

Disclosure of Service Descriptions



Disclosure of Ancillary and Other Services

S&P Global Ratings business operations in Australia are currently conducted through S&P Global Ratings Australia Pty. Ltd (“S&P Australia”).

In accordance with the provisions of the International Organization of Securities Commissions (“IOSCO”) Code of Conduct Fundamentals for Credit Ratings Agencies, this document lists the “Ancillary Services” and “Other Services” offered by S&P Australia. Also listed are the “Credit Rating Activities” offered by S&P Australia.

S&P Australia does not receive any compensation from a rated entity, obligor, originator, lead underwriter, or arranger that is unrelated to its ratings service. Should S&P Australia receive any such compensation it will disclose the proportion such unrelated compensation constitutes against the total annual compensation S&P Australia received from such rated entity, obligor, lead underwriter, or arranger.

“Ancillary Service” means a product or service that S&P Global Ratings provides or sells that is not a Credit Rating or Credit Rating 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.

“Other Service” means a product or service that S&P Global Ratings provides or sells that is neither an Ancillary Service nor part of its Credit Rating Activities. (Other Services are related to credit ratings, but may not be a direct part of credit ratings activities given that they may be provided independently of a credit rating.)

“Credit Rating Activities” means (i) data and information analysis related to Credit Ratings; (ii) the evaluation, approval, issuance, and review of Credit Ratings; and (iii) the development or approval of Criteria, including the development or approval of qualitative and quantitative models.

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| Type of Service | Service Name | Description |
|--------------------|--------------------------|---|
| Ancillary Services | None | N/A |
| Other Services | Cash Flow Evaluator | Cash Flow Evaluator is a cash flow model designed to analyse whether the rated security of a structured deal may receive timely or ultimate interest and principal payments at different liability ratings levels, after the application of collateral defaults and other stresses incurred by the collateral pool. The model is used to assign initial ratings for structured transactions, as well as for surveillance and for generating scenario analysis. Cash Flow Evaluator applies various combinations of stresses to the collateral portfolio of a structured transaction and examines whether the rated securities receive timely or ultimate interest and principal payments in those scenarios. The stresses applied may include collateral default levels and timing, collateral recovery levels and timing, interest rate movements, and prepayment stresses when applicable. Cash Flow Evaluator creates scenarios composed of different combinations of these stress factors (e.g. rising interest rate environment combined with low prepayments and back-ended defaults), and determines the maximum default rate that can be applied to the collateral in each scenario such that the rated liabilities always receive timely or ultimate interest and principal payments. This maximum default rate is referred to as the Break-even Default Rate (BDR). A full description of the model is available on the S&P Global Ratings website. |
| Other Services | CDO Evaluator: 7.1 | CDO Evaluator 7.1 is a model that S&P Global Ratings uses as a tool to assess the credit risk of a portfolio of rated (or credit assessed) corporate assets, structured finance assets, sovereign assets, municipal assets, project finance assets, international public finance assets, and other assets with ratings or credit assessments, and combinations of such assets. In addition, we use CDO Evaluator 7.1 as a tool to assess the credit risk of commodity collateralized obligations (CCOs) and foreign exchange collateralized debt obligations (FX CDOs). CDO Evaluator is also used for restructurings of asset-backed securities (ABS), commercial mortgage-backed securities (CMBS), residential-mortgage-backed securities (RMBS), and other structured finance securities. |
| Other Services | CDO Monitor 6.0.1 | CDO Monitor 6.0.1 is a tool used by CDO managers and trustees to assess compliance with the S&P Global Ratings CDO Monitor Test. The S&P Global Ratings CDO Monitor Test is intended to help identify potential changes in the credit quality of the underlying assets in a CDO, or changes in other collateral attributes, that could have an impact on a transaction's performance. |
| Other Services | Conferences and Training | Conferences are provided covering topical developments in credit markets, credit ratings, and credit analysis in key industry and government sectors. Training sessions are occasionally provided covering S&P Global Ratings analytical methodology. |

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| Other Services | Covered Bond Monitor | <p>Covered Bond Monitor quantitatively assesses whether the reported cash flows of a particular covered bond pool are potentially eligible to support the achievable collateral-based uplift, according to our criteria. It performs these calculations based on the user's input of relevant data into an Excel template, which is specifically designed by S&P Global Ratings to be read by Covered Bond Monitor. The model uses these provided cash flows and applies various combinations of S&P Global Ratings stress scenarios including stresses for credit as well as market risk to calculate the level of overcollateralization commensurate to support timely and ultimate payment of interest and principal. A full description of the model can be found on the S&P Global Ratings web site.</p> |
| Other Services | Credit Assessment | <p>A credit assessment is an indicator of S&P Global Ratings' opinion of creditworthiness that may be expressed in descriptive terms, a broad rating category or with the addition of a plus (+) or minus (-) sign to indicate relative strength within the category. It reflects our view of the general credit strengths and weaknesses of an issuer, obligor, a proposed financing structure, or elements of such structures. It may also pertain to limited credit matters or carve out certain elements of a credit that would ordinarily be taken into account in a credit rating. A credit assessment usually represents a point-in-time evaluation and S&P Global Ratings generally does not maintain ongoing surveillance of credit assessments. A credit assessment is generally confidential. Credit assessments are expressed using S&P Global Ratings' traditional credit rating symbols, but in lower case (e.g., 'bbb').</p> |
| Other Services | Credit Estimate | <p>A credit estimate is a confidential indication of the likely long-term Credit Rating of an unrated entity or instrument. Credit estimates are generally provided at the request of a third-party unrelated to the entity or the instrument. Credit estimates are primarily performed for the purpose of including the debt of unrated issuers in a collateralized debt obligation (CDO) or another structured finance obligation that is rated by S&P Global Ratings. Credit estimates are formulated using an abbreviated analysis that draws on the analytical experience of credit estimate Analysts and does not include all of the aspects of a Credit Rating. For these reasons, among others, a credit estimate is not a substitute for a Credit Rating and does not constitute a Credit Rating. Credit estimates generally do not involve direct contact with the issuer/obligor's management or in-depth insight into operating, financial, or strategic issues that such contact allows. They are typically based on information provided from the requesting party together with information from third-party sources that we consider reliable. In all circumstances, credit estimates must satisfy established credit estimate information guidelines. Credit estimates are confidential and are not published by S&P Global Ratings; a credit estimate is distributed only to the specific party who requests it. S&P Global Ratings does not maintain ongoing surveillance on credit estimates, but periodic updates may be provided. Credit estimates are expressed using S&P Global Ratings traditional credit rating symbols, but in lower case (e.g., 'bbb'). A credit estimate may be provided as Private Credit Analysis. (see below).</p> |

