GLOSSARY OF TERMS AND KEY DATA FOR THE INVESTOR REPORTS AND POOL TABLES

paragon

Called Securitisations from 31/12/2001 to 15/06/2021

Deal	Note Repayment	Note Repayment Date
Homer Finance (No.3) PLC	£21,536,000	31/12/2001
Homeloans (No.1) PLC	£22,436,000	31/01/2002
Homeloans (No.2) PLC	£44,363,000	28/02/2002
Homeloans (No.3) PLC	£96,603,000	31/01/2002
Finance for People (No.1) PLC	£69,757,000	28/02/2002
Finance for People (No.2) PLC	£74,122,000	31/12/2001
Finance for People (No.3) PLC	£246,520,000	31/12/2001
Finance for People (No.4) PLC	£82,305,000	30/04/2004
Paragon Mortgages (No.1) PLC	£101,270,000	15/04/2004
Paragon Mortgages (No.2) PLC	£102,601,000	15/09/2004
Paragon Mortgages (No.3) PLC	£238,007,000	08/11/2004
Paragon Auto and Secured Finance (No.1) PLC	£194,998,000	15/11/2004
Paragon Personal and Auto Finance (No.1) PLC	£251,000,000	15/03/2005
Paragon Personal and Auto Finance (No.2) PLC	£244,700,000	15/04/2005
Paragon Mortgages (No.4) PLC	£345,925,000	07/07/2005
Paragon Mortgages (No.5) PLC	£179,532,000	07/06/2006
Homeloans (No.4) PLC	£74,371,000	15/06/2006
First Flexible No.2 plc	£154,545,000	03/07/2006
Paragon Mortgages (No.6) PLC	£561,658,000	15/09/2006
First Flexible No.1 plc	£48,351,000	31/10/2006
First Flexible No.3 plc	£111,703,000	01/11/2006
First Flexible No.4 plc	£70,430,205	01/04/2014
Paragon Mortgages (No.16) PLC	£111,785,000	15/10/2014
Paragon Mortgages (No.17) PLC	£134,027,000	08/01/2016
Paragon Mortgages (No.18) PLC	£71,875,000	15/12/2016
Paragon Personal and Auto Finance (No.3) PLC	£74,028,000	16/01/2017
Paragon Mortgages (No.19) PLC	£130,397,000	15/05/2017
Paragon Mortgages (No.7) PLC	£321,119,000	15/08/2017
Paragon Mortgages (No.8) PLC	£344,196,000	15/01/2018
Paragon Mortgages (No.20) PLC	£86,504,000	15/08/2018
Paragon Secured Finance (No.1) PLC	£34,137,000	15/11/2018
First Flexible No.5 PLC	£49,213,000	03/12/2018
Paragon Mortgages (No.21) PLC	£61,458,000	17/12/2018
First Flexible No.7 PLC	£10,052,000	17/06/2019
Paragon Mortgages (No.22) PLC	£57,441,000	17/06/2019
Paragon Mortgages (No.23) PLC	£43,468,000	15/10/2019
Paragon Mortgages (No.9) PLC	£201,476,000	18/02/2020
Paragon Mortgages (No.24) PLC	£35,941,000	15/04/2020
First Flexible No.6 PLC	£66,541,000	01/09/2020
Paragon Mortgages (No.10) PLC	£307,595,000	15/09/2020
Paragon Mortgages (No.11) PLC	£346,251,000	15/10/2020
Paragon Mortgages (No.15) PLC	£521,681,000	15/12/2020
Paragon Mortgages (No.13) PLC	£648,904,000	15/04/2021
Paragon Mortgages (No.14) PLC	£669,279,000	15/06/2021

Note upgrades for the current Paragon Mortgages Programme

	Note Class	Moody's		S&P		Fitch		Time between closing & grade (M/S&P/Fitch)
		Initial	Revised	Initial	Revised	Initial	Revised	
PM12	B					AA	AA+	- / - / 8.7 yrs
PM12	C			BBB	A-			- / 8.9 yrs / -
PM12	B					AA+	AAA	- / - / 9.7 yrs
PM12	A			AA+	AAA			- / 10.3 yrs / -
PM12	B	Aa2	Aa1					10.8 yrs / - / -
PM12	A1			A2	A1			- / 11.3 yrs / -
PM12	B			A	AA			- / 13.1 yrs / -
PM12	C			A-	A+			- / 13.1 yrs / -
PM12	C					A	A+	- / 13.2 yrs / -
PM12	B	Aa2	Aa1					13.6 yrs / - / -
PM25	B	Aa1	Aaa			AA	AAA	3.4 yrs / - / 3.4 yrs
PM25	C	A1	Aa1			A-	AA-	3.4 yrs / - / 3.4 yrs
PM25	D	Baa1	A3			BBB-	BBB+	3.4 yrs / - / 3.4 yrs
PM26	C					A	A+	- / - / 0.5 yrs
PM26	D					BBB	BBB+	- / - / 0.5 yrs
PM26	B	Aa1	Aaa					2.2 yrs / - / -
PM26	C	Aa3	Aa1					2.2 yrs / - / -
PM26	D	Baa3	A3					2.2 yrs / - / -
PM27						AA	AA+	- / - / 1.5 yrs
PM27						A	A+	- / - / 1.5 yrs
PM27						BBB	BBB+	- / - / 1.5 yrs
PM28						AA	AA+	- / - / 0.9 yrs
PM28						A	A+	- / - / 0.9 yrs

Contents

Current Mortgage Backed Transactions (PM12 and PM25 - PM28)

Issuer	PM28	PM27	PM26	PM25	PM12
Closing Date	11 November 2020	30 April 2020	3 July 2019	26 April 2018	20 July 2006
Lead Managers	Merrill Lynch Int/Lloyds	Merrill Lynch Int/Lloyds	Merrill Lynch Int/Lloyds	Merrill Lynch Int/Lloyds/Macquarie/Morgan	Barclays/Deutsche/HSBC
Rating Agencies	Moody's/Fitch	Moody's/Fitch	Moody's/Fitch	Moody's/Fitch	Moody's/S&P/Fitch
GBP Equivalent Note Value	£721,171,000	£760,478,000	£618,532,000	£705,848,000	£1,500,204,648
% of Prefunding	0.00%	0.00%	0.00%	0.00%	0.00%
% of AAA Notes	86.50%	85.25%	86.50%	85.00%	86.54%
% of AA Notes	5.50%	5.50%	4.00%	4.75%	7.46%
% of A Notes	3.00%	3.00%	3.00%	4.25%	6.00%
% of BBB Notes	2.50%	3.00%	3.25%	3.50%	N/A
% of Unrated Notes	2.50%	3.25%	3.25%	2.50%	N/A
% of First Loss Fund / Reserve Funds (PM25/PM26/PM27/PM28)	1.46%	1.45%	1.45%	1.46%	1.90%
% of Margin Reserve Fund	N/A	N/A	N/A	N/A	N/A
% of Flexible Drawing Facility	N/A	N/A	N/A	N/A	N/A
Minimum Mortgage Rate	N/A	N/A	N/A	N/A	GBP LIBOR + 1.6%
Note Margins:					
2a-7 Notes	N/A	N/A	N/A	N/A	-0.02%
AAA/Aaa/AAA Fast Pay Notes (Sterling)	N/A	N/A	1.05%	N/A	N/A
AAA/Aaa/AAA Fast Pay Notes (Euros)	N/A	N/A	N/A	N/A	N/A
AAA/Aaa/AAA Fast Pay Notes (Dollars)	N/A	N/A	N/A	N/A	N/A
AAA/Aaa/AAA Slow Pay Notes (Sterling)	0.95%	1.10%	1.20%	0.65%	0.12%
AAA/Aaa/AAA Slow Pay Notes (Euros)	N/A	N/A	N/A	N/A	0.12%
AAA/Aaa/AAA Slow Pay Notes (Dollars)	N/A	N/A	N/A	N/A	0.11%
AA/Aa2/AA Notes (Sterling)	1.35%	1.50%	1.90%	0.95%	0.24%
AA/Aa2/AA Notes (Euros)	N/A	N/A	N/A	N/A	0.24%
AA/Aa2/AA Notes (Dollars)	N/A	N/A	N/A	N/A	N/A
A/A2/A Notes (Sterling)	1.65%	1.80%	2.25%	1.30%	0.46%
A/A2/A Notes (Euros)	N/A	N/A	N/A	N/A	0.46%
A/A2/A Notes (Dollars)	N/A	N/A	N/A	N/A	N/A
BBB/Baa1/BBB Slow Pay Notes (Sterling)	1.95%	2.10%	2.60%	1.60%	N/A
Unrated Notes (PM25 - PM28)	2.95% / 4.00%	3.10% / 4.00%	3.60% / 4.00%	2.60% / 4.00%	N/A
Senior Administration Fee	0.20%	0.20%	0.20%	0.20%	0.15%
Junior Administration Fee	N/A	N/A	N/A	N/A	0.15%
Substitute Administrator's Commitment Fee	0.004% / £8,000	0.004% / £8,000	0.004% / £8,000	0.004% / £8,000	0.004%
Optional Redemption Date (and Turbo Date for PM21, PM25 - PM28)	December 2025	October 2025	August 2024	May 2023	August 2010
Step Up Date	December 2025	October 2025	August 2024	May 2023	August 2011
Determination Events to pay down the Subordinate Notes	N/A	N/A	N/A	N/A	% Class B and C Notes to total Notes equals 26.93%
Clean Up Call (20% of the Closing GBP Note Value) (10% for PM25 - PM27)	£72,117,100	£76,047,800	£61,853,200	£70,584,800	£300,040,930
Note Maturity Dates	December 2047	April 2047	May 2045	May 2050	November 2038
Class A1 Note Conditional Purchaser	N/A	N/A	N/A	N/A	Sheffield Receivables Corp
Class A1 Note Annual Mandatory Transfer Dates	N/A	N/A	N/A	N/A	15 May 2007
Class A1 Note Maximum Reset Margin	N/A	N/A	N/A	N/A	0.12% until August 2011 and 0.24% thereafter
Provisional Pool Balance	£569,227,949	£763,602,918	£645,378,821	£760,813,567	£683,290,013
Originator	PM (2010) Limited & Paragon Bank plc	PM (2010) Limited & Paragon Bank plc	PM (2010) Limited & Paragon Bank plc	PM (2010) Limited & Paragon Bank plc	PML/MTL
% of PML at Closing	100.00%	100.00%	100.00%	100.00%	60.00%
% of MTL at Closing	0.00%	0.00%	0.00%	0.00%	40.00%
% of Buy to Let Mortgages at Closing	100.00%	100.00%	100.00%	100.00%	100%
% of Owner Occupied Mortgages at Closing	0.00%	0.00%	0.00%	0.00%	0.00%
% of Commercial Mortgages at Closing	N/A	N/A	N/A	N/A	N/A
% of Professional Landlords at Closing	72.36%	68.75%	57.64%	61.27%	63.30%
% of Private Investor Landlords at Closing	27.64%	31.25%	42.36%	38.73%	36.70%
WA LTV at Closing	71.52%	73.25%	70.62%	70.29%	79.74%
WA ICR at Closing	1.92	1.89	1.62	1.58	1.68
WA Seasoning at Closing (months)	6.10	4.98	32.09	26.26	9.65
Arrears > 1 month at Closing	0.00%	0.00%	0.00%	0.00%	0.28%

Note: This document is an aid to understanding the Investor Reports and not a comprehensive list of all Legally Defined Terms held within the agreements of each Securitisation. This document will be updated in line with Investor feedback.

GLOSSARY OF TERMS FOR THE INVESTOR REPORTS ISSUED BY PARAGON FINANCE PLC ON BEHALF OF THE ISSUERS

Current Mortgage Backed Transactions

Issuers		Closing Date	Originators	Quarter Ends for the Issuers
Paragon Mortgages (No.12) PLC	"PM12"	20 July 2006	PML and MTL	October/January/April/July
Paragon Mortgages (No.25) PLC	"PM25"	26 April 2018	PM (2010) and PB	July/October/January/April
Paragon Mortgages (No.26) PLC	"PM26"	3 July 2019	PM (2010) and PB	October/January/April/July
Paragon Mortgages (No.27) PLC	"PM27"	30 April 2019	PM (2010) and PB	June/September/December/March
Paragon Mortgages (No.28) PLC	"PM28"	11 November 2020	PM (2010) and PB	November/February/May/August

Abbreviation for the Originators

PML = Paragon Mortgages Limited
PM (2010) = Paragon Mortgages (2010) Limited
PB = Paragon Bank PLC
MTL = Mortgage Trust Limited

CURRENT MORTGAGE BACKED TRANSACTIONS: PM12 and PM25-PM28

(1) SECURITY LEVEL DATA SECTION – PAGE 1

Paragon Mortgages (No.12) PLC

This performance report is issued by Paragon Finance PLC for and on behalf of Paragon Mortgages (No.12) PLC

N.B. This data fact sheet and its notes can only be a summary of certain features of the bonds and their structure. No representation can be made that the information herein is accurate or complete and no liability is accepted therefor. Reference should be made to the issued documentation for a full description of the bonds and their structure. This data fact sheet and its notes are for information purposes only and are not intended as an offer or invitation with respect to the purchase or sale of any security. Reliance should not be placed on the information herein when making any decision whether to buy, hold or sell bonds (or other securities) or for any other purpose.

FOR FURTHER ASSISTANCE ON THE INVESTOR REPORTS, PLEASE REFER TO THE "INVESTOR TERMS" POSTED ON THE PARAGON WEBSITE http://www.paragonbankinggroup.co.uk

Summary Transaction Features

Name of Issuer					**PM12 PLC**
Originator % at Closing	PML	60.00%	MTL	40.00%	
Originator % at the Quarter End	PML	66.68%	MTL	33.32%	
Date of Issue					20-Jul-06
Date of Production					16-Nov-17

Security Level Data — Senior/Subordinate

	Class A1 Notes	Class A2a Notes	Class A2b Notes	Class A2c Notes	Class B1a Notes	Class B1b Notes	Class C1a Notes	Class C1b Notes	
Moody's Rating at Closing	P-1/Aaa	Aaa	Aaa	Aaa	Aa2	Aa2	A2	A2	
Standard & Poor's Rating at Closing	A-1+/AAA	AAA	AAA	AAA	AA	AA	A	A	
Fitch Rating at Closing	F1+/AAA	AAA	AAA	AAA	AA	AA	A	A	
Current Moody's Rating	**P-1/Aaa**	**Aaa**	**Aaa**	**Aaa**	**Aa1**	**Aa1**	**A2**	**A2**	
Current Standard & Poor's Rating	**A-1/AAA**	**AAA**	**AAA**	**AAA**	**A**	**A**	**A-**	**A-**	
Current Fitch Rating	**F1/AAA**	**AAA**	**AAA**	**AAA**	**AAA**	**AAA**	**A**	**A**	
ISIN	XS0261644941	XS0261646136	XS0261646565	XS0261647027	XS0261647886	XS0261648850	XS0261650161	XS0261650674	
ISIN	US69913BAA44	N/A	N/A	US69913BAB27	N/A	N/A	N/A	N/A	
Original Issue Amount ('000)	$1,500,000	£145,000	€ 245,000	$311,000	£25,000	€ 126,000	£17,000	€ 106,000	
Previous Outstanding Note Principal	$666,065	£64,387	€ 108,791	$138,097	£25,000	€ 126,000	£17,000	€ 106,000	
Current Outstanding Note Principal	**$652,836**	**£63,108**	**€ 106,630**	**$135,355**	**£25,000**	**€ 126,000**	**£17,000**	**€ 106,000**	
Original GBP Equivalent Note Principal	£815,217	£145,000	£168,966	£169,022	£25,000	£86,897	£17,000	£73,103	£1,500,205
Previous GBP Equivalent Note Principal	£361,992	£64,387	£75,029	£75,053	£25,000	£86,897	£17,000	£73,103	£778,460
Current GBP Equivalent Note Principal	**£354,802**	**£63,108**	**£73,538**	**£73,562**	**£25,000**	**£86,897**	**£17,000**	**£73,103**	**£767,011**
Current Pool Factor	0.4352242	0.4352262	0.4352262	0.4352242	1.0000000	1.0000000	1.0000000	1.0000000	
Previous Pool Factor	0.4440433	0.4440452	0.4440452	0.4440433	1.0000000	1.0000000	1.0000000	1.0000000	
Note Interest Margins:	24 bp	24 bp	24 bp	22 bp	48 bp	48 bp	92 bp	92 bp	
Current Note Interest Rates:	1.47889%	0.51963%	0.00000%	1.53500%	0.75963%	0.15100%	1.19963%	0.59100%	
Previous Note Interest Rates:	1.46556%	0.55525%	0.00000%	1.40178%	0.79525%	0.15100%	1.23525%	0.59100%	
GBP Note Margin	26 bp	24 bp	23 bp	26 bp	48 bp	50 bp	92 bp	97 bp	
Current GBP Interest Rates	0.54106%	0.51963%	0.51183%	0.53603%	0.75963%	0.77983%	1.19963%	1.24683%	0.65%
Previous GBP Interest Rates	0.57668%	0.55525%	0.54745%	0.57165%	0.79525%	0.81545%	1.23525%	1.28245%	
Optional Redemption (Call) Dates	15-Aug-10	15-Aug-10	15-Aug-10	15-Aug-10	15-Aug-10	15-Aug-10	15-Aug-10	15-Aug-10	
Step-up Dates	15-May-12	15-Aug-11	15-Aug-11	15-Aug-11	15-Aug-11	15-Aug-11	15-Aug-11	15-Aug-11	
Note Step-Up Margins	24 bp	24 bp	24 bp	22 bp	48 bp	48 bp	92 bp	92 bp	
GBP Step -Up Margins	26 bp	24 bp	23 bp	26 bp	48 bp	50 bp	92 bp	97 bp	

Class B and C Notes as a percentage Class A Notes at issue				15.56%
Outstanding Class B and C Notes as a percentage of Outstanding Class A Notes				35.75%
Determination Event for Paying Class B and C Notes		Class A Notes	=	£548,103
Class A1 Interest Payment Cycle				**Monthly**
Class A2a, A2b, A2c B1a, B1b, C1a and C1b Interest Payment Cycle				**Quarterly**
Quarterly Interest Payment Date				**15-Nov-17**
Previous Quarterly Interest Period (No. of Days)	92	15-May-17		14-Aug-17
Current Quarterly Interest Period (No. of Days)	92	15-Aug-17		14-Nov-17
Class A1, A2b, A2c, B1b and C1b Interest Calculated on				ACTUAL/360
Class A2a, B1a and C1a Interest Calculated on				ACTUAL/365
Record Date				01-Nov-17

PM12 INVESTOR REPORT QUARTER ENDING OCTOBER 2017

a. "Pool Factor"

Equals on the first day of the interest period, the principal amount outstanding on all classes of notes (after deducting any principal repayment due on that day) divided by the following for PM12:

	Class A1 Notes	Clsss A2a Notes	Class A2b Notes	Class A2c Notes	Class B1a Notes	Class B1b Notes	Class C1a Notes	Class C1b Notes
Note Denominations	**$100,000**	**£50,000**	**€50,000**	**$100,000**	**£50,000**	**€50,000**	**£50,000**	**€50,000**

In respect of PM25, dividing the principal amount outstanding on the first day of the interest period (after deducting any principal repayment due in that day) by the following:

	Class A Notes	Class B Notes	Class C Notes	Class D Notes	Class Z Notes	Class S Notes	Class SVFN Notes
Note Denominations	**£100,000**	**£100,000**	**£100,000**	**£100,000**	**£100,000**	**£100,000**	**£100,000**

In respect of PM26, dividing the principal amount outstanding on the first day of the interest period (after deducting any principal repayment due in that day) by the following:

	Class A1 Notes	Class A2 Notes	Class B Notes	Class C Notes	Class D Notes	Class Z Notes	Class S Notes	Class SVFN Notes
Note Denominations	**£100,000**	**£100,000**	**£100,000**	**£100,000**	**£100,000**	**£100,000**	**£100,000**	**£100,000**

In respect of PM27, dividing the principal amount outstanding on the first day of the interest period after deducting any principal repayment due in that day) by the following:

	Class A Notes	Class B Notes	Class C Notes	Class D Notes	Class Z Notes	Class S Notes	Class SVFN Notes
Note Denominations	**£100,000**	**£100,000**	**£100,000**	**£100,000**	**£100,000**	**£100,000**	**£100,000**

In respect of PM28, dividing the principal amount outstanding on the first day of the interest period (after deducting any principal repayment due in that day) by the following:

	Class A Notes	Class B Notes	Class C Notes	Class D Notes	Class Z Notes	Class S Notes	Class SVFN Notes
Note Denominations	**£100,000**	**£100,000**	**£100,000**	**£100,000**	**£100,000**	**£100,000**	**£100,000**

b. "Current GBP Interest Rates"

For PM12 and PM25, these relate the GBP interest rates for the reported period i.e. the SPV's GBP funding margin, which is calculated on each Interest Determination Date (the fifth Banking Day before the Interest Payment Date for which the rate will apply) on a weighted average basis by reference to the GBP equivalent note value on the preceding interest payment date.

For PM26 - PM28, this relates to the GBP interest rates for the reported period i.e. the SPV's GBP funding margin, which is calculated on each Interest Determination Date (the fifth Banking Day before the Interest Payment Date for which the rate will apply) on a weighted average basis by reference to the GBP equivalent note value on the preceding interest payment date.

Please refer to section "Sterling Overnight Index Average (SONIA) Reference Rate (page 41).

c. "Determination Event"

Class B and C note holders provide credit coverage for the Class A note holders at the closing date. When the Class A note holders are repaid, the coverage increases. On an interest payment date when the coverage number reaches a pre-determined ratio as defined in the Offering Circular (approximately double the ratio at the closing date), Class B and C note holders are paid pro rata on the next succeeding interest payment date, ensuring that the ratios between Class B and C notes described in the Offering Circulars are maintained.

For PM12 the Class B and C note holders are repaid on the interest payment date following the point at which Class B/C note coverage reaches a pre-determined ratio, as defined in the Offering Circular, subject to meeting an arrears and PDL test.

The current position is as follows:

- PM12 - paying down pro rata.

For PM25 - PM28 there is no determination event. Class A, Class B, Class C, Class D, Class E, Class Z, Class S and Class SVFN notes are paid down sequentially.

d. "Interest Payment Date"

In respect of PM12 and PM25 - PM28 the distribution of interest and principal to the principal paying agent is 15 days following the quarter end (principal determination date).

The PM12 Class A1 note interest is paid on the 15th day of each month, commencing on 15th August 2006.

The PM25 Class A note interest is paid on the 15th day of each month, commencing on 15th August 2018.

The PM26 Class A1 note interest is paid on the 15th day of each month, commencing on 15th November 2019.

The PM27 Class A note interest is paid on the 15th day of each month, commencing on 15th July 2020.

The PM28 Class A note interest is paid on the 15th day of each month, commencing on 15th December 2020.

d(i). "Interest Determination Date"

In respect of PM26 - PM28, PM12 and PM25, the Compounded Daily Sonia will be calculated on the Interest Determination Date (the fifth Banking Day before the Interest Payment Date for which the rate will apply).

e. "Record Date"

The date on which registered holders of securities are determined for making distributions on the next interest payment date.

f. "Principal Determination Date"

In respect of PM26 - PM28, PM12 and PM25 the last working day of the quarter end. The Administrator will calculate the PM12, PM25 PM26, PM27 and PM28 principal note repayment within one day of the Interest Determination Date (fifth Banking Day before the interest payment date) and advises the principal paying agent no later than 2 days prior to the interest payment date).

