

Annual Report of Moody's Investors Service South Africa (Proprietary) Limited for financial year ended 31 December 2014

(Published in accordance with Section 15 of the South African Credit Rating Services Act, 2012 and Board Notice 168 of 2013 of the South African Financial Services Board)

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SECTION A: EXECUTIVE SUMMARY

This Annual Report is published by Moody's Investors Service South Africa (Proprietary) Limited ("MIS SA") pursuant to Section 15 of the South African Credit Rating Services Act, 2012 ("CRS Act") and Board Notice 168 of 2013 of the South African Financial Services Board ("FSB") on credit rating agencies. Rules published pursuant to the CRS Act (the "CRS Rules"), together with the CRS Act, are referred to in this Annual Report as "the Regulation".

MIS SA's application to be registered as a credit rating agency in accordance with Section 5 of the CRS Act was approved by the FSB on 6 May 2014.

Unless stated otherwise, the obligations of MIS SA under the Regulation that are described in this Annual Report refer to the period from 31 December 2013 to 31 December 2014.

CEO Report

Moody's Investors Service ("MIS") has a long history in South Africa, assigning a sovereign rating to South Africa in 1994, and has since been closely involved in the development of the South African capital markets. In 2001 MIS introduced a South African National Scale Rating system and established a presence in the country in 2003.

In 2014, we continued to pursue a number of opportunities to grow and expand the MIS business in South Africa. In line with our strategy across MIS, we expanded our efforts to deliver a better end-to-end business experience for issuers and investors. To achieve this, we implemented new processes within our commercial unit to make the engagement process with our customers more transparent and user friendly. From an analytical perspective, we continually strive to improve the predictive nature of our credit ratings.

In 2015, MIS SA's core objective remains delivering increased value through high quality ratings and a globally consistent service experience. Success will strengthen our core franchise, grow and expand our market presence, and foster a culture of continuous improvement in our operational infrastructure.

MIS SA's management and board of directors set high standards for the company. As part of this responsibility, we are actively focused on maintaining the highest levels of integrity, operational efficiency, accountability and transparency.

A) DESCRIPTION OF BUSINESS

MIS SA is a leading provider of credit ratings, research and risk analysis in South Africa. We publish credit ratings on a wide range of debt obligations and the entities that issue such obligations, with our locally-based lead analysts covering a variety of industries including corporates, government related issuers and municipalities. Revenue is primarily derived from the issuers of such transactions. For investors, MIS SA provides independent, globally comparable, transparent and industry leading analysis of credit risk.

B) DIVERSITY AND INCLUSION

Moody's has a longstanding policy of providing a work environment that respects the dignity and worth of each individual and is free from all forms of unlawful employment discrimination, including harassment because of race, color, gender, age, religion, national origin, citizenship, marital status, sexual orientation, gender identity, genetic information, disability, military or veteran status or any other characteristic protected by law.

Our goal is to build an organisational environment that encourages the full participation of all members of our diverse work force and enables everyone to use the full range of their talents, skills and abilities to serve our customers.

We believe that the different perspectives, backgrounds and individual styles of our people offer great opportunities to add value to the company, and that each person's role is vital to MIS's success. MIS believes that equal employment opportunity is essential for the continued successful operation of our business. Everyone benefits when all people are able to realise equal opportunities and the rewards that come as a result of capitalising on those opportunities.

Our values of integrity, independence, inclusion, insight and intellectual leadership remain the foundation of our culture.

C) MANAGEMENT STRUCTURE

The country manager is responsible for the day-to-day operation and infrastructure of MIS SA and is supported by MIS's global support functions.

MIS's management structure is established on a global, regional and national basis across jurisdictions. MIS's organisational structure and decision making procedures clearly specify reporting lines and allocate functions and responsibilities.

Global Management

Mr. Henry A. McKinnell, Jr. is the Chairman of the Board of Directors of MCO. Mr. Raymond W. McDaniel, Jr. is the President and Chief Executive Officer of MCO and is also Chairman and Chief Executive Officer of MIS. Mr. McDaniel is based in New York. The President and Chief Operating Officer of MIS is Mr. Michel Madelain, who is based in London.

