BELA 2022 S.R.L

ARC Ratings has assigned final long-term rating to the Class A notes of Bela 2022 S.R.L

TRANCHE	SIZE	SPREAD	CREDIT SUBORDINATION*	RATING	OUTLOOK
Senior Notes Class A	EUR 60m	6mE + 2.50%	87.4%	BBB(sf)	Stable
Mezzanine Notes Class B	EUR 10m	6mE +7.50%	85.3%	NR	NR
Junior Notes Class J	EUR 4.1m	10%+VR	84.4%	NR	NR

Rating Date	19 April 2022
Next Review Date	19 April 2023
Special Servicer	Cerved Credit Management S.p.A.
Calculation Agent / Monitoring agent / Master Servicer/ Corporate Services Provider	Zenith Service S.p.A.
Account Bank	BNP Paribas Securities Services, Milan Branch
Back -up Servicer	Zenith Service S.p.A.
Originators	illimity Bank S.p.A. – Aporti S.r.l – Doria SPV S.r.l
Criteria Applied	ARC Global Structured Finance Criteria ARC Ratings' European Non-Performing Loans (NPLs) Rating Criteria

* Credit subordination of the class A is represented by the subordination of the outstanding portfolio GBV, Class B Notes and Class J Notes. It is expressed as a percentage of the outstanding portfolio GBV and the balance of the Class A, Class B, and Class J Notes as of the issue date. The subordination figures exclude the cash reserve.

The rating was assigned by ARC Ratings, S.A. and endorsed by ARC Ratings (UK) Limited in accordance with Statutory Instrument 2019 nº 266 - The Credit Rating Agencies (EU Exit).

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TRANSACTION OVERVIEW

This transaction is a cash securitisation of non-performing loans (NPL) contracts originated in Italy. The portfolio includes non-performing loans sold by illimity Bank S.p.a., Aporti S.r.l. and Doria SPV S.r.l.. ARC Ratings does not currently rate any of the aforementioned institutions.

The portfolio includes non-performing loans with a Gross Book Value of EUR 474.9 million. The cut-off date of the portfolio is 30 June 2021. In terms of Real Estate Value (REV), the secured part of the portfolio is made up of mainly residential (42.5% - including first and junior lien borrowers) and commercial/industrial (44.0%) properties in Italy. The maturity of the notes is in January 2043.

The capital structure includes 3 classes of notes that amortize sequentially, with the senior Class A Notes rated by ARC. The interest payment of Class B will rank senior to the principal payments of Class A if the Cumulative Collection Ratio and the PV Profitability Ratio are above 90% of the business plan. Furthermore, if the Cumulative Collection Ratio and the PV Profitability Ratio are below 85% of the business plan, 30% of the servicing fees will be subordinated to Class A.

The rating of the Class A Notes relates to the timely payment of interest and ultimate repayment of principal.

RATING RATIONALE

The main rating drivers are ARC's expected recoveries from the asset portfolio, their timing and the initial collection amount already collected (EUR 11.3million until February 2022). ARC has analysed not only the Italian macroeconomic situation but the specifics of the real estate market to derive its assumptions. Another relevant rating driver is the special servicer's historical records and its experience with these types of assets. Counterparty risk analysis was performed following the Global Structured Finance Criteria (September 2021).

The rating also considers the different credit enhancement mechanisms providing protection to the Class A Notes: The cash reserves, the interest rate hedging agreement and the subordination triggers.

The counterparty analysis has primarily been driven by the analysis of the counterparties listed below:

- Cerved Master Service S.p.A. the Master Servicer,
- Cerved Credit Management S.p.A., the Special Servicer
- Zenith Service S.p.A. (Representative of Noteholders, Monitoring Agent, Calculation Agent and Corporate Services Provider)
- BNP Paribas Securities Services, Milan Branch (Account Bank, Cash Manager, and Principal Paying Agent)

- Intesa Sanpaolo S.p.A. (Cap Counterparty)

To assess the counterparties, ARC has considered its own assessment complemented with 3rd party assessments.

ARC has applied a different type of analysis to each class of the non-performing loans, which are classified as secured and unsecured. The recoveries were calculated based on the appraisal values provided by the servicer taking into consideration house price stresses. For the secured part, these recoveries were haircut based on the liquidity, historical value declines and the view of ARC on the Italian real estate market. For the unsecured part we used the historical data provided by the servicer plus ARC's proprietary data. We calculated a base-case scenario which was stressed according to the class's respective target rating levels, considering the weighted average seasoning of the portfolio of 6.7 years as of today and 6 years as of the cut-off date.

TRANSACTION STRENGHTS

Cash Reserve: A cash reserve representing 4.0% of the total outstanding balance of Class A (EUR 2.4M) protects the transaction from temporary cash shortfalls, covering senior expenses and interest on Class A. The reserve is financed through a limited recourse loan that will be repaid proportionally to the Class A principal payments and ranks senior to Class A and B payments in the waterfall. The cash reserve would be sufficient to pay approximately 2 periods of the Class A interest payments at the maximum cap rate.

Relatively high portion of real estate assets with updated valuations: 40% of the properties included in the secured non-performing loans segment have a valuation date within 2021 – 2022, while 46% were valued during 2020. In terms of value, 98.7% of the Real Estate collateral, linked to the 1st lien mortgage, have been subjected to appraisal between March 2020 and February 2022. Of these approx. 77% have been valued by Cerved and Cerved RE.

