

ANNUAL REPORT
OF
STANDARD & POOR'S Credit Market Services Europe Limited
SOUTH AFRICA BRANCH
FOR THE FINANCIAL YEAR ENDED 31/12/2014

(Published in accordance with Section of 15 of the Credit Rating Services Act 24 of 2012)

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SECTION A: EXECUTIVE SUMMARY

Certain capitalised terms used but not defined herein have the meanings ascribed thereto in Appendix 1 hereof. Unless indicated, information provided in this Transparency Report is current as at 31st December 2014.

Standard & Poor's Ratings Services ("S&P Ratings Services") operates in South Africa, through Standard & Poor's Credit Market Services Europe Limited ("SPCMSE") and in particular through its South Africa branch ("SPCMSE South Africa"). S&P Ratings Services is the name of a group of affiliated companies under the common ownership of McGraw Hill Financial, Inc. ("MHFI") doing business as a global credit rating agency. These affiliates operate in accordance with policies, procedures and Criteria that generally are globally applicable. S&P Ratings Services shares an integrated operating structure. MHFI, the ultimate parent entity of SPCMSE, is a company incorporated in the State of New York, USA and publicly listed on the New York Stock Exchange. The business activities of SPCMSE South Africa include Credit Rating services (as set out in Article 1(1) of the Act) concerning global and national scale Credit Ratings, as well as other services in accordance with Article 12(2) of the Act. A document containing descriptions of services provided by SPCMSE South Africa is available on the South Africa regulatory disclosures page at <http://www.standardandpoors.com/ratings/south-africa-disclosures/en/eu>.

The ratings business of SPCMSE South Africa continued to grow in 2014 due to new issuer Credit Ratings as African issuers increasingly accessed international capital markets. No defaults occurred in 2014 among the entities rated by SPCMSE South Africa. Overall, Credit Ratings weakened somewhat with the number of downgrades being above the number of upgrades in part due to Credit Rating actions on South African banks and parastatals following a Credit Rating action on the South African sovereign.

As part of a global update of Standard & Poor's National Scale criteria, the South Africa National Scale mapping was updated. The updated mapping shows the relationship between the South Africa National Scale and the Global Scale.

SPCMSE South Africa's contribution to financial market education in South Africa included several seminars, regular meetings and roundtable discussions with South African and international institutional investors and intermediaries, as well as media outreach. The number of analysts based in the Johannesburg office continued to increase in 2014 and early 2015. SPCMSE South Africa's programme providing first on-the-job internship experience to South African university graduates continued, while the corporate social responsibility project with the Zifuneleni Junior Secondary School in Soweto/Johannesburg was enhanced.

In December 2014, SPCMSE South Africa moved to new office premises in Rosebank, Johannesburg.

SECTION B: INFORMATION AS PER SECTION 13 AND 15 OF THE ACT

1. Detailed Information on Legal Structure and Ownership

SPCMSE was incorporated¹ under the laws of England and Wales on 31 December 2009 and houses the Credit Rating Activities conducted in the United Kingdom, and, through its branches in those countries, the Credit Rating Activities in the Republic of South Africa, Dubai (United Arab Emirates), Germany, Poland, Russia, Spain and Sweden. No analysts are based in SPCMSE's branch in Poland. SPCMSE also has a representative office in Turkey. SPCMSE is one of several wholly-owned subsidiaries of McGraw Hill Financial European Holdings (Luxembourg) S.a.r.l ("MHFEH"), which is, in turn, indirectly wholly-owned by MHFI.

The share capital of SPCMSE is £1,000, made up of 1,000 shares each with a par value of £1, all held by MHFEH.

SPCMSE has no subsidiaries or holdings in any other entity in South Africa, the United Kingdom or elsewhere.

Other than as set out above, no acquisitions, disposals or events changing the breakdown of voting rights have taken place since SPCMSE was incorporated.

Based on public filings for the quarter ended 31 December 2014, the following entities were the only owners of 5% or more of MHFI equity:

Name of Shareholder	% shareholding	Country
Fidelity Investments	8.581%	USA
The Vanguard Group	5.963%	USA
BlackRock, Inc.	5.354%	USA
Capital World Investors	5.041%	USA

2. Description of Internal Control Mechanisms

S&P Ratings Services is committed to the highest standards of analytical excellence and to achieve these standards, has established a governance hierarchy and committee framework to implement policies, procedures and methodologies for determining Credit Ratings and an independent governance and control structure aimed at fully adhering to its policies, procedures, and methodologies. S&P Ratings Services evaluates the effectiveness of its internal control structure and makes changes to its organisational structure and processes when appropriate.

S&P Ratings Services' Internal Control Structure – Global Risk Management

In March 2015, S&P Ratings Services initiated a reorganisation affecting its internal control structure to further enhance the integrity and independence of its ratings business. These changes affect the Global Risk Management ("GRM"), Criteria Development and Approval (formerly

¹ Registered office: 20 Canada Square, Canary Wharf, London, United Kingdom, E14 5LH. Company number: 07114748

known as Criteria), Ratings Risk Review and Compliance functions and consequently impact its internal control framework. Organisationally, GRM, Criteria Development and Approval, Ratings Risk Review and Compliance are independent of the Practice Areas.

GRM will now include a new group called Model and Criteria Validation and a new Criteria Advisory Group. The new Criteria Advisory Group will support the analytical practices on criteria application and interpretation. It will be independent of the Criteria Development and Approval Group and the new Criteria Validation Group.

The Criteria Development and Approval function will move to Global Economics and Research. Previously, it was part of the GRM organisation.

The Ratings Risk Review team will now become part of the internal audit function of MHFI and report to the Chief Audit Executive of MHFI. Previously, it was part of the S&P Ratings Services Risk organisation.

The Compliance Department, which also previously reported up to GRM, will now report dually to the President of Ratings Services and the MHFI Compliance Officer (which is a newly established position).

Individually, these functions and groups have the following specific responsibilities with respect to S&P Ratings Services' internal control structure:

- The Global Risk Management organisation, headed by a Chief Risk Officer ("CRO") has responsibility for Global Risk Management Operations, the Risk Program Office, Risk Control Assessment, Model and Criteria Validation and the Criteria Advisory Group.
- The Model and Criteria Validation group is responsible for independently assessing and validating the material models developed by S&P Ratings Services or provided by third parties, used in the Credit Rating process. The Model Oversight Committee is responsible for approving models and is composed of senior representatives from Risk, Compliance, Legal and the Practice Areas and is designed to further enhance S&P Ratings Services' model approval process. Going forward the Model and Criteria Validation group will also be responsible for performing ex-ante validation to assess proposed new or revised criteria and providing final sign-off on Periodic Criteria reviews.
- The Criteria Advisory Group will support the Practice Areas on criteria application, interpretations, deviations as well as rating to principles.
- The Criteria Development and Approval group, reporting to the "Chief Criteria Officer" is responsible for overseeing and approving the development of Criteria and Criteria changes across products, sectors and geographic regions for analytical rigour, relevance, consistency, timeliness and transparency. The Global Economics & Research Group has oversight for this function.
- The Ratings Risk Review function is responsible for monitoring, reviewing and reporting on the quality of Credit Ratings and other S&P Ratings Services' activities. This includes: (i) reviews of Credit Ratings, (ii) the methodology on which the Credit Ratings are based, (iii) the evidence of the Credit Rating analysis and (iv) the published rationales for Credit Ratings, with a view to identifying areas of risk.
- The Compliance Department, reporting directly to the S&P Ratings President and Global Chief Compliance Officer role is responsible for monitoring adherence to global and local regulatory requirements as well as to S&P Ratings Services' policies and procedures. On an

interim basis, the Compliance Department reports to the MHFI Head of Enterprise Risk Management, until the Global Chief Compliance Officer role is filled.

