Rating Report
Glenbeigh 2 Issuer DAC

DBRS Morningstar
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Contents

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Ratings, Issuer's Assets, and Liabilities

Debt	Amount (EUR 000s)	Size[1]	Credit Enhancement[2]	Initial Margin	Step-Up Margin[3]	Rating	Rating Action
Class A	197,929	70.0%	30.0%	0.75%	1.35%	AAA (sf)	Provisional Rating – Finalised
Class B	17,672	6.25%	23.8%	1.00%	2.00%	AA (low) (sf)	Provisional Rating – Finalised
Class C	12,017	4.25%	19.5%	1.50%	2.75%	A (high) (sf)	Provisional Rating – Finalised
Class D	9,896	3.5%	16.0%	1.80%	3.25%	BBB (high) (sf)	Provisional Rating – Finalised
Class E	8,482	3.0%	13.0%	2.50%	3.50%	BB (high) (sf)	Provisional Rating – Finalised
Class F	5,655	2.0%	11.0%	3.00%	4.00%	BB (low) (sf)	Provisional Rating – Finalised
Class Z	31,104	11.0%	0%	0.50%	N/A	Not Rated	N/A
Class S1[4]	100	NA	NA	0.08%	N/A	Not Rated	N/A
Class S2[4]	100	NA	NA	N/A	0.10%	Not Rated	N/A
Class Y	1,000	NA	NA	N/A	N/A	Not Rated	N/A
VRR Loan[5]	14,945	5.26%	NA	N/A	N/A	Not Rated	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. As of the closing date, the Retention Holder retains 5% of each class of notes and the Instruments in the form of VRR Loan (vertical slice).

Portfolio Data as of 28 February 2021	
Portfolio Size (EUR)	297,638,764
Indexed CLTV From Current Valuation Date	101.5%
Indexed CLTV From Original Valuation Date	90.6%
Weighted-Average Coupon	1.08%

DBRS Ratings GmbH (DBRS Morningstar) finalised its provisional ratings on the Class A, Class B, Class C, Class D, Class E, and Class F notes issued by Glenbeigh 2 Issuer DAC (Glenbeigh 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, Class D, Class E, 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, Class S Instruments, Class Y Instrument, and the VRR Loan issued in this transaction.

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 PTSB, with servicing expected to be transferred to Pepper by 26 March 2021 (post closing).

DBRS Morningstar was provided with information on the mortgage portfolio as of 28 February 2021.

Transaction Parties

Roles	Counterparties	Ratings
Issuer	Glenbeigh 2 Issuer DAC	N.A.
Warehouse Seller	Glenbeigh 2 Warehouse DAC	N.A.
Seller	Glenbeigh 2 Seller 2 DAC	N.A.
Interim Seller	Glenbeigh 2 Seller DAC	N.A.
Interim Servicer, PTSB Legal Title Holder, and Original Seller	Permanent TSB plc	LTR[1] - BBB (low)/R-2 (middle)/Negative
Master Servicer and Pepper Legal Title Holder	Pepper Finance Corporation (Ireland) DAC	N.A.
Replacement Servicer Facilitator	CSC Capital Markets (Ireland) Limited	N.A.
Cash Manager	Citibank, N.A., London Branch	Private Rating
Issuer Account Bank	Citibank, N.A., London Branch	Private Rating
Collection Account Bank (Prior to Legal Title Transfer)	Permanent TSB plc	LTR - BBB (low)/R-2 (middle)/Negative
Collection Account Bank (Post Legal Title Transfer)	The Governor and Company of the Bank of Ireland	LTR - A (low); Negative/R-1 (low); Stable COR[2] - A(high)/R-1(middle)/Negative
Security Trustee	U.S. Bank National Association	N.A.
Note Trustee	U.S. Bank National Association	N.A.
Principal Paying Agent and Agent Bank	Citibank, N.A., London Branch	Private Rating
Registrar	Citibank, N.A., London Branch	Private Rating
Corporate Services Provider	CSC Capital Markets (Ireland) Limited	N.A.
Share Trustee	CSC Share Trustee Services (Ireland) Limited	N.A.
Arranger	Citibank Europe plc	LTR - AA (low)/R-1 (middle)/Stable
Lead Manager	Citibank Europe plc	LTR - AA (low)/R-1 (middle)/Stable
VRR Lender, Sponsor, Retention Holder	Citibank, N.A., London Branch	LTR - AA (low)/R-1 (middle)/Stable