Properties and Debtors' location: In terms of gross book value (GBV), 44% of the debtors are located in Northern Italy, showing concentration of 12.0% in Lombardy and 12.0% in Tuscany. The majority of the properties are located in the Northern regions, with a concentration of 44.9% of the secured debt, while the rest is evenly spread through the rest of the country. ARC considers that the economic conditions and courts speed tends to be better in the Central/Northern Italian regions. Regarding the unsecured part, in terms of GBV, 34% of the portfolio resides in the northern regions of the country, while 27.0% is located in Central Italy with a peak of 14.5% in Lazio showing a high concentration in Rome. Italy's northern regions are characterized by more economic activities and a more efficient financial system than in the rest of the country.

Historical data received from the servicer: ARC received from the special servicer (Cerved) specific data that provided a foundation for the analysis of the timing and level of the recovery rates for both the secured and the unsecured part of the portfolio. The information consists of more than 8000 data points that also includes information such as the property type, legal procedures and property location.

Interest rate cap: The SPV has entered into an interest rate cap spread mechanism with Intesa Sanpaolo S.p.A. which allows the SPV to receive the difference between 6 months Euribor and the strike price. The notional covers the balance of Class A Notes and amortizes as defined at closing. The 6m Euribor cap increases from 0.1% at closing to 2.0% in 2035.

Real estate recovery: ARC considers that the post-pandemic recovery will reach the Italian real estate market in the next 3 to 5 years.

Business plan and senior notes protection through performance triggers: ARC was provided with a detailed business plan from the special servicer. The business plans included a detailed disclosure of the forecasted gross and net income as well as the different levels of fees in the waterfall when applicable. The transaction documentation includes provisions for the underperformance of the servicer that increase the available funds to repay Class A at a faster pace.

Portfolio Granularity: In GBV terms the top 1, 5 and 10 borrowers represent 4.0%, 10.0% and 16.2% of the portfolio, located evenly over the peninsula. The borrowers over EUR 200,000 represent 57% of the total portfolio which shows a relatively high granularity than other NPL transactions.

Performance Incentives for the Special Servicer: Historically special servicer have outperformed the recoveries compared to when the originator services the portfolio. The fee structure is designed to generate an alignment of interest between the special servicer and the transaction noteholders.

TRANSACTION WEAKNESSES

Real estate market liquidity risks: ARC has considered the risk of fire sale (specifically for each different asset type) in the analysis. This is one of the main sources of stresses applied to the transaction.

Appraisal Uncertainty: After repossession, the value of the properties can suffer a further adjustment due to continued deterioration of the asset, which makes the appraisal value more volatile than in other cases.

High proportion of commercial properties during a post-pandemic period: Commercial/Industrial assets represent 44.0% of the portfolio in terms of GBV. ARC has stressed the property values according to its methodology and taken into account the pandemic/post-pandemic situation for these types of properties (one of the main asset types affected by the Covid-19 situation).

Costs incurred by the issuer in relation to the property acquisition: Property maintenance costs may increase if the time between the repossession of the asset and the sale is significant. Some assets may even see this time further increased by properties needing a change of administrative status (for example from residential to commercial), depending also on the location of the asset.