(2) PORTFOLIO ASSET MOVEMENTS SECTION – PAGE 2

Mortgages	As at Closing	Last Quarter Balance	This Quarter Redemptions and Repayments	Additions this quarter	Repurchases this quarter	Current Principal Outstanding
Current Principal Balance (£'000)	1,500,162	778,460	11,682	233	0	767,011
Accrued Arrears and Interest Sold to Issuer (£'000)	42	0	0	0	0	0
Total (£'000)	1,500,204	778,460	11,682	233	0	767,011
Consumer Loans						
Current Principal Balance (£'000)						
Accrued Arrears and Interest Sold to Issuer (£'000)						
Total (£'000)						
Credit Enhancement	0	0				0
Pre Funding Reserve	0	0				0
Available Redemption Funds	1	0				0
Unreplenished Losses on Mortgages	0	0				0
Outstanding Note Principal	1,500,205	778,460				767,011

Principal/Revenue Analysis	PDD =	31-Oct-17	Principal (£'000)	Revenue (£'000)
Opening cash balance			0	0
Total principal cash received this period from assets			11,691	
Quarterly Interest Income				4,357
Redemption Income				64
Investment Income				20
Swap receipts				0
First Loss Fund Drawings				0
Drawing on the PFPLC/MTS/PM12 Subordinated Loan for Interest Shortfalls				364
Initial income for distribution this period			11,691	4,805
Funding of MTL payment holidays			0	0
Revenue adjustment for payment of Accrued Arrears and Interest Sold at closing			0	0
Accrual from Revenue for potential Losses				-7
Final income for distribution this period			11,691	4,798
Revenue payments made or accrued from Revenue Income:				
1 Accrued Arrears and Interest not Sold to Issuer				0
2 Trustee Fee/Tender Agent Fees/ Costs and Expenses claimed by the Substitute Administrator, the Remarketing Agent and the A1 Conditional Purchaser				-2
3 Senior Administration Fee to PFPLC and MTS/ Out of pocket expenses/ Substitute Administrator Commitment Fee/ Substitute Administrator Facilitator Fee/ Surveillance Fees to Rating Agencies				-430
4 (a) Payments to Swap Counterparty				0
4 (b) A1, A2b and A2c Swap Currency Interest				-692
4 (c) A2a Note Interest				-84
5 (a) B1b Swap Currency Interest				-171
5 (b) B1a Note Interest				-48
6 (a) C1b Swap Currency Interest				-230
6 (b) C1a Note Interest				-51
7 Unsecured claimants in an amount not exceeding the "Prescribed Part" in The Insolvency Act (Prescribed Part) Order 2003 (as amended from time to time)				0
8 Third Party payments for Corporation Tax and VAT				-32
9 PDL Replenishment			-9	9
10 First Loss Fund Replenishment				0
11 Termination Fees to Swap Provider				0
12 Cap/Swap Retention fund				0
13 Junior Administration Fee to PFPLC and MTS				-297
14 Surplus income to the Issuer				-2,770
Principal payments made from Principal Income:				
PML Mandatory Further Advances			0	
MTL Mandatory Further Advances			0	
Discretionary Further Advances			-233	
A1 Swap Currency repayment			-7,189	
A2a Note repayment			-1,279	
A2b Swap Currency repayment			-1,490	
A2c Swap Currency repayment			-1,491	
B1a Note repayment			0	
B1b Swap Currency repayment			0	
C1a Note repayment			0	
C1b Swap Currency repayment			0	
Total payments to be made this quarter			-11,682	-4,798
Total closing cash balance			0	0

PM12 INVESTOR REPORT QUARTER ENDING OCTOBER 2017

a. "Asset Movement"

This section details the scheduled principal from monthly payments, redemptions, repurchases and any write offs of mortgage balances. The "additions" section relates to new assets purchased by the issuer during the quarter in respect of mandatory and discretionary further advances and where applicable, the execution of the pre-funding reserve. This section also reconciles the outstanding assets back to the outstanding notes. For PM12 and PM25 – PM28 (excluding the Class S and SVFN Notes for PM25 - PM28), 100% notes were raised against the assets on the closing dates.

b. "Principal cash" - The issuer uses the following to redeem the notes:

- Scheduled monthly principal repayments received from borrowers representing repayment of the loans, overpayments, and redemptions received from borrowers (as opposed to interest costs and fees associated with the loans).
- Proceeds of realisation of security on default - from the sale of the property, from related security: life policies, mortgage indemnity claims.
- Repurchase of mortgage loans by the relevant sellers, for breach of warranties, or product conversions.
- Replenishments to the principal deficiency ledger.
- Repayment of the spread trap.
- Funding of MTL payment holidays.
- Purchased pre-closing arrears collected in the period.
- Any Pre-Funding Reserve not utilised by the pre-funding reserve execution dates
- Any Mandatory Further Advance Pre-Funding Reserve not utilised by the earlier of the mandatory further advance pre-funding release date (as determined by PM2010, as Administrator) and the PDD prior to the Call Option Date (PM25 - PM28 only).

less

- any discretionary further advances made in the collection period.
- any mandatory further advances made in the collection period.
- repayments of any drawings made on the flexible drawing facility agreement during the collection period.
- Principal Amounts to be applied to fund revenue shortfalls.
- For PM25, mortgages purchased during the period, and amounts reasonably determined by the Administrator for the purchase of assets in the next succeeding period.

equals the repayment to note holders.

Please refer to section (5) (e), for an example of the pro rata repayment of the GBP, Euro and US Dollar Class A notes.

c. "Revenue Income" *- The issuer meets its funding costs and operating expenses from the following:*

- Interest from the borrowers' monthly payments.
- Early pre-payment fees.
- Investment income.
- First loss fund drawings.
- Releases from the Mortgage Margin Reserve Fund, the Conversion Margin Reserve Fund, the Class A and B Liquidity Reserve Fund and General Reserve Fund (PM25, PM26 and PM27 only).
- Funding of MTL payment holidays (this is now no longer applicable).
- Swap receipts.
- Proceeds from the realisation of security in default relating to missed interest and fees.
- Salvage receipts.
- Drawings made on the subordinated loan to establish the shortfall fund where the issuer has failed the minimum mortgage rate.
- Scheduled (and unscheduled) releases from the margin reserve fund.
- Excess releases from the Class A and B Liquidity Reserve Fund and General Reserve Fund (PM25 - PM28 only).

equals the revenue ledger balance on the interest payment date.

Please refer to section (5) (f) for more detail with respect to the cash management procedures for the MTL payment holidays (this is now no longer applicable).

For transparency on the investor reports, the revenue ledger balance has been broken down into the following categories:

- ***Quarterly interest income:*** this relates to the quarterly interest generated from the borrowers' monthly payments.

- ***Redemption income:*** this relates to early prepayment fees at the redemption of the mortgage plus if applicable, any missed interest and fees.

- ***Investment income:*** this relates to the proceeds from the placement of cash during the interest period with the appropriate rating, deposited to the issuer's transaction account and credited to the revenue ledger.

- ***Swap receipts:*** for PM12, this relates to swap receipts from the swap counterparties (JP Morgan & ABN Amro) where the GBP Reference Rate exceeds the swap rate in the underlying swap confirmations in respect of the fixed rate loans in the portfolio. The swaps to hedge any fixed rate assets in respect of PM12 have all expired. This is no longer relevant to PM12. With respect to PM25-PM25, these relate to swap receipts from the swap counterparty (Lloyds) where the GBP Reference Rate exceeds the swap rate in the underlying swap confirmations in respect of the fixed rate loans in the portfolio.

- ***Scheduled releases from the Conversion Margin Reserve Fund:*** In respect of PM25, this relates to scheduled releases from the conversion margin reserve fund ledger to the revenue ledger to run through PM25's priority of payments on each interest payment date. For PM25 the conversion margin reserve fund (£NIL) and the Conversion Margin Reserve Fund Discretionary Fund (£300,000) has been funded on the closing date from the Class S Notes.

  For PM25, with respect to Interest Rate Converted Mortgages, where a reduction in the interest charging rate between the reversionary rate and the interest rate on the new teaser period. For the term of the discount period, a provision is made in the Conversion Margin Reserve Fund (calculated at each month end) by transferring the required amount from the Conversion MRF Discretionary Fund to the Conversion Margin Reserve Fund and then released to the Revenue Ledger of PM25's transaction account respectively, on the last working day of each month, prior to each Interest Payment Date. This is then available to meet PM25's funding costs and operating expenses on the Interest Payment Date.

In respect of PM26, this relates to scheduled releases from the conversion margin reserve fund ledger to the revenue ledger to run through PM26's priority of payments on each interest payment date. For PM26 the conversion margin reserve fund (£NIL) and the Conversion Margin Reserve Fund Discretionary Fund (£900,595) has been funded on the closing date from the Class S Notes.

For PM26, with respect to Interest Rate Converted Mortgages, where a reduction in the interest charging rate between the reversionary rate and the interest rate on the new teaser period. For the term of the discount period, a provision is made in the Conversion Margin Reserve Fund (calculated at each month end) by transferring the required amount from the Conversion MRF Discretionary Fund to the Conversion Margin Reserve Fund and then released to the Revenue Ledger of PM26's transaction account respectively, on the last working day of each month, prior to each Interest Payment Date. This is then available to meet PM26's funding costs and operating expenses on the Interest Payment Date.

In respect of PM27, this relates to scheduled releases from the conversion margin reserve fund ledger to the revenue ledger to run through PM27's priority of payments on each interest payment date. For PM27 the conversion margin reserve fund (£NIL) and the Conversion Margin Reserve Fund Discretionary Fund (£300,585) has been funded on the closing date from the Class S Notes.

For PM27, with respect to Interest Rate Converted Mortgages, where a reduction in the interest charging rate between the reversionary rate and the interest rate on the new teaser period. For the term of the discount period, a provision is made in the Conversion Margin Reserve Fund (calculated at each month end) by transferring the required amount from the Conversion MRF Discretionary Fund to the Conversion Margin Reserve Fund and then released to the Revenue Ledger of PM27's transaction account respectively, on the last working day of each month, prior to each Interest Payment Date. This is then available to meet PM27's funding costs and operating expenses on the Interest Payment Date.

In respect of PM28, this relates to scheduled releases from the conversion margin reserve fund ledger to the revenue ledger to run through PM28's priority of payments on each interest payment date. For PM28 the conversion margin reserve fund (£NIL) and the Conversion Margin Reserve Fund Discretionary Fund (£300,900) has been funded on the closing date from the Class S Notes.

For PM28, with respect to Interest Rate Converted Mortgages, where a reduction in the interest charging rate between the reversionary rate and the interest rate on the new teaser period. For the term of the discount period, a provision is made in the Conversion Margin Reserve Fund (calculated at each month end) by transferring the required amount from the Conversion MRF Discretionary Fund to the Conversion Margin Reserve Fund and then released to the Revenue Ledger of PM28's transaction account respectively, on the last working day of each month, prior to each Interest Payment Date. This is then available to meet PM28's funding costs and operating expenses on the Interest Payment Date.

- ***Scheduled releases from the Mortgage Margin Reserve Fund:*** In respect of PM25, this relates to scheduled releases from the mortgage margin reserve fund ledger to the revenue ledger to run through PM25's priority of payments on each interest payment date. For PM25 the mortgage margin reserve fund (£NIL) and the Mortgage Margin Reserve Fund Discretionary Fund (£300,000) has been funded on the closing date from the Class S Notes, to supplement the interest receipts in respect of mortgages purchased on the Closing Date and any Further Sale date, where the weighted average charging rate is less than 3% above the Reference Rate (SONIA), (after taking into account hedging arrangements and Interest Rate Converted Release Amounts).

  For PM25, with respect to each further sale date, where the weighted average interest charging rate on the overall mortgage portfolio (after taking the swaps into account) does

not achieve a minimum of the SONIA Reference Rate plus 3%, a provision is made in the Mortgage Margin Reserve Fund (calculated at each sale date) by transferring the required amount from the Mortgage MRF Discretionary Fund to the Mortgage Margin Reserve Fund and then released to the Revenue Ledger of PM25's transaction account, on each Interest Payment Date.

In respect of PM26, this relates to scheduled releases from the mortgage margin reserve fund ledger to the revenue ledger to run through PM26's priority of payments on each interest payment date. For PM26 the mortgage margin reserve fund (£NIL) and the Mortgage Margin Reserve Fund Discretionary Fund (£300,000) has been funded on the closing date from the Class S Notes, to supplement the interest receipts in respect of mortgages purchased on the Closing Date, where the weighted average interest charging rate is less than 3% above the SONIA Reference Rate, (after taking into account hedging arrangements and Interest Rate Converted Release Amounts).

For PM26, where the weighted average interest charging rate on the overall mortgage portfolio (after taking the swaps into account) does **not** achieve a minimum of the SONIA Reference Rate plus 3%, a provision is made in the Mortgage Margin Reserve Fund (calculated at each Principal Determination Date) by transferring the required amount from the Mortgage MRF Discretionary Fund to the Mortgage Margin Reserve Fund and then released to the Revenue Ledger of PM26's transaction account, on each Interest Payment Date. Each shortfall (if any) will be calculated separately for each month, based on the expected profile of the weighted average interest charging rate of the whole pool. The margin shortfall on the overall pool (SONIA plus 3% less the weighted average interest charging rate on the portfolio) is multiplied by the current balance, divided by 365, multiplied by the number of days from the Principal Determination date to the end of the next calendar month and is repeated for each month until the final maturity date. The sum of each monthly shortfall is equal to the adjusted margin reserve required amount (if any). Given the timing of the SONIA Reference Rate, the calculations are carried out on the Interest Determination Date, when the Reference Agent advises the SONIA Reference Rate (see section n. and o. in respect of the calculation of the SONIA Reference Rate and the operation of the PM26 Cashflows).

In respect of PM27, this relates to scheduled releases from the mortgage margin reserve fund ledger to the revenue ledger to run through PM27's priority of payments on each interest payment date. For PM27 the mortgage margin reserve fund (£NIL) and the Mortgage Margin Reserve Fund Discretionary Fund (£300,000) has been funded on the closing date from the Class S Notes, to supplement the interest receipts in respect of mortgages purchased on the Closing Date, where the weighted average interest charging rate is less than 3% above the SONIA Reference Rate, (after taking into account hedging arrangements and Interest Rate Converted Release Amounts).

For PM27, where the weighted average interest charging rate on the overall mortgage portfolio (after taking the swaps into account) does **not** achieve a minimum of the SONIA Reference Rate plus 3%, a provision is made in the Mortgage Margin Reserve Fund (calculated at each Principal Determination Date) by transferring the required amount from the Mortgage MRF Discretionary Fund to the Mortgage Margin Reserve Fund and then released to the Revenue Ledger of PM27's transaction account, on each Interest Payment Date. Each shortfall (if any) will be calculated separately for each month, based on the expected profile of the weighted average interest charging rate of the whole pool. The margin shortfall on the overall pool (SONIA plus 3% less the weighted average interest charging rate on the portfolio) is multiplied by the current balance, divided by 365, multiplied by the number of days from the Principal Determination date to the end of the next calendar month and is repeated for each month until the final maturity date. The sum of each monthly shortfall is equal to the adjusted margin reserve required amount (if any). Given the timing of the SONIA Reference Rate, the calculations are carried out on the Interest Determination Date, when the Reference Agent advises the SONIA Reference Rate (see section n. and o. in respect of the calculation of the SONIA Reference Rate and the operation of the PM27 Cashflows).

In respect of PM28, this relates to scheduled releases from the mortgage margin reserve fund ledger to the revenue ledger to run through PM28's priority of payments on each interest payment date. For PM28 the mortgage margin reserve fund (£NIL) and the Mortgage Margin Reserve Fund Discretionary Fund (£300,000) has been funded on the closing date from the Class S Notes, to supplement the interest receipts in respect of mortgages purchased on the Closing Date, where the weighted average interest charging rate is less than 3% above the SONIA Reference Rate, (after taking into account hedging arrangements and Interest Rate Converted Release Amounts).

For PM28, where the weighted average interest charging rate on the overall mortgage portfolio (after taking the swaps into account) does **not** achieve a minimum of the SONIA Reference Rate plus 3%, a provision is made in the Mortgage Margin Reserve Fund (calculated at each Principal Determination Date) by transferring the required amount from the Mortgage MRF Discretionary Fund to the Mortgage Margin Reserve Fund and then released to the Revenue Ledger of PM28's transaction account, on each Interest Payment Date. Each shortfall (if any) will be calculated separately for each month, based on the expected profile of the weighted average interest charging rate of the whole pool. The margin shortfall on the overall pool (SONIA plus 3% less the weighted average interest charging rate on the portfolio) is multiplied by the current balance, divided by 365, multiplied by the number of days from the Principal Determination date to the end of the next calendar month and is repeated for each month until the final maturity date. The sum of each monthly shortfall is equal to the adjusted margin reserve required amount (if any). Given the timing of the SONIA Reference Rate, the calculations are carried out on the Interest Determination Date, when the Reference Agent advises the SONIA Reference Rate (see section n. and o. in respect of the calculation of the SONIA Reference Rate and the operation of the PM28 Cashflows).

- ***Scheduled releases from the Discretionary Payment Holiday Reserve Fund:*** In respect of PM28 only, this relates to scheduled releases (if any) from the discretionary payment holiday reserve fund ledger to the revenue ledger to run through PM28's priority of payments on each interest payment date. For PM28 the discretionary payment holiday reserve fund (£NIL) on the Closing Date may be funded from excess revenue in accordance with the revenue priority of payments, to meet the funding costs and operating expenses on an Interest Payment Date. The value of the discretionary payment holiday reserve fund and its release into the revenue ledger (if any) will be reasonably determined by the Administrator, in accordance with the practices of a reasonable prudent administrator. This is no longer relevant to PM28's structure as all payment holidays expired on 31st July 2021.

- ***First loss fund drawings:*** to the extent that the issuer has insufficient revenue to meet all of its senior liabilities on each interest payment date, a drawing is made on the first loss fund and credited to the revenue ledger to run through the priority of payments.

- ***Drawings on the subordinated loan for interest shortfalls:*** this relates to the funds drawn on the subordinated loan as a result of the failure of the minimum mortgage rate test. The weighted average interest rate on each portfolio (along with investment income, redemption fees) must exceed the GBP Reference Rate (SONIA) + 2% plus the adjusted margin of 0.1193%). To the extent that each issuer does not achieve this threshold, a cash drawing is made on the subordinated loan to make up for the resultant shortfall. In the underlying documentation, the drawing made on the subordinated loan is credited to the shortfall ledger, then on each interest payment date, is credited to the revenue ledger, however for the purposes of the investor reports, the drawing on the subordinated loan is shown as a credit to the revenue ledger on each interest payment date to then run through the priority of payments.
  In respect of PM25 – PM28, there is no Subordinated Loan funding as PM25, PM26, PM27 and PM28 are structured as a self-sufficient transaction from excess revenue in the revenue priority of payments.

- ***Class A and B Liquidity Reserve Fund Release Amount:*** In respect of PM25, relates to releases from the Class A and B Liquidity Reserve Fund ledger to the revenue ledger to run through PM25's priority of payments on each interest payment date to provide liquidity support to the Class A and B Notes to cure a Class A and B Liquidity Deficit on each Interest

Payment Date. The PM25 Class A and B Liquidity Reserve Fund (£9,502,500) has been funded from part of the proceeds of the Class S Notes on the Closing Date and on each Interest Payment Date is replenished (where applicable) from excess revenue in the revenue priority of payments.

In respect of PM26, relates to releases from the Class A and B Liquidity Reserve Fund ledger to the revenue ledger to run through PM26's priority of payments on each interest payment date to provide liquidity support to the Class A and B Notes to cure a Class A and B Liquidity Deficit on each Interest Payment Date. The PM26 Class A and B Liquidity Reserve Fund (£8,396,550) has been funded from part of the proceeds of the Class S Notes on the Closing Date and on each Interest Payment Date is replenished (where applicable) from excess revenue in the revenue priority of payments.

In respect of PM27, relates to releases from the Class A and B Liquidity Reserve Fund ledger to the revenue ledger to run through PM27's priority of payments on each interest payment date to provide liquidity support to the Class A and B Notes to cure a Class A and B Liquidity Deficit on each Interest Payment Date. The PM27 Class A and B Liquidity Reserve Fund (£10,351,995) has been funded from part of the proceeds of the Class S Notes on the Closing Date and on each Interest Payment Date is replenished (where applicable) from excess revenue in the revenue priority of payments.

In respect of PM28, relates to releases from the Class A and B Liquidity Reserve Fund ledger to the revenue ledger to run through PM28's priority of payments on each interest payment date to provide liquidity support to the Class A and B Notes to cure a Class A and B Liquidity Deficit on each Interest Payment Date. The PM28 Class A and B Liquidity Reserve Fund (£9,952,140) has been funded from part of the proceeds of the Class S Notes on the Closing Date and on each Interest Payment Date is replenished (where applicable) from excess revenue in the revenue priority of payments.

- ***Class A and B Liquidity Reserve Fund Excess Amount:*** relates to excess amounts from the Class A and Class B Liquidity Reserve Fund (comparing the values from the previous IPD to the current IPD) will be credited to the Revenue Ledger on each Interest Payment Date. It will then run through the priority of payments and is available to replenish the PDL (if required). If there is a zero PDL, this should be available to pay down the Class S Notes in accordance with the subordinated position in the revenue priority of payments.

  Once the Class A and B Notes have been fully repaid, the remaining balance in the Class A and Class B Liquidity Reserve Fund is credited to the Revenue Ledger to then run through the Revenue priority of payments to repay the Class S notes.

- ***General Reserve Fund Release Amount:*** In respect of PM25 – PM28, relates to releases from the General Reserve Fund ledger to the revenue ledger to run through PM25, PM26, PM27 and PM28's priority of payments on each interest payment date which is available to cover senior expenses, in addition to any Class A, B, C and D Note interest (after utilising the Class A and B Liquidity Reserve Fund), subject to the following PDL test for the Class C and D Note interest:

  In respect of paying the Class C Note interest, the sum of the debit balance on the Principal Deficiency Ledger, does not exceed the aggregate principal balance of the outstanding Class D and Class Z Notes.

  In respect of paying the Class D Note interest, the sum of the debit balance on the Principal Deficiency Ledger, does not exceed the aggregate principal balance of the outstanding Class Z Notes.

  The PM25 General Reserve Fund (£820,500) has been funded from part of the proceeds of the Class S Notes on the Closing Date.

  The PM26 General Reserve Fund (£579,855) has been funded from part of the proceeds of the Class S Notes on the Closing Date.

  The PM27 General Reserve Fund (£684,420) has been funded from part of the proceeds of the Class S Notes on the Closing Date.

  The PM28 General Reserve Fund (£594,960) has been funded from part of the proceeds of the Class S Notes on the Closing Date.

- ***General Reserve Fund Excess Amount:*** once the Class A and B Notes have been fully repaid, the excess from the General Reserve Fund (comparing the values from the previous IPD to the current IPD) will be credited to the Revenue Ledger on each Interest Payment Date. It will then run through the priority of payments, and is available to replenish the PDL, if required. If there is a zero PDL, this should be available to pay down the Class S Notes at the bottom of the priority of payments.

