Rating Report

Glenbeigh 2 Issuer 2021-2 Designated Activity Company

DBRS Morningstar
September 2021

Contents

Ronja Dahmen
Vice President
European RMBS & Covered Bonds
+49 69 8088 3525
ronja.dahmen@dbrsmorningstar.com

Lina Mukhitdinova
Analyst
European RMBS & Covered Bonds
+49 69 8088 3529
lina.mukhitdinova@dbrsmorningstar.com

Ratings, Issuer's Assets, and Liabilities

Debt	Amount (EUR 000s)	Size[1]	Credit Enhancement[2]	Initial Margin	Step-Up Margin[3]	Rating	Rating Action	Rating Action Date
Class A Notes	400,000	72.0%	28.0%	0.75%	1.35%	AAA (sf)	Provisional Rating – Finalised	30 September 2021
Class B Notes	33,335	6.0%	22.0%	1.00%	2.00%	AA (sf)	Provisional Rating – Finalised	30 September 2021
Class C Notes	22,223	4.0%	18.0%	1.50%	2.75%	A (sf)	Provisional Rating – Finalised	30 September 2021
Class D Notes	16,667	3.0%	15.0%	1.80%	3.25%	BBB (sf)	Provisional Rating – Finalised	30 September 2021
Class E Notes	16,667	3.0%	12.0%	2.50%	3.50%	BB (high) (sf)	Provisional Rating – Finalised	30 September 2021
Class F Notes	11,112	2.0%	10.0%	3.00%	4.00%	BB (low) (sf)	Provisional Rating – Finalised	30 September 2021
Class Z Notes	55,556	10.0%	0%	0.50%	N/A	Not Rated	N/A	N/A
Class S1[4]	100	N/A	N/A	0.08%	N/A	Not Rated	N/A	N/A
Class S2[4]	100	N/A	N/A	N/A	0.10%	Not Rated	N/A	N/A
Class Y	1,000	N/A	N/A	N/A	N/A	Not Rated	N/A	N/A
VRR Loan[5]	29,303	5.0%	N/A	N/A	N/A	Not Rated	N/A	N/A

Notes:
1. Size is represented as 95% of the aggregate outstanding portfolio balance at the cut-off date.
2. Credit enhancement is provided in the form of overcollateralisation from the portfolio and the general reserve fund at closing.
3. Following the first optional redemption date, the margin above three-month Euribor on the rated notes will increase.
4. The Class S1 and Class S2 are together called as Class S instruments. The interest calculated on the Class S instruments will be based on the aggregate outstanding balance of the portfolio.
5. On the Closing Date, the Retention Holder retains at least 5% of each class of notes and the instruments in the form of the VRR Loan (vertical slice).

Portfolio Data as of 31 May 2021	
Portfolio Size (EUR)[1]	589,419,539
Indexed CLTV From Current Valuation Date[2]	98.0%
Indexed CLTV From Original Valuation Date[2]	88.2%
Weighted-Average Coupon	1.1%

1. The closing pool has been sized at EUR 584,832,770 as of 31 August 2021 which is the cut-off date for the cashflows to be over the total notes size of EUR 584,800,000.
2. This is a DBRS Morningstar-calculated LTV based on giving 50% credit to increase in house price indexation.

DBRS Ratings GmbH (DBRS Morningstar) finalised its provisional ratings on the Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes, and Class F Notes issued by Glenbeigh 2 Issuer 2021-2 Designated Activity Company (Glenbeigh 2021-2 or the issuer) as shown in the table above.

The rating on the Class A Notes addresses the timely payment of interest and the ultimate repayment of principal on or before the Final Maturity Date. 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 Notes, Class D Notes, Class E Notes, and Class F Notes address the ultimate payment of interest and repayment of principal by the Final Maturity Date. DBRS Morningstar does not rate the Class Z Notes, Class S Instruments, Class Y Instrument, and the VRR Loan issued in this transaction. Compared with the provisional capital structure, the closing pool and respectively the notes have been downsized. As a result of the final transaction size being smaller than initially assumed, the finalised rating on the Class F Notes differs compared with the provisional rating due to the fixed costs being now a relatively larger proportion of the total costs.

The issuer is a bankruptcy-remote special-purpose vehicle (SPV) incorporated in Ireland. The proceeds from the issuance of the collateralised notes were used to purchase a buy-to-let (BTL) residential mortgage portfolio originated by Permanent TSB Plc (PTSB; the originator or the original seller). The portfolio was purchased by Citibank, N.A., London Branch (the sponsor) on 13 November 2020, and the beneficial interest was immediately transferred to Glenbeigh 2 Seller DAC (the interim seller). On the closing date, the beneficial interests were sold to the issuer via multiple interim sellers.

The mortgage portfolio is currently serviced by Pepper Finance Corporation (Ireland) DAC (Pepper), which took over the servicing activities from PTSB on 26 March 2021.

DBRS Morningstar was provided with information on the mortgage portfolio as of 31 May 2021.

Transaction Parties

Roles	Counterparties	Ratings
Issuer	Glenbeigh 2 Issuer 2021-2 Designated Activity Company	Not Rated
Warehouse Seller	Glenbeigh 2 Warehouse DAC	Not Rated
Seller	Glenbeigh 2 Seller 2021-2 DAC	Not Rated
Interim Seller	Glenbeigh 2 Seller DAC	Not Rated
Original Seller	Permanent TSB plc	IR: BBB (low)/R-2 (middle)/Negative
Master Servicer, Legal Title Holder	Pepper Finance Corporation (Ireland) DAC	Not Rated
Replacement Servicer Facilitator	CSC Capital Markets (Ireland) Limited	Not Rated
Issuer Account Bank, Cash Manager, Principal Paying Agent, Agent Bank, Registrar, VRR Lender	Citibank, N.A., London Branch	DBRS Morningstar Private Rating
Collection Account Bank	The Governor and Company of the Bank of Ireland	IR: A (low)/Negative; R-1 (low)/Stable COR: A (high)/R-1(middle)/Negative
Security Trustee, Note Trustee	U.S. Bank National Association	Not Rated
Corporate Services Provider	CSC Capital Markets (Ireland) Limited	Not Rated
Share Trustee	CSC Share Trustee Services (Ireland) Limited	Not Rated
Arranger, Lead Manager	Citibank Europe plc	IR: AA (low)/R-1 (middle)/Stable

IR - Issuer Rating (long-term rating/short-term rating/long-term trend/short-term trend)
COR - Critical Obligations Rating (long-term rating/short-term rating/long-term trend/short-term trend)

Relevant Dates

Issue Date	30 September 2021
First Optional Redemption Date	Payment date falling in September 2024
First Interest Payment Date	24 December 2021
Interest Payment Dates	Quarterly, on the 24th of December, March, June, and September each year or, if such day is not a business day, the following business day
Final Legal Maturity Date	On the payment date falling in June 2050

Rating Considerations

The principal methodology used to assign the ratings to this transaction is the *Master European Residential Mortgage-Backed Securities Rating Methodology and Jurisdictional Addenda*.