Regional Management

MIS's management group is complemented by regional managers for each of Europe, Middle East and Africa (EMEA), Americas and Asia/Pacific. Mr. Olivier Beroud, is the Regional Head of MIS EMEA and is based in London. The Regional Head of MIS EMEA is critical for maintaining information flow between MIS's subsidiaries in EMEA and provides centralised oversight. The Regional Head of EMEA is responsible for overseeing the management of MIS's EMEA subsidiaries as conducted by the country manager.

National Management

MIS SA is managed on a day-to-day basis by a country manager who, as noted above, reports in this capacity to the Regional Head of MIS EMEA. The country manager for MIS SA who is based in Johannesburg, is responsible for, among other things, reviewing the adequacy of support provided to MIS SA by MIS's global service functions such as the Compliance Department and the Credit Policy Group or from other MIS entities via outsourcing arrangements.

Line of Business Management

MIS's credit rating groups are also organised with regional and global reporting lines that operate across five lines of business: 1) corporate finance, 2) sovereign, 3) public, projects and infrastructure finance, 4) structured finance and 5) financial institutions. A global manager for each line of business reports to the President and Chief Operating Officer of MIS and is supported by a corresponding business manager in each of MIS's three main regions of operation (EMEA, Americas, and Asia/Pacific). Another series of managers, responsible for overseeing individual rating teams that may be geographically dispersed, generally report to the relevant regional line of business manager. This cross border reporting structure results in an escalation and resolution of any line of business issue on an international or regional basis, irrespective of the country in which the issue may have arisen. Similarly, to the extent possible, decisions made relating to a particular line of business are implemented by the relevant management across jurisdictions or regions.

MIS's core support functions (including the Credit Policy Group and the Compliance Department) operate regionally and report to the manager of the relevant function in EMEA or to the global manager.

To execute her duties, the country manager of MIS SA receives information on the following matters: a) Human Resources, b) Financials, c) Compliance; and d) additional business information where appropriate.

The information received together with the management structure above provides the country manager with sufficient information to fulfill her responsibilities. The country manager of MIS SA is responsible for overseeing its activities and reports in such capacity to the Regional Head of MIS EMEA and issues identified are escalated for management consideration.

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

1. Detailed Information on Legal Structure and Ownership

MIS SA is a wholly-owned indirect subsidiary company of Moody's Corporation ("MCO"), a Delaware (USA) incorporated company listed on the New York Stock Exchange ("NYSE"). MIS SA is a private limited company, incorporated in accordance with the laws of South Africa and that operates as part of the global group of credit rating agencies comprising MIS.

Legal Structure of MIS SA:

NAME OF SHAREHOLDER	% SHAREHOLDING	COUNTRY
Moody's South Africa (BVI) Limited	100%	British Virgin Islands
Moody's Group Cyprus Limited	100%	Cyprus
Moody's Holdings LLC	100%	US
Moody's International (UK) Limited	100%	UK
Moody's Group (Holdings) Limited	100%	UK
Moody's International LLC	100%	US
Moody's Overseas Holdings Inc.	100%	US
Moody's Corporation	100%	US

2. Description of Internal Control Mechanisms

A) GOVERNANCE

MIS SA benefits from an effective governance structure that operates in accordance with the requirements of the Regulation and laws of South Africa, involving regional and functional management oversight. MIS SA considers that its governance structure is consistent with the spirit and principles of the King Code on Corporate Governance Principles (the "King Code") whilst acknowledging (as specifically envisaged by the King Code) that the form and extent of the application of the King Code will differ for each type of entity.

As a NYSE listed company, MCO complies with the NYSE's Corporate Governance Standards. MIS SA has enhanced its governance structure in line with the requirements of the Regulation and has two independent members: Mr. Mfundiso Njeke and Mr. Mahomed Seedat. In addition to three non-independent directors, MIS SA has three members of the board of directors: Mr. Ian Glover, Mr. Olivier Beroud, and Mr. Kiso Diall¹.

