

STRUCTURED FINANCE

Annual Review

Sarwa Securitization Company S.A.E. (SSC) – 22nd Issue 2017-2022

Auto Receivables/Egypt

DEFINITIVE RATINGS

Class	Description	Amount (EGP mn)*	% of Notes*	Maturity	Fixed Coupon (%)	Initial Rating**	Current Rating**
A	Senior	28.3	4.4%	Dec-18	14.86%	AA+(sf)	AA+(sf)
B	Subordinated	419.9	64.9%	Dec-20	15.66%	AA(sf)	AA(sf)
C	Junior Subordinated	199.0	30.7%	Aug-22	16.16%	A(sf)	A(sf)
Total		647.2					

*As of 30/11/2018

**The (sf) insertion refers to structured finance.

POOL CLOSING DATE:
November 1, 2017

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RATING OPINION AND SPECIFIC COMMENTARY

This is the twenty second asset-backed bond issued by Sarwa Securitization Company S.A.E. (SSC). At issuance the bond issue size measured EGP 1,147,000,000 and was backed by 5,475 auto installment-sale contracts (EGP 1,629,428,569 outstanding receivable balance as of the pool cut-off date) initially co-originated by Contact Auto Credit (CAC) (41% of the principal outstanding balance), Star Auto Credit (25%), Bavarian – Contact Car Trading (BCCT) (17%), Contact Egyptian International Motor Credit (CEIM) (14%), Ezz El Arab-Contact Financial (ECF) (2%) and Modern Finance (Modern) (1%). The contracts have been written over the period between 29/9/2015 and 29/08/2017, in addition to a single contract originated on 31/12/2012.

The rating addresses the expected loss posed to investors by the legal final maturity. In **MERIS's** opinion, the structure allows for timely payment of interest and ultimate repayment of principal by the final maturity of the bond. **MERIS** portfolio performance analysis is mainly based on the monitoring of the delinquencies, defaults, repossessions, recoveries and prepayments. **MERIS** relies on the audited monthly performance reports issued by the Custodian (CIB), as well as on data provided by the Issuer.

As of 30/11/2018, the coupon and principal of the bond have been paid according to schedule. The bond issue is amortizing on a monthly basis, and currently stands at EGP 647,189,890, equivalent to 43.6% redemption of the original balance. Given the senior-subordinated structure of the bond, the principal amortization has been directed to class A notes, which currently stand at EGP 28,250,000, or 8.2% of the original balance. In addition, 100% of the prepayments were passed to class B notes as principal amortization. As a result, Class B notes currently stand at EGP 419,939,890, representing 69.4% of the original balance. The asset pool backing the issue has been amortized at 50.3%, and currently equals EGP 809,841,117, including EGP 586,061,273 of principal, and the balance being interest on the auto finance contracts. According to the structure of the transaction, the issue has a negative carry (the outstanding principal of the bond is higher than the outstanding principal of the asset pool backing the bond) currently in the size of 9.4%, compared to 6.5% at the pool cut-off date.

The above difference in principal outstanding between the bond and the asset pool is covered by the credit enhancement available to the issue in the form of residual cash account, coupled with the liquidity and default reserve accounts, which were funded as per the terms of the bond structure. The NPV of the portfolio receivables plus the residual cash balance, the liquidity reserve and the default reserve accounts over the NPV of the transactions cash outflows (senior and subordinated fees and expenses, coupon and principal) measures 2.5% as of November 2018, compared to 2.6% at closing. This measure is rather conservative as it does not take into account any potential collections of the EGP 19 million of currently delinquent installments. It is worth noting that approximately 69% of the delinquencies (EGP 13 million) are below 30 days. When adjusted for this figure, the over collateralization would measure 4.5%. In terms of liquidity, the transaction currently has sufficient accumulated cash reserves to cover close to 3 months of scheduled senior fees and expenses under the bond. **MERIS** has performed various stress case scenarios and believes that the current ratings are commensurate with the risks associated with the bond.

MERIS has been also monitoring the default and delinquency rates under the transaction on a monthly basis. As of November 2018, the asset pool has recorded a 0.59% cumulative default rate of initial pool balance (principal only) (0.23% due to total loss, 0.09% due to borrower's death, and 0.27% due to credit default). It is worth noting that there have been 9 cases of repossession as of November 2018, which have resulted in full recovery of the amounts due. The pool's delinquencies above 30 days have been within the norm and stood at 0.37% of the initial pool balance in November 2018. As of the same date, the average prepayment rate has reached 19.1%, which is in line with the initial assumptions.

Strengths of the Transaction

- The credit assessment of the initial portfolio of underlying auto receivables, which reflects the Originators' strict underwriting, collection and monitoring guidelines and procedures;
- The level of protection provided to investors by the credit enhancements in the form of (i) over-collateralization in the amount of 2.5% net of expenses; (ii) subordinated administration fees in the amount of 3.6% p.a. of the principal outstanding balance of the portfolio that is available on a monthly basis; and (iii) structural subordination of tranches B and C to the more senior tranches;
- The liquidity support in the form of a cash reserve account, currently in the size of 3.7% of the outstanding aggregate notes balance, which was funded from the first month of collections;
- The availability of a default reserve account that is funded from the overcollateral by setting aside 0.6% p.a. (0.05% monthly) from the previous month's beginning principal portfolio balance on a monthly basis;
- The granularity of the pool (concentrations per client less than 0.19% of the total principal outstanding) as well as the pool's relative diversification in terms of car make and geographic distribution;
- The relatively low weighted average loan-to-value ratio at origination (68.1%), which accelerates the build-up of owner's equity into the assets and hence increase the recovery potential in case of defaults;
- The significant experience of the Servicer and efficiency of its operating systems; and
- The availability of a contractually appointed back-up servicer.