S&P Ratings Services has established the Policy Governance Group (“PGG”). PGG is responsible for leading the development, approval and maintenance of analytical and non-analytical policies relating to prudent, ethical business practices, and compliance and regulatory matters associated with S&P Ratings Services’ activities globally and to oversee the communication of such policies. PGG voting membership consists of representatives from Analytics, Compliance, Criteria, Global Regulatory Affairs, Legal, Data & Operations, and Risk Operations. Each representative has one vote.

The Practice Areas are ultimately responsible for the quality of Credit Ratings and Credit Rating Activities and for adherence to policies and procedures. This responsibility is discharged through managerial supervision and oversight as well as a variety of operational controls.

MHFI Internal Audit

Independent of S&P Ratings Services’ management and GRM functions, the MHFI Internal Audit function (“IA”) incorporates S&P Ratings Services in their annual risk-based internal audit plan. IA has a team dedicated to regularly perform compliance, operational, information technology and financial audits on MHFI businesses including S&P Ratings Services. IA prepares and executes its internal audit plan using a comprehensive risk assessment process to identify significant risks associated with S&P Ratings Services (including those that are regulatory in nature) and to conduct audits which are scoped to assess the effectiveness of the processes and internal control environment in relation to those risks. IA issues reports in relation to these audits and tracks the status and completion of management’s action plans to address IA’s findings. The MHFI Chief Audit Executive reports to the Audit Committee of the MHFI Board of Directors on a functional basis, and administratively to the MHFI Chief Financial Officer.

Ratings Risk Review Function

Ratings Risk Review Officers are assigned to specific Sectors and/or regions. Among other activities, Ratings Risk Review Officers perform sector and targeted reviews and evaluate Credit Rating files for substantive analytical issues, including adherence to analytical methodologies and quality of publishing and Rating Committee deliberations. Credit Rating and sector performance is also monitored via reviews of Credit Rating transition and default data, Credit Rating timeliness and Rating Committee and published article assessments as appropriate. Reports are provided to management regarding the quality of the Credit Ratings and the Credit Rating process. The reports include comments identified during the review along with associated Management Action Plans (“MAPs”) to address the comments noted. The MAPs are tracked to ensure they are completed by Management in a timely manner. Ratings Risk Review Officers generally identify areas for improvement in the Credit Rating process, Criteria development and application and other aspects of assigning Credit Ratings, and present them to S&P Ratings Services’ senior management, S&P Ratings Boards of Directors and the MHFI Audit Committee.

Ratings Risk Review Boards are held periodically with global and regional Practice Area senior managers. Topics discussed include:

- Results of sector and targeted reviews and monitoring activities;
- Review comments, assessments and trends by control point and practice;
- Status of management action plans;

- Focus points for the next period;
- Best practices observed;
- Status of reviews against the review plan; and
- The reviews planned for the next period.

Criteria Function

S&P Ratings Services' Criteria provide the analytical framework for assessing creditworthiness and assigning Credit Ratings that adequately differentiate credit risk. The Criteria Development and Approval Group is responsible for overseeing and approving the development of Criteria and Criteria changes across products, sectors and geographic regions for analytical rigour, relevance, consistency, timeliness and transparency. Dedicated Criteria Officers:

- Participate in the drafting of Criteria;
- Provide Criteria training, a shared responsibility with Practice Areas; and
- Provide effective challenge and approve Criteria;

In addition until the new structure is implemented the Criteria Officers will continue to:

- Chair the Criteria Committees for the Practice Area to which they are assigned. The Criteria Committees are responsible for ongoing reviews of criteria and act as either a recommending or approving body for proposed new and amended Criteria; and
- Provide periodic reviews of Criteria. During the Criteria review process, each Criteria article is reviewed at least once annually. Following review, the article is republished with an editorial note that it has been reviewed.

Criteria Officers will report independently of the Practice Areas to the Chief Criteria Officer and have oversight of all Criteria across different sectors, regions and asset classes. The Chief Criteria Officer will also provide periodic briefings to the analytical staff on major Criteria changes. Until the new structure is implemented, the Analytics Policy Board which consists of representatives from the Criteria function including the Chief Credit Officers for the Americas, Europe, Middle East and Africa ("EMEA") and Asia Pacific, has the following mission:

- Oversee S&P Ratings Services' development and approval of Criteria and Criteria changes across products, sectors, and regions for analytical rigour, relevance, consistency, timeliness and transparency;
- Oversee the dissemination of Criteria across products, sectors, and regions and maintain an inventory of Criteria;
- Oversee the periodic review of Criteria across products, sectors, and regions;
- Oversee the activities of Criteria Committees;
- Oversee the monitoring of actual and potential franchise and reputational risk related to Criteria and Criteria processes and products, and make recommendations to senior management to manage or mitigate such risk; and
- Decide appeals on criteria when convened for such purposes by the Chief Credit Officer.

The Criteria Advisory Group was established to support the Practice Areas on criteria application and interpretations as well as rating to principles. To support its independence, the Criteria Advisory Group is separate from the Criteria Development & Approval Group and the Criteria Validation Group.

Compliance Structure, Approach and Reporting

The global Compliance function is currently managed by the Compliance management team consisting of the S&P Ratings Services Chief Compliance Officer, North America and Designated Compliance Officer; the Vice President of Compliance Shared Services; the Chief Compliance Officer for EMEA, India and Latin America; and the Chief Compliance Officer for Asia-Pacific. The Compliance management team members will report to a newly created Global Chief Compliance Officer role reporting directly to the S&P Ratings President and the newly created MHFI Chief Compliance Officer role. The Compliance management team currently report on an interim basis to the MHFI Head of Enterprise Risk Management.

The Chief Compliance Officer for EMEA, India and Latin America (“CCO EMEA”) is based in London and reports on an interim basis to the MHFI Head of Enterprise Risk Management. The CCO EMEA manages a team of seven Compliance officers for EMEA. EMEA Compliance officers receive additional global Compliance support. Furthermore the Control Office, located within the Compliance department in EMEA, is responsible for managing insider lists. In December 2014, the Control Office consisted of one manager reporting to a UK-based Compliance Officer, and three employees.