1. LTR - Issuer Rating (long-term rating/short-term rating/long-term trend/short-term trend)
2. COR - Critical Obligations Rating (long-term rating/short-term rating/long-term trend/short-term trend)

Relevant Dates

Issue Date	23 March 2021
First Optional Redemption Date	24 March 2024
First Interest Payment Date	24 June 2021
Interest Payment Dates	Quarterly; on the 24th of March, June, September, and December
Final Legal Maturity Date	24 March 2046

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 13.5% of the loans in the portfolio have been restructured in the past, of which about 4.5% 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 loans into part or fully repaying.
- **Seasoned BTL Portfolio:**
  Some of the notable portfolio features are as follows:
    - Weighted-average seasoning is at 13.9 years, with a weighted-average remaining term to maturity at 9.9 years.
    - Positive selection of PTSB's BTL loans (most from previous Fastnet transactions);
    - None of the loans are in 90 days past due (DPD) delinquency;
    - 36.5% of portfolio has been given to borrowers flagged as self-employed or unemployed;
    - 86.1% of the portfolio consists of interest-only (IO) loans, with 13.0% 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 is expected to be transferred from PTSB to Pepper Finance Corporation (Ireland) DAC (Pepper) by 26 March 2021.
- **Call Date:** Following the step-up date or the first optional redemption date (FORD) falling in March 2024, the margin payable on the notes increases.

Strengths

- **Credit Enhancement and Liquidity Support to Rated Notes:** The issuance structure under Glenbeigh 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 will be 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 is expected to take over the day-to-day servicing from PTSB by 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), and has an average of about 96.8% for the past four years. The weighted-average pay ratio is above 100% when considering total portfolio collections divided by total payment due on loans. None of the loans have been in 90+ DPD delinquency in the past five years, 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, which would otherwise be used in payment of interest on junior notes.

Challenges and Mitigating Factors

- **Restructured Loans:** About 13.5% of the loans have been restructured in the past. Most of these loans, about 10.4%, 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 2.8% of the restructured loans have had their arrears balance capitalised, with the remaining 0.02% awaiting long-term treatment.
  Mitigants: About 4.5% 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 interest-only loans into part or fully repaying, which would allow deleveraging of the majority interest-only exposure. Furthermore, DBRS Morningstar was provided with the performance history of the loans spanning December 2016 to December 2020, which illustrated that the restructuring has been quite effective in maintaining low historical arrears.
- **High Proportion of Loans in Negative Equity:** About 47.0% of the loans are in negative equity when indexed from current valuation date (with a weighted-average current indexed LTV of 101.5%). This is because most of the properties (53.4%) have gone through revaluations in the past seven years. If the properties are indexed from the original valuation date, the weighted-average indexed current LTV comes at 90.6%, and the share of loans in negative equity drops to 25.7%.
  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 revalued, the

distressed/quick sale discount is expected to be lower compared to 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. However, such limitations are comparable to recent RMBS transactions involving traded Irish mortgage portfolios. The asset warranties are time limited wherein no claims can be made following roughly three years from the closing date, which is atypical. Furthermore, the compensation obligation of PTSB 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.
- **Interest-Only Loans:** About 86.1% of the loans in the portfolio are paying on an IO basis and about 13.0% have a balloon repayment (balloon amounts make up 10.2% 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.
  Mitigant: DBRS Morningstar has stressed for the unhedged basis risk between the ECB refinancing rate and three-month Euribor.
- **Coronavirus Disease (COVID-19):** 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: DBRS Morningstar released a simplified set of macroeconomic scenarios for select economies in its *Global Macroeconomic Scenarios: March 2021 Update* commentary. The moderate and the adverse scenarios are being used in the context of DBRS Morningstar's rating analysis, with the moderate scenario serving as the primary anchor for current ratings, and the adverse scenario serving as a benchmark for sensitivity analysis for the same ratings. DBRS Morningstar's commentary on effects of the coronavirus on European RMBS can be found here.