Independence: Two members of the board of directors of MIS SA are independent. The independent members are free from any business, family or other relationship with MIS SA, its controlling shareholder or the management of either, that creates a conflict of interest that would impair their judgment. In addition, the independent members are not involved in credit rating activities.

¹ From 1 January 2015, Ms. Sylvia Chahonyo was appointed as a member of the board of directors of MIS SA.

Expertise: The majority of members of the board, including its independent members, have sufficient financial expertise which includes knowledge of the debt capital markets, investment markets and credit and risk analysis.

Time commitment and compensation: The independent members have sufficient time to meet the expectations of their role. The independent members are required to inform the chairman of the board of directors of any directorships, consultancy posts or similar offices with other companies. The compensation of each independent member is not linked to the business performance of MIS SA and is arranged in order to ensure the independence of the relevant independent member's judgment. Non-independent members of the MIS SA board of directors do not receive any additional remuneration for their role.

Term of appointment: The independent members of MIS SA are appointed for a pre-agreed, fixed period of three years. The terms of appointment of the other non-independent members of the board of directors is not fixed.

Remit of the independent members: In addition to the overall responsibilities of the board, the independent members have a specific remit to monitor: (i) the development of credit rating policies and methodologies used by MIS SA, (ii) the effectiveness of the internal controls in relation to credit rating services, (iii) the effectiveness of conflict of interest procedures, (iv) compliance and governance processes, including the efficiency of the internal review function (the Methodology Review Function referred to below).

B) CREDIT POLICY GROUP

The Credit Policy Group acts on an international level and on a cross-jurisdictional basis supporting the MIS global group, including MIS SA, irrespective of where MIS analysts are located.

MIS's Credit Policy Group is a key part of the control and analytical support framework within MIS. The Credit Policy Group is independent of and separate from the ratings teams that are principally responsible for producing credit ratings. The group is overseen by MIS's Global Chief Credit Officer ("MIS Global CCO"), who is directly accountable to MCO's Chief Executive Officer and also reports quarterly to MCO's Board of Directors. Its role is to promote quality, consistency and transparency in MIS's credit analysis globally.

Credit Policy is split into two distinct functions with different roles: the Methodology Review Function ("MRF"); and the Credit Review Function ("CRF").

The MRF fulfills the requirements of the CRS Rules to establish an independent review function which reviews and approves both the adoption of new methodologies, models, and key rating assumptions and changes to existing methodologies, models and key rating assumptions used in the credit rating process. The staff of the MRF includes the MIS Global CCO, the Managing Director for Credit Policy Research, and the Chief Credit Officers ("CCO(s)") for each of Corporate Finance & Infrastructure, Financial Institutions, Public Sector, and Structured Finance rating groups. The MRF also includes the staff of Credit Policy's Model Verification, Default Study Research Team, IT Support, and Policy Development teams. Its responsibilities include: 1) approval of new credit rating methodologies; 2) approval and oversight of changes to, and the retirement of, existing credit rating methodologies, models, and key rating assumptions; and 3) the annual review of the appropriateness and completeness of existing credit rating methodologies.

The MRF's deliberations and decisions are undertaken at the meetings of Credit Policy Standing Committees: one for each of MIS's ratings groups and one further senior standing committee. These standing committees consist of MIS individuals from the MRF, the CRF, and MIS's various rating groups. Only MRF members, however, vote on issues relating to credit rating methodologies. MRF members who approve credit rating methodologies may attend, but have no vote in, rating committees or portfolio reviews.

The CRF consists of the Regional Chief Credit Officers ("CCO(s)") as well as the Group Credit Officers ("GCO(s)") and other Credit Policy members globally. Its role is to promote cross-sector consistency in the application of credit rating methodologies

and quality of MIS's credit ratings. CRF members may vote in rating committees and lead portfolio reviews. CRF members may attend Credit Policy Standing Committees but may not vote to approve new or revised credit rating methodologies.