Notable Features

- **Restructured Loans:** About 17.2% of the loans in the portfolio have been restructured in the past, of which about 4.1% were restructured in the past three years. For most of these recent restructures, the borrower has agreed to an increase in the monthly payment (i.e., positive restructures). Also, Pepper is incentivised to restructure interest-only (IO) loans into part or fully repaying.
- **Seasoned BTL Portfolio:**
  Some of the notable portfolio features are as follows:
    - Weighted-average seasoning is at 14.3 years, with a weighted-average remaining term to maturity at 9.6 years.
    - Positive selection of PTSB's BTL loans (most from previous Fastnet transactions);
    - Only 0.2% of the loans are in 90 days past due (DPD) delinquency;
    - 32.1% of portfolio has been given to borrowers flagged as self-employed or unemployed;
    - 84.6% of the portfolio consists of IO loans, with 14.5% being part and part loans, and the remaining being annuities;
    - None of the loans were or have been granted payment holidays as a response to the Coronavirus Disease (COVID-19) pandemic.
- **Portfolio Performance:** Improving performance of the loans in the mortgage portfolio, driven by the recovery in the Irish economy, a low interest rate environment, and the housing market, and more active servicing and forbearance measures considered for delinquent loans and financially distressed borrowers. The weighted-average pay ratio (payment made divided by payment due) when capped at 100% on a loan level is currently at 97.3%.
- **Legal Title:** The legal title of the mortgage loans was transferred to Pepper from PTSB on 26 March 2021.
- **Call Date:** Following the step-up date or the first optional redemption date (FORD) falling in September 2024, the margin payable on the notes increases.

Strengths

- **Credit Enhancement and Liquidity Support to Rated Notes:** The issuance structure under Glenbeigh 2021-2 offers subordination and liquidity support for regular payments on the notes through separate revenue and principal priority of payments. The structure features an amortising liquidity reserve fund (LRF) of 2.5% of the Class A outstanding balance (including the equivalent VRR loan proportion); it has been funded at closing of the transaction, and will provide liquidity support to the Class A Notes and the Class S instruments (including the VRR loan proportion). Additional credit support could be provided by the general reserve fund (GRF); it will be equal to 2.5% of the Class A closing balance (including the equivalent VRR loan proportion) minus the LRF.
- **Provisioning Based on Delinquency Status of Loans:** The provisioning mechanism in the transaction is linked to the arrears' status of a loan in addition to provisioning based on losses. The degree of provisioning grows the longer a loan is in arrears.
- **Strong Servicer:** Pepper is the master servicer of the mortgage portfolio and has taken over the day-to-day servicing from PTSB on 26 March 2021.
- **Strong Historical Performance of the Loans:** The portfolio has a weighted-average pay ratio of 97.3% (payment made divided by payment due, when capped at 100% on a loan level). The weighted-average pay ratio is above 100% when considering total portfolio collections divided by total payment due on loans. Only 0.2% of the loans have been in 90+ DPD delinquency since January 2021 with no loans being more than 90+ DPD for almost four years before that time, which means early performance detection for loans to be restructured.
- **Recoveries Part of the Principal:** Unlike in typical Irish residential mortgage-backed securities (RMBS) transactions where recoveries form part of the revenue priority of payments, here the recoveries form part of the principal priority of payments, thus helping in faster repayment of Class A Notes, which would otherwise be used in payment of interest on junior notes.

Challenges and Mitigating Factors

- **Restructured Loans:** About 17.2% of the loans have been restructured in the past. Most of these loans, about 11.9%, have been restructured to part and part (where a part of the loan is repaying and the rest is a balloon payment at maturity). About 4.0% of the restructured loans have had their arrears balance capitalised, with the remainder being term extensions.
  Mitigants: About 4.0% of the loans have been restructured in the past three years and most of these have been positive restructures where the borrower has agreed to increase the repayment rather than decreasing it. Also, Pepper is incentivised to restructure IO loans into part or fully repaying, which would allow deleveraging of the majority IO exposure. Furthermore, DBRS Morningstar was provided with the performance history of the loans spanning February 2017 to May 2021, which illustrated that the restructuring has been quite effective in maintaining low historical arrears.
- **High Proportion of Loans in Negative Equity:** About 41.0% of the loans are in negative equity when indexed from current valuation date (with a weighted-average current indexed LTV of 98.0%). This is because most of the properties (50.4%) have gone through revaluations since 2016. If the properties are indexed from the original valuation date, the weighted-average indexed current LTV comes at 88.2%, and the share of loans in negative equity drops to 19.8%.

Mitigants: DBRS Morningstar has based its analysis using the most recent valuations, that is higher weighted-average indexed current LTV, which leads to higher probability of default as per the principal methodology. Furthermore, considering the property valuations have been reworked, the distressed/quick sale discount is expected to be lower compared with portfolios where properties have not been re-evaluated.

- **Time and Liability Limitations on Representations and Warranties:** DBRS Morningstar considers the remedial action following a breach of asset warranty to be weaker than market standard observed in other Irish RMBS transactions and are in line as well with Glenbeigh 2 Issuer DAC, which DBRS Morningstar rated earlier this year. However, such limitations are comparable with recent RMBS transactions involving traded Irish mortgage portfolios. The asset warranties are time limited wherein no claims can be made following roughly two and a half years from the closing date, which is atypical. Furthermore, the interim seller’s liability to the seller for fundamental and non-fundamental loan warranties is monetarily capped.
  Mitigants: The entire set of representations and warranties provided by the seller are in line with those provided by PTSB in the Fastnet series of RMBS issuances. These are more comprehensive in their coverage as compared with recent RMBS transactions involving traded Irish mortgage portfolios. The portfolio is well seasoned, with most borrowers repaying their debts regularly, and also some of the loans have been restructured, which would have necessitated a detailed loan file scrutiny and a refresh of the borrower’s financial status. DBRS Morningstar has also reviewed the Agreed Upon Procedures (AUP) report on a sample portfolio and believes that losses due to a breach would be materially low and hence has not modelled such losses in its analysis. For more information on this subject, please see DBRS Morningstar's commentary on traded portfolios, which can be found here.
- **Title Indemnity Issues in the Mortgage Portfolio:** For a proportion of cases PTSB may not have a first-ranking charge due to the existence of Relevant Judgment Mortgages in some cases.
  Mitigants: With respect to the existence of any charge ranking in priority to any mortgage registered in favour of PTSB, a remediation process has been agreed between PTSB and the Sponsor whereby PTSB has agreed to remediate any such title indemnity issues identified in respect of the loans over a 12-month period ending on 26 October 2021. A small proportion of cases where PTSB may not have a first-ranking charge over the property will be disclosed on the mortgage sale agreement. The disclosure of such unremediated Mortgage Loans is deemed to qualify the relevant loan warranty. Numerous Title Indemnity Issues have already been remediated and, as at 31 July 2021, there were 25 unremediated properties relating to 20 packages with an aggregate Current Balance of approximately EUR 17 million. To the extent such remaining Title Indemnity Issues have not been remediated by the remediation period end date, an indemnity will be payable by PTSB to the Issuer.
- **Interest-Only Loans:** About 84.6% of the loans in the portfolio are paying on an IO basis and about 14.5% have a balloon repayment (balloon amounts make up 11.1% of the portfolio).
  Mitigants: DBRS Morningstar has adjusted the default probability of the IO loans to account for the risk of such products in line with its *Master European Residential Mortgage-Backed Securities Rating Methodology and Jurisdictional Addenda*.
- **Unhedged Basis Risk:** Almost all of the loans pay interest linked to European Central Bank's (ECB) refinancing rate, with the rest indexed to Standard Variable Rate (SVR). In comparison, the interest paid on the notes is linked to the three-month Euribor rate. This difference in basis gives rise to a risk not hedged in the transaction.