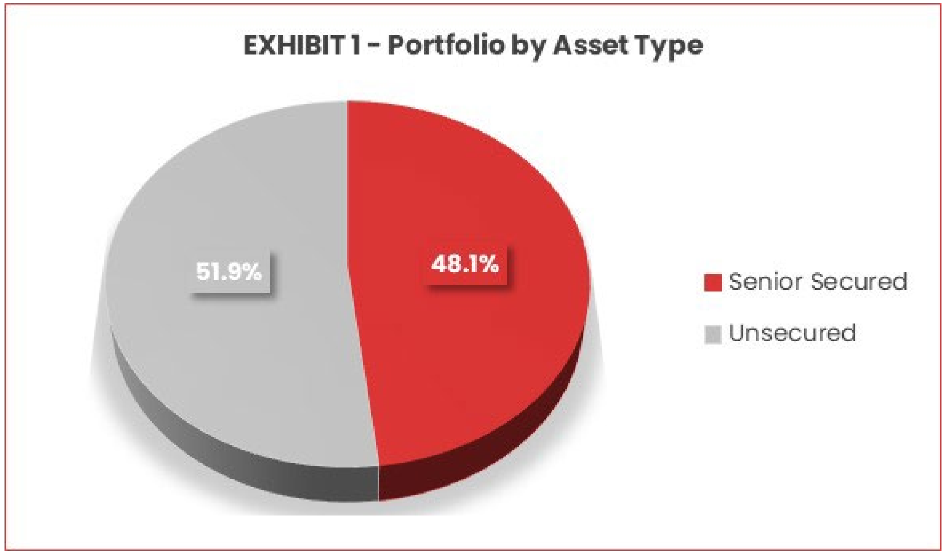
ASSET CHARACTERISTICS AND ANALYSIS

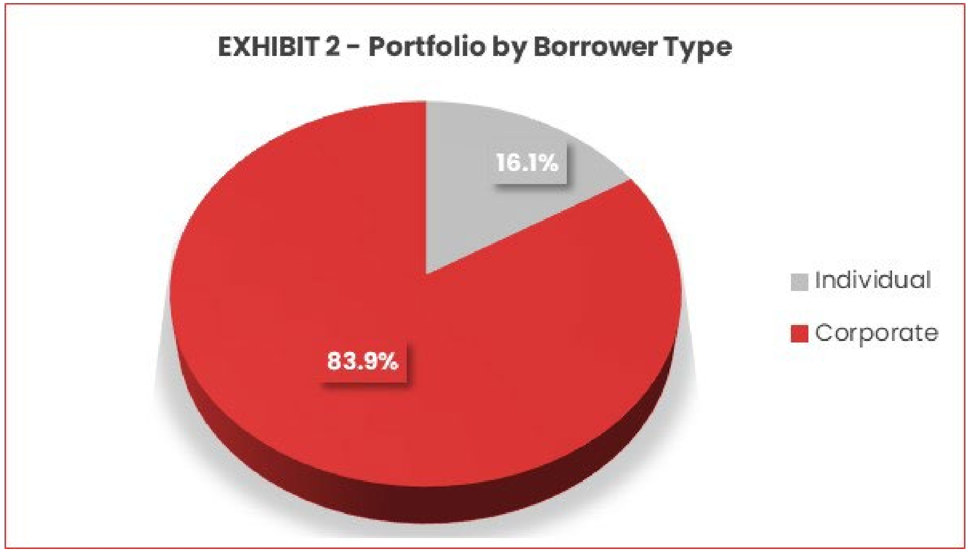
CHARACTERISTICS

The non-performing loans portfolio of assets has been classified into two segments, secured and unsecured claims. The secured claims include residential, commercial/industrial and other type of properties. The following description is based on the portfolio that ARC received from the transaction arrangers with cut-off date of 30th June 2021.

The Portfolio

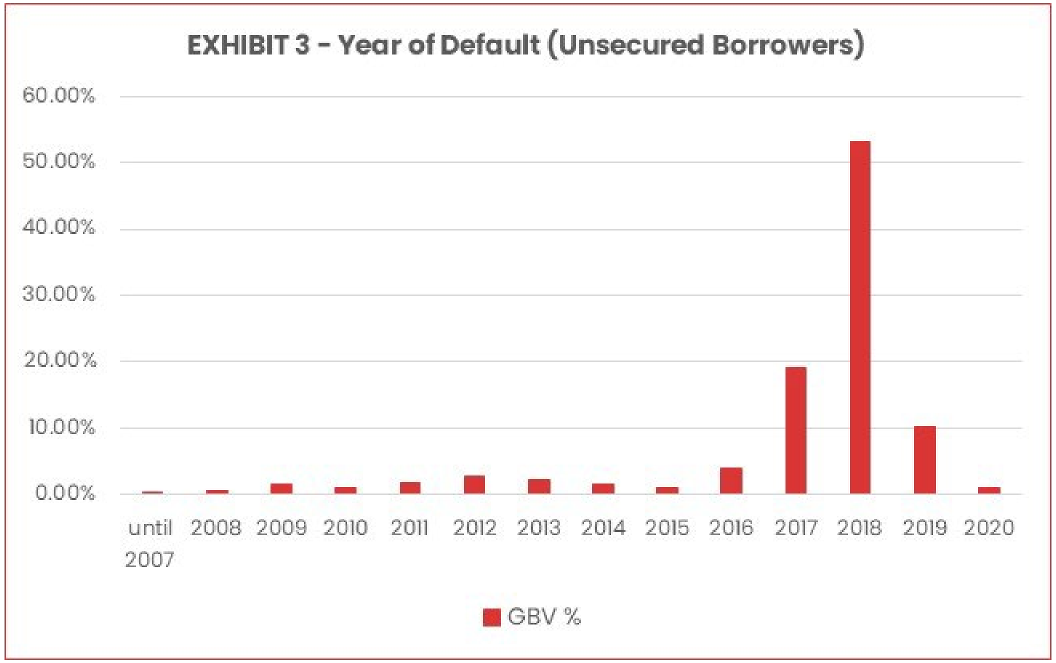
Exhibit 1 shows that 48.1% of the borrowers present in the portfolio are first lien loans and 51.9% of the portfolio are unsecured claims. In Exhibit 2 the split by borrower type shows the predominance of corporate borrowers (83.9%) compared to the individual part (16.1%). These numbers are based on the percentage of GBV of the portfolio.





Seasoning of the Unsecured Part of the NPL Portfolio

In ARC's view and based on the historical data provided by the special servicer, recoveries are typically higher in the early years following default (before tapering). Therefore, the default date of each unsecured asset of the portfolio is important to derive the recovery rate assumption. In Exhibit 3 we can see the split by year of default of the unsecured NPLs in the portfolio. The majority of the loans defaulted in 2018, and reduced to less than 10% in 2019.



In Exhibit 4 the split by borrower's legal proceeding shows that 33.0% of the secured NPL borrowers are in a foreclosure process, furthermore it shows 39.2% of them are in bankruptcy procedure based on the portfolio GBV.

Exhibit 5 describes the portfolio by legal stage of the borrower. 46.9% are in the initial stage while 27.8% are in the court distribution stage, and Auction and CTU are 17.3% and 8.0% respectively, based on the total number of procedures.