Weaknesses of the Transaction

- The generally greater uncertainty associated with unrated Originators, and the use of securitization proceeds to fund the Originator's growing phase, mitigated, however, by the Originator's experienced management team and strict adherence to its underwriting policies and procedures, which assure a high quality receivables pool;
- No independent calculation agent for the subordinated administration fees. Partially mitigated by the performance reports issued by the Custodian and verified by the auditors within a month after the actual cash disbursement date;
- The administration fee subordination is not expected to provide liquidity or credit support during the life of class B and C notes, except some limited backing upon maturity of the notes. This feature is most useful during the life of class A notes due to the predetermined amortization schedule of the notes and due to the more sizeable amount of the administration fees in the first year of the notes;

- 23.1% of the securitized receivables are related to the sale of used cars. In general, used cars are associated with a greater probability of default due to the perceived higher credit risk of the buyers. Nevertheless, the majority of the used cars included in the securitization portfolio are premium brands, which indicate high creditworthiness of the buyers;
- The existence of legal uncertainties, given that the key legal concepts underpinning securitization remain largely untested in judicial proceedings or in practice in Egypt, mitigated by the legal opinions provided by the transaction's legal advisor on issues such as true sale, separateness of accounts, commingling and consolidation risk.

KEY TRANSACTION DATA

Deal Closing Date:	December 2017
Issuer:	Sarwa Securitization Company S.A.E.
Seller (s) /Originator (s):	Contact Auto Credit (CAC), Bavarian–Contact Car Trading (BCCT), Star Auto Credit (SAC), Contact Egyptian International Motor Credit (CEIM), Ezz El Arab-Contact Financial (ECF), and Modern Finance (Modern)
Servicer:	Contact Auto Credit (CAC)
Custodian & Back-up Servicer:	Commercial International Bank (CIB) (LT Deposit Rating “B3” by Moody's Investor Service)
Structure Type	Class A: Pre-determined amortization schedule
	Class B&C: Pass through amortization schedule
Pool Currency:	EGP
Pool Reporting Frequency:	Monthly
Last Reporting Date:	30/11/2018

COLLATERAL SUMMARY* (see APPENDIX I for more details)

Receivables:	Car installment-sale contracts.
Pool Balance:**	EGP 575,298,745 (45% by CAC, 20% by SAC, 17% by BCCT, 15% by CEIM, 2% by ECF and 1% by MF)
Number of Contracts:**	3,907 fully amortizing contracts
WA Seasoning:	21 months
WA Remaining Maturity:	32 months
WA LTV (at origination):	68.1%

* The analysis of the pool is based on the pool data as of 30/11/2018

**The total outstanding principal balance and number of contract exclude any due and uncollected principal amounts or contracts.

CREDIT SUPPORT

Class	Subordination	Over collateralization	Other Credit Enhancement
A	95.6%		Subordinated Administration Fee:
B	30.7%	2.5%	3.6% p.a. of the previous month's
C	None		beginning principal portfolio balance
			available on a monthly basis

ISSUE DETAILS		COLLATERAL	
In EGP			
Class A Principal - Original	343,000,000	A/R – Original,	1,629,428,569
Class B Principal - Original	605,000,000	A/R - Current*	809,841,117
Class C Principal - Original	199,000,000	Principal Outstanding Balance - Original	1,108,628,936
Class A Principal - Outstanding*	28,250,000	Principal Outstanding Balance - Current*	586,061,273
Class B Principal - Outstanding*	419,939,890		
Class C Principal - Outstanding*	199,000,000	Number of Contracts - Original	5,475
Interest Rate - Class A	14.86%	Number of Contracts - Current*	3,861
Interest Rate - Class B	15.66%	Average Constant Prepayment Rate	19.1%
Interest Rate - Class C	16.16%		
Frequency	Monthly	Cum. Delinquencies (% of Pool Balance)	
Seasoning (months)	12	30-60 days/Current Pool Balance	0.29%
Maturity	2022	60-90 days/Current Pool Balance	0.06%
Remaining Tenor (months)	45	90+ days/Current Pool Balance	0.09%
Surplus Account Balance	21,053,878	Arrears in Processing**/Current Pool Balance	0.30%
Cash Reserve Accounts (Default & Liquidity)	29,396,423		
Total Credit Support/Bond Principal	7.8%	Cum. Losses (% of Pool Principal)	0.00%

*Current data is as of 30/11/2018.

**Arrears in Processing refer to installments in arrears related to legal cases, repossession of the vehicles, or insured events.

PORTFOLIO AND PERFORMANCE DATA

Period	Portfolio Outstanding Amount	Principal Outstanding Amount	# of Contracts	CPR	TRR	Residual Account Balance	Bond Principal Outstanding	Total Credit Support/ Bond Principal Outstanding
Oct-17	1,629,428,569	1,108,628,936	5,475					
Nov-17	1,570,516,152	1,072,253,189	5,334	20.7%	33.0%		1,147,000,000	0.0%
Dec-17	1,500,188,761	1,029,196,534	5,229	12.8%	38.8%	1,259,194	1,121,878,521	3.7%
Jan-18	1,427,596,030	984,342,473	5,138	15.9%	41.4%	15,881,412	1,081,687,393	5.3%
Feb-18	1,357,749,076	941,002,865	5,055	16.1%	41.7%	20,836,813	1,039,048,609	5.8%
Mar-18	1,281,335,549	892,025,373	4,909	23.1%	47.3%	26,628,902	996,826,465	6.6%
Apr-18	1,215,388,775	849,862,316	4,866	15.4%	44.1%	30,026,735	948,526,363	7.1%
May-18	1,151,995,279	807,968,325	4,733	16.6%	45.5%	34,685,277	908,206,344	7.8%
Jun-18	1,093,332,535	769,640,595	4,600	16.0%	44.2%	35,471,255	867,474,552	8.2%
Jul-18	1,016,547,170	719,905,375	4,405	30.8%	55.1%	48,655,254	827,778,453	10.0%
Aug-18	956,327,721	680,238,494	4,183	23.5%	49.3%	41,730,406	776,778,304	9.8%
Sep-18	902,196,648	645,813,883	4,062	21.3%	46.4%	37,046,006	732,801,871	9.4%
Oct-18	846,327,328	609,550,933	3,901	26.2%	50.0%	36,539,437	691,332,707	9.7%
Nov-18	809,841,117	586,061,273	3,861	10.4%	37.6%	21,053,878	647,189,890	7.8%

