

26 APRIL 2018

PARAGON FINANCE PLC  
AS PFPLC

CITICORP TRUSTEE COMPANY LIMITED  
AS THE TRUSTEE

AND

PARAGON MORTGAGES (NO.25) PLC  
AS ISSUER

---

CRR DEED OF COVENANT

---

## CONTENTS

Clause	Page
1. Interpretation .....	1
2. Covenants by PFPLC .....	2
3. Notification.....	2
4. Notices.....	2
5. The Trustee.....	2
6. Exclusion of Third Party Rights.....	2
7. Governing Law.....	3

**THIS DEED OF COVENANT** is made on 26 April 2018

**BY:**

- (1) **PARAGON FINANCE PLC** (registered number 1917566) whose registered office is at 51 Homer Road, Solihull, West Midlands B91 3QJ ("**PFPLC**");

**IN FAVOUR OF:**

- (2) **CITICORP TRUSTEE COMPANY LIMITED** (registered number 235914) whose registered office is at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB (in its capacity as the trustee, the "**Trustee**", which expression shall include such person and all other persons for the time being acting as the trustee or trustees under the Trust Deed); and
- (3) **PARAGON MORTGAGES (NO.25) PLC**, a company incorporated with limited liability in England and Wales with registered number 9777963 whose registered office is at 51 Homer Street, Solihull, West Midlands B91 3QJ (the "**Issuer**").

**WHEREAS:**

- (A) The Issuer on the date of this Deed will issue the Notes in order to fund the purchase of the Mortgages from Paragon Mortgages (2010) Limited (in its capacity as Seller).
- (B) PFPLC is willing to give certain covenants in favour of the Issuer and the Trustee.

**NOW THIS DEED OF COVENANT** witnesses as follows:

**1. INTERPRETATION**

For the purposes of this Deed the expressions defined in the administration agreement dated on or about the date of this Deed (the "**Administration Agreement**") between the Issuer, Paragon Mortgages (2010) Limited (in its capacity as Seller and Administrator), Paragon Bank PLC (in its capacity as Seller and Administrator) and the Trustee shall, unless otherwise defined herein, have the same meaning in this Deed.

- 1.1 The headings and contents pages in this Deed shall not affect its interpretation. References in this Deed to Clauses are, unless the context otherwise requires, references to clauses of this Deed.
- 1.2 Unless the context otherwise requires, words denoting the singular number only shall include the plural number also and vice versa, words denoting one gender only shall include the other genders and words denoting persons only shall include firms and corporations and vice versa.
- 1.3 References in this Deed to any person shall include references to his successors, transferees and assigns and any person deriving title under or through him. References in this Deed to any statute or statutory provision shall be deemed also to refer to any statutory modification or re-enactment thereof and to any statutory instruments, orders or regulations made thereunder or under any such re-enactment.

1.4 References in this Deed to any agreement or other document shall be deemed also to refer to such agreement or document as modified, novated, supplemented or replaced from time to time.

## 2. COVENANTS BY PFPLC

2.1 PFPLC covenants to the Issuer and the Trustee (on behalf of itself and the Noteholders) that it will, whilst any of the Notes remain outstanding, retain on an ongoing basis a material net economic interest of not less than 5 per cent. in the nominal value of the securitisation in accordance with the text of Article 405(1)(a) of Regulation (EU) No.575/2013 (as amended) (the "**CRR**"), Article 51(1)(a) of Regulation (EU) No.231/2013, referred to as the Alternative Investment Fund Managers Regulation and Article 254(2)(a) of Regulation (EU) 2015/35 (Solvency II) (which in each case does not take into account any corresponding national measures).

2.2 PFPLC covenants to the Issuer and the Trustee (on behalf of itself and the Noteholders) that it will, whilst any of the Notes remain outstanding, comply with the obligations under Article 409 of the CRR (which does not take into account any implementing rules of the CRR in a relevant jurisdiction), subject always to any requirement of law, provided that PFPLC shall solely determine what constitutes materially relevant data for the purposes of such Article 409 taking into account generally accepted market practice as to disclosure and reporting and the requirements of the Noteholders as a class.

## 3. NOTIFICATION

PFPLC agrees to notify the Issuer and the Trustee in writing of any breach of their respective covenants contained in this Deed as soon as reasonably practicable after it becomes aware of it.

## 4. NOTICES

The provisions of clause 25 (*Notices*) of the Administration Agreement shall, *mutatis mutandis*, apply to this Deed and the giving of notices pursuant hereto.

## 5. THE TRUSTEE

In the event that there is any change in the identity of the Trustee in accordance with the Trust Deed, the retiring Trustee, PFPLC and the Issuer shall execute such documents and take such actions as such new Trustee may reasonably require for the purpose of vesting in such Trustee the rights of the Trustee under this Deed and, if so determined by the new Trustee, releasing the retiring Trustee from further obligations hereunder.

## 6. EXCLUSION OF THIRD PARTY RIGHTS

The parties to this Deed do not intend that any term of this Deed should be enforced, by virtue of the Contracts (Rights of Third Parties) Act 1999, by any person who is not a party to this Deed.

7. **GOVERNING LAW**

- 7.1 This Deed and any non-contractual obligations arising out of or in connection with it are governed by, and shall be construed in accordance with, English law.
- 7.2 The courts of England are to have jurisdiction to settle any disputes arising out of or in connection with this Deed. This submission is irrevocable and for the exclusive benefit of the Issuer and the Trustee. It does not prevent proceedings being commenced by the Issuer and the Trustee in the courts of any other country or, subject to applicable law, in the courts of more than one country at the same time. PFPLC and the Issuer irrevocably waive any objection, on the ground of *forum non conveniens* or on any other ground, to proceedings in the courts of England and irrevocably agree that a judgement in any proceedings brought in the courts of England will be conclusive and binding on each of them and may be enforced in any other court.

IN WITNESS WHEREOF the parties to this Deed have caused this Deed to be executed as a deed the day and year first above mentioned.

Executed by:  
as its deed as follows:  
Signed for and on its behalf by one  
of its duly authorised attorneys

Paragon Finance PLC

Signature: *Ed Carruthers*.....

By: *[Signature]*.....

Name: *STEPHAN BOWCOTT*.....

Title: Attorney

Witness Name: .....

Occupation: .....

Address: .....*Ed Carruthers*.....  
.....*Clifford Chance LLP*  
.....*10 Upper Bank Street*  
.....*London E14 5JJ*.....

Executed by:  
CITICORP TRUSTEE COMPANY  
LIMITED as a deed  
Signed for and on its behalf by one of its duly  
authorised attorneys

Signature: *[Signature]*.....

Name: *GEORGIA MITCHELL*.....

Title: Attorney

Witness: *Ed Carruthers*.....

Name: .....

Occupation: .....

Address: .....*Ed Carruthers*.....  
.....*Clifford Chance LLP*  
.....*10 Upper Bank Street*  
.....*London E14 5JJ*.....

**Executed by:**  
**as its deed as follows:**  
Signed for and on its behalf by two  
of its directors

**Paragon Mortgages (No.25) PLC**

per pro Intertrust Directors 1 Limited, as  
Director

Name: .....  .....

per pro Intertrust Directors 2 Limited, as  
Director

Name: .....  .....