Exhibit 6 shows the geographic distribution of the portfolio including all liens. 66.0% of the secured NPL portfolio is split in between northern and central Italy, with higher concentration in the North. Courts located in the norther regions tend to have shorter resolution times than central and southern regions in Italy. These numbers were calculated based on the real estate valuation (REV).

EXHIBIT 4 - Borrowers by Legal Proceeding

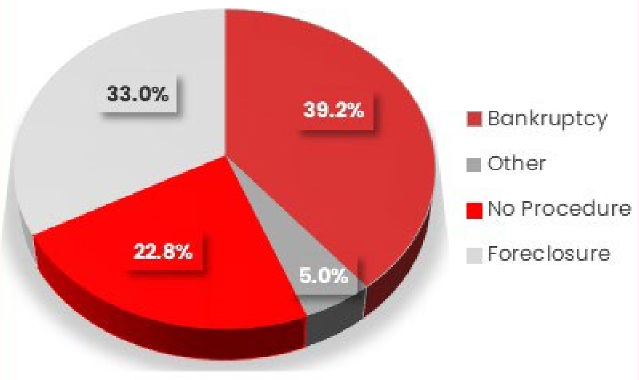


EXHIBIT 5 - Borrowers by Legal Stage

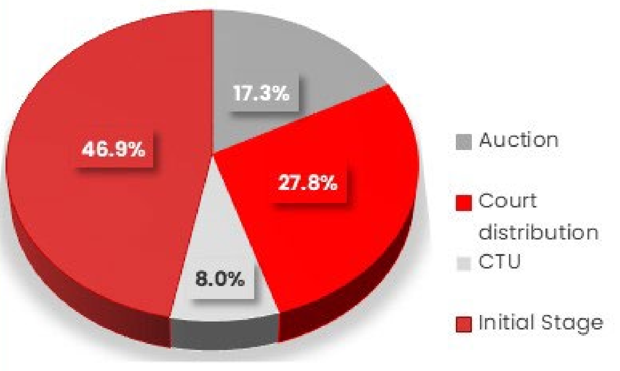
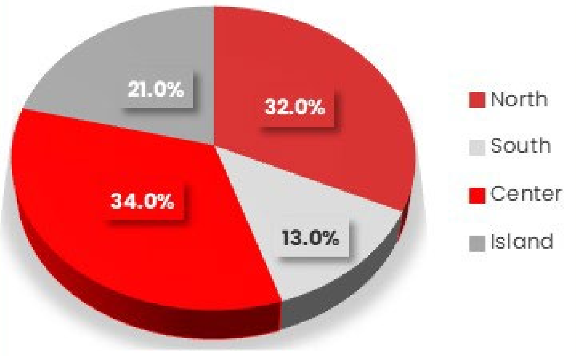


EXHIBIT 6 - Portfolio by Property Location



MAIN COUNTER PARTIES

ORIGINATORS

The originators of the non-performing loans are:

- illimity Bank S.p.A.: Italy-based bank, with a share capital of EUR 54,189,951.66 with fiscal registration in Milan-Monza, operates all over the country also under the brand Banca Interprovinciale. The Bank provides products and services through three segments: Small and Medium Enterprises (SME), Corporate Non Performing Loans (NPLs) and Individuals and Families.

- Aporti S.r.l: a limited liability company (società a responsabilità limitata) incorporated in the Republic of Italy under Article 3 of the Securitisation Law, with a fully paid in share capital of EUR 10000. Currently there are 31 companies in the Aporti S.r.l corporate family.

- Doria SPV S.r.l: a limited liability company (società a responsabilità limitata) incorporated in the Republic of Italy under Article 3 of the Securitisation Law, with a fully paid in share capital of EUR 10000. The company's exclusive activity is the realization of securitization transactions under the 1999 Law n130 within the Italian jurisdiction.