1. CPR (Constant Prepayment Rate)

CPR Calculation = $1 - (1 - (\text{Current Period Unscheduled Principal Payments} / \text{Current Period Outstanding Pool Balance} + \text{Unscheduled Principal Payments}))^{\text{reporting frequency}}$ where reporting frequency equals (monthly reporting = 12, quarterly reporting = 4, semi-annual = 2, annual = 1).

2. TRR (Total Redemption Rate)

TRR Calculation = $1 - (1 - (\text{Current Period Total Principal Payments} / \text{Current Period Outstanding Pool Balance} + \text{Current Period Total Principal Payments}))^{\text{reporting frequency}}$ where reporting frequency equals (monthly reporting = 12, quarterly reporting = 4, semi-annual = 2, annual = 1).

3. Total Credit Support

Total Credit Support = Liquidity Reserve Account + Default Reserve Account



1. CPR (Constant Prepayment Rate)

CPR Calculation = $1 - (1 - (\text{Current Period Unscheduled Principal Payments} / \text{Current Period Outstanding Pool Balance} + \text{Unscheduled Principal Payments}))^{\text{reporting frequency}}$ where reporting frequency equals (monthly reporting = 12, quarterly reporting = 4, semi-annual = 2, annual = 1).

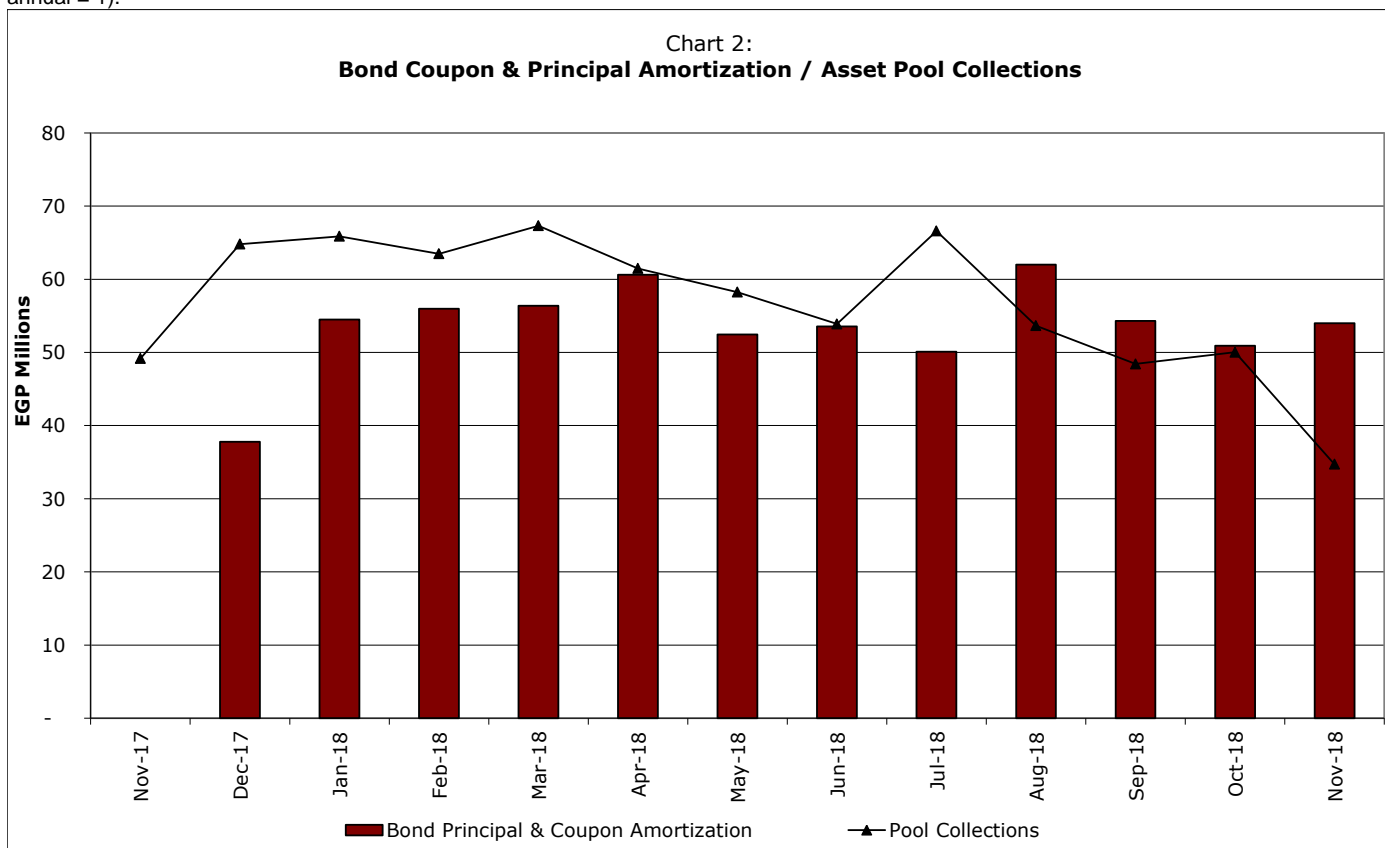


Chart 3:
Pool Cover & Credit Support vs. Bond Principal Outstanding

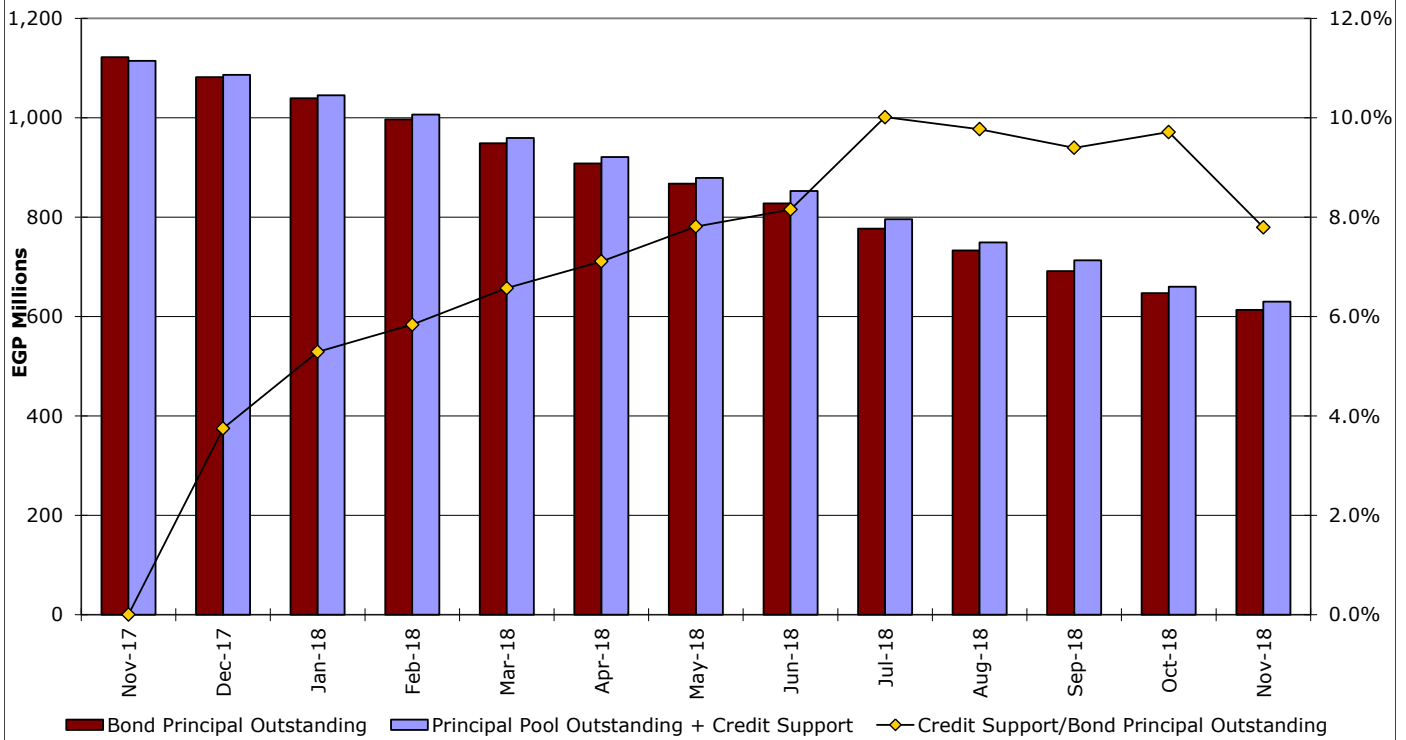
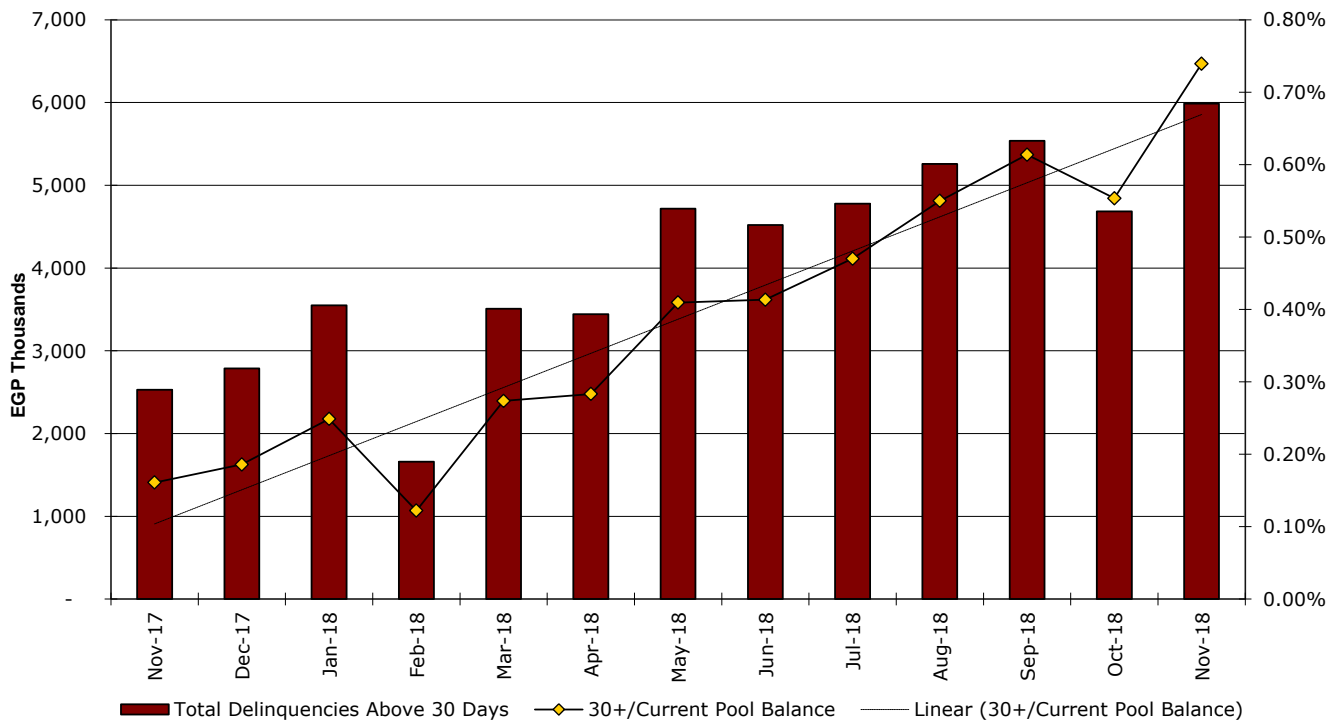
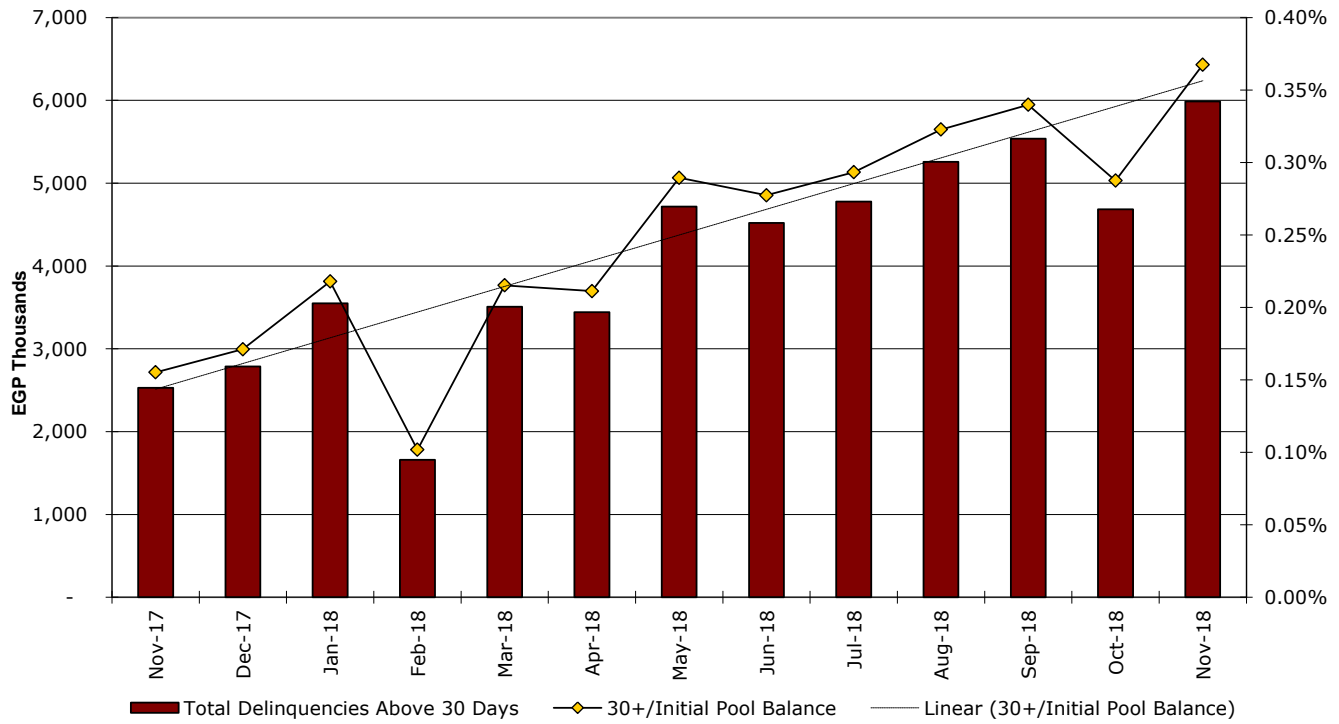