Origination

Permanent TSB plc (formerly Irish Life & Permanent) is a leading provider of personal financial services in the Irish market. The Bank formed in 1999 from the merger of Irish Life plc, the largest life and pensions group in Ireland, and Irish Permanent plc, a leading provider of retail financial services in Ireland. Permanent TSB Group Holdings plc, the holding company of the Group, is 75% owned by the Irish Government and is listed on the Irish Stock Exchange's Enterprise Securities Market (the ESM) in Dublin.

In 2010, the Group was restructured, and Permanent TSB Group Holdings plc became the new parent and holding company for the Group. The new structure had the same capital structure, board, and management team as Irish Life and Permanent plc and the business ethos and business activities remained the same.

In 2012, the Group disposed of the Irish Life businesses (the Life Group) to the Minister for Finance. Following the sale of the Life Group, the Group's strategic focus became to be a top-class retail bank focused on the Irish consumer, which was to be both competitive and profitable.

PTSB is the Irish banking division of the Group (PTSBG). It provides a full range of retail banking products and services through its network of branches and through intermediaries as well as directly over the phone and Internet.

PTSB's long-term issuer rating is BBB (low) with a Negative trend, as of May 2020.

Servicing

DBRS Morningstar conducted an operational review of the mortgage servicer, Pepper Finance Corporation (Ireland) DAC trading as Pepper Asset Servicing (PAS), in March 2020 followed by an email update in August 2020. DBRS Morningstar considers the servicing practices of PAS to be consistent with the overall Irish market.

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

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 non-confirming 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 and PAS, Pepper has a number of financial services businesses in Asia and Europe. PAS sits within Pepper European Servicing, a leading pan-European servicing platform, which had assets under management of EUR 39.9 billion at end 2019.

PAS has around 500 employees operating across two Irish sites in Shannon and Dublin with assets under management of over EUR 18 billion. 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.

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 500 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 18 years' experience including six years with the company, although half of the executives were with the predecessor business prior to the creation of PAS. The servicing management team is also highly qualified averaging over 15 years' experience including an average of 10 years with PAS and its predecessor.

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 is in the process of migrating its operations to new loan management and customer relationship platforms with the majority of loans having been migrated at end 2020 and the remainder due to migrate over the course of H1 2021. 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.

PAS endeavours to identify cases where customers might be experiencing financial difficulties and its Pre-Arrears and Outreach Team contacts them through proactive campaigns. If an account 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:

- repayment of the arrears without any intervention;
- offering affordable and sustainable forbearance solutions in the form of alternative repayment arrangements (ARAs);

- 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
- 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 also has a range of solutions for customers with interest-only loans that 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 a 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 36 months, driven in large part by the regulatory environment and court timescales.

If a property is taken into possession, 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. PAS 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 is 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 up 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.

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.

