 June 2019 and (ii) the Paragon RNS release on 27 June 2019.

<https://www.paragonbankinggroup.co.uk/resources/paragongroup/documents/spvannouncements/mortgages/280619-pm12-noticetonoticeholders>

[https://otp.tools.investis.com/clients/uk/paragon\\_group/rns1/regulatory-story.aspx?cid=1285&newsid=1303174](https://otp.tools.investis.com/clients/uk/paragon_group/rns1/regulatory-story.aspx?cid=1285&newsid=1303174)

A provision in the PM12 transaction documents permits a reduction in the First Loss Fund, subject to consultation with the Rating Agencies and confirmation that the current ratings of the Notes can be maintained. Paragon Finance PLC, as the Administrator on behalf of PM12, has concluded such a consultation consequent to which an £8,000,000 reduction to the PM12 First Loss Fund and a corresponding partial repayment of the amended and restated PM12 Subordinated Loan will occur on the PM12 Interest Payment Date falling on 15 November 2019. The current balance of the PM12 First Loss Fund balance on the latest PM12 Interest Payment Date will be reduced to £20,504,000, equal to 3.08% of the asset balance, versus 1.9% on the 2006 closing date. This will be detailed in the PM12 investor report for the quarter ending 31 October 2019 on the bond investor reporting section of the Paragon website to be released on or around 22 November 2019.

The First Loss Fund reduction reflects the continued exemplary performance of the Paragon originated pre-crisis buy to let mortgage assets supporting PM12's liabilities since the July 2006 closing date.

For further information contact:

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