- ***Principal to meet Senior Expenses:*** relates to principal receipts used to pay senior operating expenses, Class A and Class B Note Interest in the Revenue Priority of Payments (after utilising the Class A and B Liquidity Reserve Fund and the General Reserve Fund), subject to the following PDL test for the payment of Class B Note interest in PM25-PM28:

  The balance of the PDL not exceeding (i) 50% of the principal balance of the Class B Notes and (ii) the aggregate balance of the Class C, D and the Z Notes.

d. "Accrued arrears sold to the issuer"

For PM12, the arrears and accrued interest on mortgages less than or equal to one month at the closing date were not sold to the issuer. For PM25 - PM28, none of the accrued interest and arrears were sold to the issuer. Cash received on those mortgages pay off the accrued interest to the relevant sellers at any time during an interest period. This is detailed in part 1 of the section titled "revenue payments made or accrued from revenue income" on page 2 of the investor report. This cash is not available to meet the issuer's funding costs and operating expenses.

e. "Accrual from Revenue for potential Losses"

For PM25 - PM28 (excluding PM12) an accrual can be made from the excess spread that otherwise is payable at the bottom of the priority of payments. The accrual relates to potential losses on receiver of rent cases with LTV's greater than 100%, where the property is to be sold. On each principal determination date, the administrator calculates the excess spread, and retains from the excess spread, the value of the potential losses in the transaction account. When the property is sold, and the loss is crystallised, the accrual is released to the Principal Deficiency Ledger in order to repay the notes on the interest payment date. This is at the Administrator's discretion, and not an obligation under the Administration Agreement.

f. "Pre-closing arrears"

In respect of PM12, arrears and accrued interest on assets greater than one month's arrears were purchased by these issuers on the closing dates. Any cash received on those assets in a period are firstly applied to the pre-closing arrears. The effect of the issuer purchasing the pre-closing arrears is diverting the revenue derived from pre-closing arrears accounts from revenue to principal, forming part of the available redemption funds to redeem notes on an interest payment date.

g. "Purpose of the subordinated loans for PM12"

Establishing the first loss fund, funding discretionary and mandatory further advances in situations where the issuer has insufficient principal cash during an interest period and establishing the shortfall fund where the minimum mortgage rate hasn't been achieved. In addition, in respect of PM12 to cancel out a debit balance on the principal deficiency ledger and to bring the first loss fund to the required level and the funding of swap termination fees to the extent revenue cash is insufficient during an interest period.

h. "Purpose of the Class S Notes for PM25"

The Class S Notes (£10,923,000) represents the funding of the initial cash Reserves on the Closing Date in the form of a Note and not the traditional Subordinated Loan. These are in respect of the Class A and B Liquidity Reserve Fund (£9,502,500), the General Reserve Fund (£820,500) and the initial Discretionary Mortgage Reserve Fund (£300,000) and the Discretionary Conversion Mortgage Reserve Fund (£300,000).

h(i). "Purpose of the Class S Notes for PM26"

The Class S Notes (£10,177,000) represents the funding of the initial cash Reserves on the Closing Date in the form of a Note and not the traditional Subordinated Loan. These are in respect of the Class A and B Liquidity Reserve Fund (£8,396,550), the General Reserve Fund (£579,855) and the initial Discretionary Mortgage Reserve Fund (£300,000) and the Discretionary Conversion Mortgage Reserve Fund (£900,595).

h(ii). "Purpose of the Class S Notes for PM27"

The Class S Notes (£11,637,000) represents the funding of the initial cash Reserves on the Closing Date in the form of a Note and not the traditional Subordinated Loan. These are in respect of the Class A and B Liquidity Reserve Fund (£10,351,995), the General Reserve Fund (£684,420) and the initial Discretionary Mortgage Reserve Fund (£300,000) and the Discretionary Conversion Mortgage Reserve Fund (£300,585).

h(iii). "Purpose of the Class S Notes for PM28"

The Class S Notes (£11,148,000) represents the funding of the initial cash Reserves on the Closing Date in the form of a Note and not the traditional Subordinated Loan. These are in respect of the Class A and B Liquidity Reserve Fund (£9,952,140), the General Reserve Fund (£594,960) and the initial Discretionary Mortgage Reserve Fund (£300,000) and the Discretionary Conversion Mortgage Reserve Fund (£300,900).

i. "Purpose of the Class S VFN Notes for PM25"

The Class S VFN Notes (£7,952,955) represents the Amortised Cost Adjustment on the Closing Date, in the form of a Note, and not the traditional Subordinated Loan. The Class S VFN Notes will increase in value each time mortgages are substituted into PM25 and will decrease in value on each Interest Payment Date from the excess revenue cashflows in the Revenue priority of payments.
The optional ongoing funding for the Principal Deficiency Ledger, the Class A and B Liquidity Reserve Fund and the General Reserve Fund replenishments may be financed via the Class S VFN Notes.

i(i). "Purpose of the Class S VFN Notes for PM26"

The Class S VFN Notes (£9,477,658) represents the Amortised Cost Adjustment on the Closing Date, in the form of a Note, and not the traditional Subordinated Loan. The Class S VFN Notes will decrease in value on each Interest Payment Date from the excess revenue cashflows in the Revenue priority of payments.
The optional ongoing funding for the Principal Deficiency Ledger, the Class A and B Liquidity Reserve Fund and the General Reserve Fund replenishments may be financed via the Class S VFN Notes.

i(ii). "Purpose of the Class S VFN Notes for PM27"

The Class S VFN Notes (£4,175,242) represents the Amortised Cost Adjustment on the Closing Date, in the form of a Note, and not the traditional Subordinated Loan. The Class S VFN Notes will decrease in value on each Interest Payment Date from the excess revenue cashflows in the Revenue priority of payments.
The optional ongoing funding for the Principal Deficiency Ledger, the Class A and B Liquidity Reserve Fund and the General Reserve Fund replenishments may be financed via the Class S VFN Notes.

i(iii). "Purpose of the Class S VFN Notes for PM28"

The Class S VFN Notes (£1,141,618) represents the Amortised Cost Adjustment on the Closing Date, in the form of a Note, and not the traditional Subordinated Loan. The Class S VFN Notes will decrease in value on each Interest Payment Date from the excess revenue cashflows in the Revenue priority of payments.
The optional ongoing funding for the Principal Deficiency Ledger, the Class A and B Liquidity Reserve Fund and the General Reserve Fund replenishments may be financed via the Class S VFN Notes.

j. "Purpose of the Residual Certificates for PM25"

The Residual Certificates relate to the Deferred Consideration to the relevant Originator, which are paid on each Interest Payment Date to the Sellers, as part of the consideration on each Mortgage Sale Date in accordance with the PM25 Mortgage Sale Agreement. The Residual certificates have been separated into a Pre- and Post Call Certificates as follows:

- Pre-Call Certificates (200)
- RC1a (100 certificates, issued to PM2010)
- RC1b (100 certificates, issued to Paragon Bank)

  The RC1 Certificate Holders will receive the excess Revenue cash up until the Interest Payment Date falling in May 2023

- Post-Call Certificates (200)
- RC2a (100 certificates, issued to PM2010)
- RC2b (100 certificates, issued to Paragon Bank)

  The RC2 Certificate Holders will receive the net excess Revenue cash (if any) after the Interest Payment Date falling in May 2023. In the event of a non-call, the excess revenue in the revenue priority of payments will pay down the Notes in priority to the post-call residual certificates.

j(i). "Purpose of the Residual Certificates for PM26"

The Residual Certificates relate to the Deferred Consideration to the relevant Originator, which are paid on each Interest Payment Date to the Sellers, as part of the consideration on each Mortgage Sale Date in accordance with the PM26 Mortgage Sale Agreement. The Residual certificates have been separated into a Pre- and Post Call Certificates as follows:

- Pre-Call Certificates (200)
- RC1a (100 certificates, issued to PM2010)
- RC1b (100 certificates, issued to Paragon Bank)

  The RC1 Certificate Holders will receive the excess Revenue cash up until the Interest Payment Date falling in August 2024

- Post-Call Certificates (200)
- RC2a (100 certificates, issued to PM2010)
- RC2b (100 certificates, issued to Paragon Bank)

  The RC2 Certificate Holders will receive the net excess Revenue cash (if any) after the Interest Payment Date falling in August 2024. In the event of a non-call, the excess revenue in the revenue priority of payments will pay down the Notes in priority to the post-call residual certificates.

j(ii). "Purpose of the Residual Certificates for PM27"

The Residual Certificates relate to the Deferred Consideration to the relevant Originator, which are paid on each Interest Payment Date to the Sellers, as part of the consideration on each Mortgage Sale Date in accordance with the PM27 Mortgage Sale Agreement. The Residual certificates have been separated into a Pre-and Post-Call Certificates as follows:

- Pre-Call Certificates (200)
- RC1a (100 certificates, issued to PM2010)
- RC1b (100 certificates, issued to Paragon Bank)

  The RC1 Certificate Holders will receive the excess Revenue cash up until the Interest Payment Date falling in October 2025

- Post-Call Certificates (200)
- RC2a (100 certificates, issued to PM2010)
- RC2b (100 certificates, issued to Paragon Bank)

  The RC2 Certificate Holders will receive the net excess Revenue cash (if any) after the Interest Payment Date falling in October 2025. In the event of a non-call, the excess revenue in the revenue priority of payments will pay down the Notes in priority to the post-call residual certificates.

j(iii). "Purpose of the Residual Certificates for PM28"

The Residual Certificates relate to the Deferred Consideration to the relevant Originator, which are paid on each Interest Payment Date to the Sellers, as part of the consideration on each Mortgage Sale Date in accordance with the PM28 Mortgage Sale Agreement. The Residual certificates have been separated into a Pre-and Post-Call Certificates as follows:

- Pre-Call Certificates (200)
- RC1a (100 certificates, issued to PM2010)
- RC1b (100 certificates, issued to Paragon Bank)

  The RC1 Certificate Holders will receive the excess Revenue cash up until the Interest Payment Date falling in December 2025

- Post-Call Certificates (200)
- RC2a (100 certificates, issued to PM2010)

- RC2b (100 certificates, issued to Paragon Bank)
  The RC2 Certificate Holders will receive the net excess Revenue cash (if any) after the Interest Payment Date falling in December 2025. In the event of a non-call, the excess revenue in the revenue priority of payments will pay down the Notes in priority to the post-call residual certificates.

k "Revenue payments made or accrued from revenue income"

These consist of the following funding and operating costs and expenses on each interest payment date, made in **GBP sterling**.

- ***Trustee fee / Tender agent fees / Costs and expenses claimed by the Remarketing Agent, the A1 Conditional Purchaser and the Substitute Administrator***

  These relate to trustee and tender agent's fees and any costs and expenses claimed by the principal paying agent, the Substitute Administrator, the remarketing agent or the conditional purchaser under the PM12 A1 note conditional purchase agreements and the PM12 remarketing agreements. This is no longer relevant as the PM12 Class A1 Notes were purchased by the A1 Note Conditional Purchaser on the PM12 Mandatory Transfer Date falling on 15th May 2019.

- ***Senior Administration Fee to PFPLC and MTS / Out of pocket expenses / Substitute Administrator Commitment Fee / Substitute Administrator Facilitator Fee / Surveillance Fees to Rating Agencies / Corporate Servicer Provider Fee***

  (I) Senior Administration Fees:
  For PM12, the "senior" administration fees are calculated at 0.15% per annum, based on the PML and the MTL mortgage asset balance on the preceding principal determination date. For PM25 – PM28, the administration fee is calculated at 0.20% per annum, based on the PM2010/PB mortgage asset balance on the preceding determination date. There is no junior administration fee in the revenue priority of payments.

  (II) Substitute Administrator's Commitment Fees:
  For PM12, the substitute administrator's commitment fees are calculated at 0.004% per annum, based on the PML and the MTL originated asset balance on the preceding principal determination date. For PM25 - PM28, the substitute administrator's commitment fees are the greater of (a) 0.004% per annum, based on the Paragon Mortgages (2010) Limited and Paragon Bank originated asset balance during the twelve-month period and (b) £8,000 payable annually in advance.

  (III) Substitute Administrator Facilitator Fees:
  For PM25 - PM28, the substitute administrator facilitator fees are payable on the closing date and annually thereafter.

  The substitute administrator facilitator was appointed on PM12 on 30th January 2013. Please refer to the Moody's press release dated 21st February 2013 on the Investor News section of the Paragon website.

  (IV) Surveillance Fees to Rating Agencies:
  For PM12, these relate to the annual surveillance fees to the rating Agencies

  (V) Corporate Servicer Provider Fee:
  For PM25, these relate to the annual fee to the Corporate Servicer Provider for providing independent directors to PM25 and PM25 Holdings.
  For PM26, these relate to the annual fee to the Corporate Servicer Provider for providing independent directors to PM26 and PM26 Holdings.
  For PM27, these relate to the annual fee to the Corporate Servicer Provider for providing independent directors to PM27 and PM27 Holdings.
  For PM28, these relate to the annual fee to the Corporate Servicer Provider for providing independent directors to PM28 and PM28 Holdings.

- ***Payments to Swap Counterparties***

  In respect of PM12, this relates to quarterly swap payments paid to the swap counterparties (such as JP Morgan and ABN Amro) where the quarterly GBP Reference Rate is less than the swap rate in the underlying swap confirmations in respect of the fixed rate loans in the portfolio. The swaps to hedge any fixed rate assets in respect of PM12 have all expired. This is no longer relevant to PM12.

In respect of PM25 - PM28, these relate to quarterly swap payments paid to the swap counterparty (Lloyds) where the daily compounded SONIA (which is advised to Paragon by the Reference Agent on the Interest Determination Date) is less than the swap rate in the underlying swap confirmations in respect of the fixed rate loans in the portfolio.

- ***Note Interest / Swap Currency Interest***

These relate to the note interest and swap currency interest payable to each class of note holders on each interest payment date, where all of the payments are referenced to (a) GBP Reference Rate plus the agreed note margins and the currency swap margins, and with effect from the PM12 February 2022 Interest Payment, the adjusted margin of 0.1193% and (b) the GBP equivalent note value at the previous quarter end. All payments made to the GBP note holders and the currency swap provider are made in GBP sterling on each interest payment date. For example, the A2c currency swap interest is calculated by multiplying the A2c GBP equivalent note balance at the previous interest payment date by the current interest rate (GBP Reference Rate + margin), dividing this by 365, then multiplying by the number of days in the current interest period.

For PM12, the A2c currency swap interest on the August 2019 interest payment date equalled:

£65,809,560.65 (A2c GBP equivalent note balance) x 1.06278% (GBP Reference Rate+ currency swap margin) / 365 x 92 (number of days in the interest period) = £176,289.86 payment to PM12's currency swap provider.

In respect of PM12, the Class A1 Note Conditional Purchasers purchased the Class A1 Notes (in sterling), on the relevant Mandatory Transfer Date (see below).

SPV	A1 Note Conditional Purchaser	Mandatory Transfer Date
PM12	Sheffield Receivables Corporation	15th May 2019

Each purchase resulted in the termination of the relevant Class A1 currency swap and the commencement of the Sterling cashflows for the Class A1 Notes with effect from the relevant Mandatory Transfer Date.

Subsequently, the PM12 Class A Note Interest / Swap Currency Interest has been reported on the Investor Reports in the following format to reflect the Class A1 sterling cashflows, in accordance with the revenue priority of payments.

Prior to the Interest Payment Date on 15th August 19	From the Interest Payment Date on 15th August 19
A1, A2b and A2c Swap Currency Interest	A1 and A2a Note Interest
A2a Note Interest	A2b and A2c Swap Currency Interest

For PM26 - PM28, the PM26, PM27 and PM28 Note Interest and Swap Interest will not be known until the Interest Determination Date (5th Banking Day before the Interest Payment Date) when the Reference Agent advises Paragon with the PM26, PM27 and PM28 Reference Rate (SONIA).

- ***Class A & B Liquidity Reserve Fund Replenishment***

In respect of PM25 - PM28, to the extent that the issuer has insufficient revenue to meet the Class A and Class B Note interest and its senior liabilities on each interest payment date, a drawing is made on the Class A and B Liquidity Reserve Fund and credited to the revenue ledger to run through the priority of payments. The Class A and B Liquidity Fund amortizes in line with the amortization of the Class A and B Notes. As the Class A and B Liquidity Reserve Fund has to be equal to 1.5% of the current Class A and B Note outstanding balance, the Class A and B Liquidity Reserve Fund is replenished back to the required level by capturing cash through excess spread in the revenue priority of payments.

- ***Issuer Profit Amount***

Payment to the issuer to retain as profit in the transaction account an amount equal to £250.

General Reserve Fund Replenishment

In respect of PM25 - PM28, to the extent that the issuer has insufficient revenue to meet the Class A, B, C and D Note interest (after utilizing the Class A and B Liquidity Reserve Fund) and its senior liabilities on each interest payment date, a drawing is made on the General Reserve Fund and credited to the revenue ledger to run through the priority of payments. The General Reserve Fund amortizes in line with the amortization of the Class C and D Notes. As the General Reserve Fund has to be equal to 1.5% of the current Class C and D Note outstanding balance, the General Reserve Fund is replenished back to the required level by capturing cash through excess spread in the revenue priority of payments.

Unsecured claimants in an amount not exceeding the "Prescribed Part"

For PM12, to the extent not already paid in full over one or more interest payment dates, payment to any unsecured claimants (primarily the Pension Regulator) of the Issuer in respect of full and final settlement of a claim that is due and payable and remains unpaid and does not exceed the amount prescribed as the "prescribed part" in the Insolvency Act Order 2003, were the Issuer to be declared insolvent. For further details, please refer to the Moody's press release dated 21st February 2013 on the Investor News section of the website.

For PM25 - PM28 this is not applicable in the revenue priority of payments.

Third Party payments for Corporation Tax and VAT

An accrual is made for VAT and corporation tax payments in the quarter. In addition, an accrual in respect of third-party items such as audit and directors' fees are made.

Principal Deficiency Ledger Replenishment

To the extent that a principal balance remains outstanding on an asset following the completion of the enforcement procedures, such balances are booked to the issuer's principal deficiency ledger. Provided there is excess revenue available on an interest payment date after making payments in the order of priority, the administrator will cancel out such balance(s) to the principal deficiency ledger by diverting excess revenue to the principal or by drawing on the subordinated loan, to form part of the available redemption funds to redeem the notes on the interest payment date. In situations where a drawing has been made to replenish the principal deficiency ledger, this is credited directly to the principal deficiency ledger and the principal ledger and does **not** flow through the priority of payments.

Whilst any remaining principal balance following the completion of the enforcement procedures are booked to the issuer's principal deficiency ledger and repaid to the Note holders in the form of the Available Redemption Funds, the Administrator continues to pursue the borrower for the outstanding balance. Any cash subsequently received from the borrower (where a loss has been recorded to the principal deficiency ledger and formed part of the available redemption funds to repay the Note holders) is credited to the principal ledger and the principal deficiency ledger. A negative entry to the principal deficiency ledger, usually equal to the recovery, is cleared by diverting this into the revenue ledger to flow through the revenue priority of payments.

Mortgage MRF Discretionary Amount/Conversion MRF Discretionary Amount

In respect of PM25 - PM28, on each Interest Payment Date (up to and including the Step-Up Date), the Mortgage MRF Discretionary Fund may be funded from excess revenue in accordance with the revenue priority of payments, to fund potential interest rate shortfalls in respect of mortgages purchased on the Closing Date and in the case of PM25 only, for the expected substituted loans in the immediately succeeding period, that will be used to fund the Mortgage Margin Reserve Fund.

In respect of PM25 - PM28, on each Interest Payment Date (up to and including the Step-Up Date), the Conversion MRF Discretionary Fund may be funded from excess revenue in accordance with the revenue priority of payments, to fund the difference between the teaser rate and the reversionary rate, for the term of the discount period for Interest Rate Conversions (the Conversion Margin Reserve Fund Required Amount), that will be used to fund the Conversion Margin Reserve Fund.

Discretionary Payment Holiday Reserve Fund

In respect of PM28 only, on each Interest Payment Date (up to and including the Step-Up Date), the Discretionary Payment Holiday Reserve Fund may be funded from excess revenue in accordance with the revenue priority of payments, to meet the funding costs and operating expenses on an Interest Payment Date. The value of the discretionary payment holiday reserve fund and its release into the revenue ledger (if any) will be reasonably determined by the Administrator, in accordance with the practices of a reasonable prudent administrator. This is no longer relevant to PM28's structure as all Payment Holidays expired on 31st July 2021.

- ***First Loss Fund Replenishment***

  To the extent that the issuer has insufficient revenue to meet all of its senior liabilities on each interest payment date, a drawing is made on the first loss fund and credited to the revenue ledger to run through the priority of payments. As the first loss fund has to be at the required level in order for the issuer to grant further advances in the next quarter, the first loss fund is replenished back to the required level by drawing on the PFPCL/MTS subordinated loan or capturing through excess spread in the priority of payments. In situations where a drawing has been made in the first loss fund to meet the issuer's senior liabilities and is replenished to its required level by drawing on the subordinated loan, this is credited directly to the first loss fund ledger and does **not** flow through the priority of payments.

- ***Junior Administration Fee to PFPLC and MTS***

  For PM12 the "junior" administration fee is calculated at 0.15% per annum, based on the PML and the MTL mortgage asset balance on the preceding principal determination date. For PM25 - PM28, there is no "junior" administration fee.

- ***Surplus Income to the Issuer***

  The "surplus income to the Issuer" is equal to the residual revenue cashflows after meeting the senior and junior liabilities and the Principal Deficiency Ledger replenishment in the pre-enforcement revenue priority of payments. To the extent that an excess balance remains on the revenue ledger after making all payments in the order of priority on an interest payment date as outlined above, the issuer is entitled to receive this balance to pay or provide for payment of any dividends or other distributions to be made by the issuer, such as interest on the fee letter, payment of PFPLC/MTS subordinated loan interest, repayment of the subordinated loan and management charges to PFPLC.

  For example, in respect of PM12, prior to the July 2019 quarter end, the "surplus income to the issuer" was reported as a combined number (row 14 in the table below).

10 First Loss Fund Replenishment	0
11 Termination Fees to Swap Provider	0
12 Cap/Swap Retention fund	0
13 Junior Administration Fee to PFPLC and MTS	-260
14 Surplus income to the Issuer	-2,273

For transparency, with effect from the July 2019 quarter end reporting, the "surplus income to the Issuer" has been reported in the Investor Report in accordance with the pre-enforcement revenue priority of payments. In respect of PM12, this is split into the following profit extraction items (please refer to the table below).

14 Interest on the Subordinated Loan (First Loss Fund)	-222
15 Repayment of the Subordinated Loan (Repayment of the Minimum Mortgage Rate Drawings)	-7
16 Management Charge	0
17 Deferred Consideration	-664

The sum of the above items equals the surplus income that was reported (prior to July 2019) on the Investor Reports.

In respect of PM12, following Paragon Banking Group's sale of its residual interest in PM12 on 26th June 2019, with effect from the July 2019 quarter end, the surplus revenue is reported in the PM12 Investor Report as follows (please refer to the table below):

PM12

- Interest on the Additional Tranche of the Subordinated Loan (Minimum Mortgage Rate Drawings) – row 15

- Repayment of the Additional Tranche of the Subordinated Loan (Repayment of the Minimum Mortgage Rate Drawings) – row 16
- Management Charge to PFPLC – row 17
- Deferred Consideration Retention – row 18(i)
- Deferred Consideration – row 18(ii)

14	Interest on the Reserve Tranche of the Subordinated Loan (First Loss Fund)	-345
15	Interest on the Additional Tranche of the Subordinated Loan (Minimum Mortgage Rate Drawings)	0
16	Repayment of the Additional Tranche of the Subordinated Loan (Repayment of the Minimum Mortgage Rate Drawings)	-285
17	Management Charge to PFPLC (£12,000 per annum)	-3
18(I)	Deferred Consideration Retention	-18
18(ii)	Deferred Consideration	-1,512

In respect of PM25 - PM28, the surplus revenue after making all the senior and junior liabilities in the revenue priority of payments and the PDL replenishment and replenishing the discretionary Margin Reserve Funds is available to distribute as follows in the following order of priority:

i) Class S Note Interest and Principal, via the Principal Paying Agent
ii) Class S VFN Note Interest and Principal, directly to PFPLC as the Class S VFN Note holder
iii) Provision to fund any purchases of hedging arrangements
iv) Provision for any amounts due to the Issuer Services Provider
v) Amounts due to Administrators or Paragon Corporate Services Provider (restricted to £5,000 per quarter)
iii) Residual Certificates (RC1 prior to but excluding the Step-Up Date and RC2 following the Step-Up Date).