SPECIAL SERVICER

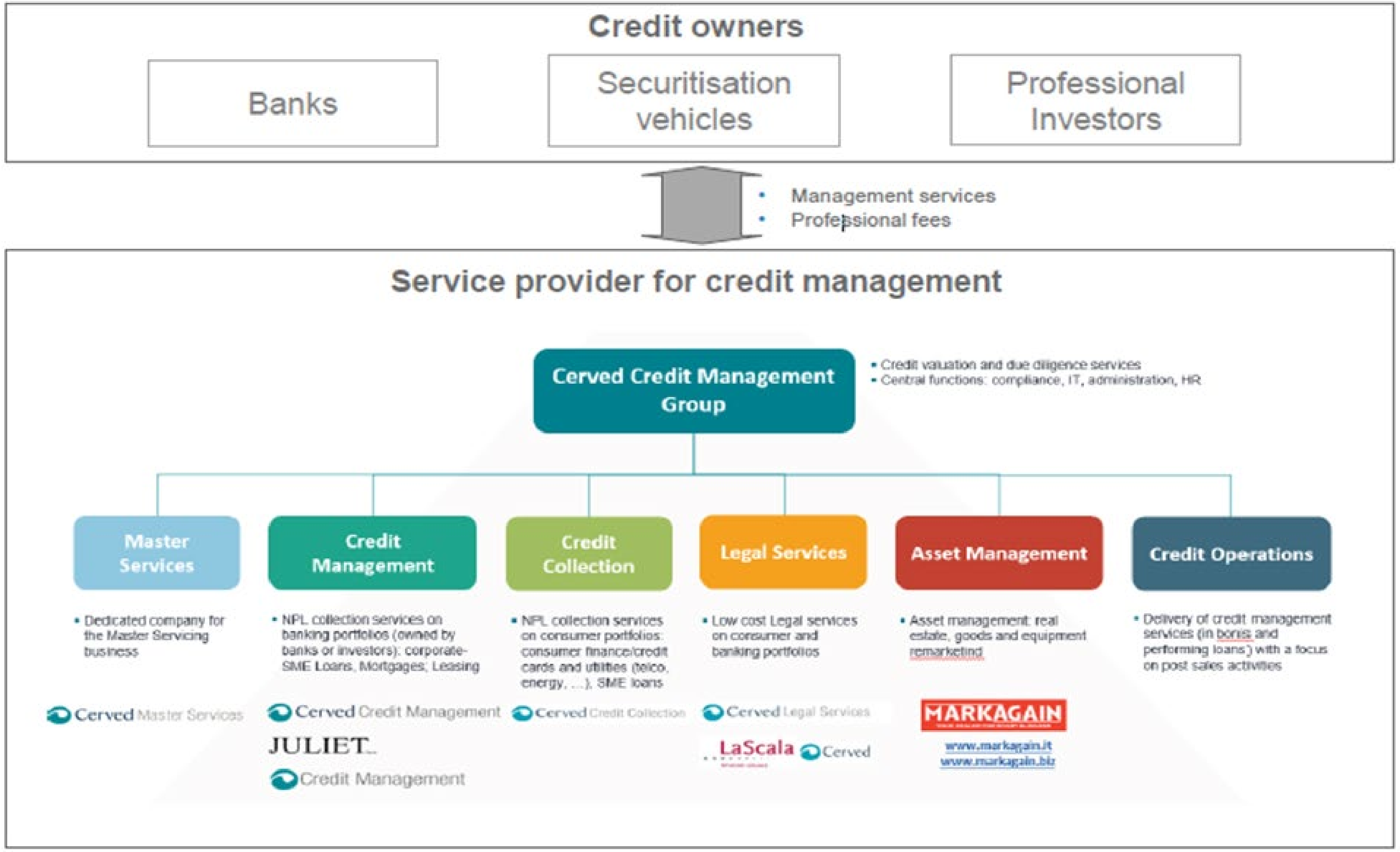
The special servicer for the transaction is Cerved Credit Management S.p.A., based in Milan (Italy). Established in 1974 as a data processing centre for the Veneto Chambers of Commerce, Cerved grew by continuously innovating its products and developing new businesses. In the last 45 years Cerved has integrated other industry players, such as Centrale dei Bilanci, Lince, Databank, Finservice, Honyvem, Consit, Jupiter and Recus. Cerved owns 100% of the share capital of Cerved Rating Agency, the Italian rating agency specialising in the credit rating assessment of non-financial businesses and registered as a European Rating Agency.

Since 2014 the Group has been listed on the Italian stock exchange through its parent holding company Cerved Information Solutions S.p.A., when it became one of only a few true 'public companies' on the Italian market, with free float accounting for the entire share capital.

In September 2021, Cerved Group S.p.A. joined the ION Group, one of the largest multinational fintech companies, following its successful takeover offer on Cerved's shares. Cerved Group is strongly rooted in Italy where it has 65% of its business and the remaining 35% is split between Greece and Romania. Currenty it is the third servicer provider in Italy, with a value under management of EUR 42bn.

Cerved, exploiting its flat structure and defined sectors division and other controlled companies, is able to offer a range of different services to the financial banking and financial industry approach including external network support. Furthermore, the company has also developed a mechanism to improve the quality of the available/received data in order to improve the reliability and effectiveness of the management and recovery activities.

EXHIBIT 7



CASH MANAGER AND ACCOUNT BANK

BNP Paribas Securities Services, Milan Branch acts as Principal Paying Agent, Agent Bank, Account Bank and Cash Manager.

CALCULATION AGENT / MONITORING AGENT

Zenith Service S.p.A. is responsible for preparing and distributing the payment reports of the transaction.

As the monitoring agent, Zenith Service S.p.A., according to the special servicing agreement, will perform the following tasks for the issuer (at each servicing report date):

1. To verify the cumulative collection ratio calculated by the servicer in respect of the collection period immediately preceding and include it in the relevant semi-annual report.
2. At each servicing report date, to verify the PV cumulative profitability ratio calculated by the servicer in respect of the collection period immediately preceding such date and include it in the semi-annual servicing report.

The monitoring agent can convene committees where the noteholders (with the exception of the senior noteholders) are represented to decide, for example, in exceptional situations whether the assets can be sold at a discounted price or if the expenses for any particular asset/s can be increased.

ITALIAN MACROECONOMIC SITUATION

ARC expects the Italian economy to continue to grow steadlily during the remaining part of this year and 2023, normalizing to pre–pandemic levels. Thanks to the vaccination campaign and generous fiscal support to households and firms by lifting the majority of the mobility restrictions within the country, the economy was able to minimize the negative effect of the pandemic and sustain growth which is expected to reach 4% this year. However, the recovery is expected to lose steam next year returning to historical growth levels between 1.5% to 2.0%. The economy is expected to slow down under the combined pressure of international geopolitical tensions, imported inflation mainly related to energy and raw material prices' volatility.