Mitigants: DBRS Morningstar has stressed for the unhedged basis risk between the ECB refinancing rate and three-month Euribor.

- **Impact of the Coronavirus:** The coronavirus pandemic and the resulting isolation measures have caused an economic contraction, leading to sharp increases in unemployment rates and income reductions for many borrowers.
  Mitigants: The DBRS Morningstar Sovereign group releases baseline macroeconomic scenarios for rated sovereigns. These scenarios were last updated on 8 September 2021. DBRS Morningstar analysis considered impacts consistent with the baseline scenario in the below referenced report. For details, see the following commentaries: https://www.dbrsmorningstar.com/research/384150/baseline-macroeconomic-scenarios-for-rated-sovereigns and https://www.dbrsmorningstar.com/research/384482/baseline-macroeconomic-scenarios-application-to-credit-ratings. To understand the effects of the coronavirus on European RMBS, please see DBRS Morningstar's commentary, *European RMBS Transactions' Risk Exposure to Coronavirus (COVID-19) Effect*.

Origination and Servicing

DBRS Morningstar conducted an operational review of the mortgage servicer, Pepper Finance Corporation (Ireland) DAC trading as Pepper Asset Servicing (PAS), in April 2021. DBRS Morningstar considers the servicing practices of PAS to be consistent with the overall Irish mortgage market.

PAS was founded in the 1970s as Woodchester, a business specialising in lease financing for office equipment and vehicles. It grew to become a large listed business and, in 1989, Credit Lyonnais acquired a 29.9% stake. Credit Lyonnais increased its stake to over 50% by the mid-1990s and then put Woodchester up for sale in 1997. GE Capital acquired the business and expanded into the nonconforming mortgage market in the 2000s. The Irish mortgage portfolio and servicing business of GE Capital was sold to Australian-based Pepper Group Limited (Pepper or the group) in September 2012.

PAS is a wholly owned subsidiary of Pepper, a provider of residential mortgages and consumer loans and a specialist loan servicer. As well as its base in Australia, PAS has a number of financial services businesses in Asia and Europe. PAS sits within Pepper European Servicing, a leading pan-European servicing platform that had assets under management of over EUR 40 billion at end 2020.

PAS has assets under management of over EUR 18.2 billion and holds legal title on behalf of clients on 95% of those loans. The portfolio has grown steadily year on year since 2012 and PAS has migrated EUR 25 billion of assets to its platform in the past five years. Its residential portfolio comprises EUR 12 billion and represents around 9% of all residential mortgages in Ireland.

DBRS Morningstar does not rate PAS or its Australian parent, Pepper.

Servicing

All primary and special servicing activities within PAS are centralised in the company's two offices in Shannon and Dublin. While some external resources are used for the management of defaulted loans, specifically legal enforcement cases, the company has no offshore operations outside Ireland.

PAS employs around 450 people across the two locations with the majority based in the company's Shannon headquarters and the remaining staff based in the Irish capital. Senior management average over 20 years' experience including around 10 years with the company, with several of the team having been with the predecessor business prior to the creation of PAS.

PAS's servicing activities benefit from significant automation for loan administration, bespoke applications for special servicing, and strong reporting systems supported by a robust data warehouse linking all of the company's systems. The company migrated its operations to new loan management and customer relationship platforms with no interruption in servicing. The platforms have been in use at Pepper's UK operation for over 10 years and have been demonstrated to be highly effective and adaptable for managing a wide variety of mortgage loans. All mortgage payments are on monthly schedules and the majority of performing loans are paid via direct debit or bank transfer.

Pepper endeavours to identify cases where customers might be experiencing financial difficulties and its Pre-Arrears and Outreach Team contacts them through proactive campaigns. If a residential mortgage falls into arrears it is dealt with by the Arrears Support Unit (ASU). PAS employs a case ownership approach for managing arrears cases in accordance with the Mortgage Arrears Resolution Process.

PAS aims to handle all cases sympathetically and positively, using a flexible approach aimed at assisting the borrower, as far as possible in their particular circumstances, to meet their mortgage obligations. All borrowers are treated fairly and transparently in accordance with the Code of Conduct on Mortgage Arrears. Each borrower is treated individually with the case assessed on its merits taking into account the borrower's level of engagement and cooperation along with commitment to the mortgage and continuing to occupy the security property.

PAS works with borrowers to help them repay their arrears through a variety of solutions involving varying degrees of intervention:

1. Repayment of the arrears without any intervention;
2. Offering affordable and sustainable forbearance solutions in the form of alternative repayment arrangements (ARAs);
3. Offering other resolution options such as Mortgage to Rent, Assisted Voluntary Sale, or Voluntary Surrender of the property, where a sustainable ARA is not available; and
4. Only where all other opportunities to resolve the arrears have been exhausted, commence legal proceedings for repossession of the property.

ARAs can take a variety of forms including reduced payment arrangement, conversion to interest-only, interest rate reductions, payment deferrals, term extensions, split mortgages, or arrears capitalisation.

PAS has a dedicated process and teams to deal with interest-only buy to let (BTL) loans, which have a high LTV. The aim of the process is to encourage customers to start paying capital to ensure they are not left with a shortfall after selling the property, or, have enough equity on expiry of the loan term to be able to refinance the loan. Review letters are issued encouraging customers to make contact to discuss their options and these are followed up with calls and further letters.