C) COMPLIANCE FUNCTION

The MIS Compliance Department is part of the wider Legal, Compliance, and Government and Public Affairs Group which reports to MCO's Global General Counsel and is independent of the lines of business. It is responsible for assessing MIS's adherence to regional and local laws and regulations as well as codes of conduct, policies, procedures and guidelines. The MIS Compliance Department monitors the adequacy and effectiveness of the measures and procedures put in place to maintain compliance with the Regulation and provides reports to the board of directors of MIS SA on a regular basis.

D) INTERNAL AUDIT

MCO maintains a centralised and independent Internal Audit Group, which is responsible for performing internal audits in relation to all MIS entities, including MIS SA. The MCO Internal Audit Group is responsible for bringing a systematic and disciplined approach to evaluating and improving the effectiveness of MCO's internal controls and governance processes. The MCO Board of Directors, a NYSE-listed company, has established an Audit Committee (the "MCO Audit Committee") to which the Internal Audit Group reports.

E) ENTERPRISE RISK MANAGEMENT

MCO has established an Enterprise Risk Management Group with a global remit, including MIS subsidiaries and MIS SA. Its remit includes identifying principal operational risks across MIS's business.

F) CODES OF CONDUCT

MIS SA operates under MCO's "Code of Business Conduct" and the "MIS Code of Professional Conduct" which set out guiding principles. Each employee is expected to adhere to both codes and each director to the MCO's Code of Business Conduct.

G) POLICIES AND PROCEDURES

The principles established by the codes of conduct described above are elaborated upon in MIS's policies and procedures. These documents implement MIS SA's obligations under applicable laws and regulations and govern the conduct of employees during the credit rating process. These documents establish a consistent approach throughout MIS and extend to, among other matters, the independence of the credit rating process, the avoidance of conflicts of interest and disclosure requirements.

H) MANAGEMENT OF CONFLICTS OF INTEREST

All business models for credit ratings agencies may have potential conflicts of interest embedded in them. While it is not possible for MIS to eliminate all conflicts in its business model, those that cannot be eliminated are identified, managed and disclosed to maintain objectivity, independence and integrity in the credit rating process.

In particular MIS has instigated the following:

- » MIS's Code of Professional Conduct establish both high-level principles addressing potential conflicts of interest and high-level standards on the handling of confidential information. Pursuant to MIS's policies, procedures and guidelines, employees are subject to restrictions with respect to receipt of gifts, personal ownership and trading of securities, and other personal interests that could create a potential conflict with the independence of MIS's credit rating activities.
- » MIS SA is operationally and legally segregated from MCO's non-ratings businesses.
- » As an institution, MIS does not act as a principal or make markets in securities.

- » MIS Commercial Group is operationally segregated from any analytical line of business and any involvement in credit rating activities. Analysts are prohibited from participating in fee discussions with issuers or their agents.
- » Credit ratings are determined by rating committees.
- » Analysts are not compensated or evaluated on the basis of the amount of revenue that MIS SA derives from issuers that the analyst rates or with which the analyst interacts.
- » MIS SA conducts a “look-back review” when an analyst leaves MIS SA and joins an issuer with which he or she had significant dealings as part of his or her duties as an analyst
- » MIS SA expects each employee to comply with these policies and procedures.
- » The MIS Compliance Department monitors employee conduct regarding potential conflicts of interest.

I) RATING COMMITTEE

Credit ratings are determined by rating committees pursuant to a majority vote of the rating committee’s voting members and not by individual analysts. The rating committee is a critical mechanism for promoting the quality, consistency and integrity of MIS’s credit ratings. MIS has established policies, procedures and guidelines governing the preparation for, convening and conduct of rating committees. Among other things, those policies, procedures and guidelines cover the composition of rating committees, the type, quality and format of information that needs to be provided, voting procedures, how conflicts of interest are avoided and confidentiality is maintained.

J) METHODOLOGIES

Methodologies used by MIS SA are made publicly available on www.moodys.com. They are global in nature but may be tailored to take account of structural or regional variations. New credit rating methodologies or changes to existing credit rating methodologies are approved by the MRF members. They are subject to ongoing refinement and are reviewed at least annually. MIS’s credit rating methodologies represent the core of MIS’s analytical approach in a given sector and are applied consistently in the credit rating process.