Weaknesses

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

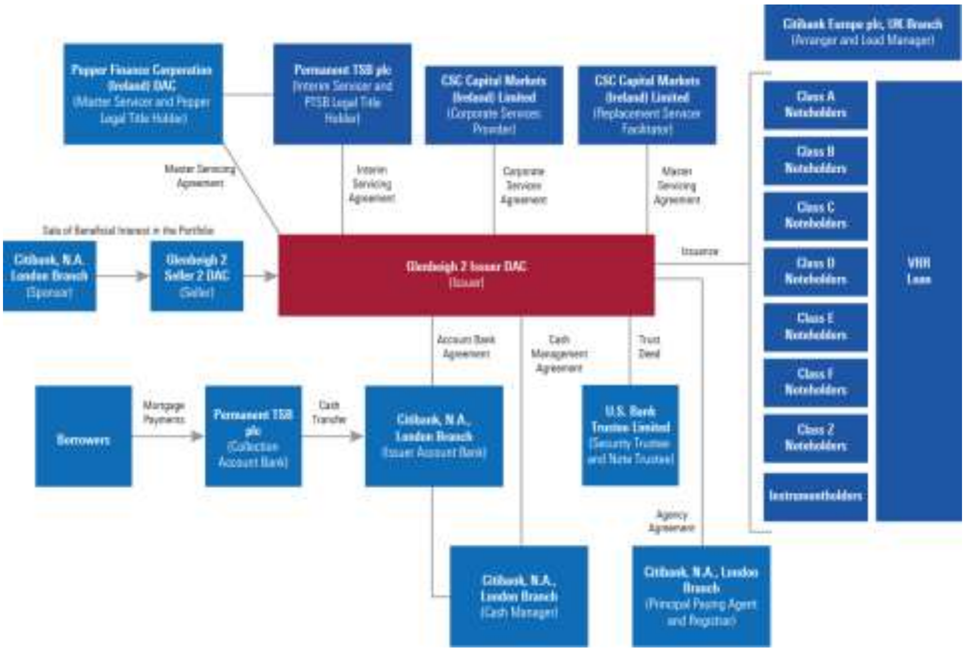
Transaction Structure

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 is fully funded at closing, equal to 2.5% of the Class A outstanding balance (including the equivalent VRR loan proportion). It provides 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 provides 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

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

The simplified versions of 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, Class B, Class C, Class D, Class E, 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.

Counterparty Risk Assessment

Collection Account

The borrowers pay into a collections account with PTSB in the name of the legal title holder, until the legal titles are transferred. On the next business day, funds from the collections account are transferred into the account in the name of the issuer with the account bank. PTSB and The Governor and Company of the Bank of Ireland (once the legal title is transferred to Pepper) will declare a trust on the funds in the collections account, which pertain to repayments from the loans in Glenbeigh 2.

Issuer Account Bank

The issuer maintains the transaction account held with Citibank N.A. London branch, which is rated privately by DBRS Morningstar. Funds standing to the credit of the transaction account may be invested in authorised investments. 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 meets DBRS Morningstar's *Legal Criteria for European Structured Finance Transactions* methodology to act in such capacity.

The interest on the funds in the transaction account will be Overnight EUR Libor + 0%.
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

There are currently 11 accounts with deposits with PTSB, aggregating to approximately EUR 476,000, with only one account having an amount above the current deposit protection scheme limit (EUR 100,000). DBRS Morningstar deemed this exposure as de minimis and hence did not account for deposit set off risk in its rating analysis.

Moreover, the legal title of the loans is expected to transfer over to Pepper on 26 March 2021, after which any claim of a deposit set-off by a borrower will not be valid.

Collateral Summary

DBRS Morningstar was provided with the loan-by-loan data for the portfolio as of 28 February 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.

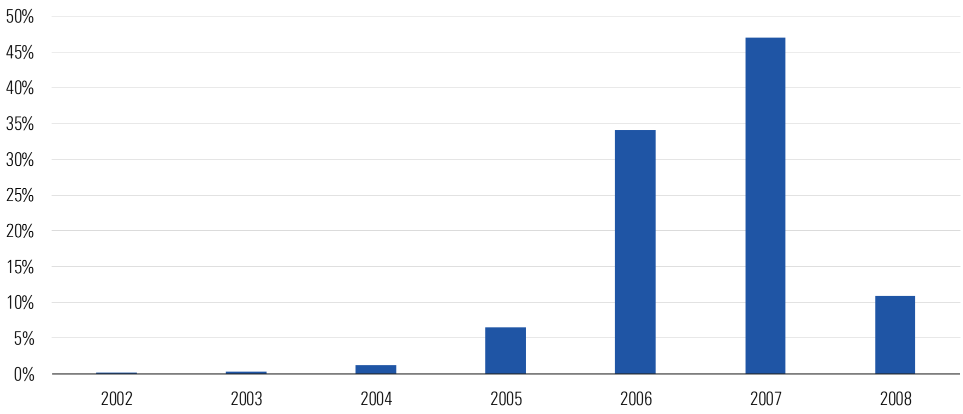
	Glenbeigh 2 Closing	Glenbeigh 2 Provisional	Mulcair Securities	Dilosk 3
As of Date	28-Feb-21	31-Dec-20	31-Jan-19	31-Mar-19
Number of Mortgage Loans	780	781	1,727	909
Total Original Balance (EUR)	315,659,066	315,857,921	475,398,196	176,958,742
Total Current Balance (EUR)	297,638,764	299,475,654	376,365,096	174,533,959
Average Original Balance (EUR)	404,691	404,428	275,274	228,629
Average Current Balance (EUR)	381,588	383,452	217,804	225,496
Weighted-Average Original LTV	76.97%	76.81%	80.30%	56.80%
Weighted-Average Current LTV	96.57%	96.46%	NA	NA
Weighted-Average Ind. CLTV from Original Valuation Date	90.61%	90.72%	80.50%	54.30%
Weighted-Average CLTV from Latest Valuation Date	101.52%	101.62%	NA	NA