PAS also has a range of solutions for customers with interest-only loans, which are approaching the expiry of the term. PAS will proactively contact the customer to obtain proposals for repayment of the capital balance or proposals for alternative solutions where this is not possible in order to keep customers in their homes. The initial aim is to agree sustainable solutions that enable the borrower to repay the mortgage debt by their retirement age. If this cannot be achieved then arrangements that minimise the debt will be considered with forbearance options leading into retirement and lifetime tenure available on a case-by-case basis where absolutely necessary.

Litigation is considered to be the last resort, but where action is taken, the timeline from litigation (initiated around 180 days following the first missed payment) to completion of legal proceedings is around five years, driven largely by the regulatory environment and court timescales.

For BTL loans where a customer falls into arrears, the Mortgage Arrears Resolution Process does not apply, but PAS will try to find an amicable solution and consider ARAs and restructuring of the loan. Once the loan reaches 90 days in arrears status, a Demand for Receivership may be issued if there is no sustainable solution and the borrower is not cooperating. If the borrower still does not engage, a receiver may be appointed to manage the property including collecting rent from any tenants in occupation. The receiver will then manage the exit of any tenants and the sale of the property being discharged on remittance of sale proceeds to the lender. The receivership process is considerably quicker than litigation being initiated from 90 days past due and lasting around six months with some variation depending on whether the property is occupied and its saleability.

If a property is taken into possession following litigation, PAS manages the property disposal and at least two full valuations are prepared as a guide to set the sale price. The valuations are undertaken by a sales agent on an approved panel and include a full condition report and details of comparatives used in arriving at the appraised value. Pepper has an internal property management team that reviews every valuation report. Property sales take around seven months from the point marketing commences with PAS closely monitoring throughout the process and obtaining weekly updates until contracts are exchanged.

The company benefits from good risk management in line with the industry-standard three-lines-of-defence model. The first level being made up of the operational teams with responsibility for acting in accordance with policies and procedures and includes quality assurance teams to undertake checks on servicing activities. The second line is made of compliance and operation risk, which performs risk assessment across the business and plans monitoring of key risks and controls. The third line is internal audit, which tests risk controls in a accordance with risk-based annual plans and reports to the board audit committee. PAS is also subject to client audits and oversight from its regulator, the Central Bank of Ireland.

Summary Strengths

- Solid servicing experience among senior and servicing management teams.
- Proactive early arrears management processes coupled with robust special servicing application.
- Strong risk management and internal control environment.
- Good use of technology with well-documented and tested business-continuity planning.

Summary Weakness

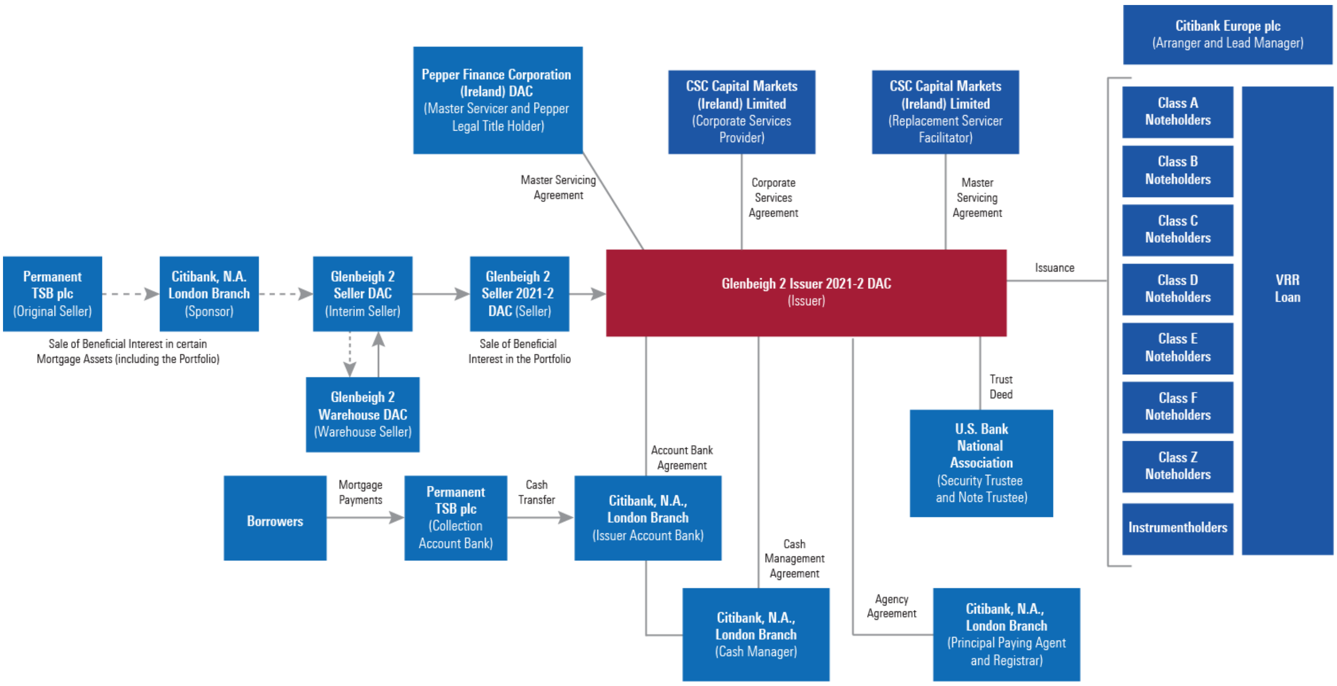
- Independent servicer operating in the Irish market with financial support from an unrated parent. *Mitigants:* Stable financial trend since the company's inception in 2012 with steadily increasing revenues over the last eight years as its portfolio has increased.

Transaction Structure

Transaction Summary	
Currency	Issuer's assets and liabilities are denominated in euros.
Jurisdiction	The loan contracts and transaction documents are governed by a mixture of English & Irish law. The Issuer is incorporated under Irish law.
Basis Risk	Unhedged
Liquidity Reserve Fund	The LRF was fully funded at closing, equal to 2.5% of the Class A Notes outstanding balance (including the equivalent VRR loan proportion). It will provide liquidity support to pay senior expenses, and interest on the Class A Notes, the Class S instruments, and the VRR loan (proportion to Class A). Any excess forms part of the available revenue funds.
General Reserve Fund	At closing, the GRF balance is at zero, and will be funded at 2.5% of the Class A closing balance (including the equivalent VRR loan proportion) minus the LRF. It will provide liquidity and credit support to all rated notes (including the VRR loan, in proportion to the rated notes).

The transaction structure is summarised below in Exhibit 1.

Exhibit 1 Transaction Structure



Source: DBRS Morningstar

Available Funds (Simplified)

The available funds of the issuer are divided according to the separate revenue and principal priority of payments.