K) SURVEILLANCE

Except for credit ratings that clearly indicate that they do not entail ongoing surveillance, once a credit rating is published, MIS SA continuously monitors the credit rating and reviews it at least annually and semi-annually for sub-sovereign credit ratings until the credit rating is withdrawn. In MIS SA, surveillance of credit ratings is conducted by the same analytical unit that is responsible for assigning the initial credit rating.

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

A) STRUCTURE AND FUNCTION

MIS SA has established a permanent, independent and effective Compliance Department that has the necessary authority, resources, expertise and access to all relevant information to perform its duties.

A senior compliance officer serves as Head of Compliance in each of MIS’s three main regions of operation: EMEA, Americas and Asia/Pacific, and reports to MCO’s Managing Director Global Compliance and Investigations. The Compliance Department in South Africa is an integral part of the EMEA and global MIS Compliance Department and is independent of the business management. Compliance in MIS SA is supported by an authorised compliance officer. The Compliance Department does not assign credit ratings, participate in the development of rating methodologies or models, or perform marketing or sales functions.

The structural oversight and reporting arrangements support MIS SA in continually meeting its compliance obligations under the CRS Act and CRS Rules.

B) REMIT

Among other matters, MIS's compliance officers, including the authorised compliance officer for MIS SA, are responsible for the following specific matters:

- » Developing and communicating policies and procedures that implement global, regional and national legal and regulatory requirements;
- » Developing and delivering compliance training to staff;
- » Advising staff on their compliance obligations;
- » Monitoring MIS SA's adherence to applicable laws, rules and regulations and policies and procedures, including those relating to conflicts of interest;
- » Investigating potential breaches of MIS's policies and procedures;
- » Responding to regulatory enquiries and reviews; and
- » Providing reports to the board of directors of MIS SA.

MIS SA's staff have an open channel of communication with the Compliance Department.

4. Description of Record Keeping Policy

Record-keeping processes in MIS SA is governed by the Policy and Procedures for Record Retention for Rating Services. These documents, along with the Appendix of Rating Services Record Retention Schedules, provide the fundamental principles of MIS's record retention policy, including:

- » The type of documents subject to the policy;
- » Categories of document types for purposes of retention obligations;
- » Retention periods for records relating to the credit rating services, in accordance with applicable law and regulation in the jurisdictions in which MIS operates;
- » Instructions on the repositories used for record retention, and
- » Specifying the parties responsible for retention and deletion of records related to the credit rating services.

Records that are required to be retained include certain documents obtained or created during the credit rating process, whether provided by external sources or created by MIS SA. In addition, those documents and other credit-relevant documents are generally retained in a consolidated file for each issuer or transaction. Access rights to the document management databases are restricted to maintain the confidentiality of the information stored.

Rating applications and other contractual documents with issuers, along with exchanges with issuers related to commercial and fee information are handled by the Commercial Group, which is segregated from the analytical teams. For credit rating services covered by the policy, records that relate to contracts, commercial or fee information are electronically filed in a separate retention system from the records filed as part of the analytical process.

5. Revenue Sources

The revenue of MIS SA is derived from credit rating services and non-credit rating services, as defined below, and is shown for the financial year ended 31 December 2014. Defined terms used in this section have the following meanings:

- » “Credit Rating Services”: Products and services that are offered by MIS SA, that are derived from the credit rating process and provide an opinion regarding the creditworthiness of an entity, a debt or financial obligation, debt security, preferred share or other financial instrument, or of an issuer of such debt or financial obligation, debt security, preferred share or other financial instrument, issued using an established and defined ranking system of rating categories.
- » “Non-Credit Rating Services”: Ancillary and Other Permissible Services. MIS SA did not offer any Non-Credit Rating Services in 2014.
 - “Ancillary Services”: Those products and services that may be offered by MIS SA, that are not credit rating services, and that include market forecasts, estimates of economic trends, pricing analysis or other general data analysis as well as related distribution services.
 - “Other Permissible Services”: Products and services that MIS SA may offer that are neither Credit Rating Services nor Ancillary Services and that are identified by MIS in MIS’s Rating Symbols and Definitions that is publicly available on www.moodys.com.

