

Dilosk RMBS No.1 DAC Ratings Raised On Class B To D-Dfrd Notes; Class A Rating Affirmed

December 4, 2019

Overview

- We have reviewed Dilosk RMBS No.1 DAC following the implementation of our revised Irish RMBS criteria.
- Following our review, we have raised our ratings on the class B to D-Dfrd notes and affirmed our rating on the class A notes.
- Dilosk RMBS No.1 DAC is a performing Irish RMBS transaction that closed in May 2015.

Dublin (S&P Global Ratings) Dec. 4, 2019--S&P Global Ratings today raised its credit ratings on Dilosk RMBS No.1 DAC's class B, C-Dfrd, and D-Dfrd notes to 'AAA (sf)', 'AA+ (sf)', and 'A+ (sf)', respectively. At the same time, we affirmed our 'AAA (sf)' rating on the class A notes.

Today's rating actions follow the implementation of our revised criteria and assumptions for assessing pools of Irish residential loans (see "Related Criteria"). They also reflect our full analysis of the most recent transaction information that we have received and the transaction's structural features.

Upon revising our Irish RMBS criteria, we placed our ratings on the class B to D-Dfrd notes under criteria observation. Following our review of the transaction's performance and the application of our updated criteria for rating Irish RMBS transactions, our ratings on these notes are no longer under criteria observation.

BNP Paribas S.A. (Dublin Branch) provides the issuer transaction account and is also the collection bank account provider. Appropriate downgrade language for all counterparties is in place to ensure replacement in line with our current counterparty criteria, and therefore the maximum supported rating on the notes is 'AAA (sf)'.

The transaction has a nonamortizing reserve fund, which is fully funded. According to the investor report, severe delinquencies of more than 90 days remain low at 0.54%, there have been no losses to date, and there are no properties currently in possession.

After applying our updated Irish RMBS criteria, the overall effect in our credit analysis results in a decrease in the weighted-average foreclosure frequency (WAFF) and weighted-average loss severity (WALS). The WAFF has decreased mainly due to the updated effective loan-to-value (LTV) ratio calculation, the removal of an arrears projection, the decrease of our archetypal foreclosure frequency anchors at all rating levels, the increase in seasoning, and the application of our updated treatment of buy-to-let borrowers.

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Our WALs assumptions have decreased at all rating levels driven mainly by the decrease in the current LTV and the repossession market value decline assumptions.

Credit Analysis Results

Rating level	WAFF (%)	WALS (%)
AAA	10.99	3.33
AA	7.57	2.00
A	5.88	2.00
BBB	4.11	2.00
BB	2.27	2.00
B	1.90	2.00

WAFF--Weighted-average foreclosure frequency. WALS--Weighted-average loss severity.

The results of our cash flow analysis support the currently assigned rating on the class A notes. We have therefore affirmed our 'AAA (sf)' rating on this class of notes. Our ratings on the class A notes address the timely payment of interest and the ultimate payment of principal.

The class B notes now pass our credit and cash flow stresses at the 'AAA' level. Under the transaction documents, interest payments on the class B notes (excluding when they become the most-senior class of notes) can be deferred. However, our rating addresses the timely payment of interest and the ultimate payment of principal on the class B notes. As such, we have upgraded the class B notes to 'AAA (sf)' from 'AA+ (sf)'.

Finally, in line with our cash flow analysis, we have upgraded the class C-Dfrd and D-Dfrd notes to 'AA+ (sf)' and 'A+ (sf)' from 'AA (sf)' and 'A (sf)' respectively. We have treated the class C-Dfrd and D-Dfrd notes as deferrable-interest notes in our analysis, and our ratings address the ultimate payment of principal and the ultimate payment of interest.

Dilosk RMBS No.1 is an Irish RMBS transaction, which closed in May 2015 and securitizes first-ranking mortgage loans. ICS Building Society originated the pool, which comprises both owner-occupied and buy-to-let loans, mainly located in Dublin.

Related Criteria

- Criteria | Structured Finance | General: Methodology To Derive Stressed Interest Rates In Structured Finance, Oct. 18, 2019
- Criteria | Structured Finance | General: Counterparty Risk Framework: Methodology And Assumptions, March 8, 2019
- Criteria | Structured Finance | General: Incorporating Sovereign Risk In Rating Structured Finance Securities: Methodology And Assumptions, Jan. 30, 2019
- Criteria | Structured Finance | RMBS: Global Methodology And Assumptions: Assessing Pools Of Residential Loans, Jan. 25, 2019
- Legal Criteria: Structured Finance: Asset Isolation And Special-Purpose Entity Methodology, March 29, 2017
- Criteria | Structured Finance | General: Structured Finance Temporary Interest Shortfall Methodology, Dec. 15, 2015

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- Criteria | Structured Finance | General: Methodology: Criteria For Global Structured Finance Transactions Subject To A Change In Payment Priorities Or Sale Of Collateral Upon A Nonmonetary EOD, March 2, 2015
- Criteria - Structured Finance - General: Global Framework For Cash Flow Analysis Of Structured Finance Securities, Oct. 9, 2014
- Criteria | Structured Finance | General: Global Framework For Assessing Operational Risk In Structured Finance Transactions, Oct. 9, 2014
- Criteria - Structured Finance - General: Criteria Methodology Applied To Fees, Expenses, And Indemnifications, July 12, 2012
- General Criteria: Global Investment Criteria For Temporary Investments In Transaction Accounts, May 31, 2012
- General Criteria: Methodology: Credit Stability Criteria, May 3, 2010
- Criteria | Structured Finance | General: Methodology For Servicer Risk Assessment, May 28, 2009

Related Research

- European Economic Snapshots: Further Slowdown Amid Rising Uncertainties, Oct. 22, 2019
- Europe's Housing Markets Lose Speed As The Economy Weakens, Sept. 24, 2019
- 2017 EMEA RMBS Scenario And Sensitivity Analysis, July 6, 2017
- Global Structured Finance Scenario And Sensitivity Analysis 2016: The Effects Of The Top Five Macroeconomic Factors, Dec. 16, 2016
- European Structured Finance Scenario And Sensitivity Analysis 2016: The Effects Of The Top Five Macroeconomic Factors, Dec. 16, 2016
- New Issue: Dilosk RMBS No.1 Ltd., June 9, 2015

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