	Available Revenue Funds	Available Principal Funds
1	Interest collections	Principal collections
2	Interest on the issuer accounts and eligible investments	Net foreclosure proceeds on any mortgage loan related to principal
3	Amounts drawn from the reserve funds	Amounts credited to the principal deficiency ledger (PDL)
4	Net foreclosure proceeds not related to principal	Amounts received from the repurchased loans related to principal
5	Principal receipts, which are required to meet any shortfall in payment of senior fees and interest on the rated notes	(Minus) principal funds used to pay shortfall

Priority of Payments (Simplified)

The pre-enforcement revenue priority of payments and the pre-enforcement principal priority of payments are as follows:

	Revenue Priority of Payments	Principal Priority of Payments
1	Senior expenses, fees, costs, servicing fees, etc.	Principal to cover shortfall in senior expenses and interest due on most senior class of notes
2	Pro-rata interest on Class S and Class A	Principal on Class A until fully redeemed
3	LRF to required amount	Principal on Class B until fully redeemed
4	Class A PDL	Principal on Class C until fully redeemed
5	Class B Interest	Principal on Class D until fully redeemed
6	Class B PDL	Principal on Class E until fully redeemed
7	Class C Interest	Principal on Class F until fully redeemed
8	Class C PDL	Surplus to Residual Certificates
9	Class D Interest	
10	Class D PDL	
11	Class E Interest	
12	Class E PDL	
13	Class F Interest	
14	Class F PDL	
15	GRF replenishment up to required amount	
16	Class Z PDL	
17	Surplus to Residual Certificates	

Events of Defaults

The transaction events of default consist of the following:

- Non-payment of interest and/or principal due in respect of the Class A Notes (including non-payment of any step-up margins) or non-payment of the Class S1 payment or the Class S2 payment or non-payment of interest and/or principal due in respect of the notes or the instruments on the final redemption date and such non-payment continues for a period of 14 business days in the case of interest and seven business days in the case of principal, the Class S1 payment, the Class S2 payment, or any amount due in respect of the Class Y instrument;

- Breach of obligation;
- Insolvency event of the issuer;
- Breach of representations and warranties;
- Unlawfulness.

Reserve Funds

The transaction features a LRF and a GRF.

The LRF is amortising in nature, with a target amount equal to 2.5% of the outstanding Class A amount (including the equivalent VRR loan proportion). The GRF is non-amortising in nature, with a target amount equal to 2.5% of the initial balance of the Class A Notes (including the equivalent VRR loan proportion) minus the LRF.

The LRF provides liquidity support by providing payment coverage over senior fees/expenses, Class A interest, and Class S interest.

The GRF provides additional liquidity support and credit enhancement to the Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes, and Class F Notes.

Principal Deficiency Ledger

The structure includes a PDL comprising seven subledgers (Class A PDL to Class Z PDL) that provisions for delinquencies, realised losses, as well as the use of any principal receipts applied to meet shortfalls on payment of senior fees and interest on the most senior notes. The losses are allocated starting from Class Z PDL and then to subledgers of each class of notes in reverse sequential order.

Delinquency provisioning is based on loans that are greater than 180 days in arrears, an amount equal to the current balance of the loan in arrears times the applicable arrears percentage (50% after six months, 75% after nine months, and 100% after 12 months). If such loan cures to a status below six months in arrears, the PDL debits are credited back.

Use of Principal to Cover Interest Shortfall

To the extent revenues are insufficient to pay senior expenses and interest on the rated notes, the issuer will (1) first use the funds available in the reserve account, (2) use the principal receipts to pay interest shortfall on the most senior notes, and (3) make entries to the PDL to record the use of principal.

Step-Up Date and Optional Redemption of the Notes

The coupon on the notes will step up on the interest payment date falling in September 2024, which is also the first optional redemption date. The notes can be redeemed in full, at the outstanding balance plus accrued interest, on any subsequent payment date. DBRS Morningstar has considered the increased interest payable on the notes on the step-up date in its cash flow analysis.

Counterparty Risk Assessment

Servicer and Replacement Servicer Facilitator

Pepper Ireland acts as the main servicer after having taken over the portfolio from PTSB in March 2021. As of closing, there is no backup servicer in place. CSC Capital Markets (Ireland) Limited acts as replacement servicer facilitator, and shall use its reasonable endeavours to appoint a successor Master Servicer within 60 days following the delivery of the written notice to terminate the Master Servicer's appointment.

Collection Account

The Governor and Company of the Bank of Ireland (BOI, IR: A (low); COR: A (high)) is the collection account bank in the transaction. The amounts in the collections account will be transferred to the issuer transaction account on the next business day. If the collection account provider is downgraded below BBB (high), the collection account bank will be replaced by an appropriately rated bank within 60 calendar days.

There is a potential risk that collections may temporarily be commingled with other assets forming part of the servicer's insolvency estate. To mitigate the commingling risk, the legal title holder has provided a declaration of trust to hold all amounts standing to the credit of the collections account on trust for the issuer. Furthermore, commingling risk is mitigated through the daily sweep of funds from the collection account to the Issuer transaction account with the account bank.

Issuer Account Bank

Citibank N.A., London Branch (Citibank) is the account bank in the transaction and holds the Issuer's Transaction Account, the GRF, and the LRF. The transaction documents stipulate in the event of a breach of the DBRS Morningstar rating level of "A", the account bank will be replaced by, or obtain a guarantee from, an appropriately rated institution within 30 calendar days.

Funds standing to the credit of the transaction account may be invested in authorised investments subject to minimum equivalent ratings. The authorised investments are expected to be in accordance with DBRS Morningstar's *Legal Criteria for European Structured Finance Transactions* methodology for eligible investments.

DBRS Morningstar concluded that the private rating of the issuer account bank, the replacement provisions, and investment criteria are consistent with DBRS Morningstar's *Legal Criteria for European Structured Finance Transactions* methodology.

The interest on the funds in the transaction account **is** euro short-term rate minus 18 basis points (bps). DBRS Morningstar has stressed for a potential liability for the issuer in the declining interest rate scenario as part of its cash flow analysis.

Set-Off Risk

DBRS Morningstar considers the likelihood of set-off claims arising against the Issuer to be low in this transaction, as the legal title holder does not permit any claim of a deposit set-off by a borrower.

Collateral Summary

DBRS Morningstar was provided with the loan-by-loan data for the portfolio as of 31 May 2021. In addition, DBRS Morningstar was supplied with the AUP report.