MOODY'S INVESTORS SERVICE SOUTH AFRICA (PROPRIETARY) LIMITED	(RAND)
Credit Rating Services	R22,608,361
Non-Credit Rating Services	
Ancillary Services	
Other Permissible Services	
Total Revenue	R22,608,361

SECTION C: INFORMATION AS PER BOARD NOTICE 168 OF 2013

1. Details of Methodologies, Models and Key Assumptions Reviewed

MIS’s methodologies are made publicly available on www.moodys.com. They are global in nature but may be tailored to take account of structural or regional variations. New methodologies or changes to existing methodologies are approved by the Methodology Review Function of the Credit Policy Group. They are subject to ongoing refinement and are reviewed at least annually. MIS’s methodologies represent the core of MIS SA’s analytical approach in a given sector and are applied consistently in the credit rating process.

Many of these credit rating methodologies include references to quantitative tools and “models,” which are analytical tools used to infer the implications of sets of assumptions. Individual rating committees rely on models as tools to varying degrees, depending on the facts and circumstances in the sector and of the particular issuer. Current versions of the credit rating methodologies used by MIS SA, which are updated periodically, along with descriptions of models (if any) they employ can be found on www.moodys.com via the web [Link](#).

2. Details of Analyst Rotation

MIS SA recognises the objectives of rotating analysts. MIS SA is aware that a potential conflict of interest exists for analysts if they have a too close relationship with a particular issuer or related third party and thus impair their objectivity. This potential conflict is one of the underlying reasons for the rating committee process. Credit ratings of MIS SA are the product of a rating committee and not a single analyst or a single team. Rating committees are comprised of analysts from different teams and different sectors who bring a range of perspectives to the opinion formation process. The rating committee, therefore, provides a countervailing check within the rating process.

3. Details of Staff Allocated to Ratings

As of 31 December 2014, MIS SA employed 3 analytical staff, comprised of 2 analysts in corporate finance and 1 analyst in public, projects and infrastructure finance.

4. Information On Credit Ratings By Category

The table below shows all credit ratings² assigned and/or requested to be assigned by MIS SA in 2014. There were no material changes to these products during the year.

CREDIT RATINGS 1- JANUARY 2014 - 31 DECEMBER 2014	CORPORATES	FINANCIAL INSTITUTIONS	PROJECT FINANCE	PUBLIC UTILITY	STRUCTURED FINANCE	REAL ESTATE FINANCE	SOVEREIGN	SUB-SOVEREIGN	TOTAL
New	0	0	0	0	0	0	0	3	3
Existing	27	0	1	0	0	0	0	36	64
Withdrawn	5	0	0	0	0	0	0	0	5
Credit ratings were requested but were not issued	0	0	0	0	0	0	0	0	0
Credit rating agency declined to issue a credit rating	0	0	0	0	0	0	0	0	0

MIS SA may provide Credit Ratings, National Scale Credit Ratings, Private Credit Ratings, Ancillary Services and Other Permissible Services and research activities.

MIS SA's Credit Rating nomenclature follows two primary scales: (a) long term; and (b) short term and further information is set out in the MIS Rating Symbols and Definitions (available on www.moodys.com).

CREDIT RATINGS

The scope of rating activities that MIS SA provides to the market are set out in the MIS Rating Symbols and Definitions and include the publication of Long-Term and Short-Term ratings in each of Corporate Finance, Sovereign, Public Finance and Infrastructure Finance, Structured Finance; and Financial Institutions. At present, MIS SA employs analysts that cover Corporate Finance, and public, projects and infrastructure finance.

MIS SA publishes on www.moodys.com its public credit ratings on issuers or obligations.