	Glenbeigh 2 Closing	Glenbeigh 2 Provisional	Mulcair Securities	Dilosk 3
Weighted-Average CLTV > 100% from Latest Valuation Date	47.02%	47.89%	NA	NA
Weighted-Average Ind. CLTV >100% from Original Value	25.7%	26.15%	8.70%	0.00%
Weighted-Average Seasoning (Years)	13.9	13.8	12.5	0.9
Weighted-Average Remaining Term (Years)	9.9	9.9	13.8	13
Weighted-Average Coupon	1.08%	1.08%	2.30%	5.27%
Interest-Only Repayment	86.07%	86.16%	80.30%	81.29%
Buy-to-Let Loans	100.00%	100.00%	100.00%	100.00%
Self-Employed	27.23%	27.10%	NA	34.75%
Self-Certified	0.00%	0.00%	NA	NA
Purchase Loans	NA	100.00%	100.00%	50.39%
Months in Arrears				
Current	95.52%	95.25%	97.51%	100.00%
≤3 months	4.48%	4.75%	2.49%	0.00%
>3 and ≤12	0.00%	0.00%	0.00%	0.00%
>12 months	0.00%	0.00%	0.00%	0.00%
Restructured Loans[1]	13.52%	13.49%[1]	97.20%	0.00%

1. Includes positive restructures

Origination: Most of the loans were originated during the global financial crisis (2006-2008).

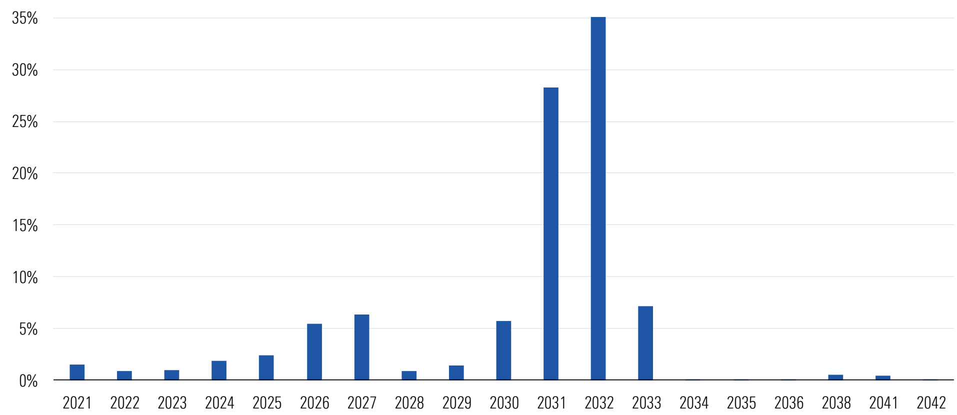
Exhibit 2 Origination



Source: DBRS Morningstar.

Maturities: There are small amount of short-term loans in the portfolio, about 1.5%, which mature in 2021, and about 1.1% mature in 2022.