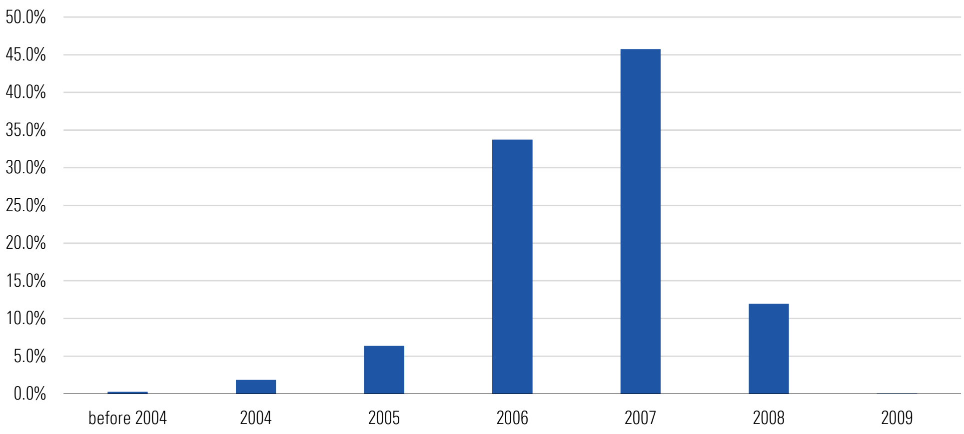
DBRS Morningstar considers the information available to it for the purposes of providing these ratings to be of satisfactory quality.

	Glenbeigh 2021-2 Final	Glenbeigh 2021-2 Provisional	Glenbeigh 2
As of Date	31-May-21	31-May-21	28-Feb-21
Number of Mortgage Loans	1,589	2,870	780
Total Original Balance (EUR)	651,005,959	1,167,486,665	315,659,066
Total Current Balance (EUR)	589,419,539	1,066,356,368	297,638,764
Average Original Balance (EUR)	409,695	406,790	404,691
Average Current Balance (EUR)	370,937	371,553	381,588
Weighted-Average Original LTV	77.6%	77.7%	77.0%
Weighted-Average Current LTV	96.1%	97.1%	96.6%
Weighted-Average Ind. CLTV from Original Valuation Date[2]	88.2%	90.3%	90.6%
Ind. CLTV >100% from Original Value[2]	19.8%	22.1%	25.7%
Weighted-Average CLTV from Latest Valuation Date[2]	98.0%	99.5%	101.5%
CLTV > 100% from Latest Valuation Date[2]	41.0%	42.1%	47.0%
Weighted-Average Seasoning (Years)	14.3	14.3	13.9
Weighted-Average Remaining Term (Years)	9.6	9.6	9.9
Weighted-Average Coupon	1.1%	1.1%	1.1%
Interest-Only Repayment	84.6%	85.1%	86.1%
Buy-to-Let Loans	100.0%	100.0%	100.00%
Employed Borrowers	64.8%	64.8%	59.0%
Self-Certified[3]	0.9%	1.0%	0.00%
Purchase Loans	NA	NA	NA
Months in Arrears			
Current	94.4%	94.8%	95.5%
≤3 months	5.5%	5.0%	4.5%
>3 and ≤12	0.2%	0.2%	0.00%
>12 months	0.0%	0.0%	0.00%
Restructured Loans[1]	17.2%	17.5%	13.5%

1. Includes positive restructures
2. This is a DBRS Morningstar-calculated LTV based on giving 50% credit to increase in house price indexation.
3. For this portion, no data was available for income verification and DBRS Morningstar classified this as self-certified.

Origination: Most of the loans (around 91.4% of the entire pool) have been originated during the global financial crisis, i.e., during 2006-2008. The weighted-average seasoning is high with 14.3 years.

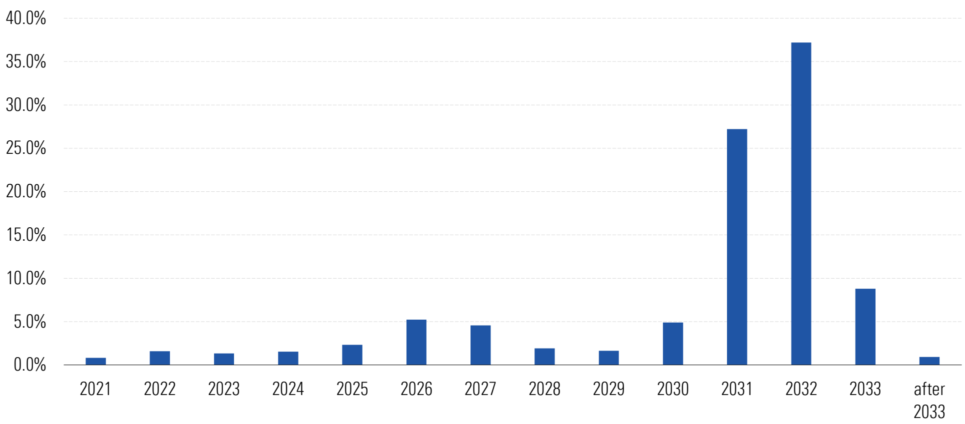
Exhibit 2 Origination Year



Source: DBRS Morningstar.

Maturities: The maturity of the loans is distributed over the 2021 to 2043 period, with a higher concentration of 37.2% maturing in 2032. The weighted-average remaining term is 9.6 years. A portion of loans are short-term loans in the portfolio (0.8% mature in 2021, 1.6% mature in 2022).

Exhibit 3 Maturity Year

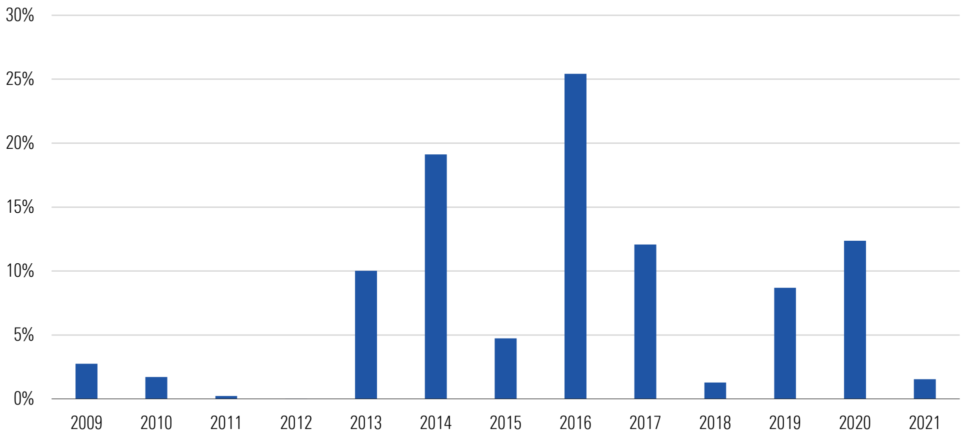


Source: DBRS Morningstar.

Restructures: As mentioned before, only 17.2% of the loans have been restructured compared to some other securitisations where this proportion is significant. Loans have been restructured multiple times; 6.7% have been restructured twice, 2.8% three times, and 4.1% of the loans four times or more (this includes temporary restructuring and positive restructuring). Additionally, Pepper is incentivised to restructure interest-only loans into part or fully repaying, which should help deleverage the loans slowly.