MIS SA also assigns National Scale Credit Ratings in South Africa which are designated with a (.za) suffix. National Scale Credit Ratings address relative credit risk within a given country and are not designed to be compared among countries. In particular, loss expectation associated with National Scale Credit Ratings can be expected to be significantly higher than apparently similar rating levels on MIS's global scale. National Scale Credit Ratings assist investors who have found that the global rating scale provides inadequate differentiation among credits or is inconsistent with a rating scale already in common use in the country. See [Link](#) on www.moodys.com for more details.

² This information is provided at a debt level.

ANCILLARY AND OTHER PERMISSIBLE SERVICES

MIS SA currently does not provide Ancillary Services.

MIS SA may provide a variety of services - Other Permissible Services - that are intended to give a broader approach to the consideration of risk, beyond simply credit ratings. Other Permissible Services are defined in MIS Rating Symbols and Definitions.

PRIVATE CREDIT RATINGS

Upon the request of the issuer and at MIS's sole discretion, MIS SA may agree to issue a private credit rating. As set out in section 3(4) of the CRS Act, the MIS SA private credit ratings do not fall within the scope of the Regulation. They are provided privately and are not released for public disclosure or distributed by subscription. However, if an issuer or obligation already carries a public credit rating from the MIS SA, subsequent decisions to change or discontinue such credit rating are made public. MIS SA's private credit ratings are issued either as point-in-time credit ratings or on a monitored basis.

5. List of Ancillary Services

MIS SA currently does not provide Ancillary Services.

MIS SA may provide a variety of services - Other Permissible Services - that are intended to give a broader approach to the consideration of risk, beyond simply credit ratings. Other Permissible Services are defined in MIS Rating Symbols and Definitions.

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

Board of Directors

The following individuals are members of the board of directors for MIS SA as of December 31, 2014.

- » Mr. Olivier Beroud
- » Mr. Kisso Diall
- » Mr. Ian Glover
- » Mr. Mfundiso Njeke (Independent Member)
- » Mr. Mahomed Seedat (Independent Member)

From 1 January 2015, Ms. Sylvia Chahonyo was appointed as a member of the Board of Directors.

MIS SA has established a board of directors, as described above.

FULL NAME AND SURNAME	QUALIFICATIONS AND EXPERIENCE	DATE APPOINTED
Olivier Beroud	<p>Current role: Managing Director and Head of Moody's for Europe, the Middle East and Africa.</p> <p>Previous roles: Managing Director in the Moody's EMEA Corporate Finance Group; Head of Ratings and Strategy Advisory in Barclays Corporate Bank; Rating Advisor in Verdanta Resources Plc; Standard & Poor's team leader in the Corporate Ratings practice; Assistant Manager Natexis; and Consultant, Moore Stephens.</p> <p>Qualifications: MBA in Finance from the Cass Business School in London and a business degree from the Institut Supérieur de Gestion in Paris.</p>	14 January 2013
Kisso Diall	<p>Current role: Vice President and Project Manager at Moody's.</p> <p>Previous roles: Head of the EMEA Business Planning function at Moody's; and Finance based roles in BT Global Services in London, and Portugal Telecom in Lisbon.</p> <p>Qualifications: BSc in Business and Management from the Universidade Moderna de Lisboa.</p>	1 July 2014
Ian Glover	<p>Current role: Managing Director, Business Management for Moody's Investors Service in Europe.</p> <p>Previous roles: SVP, Business Management, Chief Administrative Officer, Fundamentals and Finance Manager for Europe at Moody's; Manager Financial Planning and Analysis at IMS International; and Audit manager in the UK with Deloitte & Touche.</p> <p>Qualifications: Accountancy qualifications and a B.Sc (Hons) in Chemistry from University College London.</p>	5 February 2009
Mfundiso Njeke	<p>Current role: Chairman of Silver Unicorn Trading 33 (Pty) Limited and a non-executive director of a number of companies.</p> <p>Previous roles: Managing Director of Kasigo Trust Investments; and Chartered accountant.</p> <p>Qualifications: B Comm degree, University of Fort Hare, B Compt (Hons) degree, UNISA, Higher Diploma in Taxation, University of Johannesburg and Chartered Accountant qualifications.</p>	29 September 2014
Mahomed Seedat	<p>Current role: Non-executive director of Aveng Engineering.</p> <p>Previous roles: Chief Operating Officer and other senior executive roles at Lonmin PLC. President of BHP Billiton Energy Coal, Ingwe Coal Corporation South Africa and BHP Billiton Aluminum Southern Africa.</p> <p>Qualifications: Bachelor of Engineering (Electrical), University of Durban Westville, Management Development Programme (MDP), UNISA, Government Certificate Mines and Works (Elect) of Competency (No 3201), Programme in Management Development (PMD), Harvard Business School (USA) and Scholarship Harvard /SA Fellowship Programme</p>	29 September 2014