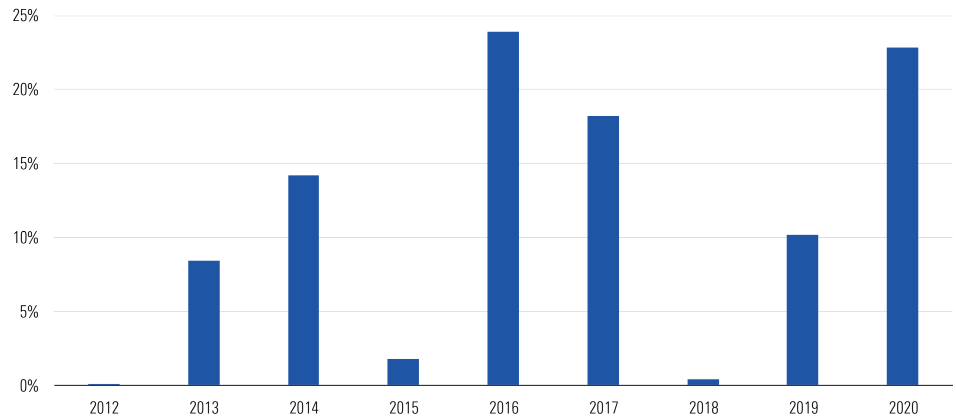
Exhibit 3 Maturity



Source: DBRS Morningstar.

Restructures: As mentioned before, only 13.5% of the loans have been restructured compared to some other securitisations where this proportion is significant. Loans have been restructured multiple times; the average number of restructures is about three times (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.

Exhibit 4 Restructures



Source: DBRS Morningstar.

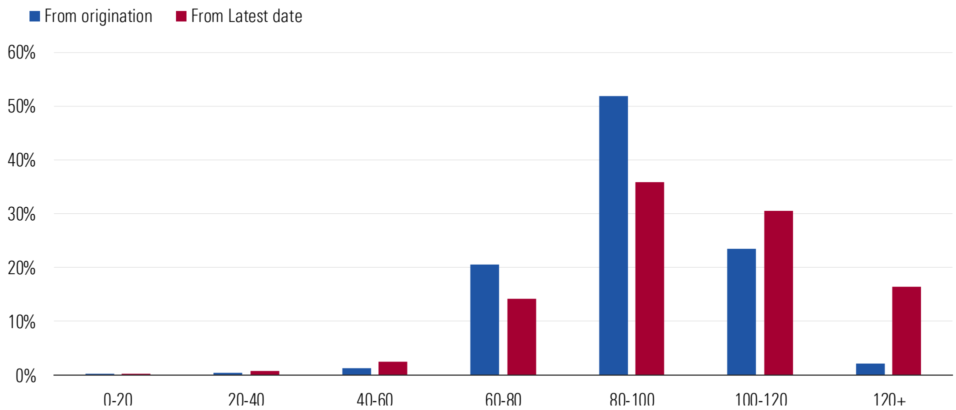
Cross collateralised loans: Some loans in the portfolio are cross collateralised. In such cases the loan balances and the underlying property values have been aggregated to create a single exposure for rating analysis.

Geographic distribution: The share of properties located in Dublin by count is 38.71% and by valuation amount is 49.30% (as per DBRS Morningstar indexation).

Loan-to-Value: The original loan-to-value for the portfolio was 76.9%. For indexed current LTV, calculations can be done in two ways, as the loan datatape 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 53.4% 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).

Exhibit 5 Indexed Loan-to-Value



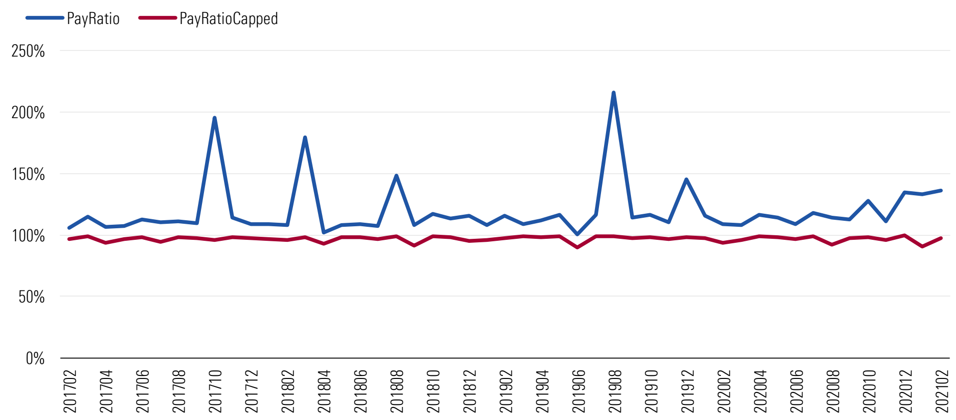
Source: DBRS Morningstar.

