PRESS RELEASE

APRIL 20, 2023

DBRS Morningstar Finalises Provisional Ratings on Dilosk RMBS No. 6 (STS) DAC

RMBS

DBRS Ratings GmbH (DBRS Morningstar) finalised its provisional ratings on the residential mortgage-backed notes issued by Dilosk RMBS No. 6 (STS) DAC (the Issuer) as follows:

-- Class A at AAA (sf)
-- Class B at AA (sf)
-- Class C at A (sf)
-- Class D at BBB (low) (sf)
-- Class E at BB (high) (sf)

The rating on the Class A notes addresses the timely payment of interest and the ultimate repayment of principal. The rating on the Class B notes addresses the timely payment of interest once most senior and the ultimate repayment of principal on or before the final maturity date. The ratings on the Class C, Class D, and Class E address the ultimate repayment of interest and principal.

DBRS Morningstar does not rate the Class X, Class Z1, and Class Z2 notes also issued in this transaction.

RATING RATIONALE

The Issuer is a bankruptcy-remote special-purpose vehicle incorporated in the Republic of Ireland. The Issuer used the proceeds of the notes to fund the purchase of prime and performing Irish owner-occupied (OO) mortgage loans secured over properties located in Ireland.

A liquidity reserve fund (LRF) provides liquidity support to the Class A notes and the senior fee payments. The LRF's initial balance is 1.0% of the Class A notes' outstanding balance at closing. On each interest payment date (IPD), the target level of the LRF will be 1.0% of the Class A notes' outstanding balance as at the end of the collection period until the Class A notes are redeemed.

A non-amortising general reserve fund (GRF) provides liquidity and credit support to the rated notes. On the closing date and on each IPD thereafter, the GRF has a target balance equal to 1.40% of the portfolio's outstanding balance at closing, minus the LRF required amount. The GRF is funded by the proceeds obtained from the issuance of the Class Z2 notes.

DBRS Morningstar calculated the credit enhancement to the Class A notes at 11.76%, provided by the subordination of the Class B to Class E notes, plus the Class Z1 notes and the GRF's initial balance. Credit enhancement to the Class B notes will be 7.01%, provided by the subordination of the Class C to Class E notes, plus the Class Z1 notes and the GRF's initial balance. Credit enhancement to the Class C notes will be 4.26%, provided by the subordination of the Class D and Class E notes, plus the Class Z1 notes and the GRF's initial balance. Credit enhancement to the Class D notes will be 2.76%, provided by the subordination of the Class E notes, plus the Class Z1 notes and the GRF's initial balance. Credit enhancement to the Class E notes will be 2.26%, provided by the Class Z1 notes and the GRF's initial balance.

As of 31 March 2023, the mortgage portfolio consisted of 2,706 loans with an aggregate principal balance of EUR 531 million. The majority of the mortgage loans included in the portfolio have been originated by Dilosk DAC (Dilosk; the originator, seller, and servicer) in the past two years. However, a small subset of the portfolio corresponds with more seasoned loans derived from a portfolio acquired from the Governor and Company of the Bank of Ireland in 2014.

A key structural feature of the transaction is the presence of provisioning mechanism linked to the arrears status of a loan, in addition to the usual provisioning based on losses. The degree of provisioning increases with the increase in the number-of-months-in-arrears status of a loan. This is positive for the transaction, as provisioning based on the arrears status traps any excess spread much earlier for a loan that may ultimately end up in foreclosure.

The Issuer entered into a fixed-to-floating interest rate swap agreement with Natixis to hedge against any interest mismatch between the floating rate paid by the notes and the fixed rate paid by a part of the portfolio. Moreover, to mitigate the basis risk on the variable interest portion of the portfolio, the servicer is contractually obliged to maintain the standard variable rate on the loans at a minimum of three-month Euribor plus 2.0% for OO loans, subject to such variable interest not being less than zero. Furthermore, due to the possibility of the occurrence of product switches and further advances, the Issuer shall amend the hedging agreement and increase the swap notional in case of increased exposure to fixed-rate loans in the portfolio. The transaction documents also state that any swap adjustment charges would be incorporated in the product switch and further advance definitions to ensure a minimum post-swap margin of 2.0%.