Regarding the specific case of the sanctions against Russia, Italy would be one of the most affected economies in Europe as Italy imports 40% of it's energy demand from Russia. More than 6000 Italian firms operate in Russia generating EUR 9bn. Furthermore, Russian citizens and businesses hold approx. EUR 25.4bn of debt to Italian banks, which is currently "frozen". The total yearly real trade between the two countries stands on EUR 24bn, which is 1.5% of the Italian GDP. This percentage is likely to be higher if secondary consequences on manufacturing, export and employment will be taken in consideration.

Additional pressure on the economy is represented by the termination of dismissal moratorium and the low effectiveness of the central government to implement structural reforms. Particularly this last factor is fundamental to access the European Recovery and Resilience Facility (RRF) which could be a considerable support to investments and government balance.

The driving force of GDP growth shifting from construction and manufacturing to services, consumer services and private consumptions lead the rebound this year and is expected to sustain growth in 2023. Despite the economic expansion we have to consider the unemployment rate is likely to remain 9.1% (higher than EU average) and public intervention will be limited by the public debt servicing / reduction expenses which account for 3.0% of the GDP (exp.to increase) against the public debt that reached 155% of the GDP.

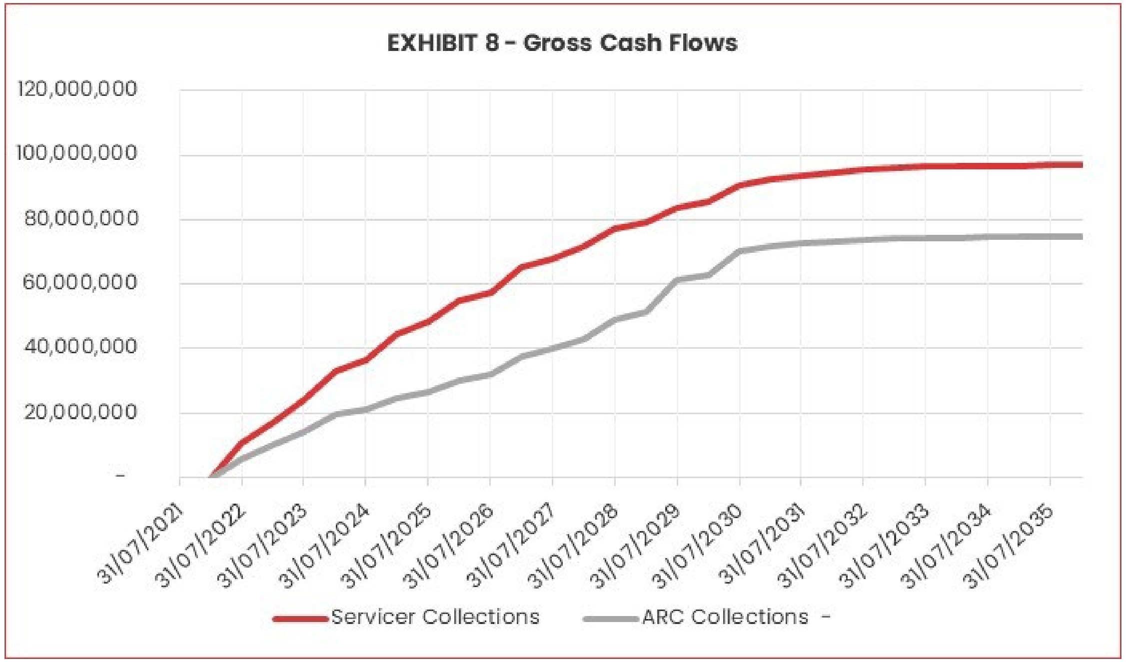
COVID-19 DISCLOSURE

The Covid-19 pandemic led to a slower performance of the courts across Italy. As recoveries on the properties from secured borrowers are highly dependent on the macroeconomic situation, the fact that Italy has entered a recovery phase is credit positive. Nevertheless, the rating of the Notes could be negatively affected if the gradual procedure of reducing restrictions will be delayed or halted by the Ministry of Health and future unforeseen circumstances.

PORTFOLIO ANALYSIS

Exhibit 8 we show ARC's gross collections vector during the life of the transaction, the timing of the recoveries has also been stressed in comparison to the one presented by the special servicer in the business plan. The stress applied to the potential collections was dependent on the target rating level. This vector includes the NPL (secured and unsecured) collections. ARC's gross collections were estimated using specific data of the special servicer's past performance plus regional stresses that may affect the timing and the total level of collections. ARC also applied additional stresses based on other asset parameters (type of valuation, type of process, etc).

For the Senior Notes analysis (BBB(sf)) the total recovery rate was 16.6% with a weighted average life of circa 5.2 years. For the secured NPL and unsecured NPL part of the portfolio the recovery rates were 25.3%, and 4.5% respectively.