Compliance Responsibilities

The primary regulatory responsibilities of the Compliance function are the following:

- Advise and assist employees of S&P Ratings Services with respect to meeting regulatory obligations;
- Develop and communicate policies and procedures to promote employees’ compliance with regulatory obligations;
- Monitor adherence to policies and processes to assess compliance with regulatory obligations;
- Perform investigatory work, particularly with respect to policy breaches;
- Track activities of S&P Rating Services employees by maintaining records and log files insofar as related to compliance matters; and
- Conduct training based on the Annual Compliance (?) plan and on-going training on policies and regulatory matters (by local and global Compliance training staff).

The Compliance Examination Group (“CEG”) operates globally. At least annually, the CEG, with input from relevant senior business and Practice Area managers, assesses the compliance and reputational risk of the Practice Areas, and of S&P Ratings Services, for the purpose of prioritising business groups, Practice Areas, products and policy requirements for examination. An annual risk assessment is undertaken which considers key regulatory, business and operational risk indicators, and the controls which mitigate risks. The primary function of the CEG is to conduct compliance examination reviews in accordance with the annual risk assessment.

3. Outcome of the Annual Internal Review undertaken by Compliance Unit

The annual review of the Compliance unit covers the results and observations arising from a series of review activities for SPCMSE South Africa. The key activities covered in the reviews conducted in 2014 draw on conclusions from:

1. **Compliance Examinations** – In 2015, the CEG conducted a separate compliance review of SPCMSE South Africa covering 2014. The CEG also conducted a compliance review of

SPCMSE where SPCMSE South Africa was reviewed remotely and included in this review. The purpose of these reviews was to assess compliance with documented policies and procedures, and to evaluate the adequacy and effectiveness of key compliance controls. The outcomes of the reviews did not raise any concerns relating to SPCMSE South Africa during 2014.

2. **Local compliance monitoring** – routine monitoring and surveillance covering key policy areas was undertaken for SPCMSE South Africa, the outcomes of which highlighted no material weaknesses or regulatory violations during the course of 2014.
3. **E-mail surveillance** – routine surveillance to assist in the detection, investigation and subsequent enforcement related to a breach of policy or procedure. All e-mail surveillance is undertaken in accordance with local laws and regulations. No material breaches were identified from e-mail surveillance during 2014.

Compliance training activities – a number of Compliance-led training initiatives were undertaken during 2014 primarily to address training on key policies and regulation. These sessions were conducted by an instructor or delivered via e-learning. They were either global or regional, depending on the subject of the training course.

The outcome of the 2014 annual internal review undertaken by the Compliance unit concludes that there was a satisfactory level of compliance with applicable policies and regulation at SPCMSE South Africa.

The Outcome of the Annual Internal Review of EMEA Compliance

In 2014, Internal Audit (“IA”) reviewed the effectiveness of EMEA Compliance based on applicable regulatory requirements. The audit areas included the following:

- An assessment of the independence of EMEA Compliance from the business/operations functions of S&P Ratings Services.
- The adequacy of EMEA Compliance’s resources and expertise.
- The appropriate authority and responsibility of EMEA Compliance and their access to all relevant information.
- The adequacy of reporting by EMEA Compliance to senior management and the Independent Directors of the Board.
- The effectiveness of monitoring S&P Ratings Services’ compliance with applicable regulation.

While IA noted that EMEA Compliance was generally effective and in compliance with applicable regulatory requirements, IA did identify an area that required additional enhancement. EMEA Compliance has addressed and remediated the observation noted (communication to senior management on regulatory or policy breaches).

4. Description of Recordkeeping Policy

SPCMSE South Africa follows all applicable policies and procedures², in particular, relating to information created, received or in the possession or control of anyone working at or for SPCMSE South Africa. This includes internal and external communications; records of Credit Rating actions; research notes; and Issuer materials. These policies and procedures classify records and documents into three categories: official business records, transient records and working records. Each category has its own retention guidelines. Credit Rating documentation includes:

- a. The identity of the Analysts participating in the determination of each Credit Rating action and of the identity of the persons who have approved the Credit Rating, information as to whether the Credit Rating was solicited or unsolicited, and the date on which the Credit Rating action was taken;
- b. An account record for each rated entity, related third party or other user that has paid for the issuance or maintenance of a Credit Rating. In accordance with applicable policies, Analysts do not have access to such account records;
- c. The records documenting the established procedures and methodologies used by SPCMSE South Africa to determine its Credit Ratings;
- d. The final version of internal records, including non-public information and work papers, used to form the basis of the Rating Decision taken;
- e. Records of the procedures and measures implemented to comply with the Act and the Rules; and
- f. Copies of internal and external communications, including electronic communications, received and sent by SPCMSE South Africa and its employees that relate to Credit Rating Activities.

The Primary Analyst for a Credit Rating is responsible for the retention of the records associated with the Credit Rating action, although a Practice Area may delegate this responsibility to someone other than the Primary Analyst, as necessary and appropriate. All other personnel are responsible for the retention of any record that they generate or receive that is required to be retained pursuant to the document retention policy and guidelines.

SPCMSE South Africa's personnel retains records for at least five years after the records are made or received in relation to Credit Rating Activities, Ancillary Services and Other Services.

The heads of each Practice Area, as well as the heads of certain departments and functions, are responsible for their respective Practice Area's compliance with the recordkeeping policy and guidelines.

² These policies are maintained by S&P Ratings Services. This section particularly addresses the documentation requirements applicable in South Africa.

5. Revenue Sources

SPCMSE REVENUE RESULTS FOR 2014 (UNAUDITED)

Revenue Source	Rands (ZAR) in thousands
Credit Rating Services	4,744,650
Non-Credit Rating Services	67,218
Total Revenue	4,811,869

SECTION C: INFORMATION AS PER BOARD NOTICE 168 OF 2013

1. Details of Methodologies, Models and Key Assumptions Reviewed

The following methodologies used by SPCMSE South Africa were reviewed during the period of January 1 – December 31, 2014.

