

CRR ASSESSMENT

DILOSK RMBS NO.6 (STS) DAC



PRIME COLLATERALISED SECURITIES (PCS) EU SAS

20th April 2023

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20th April 2023

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PRIME COLLATERALISED SECURITIES (PCS) CRR Assessment

Individual(s) undertaking the assessment	Fazel Ahmed
Date of Verification	20 April 2023
The transaction to be verified (the "Transaction")	DILOSK RMBS NO.6 (STS) DAC
Issuer	DILOSK RMBS NO.6 (STS) DAC
Originator(s)/Seller	Dilosk DAC
Lead Manager(s)	BOFA SECURITIES and NATIXIS
Transaction Legal Counsel	Clifford Chance LLP
Rating Agencies	DBRS and S&P
Stock Exchange	Euronext Dublin
Closing Date	20 April 2023

PCS confirms that all checklist points have been verified as detailed in the associated comment box in the checklist below.

Within the checklist, the relevant legislative text is set out in light blue introductory boxes with specific criteria for our verification listed underneath.

Legislative Text

Article 243 (1)

2. Positions in a securitisation, other than an ABCP programme or ABCP transaction, that qualify as positions in an STS securitisation, shall be eligible for the treatment set out in Articles 260, 262 and 264 where the following requirements are met:

1a

CRR Criteria

(a) at the time of inclusion in the securitisation, the aggregate exposure value of all exposures to a single obligor in the pool does not exceed 2 % of the exposure values of the aggregate outstanding exposure values of the pool of underlying exposures. For the purposes of this calculation, loans or leases to a group of connected clients shall be considered as exposures to a single obligor.

Meets Criteria?
YES

PCS Comments

See *Prospectus*.

THE MORTGAGE PORTFOLIO

Characteristics of the Mortgage Loans

Eligibility Criteria

The Seller will represent and warrant to the Issuer and the Trustee on the Closing Date that each Mortgage Loan to be transferred to the Issuer on the Closing Date complied with the Eligibility Criteria as at the Provisional Cut-Off Date.

"Eligibility Criteria" means, in respect of any Mortgage Loan (including, where relevant its Related Security):

(l) the aggregate Mortgage Loan balance of all Mortgage Loans granted to a single Borrower is lower than 2 per cent. of the Current Balance of all Mortgage Loans in the Mortgage Portfolio.

¹ REGULATION (EU) 2017/2401 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 12 December 2017 amending Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms.

1b	CRR Criteria In the case of securitised residual leasing values, the first subparagraph of this point shall not apply where those values are not exposed to refinancing or resell risk due to a legally enforceable commitment to repurchase or refinance the exposure at a pre-determined amount by a third party eligible under Article 201(1);	Meets Criteria? YES
	PCS Comments <i>Not applicable.</i>	

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CRR Criteria

- (b) at the time of their inclusion in the securitisation, the underlying exposures meet the conditions for being assigned, under the Standardised Approach and taking into account any eligible credit risk mitigation, a risk weight equal to or smaller than:
- (i) 40 % on an exposure value-weighted average basis for the portfolio where the exposures are loans secured by residential mortgages or fully guaranteed residential loans, as referred to in point (e) of Article 129(1);
 - (ii) 50 % on an individual exposure basis where the exposure is a loan secured by a commercial mortgage;
 - (iii) 75 % on an individual exposure basis where the exposure is a retail exposure ⁽²⁾;
- for any other exposures, 100 % on an individual exposure basis;

**Meets Criteria?
YES**

PCS Comments

2 (b) (i) applies.

See Prospectus.

OVERVIEW OF THE MORTGAGE PORTFOLIO AND SERVICING

Portfolio Conditions:

As at the Closing Date, the Mortgage Loans offered for sale to the Issuer shall comply with the LTV Criteria and the RWA Limit, where:

² See article 123, "Retail exposures" of the Regulation (EU) No 575/2013; for Consumer loans see the amendments to article 123 in (59) REGULATION (EU) 2019/876 and REGULATION (EU) 2020/873, article 2 (1) (a). In particular, pursuant to the amendments to Article 123, under Regulation (EU) 2019/876:

<<Exposures due to loans granted by a credit institution to pensioners or employees with a permanent contract against the unconditional transfer of part of the borrower's pension or salary to that credit institution shall be assigned a risk weight of 35 %, provided that all the following conditions are met:

(a) in order to repay the loan, the borrower unconditionally authorises the pension fund or employer to make direct payments to the credit institution by deducting the monthly payments on the loan from the borrower's monthly pension or salary; (b) the risks of death, inability to work, unemployment or reduction of the net monthly pension or salary of the borrower are properly covered through an insurance policy underwritten by the borrower to the benefit of the credit institution; (c) the monthly payments to be made by the borrower on all loans that meet the conditions set out in points (a) and (b) do not in aggregate exceed 20 % of the borrower's net monthly pension or salary; (d) the maximum original maturity of the loan is equal to or less than ten years.>>.

See article 501 on "Adjustment of risk-weighted non-defaulted SME exposures for "SME Loans" of the Regulation (EU) No 575/2013, as amended in Regulation (EU) 2019/876 and Regulation 2020/873 in (19) and Article 2.1(b).

- (a) LTV Criteria refers to the following loan-to-value (LTV) portfolio limit: the weighted average of the Current LTV and the weighted average of the Current Indexed LTV of the Mortgage Loans offered for sale by the Seller and benefiting from Mortgages does not exceed eighty per cent (80%); and
- (b) RWA Limit refers to the following limit: the weighted average of the Mortgage Loans risk weights under the Standardised Approach (as defined in the Capital Requirements Regulations) is equal to or smaller than 40%.

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CRR Criteria

(c) where points (b)(i) and (b)(ii) apply, the loans secured by lower ranking security rights on a given asset shall only be included in the securitisation where all loans secured by prior ranking security rights on that asset are also included in the securitisation;

Meets Criteria?
YES

PCS Comments

See Prospectus.

SALE OF THE MORTGAGE PORTFOLIO UNDER THE MORTGAGE SALE AGREEMENT

Mortgage Sale Agreement

Representations and Warranties

The representations and warranties of the Seller referred to above, made on (i) the Closing Date in relation to the Mortgage Portfolio, (ii) each Advance Date in respect of the relevant Further Advance and (iii) each Product Switch Effective Date in respect of the relevant Product Switch are as follows:

(i) subject to completion of any registration of each Mortgage in the Land Registry or Registry of Deeds (as applicable), each Mortgage Loan is secured by a valid and subsisting first legal mortgage or legal charge over a Property, and there is no caution, notice, inhibition or restrictions which would prevent such registration in due course to take place;

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CRR Criteria

(d) where point (b)(i) of this paragraph applies, no loan in the pool of underlying exposures shall have a loan-to-value ratio higher than 100 %, at the time of inclusion in the securitisation, measured in accordance with point (d)(i) of Article 129(1) and Article 229(1).

Meets Criteria?
YES

PCS Comments

See Prospectus.

"Eligibility Criteria" means, in respect of any Mortgage Loan (including, where relevant its Related Security):

(f) no Mortgage Loan in the Mortgage Portfolio shall have an Current Indexed LTV higher than 90%;