PRESS RELEASE APRIL 16, 2021

DBRS Morningstar Confirms Ratings of Dilosk RMBS No. 3 DAC

RMBS

DBRS Ratings GmbH (DBRS Morningstar) confirmed its ratings of the notes issued by Dilosk RMBS No. 3 DAC (the Issuer) as follows:

-- Class A Notes at AAA (sf)
-- Class B Notes at AA (high) (sf)
-- Class C Notes at A (high) (sf)
-- Class D Notes at BBB (sf)

The rating of the Class A Notes addresses the timely payment of interest and ultimate repayment of principal on or before the final maturity date in October 2057. The ratings of the Class B to Class D Notes address the ultimate payment of interest while junior, but timely payment of interest when the senior-most tranche, and ultimate repayment of principal on or before the final maturity date.

The confirmations follow an annual review of the transaction and are based on the following analytical considerations:
-- Portfolio performance, in terms of delinquencies, defaults and losses, as of the January 2021 payment date.
-- Probability of default (PD), loss given default (LGD) and expected loss assumptions on the remaining receivables.
-- Current available credit enhancement to the notes to cover the expected losses at their respective rating levels.
-- Current economic environment and an assessment of sustainable performance, as a result of the Coronavirus Disease (COVID-19) pandemic.

The Issuer is a securitisation of prime Irish buy-to-let mortgages originated and serviced by Dilosk DAC (Dilosk) granted to individuals, corporates, and pension trusts between 2017 and 2019. All primary servicing activities are delegated to Link Asset Services Limited.

PORTFOLIO PERFORMANCE
As of January 2021, one- to three-month arrears represented 1.9% of the outstanding portfolio balance, up from 0.0% in January 2020. Loans more than three months in arrears represented 0.0% of the outstanding portfolio balance, stable since January 2020.

PORTFOLIO ASSUMPTIONS AND KEY DRIVERS
DBRS Morningstar conducted a loan-by-loan analysis of the remaining pool of receivables and updated its base case PD and LGD assumptions to 4.7% and 7.7%, respectively.

CREDIT ENHANCEMENT
As of the January 2021 payment date, credit enhancement to the Class A, Class B, Class C, and Class D Notes was 24.8%, 17.3%, 10.6%, and 4.6%, respectively, compared with 22.5%, 16.0%, 10.3%, and 5.0%, respectively, at the initial rating. Credit enhancement is provided through subordination of the junior notes and the general reserve fund.

The general reserve fund is nonamortising and is currently at its target level of EUR 5.2 million, equal to 2.5% of original principal balance of the Class A, Class B, Class C, Class D, and Class Z1 notes. The general reserve is available to cover senior fees, interest shortfall, and principal losses (via the principal deficiency ledgers) on the Class A to Class D Notes.

The liquidity reserve fund initially had a zero balance at closing and was funded through available principal receipts on the first payment date in October 2019. The liquidity reserve fund is currently funded to its target level of EUR 2.2 million, equal to 1.5% of the outstanding Class A Notes, and is subject to a floor of 0.75% of the original Class A Notes balance. The liquidity reserve fund covers senior fees and interest on the Class A Notes.

The Bank of New York Mellon - London Branch (BNY Mellon) acts as the account bank for the transaction. Based on the DBRS Morningstar Long-Term Senior Debt rating of AA (high) on BNY Mellon, the downgrade provisions outlined in the transaction documents, and other mitigating factors inherent in the transaction structure, DBRS Morningstar considers the risk arising from the exposure to the account bank to be consistent with the rating assigned to the Class A Notes, as described in DBRS Morningstar's "Legal Criteria for European Structured Finance Transactions" methodology.

DBRS Morningstar analysed the transaction structure in Intex DealMaker.

The Coronavirus Disease (COVID-19) and the resulting isolation measures have caused an economic contraction, leading to sharp increases in unemployment rates and income reductions for many borrowers. DBRS Morningstar anticipates that delinquencies may continue to increase in the coming months for many RMBS transactions, some meaningfully. The ratings are based on additional analysis and adjustments to expected performance as a result of the global efforts to contain the spread of the coronavirus.

For this transaction, DBRS Morningstar incorporated a moderate reduction in residential property values and conducted additional sensitivity analysis to determine that the transaction benefits from sufficient liquidity support to withstand potential high levels of payment holidays in the portfolio. As of the January 2021 payment date, none of the loans in the portfolio were in a payment holiday.

On 16 April 2020, the DBRS Morningstar Sovereign group released a set of macroeconomic scenarios for the 2020–22 period in select economies. These scenarios were last updated on 17 March 2021. For details, see the following commentaries: https://www.dbrsmorningstar.com/research/375376/global-macroeconomic-scenarios-march-2021-update and https://www.dbrsmorningstar.com/research/359903/global-macroeconomic-scenarios-application-to-credit-ratings. The DBRS Morningstar analysis considered impacts consistent with the moderate scenario in the referenced reports.