- Financial Institutions – Banks: Bank Hybrid Capital Methodology And Assumptions
- Financial Institutions – Banks: Bank Capital Methodology And Assumptions
- Financial Institutions – Banks: Banking Industry Country Risk Assessment Methodology And Assumptions
- Financial Institutions – Banks: Banks: Rating Methodology And Assumptions
- Financial Institutions – Finance Companies: Finance Company Ratios
- Financial Institutions – Finance Companies: Rating Finance Companies
- Corporates – Industrials: Rating Methodology for European Investment Holding And Operating Holding Companies
- Corporates – Recovery: Methodology For Applying Recovery Ratings To National Scale Issue Ratings
- Governments – General: Multilateral Lending Institutions and Other Supranational Institutions Ratings Methodology
- Governments – International Public Finance: Methodology And Assumptions For Analyzing The Liquidity Of Non-U.S. Local And Regional Governments And Related Entities And For Rating Their Commercial Paper Programs
- Governments – Sovereigns: Sovereign Government Rating Methodology And Assumptions
- Insurance – General: Enterprise Risk Management
- Insurance – General: Insurers: Rating Methodology
- Insurance – General: Refined Methodology And Assumptions For Analyzing Insurer Capital Adequacy Using the Risk-Based Insurance Capital Model
- General Criteria: Group Rating Methodology
- General Criteria: Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings
- General Criteria: Methodology For Linking Short-Term And Long-Term Ratings For Corporate, Insurance, And Sovereign Issuers
- General Criteria: Methodology: Criteria For Determining Transfer And Convertibility Assessments
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities And Insurers

- General Criteria: Principles Of Credit Ratings
- General Criteria: Rating Government-Related Entities: Methodology And Assumptions
- General Criteria: Rating Implications Of Exchange Offers And Similar Restructurings, Update
- General Criteria: Ratings Above The Sovereign—Corporate And Government Ratings: Methodology And Assumptions
- General Criteria: Stand-Alone Credit Profiles: One Component Of A Rating
- General Criteria: Understanding Standard & Poor's Rating Definitions
- General Criteria: Use Of Credit Watch And Outlooks
- General Criteria: National And Regional Scale Credit Ratings
- General Criteria: Standard & Poor's National And Regional Scale Mapping Tables

No material modifications were made to systems, resources or procedures in 2014. Section 2 of this report describes material modifications made in 2015 to the S&P Ratings Services Internal Control Structure. Further modifications to systems, resources or procedures are being made in 2015 to implement the United States Securities and Exchange Commission's ("the SEC") new rules and amendments (adopted in August 2014), which implement 14 rulemaking requirements under the United States Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, which apply to credit rating agencies registered with the SEC as nationally recognized statistical rating organizations ("NRSROs").

2. Details of Analyst Rotation

SPCMSE South Africa applies the Analyst Rotation Policy which sets out the requirements applicable in South Africa and elsewhere on the rotation of Analysts.

To meet applicable regulatory requirements and in order to implement required periodic rotation and cooling-off periods, the following approaches have been established:

- Primary Analysts (a) must not be involved in Credit Rating Activities for an Issuer for a period exceeding four years and (b) must wait for at least two years before being involved again in any Credit Rating Activities for that Issuer.
- Rating Committee chairpersons – the individuals who approve the Rating Decision or determination of the Rating Committee with respect to an Issuer (a) must not be involved in Credit Rating Activities for that Issuer for a period exceeding seven years and (b) must wait for at least two years before being involved again in any Credit Rating Activities for that Issuer.

The rotation requirement extends to related third parties to the Issuer's transactions with whom the Primary Analyst or Rating Committee chairperson has had an analytical interaction. Analysts are rotated on an individual basis so that the composition of analytical teams and the Rating Committee changes over time. This approach is designed to maintain consistency in Credit Rating Activities.

Each Practice Area is responsible for assigning Analysts to perform Credit Ratings Activities consistent with the Analyst Rotation Policy, its related guidelines and applicable regulation.

3. Details of Staff Allocated to Ratings

Table 1 – Total number of Analysts

	Corporate	Financial Services	Sovereign/IPF	Structured Finance	Total
SPCMSE South Africa	1 ³	3	1	0	5
SPCMSE total	107 ⁴	89	48	80	324 ⁵

Table 2 – Analytical management and general management of SPCMSE and S&P South Africa

	Analytical Managers	General Management	Total
SPCMSE South Africa	0	1	1
SPCMSE total	28	10	38

Qualifications for Analysts are generally as follows and as to professional experience may vary by region:

- Junior Analysts: Bachelor's degree, however, MBA, CFA, JD or other relevant degrees or designations preferred, and typically two or more years of relevant professional experience.
- Mid-level Analysts: Bachelor's degree, however, MBA, CFA, JD or other relevant degrees or designations preferred, and typically five or more years of experience.
- Senior Analysts: Bachelor's degree, however, MBA, CFA, JD or other relevant degrees or designations preferred, and typically seven or more years of experience.
- Meet internal competency test requirements (applicable to all credit analysts who serve as primary credit analysts or perform, or are expected to perform, as voting members of a rating committee).

Additional qualifications for credit analyst supervisors are generally as follows:

- Mid-level Supervisors: Bachelor's degree, however, MBA, CFA, or JD or other relevant degrees or designations preferred, and typically five or more years of experience.
- Senior Supervisors: Bachelor's degree, however, MBA, CFA, or JD or other relevant degrees or designations preferred, and typically seven or more years of experience.

All Analysts fulfilled the Fit and Proper requirements as set out in FSB Board Notice 166 of 2013.

³ A Corporate ratings analyst started with SPCMSE South Africa on 1st January 2015.

⁴ A Corporate ratings analyst started on 1st January 2015. He is not included in this total.

⁵ This excludes one analytical staff member who is part of the Quantitative Analytics Research Group, which is not part of the Practice Areas and reports to the Chief Global Economist.

4. Information On Credit Ratings By Category

Credit Ratings⁶ issued by SPCMSE South Africa

	Affirmation	Downgrade	New	Upgrade	Withdrawal	Total
Credit Rating actions at Issuer level	242	41	23	2	7	315
Credit Rating actions at instrument level	323	13	35	4	5	358
Grand Total:	565	54	58	6	12	673

Number of Issuers rated by SPCMSE South Africa by sector:

Financial Institutions Ratings	20
Insurance Ratings	5
Sovereigns And International Public Finance	8
Total	33

Please see the document entitled “*Standard & Poor's Ratings Definitions*” for a description of the types of Credit Ratings provided by S&P Ratings Services. This document can be found at http://www.standardandpoors.com/en_EU/web/guest/article/-/view/sourceId/504352.

5. List of Ancillary Services

No ancillary services or other permissible services have been provided to entities rated by SPCMSE South Africa. A document containing descriptions of services provided by SPCMSE South Africa is available on the South Africa regulatory disclosures page at http://www.standardandpoors.com/en_EU/web/guest/regulatory/disclosures#disclosure_sa.

⁶ This table contains the number of Credit Ratings at Issuer level and the number of Credit Ratings at issue or transaction level issued during the year 2014. The numbers may include multiple Credit Ratings and Credit Rating actions on a single entity.