Chart 4:
Total Delinquencies (Above 30 Days) in Nominal Value and as a Percentage of the Total Outstanding Pool Balance



*Delinquencies are measured in terms of total installments overdue.

Chart 5:
**Total Delinquencies (Above 30 Days) in Nominal Value and as a Percentage of
the Initial Pool Balance**



*Delinquencies are measured in terms of total installments overdue.

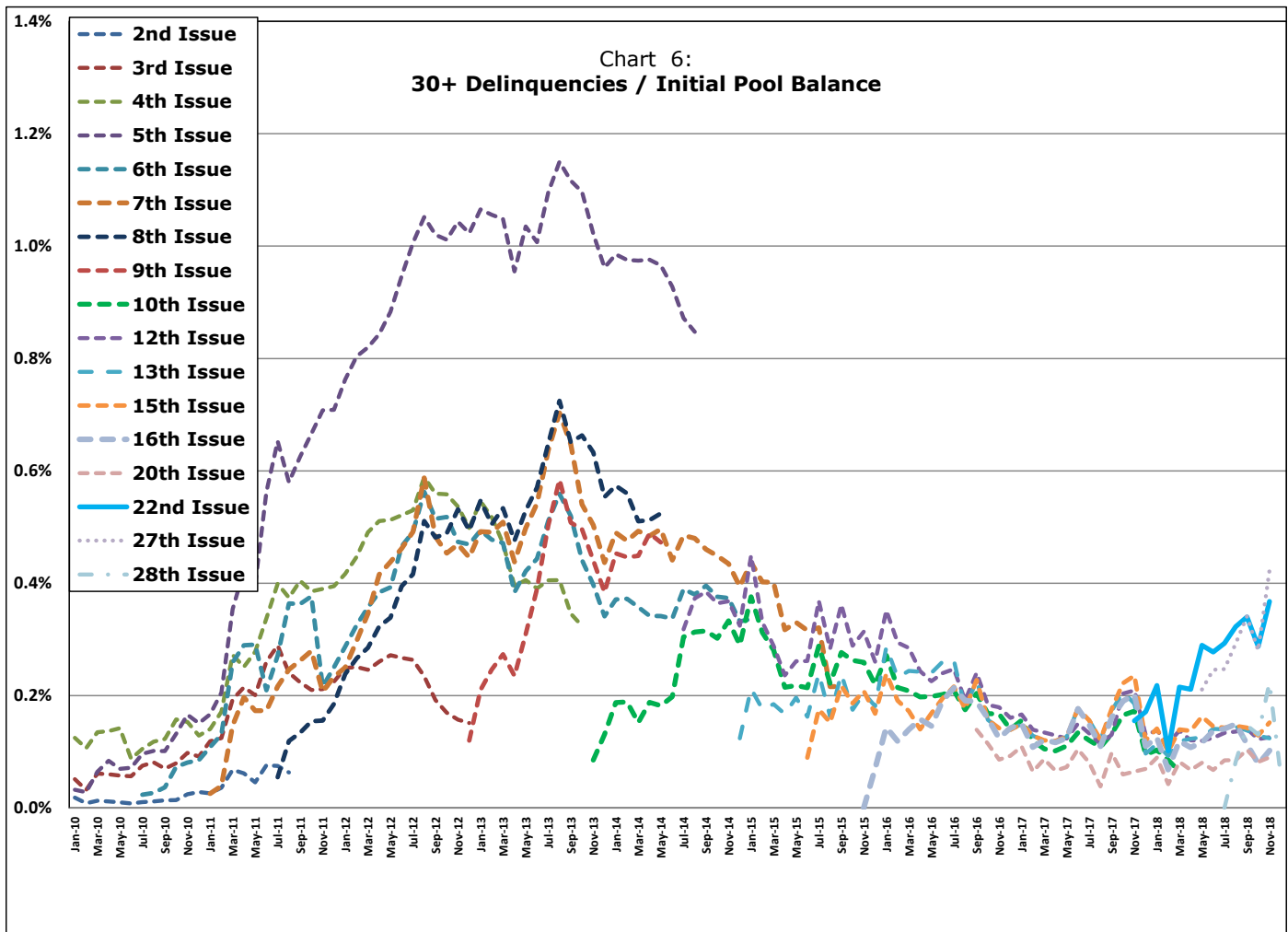
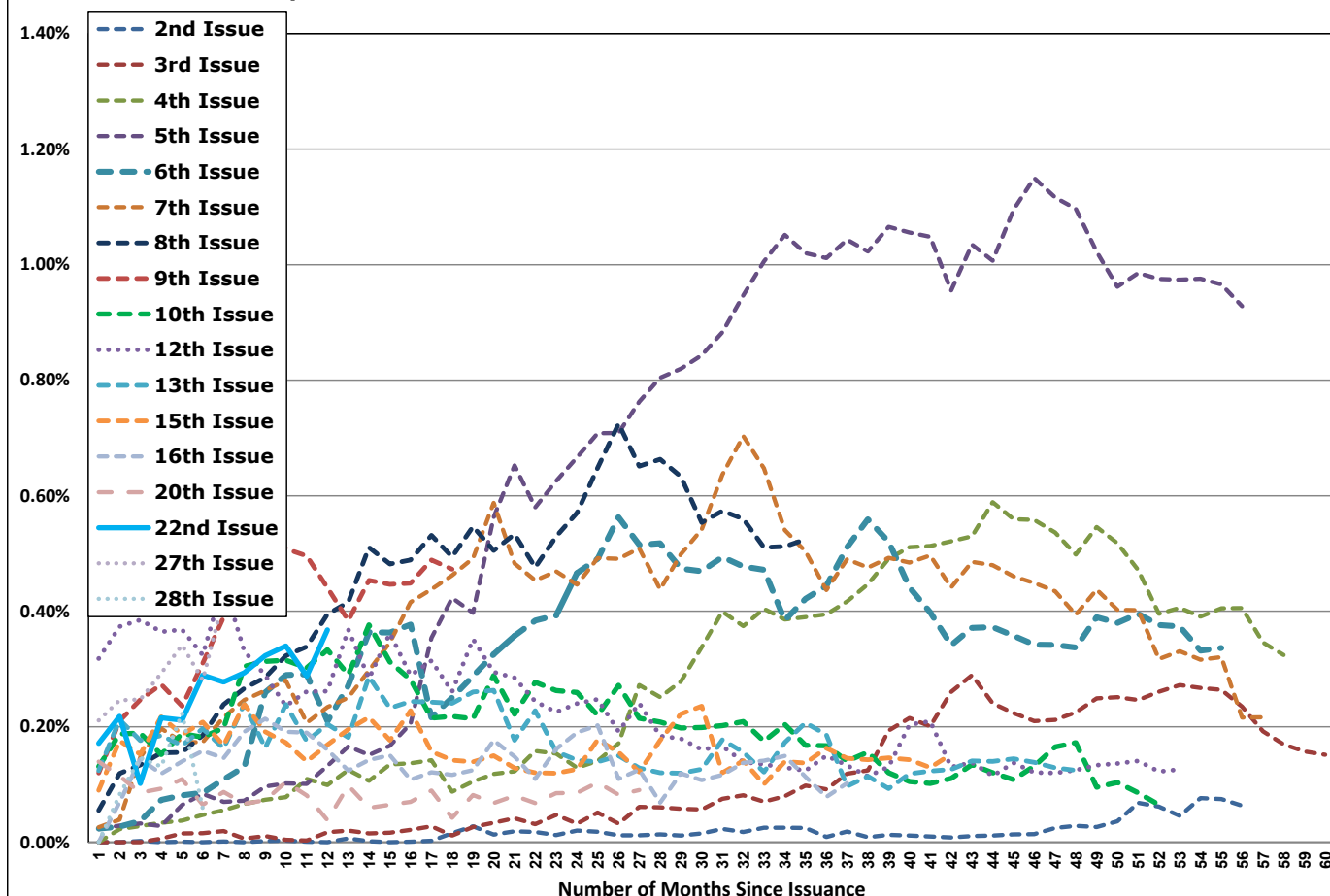