On 5 May 2020, DBRS Morningstar published a commentary outlining how the coronavirus crisis is likely to affect DBRS Morningstar-rated RMBS transactions in Europe. For more details, please see: https://www.dbrsmorningstar.com/research/360599/european-rmbs-transactions-risk-exposure-to-coronavirus-covid-19-effect and https://www.dbrsmorningstar.com/research/362712/european-structured-finance-covid-19-credit-risk-exposure-roadmap.

For more information regarding rating methodologies and Coronavirus Disease (COVID-19), please see the following DBRS Morningstar press release: https://www.dbrsmorningstar.com/research/357883.

For more information regarding the structured finance rating approach and Coronavirus Disease (COVID-19), please see the following DBRS Morningstar press release: https://www.dbrsmorningstar.com/research/359905.

For more information regarding structured finance rating methodologies and Coronavirus Disease (COVID-19), please see the following DBRS Morningstar press release: https://www.dbrsmorningstar.com/research/358308.

ESG CONSIDERATIONS
A description of how DBRS Morningstar considers ESG factors within the DBRS Morningstar analytical framework can be found in the DBRS Morningstar Criteria: Approach to Environmental, Social, and Governance Risk Factors in Credit Ratings at: https://www.dbrsmorningstar.com/research/373262.

Notes:
All figures are in euros unless otherwise noted.

The principal methodology applicable to the ratings is the "Master European Structured Finance Surveillance Methodology" (8 February 2021).

Other methodologies referenced in this transaction are listed at the end of this press release. These may be found at: http://www.dbrsmorningstar.com/about/methodologies.

DBRS Morningstar has applied the principal methodology consistently and conducted a review of the transaction in accordance with the principal methodology.

A review of the transaction legal documents was not conducted as the legal documents have remained unchanged since the most recent rating action.

For a more detailed discussion of the sovereign risk impact on Structured Finance ratings, please refer to "Appendix C: The Impact of Sovereign Ratings on Other DBRS Morningstar Credit Ratings" of the "Global Methodology for Rating Sovereign Governments" at: https://www.dbrsmorningstar.com/research/364527/global-methodology-for-rating-sovereign-governments.

The sources of data and information used for these ratings include investor reports provided by BNY Mellon and loan-level data provided by the European DataWarehouse GmbH and Dilosk.

DBRS Morningstar did not rely upon third-party due diligence in order to conduct its analysis.

At the time of the initial rating, DBRS Morningstar was supplied with third-party assessments. However, this did not impact the rating analysis.

DBRS Morningstar considers the data and information available to it for the purposes of providing these ratings to be of satisfactory quality.

DBRS Morningstar does not audit or independently verify the data or information it receives in connection with the rating process.

The last rating action on this transaction took place on 17 April 2020, when DBRS Morningstar confirmed its ratings of the Class A, Class B, Class C, and Class D Notes at AAA (sf), AA (high) (sf), A (high) (sf), and BBB (sf), respectively.

The lead analyst responsibilities for this transaction have been transferred to Daniel Rakhamimov.

Information regarding DBRS Morningstar ratings, including definitions, policies, and methodologies is available at www.dbrsmorningstar.com.

To assess the impact of changing the transaction parameters on the rating, DBRS Morningstar considered the following stress scenarios as compared with the parameters used to determine the rating (the Base Case):

-- DBRS Morningstar expected a lifetime base case PD and LGD for the pool based on a review of the current assets. Adverse changes to asset performance may cause stresses to base case assumptions and therefore have a negative effect on credit ratings.
-- The base case PD and LGD of the current pool of loans for the Issuer are 4.7% and 7.7%, respectively.
-- The risk sensitivity overview below illustrates the ratings expected if the PD and LGD increase by a certain percentage over the base case assumption. For example, if the LGD increases by 50%, the rating of the Class A Notes would be expected to fall to AA (high) (sf), assuming no change in the PD. If the PD increases by 50%, the rating of the Class A Notes would be expected to fall to AA (high) (sf), assuming no change in the LGD. Furthermore, if both the PD and LGD increase by 50%, the rating of the Class A Notes would be expected to fall to AA (sf).