6. List of Members of the Board of Directors and Senior Management

Full Name and Surname	Qualifications and Experience	Committee Membership	Date Appointed
Yann Le Pallec	Executive Managing Director, S&P Ratings Services EMEA MBA – ESSEC, France	Executive Director - SPCMSE Board	30 th June 2012
Dr. Edgar Meister	Formerly Member of the Executive Board of the Deutsche Bundesbank Law - Marburg/Lahn and Hessen, Germany	Non-Executive Director - SPCMSE Board	28 th July 2010
Richard Moore ⁷	Head of Financial Markets – Lloyds Banking Group BA Hons – Business Studies, University of West London, UK	Non-Executive Director - SPCMSE Board	28 th July 2010
James Penrose	Senior European Ratings Counsel, S&P Ratings Services MA in Law – Cambridge University, UK LLM – Columbia Law School, USA	Executive Director - SPCMSE Board	28 th July 2010
Neeraj Sahai	President, S&P Ratings Services MBA – Clarkson University, USA; Wharton Advanced Management Program – University of Pennsylvania, USA	Executive Director - SPCMSE Board	31 st January 2014
Adam Schuman	Chief Legal Officer, S&P Ratings Services New York University School of Law, NY, USA	Executive Director - SPCMSE Board	30 th June 2012
Joseph Strubel	Senior Advisor and Non-Executive Director - SphereInvest Group Limited MBA, the William E. Simon Graduate School of Business, Finance and Applied Economics, NY, USA	Non-Executive Director - SPCMSE Board	31 st December 2014

⁷ Richard Moore retired from the SPCMSE Board of Directors effective 31st December 2014.

Other senior management

Zeynep Holmes	Managing Director and Regional Head of Eastern Europe, Middle East & Africa Degree in Business Administration and Strategic Management from the Vienna University of Economics and Business Administration, Austria
Konrad Reuss	Managing Director, SPCMSE South Africa Master of Economics – Bayerische Julius Maximilians University, Germany

7. Details of Policies and Initiatives in Adopting the King Code

SPCMSE subscribes to the principles and practices of effective corporate governance as contemplated in the King Code (and with the corporate governance standards contained in applicable UK and EU legislation and regulation.) Because SPCMSE is privately held, it is not subject to the UK Corporate Governance Code which applies only to UK public companies.

As a wholly owned indirect subsidiary of MHFI, SPCMSE follows the MHFI Code of Business Ethics as well as MHFI's other publicly disclosed policies covering many of the topics referenced in the King Code and which bind employees of all its subsidiaries worldwide.

MHFI is strongly committed to the highest standards of corporate governance. MHFI has standing Audit, Compensation and Leadership Development, and Nominating and Corporate Governance Committees. The Chairman of each Committee reports to the Board as appropriate. Each Committee has a Charter that is reviewed by the Nominating and Corporate Governance Committee on a regular basis. In addition to these three standing Committees, the Board has an Executive Committee and a Financial Policy Committee.

S&P Ratings Services is committed to the highest standards of analytical excellence and, to achieve these standards, has established a governance hierarchy and committee framework to implement policies, procedures and methodologies for determining credit ratings and an independent governance and control structure aimed at complying with policies, procedures, and methodologies. S&P Ratings Services evaluates the effectiveness of its internal control structure and makes changes to its organisational structure and processes when appropriate.

S&P Ratings Services has established the Ratings Services Code of Conduct ("the S&P Code") to reflect the high-level principles that govern the conduct of its Credit Rating Activities. The S&P Code also reflects the high-level principles underlying regulatory requirements in the jurisdictions where S&P Ratings Services conducts Credit Rating activities. S&P Ratings Services implements the principles set out in the S&P Code through policies, procedures, and guidelines as well as through its operational and control infrastructures.

Taken together, these corporate governance arrangements are consistent with the King Code.

8. Status Report on the Investor Education Initiatives

SPCMSE South Africa routinely reaches out to investors directly to discuss Criteria, Credit Ratings, Credit Rating actions, and other market-relevant information and events. The outreach occurs through conferences, seminars, roundtables and face-to-face meetings. Analysts and the Office Head are also frequently contacted by investors directly to discuss particular Criteria or matters related to Credit Ratings. In addition, senior representatives of SPCMSE South Africa routinely speak to the media on Credit Ratings-related matters so as to promote a good understanding of Credit Rating issues in the media and to facilitate a broader public understanding of Credit Ratings-related matters.

The outreach in 2014 included a half-day training seminar to introduce the new corporate Credit Rating Criteria to market participants and a full day cross-practice ratings seminar in the first half of the year with presentations from the Chief Economist for EMEA and senior representatives from the sovereign, corporate and bank ratings Practice Areas. The cross practice seminar also included specific workshops to explain S&P Ratings Services' Sovereign Ratings Criteria and the S&P Ratings Services' approach to rating Islamic Finance instruments as well as a workshop on Structured Finance and Securitisation related issues. In the second half of the year, an insurance ratings seminar was held focusing on the insurance Credit Rating Criteria, S&P Ratings Services' insurance capital model and the EU's Solvency II regulations. Periodically, roundtable discussions were held throughout the year between visiting Analysts from the S&P Ratings Services' network and investors in SPCMSE South Africa's office to discuss Criteria and sector outlooks (including telecommunications, IT, retail and consumer goods).

Senior representatives from SPCMSE South Africa also presented on matters relating to Credit Ratings at external conferences and held regular individual meetings with South African asset managers in Cape Town and Johannesburg as well as with representatives of ASISA, the Association for Savings and Investment South Africa. A specific investor round table was held in Cape Town to discuss S&P Ratings Services' bank sector views following the collapse of African Bank (which was not rated by S&P Ratings Services). In November, S&P Ratings Services was one of the lead sponsors of the Cape Town IMN Capital Markets conference. Senior staff from S&P Ratings Services chaired key panels and participated in a large number of discussions. At the occasion of the conference a free brochure on South African corporate credit quality was distributed to all conference participants. S&P Ratings Services also provides extensive information and educational content through a website (<https://www.spratings.com>), which offers the public an easy way to keep up with S&P Ratings Services' thought leadership on credit topics such as global aging, sovereigns, and global credit conditions. This free public website contains original videos and audio podcasts, selected articles and analyses, news and research summaries, and S&P Ratings Services live event listings, together with links to a Credit Rating lookup and Criteria. It can be accessed from the web, mobile devices, and tablets. Information required to be disclosed in accordance with applicable regulation including public Credit Ratings and related information is available on <http://www.standardandpoors.com>.

9. Historical Default Rates of the Past 10 Years per Category

Please see Appendix 2.

10. Adherence to the Prescribed Code Of Conduct

S&P Ratings Services requires all of its employees to comply with the S&P Code. Each year all S&P Ratings Services employees are required to read the S&P Code and affirm their compliance with it by signing an affirmation statement. All employees are given the opportunity at the time of affirmation to make S&P Ratings Services aware of any known conflicts of interest to which they or other employees may be subject. Failure to comply with the S&P Code may result in disciplinary action, up to and including termination of employment.

This S&P Code aligns with principles established by the International Organization of Securities Commissions (“IOSCO”) in its Code of Conduct Fundamentals for Credit Rating Agencies, published in December 2004 and amended in May 2008, and IOSCO’s “Statement of Principles Regarding the Activities of Credit Rating Agencies”, published in September 2003.

A copy of the S&P Code is available on the South Africa regulatory disclosures page at http://www.standardandpoors.com/en_EU/web/guest/regulatory/disclosures.

There were no changes to the S&P Code during 2014.