The borrowers make payments via direct debit, standing order, or cheque, unless otherwise agreed, into a collection account held at the BNP Paribas, Dublin Branch. The amounts in the collection account are transferred to the Issuer account at least twice every week. DBRS Morningstar's private rating on BNP Paribas, Dublin branch in its role as account bank is consistent with the threshold as outlined in DBRS Morningstar's "Legal Criteria for European Structured Finance Transactions" methodology, given the ratings assigned to the notes.

DBRS Morningstar based its ratings on a review of the following analytical considerations:
-- The transaction's capital structure and form and sufficiency of available credit enhancement.
-- The credit quality of the mortgage portfolio and the ability of the servicer to perform collection and resolution activities. DBRS Morningstar calculated the probability of default (PD), loss given default (LGD), and expected loss (EL) outputs on the mortgage portfolio. DBRS Morningstar uses the PD, LGD, and ELs as inputs into the cash flow tool. DBRS Morningstar analysed the mortgage portfolio in accordance with its "Master European Residential Mortgage-Backed Securities Rating Methodology and Jurisdictional Addenda".
-- The ability of the transaction to withstand stressed cash flow assumptions and repay the Class A, Class B, Class C, Class D, and Class E notes according to the terms of the transaction documents. DBRS Morningstar analysed the transaction structure using Intex DealMaker.
-- The sovereign rating of AA (low) with a Stable trend on the Republic of Ireland as of the date of this press release.
-- The consistency of the legal structure with DBRS Morningstar's "Legal Criteria for European Structured Finance Transactions" methodology and the presence of legal opinions addressing the assignment of the assets to the Issuer.

ENVIRONMENTAL, SOCIAL, GOVERNANCE CONSIDERATIONS
There were no Environmental/Social/Governance factors that had a significant or relevant effect on the credit analysis.

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/396929/dbrs-morningstar-criteria-approach-to-environmental-social-and-governance-risk-factors-in-credit-ratings.

DBRS Morningstar analysed the transaction structure in Intex DealMaker, considering the default rates at which the rated notes did not return all specified cash flows.

Notes:
All figures are in euros unless otherwise noted.

The principal methodology applicable to the ratings is: "Master European Residential Mortgage-Backed Securities Rating Methodology and Jurisdictional Addenda" (28 November 2022), https://www.dbrsmorningstar.com/research/405779/master-european-residential-mortgage-backed-securities-rating-methodology-and-jurisdictional-addenda.

Other methodologies referenced in this transaction are listed at the end of this press release.

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

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/401817/global-methodology-for-rating-sovereign-governments.

The DBRS Morningstar Sovereign group releases baseline macroeconomic scenarios for rated sovereigns. DBRS Morningstar analysis considered impacts consistent with the baseline scenarios as set forth in the following report: https://www.dbrsmorningstar.com/research/384482/baseline-macroeconomic-scenarios-application-to-credit-ratings.

The sources of data and information used for these ratings include those provided by Dilosk and its representatives. DBRS Morningstar was provided with loan-level data for the mortgage loans as of 31 March 2023 and historical performance data (delinquencies and prepayment data) covering the period September 2019 to December 2022.

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

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 this rating 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.

These ratings concern newly issued financial instruments. These are the first DBRS Morningstar ratings on these financial instruments.

This is the first rating action since the Initial Rating Date.

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

Sensitivity Analysis: 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):

-- In respect of the Class A notes, a PD of 19.6% and an LGD of 54.0% corresponding to the AAA (sf) rating scenario, was stressed assuming a 25% and 50% increase in the PD and LGD.
-- In respect of the Class B notes, a PD of 12.6% and an LGD of 41.0% corresponding to the AA (sf) rating scenario, was stressed assuming a 25% and 50% increase in the PD and LGD.
-- In respect of the Class C notes, a PD of 8.8% and an LGD of 34.8% corresponding to the A (sf) rating scenario, was stressed assuming a 25% and 50% increase in the PD and LGD.
-- In respect of the Class D notes, a PD of 4.3% and an LGD of 23.0% corresponding to the BBB (low) (sf) rating scenario, was stressed assuming a 25% and 50% increase in the PD and LGD.
-- In respect of the Class E notes, a PD of 2.8% and an LGD of 21.2% corresponding to the BB (high) (sf) rating scenario, was stressed assuming a 25% and 50% increase in the PD and LGD.