Chart 7:

30+ Delinquences / Initial Pool Balance Over the Lifetime of Sarwa's Bond Issuances



APPENDIX I: POOL DATA (As of 30/11/2018)

Distribution by Original Term To Maturity				
Months	Principal Outstanding	% Total	# of Contracts	# of Contracts %
17-24	28,603,969	5%	232	6%
25-36	95,914,836	17%	769	20%
37-48	50,904,696	9%	360	9%
49-60	399,875,244	70%	2,546	65%
Total	575,298,745	100%	3,907	100%

Distribution by Seasoning				
Months	Principal Outstanding	% Total	# of Contracts	# of Contracts %
15	75,183,040	13%	325	8%
16	70,932,359	12%	321	8%
17-18	126,446,654	22%	526	13%
19-20	34,938,187	6%	177	5%
21-25	89,904,792	16%	575	15%
31-35	176,503,978	31%	1,959	50%
>55	1,389,735	0%	24	1%
Total	575,298,745	100%	3,907	100%

Distribution by Remaining Term To Maturity				
Months	Principal Outstanding	% Total	# of Contracts	# of Contracts %
1-12	51,567,626	9%	664	17%
13-24	93,870,473	16%	585	15%
25-36	203,760,363	35%	1,729	44%
37-42	113,903,572	20%	480	12%
43-60	112,196,711	20%	449	11%
Total	575,298,745	100%	3,907	100%

Distribution by Original Principal Balance				
EGP ('000)	Principal Outstanding	% Total	# of Contracts	# of Contracts %
800-1,250	81,995,156	14%	125	3%
600-799	49,898,538	9%	116	3%
400-599	103,798,672	18%	340	9%
200-399	166,085,994	29%	969	25%
<200	173,520,384	30%	2,357	60%
Total	575,298,745	100%	3,907	100%

Distribution by Current Outstanding Principal Balance				
EGP ('000)	Principal Outstanding	% Total	# of Contracts	# of Contracts %
800-1,100	27,493,929	5%	30	1%
400-799	115,291,092	20%	215	6%
200-399	156,524,801	27%	558	14%
100-199	151,347,205	26%	1,070	27%
<100	124,641,718	22%	2,034	52%
Total	575,298,745	100%	3,907	100%

The total outstanding principal balance and number of contracts exclude any overdue and uncollected principal amounts.

APPENDIX I: POOL DATA - CONTINUED

Distribution by Original LTV				
LTV	Principal Outstanding	% Total	# of Contracts	# of Contracts %
<=40%	18,791,706	3%	250	6%
41%-50%	64,610,271	11%	487	12%
51%-60%	65,825,308	11%	526	13%
61%-70%	110,056,098	19%	783	20%
71%-75%	103,930,904	18%	704	18%
76%-85%	209,362,014	36%	1,144	29%
86%-100%	2,722,445	0%	13	0%
Total	575,298,745	100%	3,907	100%

Distribution by Original Car Value (Purchase Price)				
EGP '000	Principal Outstanding	% Total	# of Contracts	# of Contracts %
800-2,400	150,762,629	26%	311	8%
600-799	80,426,609	14%	302	8%
400-599	96,131,223	17%	469	12%
300-399	73,188,484	13%	527	13%
200-299	85,891,129	15%	862	22%
<200	88,898,671	15%	1,436	37%
Total	575,298,745	100%	3,907	100%

Distribution by Monthly Installment Amount				
EGP	Principal Outstanding	% Total	# of Contracts	# of Contracts %
20,000-68,000	130,635,831	23%	282	7%
10,000-14,999	162,994,740	28%	634	16%
5,000-9,999	144,530,050	25%	1,022	26%
<5,000	137,138,125	24%	1,969	50%
Total	575,298,745	100%	3,907	100%

Distribution by Product Type				
EGP	Principal Outstanding	% Total	# of Contracts	# of Contracts %
Economy	233,974,508	41%	1,555	40%
Used	132,959,850	23%	731	19%
Flexible	102,765,520	18%	957	24%
Standard	101,548,967	18%	606	16%
Islamic	4,049,901	1%	58	1%
Total	575,298,745	100%	3,907	100%

Distribution by Originator				
EGP	Principal Outstanding	% Total	# of Contracts	# of Contracts %
CAC	257,419,081	45%	2,194	56%
SAC	112,242,405	20%	345	9%
BCCT	98,538,943	17%	303	8%
CEIM	88,408,678	15%	858	22%
ECF	11,631,761	2%	84	2%
MF	7,057,878	1%	123	3%
Total	575,298,745	100%	3,907	100%

Distribution by Payment Method				
EGP	Principal Outstanding	% Total	# of Contracts	# of Contracts %
Direct Debit	486,741,616	85%	3,513	90%
Checks	87,152,676	15%	384	10%
Credit card	1,404,453	0.2%	10	0.3%
Total	575,298,745	100%	3,907	100%

The total outstanding principal balance and number of contracts exclude any overdue and uncollected principal amounts.