19	Class S Note Interest	-125
20	Class S Note Principal	0
21	Class S VFN Note Interest	0
22	Class S VFN Note Principal	-128
23	Swap Retention fund	0
24	Issuer Services Provider Fee	-170
25	Amounts due to Administrators and Paragon Corporate Services Provider	-10
26	Residual Certificates Payments (prior to but excluding the Step Up Date)	-2,519

(3) AVAILABLE CREDIT ENHANCEMENT SECTION – PAGE 3

Available Credit Enhancement			
First Loss Fund Analysis			
First Loss Fund at Closing			28,504
Last Quarter closing First Loss Fund balance			28,504
Drawings this quarter to fund			0
A Note Interest / Currency Swap Interest			0
B Note Interest / Currency Swap Interest			0
C Note Interest / Currency Swap Interest			0
PDL Replenishment			0
Replenishments from excess Revenue cash			0
Replenishments from drawings on the PM12/PFPLC/MTS Subordinated Loan			0
Closing First Loss Fund Balance			28,504
Flexile Drawing Facilty (Not Applicable to PM12)			
Facility at Closing			0
Drawings used to fund Mandatory Further Advances during the period			0
Closing Flexible Drawing Facility Balance			0
Spread Trap			
Requirement			N/A
Build up - prior periods			N/A
Build up - this period			N/A
Requirement Outstanding			N/A
Principal Deficiency Ledger (PDL)			
Opening PDL Balance			0
Losses this quarter			-9
Total PDL balance			-9
PDL replenishment (-) from Revenue income / Recovery (+) to Revenue income			9
Closing PDL Balance			0
Accrual from Revenue for potential Losses			7
Over Collateralisation			
Current Principal Balance Outstanding and Accrued Arrears (£'000)			767,011
Outstanding Note Principal (£'000)			767,011
Mandatory and Discretionary Further Advances (FA's)	**DFA's**	**MFA's (PML)**	**Total**
Total FA's permitted	240,033		
FA's made to last quarter	54,685	6,367	61,052
FA's made this quarter	233	0	233
Total FA's made to date	54,918	6,367	61,285
Remaining permitted FA's	178,748		
Cash Flow Interest Coverage			
Cover Ratio for Class A Notes (at last Interest Payment Date)			5.63 x
Cover Ratio for Class A Notes (cumulative)			1.91 x
Cover Ratio for Class B Notes (at last Interest Payment Date)			16.39 x
Cover Ratio for Class B Notes (cumulative)			7.46 x
Cover Ratio for Class C Notes (at last Interest Payment Date)			12.00 x
Cover Ratio for Class C Notes (cumulative)			6.88 x

PM12 INVESTOR REPORT QUARTER ENDING OCTOBER 2017

a. "First Loss Fund"

A % of the closing date's GBP equivalent note balance agreed with the rating agency / agencies on the closing date is deposited as cash to the issuer's transaction bank account from the PFPLC subordinated loan, or in respect of PM12, the Mortgage Trust Services PLC and the Paragon Finance PLC subordinated loans.

To the extent that the issuer's revenue resources are insufficient on an interest payment date to pay its senior liabilities, a drawing is made on the first loss fund to enable the issuer to make such payments. For PM12, drawings on the first loss fund are allowed to bring the PDL to nil.

To the extent that the issuer has sufficient revenue available in the next interest period, the issuer will use the surplus revenue to bring the first loss fund back to its required amount or draw on the subordinated loan to bring it back to the required level.

Please refer to section (5) (a) with respect to the first loss fund arrears triggers and the first loss fund liquidity ledger triggers.

b. "Class A and B Liquidity Reserve Fund"

In respect of PM25, 1.5% of the closing date's Class A and Class B Notes (£9,502,500) is deposited as cash to the issuer's transaction bank account funded from part of the proceeds of the Class S Notes on the Closing Date.

In respect of PM26, 1.5% of the closing date's Class A and Class B Notes (£8,396,550) is deposited as cash to the issuer's transaction bank account funded from part of the proceeds of the Class S Notes on the Closing Date.

In respect of PM27, 1.5% of the closing date's Class A and Class B Notes (£10,351,995) is deposited as cash to the issuer's transaction bank account funded from part of the proceeds of the Class S Notes on the Closing Date.

In respect of PM28, 1.5% of the closing date's Class A and Class B Notes (£9,952,140) is deposited as cash to the issuer's transaction bank account funded from part of the proceeds of the Class S Notes on the Closing Date.

To the extent that the issuer has insufficient revenue to meet the Class A and Class B Note interest and its senior liabilities on each interest payment date, a drawing is made on the Class A and B Liquidity Reserve Fund and credited to the revenue ledger to run through the priority of payments.

To the extent that the issuer has sufficient revenue available in the next interest period, the issuer will use the surplus revenue to bring the Class A and B Liquidity Reserve Fund back to its required amount, in accordance with the revenue priority of payments.

Please refer to section (5) (b) with respect to the Class A and B Liquidity Reserve Fund amortization.

c. "General Reserve Fund"

In respect of PM25, 1.5% of the closing date's Class C and Class D Notes (£820,500) is deposited as cash to the issuer's transaction bank account funded from part of the proceeds of the Class S Notes on the Closing Date.

In respect of PM26, 1.5% of the closing date's Class C and Class D Notes (£579,855) is deposited as cash to the issuer's transaction bank account funded from part of the proceeds of the Class S Notes on the Closing Date.

In respect of PM27, 1.5% of the closing date's Class C and Class D Notes (£684,420) is deposited as cash to the issuer's transaction bank account funded from part of the proceeds of the Class S Notes on the Closing Date.

In respect of PM28, 1.5% of the closing date's Class C and Class D Notes (£594,960) is deposited as cash to the issuer's transaction bank account funded from part of the proceeds of the Class S Notes on the Closing Date.

To the extent that the issuer has insufficient revenue to meet the Class A, B, C and D Note interest (after utilizing the Class A and B Liquidity Reserve Fund) and its senior liabilities on each interest payment date, a drawing is made on the General Reserve Fund and credited to the revenue ledger to run through the priority of payments.

To the extent that the issuer has sufficient revenue available in the next interest period, the issuer will use the surplus revenue to bring the General Reserve Fund back to its required amount, in accordance with the Revenue priority of payments.

Please refer to section (5) (b) with respect to the General Reserve Fund amortization.

d. "Flexible Drawing Facility"

PM12 has no flexible drawing facility.
There are no flexible mortgages in PM25 - PM28.

Note: The flexible drawing facilities have been cancelled with the facility provider. For further details, please refer to the statements dated 4th November 2013 and 19th February 2014 on the Investor News section of the website.

e. "Spread Trap"

The spread trap is calculated as a % of the current balance agreed with the rating agency / agencies on the closing date.

To the extent that there is excess revenue after making payments in the order of priority on an interest payment date, the spread trap is built up from excess revenue and diverted to principal to form part of the available redemption funds in redeeming the notes in the next succeeding period in respect of a non-substituting transaction. For all of the Paragon Mortgages transactions, 100% notes were issued against the assets.

f. "Principal Deficiency Ledger"

To the extent that a principal balance remains outstanding on an asset after completion of the enforcement procedures, such balances are booked to the issuer's principal deficiency ledger. Provided there is excess revenue available on an interest payment date after making payments in the order of priority, the administrator will cancel out such balance(s) to the principal deficiency ledger by (a) diverting excess revenue to principal or (b) drawing on the subordinated loan, to form part of the available redemption funds to redeem the notes on the next succeeding interest payment date. In situations where a drawing has been made to replenish the principal deficiency ledger, this is credited directly to the principal deficiency ledger and the principal ledger and does **not** flow through the priority of payments.

g. "Retained Principal Ledger"

In respect of PM25, on each Principal Determination Date, this records the amount the Administrator reasonably determines is the expected value of the mortgages that PM25 will purchase in the next collection period. On each Principal Determination Date, a debit is made to the Principal Ledger and this is credited to the Retained Principal Ledger. When mortgages are purchased by PM25 during the Substitution Period, a debit is then made to the Retained Principal Ledger.

Please refer to section (5) (d) with respect to the Retained Principal Ledger threshold.

h. "Mortgage Margin Reserve Fund"

In respect of PM25, a Mortgage Margin Reserve Fund equal to £NIL on the Closing Date as the weighted average interest charging rate exceeded the original Reference Rate plus 3%. On each Principal Determination Date, the Administrator will calculate the weighted average interest charging rate (and taking the swaps into account) on the portfolio to ensure that the weighted average interest rate on the overall mortgage portfolio is a minimum of the SONIA Reference Rate plus 3%. If this is not achieved, the Administrator will transfer the required amount from the Mortgage Margin Reserve Fund Discretionary Fund to the Mortgage Margin Reserve Fund. A scheduled release will be credited to the Revenue Ledger from the Mortgage Margin Reserve Fund on each Interest Payment Date.
In respect of PM26, a Mortgage Margin Reserve Fund equal to £NIL on the Closing Date as the weighted average interest charging rate exceeded the SONIA Reference Rate plus 3%. On each Principal Determination Date, the Administrator will calculate the weighted average interest charging rate (and taking the swaps into account) on the portfolio to ensure that the weighted average interest rate on the overall mortgage portfolio is a minimum of the SONIA Reference Rate plus 3% (the SONIA rate is calculated on the Interest Determination Date). If this is not achieved, the Administrator will transfer the required amount from the Mortgage Margin Reserve Fund Discretionary Fund to the

Mortgage Margin Reserve Fund. A scheduled release will be credited to the Revenue Ledger from the Mortgage Margin Reserve Fund on each Interest Payment Date.

In respect of PM27, a Mortgage Margin Reserve Fund equal to £NIL on the Closing Date as the weighted average interest charging rate exceeded the SONIA Reference Rate plus 3%. On each Principal Determination Date, the Administrator will calculate the weighted average interest charging rate (and taking the swaps into account) on the portfolio to ensure that the weighted average interest rate on the overall mortgage portfolio is a minimum of the SONIA Reference Rate plus 3% (the SONIA rate is calculated on the Interest Determination Date). If this is not achieved, the Administrator will transfer the required amount from the Mortgage Margin Reserve Fund Discretionary Fund to the Mortgage Margin Reserve Fund. A scheduled release will be credited to the Revenue Ledger from the Mortgage Margin Reserve Fund on each Interest Payment Date.

In respect of PM28, a Mortgage Margin Reserve Fund equal to £NIL on the Closing Date as the weighted average interest charging rate exceeded the SONIA Reference Rate plus 3%. On each Principal Determination Date, the Administrator will calculate the weighted average interest charging rate (and taking the swaps into account) on the portfolio to ensure that the weighted average interest rate on the overall mortgage portfolio is a minimum of the SONIA Reference Rate plus 3% (the SONIA rate is calculated on the Interest Determination Date). If this is not achieved, the Administrator will transfer the required amount from the Mortgage Margin Reserve Fund Discretionary Fund to the Mortgage Margin Reserve Fund. A scheduled release will be credited to the Revenue Ledger from the Mortgage Margin Reserve Fund on each Interest Payment Date.

i. "Mortgage Margin Reserve Fund Discretionary Fund"

In respect of PM25, a Mortgage Margin Reserve Fund Discretionary Fund was equal to £300,000 on the Closing Date. On each Interest Payment Date (up to but excluding the Step-Up Date), the Mortgage MRF Discretionary Fund may be funded from excess Revenue in accordance with the Revenue Priority of Payments to fund potential interest rate shortfalls for substituted loans in the next quarterly period. On each mortgage sale date, a debit is made to the Mortgage MRF Discretionary Fund Ledger, which is then credited to the Mortgage Margin Reserve Fund to bring it to the required level to comply with the Substitution criteria on the relevant sale date.

In respect of PM26, a Mortgage Margin Reserve Fund Discretionary Fund was equal to £300,000 on the Closing Date. On each Interest Payment Date (up to but excluding the Step-Up Date), the Mortgage MRF Discretionary Fund may be funded from excess Revenue in accordance with the Revenue Priority of Payments to fund potential interest rate shortfalls in respect of mortgages purchased on the closing date that will be used to fund the Mortgage Margin Reserve Fund in the next quarterly period. On each Principal Determination date, a debit is made to the Mortgage MRF Discretionary Fund Ledger, which is then credited to the Mortgage Margin Reserve Fund to bring it to the required level.

In respect of PM27, a Mortgage Margin Reserve Fund Discretionary Fund was equal to £300,000 on the Closing Date. On each Interest Payment Date (up to but excluding the Step-Up Date), the Mortgage MRF Discretionary Fund may be funded from excess Revenue in accordance with the Revenue Priority of Payments to fund potential interest rate shortfalls in respect of mortgages purchased on the closing date that will be used to fund the Mortgage Margin Reserve Fund in the next quarterly period. On each Principal Determination date, a debit is made to the Mortgage MRF Discretionary Fund Ledger, which is then credited to the Mortgage Margin Reserve Fund to bring it to the required level.

In respect of PM28, a Mortgage Margin Reserve Fund Discretionary Fund was equal to £300,000 on the Closing Date. On each Interest Payment Date (up to but excluding the Step-Up Date), the Mortgage MRF Discretionary Fund may be funded from excess Revenue in accordance with the Revenue Priority of Payments to fund potential interest rate shortfalls in respect of mortgages purchased on the closing date that will be used to fund the Mortgage Margin Reserve Fund in the next quarterly period. On each Principal Determination date, a debit is made to the Mortgage MRF Discretionary Fund Ledger, which is then credited to the Mortgage Margin Reserve Fund to bring it to the required level.

j. "Conversion Margin Reserve Fund"

In respect of PM25, a Conversion Margin Reserve Fund was equal to £Nil on the Closing Date. On each Interest Rate Conversion Date (each month end date), the Administrator will calculate the Conversion Margin Reserve Fund Required Amount, equal to the difference between the new teaser rate and the reversionary rate, for the term of the discount period for Interest Rate Conversions. To finance this, the Administrator will transfer the required amount from the Conversion MRF Discretionary Fund to the Conversion Margin Reserve Fund. A scheduled release will be credited to the Revenue Ledger from the Conversion Margin Reserve Fund on each Interest Payment Date to meet the funding costs, operating expenses and losses.

In respect of PM26, a Conversion Margin Reserve Fund was equal to £Nil on the Closing Date. On each Interest Rate Conversion Date (each month end date), the Administrator will calculate the Conversion Margin Reserve Fund Required Amount, equal to the difference between the new teaser rate and the reversionary rate, for the term of the discount period for Interest Rate Conversions. To finance this, the Administrator will transfer the required amount from the Conversion MRF Discretionary Fund to the Conversion Margin Reserve Fund. A scheduled release will be credited to the Revenue Ledger from the Conversion Margin Reserve Fund on each Interest Payment Date to meet the funding costs, operating expenses and losses.

In respect of PM27, a Conversion Margin Reserve Fund was equal to £Nil on the Closing Date. On each Interest Rate Conversion Date (each month end date), the Administrator will calculate the Conversion Margin Reserve Fund Required Amount, equal to the difference between the new teaser rate and the reversionary rate, for the term of the discount period for Interest Rate Conversions. To finance this, the Administrator will transfer the required amount from the Conversion MRF Discretionary Fund to the Conversion Margin Reserve Fund. A scheduled release will be credited to the Revenue Ledger from the Conversion Margin Reserve Fund on each Interest Payment Date to meet the funding costs, operating expenses and losses.

In respect of PM28, a Conversion Margin Reserve Fund was equal to £Nil on the Closing Date. On each Interest Rate Conversion Date (each month end date), the Administrator will calculate the Conversion Margin Reserve Fund Required Amount, equal to the difference between the new teaser rate and the reversionary rate, for the term of the discount period for Interest Rate Conversions. To finance this, the Administrator will transfer the required amount from the Conversion MRF Discretionary Fund to the Conversion Margin Reserve Fund. A scheduled release will be credited to the Revenue Ledger from the Conversion Margin Reserve Fund on each Interest Payment Date to meet the funding costs, operating expenses and losses.

k. "Conversion Margin Reserve Fund Discretionary Fund"

In respect of PM25, a Conversion Margin Reserve Fund Discretionary Fund was equal to £300,000 on the Closing Date. On each Interest Payment Date (up to but excluding the Step-Up Date), the Conversion MRF Discretionary Fund may be funded from excess Revenue in accordance with the Revenue Priority of Payments to fund the difference in the teaser rate and the reversionary rate in respect of interest rate conversions for the term of the new discount period that are **expected** to convert in the next quarterly period. On each interest rate conversion date (the last working day of each month), a debit is made to the Conversion MRF Discretionary Fund Ledger and is credited to the Conversion Mortgage Margin Reserve Fund Ledger to bring it to the required level to comply with the interest rate conversion criteria on the relevant interest rate conversion date.

In respect of PM26, a Conversion Margin Reserve Fund Discretionary Fund was equal to £900,595 on the Closing Date. On each Interest Payment Date (up to but excluding the Step-Up Date), the Conversion MRF Discretionary Fund may be funded from excess Revenue in accordance with the Revenue Priority of Payments to fund the difference in the teaser rate and the reversionary rate in respect of interest rate conversions for the term of the new discount period that are **expected** to convert in the next quarterly period. On each interest rate conversion date (the last working day of each month), a debit is made to the Conversion MRF Discretionary Fund Ledger and is credited to the Conversion Mortgage Margin Reserve Fund Ledger to bring it to the required level to comply with the interest rate conversion criteria on the relevant interest rate conversion date.

In respect of PM27, a Conversion Margin Reserve Fund Discretionary Fund was equal to £300,585 on the Closing Date. On each Interest Payment Date (up to but excluding the Step-Up Date), the Conversion MRF Discretionary Fund may be funded from excess Revenue in accordance with the Revenue Priority of Payments to fund the difference in the teaser rate and the reversionary rate in respect of interest rate conversions for the term of the new discount period that are **expected** to convert in the next quarterly period. On each interest rate conversion date (the last working day of each month), a debit is made to the Conversion MRF Discretionary Fund Ledger and is credited to the Conversion Mortgage Margin Reserve Fund Ledger to bring it to the required level to comply with the interest rate conversion criteria on the relevant interest rate conversion date.

In respect of PM28, a Conversion Margin Reserve Fund Discretionary Fund was equal to £300,900 on the Closing Date. On each Interest Payment Date (up to but excluding the Step-Up Date), the Conversion MRF Discretionary Fund may be funded from excess Revenue in accordance with the Revenue Priority of Payments to fund the difference in the teaser rate and the reversionary rate in respect of interest rate conversions for the term of the new discount period that are **expected** to convert in the next quarterly period. On each interest rate conversion date (the last working day of each month), a debit is made to the Conversion MRF Discretionary Fund Ledger and is credited to the Conversion Mortgage Margin Reserve Fund Ledger to bring it to the required level to comply with the interest rate conversion criteria on the relevant interest rate conversion date.

l. "Discretionary Payment Holiday Reserve Fund"

In respect of PM28 only, a Discretionary Payment Holiday Reserve Fund was equal to £NIL on the Closing Date. On each Interest Payment Date (up to and including the Step-Up Date), the Discretionary Payment Holiday Reserve Fund may be funded from excess revenue in accordance with the revenue priority of payments, to meet the funding costs and operating expenses on an Interest Payment Date. The value of the discretionary payment holiday reserve fund and its release into the revenue ledger (if any) will be reasonably determined by the Administrator, in accordance with the practices of a reasonable prudent administrator.

m. "Over collateralisation"

The result of deducting the value of the assets less the value of the notes equals the over collateralisation. For all of the Paragon Mortgages transactions, 100% notes were issued against the assets.

n. "Mandatory Further Advances"

Financed out of principal cash received during an interest period, a further advance made to borrowers to fund deferred interest or the release of an advance retained as part of the original mortgage after completing certain works to the property. In addition, drawings under the MTL flexible loan product are also funded out of available principal cash and are defined as mandatory further advances. Mandatory further advances are deducted from the available redemption funds to arrive at the note repayment to the note holders.

For PM25, mandatory further advances are firstly funded from the Mandatory Further Advance Prefunding Reserve Ledger (MFAPFRL) equal to 0.08% (£575,000) of the initial amount of the Notes on the Closing Date. Once this has been fully utilised mandatory further advances (retention releases to customers) will be funded out of principal cash. Any unutilised amount from the MFAPFRL will be credited to the principal ledger by the earlier of (i) the principal determination date prior to the call option date (May 2023), or (ii) any such earlier principal determination date determined by PM2010 (the mandatory further advance release date).

For PM26, mandatory further advances are firstly funded from the Mandatory Further Advance Prefunding Reserve Ledger (MFAPFRL) equal to 0.06% (£387,500) of the initial amount of the Notes on the Closing Date. Once this has been fully utilised mandatory further advances (retention releases to customers) will be funded out of principal cash. Any unutilised amount from the MFAPFRL will be credited to the principal ledger by the earlier of (i) the principal determination date prior to the call option date (August 2024), or (ii) any such earlier principal determination date determined by PM2010 (the mandatory further advance release date).

For PM27, mandatory further advances are firstly funded from the Mandatory Further Advance Prefunding Reserve Ledger (MFAPFRL) equal to 0.10% (£811,500) of the initial amount of the Notes on the Closing Date. Once this has been fully utilised mandatory further advances (retention releases to customers) will be funded out of principal cash. Any unutilised amount from the MFAPFRL will be credited to the principal ledger by the earlier of (i) the principal determination date prior to the call option date (October 2025), or (ii) any such earlier principal determination date determined by PM2010 (the mandatory further advance release date).

For PM28, mandatory further advances are firstly funded from the Mandatory Further Advance Prefunding Reserve Ledger (MFAPFRL) equal to 0.14% (£1,051,000) of the initial amount of the Notes on the Closing Date. Once this has been fully utilised mandatory further advances (retention releases to customers) will be funded out of principal cash. Any unutilised amount from the MFAPFRL will be credited to the principal ledger by the earlier of (i) the principal determination date prior to the call option date (December 2025), or (ii) any such earlier principal determination date determined by PM2010 (the mandatory further advance release date).

o. "Discretionary Further Advance"

For PM12, discretionary further advances, financed out of principal cash provided that the principal deficiency ledger is nil at the previous interest payment date and certain arrears tests are met.

Additional tests for PM12 include a 1% LTV movement test and that the first loss funds must be at the required levels at the previous interest payment date.

For PM25 and PM26, discretionary further advances, financed out of principal cash provided that the principal deficiency ledger is nil at the previous interest payment date and certain arrears and reserve tests are met. Additional tests for PM25 and PM26 include a weighted average LTV test (75% limit) and a borrower concentration limit (£40,000,000) for the top 20 borrowers, as outlined in the PM25 prospectus (page 246) and PM26 prospectus (page 232), which are measured at each Principal Determination Date.
For PM27, discretionary further advances, financed out of principal cash provided that the principal deficiency ledger is nil at the previous interest payment date and certain arrears and reserve tests are met. Additional tests for PM27 include a weighted average LTV test (**77%** limit) and a borrower concentration limit (**£51,000,000**) for the top 20 borrowers, as outlined in the PM27 prospectus (page 234), which are measured at each Principal Determination Date.
For PM28, discretionary further advances, financed out of principal cash provided that the principal deficiency ledger is nil at the previous interest payment date and certain arrears and reserve tests are met. Additional tests for PM28 include a weighted average LTV test (**77%** limit) and a borrower concentration limit (**£55,000,000**) for the top 20 borrowers, as outlined in the PM28 prospectus (page 244), which are measured at each Principal Determination Date.