The following chart shows the share of the restructure year for all restructured loans. Some meaningful restructures, besides the years 2013/2017, also happened recently in 2019/2020.

Exhibit 4 Restructure Years



Source: DBRS Morningstar.

Cross collateralised loans: Some loans in the portfolio are cross collateralised. In such cases the loan balances and the underlying property values have been aggregated to create a single exposure for the rating analysis.

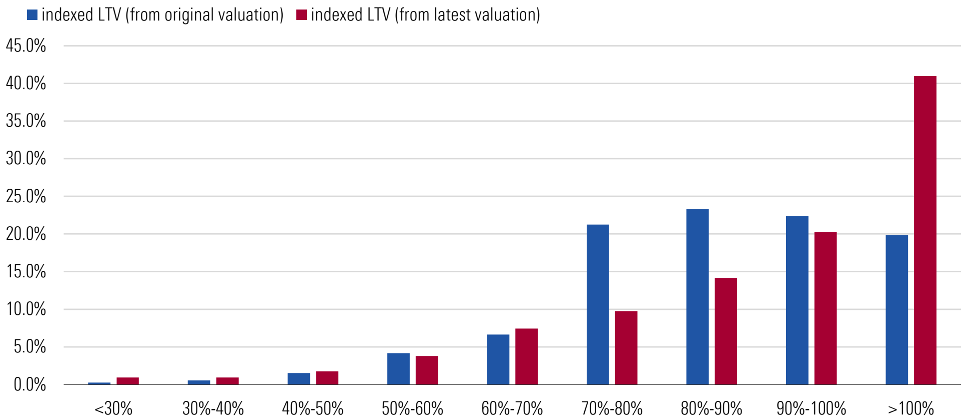
Geographic distribution: The share of properties located in Dublin by count is 40.9% and by valuation amount is 50.5% (as per DBRS Morningstar indexation).

Loan-to-Value: The original loan-to-value for the portfolio was 77.6%. For indexed current LTV, calculations can be done in two ways, as the loan data tape contains original full valuations as well as the current/latest valuations for the collateral.

The chart below illustrates the indexed LTV distribution for the portfolio based on indexing from the original valuations (full) and latest valuations. About 50.4% of the latest valuations of the collateral (by count) is desktop valuation, with the rest being inspection, which is a blend of drive-by and full valuations (with no differentiation possible).

The indexed CLTVs stand at 88.2% and 98.0%, indexed from original valuation and current valuation, respectively (50% credit given to indexation). DBRS Morningstar has used the current valuations in its analysis considering they reflect the price correction, which otherwise would have been adjusted through a high distressed sale discount.

Exhibit 5 Indexed Loan-to-Value



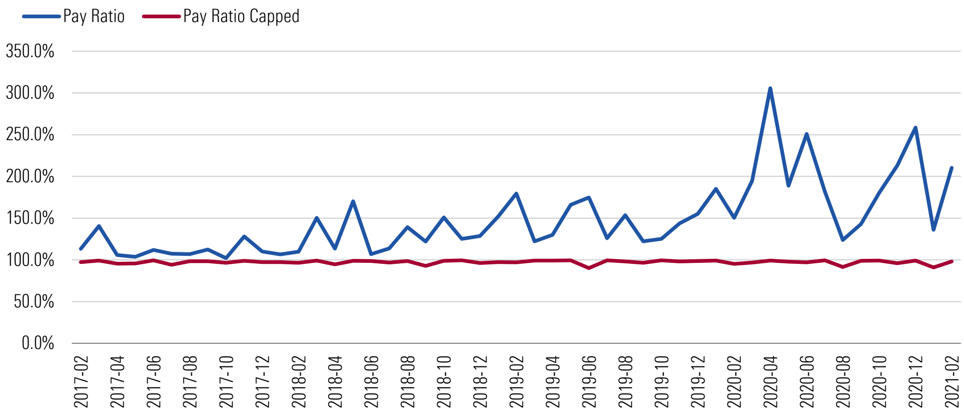
Source: DBRS Morningstar.

Historical Analysis

DBRS Morningstar received monthly performance data of the Glenbeigh 2021-2 pool. The data included dynamic delinquencies and payment data for the period ranging from February 2017 to May 2021. Payment data for the last three months (March to May 2021) was not available.

Pay Rate: Historically (February 2017 to February 2021), the portfolio has performed well compared with peers. Considering the low interest rate periods and the low amount of restructured loans, the weighted-average (WA) pay rate comes at 97.3% (when loan-level pay ratio is capped at 100%). The three-year average total annualised collection as a percentage of aggregate current balance comes around 2.1% compared with average annualised collection due of 1.4%.

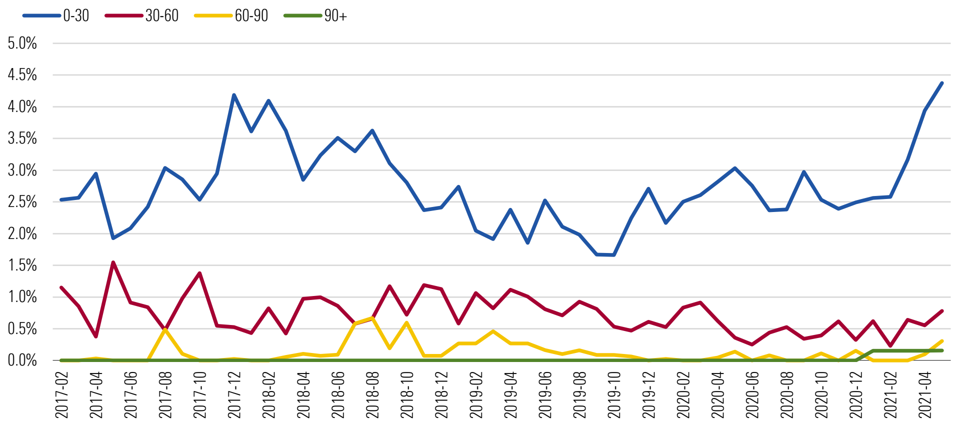
Exhibit 6 Pay Ratio



Source: DBRS Morningstar.

Arrears: There are only 0.2% of loans in 90 DPD delinquency and 1.1% of the loans in Glenbeigh 2021-2 are in 30 to 90 DPD delinquency with a total of 5.5% of the loans being between 0 to 90 DPD delinquency. The portfolio has been a positive selection of loans, most of which were securitised in the previous Fastnet transactions. DBRS Morningstar considers the performance to be good, in addition to the fact that most of loans are in negative equity (when indexed from latest valuations; see section above).

Exhibit 7 Arrears



Source: DBRS Morningstar.