SECTION D: APPENDICES

- 1. Appendix 1: Glossary of Terms Used**
- 2. Appendix 2: Historical Default Rates of the Past 10 Years per Category**

Appendix 1: Glossary of Terms Used

“Act”: The Credit Rating Services Act, 2012 (Act No. 24 of 2012)

“Analyst”: an Employee who is directly involved in Credit Rating Activities, but not part of the Criteria organisation or the Compliance or Legal Departments.

“Analytical Manager”: an Employee who oversees the day-to-day work of Analysts or other Analytical Managers, but who is not acting in a General Management Role.

“Analytical Role”: the role of an Employee when acting as an Analyst. Examples include: Analysts and Analytical Managers.

“Ancillary Service”: a product or service that S&P Ratings Services provides or sells that is not a Credit Rating or Credit Ratings Activity and is either a market forecast, an estimate of economic trends, a pricing analysis, other general data analysis, or distribution services related to a Credit Rating, a market forecast, an estimate of economic trends, a pricing analysis or general data analysis.

“Credit Rating”: a forward looking opinion regarding the creditworthiness of an entity, a debt or financial obligation, debt security, preferred share or other financial instrument (including a money market instrument), or of an Issuer of such a debt or financial obligation, debt security, preferred share or other financial instrument, issued using S&P Ratings Services' established and defined Credit Rating symbology. A Rating Outlook is not a Credit Rating but is subject to the same S&P Ratings Services policies and procedures applicable to a Credit Rating.

“Credit Rating Activities”: an activity engaged in by S&P Ratings Services that leads to or directly supports the issuance or surveillance of a Credit Rating including:

- the evaluation, approval, issuance, or review of Credit Ratings;
- analysis of data and information related to Credit Ratings;
- a Credit Rating Action or Rating Decision; and
- the development or approval of Criteria, including the development or approval of qualitative and quantitative models.

Examples include:

- Participating and/or voting in Rating Committees;
- Attending management meetings that are for the purpose of gathering information and for determining the basis of a rating recommendation;
- Communicating with Rated Entities and Related Third Parties to determine a Credit Rating Action;
- Managing Analysts, as applicable, in their analytical work;
- Developing Criteria (including attending Criteria committees);
- Conducting surveillance of a Credit Rating;
- Developing analytical models to support Criteria in which the results are used by a Rating Committee as part of determining a Credit Rating.

In addition Credit Rating Activities also include:

- Advanced Analytics
- Mappings
- Rating Agency Confirmation (RAC)
- Rating Evaluations Service (RES)
- Recovery Ratings; and
- Any other activity engaged in by S&P Ratings Services, such as data analysis that does not lead to, or directly support the issuance or surveillance of, a Credit Rating is either an Ancillary Service or Other Service.

For the purposes of this definition, legal counselling by the Legal Department or GRA is not a Credit Rating Activity and (ii) Sales or Marketing Activities are not Credit Rating Activities

“Criteria”: published guidance that governs the analytic basis for determining Credit Ratings. Criteria include all fundamental factors, analytical principles, methodologies and assumptions that we use in the ratings process to produce our Credit Ratings. Criteria may encompass quantitative or qualitative elements, or both.

“Issuer”: an entity that issues debt or equity securities, as well as a bank or insurance companies, and their employees and agents acting on its behalf. An Issuer includes the Rated Entity and its Related Third Parties.

“Other Service”: a product or service that S&P Ratings Services provides or sells that is neither an Ancillary Service nor part of its Credit Rating Activities.

“Practice Area”: a group within a Business Unit that is responsible for a particular type of credit sector or geographic area.

“Primary Analyst”: the Analyst who has been assigned primary responsibility for (a) determining a Rating Recommendation (b) presenting that Rating Recommendation to a Rating Committee and (c) Communicating with an Issuer with respect to a specific Credit Rating Action. A Primary Analyst means the “lead analyst” pursuant to the Rules.

“Rating Committee”: the committee that determines a Credit Rating.

“Rating Decision”: a Credit Rating that is determined by a Rating Committee prior to its Release.

“Rule”: A numbered “Rule” refers to the Credit rating agency Rules, prescribed under section 24(1) of the Act, published in Board Notice 228 of 2013.

Appendix 2: Historical default rates of the past 10 years per category

S&P Ratings Services one-year default rates for each of the last 10 years by Credit Rating category and for Investment Grade ("IG") and Non-Investment Grade ("NIG") by segment.

Non-financial entities 1 Year Default Rates

Year	AAA	AA	A	BBB	BB	B	CCC/C	IG	NIG
2005	0.00 %	0.00 %	0.00 %	0.09 %	0.25 %	1.95 %	11.34 %	0.05 %	1.69 %
2006	0.00 %	0.00 %	0.00 %	0.00 %	0.25 %	0.81 %	15.22 %	0.00 %	1.26 %
2007	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.19 %	18.60 %	0.00 %	0.90 %
2008	0.00 %	0.00 %	0.00 %	0.10 %	0.62 %	4.28 %	30.12 %	0.06 %	3.89 %
2009	0.00 %	0.00 %	0.00 %	0.00 %	0.80 %	11.14 %	52.76 %	0.00 %	10.64 %
2010	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.87 %	22.51 %	0.00 %	2.86 %
2011	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	1.47 %	17.39 %	0.00 %	1.84 %
2012	0.00 %	0.00 %	0.00 %	0.00 %	0.25 %	1.47 %	29.92 %	0.00 %	2.69 %
2013	0.00 %	0.00 %	0.00 %	0.00 %	0.12 %	1.72 %	26.72 %	0.00 %	2.57 %
2014	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.82 %	19.73 %	0.00 %	1.59 %
Average	0.00 %	0.00 %	0.00 %	0.02 %	0.23 %	2.47 %	24.43 %	0.01 %	2.99 %

Financial Institutions 1 Year Default Rates

Year	AAA	AA	A	BBB	BB	B	CCC/C	IG	NIG
2005	0.00 %	0.00 %	0.00 %	0.00 %	0.78 %	0.00 %	0.00 %	0.00 %	0.42 %
2006	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
2007	0.00 %	0.00 %	0.00 %	0.00 %	1.57 %	1.08 %	0.00 %	0.00 %	1.26 %
2008	0.00 %	0.44 %	1.06 %	1.80 %	2.13 %	1.98 %	15.38 %	1.09 %	2.75 %
2009	0.00 %	0.00 %	0.48 %	2.64 %	0.71 %	10.68 %	26.67 %	1.07 %	6.20 %
2010	0.00 %	0.00 %	0.00 %	0.00 %	3.40 %	0.91 %	22.73 %	0.00 %	3.94 %
2011	0.00 %	0.00 %	0.00 %	0.34 %	0.00 %	2.13 %	7.69 %	0.12 %	1.29 %
2012	0.00 %	0.00 %	0.00 %	0.00 %	0.63 %	2.53 %	11.76 %	0.00 %	2.10 %
2013	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	1.16 %	11.11 %	0.00 %	1.06 %
2014	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.51 %	5.88 %	0.00 %	0.68 %
Average	0.00 %	0.04 %	0.15 %	0.48 %	0.92 %	2.10 %	10.12 %	0.23 %	1.97 %