APPENDIX I: POOL DATA - CONTINUED

Distribution by Governorate				
Governorate	Principal Outstanding	% Total	# of Contracts	# of Contracts %
Cairo	269,015,512	46.8%	1,599	40.9%
Giza	119,531,112	20.8%	863	22.1%
Alexandria	70,671,307	12.3%	546	14.0%
Gharbia	20,866,779	3.6%	150	3.8%
Dakahlia	19,043,152	3.3%	108	2.8%
Red Sea	13,849,602	2.4%	122	3.1%
Beheira	9,179,624	1.6%	79	2.0%
Ismailia	8,351,326	1.5%	86	2.2%
Monufia	7,193,682	1.3%	57	1.5%
Qalyubia	6,868,411	1.2%	60	1.5%
Sharqia	6,238,934	1.1%	47	1.2%
Port Said	4,817,174	0.8%	20	0.5%
Kafr El-Sheikh	4,620,687	0.8%	38	1.0%
Damietta	3,585,402	0.6%	35	0.9%
Suez	3,426,950	0.6%	24	0.6%
South Sinai	2,605,504	0.5%	27	0.7%
Faiyum	2,420,496	0.4%	19	0.5%
6th October	1,184,736	0.2%	8	0.2%
Marsa Matrouh	901,278	0.2%	10	0.3%
Beni Suef	585,587	0.1%	6	0.2%
Sohag	160,782	0.0%	1	0.0%
Minya	92,281	0.0%	1	0.0%
Qena	88,425	0.0%	1	0.0%
Total	575,298,745	100%	3,907	100%

The total outstanding principal balance and number of contracts exclude any overdue and uncollected principal amounts.

APPENDIX I: POOL DATA - CONTINUED

Distribution by Car Make					
	Make	Principal Outstanding	% Total	# of Contracts	# of Contracts %
1	Mercedes	112,559,674	19.6%	346	8.9%
2	BMW	95,797,931	16.7%	284	7.3%
3	Hyundai	50,231,192	8.7%	486	12.4%
4	Kia	45,777,694	8.0%	379	9.7%
5	Renault	43,298,090	7.5%	487	12.5%
6	Nissan	34,031,508	5.9%	347	8.9%
7	Jeep	31,120,285	5.4%	119	3.0%
8	Opel	28,095,552	4.9%	195	5.0%
9	Chevrolet	18,150,939	3.2%	264	6.8%
10	Toyota	15,541,444	2.7%	86	2.2%
11	Mitsubishi	13,077,572	2.3%	161	4.1%
12	Volkswagen	10,356,650	1.8%	61	1.6%
13	Audi	9,010,639	1.6%	33	0.8%
14	Ford	8,163,034	1.4%	51	1.3%
15	Cherry	7,295,048	1.3%	115	2.9%
16	Peugeot	5,880,266	1.0%	46	1.2%
17	Volvo	4,595,621	0.8%	24	0.6%
18	Mazda	4,507,615	0.8%	37	0.9%
19	Skoda	4,313,323	0.7%	41	1.0%
20	Subaru	4,094,228	0.7%	31	0.8%
21	Fiat	3,972,722	0.7%	43	1.1%
22	Mini	3,425,337	0.6%	21	0.5%
23	Citroen	3,322,044	0.6%	41	1.0%
24	SsangYong	2,956,588	0.5%	29	0.7%
25	Suzuki	2,747,297	0.5%	44	1.1%
26	Seat	1,824,343	0.3%	18	0.5%
27	Geely	1,793,053	0.3%	30	0.8%
28	Changan	1,652,929	0.3%	29	0.7%
29	Jaguar	1,498,923	0.3%	5	0.1%
30	Range Rover	1,496,983	0.3%	3	0.1%
31	Lada	1,153,112	0.2%	22	0.6%
32	Maserati	741,237	0.1%	1	0.0%
33	Honda	387,867	0.1%	3	0.1%
34	Alfa Romeo	380,814	0.1%	3	0.1%
35	Brilliance	325,519	0.1%	5	0.1%
36	Hummer	313,375	0.1%	2	0.1%
37	Dodge	273,749	0.0%	2	0.1%
38	Land Rover	270,296	0.0%	1	0.0%
39	Daihatsu	259,321	0.0%	3	0.1%
40	Senova	227,267	0.0%	3	0.1%
41	Chrysler	221,193	0.0%	1	0.0%
42	Proton	133,399	0.0%	4	0.1%
43	JAC	23,072	0.0%	1	0.0%
Total		575,298,745	100%	3,907	100%

The total outstanding principal balance and number of contracts exclude any overdue and uncollected principal amounts.

APPENDIX II: National Rating Scale

Quality of credit	Long	Short	
Highest Quality	AAA	Prime 1	Investment Grade
Very High	AA+		
	AA		
	AA-		
Upper-medium	A+		
	A		
	A-		
Medium Grade	BBB+		
	BBB		
	BBB-		
Weak Quality	BB+	Not Prime	Speculative Grade
Poor Quality	BB		
	BB-		
	B+		
	B		
	B-		
Very Poor	CCC+		
	CCC		
	CCC-		
	CC		
	C		

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