Class A Notes Risk Sensitivity:
-- 25% increase in LGD, expected rating of AAA (sf)
-- 50% increase in LGD, expected rating of AA (high) (sf)
-- 25% increase in PD, expected rating of AAA (sf)
-- 50% increase in PD, expected rating of AA (high) (sf)
-- 25% increase in PD and 25% increase in LGD, expected rating of AA (high) (sf)
-- 25% increase in PD and 50% increase in LGD, expected rating of AA (high) (sf)
-- 50% increase in PD and 25% increase in LGD, expected rating of AA (high) (sf)
-- 50% increase in PD and 50% increase in LGD, expected rating of AA (sf)

Class B Notes Risk Sensitivity:
-- 25% increase in LGD, expected rating of AA (high) (sf)
-- 50% increase in LGD, expected rating of AA (high) (sf)
-- 25% increase in PD, expected rating of AA (high) (sf)
-- 50% increase in PD, expected rating of AA (sf)
-- 25% increase in PD and 25% increase in LGD, expected rating of AA (sf)
-- 25% increase in PD and 50% increase in LGD, expected rating of AA (low) (sf)
-- 50% increase in PD and 25% increase in LGD, expected rating of A (high) (sf)
-- 50% increase in PD and 50% increase in LGD, expected rating of A (high) (sf)

Class C Notes Risk Sensitivity:
-- 25% increase in LGD, expected rating of A (high) (sf)
-- 50% increase in LGD, expected rating of A (high) (sf)
-- 25% increase in PD, expected rating of A (high) (sf)
-- 50% increase in PD, expected rating of A (low) (sf)
-- 25% increase in PD and 25% increase in LGD, expected rating of A (high) (sf)
-- 25% increase in PD and 50% increase in LGD, expected rating of A (low) (sf)
-- 50% increase in PD and 25% increase in LGD, expected rating of A (low) (sf)
-- 50% increase in PD and 50% increase in LGD, expected rating of BBB (high) (sf)

Class D Notes Risk Sensitivity:
-- 25% increase in LGD, expected rating of BBB (sf)
-- 50% increase in LGD, expected rating of BBB (sf)
-- 25% increase in PD, expected rating of BBB (sf)
-- 50% increase in PD, expected rating of BBB (low) (sf)

-- 25% increase in PD and 25% increase in LGD, expected rating of BBB (sf)
-- 25% increase in PD and 50% increase in LGD, expected rating of BBB (sf)
-- 50% increase in PD and 25% increase in LGD, expected rating of BBB (low) (sf)
-- 50% increase in PD and 50% increase in LGD, expected rating of BBB (low) (sf)

For further information on DBRS Morningstar historical default rates published by the European Securities and Markets Authority (ESMA) in a central repository, see: http://cerep.esma.europa.eu/cerep-web/statistics/defaults.xhtml. DBRS Morningstar understands further information on DBRS Morningstar historical default rates may be published by the Financial Conduct Authority (FCA) on its webpage: https://www.fca.org.uk/firms/credit-rating-agencies.

These ratings are endorsed by DBRS Ratings Limited for use in the United Kingdom.

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Initial Rating Date: 3 April 2019

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The rating methodologies used in the analysis of this transaction can be found at: http://www.dbrsmorningstar.com/about/methodologies.

-- Legal Criteria for European Structured Finance Transactions (6 April 2021), https://www.dbrsmorningstar.com/research/376314/legal-criteria-for-european-structured-finance-transactions.
-- Master European Structured Finance Surveillance Methodology (8 February 2021), https://www.dbrsmorningstar.com/research/373435/master-european-structured-finance-surveillance-methodology.
-- DBRS Morningstar Criteria: Approach to Environmental, Social, and Governance Risk Factors in Credit Ratings (3 February 2021), https://www.dbrsmorningstar.com/research/373262/dbrs-morningstar-criteria-approach-to-environmental-social-and-governance-risk-factors-in-credit-ratings.
-- Operational Risk Assessment for European Structured Finance Servicers (19 November 2020), https://www.dbrsmorningstar.com/research/370270/operational-risk-assessment-for-european-structured-finance-servicers.
-- Master European Residential Mortgage-Backed Securities Rating Methodology and Jurisdictional Addenda (14 January 2021) and European RMBS Credit Model (v 1.0.0.0), https://www.dbrsmorningstar.com/research/372339/master-european-residential-mortgage-backed-securities-rating-methodology-and-jurisdictional-addenda.
-- Interest Rate Stresses for European Structured Finance Transactions (28 September 2020), https://www.dbrsmorningstar.com/research/367292/interest-rate-stresses-for-european-structured-finance-transactions.

A description of how DBRS Morningstar analyses structured finance transactions and how the methodologies are collectively applied can be found at http://www.dbrsmorningstar.com/research/278375.

For more information on this credit or on this industry, visit www.dbrsmorningstar.com or contact us at info@dbrsmorningstar.com.

Ratings

Dilosk RMBS No. 3 DAC

Date Issued	Debt Rated	Action	Rating	Trend	Attributes
16-Apr-21	Class A Notes	Confirmed	AAA (sf)	--	EU U
16-Apr-21	Class B Notes	Confirmed	AA (high) (sf)	--	EU U
16-Apr-21	Class C Notes	Confirmed	A (high) (sf)	--	EU U
16-Apr-21	Class D Notes	Confirmed	BBB (sf)	--	EU U

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