Insurance 1 Year Default Rates

Year	AAA	AA	A	BBB	BB	B	CCC/C	IG	NIG
2005	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
2006	0.00 %	0.00 %	0.00 %	0.00 %	2.56 %	4.55 %	0.00 %	0.00 %	3.17 %
2007	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
2008	0.00 %	0.60 %	0.30 %	0.57 %	0.00 %	3.45 %	0.00 %	0.42 %	1.28 %
2009	0.00 %	0.00 %	0.27 %	0.00 %	0.00 %	3.57 %	25.00 %	0.14 %	3.49 %
2010	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	28.57 %	0.00 %	2.56 %
2011	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	8.00 %	16.67 %	0.00 %	3.75 %
2012	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	16.67 %	0.00 %	1.27 %
2013	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
2014	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Average	0.00 %	0.06 %	0.06 %	0.06 %	0.26 %	1.96 %	8.69 %	0.06 %	1.55 %

Sovereign Foreign Currency 1 Year Default Rates

Year	AAA	AA	A	BBB	BB	B	CCC/C	IG	NIG
2005	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	4.76	25.00 %	0.00 %	4.55 %
2006	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	25.00 %	0.00 %	2.17 %
2007	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
2008	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	6.90 %	0.00 %	0.00 %	3.85 %
2009	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
2010	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	33.33 %	0.00 %	1.89 %
2011	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
2012	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	6.06 %	100.00 %	0.00 %	5.36 %
2013	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	3.33 %	100.00 %	0.00 %	5.17 %
2014	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	100.00 %	0.00 %	1.75 %
Average	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	2.11 %	38.33 %	0.00 %	2.47 %

International Public Finance 1 Year Default Rates

Year	AAA	AA	A	BBB	BB	B	CCC/C	IG	NIG
2005	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
2006	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
2007	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
2008	0.00 %	0.00 %	0.00 %	0.00 %	1.15 %	0.00 %	0.00 %	0.00 %	0.88 %
2009	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	100.00 %	0.00 %	0.97 %
2010	0.00 %	0.00 %	0.00 %	0.00 %	1.39 %	0.00 %	14.29 %	0.00 %	1.87 %
2011	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
2012	0.00 %	0.00 %	0.00 %	0.00 %	6.45 %	0.00 %	0.00 %	0.00 %	4.82 %
2013	0.00 %	0.00 %	0.00 %	0.00 %	1.82 %	4.76 %	0.00 %	0.00 %	2.60 %
2014	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	5.56 %	0.00 %	0.00 %	1.33 %
Average	0.00 %	0.00 %	0.00 %	0.00 %	1.08 %	1.03 %	11.43 %	0.00 %	1.25 %

Structured Finance 1 Year Default Rates

Year	AAA	AA	A	BBB	BB	B	CCC/C	IG	NIG
2005	0.00 %	0.00 %	0.00 %	0.06 %	0.19 %	1.33 %	15.21 %	0.01 %	1.77 %
2006	0.00 %	0.00 %	0.00 %	0.08 %	0.26 %	0.47 %	17.43 %	0.01 %	1.24 %
2007	0.01 %	0.06 %	0.11 %	0.61 %	2.38 %	1.41 %	22.66 %	0.12 %	3.00 %
2008	0.33 %	0.68 %	1.05 %	2.02 %	4.79 %	11.83 %	56.87 %	0.70 %	16.26 %
2009	0.21 %	1.38 %	2.86 %	5.69 %	9.13 %	16.02 %	55.26 %	1.52 %	34.59 %
2010	0.14 %	0.50 %	0.71 %	1.84 %	2.59 %	5.26 %	23.31 %	0.53 %	17.50 %
2011	0.10 %	0.12 %	0.07 %	0.43 %	1.02 %	5.48 %	28.60 %	0.14 %	21.41 %
2012	0.04 %	0.13 %	0.05 %	0.32 %	0.66 %	1.48 %	31.44 %	0.10 %	23.11 %
2013	0.01 %	0.03 %	0.07 %	0.22 %	0.64 %	1.32 %	20.85 %	0.07 %	14.53 %
2014	0.00 %	0.04 %	0.00 %	0.02 %	0.17 %	1.33 %	13.91 %	0.01 %	9.23 %
Average	0.08 %	0.29 %	0.49 %	1.13 %	2.18 %	4.59 %	28.55 %	0.32 %	14.26 %

S&P Ratings Services three year cumulative default rates for each of the last 10 years by Credit Rating category and for Investment Grade ("IG") and Non-Investment Grade ("NIG") by segment.

Non-financial entities 3 Year Cumulative Default Rates

Year	AAA	AA	A	BBB	BB	B	CCC/C	IG	NIG
2005	0.00 %	0.00 %	0.00 %	0.62 %	2.38 %	8.59 %	46.48 %	0.34 %	9.23 %
2006	0.00 %	0.00 %	0.00 %	0.20 %	1.82 %	4.46 %	29.20 %	0.11 %	4.94 %
2007	0.00 %	0.00 %	0.00 %	0.19 %	0.74 %	4.36 %	23.71 %	0.11 %	3.77 %
2008	0.00 %	0.00 %	0.15 %	0.29 %	1.47 %	5.84 %	33.70 %	0.22 %	5.31 %
2009	0.00 %	0.00 %	0.00 %	0.58 %	5.90 %	14.72 %	45.35 %	0.34 %	12.37 %
2010	0.00 %	0.00 %	0.00 %	0.31 %	4.71 %	19.80 %	57.83 %	0.18 %	15.47 %
2011	0.00 %	0.00 %	0.00 %	0.00 %	1.47 %	16.17 %	65.03 %	0.00 %	14.59 %
2012	0.00 %	0.00 %	0.00 %	0.00 %	0.75 %	6.18 %	32.98 %	0.00 %	7.01 %
2013	0.00 %	0.00 %	0.00 %	0.00 %	0.54 %	6.99 %	35.65 %	0.00 %	6.25 %
2014	0.00 %	0.00 %	0.00 %	0.00 %	1.00 %	5.87 %	43.31 %	0.00 %	6.26 %
Average	0.00 %	0.00 %	0.02 %	0.22 %	2.08 %	9.30 %	41.32 %	0.13 %	8.52 %