Rating Analysis

DBRS Morningstar based its ratings on a review of the following analytical considerations:

- The transaction's capital structure, including the form and sufficiency of available credit enhancement.
- The credit quality of the mortgage loan portfolio and the ability of the parties to perform servicing and collection activities.
- DBRS Morningstar estimated stress-level PD, LGD, and EL on the mortgage portfolio. The PD, LGD, and EL are used as inputs into the cash flow engine. The mortgage portfolio was analysed in accordance with DBRS Morningstar's *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 noteholders according to the terms and conditions of the notes. The transaction cash flows were analysed using Intex DealMaker.
- The Republic of Ireland's sovereign rating of A (high)/R-1 (middle) with Stable trends as of the date of this report.
- The consistency of the transaction's 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.

- The relevant counterparties, as rated by DBRS Morningstar, are appropriately in line with DBRS Morningstar's legal criteria to mitigate the risk of counterparty default or insolvency.
- The structural mitigants in place to avoid potential payment disruptions caused by operational risk, such as a downgrade, and replacement language in the transaction documents.

European RMBS Credit Model Result

The results of the model were used as the inputs into the cash flow analysis of the structure. The results of the model at AAA (sf), AA (sf), A (sf), BBB (sf), BB (sf), and B (sf) rating scenarios are listed below:

Portfolio Credit Assumptions

Rating	Default	Severity	Loss
AAA (sf)	34.9%	67.8%	23.7%
AA (sf)	29.0%	57.7%	16.7%
A (sf)	25.1%	49.3%	12.4%
BBB (sf)	20.6%	41.8%	8.6%
BB (sf)	14.7%	29.3%	4.3%
B (sf)	9.9%	23.0%	2.3%

Cash Flow Analysis

To assess the timely payment of interest and the ultimate payment of principal on the rated notes, DBRS Morningstar applied its default curves (front-ended and back-ended), prepayment curves (5%, 10%, and 20% CPR assumptions), and interest rates stresses as per its *Interest Rate Stresses for European Structured Finance Transactions* methodology.

DBRS Morningstar tested additional scenarios where 0% CPR was stressed.

Based on a combination of these assumptions, 16 cash flow scenarios in total were applied to test the performance of the rated notes.

Cash Flow Scenarios as per DBRS Morningstar Methodology

Scenario	Prepayment	Default Timing	Interest Rate
1	5%	Front	Upward
2	5%	Front	Downward
3	5%	Back	Upward
4	5%	Back	Downward
5	10%	Front	Upward
6	10%	Front	Downward
7	10%	Back	Upward
8	10%	Back	Downward
9	20%	Front	Upward
10	20%	Front	Downward
11	20%	Back	Upward
12	20%	Back	Downward

Interest Rate Stresses

DBRS Morningstar applied its standard interest rate stresses as detailed in its *Interest Rate Stresses for European Structured Finance Transactions* methodology.

Default Timing and Recovery Lag

DBRS Morningstar used 10-year front- and back-ended default curves to test the cash flows of the notes and assumed a recovery lag of 48 months for the cash flow analysis.

Risk Sensitivity

Adverse changes to asset performance may cause stresses to base case assumptions and therefore have a negative impact on credit ratings. The tables below illustrate the sensitivity of the ratings to various changes in the base case PD and LGD assumptions in the respective rating scenarios:

Class A

		Increase in Default Rate (%)		
		0	**25**	**50**
Increase in LGD (%)	**0**	AAA (sf)	AA (sf)	AA (low) (sf)
	25	AA (high) (sf)	AA (low) (sf)	A (sf)
	50	AA (sf)	A (high) (sf)	A (low) (sf)

Class B

		Increase in Default Rate (%)		
		0	**25**	**50**
Increase in LGD (%)	**0**	AA (sf)	A (high) (sf)	A (low) (sf)
	25	A (high) (sf)	A (low) (sf)	BBB (sf)
	50	A (sf)	BBB (high) (sf)	BBB (low) (sf)

Class C

		Increase in Default Rate (%)		
		0	**25**	**50**
Increase in LGD (%)	**0**	A (sf)	BBB (high) (sf)	BBB (low) (sf)
	25	BBB (high) (sf)	BBB (sf)	BB (high) (sf)
	50	BBB (sf)	BBB (low) (sf)	BB (high) (sf)

Class D

		Increase in Default Rate (%)		
		0	**25**	**50**
Increase in LGD (%)	**0**	BBB (sf)	BBB (low) (sf)	BB (high) (sf)
	25	BBB (low) (sf)	BB (high) (sf)	BB (high) (sf)
	50	BB (high) (sf)	BB (high) (sf)	BB (sf)

Class E

		Increase in Default Rate (%)		
		0	**25**	**50**
Increase in LGD (%)	**0**	BB (high) (sf)	BB (high) (sf)	BB (sf)
	25	BB (high) (sf)	BB (sf)	B (high) (sf)
	50	BB (sf)	BB (low) (sf)	B (high) (sf)

Class F

		Increase in Default Rate (%)		
		0	**25**	**50**
Increase in LGD (%)	**0**	BB (low) (sf)	B (high) (sf)	B (sf)
	25	B (high) (sf)	B (sf)	B (low) (sf)
	50	B (sf)	B (sf)	CCC (sf)

Appendix

Methodologies Applied

The principal methodology applicable to assign the provisional ratings to this transaction is *Master European Residential Mortgage-Backed Securities Rating Methodology and Jurisdictional Addenda* (17 September 2021).

Other methodologies referenced in this transaction are listed below:

- *Legal Criteria for European Structured Finance Transactions* (29 July 2021), https://www.dbrsmorningstar.com/research/382171/legal-criteria-for-european-structured-finance-transactions.
- *Interest Rate Stresses for European Structured Finance Transactions* (24 September 2021), https://www.dbrsmorningstar.com/research/384920/interest-rate-stresses-for-european-structured-finance-transactions.
- *Operational Risk Assessment for European Structured Finance Servicers* (16 September 2021), https://www.dbrsmorningstar.com/research/384513/operational-risk-assessment-for-european-structured-finance-servicers.
- *Operational Risk Assessment for European Structured Finance Originators* (16 September 2021), https://www.dbrsmorningstar.com/research/384512/operational-risk-assessment-for-european-structured-finance-originators.
- *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.

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

Alternatively, please contact info@dbrsmorningstar.com.

Surveillance Methodology

DBRS Morningstar will monitor this transaction in accordance with its *Master European Structured Finance Surveillance Methodology* (8 February 2021).

About DBRS Morningstar

DBRS Morningstar is a full-service global credit ratings business with approximately 700 employees around the world. We're a market leader in Canada, and in multiple asset classes across the U.S. and Europe.

We rate more than 3,000 issuers and nearly 60,000 securities worldwide, providing independent credit ratings for financial institutions, corporate and sovereign entities, and structured finance products and instruments. Market innovators choose to work with us because of our agility, transparency, and tech-forward approach.

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