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

MIS SA's governance structure is consistent with the spirit and principles of the King Code. MIS SA considers that its corporate governance structure is appropriate for a company with its corporate form and to the nature and extent of its business. Further information on MIS SA's governance structure is set out above.

8. Status Report on the Investor Education Initiatives

MIS's credit ratings and related research are intended for use solely by market professionals and MIS SA does not seek to establish direct relationships with retail investors. MIS SA publications assume that the user is a market professional. MIS SA makes its credit ratings and corresponding press releases as well as its Symbols and Definitions available on MIS's website.

MIS SA's employees deal fairly and honestly with issuers, investors and other market participants and any observed concerns may be reported by MIS SA's staff to the Compliance Department or management as appropriate. Any employee who reports a concern in good faith will not be subject to disciplinary action or otherwise adversely affected as a result of reporting such concern.

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

MIS SA's public credit ratings and methodologies are publicly available on www.moodys.com, enabling third parties to assess the performance of credit ratings. MIS SA also periodically analyses the performance of its credit ratings to assess their consistency and quality. MIS publishes information including, historical default and impairment rates for main geographic areas by credit rating category, the transitions between credit rating categories, and other periodic performance metrics to help financial market professionals understand the historical performance of securities assigned to different credit rating categories.

MIS reports default rate statistics based on National Scale Rating (NSR) and Global Scale Rating (GSR), respectively. For fundamental issuers (i.e. financial institutions, non-financial corporates, public finance & sovereign entities), MIS's default rates relate to issuers domiciled in South Africa. For structured finance ratings, the NSR default rates concern deals whose assets are located in South Africa whereas the GSR default rates refer to deals monitored by MIS SA.³ Although these ratings are assigned by various MIS entities, for the purpose of the historical default rates, these ratings are aggregated and reported based on the domicile of the rated entity or the asset location in order to provide the market with comparability. Information on the performance of South African domiciled issuers is published on [Link](#).

10. Adherence to the Prescribed Code of Conduct

The MIS Code of Professional Conduct ("MIS Code") sets out the overarching principles that guide MIS SA in its efforts to protect the quality, integrity, objectivity and transparency of its credit rating process.

The MIS Code largely adopts the provisions of the International Organization of Securities Commissions ("IOSCO") in its revised Code of Conduct Fundamentals for Credit Rating Agencies issued in 2008.

The MIS Code was updated in December 2014 and further information on how the code is implemented, and details of changes to the MIS Code are published on www.moodys.com and the following [Link](#).

³ All of the GSR South African structured finance credit ratings were withdrawn by August 2010. There are no outstanding GSR ratings monitored by MIS SA.

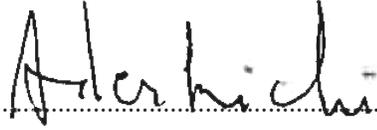
SECTION E: SIGNATURES

I, the undersigned compliance officer of Moody's Investors Service South Africa (Proprietary) Limited, do hereby certify and acknowledge by affixing my signature below that the information contained in this Annual Report is correct to the best of my knowledge.

Nadia Aderkichi

.....

Name of Compliance Officer

A handwritten signature in black ink, appearing to read 'Aderkichi', written over a dotted line.

Signature of Compliance Officer