NPL SECURED PORTFOLIO

ARC has calculated the gross collections vector for the secured NPL assets based on the current real estate prices of the different Italian regions, adjusting them to the economic cycle and the geographical distribution. The timing adjustments were based on the past performance of the respective courts, this information was provided to ARC by the special servicer. ARC also used the special servicer's business plan and adjusted based on the individual characteristics of the non-performing loans.

NPL UNSECURED PORTFOLIO

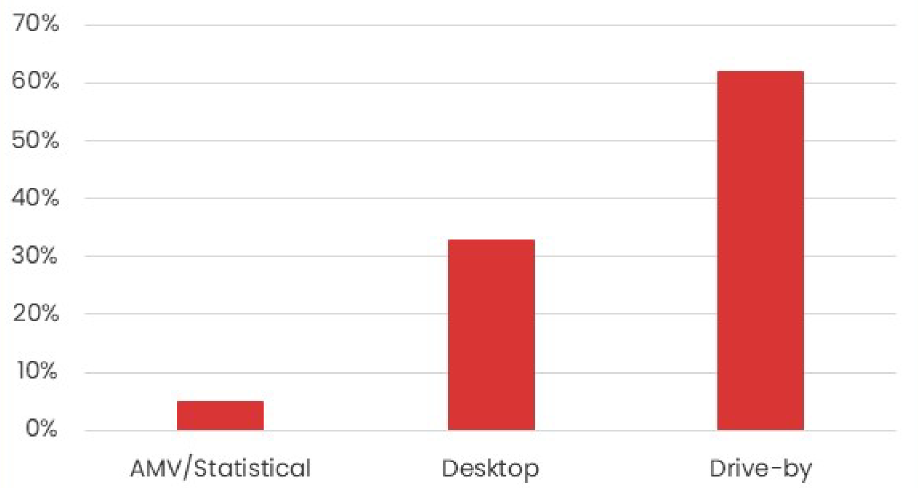
ARC's recovery assumptions for the unsecured segment of the portfolio are based on the historical performance of the special servicer. ARC considers that the recoveries during the first years after the default are the most relevant and therefore has adjusted its assumption to the characteristics of the portfolio. The weighted average default year of the unsecured segment of the portfolio is 2017.

ANALYSIS OF THE APPRAISALS

The appraisals provided by the special servicer and performed by different third parties are the main source of information for ARC in this part of the analysis. 40% of the properties included in the secured non-performing loans segment have a valuation date within 2021 – 2022, while 46% were valued during 2020. In terms of value, 98.7% of the Real Estate collateral, linked to the 1st lien mortgage, have been subjected to appraisal between March 2020 and February 2022. Of these approx. 77% have been valued by Cerved and Cerved RE. ARC has analysed the valuations on a property-by-property basis and adjusted the older valuations based on the current economic cycle and the Covid-19 market adjustments.

For the secured NPL portfolio segment, considering only assets linked to 1st line mortgages in terms of REV, 62% of the valuations were performed "Drive By" while 33% being "Desktop", and 5% were A.M.V./statistical valuations. ARC acknowledges the presence of other types of valuations in the portfolio and has adjusted its assumptions accordingly.

EXHIBIT 9 - Valuation Type



ELIGIBLE LOANS

The most relevant characteristics for the assets to be eligible for the NPL portfolio are below:

– All of the identified borrowers are reported "in sofferenza" to the Bank of Italy by the financial originator;

– All the Borrowers which are individuals ("persone fisiche"), (i) at the date of execution of the Financing Agreements, were resident in Italy and (ii) at the Effective Date, to the best of the knowledge of the relevant Financing Originator, were resident in Italy;

– All the Borrowers, which are entities ("enti giuridici"), are all incorporated under Italian Law and have all their registered office's in Italy;

– The properties backing the secured assets are located in Italy;

– The assets have to be denominated in Euros; and all assets are governed by Italian law.

STRUCTURAL FEATURES

WATERFALL OF PAYMENTS

A subordination event is defined as follows:

A) The cumulative collection ratio is lower than 90%

B) The present value cumulative profitability ratio is lower than 90%

C) If payments of Class A interest were missed

D) Cumulative Collection Ratio and the PV Profitability Ratio are below 85% of BP, 30% of the servicing fees will be subordinated to Class A

On each semi-annual payment date, the funds available to the issuer (i.e. collection amounts received from the portfolio, the cash reserve, and payments received under the interest rate cap agreement) will be used in the following simplified order of priority:

1. Senior fees (costs, taxes and expenses, fees for services)
2. Interest on the limited-recourse loan
3. Interest on Class A notes
4. Replenishment of cash reserve account up to the target cash reserve amount
5. Principal on limited-recourse loan
6. Interest on Class B notes (until Subordination) -> + Spread
7. Principal on Class A notes
8. Interest on Class B notes (after Subordination) -> Max (0, EUR 6m) pre-subordination
9. Principal on Class B (Including Servicer Mezzanine Performance Fee)
10. junior payments (Including Servicer Junior Performance Fee)

The subordination event can be cured and the waterfall would be the "pre acceleration" priority of payments. For this to happen, all the interest payments for the class A will have to be up to date.

Payment dates will take place every July and January.

The coupon on the recourse loan is 0.2% (fixed).

The GACS guarantee was not taken into account in this project.