Financial Institutions 3 Year Cumulative Default Rates

Year	AAA	AA	A	BBB	BB	B	CCC/C	IG	NIG
2005	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	3.45 %	5.88 %	0.00 %	1.72 %
2006	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	1.03 %	0.00 %	0.00 %	0.42 %
2007	0.00 %	0.00 %	0.00 %	0.00 %	1.56 %	0.00 %	0.00 %	0.00 %	0.83 %
2008	0.00 %	0.64 %	0.85 %	1.90 %	4.41 %	1.15 %	0.00 %	1.12 %	2.99 %
2009	0.00 %	0.49 %	1.64 %	5.43 %	7.09 %	7.53 %	11.11 %	2.44 %	7.56 %
2010	0.00 %	0.44 %	1.58 %	5.76 %	5.67 %	12.87 %	30.77 %	2.50 %	9.80 %
2011	0.00 %	0.00 %	0.48 %	3.96 %	2.86 %	13.59 %	33.33 %	1.50 %	8.91 %
2012	0.00 %	0.00 %	0.00 %	0.33 %	4.08 %	1.82 %	27.27 %	0.12 %	5.02 %
2013	0.00 %	0.00 %	0.00 %	0.34 %	3.21 %	6.38 %	23.08 %	0.12 %	5.48 %
2014	0.00 %	0.00 %	0.00 %	0.00 %	1.27 %	5.06 %	17.65 %	0.00 %	3.90 %
Average	0.00 %	0.16 %	0.46 %	1.77 %	3.02 %	5.29 %	14.91 %	0.78 %	4.66 %

Insurance 3 Year Cumulative Default Rates

Year	AAA	AA	A	BBB	BB	B	CCC/C	IG	NIG
2005	0.00 %	0.00 %	0.81 %	0.93 %	0.00 %	0.00 %	50.00 %	0.54 %	7.50 %
2006	0.00 %	0.00 %	0.38 %	0.79 %	3.33 %	0.00 %	20.00 %	0.36 %	4.26 %
2007	0.00 %	0.00 %	0.00 %	0.00 %	2.94 %	0.00 %	0.00 %	0.00 %	1.96 %
2008	0.00 %	0.74 %	0.33 %	0.65 %	2.56 %	9.09 %	0.00 %	0.48 %	4.76 %
2009	2.78 %	0.65 %	0.31 %	0.60 %	2.22 %	6.90 %	0.00 %	0.59 %	4.00 %
2010	2.63 %	1.80 %	0.30 %	0.57 %	2.22 %	6.90 %	0.00 %	0.84 %	3.85 %
2011	0.00 %	0.00 %	0.54 %	1.09 %	0.00 %	7.14 %	37.50 %	0.54 %	5.81 %
2012	0.00 %	0.00 %	0.00 %	0.57 %	0.00 %	9.09 %	42.86 %	0.14 %	6.41 %
2013	0.00 %	0.00 %	0.00 %	0.58 %	0.00 %	8.00 %	16.67 %	0.14 %	3.75 %
2014	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	16.67 %	0.00 %	1.27 %
Average	0.54 %	0.32 %	0.27 %	0.58 %	1.33 %	4.71 %	18.37 %	0.36 %	4.36 %

Sovereign Foreign Currency 3 Year Cumulative Default Rates

Year	AAA	AA	A	BBB	BB	B	CCC/C	IG	NIG
2005	0.00 %	0.00 %	0.00 %	0.00 %	11.76 %	12.50 %	33.33 %	0.00 %	13.89 %
2006	0.00 %	0.00 %	0.00 %	0.00 %	5.88 %	10.53 %	50.00 %	0.00 %	10.53 %
2007	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	9.52 %	33.33 %	0.00 %	6.98 %
2008	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	66.67 %	0.00 %	4.44 %
2009	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	4.00 %	0.00 %	0.00 %	4.17 %
2010	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	10.71 %	0.00 %	0.00 %	5.88 %
2011	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	3.57 %	0.00 %	0.00 %	1.92 %
2012	0.00 %	0.00 %	0.00 %	5.56 %	0.00 %	7.41 %	33.33 %	1.43 %	5.66 %
2013	0.00 %	0.00 %	4.76 %	0.00 %	4.35 %	9.38 %	0.00 %	1.41 %	7.27 %
2014	0.00 %	0.00 %	0.00 %	4.17 %	0.00 %	12.12 %	0.00 %	1.39 %	8.93 %
Average	0.00 %	0.00 %	0.48 %	0.97 %	2.20 %	7.97 %	0.00 %	0.42 %	6.97 %

International Public Finance 3 Year Cumulative Default Rates

Year	AAA	AA	A	BBB	BB	B	CCC/C	IG	NIG
2005	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	50.00 %	0.00 %	1.61 %
2006	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
2007	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
2008	0.00 %	0.00 %	0.00 %	0.00 %	1.43 %	0.00 %	0.00 %	0.00 %	1.02 %
2009	0.00 %	0.00 %	0.00 %	0.00 %	1.27 %	4.00 %	0.00 %	0.00 %	1.92 %
2010	0.00 %	0.00 %	0.00 %	0.00 %	2.30 %	7.41 %	0.00 %	0.00 %	3.51 %
2011	0.00 %	0.00 %	0.00 %	0.00 %	1.33 %	3.70 %	0.00 %	0.00 %	2.91 %
2012	0.00 %	0.00 %	0.00 %	0.00 %	9.72 %	3.57 %	14.29 %	0.00 %	8.41 %
2013	0.00 %	0.00 %	0.00 %	0.00 %	9.38 %	0.00 %	0.00 %	0.00 %	6.32 %
2014	0.00 %	0.00 %	0.00 %	0.00 %	9.68 %	5.00 %	0.00 %	0.00 %	8.43 %
Average	0.00 %	0.00 %	0.00 %	0.00 %	3.51 %	2.37 %	0.00 %	0.00 %	3.41 %

Structured Finance 3 Year Default Rates

Year	AAA	AA	A	BBB	BB	B	CCC/C	IG	NIG
2005	0.00 %	0.24 %	0.64 %	1.86 %	4.04 %	7.15 %	40.82 %	0.26 %	8.33 %
2006	0.00 %	0.00 %	0.06 %	0.73 %	2.33 %	6.07 %	32.81 %	0.10 %	6.01 %
2007	0.00 %	0.03 %	0.07 %	0.99 %	1.83 %	3.94 %	36.69 %	0.15 %	5.30 %
2008	0.03 %	0.13 %	0.95 %	4.86 %	7.63 %	7.41 %	34.14 %	0.86 %	8.95 %
2009	1.25 %	11.30 %	19.14 %	27.65 %	31.36 %	40.41 %	41.83 %	9.18 %	34.75 %
2010	5.73 %	20.80 %	25.56 %	31.42 %	43.67 %	62.35 %	78.70 %	14.07 %	56.06 %
2011	4.16 %	10.06 %	15.06 %	23.64 %	39.55 %	61.00 %	82.96 %	9.30 %	67.31 %
2012	0.64 %	1.75 %	2.86 %	7.57 %	13.34 %	27.37 %	66.51 %	2.16 %	52.75 %
2013	0.29 %	0.67 %	0.84 %	2.58 %	6.60 %	18.39 %	65.39 %	0.77 %	50.43 %
2014	0.17 %	0.34 %	0.71 %	1.19 %	3.43 %	7.45 %	53.43 %	0.45 %	40.30 %
Average	1.23 %	4.53 %	6.59 %	10.25 %	15.38 %	24.15 %	53.33 %	3.73 %	33.02 %