Discretionary further advances form part of the available redemption funds calculation in determining the note repayment to the note holders.

p. "Hedging Corridor"

In respect of PM25, given that it is a substituting transaction and that interest rate conversions are allowed until the Step-Up Date, new swaps must be entered into with the swap counterparty within 30 days of (a) the sale date in respect of new fixed rate assets sold into PM25 and (b) each interest rate conversion date. The swap criteria for the Interest Rate Converted Mortgages and Substitutions includes the Hedging Corridor which must not exceed £10,000,000 (over/under hedging), as outlined in the PM25 prospectus (page 212).
In respect of PM26, given that interest rate conversions are allowed until the Step-Up Date, new swaps must be entered into with the swap counterparty within 30 days of each interest rate conversion date. The swap criteria for the Interest Rate Converted Mortgages includes the Hedging Corridor which must not exceed £10,000,000 (over/under hedging), as outlined in the PM26 prospectus (page 199).
In respect of PM27, given that interest rate conversions are allowed until the Step-Up Date, new swaps must be entered into with the swap counterparty within 30 days of each interest rate conversion date. The swap criteria for the Interest Rate Converted Mortgages includes the Hedging Corridor which must not exceed £10,000,000 (over/under hedging), as outlined in the PM27 prospectus (page 203).
In respect of PM28, given that interest rate conversions are allowed until the Step-Up Date, new swaps must be entered into with the swap counterparty within 30 days of each interest rate conversion date. The swap criteria for the Interest Rate Converted Mortgages includes the Hedging Corridor which must not exceed £10,000,000 (over/under hedging), as outlined in the PM28 prospectus (page 211).

q. "Cash flow coverage numbers"

Cash flow coverage ratios are calculated as the ratio of revenue cash received during the quarter to note interest payments, in each case net of payments due in priority to the respective class of note. If revenue cash is insufficient to pay any interest on a class of note, then a zero will appear in the report.

(4) COLLATERAL LEVEL DATA SECTION – PAGE 4

Collateral Level Data	31-Oct-17	
Original Weighted Average Yield	5.21%	
Original Weighted Average Note Coupon and Currency Swap Rate	4.85%	
Original Spread	0.35%	
Current Weighted Average Yield	2.05%	
Current Weighted Average Note Coupon and Currency Swap Rate	0.65%	
Current Spread	1.40%	
Total Income as a % of the Total Assets	0.62%	
Stated Maturity - Class A Notes	Nov-38	
Stated Maturity - Class B Notes	Nov-38	
Stated Maturity - Class C Notes	Nov-38	
Original Weighted Average Maturity	21.06	years
Current Weighted Average Maturity	10.34	years
Quarterly Prepayment Rate	1.50%	
Life Time Prepayment Rate	6.18%	

Delinquency Status	No.	£'000 Value
Enforcements in Progress	0	0
Appointment of a Receiver of Rent	84	14,060
Enforcements Completed	0	0
Aggregate Principal Balance of Repurchased Loans		0
Aggregate Balance of Substituted Loans		n/a
Principal Losses		
Agg Loan Principal Losses (during related Collection Period)		-9
Cumulative Principal Losses (since closing date)		7,100
Possession Properties Sold		
Properties Sold by Mortgagee - Outstanding Principal Balance	0	0
Average Number of months in Arrears @ Redemption date		0.00
Average months between Possession & Redemption		0.00
Receiver of Rent Properties Sold		
Properties Sold by Mortgagee - Outstanding Principal Balance	1	396
Average Number of months in Arrears @ Sale date		0.00

FOR ADDITIONAL INFORMATION ON THE UNDERLYING ASSETS, PLEASE REFER TO THE "POOL TABLES" AND "SUMMARY" SECTIONS POSTED ON THE PARAGON WEBSITE http://www.paragonbankinggroup.co.uk

Delinquency Summary	No.	%	£'000 Principal	%
Performing	5,818	99.91%	766,193	99.89%
>1<=2 Months	2	0.03%	508	0.07%
>2<=3 Months	1	0.02%	101	0.01%
>3<=4 Months	0	0.00%	0	0.00%
>4<=5 Months	1	0.02%	170	0.02%
>5<=6 Months	0	0.00%	0	0.00%
>6<=12 Months	1	0.02%	39	0.01%
>12 Months	0	0.00%	0	0.00%
Total	5,823	100.00%	767,011	100.00%

Delinquency Summary (Excluding Receiver of Rent and Possession Cases)	No.	%	£'000 Principal	%
Performing	5,737	99.97%	752,443	99.93%
>1<=2 Months	2	0.03%	508	0.07%
>2<=3 Months	0	0.00%	0	0.00%
>3<=4 Months	0	0.00%	0	0.00%
>4<=5 Months	0	0.00%	0	0.00%
>5<=6 Months	0	0.00%	0	0.00%
>6<=12 Months	0	0.00%	0	0.00%
>12 Months	0	0.00%	0	0.00%
Total	5,739	100.00%	752,951	100.00%

Delinquency Summary (For Receiver of Rent Cases)	No.	%	£'000 Principal	%
Performing	81	96.43%	13,750	97.80%
>1<=2 Months	0	0.00%	0	0.00%
>2<=3 Months	1	1.19%	101	0.72%
>3<=4 Months	0	0.00%	0	0.00%
>4<=5 Months	1	1.19%	170	1.21%
>5<=6 Months	0	0.00%	0	0.00%
>6<=12 Months	1	1.19%	39	0.28%
>12 Months	0	0.00%	0	0.00%
Total	84	100.00%	14,060	100.00%

Delinquency Summary (For Possession Cases)	No.	%	£'000 Principal	%
Performing	0	0.00%	0	0.00%
>1<=2 Months	0	0.00%	0	0.00%
>2<=3 Months	0	0.00%	0	0.00%
>3<=4 Months	0	0.00%	0	0.00%
>4<=5 Months	0	0.00%	0	0.00%
>5<=6 Months	0	0.00%	0	0.00%
>6<=12 Months	0	0.00%	0	0.00%
>12 Months	0	0.00%	0	0.00%
Total	0	0.00%	0	0.00%
Total Assets	**5,823**		**767,011**	

Contact Name/Address	Tel.	E-mail
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PM12 INVESTOR REPORT QUARTER ENDING OCTOBER 2017

a. "Original Weighted Average Yield"

The weighted average interest rate charged on the mortgages at the closing date of the transaction, weighted by reference to the customer's principal balance.

b. "Original Weighted Note Coupon"

The weighted average note interest rate and currency swap interest rate, (equal to the GBP funding margin) charged to the issuer at the closing date of the transaction, calculated on a weighted average basis by reference to the GBP equivalent note value on the closing date.

c. "Original Spread"

The result of deducting the weighted average interest rate on the assets from the weighted average GBP funding margin. In PM12, there was a negative spread caused by the high level of fixed rate loans in the transaction and the increase in the original GBP Reference Rate. The resultant increase in the original Reference Rate and the swap receipts from the swap counterparties are **not** included within the weighted average interest rates charged on the assets.

d. "Current Weighted Average Yield"

The weighted average interest rate charged on the mortgages at the relevant quarter end, weighted by reference to the customer's principal balance.

e. "Current Weighted Note Coupon"

The weighted average note interest rate and currency swap interest rate, equal to GBP funding margin charged to the issuer at the start of the quarter, calculated on a weighted average basis by reference to the GBP equivalent note value at the preceding interest payment date.

In respect of PM26 - PM28, the weighted average note interest rate (using SONIA as the Reference Rate), equal to GBP funding margin charged to issuer at the start of the quarter is calculated on a weighted average basis by reference to the GBP equivalent note value at the Interest Determination Date (one week before the PM12, PM25 PM26, PM27 and PM28 interest payment date, whereas on the transactions that previously used the original Reference Rate, the interest on the notes and currency swaps were calculated three months in advance of the relevant interest payment date.

f. "Current Spread"

The result of deducting the weighted average interest rate on the assets from the weighted average GBP funding margin. In PM12 there is negative spread caused by the high level of fixed rate loans in the transactions and the increase in the original GBP Reference Rate. The resultant increase in original Reference Rate and the swap receipts from the swap counterparties are **not** included within the weighted average interest rates charged on the assets.

g. "Total income as a % of the assets"

This measures the total income generated in the period as a percentage of the asset balance at the previous quarter end.

h. "Stated Maturity"

The interest payment date following the assets latest maturity.

i. "Originated Weighted Average Maturity"

The weighted average remaining term of the assets at the closing date, calculated by reference to the remaining term, and weighted against the customer's principal balance.

j. "Current Weighted Average Maturity"

The weighted average remaining term of the assets at the relevant quarter end, calculated by reference to the remaining term and weighted against the customer's principal balance.

k(i). "Quarterly Prepayment Rate"

The quarterly prepayment rate calculated by analysing the redemptions and scheduled repayments and then dividing the result by the closing principal balance of the assets at the previous quarter end.

(ii). "Lifetime Prepayment Rate"

The lifetime weighted average prepayment since the closing date using the following formula and example:

1 - ((1- *a1*) x (1 - *a2*) x (1 - *a3*) ....(1- *an*)) ^ (4 / n)

Where:
a1 = redemption rate for quarter 1
a2 = redemption rate for quarter 2
a3 = redemption rate for quarter 3
an = redemption rate for quarter current

n = no of quarters expired including current quarter

^ = to the power

For example, in the first three quarterly redemption rates were seen in a deal: 3.67%, 5.77% and 4.51%

The lifetime redemption rate is calculated as:

1 - ((1 - 3.67%) x (1 - 5.77%) x (1 - 4.51%)) ^ 4/3

1 – ((0.9633) x (0.9423) x (0.9549)) ^ 4/3

1 – 0.8668 ^ 1.333

1.1736

17.36%

"Delinquency Status"

l(i). "Enforcements in progress": assets where the administrator has commenced or has issued proceedings against the borrowers in breach of their mortgage conditions at the relevant quarter end.

l(ii). "Appointment of a receiver of rent": equals the number and value of mortgages where the administrator has appointed a receiver of rent in respect of investment home loans at the relevant quarter end.

l(iii). "Enforcements Completed": assets which have been repossessed awaiting the sale of the assets at the relevant quarter end.

Delinquency Status	No.	£'000 Value
Enforcements in Progress	0	0
Appointment of a Receiver of Rent	84	14,060
Enforcements Completed	0	0

m. "Aggregate Principal Balance of Repurchased Loans" loans repurchased by the relevant sellers from the issuer caused by a breach of the security warranties at the relevant quarter end. The seller will repurchase these particular loans.

n. "Aggregate Balance of Substituted Loans"

In respect of PM25, assets purchased from available principal cash during the period, up to the end of the five-year substitution period (15th May 2023), subject to meeting the asset substitution criteria and the Scheduled amortisation amount.

o. "Principal Losses"

This relates to any losses made on the disposal of a property following the relevant administrator's enforcement procedures at the relevant quarter end. In addition, the cumulative losses are also reported.

p. "Possession / Receiver of Rent Properties Sold"

Properties sold by the relevant administrator are split between:

- Possession sales
- Receiver of rent sales

Possession Properties Sold		
Properties Sold by Mortgagee - Outstanding Principal Balance	0	0
Average Number of months in Arrears @ Redemption date		0.00
Average months between Possession & Redemption		0.00
Receiver of Rent Properties Sold		
Properties Sold by Mortgagee - Outstanding Principal Balance	1	396
Average Number of months in Arrears @ Sale date		0.00

- Possession/Receiver of Rent properties sold by the administrator.
- The average number of months in arrears at the sale date relates to the number of missed payments at the property sale date.
- The number of months between the possession to sale measures the time period involved in disposing of the property.

q. "Delinquency summary"

"arrears" = missed payments

Performing - assets that are less that or equal to one month in arrears (i.e. missed payments).
>1<= 2 months – mortgages that are greater than one in arrears, less than or equal to two months arrears.
>2 <= 3 months – assets that are greater than two months arrears, less than or equal to three months arrears.
>3 <= 4 months – assets that are greater than three months arrears, less than or equal to four months arrears.
>4 <=5 months – assets that are greater than four months arrears, less than or equal to five months arrears.

>5 <=6 months – assets that are greater than five months arrears, less than or equal to six months arrears.
>6 <=12 months – assets that are greater than six months arrears, less than or equal to twelve months arrears.
>12 months - assets that are greater than twelve months in arrears.

The arrears bandings are calculated on payments expected, minus payments received, divided by the monthly payments to put the loan into the relevant arrears band.

Example:

- Payments expected: £600
- Payments received: NIL
- Monthly payment: £100
- Arrears Band: 6 months

From here, the arrears band is then linked into the customer's outstanding principal balance.

Payment Holidays caused by COVID-19: Arrears Reporting

The value of missed payments that are due and payable that haven't been received from customers are categorised as arrears – this is the arrears value recorded on Paragon's system for arrears reporting purposes, as described above. The arrears recorded on the Paragon system is therefore equal to **NIL** for payment holidays as there is no payment due from the customers who have elected to take a payment holiday.

Customers that have been granted a payment holiday will **not** be categorised **nor** reported as an arrears loan, on the basis that no payment is due from the customer during the holiday period.

Please refer to section 5 (p) for details of the Payment Holiday process and the reporting of payment holiday loans.

All Payment Holidays expired on 31st July 2021.

Delinquency Summary	No.	%	£'000 Principal	%
Performing	5,818	99.91%	766,193	99.89%
>1<=2 Months	2	0.03%	508	0.07%
>2<=3 Months	1	0.02%	101	0.01%
>3<=4 Months	0	0.00%	0	0.00%
>4<=5 Months	1	0.02%	170	0.02%
>5<=6 Months	0	0.00%	0	0.00%
>6<=12 Months	1	0.02%	39	0.01%
>12 Months	0	0.00%	0	0.00%
Total	5,823	100.00%	767,011	100.00%

Delinquency Summary (Excluding Receiver of Rent and Possession Cases)	No.	%	£'000 Principal	%
Performing	5,737	99.97%	752,443	99.93%
>1<=2 Months	2	0.03%	508	0.07%
>2<=3 Months	0	0.00%	0	0.00%
>3<=4 Months	0	0.00%	0	0.00%
>4<=5 Months	0	0.00%	0	0.00%
>5<=6 Months	0	0.00%	0	0.00%
>6<=12 Months	0	0.00%	0	0.00%
>12 Months	0	0.00%	0	0.00%
Total	5,739	100.00%	752,951	100.00%

Delinquency Summary (For Receiver of Rent Cases)	No.	%	£'000 Principal	%
Performing	81	96.43%	13,750	97.80%
>1<=2 Months	0	0.00%	0	0.00%
>2<=3 Months	1	1.19%	101	0.72%
>3<=4 Months	0	0.00%	0	0.00%
>4<=5 Months	1	1.19%	170	1.21%
>5<=6 Months	0	0.00%	0	0.00%
>6<=12 Months	1	1.19%	39	0.28%
>12 Months	0	0.00%	0	0.00%
Total	84	100.00%	14,060	100.00%

Delinquency Summary (For Possession Cases)	No.	%	£'000 Principal	%
Performing	0	0.00%	0	0.00%
>1<=2 Months	0	0.00%	0	0.00%
>2<=3 Months	0	0.00%	0	0.00%
>3<=4 Months	0	0.00%	0	0.00%
>4<=5 Months	0	0.00%	0	0.00%
>5<=6 Months	0	0.00%	0	0.00%
>6<=12 Months	0	0.00%	0	0.00%
>12 Months	0	0.00%	0	0.00%
Total	0	0.00%	0	0.00%
Total Assets	**5,823**		**767,011**	

The delinquency summaries are split into the following categories:

- Total outstanding cases (including non receiver of rent, receiver of rent and possession cases and payment holiday cases (with effect from the March 2020 quarter end)
- Non receiver of rent cases
- Receiver of rent cases
- Possession cases
- Payment holiday cases (for COVID19) (with effect from the March 2020 quarter end)

A receiver of rent is appointed on investment home loan cases usually when the customer is > 2 months in arrears. Receiver of rent is the equivalent of a possession case on an owner-occupied mortgage; however, a court order is not required on a buy to let mortgage to take control of the property. The full rental stream from the property is diverted to the receiver, who in turn, passes the rental stream onto the administrator or if the property is vacant, the receiver can sell the property. With respect to the future sales of the properties, each case is assessed on its individual merits. The receiver of rent process allows for a broad range of strategies to be considered for the resolution of any case and allows for these strategies to develop over time as market conditions change.

In the situation where the customer has demonstrated to the administrator that he is in a position to resume full control of the portfolio, certain receiver of rent properties may be handed back to the customer.

With effect from the April 2020 quarter end, the investor report includes a summary of the current status of the receiver of rent cases, broken down into each ROR relevant category, as at the latest principal determination date (the reporting date).

Receiver of Rent Cases by Current Status, as at the PDD	No.	%	£'000 Principal	%
Rented	58	81.69%	9,851	86.21%
Vacant - to be let	6	8.45%	767	6.71%
Vacant - to be sold	3	4.23%	293	2.56%
Property Rented/For Sale	2	2.82%	266	2.33%
Sold - Contracts Exchanged	1	1.41%	63	0.55%
Strategic review	1	1.41%	187	1.64%
Total	71	100.00%	11,427	100.00%

With effect from the March 2020 quarter end, the investor report includes a summary of the payment holiday cases where customers have elected to take a payment holiday, caused by COVID-19, which is then expected to be passed onto the tenants.

These are reported as: The Delinquency Summary (for COVID 19 Payment Holiday cases) and are included in the Overall Delinquency Summary numbers. Please refer to section 5 (q) for details of the Payment Holiday process and the reporting of payment holiday loans i.e. customers that have been granted a payment holiday will **not** be categorised **nor** reported as an arrears loan, on the basis that no payment is due from the customer during the holiday period.

The information is at the latest principal determination date (the reporting date).

The value of missed payments that are due and payable that haven't been received from customers are categorised as arrears – this is the arears value recorded on Paragon's system for arrears reporting purposes. The arrears recorded on the Paragon system is therefore equal to **NIL** for payment holidays as there is no payment due from the customers who have elected to take a payment holiday.

Where customers have elected to take a payment holiday due to COVID-19, the customer, or Paragon (as Administrator), will suspend the direct debit for the payment holiday period. As a result, it is expected that there will be a reduction in the cashflows for that respective collection period caused by the payment holidays.

The payment holiday customers who are still within their payment holiday period are reported on the investor reports as at the relevant Principal Determination Date (the last working day of the month preceding the Interest Payment Date). The customers that have come to the end of their original payment holiday, and have elected not to extend their payment holiday, are **not** reported in the payment holiday table.

For transparency, the payment holidays are now separated between (a) the customers that are still on their original payment holiday, and (b) the customers that came to the end of their original payment holiday period and have elected to extend their payment holiday. A weighted average remaining term for the payment holiday period has been included for the "original" payment holiday borrowers and the "extended" payment holiday borrowers.

**	Delinquency Summary (For COVID19 Payment Holiday Cases)	No.	%	£'000 Principal	%	WA PH Remaining Term (months)
	Original Payment Holiday	486	90.00%	103,905	87.92%	1.00
	Extended Payment Holiday	54	10.00%	14,271	12.08%	2.57

All Payment Holidays expired on 31st July 2021.

<u>*(5) STRUCTURAL FEATURES*</u>

a. "First Loss Fund arrears and loss triggers"

The first loss fund credit enhancement levels are dependent on the asset performance during the life of the transaction. To the extent that the balance of mortgages greater than two months arrears equals 3% of the total mortgage balance on a principal determination date, the first loss fund increases to:

- PM12, from 1.90% to 2.40% of the GBP equivalent closing note balance.

Should the arrears hit the 3% level in one quarter and then improve in the next quarter falling below the 3% trigger, the credit enhancement remains at the higher level, through the capture of excess spread or drawing on the subordinated loan.

Customers that have been granted a payment holiday caused by COVID-19 will **not** be categorised **nor** reported as an arrears loan, on the basis that **<u>no</u>** payment is due from the customer during the holiday period. Therefore, they will **<u>not</u>** form part of the PM12 First Loss Fund arrears triggers during the relevant payment holiday period.

b. "Arrears and loss triggers in respect of PM25 and PM26 Class A and Class B Liquidity Reserve Fund and the General Reserve Fund Amortisation"

Both Reserve Funds are sequential amortising funds. Firstly, the Class A and Class B Liquidity Reserve Fund will amortise, then once this has been fully amortised, the General Reserve Fund will then amortise. The amortisation will be in line with the respective Note repayment on each Interest Payment Date.

The amortisation will be based on 1.5% of the current Principal Amount Outstanding on the Class A and B Notes, so whilst the Class B, C and D Notes are outstanding, the General Reserve Fund will remain constant at 1.5% of the Class C and D Notes at the Closing Date.

The excess amounts from the Class A and Class B Liquidity Reserve Fund (comparing the values from one IPD to the next IPD) will be credited to the Revenue Ledger on each Interest Payment Date. It will then run through the priority of payments and is available to replenish the PDL (if required). If there is a zero PDL, this should be available to pay down the Class S Notes and the Class S VFN Notes at the bottom of the Revenue priority of payments.

Once the Class A and B Notes have been fully repaid, the remaining balance in the Class A and Class B Liquidity Reserve Fund is credited to the Revenue Ledger to then run through the Revenue priority of payments.

Also, once the Class A and B Notes have been fully repaid, the excess from the General Reserve Fund will be credited to the Revenue Ledger on each Interest Payment Date. It will then run through the priority of payments, and is available to replenish the PDL, if required. If there is a zero PDL, this should be available to pay down the Class S Notes and the Class S VFN at the bottom of the priority of payments.

The amortisation of each Reserve Fund will cease on any Principal Determination Date, where the greater than three months arrears exceeds more than 3% **or** the aggregate amount of the Principal Deficiency Ledger for losses since the Closing Date exceeds 1% of the original note balance for the Class A, B, C, D and Z Notes.

Customers that have been granted a payment holiday caused by COVID-19 will **not** be categorised **nor** reported as an arrears loan, on the basis that **no** payment is due from the customer during the holiday period. Therefore, they will **not** form part of the Reserve Fund amortisation arrears triggers during the relevant payment holiday period.

c. "Principal cash used to pay Class A interest / currency swap interest on an interest payment date."

To the extent that the revenue ledger balance is insufficient to meet the SPV's senior liabilities on an interest payment date (after fully utilising the first loss fund), principal cash can be used to satisfy the senior liabilities. An entry is made to the principal deficiency ledger, equal to the principal cash used to satisfy the senior liabilities.

For PM25 - PM28, principal receipts can be used to pay senior expenses in the revenue priority of payments (after the Class A and B Liquidity Reserve Fund and the General Reserve Fund have been utilised), subject to the balance of the principal deficiency ledger not exceeding (i) 50% of the principal balance of the Class B Notes and (ii) the aggregate balance of the Class C, D and Z Notes.

d. "Retained Principal Ledger"

In respect of PM25, on each Principal Determination Date, this records the amount the Administrator reasonably determines is the expected value of the mortgages that PM25 will purchase in the next collection period. On each Principal Determination Date, a debit is made to the Principal Ledger and this is credited to the Retained Principal Ledger. When mortgages are purchased by PM25 during the Substitution Period, a debit is then made to the Retained Principal Ledger.

The cash retention on the Retained Principal Ledger can't exceed 5% of the portfolio current balance on each Principal Determination Date. Retained Principal cash that exceeds the 5% threshold will pay down the Notes, in addition to the scheduled amortisation amount on the Interest Payment Date.

To the extent that the assets available during the relevant period subsequently exceeds the value of the Retained Principal Ledger (the estimate on the PDD), a debit can be made to the Principal Ledger. In effect, this will equal the redemptions in the current period that exceeds the amount held back on the Retained Principal Ledger on the previous Principal Determination Date.

This is on the assumption that there is enough Principal cash during the quarter to pay down the Notes on the next succeeding Interest Payment to arrive at the Scheduled Amortisation Amount.