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| Other Services | Extended Financial Management Assessment | <p>Extended Financial Management Assessment (FMA) is an in-depth interactive assessment of financial management practices, tools, and policies of a local or regional government (LRG), provided to that LRG, or confidentially to a third party that requests it. S&P Global Ratings typically conducts an assessment of an LRG financial management as part of its credit rating process, and this component of the analysis is covered in our public finance criteria and routinely covered as a section in our credit rating reports. Extended FMA service provides a largely similar analysis but on a standalone basis either to interested LRGs or to third parties. Methodology for assigning extended FMAs is published on the S&P Global Ratings website (since July-1-2010).</p> |
| Other Services | Hedge Fund Evaluator | <p>Hedge Fund Evaluator provides market participants with an analytical tool to simulate Net Asset Value projections, Value At Risk and other metrics for their fund-of-funds or hedge fund portfolios, including the ability of the portfolio to generate enough cash flow to repay debt securities. Hedge Fund Evaluator employs Monte Carlo GARCH simulation to analyse future portfolio performance across investment strategies using hedge fund indices as proxies for fund performance. A full description of the model can be found on the S&P Global Ratings Website.</p> |
| Other Services | Insurance Risk-Based Capital (RBC) Model | <p>The Insurance RBC model takes inputs in the form of the dollar amount of various asset classes and sub-classes, along with insurance premiums, reserves, and other exposures. We apply factors to each input to derive a capital requirement arising from that risk. We use several correlation matrices to group these individual capital requirements and to reflect differing degrees of dependence between different risk pairings.</p> <p>The model calculates total available capital (TAC) from various balance-sheet and off-balance-sheet items. This represents S&P Global Ratings view of the capital available to cover losses. We compare the "sum" of capital requirements above to TAC in order to estimate the level of capital adequacy for the insurer being assessed.</p> |
| Other Services | Private Credit Analysis | <p>Private Credit Analysis is a Credit Estimate accompanied by a written report on the rationale for the Credit Estimate.</p> |
| Other Services | Servicer Evaluations | <p>A Servicer Evaluation is an opinion of a servicer's relative ability, efficiency and competence in servicing loan or asset portfolios, some of which may be included in structured finance transactions. The opinion is expressed on a 5-point descriptive scale from strong to weak, and is supported by a report based on the application of S&P Global Ratings published methodology for assessing servicers.</p> |
| Credit Rating Activities | Advanced Analytics, including Financial Product Company Assessments | <p>These are enhanced analytics that apply to an explicit part of an insurance company's operations.</p> |

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| Credit Rating Activities | Mapping | Mapping is a correspondence table that can be used to statistically map the unrated assets within a diversified CDO asset portfolio to the S&P Global Ratings global rating scale. It may only be used as part of the rating analysis of CDOs under certain circumstances. |
| Credit Rating Activities | Rating Agency Confirmations (RAC) | Rating Agency Confirmations are confirmations provided to relevant parties (e.g., a bond trustee) that a proposed event or change to a rated transaction will not, in and of itself, cause us to lower, withdraw, or qualify our current ratings on that transaction. |
| Credit Rating Activities | Rating Evaluation Services (RES) | Rating Evaluation Service is an analytical service for rated or unrated entities that are considering strategic or financial initiatives that could impact their creditworthiness. At the request of an Issuer, S&P Global Ratings will provide a confidential assessment of the potential credit rating implications of hypothetical scenarios presented by the Issuer. It is typically used to help evaluate the impact of restructurings, acquisitions, divestitures, or material changes in debt or capital structure. |
| Credit Rating Activities | Recovery Ratings | <p>A Recovery Rating is an opinion of expected recovery in the event of a payment default of a specific Issue. It is assigned on a numerical scale that runs from 1+ to 6 denoting a range from an expectation of full (1) to negligible (6) recovery.</p> <p>Recovery Rating analysis generally compares the nominal value expected to be received at the end of the troubled debt restructuring or bankruptcy to exposure at default, the latter defined as principal plus accrued and unpaid interest at the point of default.</p> <p>Recovery Ratings are not Credit Ratings but assessments used to determine specific issue ratings.</p> <p>Recovery ratings generally apply to speculative grade issuers in countries where we have the appropriate Jurisdiction Ranking Assessment.</p> |