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

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

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

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

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

Class E Risk Sensitivity:
-- 25% increase in LGD, expected rating of BB (high) (sf)
-- 50% increase in LGD, expected rating of BB (sf)
-- 25% increase in PD, expected rating of BB (high) (sf)
-- 25% increase in PD and 25% increase in LGD, expected rating of BB (sf)
-- 25% increase in PD and 50% increase in LGD, expected rating of BB (sf)
-- 50% increase in PD, expected rating of BB (sf)
-- 50% increase in PD and 25% increase in LGD, expected rating of BB (sf)
-- 50% increase in PD and 50% increase in LGD, expected rating of BB (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: https://cerep.esma.europa.eu/cerep-web/statistics/defaults.xhtml. For further information on DBRS Morningstar historical default rates published by the Financial Conduct Authority (FCA) in a central repository, see https://data.fca.org.uk/#/ceres/craStats.

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

Lead Analyst: Ronja Dahmen, Vice President
Rating Committee Chair: Ketan Thaker, Managing Director
Initial Rating Date: 3 April 2023

DBRS Ratings GmbH
Neue Mainzer Straße 75
60311 Frankfurt am Main Deutschland
Tel. +49 (69) 8088 3500
Geschäftsführer: Detlef Scholz
Amtsgericht Frankfurt am Main, HRB 110259

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

-- Master European Residential Mortgage-Backed Securities Rating Methodology and Jurisdictional Addenda (28 November 2022) and European RMBS Credit Model v 1.0.0.0, https://www.dbrsmorningstar.com/research/405779/master-european-residential-mortgage-backed-securities-rating-methodology-and-jurisdictional-addenda.
-- Legal Criteria for European Structured Finance Transactions (22 July 2022), https://www.dbrsmorningstar.com/research/400166/legal-criteria-for-european-structured-finance-transactions.
-- Derivative Criteria for European Structured Finance Transactions (20 September 2021), https://www.dbrsmorningstar.com/research/384624/derivative-criteria-for-european-structured-finance-transactions.
-- Operational Risk Assessment for European Structured Finance Servicers (15 September 2022), https://www.dbrsmorningstar.com/research/402774/operational-risk-assessment-for-european-structured-finance-servicers.
-- Operational Risk Assessment for European Structured Finance Originators (15 September 2022), https://www.dbrsmorningstar.com/research/402773/operational-risk-assessment-for-european-structured-finance-originators.

-- Interest Rate Stresses for European Structured Finance Transactions (22 September 2022), https://www.dbrsmorningstar.com/research/402943/interest-rate-stresses-for-european-structured-finance-transactions.
-- DBRS Morningstar Criteria: Approach to Environmental, Social, and Governance Risk Factors in Credit Ratings (17 May 2022), https://www.dbrsmorningstar.com/research/396929/dbrs-morningstar-criteria-approach-to-environmental-social-and-governance-risk-factors-in-credit-ratings.

A description of how DBRS Morningstar analyses structured finance transactions and how the methodologies are collectively applied can be found at: https://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. 6 (STS) DAC

Date Issued	Debt Rated	Action	Rating	Trend	Attributes
20-Apr-23	Class A	Provis.-Final	AAA (sf)	--	EU U
20-Apr-23	Class B	Provis.-Final	AA (sf)	--	EU U
20-Apr-23	Class C	Provis.-Final	A (sf)	--	EU U
20-Apr-23	Class D	Provis.-Final	BBB (low) (sf)	--	EU U
20-Apr-23	Class E	Provis.-Final	BB (high) (sf)	--	EU U

Contacts

Ronja Dahmen
Vice President - Global Structured Finance
+49 69 8088 3525
ronja.dahmen@dbrsmorningstar.com

Andre Soutinho
European RMBS, Global Structure Finance
+49 69 80883504
andre.soutinho@dbrsmorningstar.com

Ketan Thaker
Managing Director, Head of European RMBS & Covered Bonds
+44 20 3356 1525
ketan.thaker@dbrsmorningstar.com