The indexed CLTVs stand at 90.6% and 101.5%, indexed from original valuation and current valuation, respectively (50% credit to indexation). DBRS Morningstar has used current valuation in its analysis considering it reflects the price correction, which otherwise would have been adjusted through a high distressed sale discount.

Historical Analysis

Pay Rate: Historically (from December 2016 to December 2020), the portfolio has performed well compared to 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 1.8% compared to average annualised collection due of 1.4%.

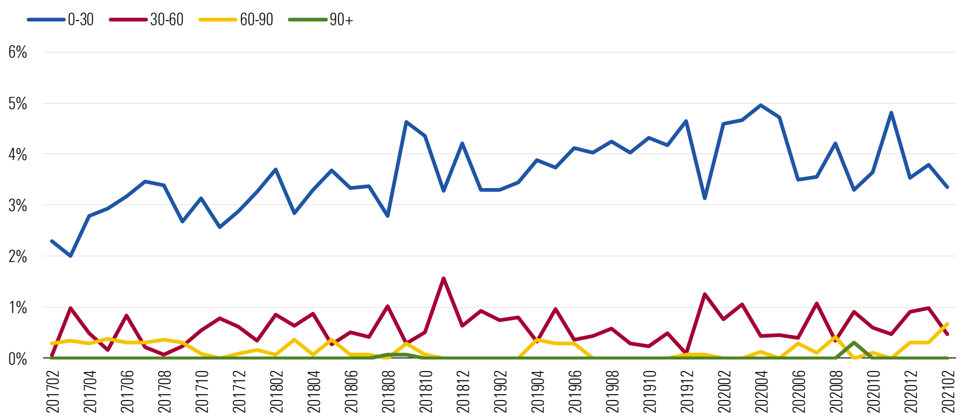
Exhibit 6 Pay Ratio



Source: DBRS Morningstar.

Arrears: There are no loans in 90 days past due (DPD) delinquency, but there are about 1.13% of the loans in 30 to 90 DPD delinquency, including which a total of 4.48% of the loans are in 0 to 90 DPD delinquency. The portfolio has been a positive selection of loans, most of which were previously 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 below).

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, AA, A, BBB, BB, and B rating scenarios are listed below:

Portfolio Credit Assumptions

Rating	Default	Severity	Loss
AAA	36.6%	66.7%	24.4%
AA	30.5%	56.1%	17.1%
A	26.4%	47.5%	12.6%
BBB	21.7%	39.7%	8.6%
BB	15.5%	26.6%	4.1%
B	10.3%	20.1%	2.1%

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 additionally also performed sensitivity analysis, under zero percent pre-payments, and eight-year default timing curves.

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

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

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 (high) (sf)	AA (low) (sf)
	25	AA (high) (sf)	AA (low) (sf)	A (high) (sf)
	50	AA (sf)	A (high) (sf)	A (low) (sf)

Class B

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

Class D

		Increase in Default Rate (%)		
		0	**25**	**50**
Increase in LGD (%)	**0**	BBB (high) (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)	BB (low) (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 provisional ratings to this transaction is *Master European Residential Mortgage-Backed Securities Rating Methodology and Jurisdictional Addenda* (14 January 2021).

Other methodologies referenced in this transaction are listed below:

- *Legal Criteria for European Structured Finance Transactions* (11 September 2019), https://www.dbrsmorningstar.com/research/350234/legal-criteria-for-european-structured-finance-transactions.
- *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.
- *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.
- *Operational Risk Assessment for European Structured Finance Originators* (30 September 2020), https://www.dbrsmorningstar.com/research/367603/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* (22 April 2020).

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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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