SERVICER FEES

ARC considers that the role of the special servicer, Cerved Credit Management S.p.A., in the NPL transactions has more relevance than in other types of structure finance transactions. In certain cases of servicer underperformance, a part of the fees will be paid on a more junior position in the waterfall of payments, this serves as an incentive for the special servicer and reinforces the alignment of interests within the transaction counterparties.

The monitoring agent, Zenith Service S.p.A., will supervise the servicer's different tasks and report potential negative behaviours that could impact the bondholder's position. The experience of the servicer to repossess the assets, regularize and manage them is key to achieve the expected recoveries from the portfolio. Cerved Credit Management S.p.A. provided ARC with sufficient information to analyse the aforementioned factors.

ARC modelled the fees according to the different stresses applied to the recovery vectors.

LIQUIDITY PROTECTION

The transaction structure provides the Class A noteholders with extra protection through the amortizing Cash Reserve. This reserve of 4.0% of the outstanding balance of Class A will be financed through a limited recourse loan provided by illimity Bank S.p.A.. The reserve should cover for shortfalls in interest payments and senior expenses to the Class A interest payments.

The limited recourse loan will finance the Recovery Reserve (100,000€) and the Retention Amount (50,000€).

The replenishment of the cash reserve takes place after the payment of interest to Class A and is expected to amortize in line with the senior notes.

INTEREST RATE HEDGE

Given the nature of NPL transactions, the issuer will not receive a pre-defined interest rate from the assets but it will have to pay 6mE +2.50% on the Senior Notes. The SPV has entered into an interest rate cap spread mechanism with Intesa SanPaolo S.p.A. that allows the SPV to receive the difference between 6 months Euribor and the strike price. The notional covers the balance of the Class A Notes and amortizes as defined at closing. The reserves could cover 2 periods at the maximum cap rate.

CASH FLOW ANALYSIS

ARC has modelled the transaction using a bespoke cashflow model to mimic the transaction behaviour till maturity. Assets were modelled using our recovery vectors for each of the rating levels that we tested, with our haircut increasing dependent on the target rating. Following the waterfall of payments, the senior fees and legal expenses were modelled and stressed depending on the target rating. The cap rates were modelled using the 6-month Euribor forward curve. To achieve the BBB rating on the Class A Notes, the cash reserve and other sources of credit enhancement were modelled.

SENSITIVITY ANALYSIS

In line with our European Non-Performing Loans Criteria, the 2 scenarios below were tested.

Sensitivity Analysis	Class A
Stressed Scenario Description	Rating Level
5M additional decrease in stressed collections	BBB(sf)
10M additional decrease in stressed collections	BBB-(sf)

A 5M additional stress in the collections did not have an impact on the rating target of both Notes while a 10M additional stress has a one notch impact on the rating of the Senior Notes.

LEGAL STRUCTURE

The transaction documents are governed by Italian law. The cap agreement with Intesa Sanpaolo S.p.A. is governed by English Law. ARC reviewed the legal opinions produced for the transaction that confirm the validity, binding and enforceable nature of the documents and contracts.

MONITORING

ARC will permanently monitor the transaction up to its maturity using the different reports provided by Zenith Service S.p.A. and according to its European Non-Performing Loans Criteria.

KEY TIPPING POINTS

Positive Turning Points	Negative Turning Points
- Faster than expected recovery of the Italian real-estate market to pre pandemic level.	- Macroeconomic slowdown caused by the combination of international geopolitical tensions, commodities market volatility, slow reforms implementation, end of dismissal moratorium and very high public debt.

RELATED CRITERIA AND RESEARCH

This transaction was analysed using the ARC's Global Structured Finance Criteria and the European Non–Performing Loans Criteria.

DISCLAIMERS

ARC Ratings only provides a rating of the rated securities or of the issuer and neither recommends nor will recommend how an issuer can or should achieve a particular rating outcome. A rating does not cover a potential change in laws and is not and cannot be regarded as an audit. Moreover, ARC Ratings is not a party to any transaction documents of the instrument/transaction it is rating. Users of our ratings should familiarise themselves with the transaction documents. ARC Ratings does not act as a legal, tax, financial, investment or other advisor and users should seek professional advice from appropriate third parties where necessary.

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ARC Ratings (UK) Limited is registered as a Credit Rating Agency with the United Kingdom Financial Conduct Authority, within the scope of the Statutory Instrument Nº 266/2019, of 13 February, and recognised as ECAI.

Credit Ratings assigned by ARC Ratings are independent and forward looking opinions of the relative credit risks of financial obligations issued by various entities. The credit risk is the risk that an entity may not meet its financial obligations as they come due i.e. the capacity and willingness of an entity/issuer to make all required interest and principal payments on a given obligation in a timely manner in accordance with its terms. Credit ratings express risk in relative rank order – they are an ordinal measure of credit risk whose probability of default or loss may vary through the credit cycle. They are issued using an established and defined ranking system of rating categories (rating scale). ARC's credit ratings are determined using ARC's published rating criteria.

The rating(s) assigned by ARC Ratings in this report was/were sought by the entity whose financial commitments are being rated.

ARC Ratings provides to the entity whose financial commitments are being rated the documents that substantiate the rating to be attributed. This entity is thus given the opportunity to clarify or correct factual details. ARC Ratings also grants the issuer the possibility of appealing a rating accorded by ARC as long as this appeal is supported on additional information that hasn't been taken into account in the original rating accordance.

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