- <u>Example: First Mortgage Sale during the Collection Period</u>
- Retained Principal Ledger on the PDD: £20,000,000
- Assets to be sold: £10,000,000
- Revised Retained Principal Ledger: £10,000,000
- Assets Purchased: £10,000,000

- <u>Example: Second Mortgage Sale during the Collection Period</u>
- Carried Forward Retained Principal Ledger: £10,000,000
- Assets to be sold: £20,000,000
- Revised Retained Principal Ledger: £NIL (debit made to the Retained Principal Ledger equal to £10,000,000)
- Principal Ledger: £20,000,000 (debit made to the Principal Ledger equal to £10,000,000)
- Assets Purchased: £20,000,000
- Revised Principal Ledger: £10,000,000

e. "Liquidity ledger trigger event"

PM12 benefits from a liquidity ledger within the first loss fund. Upon a trigger breach, where the >3 months arrears loans hits 7.5% of the portfolio, a liquidity ledger will be established in the first loss fund. The liquidity ledger will be equal to 1.6% of the then current outstanding balance of the notes and it will be established by trapping available excess spread or, if this is not available, by trapping principal through the available redemption funds. The first loss fund is available to cover credit losses on the principal deficiency ledger and has to be maintained at least at a minimum floor of 1% of the principal balance of the notes at the closing date.

The amount by which the balance of the first loss fund exceeds the liquidity amount (1.6% of the current note balance) is available to pay interest and senior cost obligations of the issuer and to make up any principal losses on the principal deficiency ledger should there be insufficient spread on the assets to meet these obligations. Once this amount has been fully drawn on and used, the liquidity reserve can only be used to cover interest/swap currency interest on the notes and subject to the following conditions:

I. The liquidity reserve can only be used to cover Class B interest if the sum of such payments to cover Class A and B interest and the outstanding principal deficiency ledger does not exceed the outstanding note balance on Class B and Class C notes.
II. The liquidity reserve can only be used to cover Class C interest if the sum of such payments to cover Class A, B and C interest and the outstanding principal deficiency ledger does not exceed the outstanding note balance on Class C notes.

f. "Payment holidays" (this is no longer relevant).

Customers on the Mortgage Trust flexible loan product are allowed to overpay and then "drawdown" on their overpayments at any time (this is committed funding that forms part of the customer's mortgage conditions), provided that they don't exceed their loan limit and are not in breach of their mortgage conditions. Failure by MTL to fund any drawdown requests could result in customers "setting off" against their monthly payments.

Example:

- Borrower loan limit: £50,000
- Overpayments: £10,000 (committed funding that MTL must fund should the customer request to drawdown)
- Revised mortgage balance: £40,000

In this example, the customer can redraw on the £10,000 overpayment at any time but can't exceed the £10,000 overpayment. Alternatively, the customer can take payment holidays and counteract the interest due on the monthly payment against the overpayments. In order to reduce overpayments and the resultant committed funding, there is usually a 1% penalty for customers that prepay more than 20% of the original loan amount.

MTL customers can elect to take payment holidays in situations where overpayments are counteracted against the current monthly interest charge.

Example:

- Borrower loan limit: £50,000
- Overpayments: £10,000
- Revised mortgage balance: £40,000
- Current monthly payment (on an interest only basis): £200

The customer decides to take a payment holiday on his monthly payment of £200 (calculated on an interest only basis). In this situation, the interest is capitalised, and the revised mortgage balance is now at £40,200 and the overpayment reduces by the corresponding amount. In effect, the customer has drawn down £200 without a cash release from MTL to the customer.

Revised mortgage balance

- Loan limit: £50,000
- Overpayments: £9,800
- Revised mortgage balance: £40,200

Funding of payment holidays and ledger entries on the investor report:

Using the above example, as the loan balance has increased by £200 and the issuer is £200 short on revenue, a diversion from the principal ledger to the revenue ledger is required to make up for the interest shortfall / capitalised interest in respect of the payment holiday.

Note: Customers flexible loan features have now been cancelled and the corresponding flexible drawing facilities cancelled with the facility provider. For further details, please refer to the statements dated 4th November 2013 and 19th February 2014 on the Investor News section of the website.

g. "Repayment of the GBP, Euro and US Dollar Notes"

GBP, Euro and US Dollar notes are repaid on each interest payment date, pro rata to the GBP equivalent percentage at the closing date.

For example, in PM12, the Class A1, A2a, A2b and A2c note repayment at the August 2019 interest payment date were calculated as follows:

	GBP Equivalent of the Notes	GBP Equivalent %
Class A1 Notes	£815,217,391	62.79575%
Class A2a Notes	£145,000,000	11.16927%
Class A2b Notes	£168,965,517	13.01532%
Class A2c Notes	£169,021,739	13.01965%
Total Notes	£1,298,204,647	

Where:

- Total available redemption funds equals £12,888,358.45
- The Class A available redemption funds equals £9,421,390.03 (73.10% of the total available redemption funds)

- Available redemption funds for the A1 notes equals:

£9,421,390.03 x 62.795% (GBP equivalent percentage of the Class A1 notes at closing) = £5,916,232.86.

- Available redemption funds for the A2a notes equals:

£9,421,390.03 x 11.169% (GBP equivalent percentage of the Class A2a notes at closing) = £1,052,300.62.

- Available redemption funds for the A2b notes equals:

£9,421,390.03 x 13.015% (GBP equivalent percentage of the Class A2a notes at closing) = £1,226,224.26.

- Available redemption funds for the A2c notes equals:

£9,421,390.03 x 13.019% (GBP equivalent percentage of the Class A2c notes at closing) = £1,226,632.28.

PM12 investor report for the quarter ending July 2019.

Principal payments made from Principal Income:		
PML Mandatory Further Advances	0	
MTL Mandatory Further Advances	0	
Discretionary Further Advances	0	
A1 Note repayment	-5,916	
A2a Note repayment	-1,052	
A2b Swap Currency repayment	-1,226	
A2c Swap Currency repayment	-1,227	
B1a Note repayment	-429	
B1b Swap Currency repayment	-1,492	
C1a Note repayment	-292	
C1b Swap Currency repayment	-1,255	
Total payments to be made this quarter	-12,889	-4,823
Total closing cash balance	0	0

The Class A1 available redemption funds (£5,916,000) and the Class A2a available redemption funds (£1,052,000) are paid to Citibank as the principal paying agent in sterling on each interest payment date for onward payment to the note holders.

The Class A2b available redemption funds are paid to the currency swap provider in sterling on each quarterly interest payment. From here, the currency swap provider, using the fixed Euro exchange rate at the closing date, will convert this sterling value into Euros.

For example, the Euro Class A2b note repayment at the August 2019 interest payment date was calculated as follows:

- Euro Class A2b note repayment equals:
  £1,226,224.26 (total available redemption funds for the A2b notes) x €1.45 (fixed Euro exchange rate at closing) = €1,778,014.

From here, the currency swap provider will make this payment (€1,778,014) to Citibank as the principal paying agent, who in turn, will pass this onto the Class A2b note holders.

The Class A2c available redemption funds are paid to the currency swap provider in sterling on each quarterly interest payment date. From here, the currency swap provider, using the fixed US Dollar exchange rate at the closing date, will convert this sterling value into US Dollars.

For example, the US Dollar Class A2c note repayment at the August 2019 interest payment date was calculated as follows:

- US Dollar Class A2c note repayment equals:
  £1,226,632.28 (total available redemption funds for the A2c notes) x $1.84 (fixed US Dollar exchange rate at closing) = $2,256,989.20.

From here, the currency swap provider will make this payment ($2,256,989.20) to Citibank as the US principal paying agent, who in turn, will pass this onto the Class A2c note holders.

h "Repayment of the PM25 Notes"

The PM25 Class A scheduled amortisation profile fixes the Note repayment to a pre-determined amortisation to repay the Noteholders on each Interest Payment Date from August 2019.

Interest Payment Date	Class A Schedule Multiplier
August 15, 2018	100.000%
November 15, 2018	100.000%
February 15, 2019	100.000%
May 15, 2019	100.000%
August 15, 2019	96.868%
November 15, 2019	93.819%
February 17, 2020	90.828%
May 15, 2020	87.938%
August 17, 2020	85.089%
November 16, 2020	82.229%
February 15, 2021	79.536%
May 17, 2021	76.827%
August 16, 2021	74.285%
November 15, 2021	71.778%
February 15, 2022	69.299%
May 16, 2022	66.959%
August 15, 2022	64.597%
November 15, 2022	62.182%
February 15, 2023	59.976%
May 15, 2023	57.000%

Any excess principal cash over the scheduled amortisation amount is available to purchase new assets in the period.

i. "Turbo Repayment"

For PM25, if Paragon elects not to call and repay the Class A, B, C and D notes on or after the optional redemption date falling in May 2023, the excess revenue that otherwise would have been paid to Paragon, such as interest on the Class Z Notes and interest and principal on the Class S and S VFN Notes, is used to repay the Class A, B and C note holders i.e. the excess revenue is diverted into the principal ledger and forms part of the Available redemption funds calculation to repay to the Notes.

j. "Margin Step Up"

For PM25, in addition to the Turbo repayment. if Paragon elects not to call and repay the Class A, B, C and D notes on or after the optional redemption date falling in May 2023, the Note Interest Rate Margin increases 1.5 times on the Class A, B, C and D Notes.

For PM26, in addition to the Turbo repayment. if Paragon elects not to call and repay the Class A, B, C and D notes on or after the optional redemption date falling in August 2024, the Note Interest Rate Margin increases 1.5 times on the Class A and B Notes and 100bp increase on the Class C and D Notes.

For PM27, in addition to the Turbo repayment. if Paragon elects not to call and repay the Class A, B, C and D notes on or after the optional redemption date falling in October 2025, the Note Interest Rate Margin increases 1.5 times on the Class A, B and C Notes and 100bp increase on the Class D Notes.

For PM28, in addition to the Turbo repayment. if Paragon elects not to call and repay the Class A, B, C and D notes on or after the optional redemption date falling in December 2025, the Note Interest Rate Margin increases to the greater of 1.5 times on the Class A, B, C and D Notes and 100bp.

k. "Interest Rate Conversions"

For PM25 - PM28, if a borrower has moved onto the revisionary rate and then requests a new product (a new teaser rate), the new interest rate will inevitably be lower than the revisionary interest rate. Upon a request from the borrower, Paragon may offer another teaser rate to the borrower, for a specific time.

The following processes apply:

- The difference in the teaser rate and the reversionary rate is the Standard Variable Rate or in respect of PM27 and PM28 for certain cases, the discounted Standard Variable Rate. This is the reduction in the interest rate that is funded via the Conversion Mortgage Reserve Fund and released to the Revenue Ledger on each Interest Payment date.
- The weighted average swap rate for the fixed rate mortgages is factored into the interest rate conversion calculations.
- The funding of the PM25 - PM28 Conversion Margin Reserve Funds are funded from the excess revenue in the Revenue priority of payments on each Interest Payment Date, and not the Subordinated Loan.
- On each Principal Determination Date, the Administrator will reasonably estimate the anticipated volume of interest rate conversions for the next quarter, and the difference between the teaser rate and the Standard variable rate, for the term of the discount period. This is equal (and credited) to the Discretionary Conversion Margin Reserve Fund.
- Interest rate conversions allowed up to the step-up date (May 2023 for PM25, August 2024 for PM26, October 2025 for PM27 and December 2025 for PM28).

In addition, there are certain swap restrictions that must be complied with on each Mortgage Sale Date (see PM25 Mortgage Sale Agreement Clause 4.10.2).

l. "Substitution of further assets for PM25"

PM25 features a five-year substitution period from 26th April 2018 to 15th May 2023 to purchase further mortgages from PM2010 or Paragon Bank, subject to meeting the substitution criteria.

On each principal determination date, the administrator will analyse the principal ledger balance to determine the actual value of mortgages that PM25 can purchase from PM2010 or Paragon Bank during the next succeeding collection period (up until the next principal determination date). This is the amount credited to the Retained Principal Ledger.

PM25 has the following substitution criteria:

- The relevant sale date falls on a date prior to the Step-Up Date (15th May 2023).
- The weighted average current LTV of all mortgages in the portfolio will not exceed 75%.
- Either: (x) the weighted average interest rate applicable to the Current Balance of all Mortgages in the Mortgage Portfolio (including any Additional Mortgages acquired on such Further Sale Date) after taking into account any Basis Hedge Agreements and the Interest Rate Converted Mortgage Release Amounts expected on the immediately following Interest Payment Date is not less than the SONIA Reference Rate plus 3 per cent. or (y) if such weighted average interest rate is less than the SONIA Reference Rate plus 3 per cent, the amount standing to the credit of the Mortgage Margin Reserve Fund on such Further Sale Date is equal to or greater than the Adjusted Mortgage MRF Required Amount.
- The amount standing to the credit of the MFA Pre-Funding Reserve Ledger or the Principal Ledger is sufficient to cover Mandatory Further Advances.
- PML as Administrator will within 30 days of the relevant Further Sale Date, arrange for the Issuer to enter into Basis Hedge Agreements to hedge the fixed-floating interest rate exposure in relation to such Additional Mortgage.
- Following the addition of the Additional Mortgages to the Mortgage Portfolio, the aggregate of the outstanding Current Balance of any Mortgage in the Mortgage Portfolio with a Current LTV Ratio of more than 77 per cent. will not exceed 15 per cent. of the aggregate Current Balance of all of the Mortgages in the Mortgage Portfolio on the relevant Further Sale Date.
- Following the addition of the Additional Mortgages to the Mortgage Portfolio, the aggregate outstanding Current Balance of Mortgages whose related Properties are in London is not greater than 40 per cent. of the aggregate Current Balance of the Mortgages in the Mortgage Portfolio on the relevant Further Sale Date.
- Following the addition of the relevant Additional Mortgages to the Mortgage Portfolio, the aggregate outstanding Current Balance of Mortgages whose related Properties are in a single geographic region other than London and South East of England is not greater than 20 per cent. of the aggregate Current Balance of the Mortgages in the Mortgage Portfolio on the relevant Further Sale Date.
- Following the addition of the relevant Additional Mortgages to the Mortgage Portfolio, the weighted average Rental Cover to all the Mortgage Loans in the Mortgage Portfolio is not less than 145 per cent.
- The remaining fixed rate period applicable to each Additional Mortgage that is a Fixed Rate Mortgage will not be longer than 5 years and 6 months as at the relevant Further Sale Date.
- Other than in respect of Non-Reversionary replacement Reference Rate-Linked Mortgages, the reversionary interest rate of the relevant Additional Mortgage is either (i) three-month Reference Rate (or any replacement rate as determined by an Administrator in the event that the rate for the three-month London Inter-Bank Offered Rate for GBP deposits is discontinued or becomes unavailable) plus a variable margin which is equal to or greater than 4.5 per cent. or (ii) the relevant Legal Title Holder's standard variable rate
- Following the addition of the relevant Additional Mortgages to the Mortgage Portfolio, the aggregate outstanding Current Balance of Mortgage Loans that are paying or reverting at a later date to the relevant Seller's standard variable rate is not greater than 75 per cent. of the aggregate Current Balance of the Mortgage Loans in the Portfolio on such Further Sale Date.
- The amount standing to the credit of the Principal Ledger on the relevant Further Sale Date is sufficient to enable the Issuer to redeem the Class A Notes down to the Class A Target Notional on the next following Interest Payment Date.
- No Further Sale Period Termination Event has occurred or would occur as a result of the sale and purchase of the relevant Additional Mortgage(s).
- No Additional Mortgage to be purchased is an Arrears Mortgage.
- As at the relevant Further Sale Date, (where the Residual Certificates are represented by Definitive Residual Certificates) more than 50 per cent. of the Residual Certificates are held by a Paragon Banking Group Company or (where the Residual Certificates are represented by a Global Residual Certificate) the beneficial interest in more than 50 per cent. of the Residual Certificates is held by a Paragon Banking Group Company.
- There was no debit balance on the Principal Deficiency Ledger following amounts having been applied in accordance with the Payments Priorities on the preceding Interest Payment Date.

- Following the addition of the Additional Mortgages to the Mortgage Portfolio, the aggregate Current Balance of all Additional Mortgages purchased by the Issuer since the Closing Date shall not exceed 30 per cent. of the Current Balance of the Mortgages sold to the Issuer on the Closing Date unless an agreed upon procedures review (an "**AUP Review**") on a sample of the Additional Mortgages purchased since the Closing Date has been carried out following the Principal Determination Date when the aggregate Current Balance of all Additional Mortgages purchased since the Closing Date exceeded 20 per cent. of the Current Balance of all Mortgages sold to the Issuer on the Closing Date on substantially the same terms and with results to the same required standard as the AUP Review which was carried out prior to the Closing Date or on such other terms and with results to such other required standard as would be required if such AUP Review was being carried out for the same purpose as the AUP Review was undertaken prior to the Closing Date.
- Following the addition of the Additional Mortgages to the Mortgage Portfolio, such Additional Mortgages shall not cause the aggregate outstanding Current Balance of the Non-Reversionary replacement Reference Rate-Linked Mortgages to be greater than 20 per cent. of the aggregate Current Balance of the Mortgage Loans in the Mortgage Portfolio on such Further Sale Date.
- On such Further Sale Date Additional Mortgages which are Fixed Rate Mortgages may only be purchased by the Issuer where the weighted average swap rate calculated by PML as Administrator by reference to the interest swap rates and notional values disclosed in (a) the Basis Hedge Agreements as at the Principal Determination Date immediately preceding such Further Sale Date (or in the case of any Further Sale Date occurring in the first Collection Period, the Closing Date) and (b) the Basis Hedge Agreements (if any) entered into by the Issuer since the Principal Determination Date immediately preceding such Further Sale Date (or in the case of the first Collection Period, the Closing Date), does not exceed 4 per cent.
- On each Further Sale Date, Additional Mortgages which are Paragon Bank Depositor Mortgages may only be purchased by the Issuer where the sum of all Paragon Bank Mortgage Excess Amounts in respect of all Paragon Bank Depositor Mortgages in the Mortgage Portfolio together with the Additional Mortgages to be purchased on such Further Sale Date does not exceed 0.50 per cent. of the Current Balance of all Mortgage Loans in the Mortgage Portfolio together with the Additional Mortgages to be purchased on such Further Sale Date.
- on each Further Sale Date Additional Mortgages which are Fixed Rate Mortgages may only be purchased by the Issuer where the product (calculated by the Administrator) of (a) the weighted average time in years to the end of the fixed rate period in respect of the Fixed Rate Mortgages in the Portfolio together with the Additional Mortgages which are Fixed Rate Mortgages to be purchased on such Further Sale Date and (b) the Current Balance of the Fixed Rate Mortgages in the Portfolio together with the Fixed Rate Loans to be purchased on such Further Sale Date divided by the Current Balance of the Mortgages in the Portfolio together with the Additional Mortgages to be purchased on such Further Sale Date, does not exceed two.
- on each Further Sale Date, the sum of (a) the notional value of the outstanding Basis Hedge Agreements entered into by the Issuer on or before the Principal Determination Date immediately preceding such Further Sale Date (or in the case of the first Collection Period, the Closing Date), and (b) the notional value of any Basis Hedge Agreements entered into by the Issuer since the Principal Determination Date immediately preceding such Further Sale Date (or in the case of any Further Sale Date occurring in the first Collection Period, the Closing Date) must not exceed or be less than (by greater than £10 million), the sum of the Current Balance of: (A) all Fixed Rate Mortgages as at the Principal Determination Date immediately preceding such Further Sale Date (or in the case of the first Collection Period, the Closing Date); and (B) any Additional Mortgages which are Fixed Rate Mortgages purchased since the Principal Determination Date immediately preceding such Further Sale Date (or in the case of any Further Sale Date occurring in the first Collection Period, the Closing Date).
- that PML and/or PBG and/or any holding company or subsidiary of PBG (a "**Paragon Banking Group Company**") are the Administrators and no Administrator Termination Event has occurred in respect of PML or Paragon Bank (or any Paragon Banking Group Company) in its capacity as an Administrator.

m. Sterling Overnight Index Average "SONIA" Reference Rate for PM26 – PM28"

Sterling Overnight Index Average (SONIA) has been used as the reference rate for PM26 – PM28. And for PM12 and PM25, with effect from the May 2022 Interest Payment Date.

SONIA is a daily compounded SONIA rate for each relevant calculation period. The calculation period is five business days prior to the closing date and five business days prior to the Interest Payment Date, where SONIA is a compounded daily rate for this period to arrive at the Compounded Daily SONIA (this is market standard).

The definitions relating to the Compounded Daily SONIA are as follows:

"Banking Day" means, any day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in London;

"Compounded Daily SONIA" means the rate of return of a daily compound interest investment (with the daily Sterling overnight reference rate as reference rate for the calculation of interest) and will be calculated by the Reference Agent (or such other party responsible for the calculation of the Rate of Interest) as at the Interest Determination Date, as follows, and the resulting percentage will be rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards:

$$\left[\prod_{i=1}^{d_0}\left(1+\frac{SONIA_{i-5LBD}\times n_i}{365}\right)-1\right]\times\frac{365}{d}$$

where:
"**d**" is the number of calendar days in the relevant Interest Period;
"**do**" is the number of Banking Days in the relevant Interest Period;
"**i**" is a series of whole numbers from one to do, each representing the relevant Banking Day in chronological order from, and including, the first Banking Day in the relevant Interest Period;
"**ni**", for any day "**i**", means the number of calendar days from and including such day "i" up to but excluding the following Banking Day;
"**SONIAi-5LBD**" means, in respect of any Banking Day falling in the relevant Observation Period, the Reference Rate for the Banking Day falling five Banking Days prior to the relevant Banking Day "i".
"**Interest Commencement Date**" means the date of issue of the Notes.
"**Interest Determination Date**" means the fifth Banking Day before the Interest Payment Date for which the Rate of Interest to be determined on such date will apply
"**Observation Period**" means the period from and including the date falling five Banking Days prior to the first day of the relevant Interest Period (and the first Interest Period shall begin on and include the Interest Commencement Date) and ending on, but excluding, the date falling five Banking Days prior to the Interest Payment Date for such Interest Period (or, if applicable, the date falling five Banking Days prior to any other date on which a payment of interest is to be made in respect of the Notes);
"**Reference Index**" means Compounded Daily SONIA.

n. PM26 - PM28 Reference Rate and operation of the PM26 - PM28 Cashflows

- Principal Determination Date: last working day of the month prior to the Interest Payment Date.
- Interest Payment Date: For PM26: 15th November: 15th February: 15th May and 15th August. For PM27: 15th July: 15th October: 15th January and 15th April. For PM28: 15th December: 15th March: 15th June and 15th September.
- Interest Determination Date means the fifth Banking Day before the Interest Payment Date for which the rate will apply.

For the securitisations that had Libor as the reference rate, the interest on the Notes is calculated by the Paying Agent on each Interest Payment Date and advised to Paragon, as the Administrator. This meant that on each PDD, Paragon (as the Administrator) knew the actual value of the Senior and Junior Notes interest, and all the other payments that were due and payable on the next Interest Payment Date. Using an example. For PM26, the Interest Payment Date is 15th November 2019, and the PDD is 31st October 2019, Paragon had all of the relevant information on the PDD to run the revenue waterfall on the 15th November 2019 IPD, as the Note interest had been calculated on the previous IPD (15th August 2019), and confirmed by the Paying Agent on 15th August 2019 for the Note interest payments due and payable on 15th November 2019. The same example also applies to PM27 in terms of timing and operational processes for the SONIA reference rate.

With the move to the daily compounded SONIA reference rate, the reference rate won't be known until five business days prior to the Interest Payment Date. Using the same example, the actual interest payable on the Notes and the PM26 Swaps is not known until 8th November 2019, at the earliest.

In terms of processes, Paragon will prepare the relevant principal and revenue cashflows on the PDD as normal using a month end cut off point **and not an Interest Determination Date cut off point**. At this stage, **with the exception of the interest of the Notes and the Swaps**, Paragon will know all of the relevant costs, such as the Administration Fees, and losses to book to the Principal Deficiency Ledger. The interest on the Notes will be confirmed by the Paying Agent on or around 8th November 2019. Paragon will then have to independently check the information that the Paying Agent has sent to Paragon in respect of the SONIA rate.

