

## USAGE AND LIMITATIONS OF CREDIT RATINGS

1. PACRA defines credit risk as the risk that an entity may not meet its contractual obligations as they become due. Thus, a credit rating is an assessment carried out from the limited standpoint of credit risk evaluation and therefore constitutes a prospective opinion on the credit quality of a specific entity issuer, in terms of ability and willingness to meet principal and interest payments in a timely manner.
2. Credit ratings do not address other risks such as, but not limited to, fraud, organized crime, market liquidity, market value risk, or price volatility.
3. Credit ratings do not constitute recommendations to buy, sell or hold any security, or provide investment or financial advice.
4. PACRA's Ratings do not constitute any financial advice, legal, auditing, accounting, appraisal, valuation or actuarial services. A rating should not be viewed as a replacement for such advice or services. Users of ratings are expected to make their own study and evaluation of each security or issue under consideration.
5. Ratings are the collective work product of PACRA, and no individual, or group of individuals, is solely responsible for a rating. Ratings are not facts and, therefore, cannot be described as being 'accurate' or 'inaccurate'. Users should refer to the definition of each individual rating for guidance on the dimensions of risk covered by such rating.
6. Ratings are relative measures of risk; as a result, the assignment of ratings in the same category to entities and obligations may not fully reflect small difference in the degrees of risk.
7. PACRA does not predict /imply/ or convey a specific statistical probability of default.
8. In issuing and maintaining ratings, PACRA relies on information received from clients and other sources PACRA believes to be reliable, including publicly available information and/or non-public documents and information. However, PACRA may be provided with factually incorrect information or a client may choose not to disclose certain information to PACRA. Hence, accuracy and completeness of such information cannot be guaranteed. Moreover, users should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information PACRA relies on in connection with a rating will be accurate and complete.
9. PACRA relies on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. If any information should turn out to be a misrepresentation or be otherwise misleading, the rating associated with that information may not be accurate. The assignment of any rating should not be considered as a guarantee of the accuracy, completeness, timeliness of the information relied on in connection with the rating or the results obtained from its use thereof.
10. Rating opinions are generally forward-looking to the extent of the factors that are anticipated or known at the time of rating. Resultantly, ratings can be affected by future events or conditions that were not anticipated at the time a rating was issued or affirmed.
11. Ratings may be changed, placed on Rating Watch, Outlooks assigned, modified or withdrawn as result of changes, additions, unavailability, or inadequacy of information or for any reason PACRA deems fit.