Between the PDD and the Interest Determination Date (five business days prior to the Interest Payment Date), Paragon will prepare the Principal and Revenue cashflows in the usual way **using a month end cut off point and not an Interest Determination Date cut off point**. Once the SONIA rate has been advised by the Paying Agent to Paragon on the Interest Determination Date (8th November 2019), Paragon are then in a position to calculate the actual value of the Note and Swap interest that is due and payable on the Interest Payment Date (15th November 2019) in accordance with the revenue and principal priority of payments.

Once the actual PM26 note interest and swap payments has been calculated on 8th November 2019, Paragon will then have all of the relevant information to calculate both waterfalls, based on the cash balances **on the Principal Determination Date and not an Interest Determination Date cut off point** (as the Principal and Revenue Ledgers) in respect of all of the payments that are due and payable on the Interest Payment Date (15th November 2019).

For the Available Redemption Funds calculation, this deducts any principal cash to fund a Revenue Deficit (diverting Principal to Revenue to fund the revenue shortfall). The Revenue Deficit (if any) won't be known until the Interest Determination Date when the Note interest (and Swap interest) is calculated and confirmed by the Reference Agent.

For the Available Redemption Funds calculation, this includes any PDL replenishment (diverting any excess Revenue to Principal). This won't be known until the Interest Determination Date when the Note and Swap interest is known and confirmed, allowing Paragon to then calculate the excess revenue cash, and divert the relevant amount to replenish the PDL and form part of the A-Z Available Redemption Funds to pay down the Notes on the Interest Payment Date.

Once the PDL is determined and replenished with the excess revenue cashflows, Paragon can then determine the amount to trap in respect of the Discretionary Conversion **and** Interest Margin Reserve Funds.

For the Class A-D Additional Available Redemption Funds (on or after the August 2024 Interest Payment Date), this will relate to the diversion of the excess revenue cash to the Principal Ledger and form part of the Available Redemption Funds to pay down the PM26 Notes on the Interest Payment Date. This won't be known until the Interest Determination Date when the Note interest is known and confirmed, allowing Paragon to then calculate the excess revenue cash, and divert the relevant amount to the Principal Ledger and form part of the Available Redemption Funds to pay down the Notes on the Interest Payment Date.

o. Residual Interest Paragon Mortgages (No.12) PLC ("RIPM12")

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

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

The PBG residual interests have been assigned to a newly established orphan SPV, Residual Interest Paragon Mortgages (No.12) PLC ("RIPM12"). The First Loss Find is represented by listed Notes and the Deferred Consideration is represented by Residual Certificates, each issued by RIPM12.

In addition to the disposal of the residual interest in PM12, the option to call and repay the PM12 Notes on a PM12 Interest Payment Date, funded by the sale of the PM12 portfolio, has been transferred from PM12 to the legal owners of the PM12 deferred consideration (RIPM12) and ultimately, the Residual Certificate Holders in RIPM12

Subordinated Loan

The PM12 Subordinated Loan is now divided into a Senior Tranche and a Junior Tranche. The Senior Tranche was sold to RIPM12. The Junior Tranche will remain as an obligation of the current Subordinated Loan Providers (MTS and PFPLC) and this portion of the Loan was not sold to RIPM12.

For the amended PM12 Subordinated Loan agreement, the First Loss Fund has now been defined as the **Reserve Advance**. The remaining Advances (the MMR Advances) are defined as **Additional Advances**.

The PM12 First Loss Fund (£28,504,000) was reduced by £8,000,000 on 15th November 2019, with the reduction used to partially repay the Reserve Tranche of the PM12 Subordinated Loan, now owned by RIPM12. Please refer to the below link for the Paragon RNS dated 15th November 2019 in respect of the PM12 First Loss Fund reduction.

https://otp.tools.investis.com/clients/uk/paragon_group/rns1/regulatory-story.aspx?cid=1285&newsid=1345190

Revised PM12 Revenue Priority of Payments

The revised PM12 Revenue priority of payments in respect of the Reserve Advance and Additional Advances of the Subordinated Loan, as outlined in the Amended Subordinated Loan Agreement, are as follows, which are paid on each Interest Payment Date:

- Interest on the Reserve Tranche of the PM12 Subordinated Loan (i.e. First Loss Fund).
- Interest on the Additional Tranche of the Subordinated Loan (Minimum Mortgage Rate Drawings). **This is not sold to RIPM12.**
- Repayment of the Additional Tranche of the Subordinated Loan (Repayment of the Minimum Mortgage Rate Drawings). **This is not sold to RIPM12.**
- Management Charge to PFPLC.
- Deferred Consideration (Profit Retention) to PFPLC and MTS.
- Deferred Consideration to RIPM12.

	Revenue payments made or accrued from Revenue Income:	
1	Accrued Arrears and Interest not Sold to Issuer	0
2	Trustee Fee/Tender Agent Fees/ Costs and Expenses claimed by the Substitute Administrator, the Remarketing Agent and the A1 Conditi	-2
3	Senior Administration Fee to PFPLC and MTS/ Out of pocket expenses/ Substitute Administrator Commitment Fee/ Substitute Administra	-296
4 (a)	Payments to Swap Counterparty	0
4 (b)	A1, A2b and A2c Swap Currency Interest	-1,185
4 (c)	A2a Note Interest	-149
5 (a)	B1b Swap Currency Interest	-264
5 (b)	B1a Note Interest	-75
6 (a)	C1b Swap Currency Interest	-301
6 (b)	C1a Note Interest	-68
7	Unsecured claimants in an amount not exceeding the "Prescribed Part" in The Insolvency Act (Prescribed Part) Order 2003 (as amended f	0
8	Third Party payments for Corporation Tax and VAT	-8
9	PDL Replenishment	-47
10	First Loss Fund Replenishment	0
11	Termination Fees to Swap Provider	0
12	Cap/Swap Retention fund	0
13	Junior Administration Fee to PFPLC and MTS	-265
14	Interest on the Reserve Tranche of the Subordinated Loan (First Loss Fund)	-345
15	Interest on the Additional Tranche of the Subordinated Loan (Minimum Mortgage Rate Drawings)	0
16	Repayment of the Additional Tranche of the Subordinated Loan (Repayment of the Minimum Mortgage Rate Drawings)	-285
17	Management Charge to PFPLC (£12,000 per annum)	-3
18(I)	Deferred Consideration Retention	-18
18(ii)	Deferred Consideration	-1,512

o(i). PM12 Surplus income to the Issuer

In respect of PM12, prior to July 2019, the "surplus income to the issuer" was reported as a combined number (please refer to row 14 in the table below).

10	First Loss Fund Replenishment	0
11	Termination Fees to Swap Provider	0
12	Cap/Swap Retention fund	0
13	Junior Administration Fee to PFPLC and MTS	-260
14	Surplus income to the Issuer	-2,273

Following Paragon Banking Group's sale of its residual interest in PM12 on 26th June 2019, with effect from July 2019, the surplus revenue is reported in the Investor Report (please refer to the table below) as follows in accordance with the revenue priority of payments.

PM12

- Interest on the Additional Tranche of the Subordinated Loan (Minimum Mortgage Rate Drawings) – row 15
- Repayment of the Additional Tranche of the Subordinated Loan (Repayment of the Minimum Mortgage Rate Drawings) – row 16
- Management Charge to PFPLC – row 17
- Deferred Consideration Retention – row 18(i)

14	Interest on the Reserve Tranche of the Subordinated Loan (First Loss Fund)	-345
15	Interest on the Additional Tranche of the Subordinated Loan (Minimum Mortgage Rate Drawings)	0
16	Repayment of the Additional Tranche of the Subordinated Loan (Repayment of the Minimum Mortgage Rate Drawings)	-285
17	Management Charge to PFPLC (£12,000 per annum)	-3
18(I)	Deferred Consideration Retention	-18
18(ii)	Deferred Consideration	-1,512

The sum of the above is the equivalent of the surplus income, as reported previously.

p. Payment Holidays in respect of the Covid 19 pandemic

On 18th March 2020, the UK Government instructed Lenders to grant a three-month mortgage payment holiday to Buy to Let landlords who may be experiencing difficulties in meeting their buy to let mortgage payments caused by the impact of the COVID19 virus. Following this guidance and where appropriate, Paragon have agreed a mortgage payment holiday with customers, ranging between one and three months. Paragon have emphasised to the customers (a) this is only a temporary arrangement and that the position will be reviewed after the payment holiday period and (b) interest will continue to be charged on the payment holiday amount that forms part of the customers' outstanding mortgage balance. Following the expiry of the relevant payment holiday arrangement, Paragon will contact the customer with a range of available options, including an overpayment on the customers' monthly payment to clear the payment holiday amount. In accordance with the practices of a reasonable prudent administrator, each case will be assessed individually and on its own merits.

Paragon have also made the necessary system changes to accommodate payment holidays. For reporting purposes, and in line with UK Finance's expectations, customers that have been granted a payment holiday will not be categorised nor reported as an arrears loan. It is expected that Paragon will be in a position to identify and report on the payment holiday customers for investor reporting and loan by loan requirements.

Payment Holiday Extensions

On 22nd May 2020, the Government announced that payment holidays would be extended for a further three months for Buy to Let landlords who may be experiencing, or continue to experience, difficulties in meeting their buy to let mortgage payments caused by the impact of the COVID19 virus. There is a deadline of 31st October 2020 for customers who have yet to apply for a payment holiday with their lenders. The same principles as outlined above for the "original" payment holiday customers will also apply to the "extended" payment holiday customers.

Payment holidays were extended in June 2020 and November 2020 for Buy to Let landlords who may be experiencing, or continue to experience, difficulties in meeting their buy to let mortgage payments caused by the impact of the COVID19 virus. There is a deadline of 31st January 2021 for customers who have yet to apply for a payment holiday with their lenders. The same principles as outlined above for the "original" payment holiday customers will also apply to the "extended" payment holiday customers.

The deadline for customers to apply for a payment holiday with their lenders was 31st March 2021 and all payment holidays must end by 31st July 2021. The same principles as outlined above for the "original" payment holiday customers also applies to the "extended" payment holiday customers.

All Payment Holidays expired on 31st July 2021.

q. Libor Transition: Underlying assets and Notes

Libor Transition on the underlying assets

The Mortgage Trust (MTL) and the Paragon Mortgages Limited (PML) originated mortgages transitioned to a term SONIA basis on 1st June 2021 and 1st July 2021 respectively. For further details, please see the following link: libor-mortgages-transition-july-19 (paragonbankinggroup.co.uk)

The Paragon Mortgages (2010) Limited originated mortgages transitioned to a term SONIA basis on 1st July 2021. For further details, please see the following link: libor-mortgages-transition-july-19 (paragonbankinggroup.co.uk)

Libor Transition on the PM25 Notes – 25th August 2021

PM25 contains the standard 10% negative consent language for the most Senior Class of Notes in the PM25 Terms and Conditions to replace Libor with another reference rate (SONIA) on the PM25 Notes and the PM25 Swaps. A proposal was put in front of the PM25 Senior Noteholders to agree on the margin adjustment and the required document changes in respect of (a) the PM25 Notes and the PM25 Swaps (b) the Margin Reserve Fund and (c) other operational changes to accommodate a SONIA reference rate. The PM25 document changes for the Notes and the Swaps replicated the PM26-PM28 documents that contains the SONIA reference rate language.

The agreed approach was as follows.

- Negative consent concept (approved if <10% eligible Noteholders reject the proposal). The 37.5% Class A Notes held by Paragon are ignored for the purposes of any objections.
- The Margin Adjustment (fixed at 0.1193%) is based on the five-year historical look back basis to make the PM25 Noteholders whole on their margins.
- The concept of the Implementation Date i.e., the method whereby Libor is used up until its cessation date of 31st December 2021. This methodology on PM25 works as follows: the last Libor rate setting on the PM25 Notes will take place on 15th November 2021 in respect of the Interest Payment Date falling on 15th February 2022. The first PM25 SONIA reference rate would then fall on 15th May 2022.

The negative consent solicitations were launched on 19th July 2021 by notice to all Noteholders via the following RNS.

https://www.londonstockexchange.com/news-article/41YH/notice-of-base-rate-modification/15064143

The timing, and sequencing of events, was as follows:

Date	Event
9 July 2021	Draft Base Rate Modification Certificate delivered to the Trustee.
19 July 2021	Notice concerning the proposed amendments delivered to Noteholders (the **Notice**).
19 August 2021	At 4:00 p.m. London time, deadline for Eligible Class A Noteholders to object to the Proposed Base Rate Modification in accordance with the Notice.
20 August 2021	Results notice to be delivered to Noteholders advising on the outcome of the negative consent process pursuant to the Notice.
23 August 2021	Signed Base Rate Modification Certificate delivered to the Trustee. Amendment Deed and Supplemental Trust Deed signed by the parties thereto.
15 February 2022	The Proposed Base Rate Modification takes effect.
16 May 2022	The first Interest Payment Date on which the Rate of Interest will be determined by reference to SONIA rather than LIBOR.

The only change in relation to the original timetable was the signing date, which was changed to 25th August 2021.

The PM25 Notice to Noteholders was issued on 19th July 2021. The PM25 Senior Noteholders then had 30 calendar days to consider the proposal.

- The PM25 results RNS were released at 9am on Friday 20th August 2021 via the following RNS.

  https://www.londonstockexchange.com/news-article/41YH/notice-of-base-rate-modification/15106330

- The PM25 amended documents to accommodate the SONIA reference rate and the adjusted margin (0.1193%) were signed by all the relevant third parties on 25rth August 2021. The PM25 amended documents then become effective from 15th February 2022, and are available to download from the Bond Investor section of the Paragon website, using the below link:

  - Trust Deed (containing the Terms and Conditions of the Notes).
  - the Administration Agreement
  - the Agency Agreement
  - the Deed Poll
  - the Issue Services Fee Letter
  - the Mortgage Sale Agreement
  - the Substitute Administrator Agreement
  - the Substitute Administrator Facilitator Agreement
  - the Approved Credit Support Document

  https://investorreporting.paragonbankinggroup.co.uk/bondinvestor_viewer/bondinvestor/investorreporting/paragon_group/bondinvestor_pm25/PM25_Libor_Transition_to_SONIA

- The documents have been amended via a Deed of Amendment (amending the above documents), and a Supplemental Trust Deed (amending the Terms and Conditions of the PM25 Notes) that are also available using the above link.

Libor Transition on the PM12 GBP Notes and the RIPM12 Notes – 15th February 2022

PM12 is different to the PM12 Libor transition from August 2021, in that it requires the consent of **all** Noteholders. A Notice to Noteholders detailing the proposal (and the draft documents) was sent to the PM12 Noteholders on 7th January 2022 (the last available date before the February 2022 IPD), with the PM12 Noteholders meetings convening on 31st January 2022, in advance of the PM12 February 2021 Interest Payment Date. **All** classes of the PM12 Notes had to agree to the proposed amendments.

The main points of the PM12 proposal are as follows:

- The LIBOR reference rate on the PM12 GBP Notes is replaced by a Daily Compounded SONIA Reference Rate, as per PM12-PM28. The first PM12 Interest Payment Date with a SONIA Reference Rate will fall on 15th May 2022.
- The change in the above Reference Rate is only in relation to the PM12 GBP Notes.
- The change in the Reference Rate in respect of the Euro Notes and the US Dollar Notes will take place at some point in the future and is not part of this exercise. We have tried to keep the process as simple as possible in respect of the PM12 GBP Notes.
- There is an equivalent change in the Reference Rate in respect of the cross- currency swaps from LIBOR to Daily Compounded SONIA, consistent with the GBP Notes. In effect, all the Sterling Cashflows at the PM12 level will have a SONIA reference rate.
- The industry standard 0.1193% SONIA/LIBOR margin adjustment will be added to the GBP Notes to make the PM12 GBP Noteholders whole.
- The same adjustment (0.1193%) will be added to the sterling leg of the Cross Currency Swaps.
- Negative consent language has been included for the future replacement of SONIA (as per PM26-PM28).
- On a Libor linked transaction, the costs, the Note Interest, and the Cross Currency Swap interest were calculated and advised on each Interest Payment Date, in advance of the next succeeding Interest Payment Date. This meant that the Note interest and the Cross Currency Swap interest were all known in advance of the Interest Payment Date, such that the Administrator could process the Principal and Revenue cashflows on each Principal Determination Date. The timing of the Daily Compounded SONIA rate means that the Note Interest, the Cross Currency Swap interest are not known until one week prior to the Interest Payment Date (the Interest Determination Date), and not on the Principal Determination Date. Operationally, PM12 will work in the same way as PM12-PM28 that contains a Compounded Daily SONIA reference rate. The Principal and Revenue Cashflows are produced and reconciled by the Administrator at each Principal Determination Date (the "PDD", the last working day of the quarter end prior to each Interest Payment Date) – the missing part of the cashflows on each PDD relates to the Note interest and the Cross Currency Swap interest. The cashflows are finalised when the Reference Agent and the Cross Currency Swap Provider advises the Compounded Daily SONIA rate to the Administrator one week before the Interest Payment Date in respect of the Notes and the Cross Currency Swaps. It is at this point that the PM12 cashflows are concluded by the Administrator and the Principal (including the PDL replenishment in the Available Redemption Funds) and the Revenue numbers are communicated to the Paying Agent (Citibank) on the next business day. The revised timing in respect of the GBP Interest Determination Date has required some changes to the PM12 Administration Agreement in terms of the new cashflow management processes.
- As this is a Basic Term Modification (a change to the interest rate setting on the Notes), all classes of the PM12 Notes (including the USD and Euro Noteholders), must agree to the proposed changes. A 75% quorum is required for the first meetings. If this is not successful, a 25% quorum for the adjourned meetings.
- If the proposal is accepted by all classes of the PM12 Notes, the first PM12 SONIA Reference Rate on the PM12 GBP Notes and the PM12 cross currency swaps will be the Interest Payment Date falling on 15th May 2022. The last Libor paying IPD is the February 2022 IPD (i.e. Libor was set on 15th November 2021, in respect of the IPD falling in February 2022).
- If the proposal is not accepted, the Reference Rate on the GBP Notes and the cross-currency swaps will be a synthetic Libor reference rate in respect of the May 2022 IPD. Citibank, as the Reference Agent, have confirmed that they will use this reference rate.
- It has been made clear in the PM12 Consent Solicitation Memorandum ("CSM") that Paragon's involvement is limited to (a) acting as the Servicer of the assets and (b) providing the directors to the PM12 board.
- The RNS/ Notice to Noteholders (per Class of Notes) were released on Friday 7th January 2022. This detailed the proposal, the date of the meetings, and how the Noteholders can vote etc.

PM12 RNS' were released on 7th January 2022, as per the below links.

Consent Solicitation - Launch Announcement - 10:20:37 07 Jan 2022 - 40XV News article | London Stock Exchange

Class A1 Notice of Meeting - 15:35:39 07 Jan 2022 - 40XV News article | London Stock Exchange

Class A2a Notice of Meeting - 15:36:48 07 Jan 2022 - 40XV News article | London Stock Exchange

Class A2b Notice of Meeting - 15:30:48 07 Jan 2022 - 40XV News article | London Stock Exchange

Class A2c Notice of Meeting - 15:37:45 07 Jan 2022 - 40XV News article | London Stock Exchange

Class B1a Notice of Meeting - 15:37:12 07 Jan 2022 - 40XV News article | London Stock Exchange

Class B1b Notice of Meeting - 15:36:00 07 Jan 2022 - 40XV News article | London Stock Exchange

Class C1a Notice of Meeting - 15:35:07 07 Jan 2022 - 40XV News article | London Stock Exchange

Class C1b Notice of Meeting - 15:31:07 07 Jan 2022 - 40XV News article | London Stock Exchange

The timing, and sequencing of events, was as follows:

Launch Consent Solicitation	7th January 2022
Expiration of Voting Period	5pm on 26th January 2022
Initial Noteholder Meetings	Commencing from 10am on 31st January 2022
(If required) Issue Notice of Adjourned Meeting	31st January 2022
Expiration of Voting Period for any Adjourned Meeting	5pm on 9th February 2022
(if required) Adjourned Noteholder Meetings	Commencing from 10am on 14th February 2022
Shortly after successful Meetings	Amendment Documentation and Supplemental Trust Deed executed
Effective Date for amendments	15th February 2022
First IPD when Rate of Interest will be determined by reference to SONIA rather than LIBOR	May IPD

- The results of the PM12 Noteholders' meeting s and the Notice of Adjournment for the Class A1 Notes were released on 31st January 2022 (after the 10am Noteholder's Meetings) via the following RNS links.

https://www.londonstockexchange.com/news-article/40XV/notice-of-results-of-meeting/15308918

https://www.londonstockexchange.com/news-article/40XV/notice-of-adjourned-meeting/15308926

- The results of the PM12 Class A1 Adjourned meeting were released on 14th February 2022 (after the 10am Noteholder's Meetings) via the following RNS link.

https://www.londonstockexchange.com/news-article/40XV/notice-of-result-of-adjourned-meeting/15327704

- The PM12 amended documents were signed by the PM12 secured creditors, such that the PM12 Libor transition were effective from 15th February 2022 (the PM12 Interest Payment Date), with the first SONIA reference rate for the PM12 GBP Notes (and the cross-currency swaps) falling on the PM12 May 2022 Interest Payment date, and are available to download from the Bond Investor section of the Paragon website, using the below link:

- Supplement Trust Deed
- Deed of Amendment
- Class A2b Currency Swap Confirmation
- Class A2c Currency Swap Confirmation
- Class B1b Currency Swap Confirmation
- Class C1b Currency Swap Confirmation

https://investorreporting.paragonbankinggroup.co.uk/bondinvestor_viewer/bondinvestor/investorreporting/paragon_group/bondinvestor_pm12/pm12_libor_transition_to_sonia

r. PM27 – Fully retained transaction

PM27 is Paragon's first fully retained transaction in its long-established securitisation programme. The £648.3m of AAA rated senior bonds may be used as collateral for the Bank of England repo funding facilities and the Term Funding Scheme with additional incentives for SME's (TFSME) scheme. The senior bonds are also available as security for commercial repo transactions with other institutions. Paragon Bank PLC has purchased the retained Notes, and Paragon Bank PLC has been appointed as the retention provider by always maintaining a 5% stake in each Class of Notes.

s. PM28 – Fully retained transaction

PM28 is Paragon's second fully retained transaction in its long-established securitisation programme. The £623.8m of AAA rated senior bonds may be used as collateral for the Bank of England repo funding facilities and the Term Funding Scheme with additional incentives for SME's (TFSME) scheme. The senior bonds are also available as security for commercial repo transactions with other institutions. Paragon Bank PLC has purchased the retained Notes, and Paragon Bank PLC has been appointed as the retention provider by always maintaining a 5% stake in each Class of Notes.

t. PM28 – Desktop valuations

PM28 contains the BTL originations between February 2020 and October 2020, which includes the loans originated during the Spring 2020 lockdown. Due to COVID-19 restrictions in the first lockdown (which applied until 22 May 2020 in England and 23 June 2020 in Wales) physical property valuations could not be conducted by Paragon Bank. During this period, Paragon Bank developed a desktop valuation process specifically for non-complex properties in relation to single self-contained units i.e. houses and flats, with up to four tenants sharing. This specifically included quality monitoring within the business area (first line), followed by oversight review by property risk (second line) and internal audit (third line). Including Desktop valuations used by the Group on the single self-contained properties during the Spring lockdown is the first time these valuation types have been included in a Paragon securitization, representing approximately 9.69% of the final PM28 portfolio.

u. PM28 – First Payment Obligation

For PM28 only, the removal of the customers' first payment obligation warranty from the PM28 Mortgage Sale Agreement (previously included to demonstrate that the customer exists on previous transactions) allowed the Group to include the last week two weeks of the October 2020 originations into the final PM28 pool. The Rating Agencies took comfort from the fact that this represented a small percentage of the final PM28 pool (5.07%) and the buy-back obligation on Paragon Bank and PM2010 where the first two payments from the customer has not been received, where the buyback proceeds will pay down the PM28 Class A Notes.

QUARTERLY POOL TABLES

The pool tables contain information on the underlying assets split by the originators, Paragon Mortgages (PML), Mortgage Trust (MTL), Paragon Bank and the overall combined information as at the relevant quarter end. The overview section within the pool tables are as follows:

	OVERALL	PML ORIGINATIONS PRE 1ST JAN 2004	PML ORIGINATIONS POST 1ST JAN 2004	MTL ORIGINATIONS
AGGREGATE CLOSING BALANCE	767,010,381.08	134,855,741.05	376,570,415.85	255,584,224.18
NUMBER OF PROPERTIES	5,823	1,083	2,584	2,156
WEIGHTED AVERAGE LTV	78.46%	77.01%	77.90%	80.06%
MINIMUM LTV	0.07%	0.07%	0.27%	3.19%
MAXIMUM LTV	94.53%	91.37%	89.50%	94.53%
WEIGHTED AVERAGE SEASONING (YEARS)	12.02	14.51	11.49	11.48
MINIMUM SEASONING	11.30	13.97	11.31	11.30
MAXIMUM SEASONING	15.75	15.75	12.10	11.76
WEIGHTED AVERAGE LOAN SIZE	131,720.83	124,520.54	145,731.59	118,545.56
MINIMUM LOAN SIZE	74.94	74.94	1,000.00	2,929.50
MAXIMUM LOAN SIZE	2,613,024.97	1,486,312.51	2,613,024.97	468,343.10
WEIGHTED AVERAGE REMAINING TERM (YEARS)	10.34	8.39	10.72	10.80
MINIMUM REMAINING TERM	-	-	-	0.42
MAXIMUM REMAINING TERM	18.75	16.08	18.67	18.75
% OF PROFESSIONAL LANDLORDS	70.33%	90.13%	79.97%	45.68%
% OF PRIVATE INVESTOR LANDLORDS	29.67%	9.87%	20.03%	54.32%
% OF OWNER OCCUPIED	0.00%	0.00%	0.00%	0.00%
% IN LONDON AND SOUTH EAST	39.04%	32.33%	36.02%	47.02%
WEIGHTED AVERAGE RENTAL COVER FOR PROFESSIONAL LANDLORDS (CALCULATED AT THE ORIGINATION DATE)	1.65	2.00	1.60	1.39

- ***Aggregate Closing Balance***
  The principal balances of mortgages in the portfolio at the relevant quarter end.

- ***Number of Properties***
  The number of properties in the portfolio at the relevant quarter end.

- ***Weighted Average LTV***
  The weighted average LTV of the mortgages at the latest quarter end which is calculated by dividing the current valuation by the current principal balance of the asset at the quarter end and weighting this by reference to the customer's principal balance. Valuations are calculated at the mortgage origination date and are updated when a discretionary further advance is released to the customer.

- ***Weighted Average Seasoning (years)***
  The weighted average period (in years) that assets have been running since year of origination, at the relevant quarter end.

- ***% of Professional Landlords***
  The percentage of principal balances with professional landlords at the relevant quarter end. A professional landlord is defined as a landlord who has three or more buy to let properties and at least twelve months experience within the buy to let market.

- ***% of Private Investor Landlords***
  The percentage of the private investor landlords at the relevant quarter end. A private investor is defined as a landlord who has less than three buy to let properties.

- ***% of Owner Occupied***
  The percentage of principal balances that are owner occupied at the relevant quarter end.

- ***% in London and South East***
  The percentage of principal balances that cover the London and South East regions at the relevant quarter end.

- ***Weighted Average Rental Cover for Professional Landlords***
  As part of the initial credit assessment for professional landlords only, this measures a landlord's ability to cover the monthly interest payment against the monthly rental income at the mortgage origination date. This is calculated at the mortgage origination date by dividing the monthly rental income by the monthly interest due (based on either the Paragon Reference Rate or charging rate as applicable). The reference rate is based upon long term rates and reviewed by the group's credit committee on a quarterly basis.

The detailed information of the underlying assets is as follows:

a. *"Loan to value ratio (LTV)"*

The weighted average LTV of the assets at the relevant quarter end. This is calculated by dividing the current valuation by the current principal balance of the asset at the quarter end and weighting this against the customer's principal balance. Valuations are calculated at the mortgage origination date and are updated when a discretionary further advance is released to the customer.

LOAN TO VALUE RATIOS (LTV)

LOAN TO VALUE RATIOS (%)	CURRENT PRINCIPAL BALANCE £	% OF TOTAL	NUMBER OF MORTGAGES	% OF TOTAL
>0 <=25	1,402,541.53	0.18%	73	1.25%
>25 <=50	28,005,362.80	3.65%	306	5.26%
>50 <=55	10,940,685.42	1.43%	108	1.85%
>55 <=60	13,578,100.78	1.77%	107	1.84%
>60 <=65	20,970,518.06	2.73%	147	2.52%
>65 <=70	37,778,091.59	4.93%	231	3.97%
>70 <=75	77,301,570.47	10.08%	463	7.95%
>75 <=80	105,330,665.83	13.73%	711	12.21%
>80 <=85	187,635,550.03	24.46%	1,355	23.27%
>85 <=86	187,091,685.89	24.39%	1,466	25.18%
>86 <=87	86,133,111.16	11.23%	761	13.07%
>87 <=88	7,729,969.30	1.01%	72	1.24%
>88 <=89	2,236,195.12	0.29%	17	0.29%
>89 <=90	594,079.58	0.08%	4	0.07%
>90 <=95	282,253.52	0.04%	2	0.03%
>95 <=97	-	0.00%	-	0.00%
>97 <=100	-	0.00%	-	0.00%
>100	-	0.00%	-	0.00%
	767,010,381.08		**5,823**	
AVERAGE LTV WEIGHTED BY PRINCIPAL BALANCE			**78.46%**	

b. *"Loan to value ratios based on the Nationwide index"*

The weighted average LTV of the assets based on the Nationwide index valuation. These are updated quarterly at the end of March, June, September and December.

LOAN TO VALUE RATIOS BASED ON NATIONWIDE INDEX AS AT SEPTEMBER 17

LOAN TO VALUE RATIOS (%)	CURRENT PRINCIPAL BALANCE £	% OF TOTAL	NUMBER OF MORTGAGES	% OF TOTAL
>0 <=25	10,287,146.06	1.34%	168	2.89%
>25 <=50	151,852,239.43	19.80%	954	16.38%
>50 <=55	58,220,751.68	7.59%	412	7.08%
>55 <=60	134,227,234.36	17.50%	943	16.19%
>60 <=65	88,735,898.73	11.57%	654	11.23%
>65 <=70	77,563,922.79	10.11%	609	10.46%
>70 <=75	61,323,368.68	8.00%	497	8.54%
>75 <=80	49,447,309.39	6.45%	459	7.88%
>80 <=85	90,723,219.04	11.83%	822	14.12%
>85 <=86	6,053,210.39	0.79%	57	0.98%
>86 <=87	6,861,905.78	0.89%	42	0.72%
>87 <=88	4,090,747.35	0.53%	29	0.50%
>88 <=89	2,891,622.19	0.38%	18	0.31%
>89 <=90	1,351,735.24	0.18%	12	0.21%
>90 <=95	2,929,522.77	0.38%	19	0.33%
>95 <=97	877,241.07	0.11%	6	0.10%
>97 <=100	1,295,525.31	0.17%	6	0.10%
>100	18,277,780.82	2.38%	116	1.99%
	767,010,381.08		**5,823**	
AVERAGE LTV WEIGHTED BY PRINCIPAL BALANCE			**64.09%**	

c. *"Product summary"*

The current principal balances / number of mortgages split by product at the relevant quarter end – variable rate, fixed rate, replacement reference rate, capped rate and base rate tracker rate loans.

PRODUCT SUMMARY

PRODUCT	CURRENT PRINCIPAL BALANCE £	% OF TOTAL	NUMBER OF MORTGAGES	% OF TOTAL
Variable	28,483,276.82	5.52%	252	6.37%
Fixed	1,935,142.73	0.37%	16	0.40%
Term SONIA linked	485,877,743.86	94.11%	3,687	93.22%
Capped	-	0.00%	-	0.00%
Base Rate Tracker	-	0.00%	-	0.00%
	516,296,163.41		**3,955**	

d. *"Product summary by repayment method"*

The current principal balances / number of mortgages split by repayment type at the relevant quarter end - interest only/endowment and repayment.

PRODUCT SUMMARY BY REPAYMENT METHOD				
REPAYMENT METHOD	CURRENT PRINCIPAL BALANCE £	% OF TOTAL	NUMBER OF MORTGAGES	% OF TOTAL
Interest only / Endowment	745,839,742.53	97.24%	5,472	93.97%
Repayment	21,170,638.55	2.76%	351	6.03%
	767,010,381.08		**5,823**	

e. *"Current Principal Balance outstanding"*

The current principal balances / number of mortgages split by principal balance bands. The weighted average loan size is calculated by dividing the current principal balances by the number of mortgages at the relevant quarter end.

CURRENT PRINCIPAL BALANCE OUTSTANDING				
CURRENT PRINCIPAL BALANCE £	CURRENT PRINCIPAL BALANCE £	% OF TOTAL	NUMBER OF MORTGAGES	% OF TOTAL
0.00 to 100,000	181,315,417.05	23.64%	2,576	44.24%
100,000.01 to 200,000	334,190,266.93	43.57%	2,501	42.95%
200,000.01 to 300,000	116,788,011.31	15.23%	489	8.40%
300,000.01 to 400,000	39,440,674.45	5.14%	115	1.97%
400,000.01 to 500,000	25,978,964.47	3.39%	58	1.00%
500,000.01 to 750,000	29,902,120.46	3.90%	50	0.86%
750,000.01 to 1,000,000	17,226,685.32	2.25%	19	0.33%
1,000,000.01 to 1,250,000	7,756,033.62	1.01%	7	0.12%
1,250,000.01 to 1,500,000	4,209,142.51	0.55%	3	0.05%
1,500,000.01 to 1,750,000	-	0.00%	-	0.00%
1,750,000.01 to 2,000,000	5,589,539.99	0.73%	3	0.05%
over 2,000,000	4,613,524.97	0.60%	2	0.03%
	767,010,381.08		**5,823**	
WEIGHTED AVERAGE LOAN SIZE	**131,720.83**			

f. *"Property Tenure"*

The current principal balances / number of mortgages split by tenure at the relevant quarter end – freehold, leasehold and feudal.

PROPERTY TENURE				
TENURE	CURRENT PRINCIPAL BALANCE £	% OF TOTAL	NUMBER OF MORTGAGES	% OF TOTAL
Freehold	497,643,830.01	64.88%	3,501	60.12%
Leasehold	258,704,711.51	33.73%	2,171	37.28%
Feudal	10,661,839.56	1.39%	151	2.59%
	767,010,381.08		**5,823**	

g. *"Seasoning of Mortgages"*

The current principal balances / number of mortgages split by year of origination, resulting in the weighted average seasoning (months) at the relevant quarter end.

SEASONING OF MORTGAGES BY YEAR				
ORIGINATION YEAR	CURRENT PRINCIPAL BALANCE £	% OF TOTAL	NUMBER OF MORTGAGES	% OF TOTAL
1996	-	0.00%	-	0.00%
1997	-	0.00%	-	0.00%
1998	-	0.00%	-	0.00%
1999	-	0.00%	-	0.00%
2000	-	0.00%	-	0.00%
2001	-	0.00%	-	0.00%
2002	29,307,535.14	3.82%	230	3.95%
2003	105,548,205.91	13.76%	853	14.65%
2004	-	0.00%	-	0.00%
2005	362,460.00	0.05%	1	0.02%
2006	631,792,180.03	82.37%	4,739	81.38%
	767,010,381.08		**5,823**	
WEIGHTED AVERAGE SEASONING (MONTHS)			**144.22**	

h. *"Maturity of Mortgages"*

The current principal balances / number of mortgages split by the remaining term (years), resulting in the weighted average remaining term to maturity at the relevant quarter end.

MATURITY OF MORTGAGES

REMAINING TERM (YEARS)	CURRENT PRINCIPAL BALANCE £	% OF TOTAL	NUMBER OF MORTGAGES	% OF TOTAL
>0 <5	103,621,255.20	13.51%	844	14.49%
>=5 <10	215,122,892.87	28.05%	1,555	26.70%
>=10 <15	427,266,256.53	55.71%	3,258	55.95%
>=15 <20	20,999,976.48	2.74%	166	2.85%
>=20 <25	-	0.00%	-	0.00%
>=25 <30	-	0.00%	-	0.00%
>=30	-	0.00%	-	0.00%
	767,010,381.08		**5,823**	
WEIGHTED AVERAGE REMAINING TERM TO MATURITY			**10.34**	

i. *"Loan Purpose"*

The current principal balances / number of mortgages split by loan purpose at the relevant quarter end – house / flat purchase and remortgage.

LOAN PURPOSE

USE OF PROCEEDS	CURRENT PRINCIPAL BALANCE £	% OF TOTAL	NUMBER OF MORTGAGES	% OF TOTAL
House / Flat purchase	368,773,797.71	48.08%	2,993	51.40%
Remortgage	398,236,583.37	51.92%	2,830	48.60%
	767,010,381.08		**5,823**	

j. *"Geographical dispersion"*

The current principal balances / number of mortgages split by geographical region at the relevant quarter end, calculated by reference to the property's post code.

GEOGRAPHICAL DISPERSION

REGION	CURRENT PRINCIPAL BALANCE £	% OF TOTAL	NUMBER OF MORTGAGES	% OF TOTAL	Weighted average loan to value
North	32,073,077.68	4.18%	347	5.96%	79.19%
North West	99,976,467.79	13.03%	894	15.35%	80.34%
Yorkshire & Humberside	95,315,845.62	12.43%	836	14.36%	78.69%
East Midlands	44,491,896.95	5.80%	369	6.34%	79.62%
West Midlands	37,699,659.66	4.92%	332	5.70%	78.40%
East Anglia	24,640,618.12	3.21%	232	3.98%	80.79%
South East (excl. GL)	192,682,998.44	25.12%	1,262	21.67%	78.75%
South West	89,152,476.50	11.62%	655	11.25%	79.30%
Greater London	106,723,264.68	13.91%	432	7.42%	73.76%
Wales	33,231,371.63	4.33%	309	5.31%	79.17%
Scotland	10,661,839.56	1.39%	151	2.59%	79.32%
Northern Ireland	360,864.45	0.05%	4	0.07%	72.40%
	767,010,381.08		**5,823**		**78.46%**

k. *"Interest Charging Rate"*

The current principal balances / number of mortgages split by interest charging rate on the mortgages at the quarter end, resulting in the weighted average yield at the relevant quarter end.

INTEREST CHARGING RATE				
INTEREST RATE BANDS	CURRENT PRINCIPAL BALANCE £	% OF TOTAL	NUMBER OF MORTGAGES	% OF TOTAL
less than 2.01%	377,507,950.81	49.22%	2,670	45.85%
2.01% to 2.50%	357,209,436.18	46.57%	2,896	49.73%
2.51% to 3.00%	15,910,943.53	2.07%	105	1.80%
3.01% to 3.50%	10,171,311.93	1.33%	92	1.58%
3.51% to 4.00%	5,823,116.19	0.76%	57	0.98%
4.01% to 4.50%	-	0.00%	-	0.00%
4.51% to 5.00%	341,620.87	0.04%	1	0.02%
5.01% to 5.50%	-	0.00%	-	0.00%
5.51% to 6.00%	-	0.00%	-	0.00%
6.01% to 6.50%	-	0.00%	-	0.00%
6.51% to 7.00%	34,831.59	0.00%	1	0.02%
7.01% to 7.50%	-	0.00%	-	0.00%
7.51% to 8.00%	11,169.98	0.00%	1	0.02%
more than 8.00%	-	0.00%	-	0.00%
	767,010,381.08		5,823	
WEIGHTED AVERAGE INTEREST CHARGING RATE			2.051%	

l. "Number of months in arrears – non receiver of rent / possession cases"

The current principal balances / number of mortgages (excluding receiver or rent and possession cases) split by arrears bands, resulting in the weighted average number of months in arrears at the relevant quarter end.

NUMBER OF MONTHS IN ARREARS- NON RECEIVER OF RENT / POSSESSION CASES				
NUMBER OF MONTHS	CURRENT PRINCIPAL BALANCE £	% OF TOTAL	NUMBER OF MORTGAGES	% OF TOTAL
up to 1	752,442,797.50	99.93%	5,737	99.97%
>1 <=2	508,296.62	0.07%	2	0.03%
>2 <=3	-	0.00%	-	0.00%
>3 <=4	-	0.00%	-	0.00%
>4 <=5	-	0.00%	-	0.00%
>5 <=6	-	0.00%	-	0.00%
>6 <=12	-	0.00%	-	0.00%
more than 12	-	0.00%	-	0.00%
	752,951,094.12		5,739	
WEIGHTED AVERAGE NO. OF MONTHS IN ARREARS (FOR ARREARS CASES)			0.391	

m. "Number of months in arrears – receiver of rent / possession cases"

The current principal balances / number of mortgages (receiver of rent and possession cases only) split by arrears bands, resulting in the weighted average number of months in arrears. A receiver of rent is appointed on investment home loan cases usually when the customer is > 2 months in arrears. Receiver of rent is the equivalent of a possession case on an owner-occupied mortgage. The full rental stream from the property is diverted to the receiver, who in turn, passes the rental stream onto the administrator or if the property is vacant, the receiver can sell the property.

NUMBER OF MONTHS IN ARREARS- RECEIVER OF RENT / POSSESSION CASES				
NUMBER OF MONTHS	CURRENT PRINCIPAL BALANCE £	% OF TOTAL	NUMBER OF MORTGAGES	% OF TOTAL
up to 1	13,749,782.93	97.80%	81	96.43%
>1 <=2	-	0.00%	-	0.00%
>2 <=3	101,113.92	0.72%	1	1.19%
>3 <=4	-	0.00%	-	0.00%
>4 <=5	170,095.78	1.21%	1	1.19%
>5 <=6	-	0.00%	-	0.00%
>6 <=12	38,294.33	0.27%	1	1.19%
more than 12	-	0.00%	-	0.00%
	14,059,286.96		84	
WEIGHTED AVERAGE NO. OF MONTHS IN ARREARS (FOR ARREARS CASES)			2.632	

n. "Number of months in arrears – COVID19 payment holidays"

The current principal balances / number of mortgages (COVID19 payment holidays only) split by arrears bands. The Delinquency Summary (for COVID 19 Payment Holiday cases) are included in the Overall Delinquency Summary numbers. Please refer to section 5 (q) for details of the Payment Holiday process and the reporting of payment holiday loans i.e. customers that have been granted a payment holiday will **not** be categorised **nor** reported as an arrears loan, on the basis that no payment is due from the customer during the holiday period.

The payment holiday customers who are still within their payment holiday period are reported on the investor reports as at the relevant Principal Determination Date (the last working day of the month preceding the Interest Payment Date). The customers that have come to the end of their original payment holiday, and have elected not to extend their payment holiday, are **not** reported in the payment holiday table.

For transparency, the payment holidays are now separated between (a) the customers that are still on their original payment holiday, and (b) the customers that came to the end of their original payment holiday period and have elected to extend their payment holiday. A weighted average remaining term for the payment holiday period has been included for the "original" payment holiday borrowers and the "extended" payment holiday borrowers.

All Payment Holidays expired on 31st July 2021.

Number of months in arrears - COVID19 Payment holiday cases

Number of months	Balance £	% of total	Number of mortgages	% of total	Weighted average remaining term (months)
up to 1	118,176,139.95	100.00%	540	100.00%	
> 1 < = 2	-	0.00%	-	0.00%	
> 2 < = 3	-	0.00%	-	0.00%	
> 3 < = 4	-	0.00%	-	0.00%	
> 4 < = 5	-	0.00%	-	0.00%	
> 5 < = 6	-	0.00%	-	0.00%	
> 6 < = 12	-	0.00%	-	0.00%	
more than 12	-	0.00%	-	0.00%	
	118,176,139.95		**540**		
% by Number of Accounts/Balance		**15.58%**		**13.25%**	
Original Payment Holiday	103,905,014.38	87.92%	486	90.00%	1.00
Extended Payment Holiday	14,271,125.57	12.08%	54	10.00%	2.57

o. "Occupancy"

The current principal balances / number of mortgages split by occupancy type at the relevant quarter end – owner occupied, professional landlords and private investor landlords.

OCCUPANCY

OCCUPANCY	CURRENT PRINCIPAL BALANCE £	% OF TOTAL	NUMBER OF MORTGAGES	% OF TOTAL
Owner occupied	-	0.00%	-	0.00%
Letting - professional	539,468,390.96	70.33%	4,093	70.29%
Letting - emerging professional	227,541,990.12	29.67%	1,730	29.71%
	767,010,381.08		**5,823**	

p. "Investment Home Loan: Occupancy"

The current principal balances / number of mortgages split by letting type at the relevant quarter end – corporate and non corporate.

INVESTMENT HOME LOAN : OCCUPANCY

LETTYP TYPE	CURRENT PRINCIPAL BALANCE £	% OF TOTAL	NUMBER OF MORTGAGES	% OF TOTAL
Corporate	46,032,248.66	6.00%	341	5.86%
Non Corporate	720,978,132.42	94.00%	5,482	94.14%
	767,010,381.08		**5,823**	

q. "Interest Coverage Ratio"

As part of the initial credit assessment for professional landlords only, this measures a landlord's ability to cover the monthly interest payment against the monthly rental income at the mortgage origination date. This is calculated at the mortgage origination date by dividing the monthly rental income by the monthly interest due (based on either the Paragon reference rate or charging rate as applicable). The reference rate is based upon long term rates and reviewed by the group's credit committee on a quarterly basis.

INTEREST COVERAGE RATIO				
ICR BAND	CURRENT PRINCIPAL BALANCE £	% OF TOTAL	NUMBER OF MORTGAGES	% OF TOTAL
<1.2	40,341,218.10	7.48%	308	7.53%
>=1.2 <1.3	128,111,517.60	23.75%	943	23.04%
>=1.3 <1.5	145,299,292.82	26.93%	1,133	27.68%
>=1.5 <2.0	145,522,004.81	26.98%	1,116	27.27%
>=2.0 <2.5	45,679,017.61	8.47%	297	7.26%
>=2.5 <3.0	17,518,271.12	3.25%	138	3.37%
>=3.0 <3.5	5,693,782.26	1.06%	43	1.05%
>=3.5 <4.0	3,090,243.22	0.57%	28	0.68%
>=4.0 <4.5	2,594,419.37	0.48%	19	0.46%
>=4.5 <5.0	1,194,882.67	0.22%	12	0.29%
>=5.0	4,423,741.38	0.82%	56	1.37%
	539,468,390.96		**4,093**	
WEIGHTED AVERAGE ICR FOR PROFESSIONAL LANDLORDS (CALCULATED AT THE ORIGINATION DATE)			**1.65**	

r. "Number of Properties"

The number of properties a landlord has within that SPV, split by current principal balances / number of mortgages at the relevant quarter end.

NUMBER OF PROPERTIES IN PORTFOLIO				
NUMBER OF PROPERTIES	CURRENT PRINCIPAL BALANCE £	% OF TOTAL	NUMBER OF MORTGAGES	% OF TOTAL
<3	504,190,549.09	65.73%	3,770	64.74%
>=3 <=10	201,358,726.82	26.25%	1,614	27.72%
>10 <=20	25,780,821.79	3.36%	243	4.17%
>20 <=30	8,703,941.26	1.13%	89	1.53%
>30 <=40	26,976,342.12	3.52%	107	1.84%
>40 <=50	-	0.00%	-	0.00%
>50	-	0.00%	-	0.00%
	767,010,381.08		**5,823**	

The investor reports, pool tables and summary section can all be found on the Paragon website http://www.paragonbankinggroup.co.uk/