iBoxx Rating Methodology

August 2019

1 iBoxx Average Rating Methodology

Ratings from the following three credit rating agencies are considered for the calculation of the iBoxx Rating:

- Fitch Ratings
- Moody's Investor Service
- S&P Global Ratings

The iBoxx average rating is determined as by taking the average of the three credit ratings agencies ratings.

If a bond is rated by several agencies, then the average rating is attached to the bond. If a tranche is not rated, the rating of its parent is applied. The rating is consolidated to the nearest rating grade.

Investment grade is defined as BBB- or higher from Fitch Ratings and S&P Global Ratings, and Baa3 or higher from Moody's Investor Services.If at least one of the above credit rating agencies provides "D" ("default") or "SD" ("selective default") rating, all available ratings from the agencies are consolidated to "D" iBoxx rating.

The following table provides the numerical translation for the three agencies currently considered:

Fitch	Moody's	S&P	Score
AAA	Aaa	AAA	1
AA+	Aa1	AA+	2
AA	Aa2	AA	3
AA-	Aa3	AA-	4
A+	A1	A+	5
A	A2	A	6
A-	A3	A-	7
BBB+	Baa1	BBB+	8
BBB	Baa2	BBB	9
BBB-	Baa3	BBB-	10
BB+	Ba1	BB+	11
BB	Ba2	BB	12
BB-	Ba3	BB-	13
B+	B1	B+	14
B	B2	B	15
B-	B3	B-	16
CCC+	Caa1	CCC+	17
CCC	Caa2	CCC	18

Fitch	Moody's	S&P	Score
CCC-	Caa3	CCC-	19
CC	Ca	CC	20
C	C	C	21
D/RD		D	22

Where more than one rating is available, the numerical average of all scores will be calculated and rounded to the nearest integer (e.g. 4.33 is rounded down to 4, while 4.5 is rounded up to 5). The resulting score is converted back to the iBoxx index rating (iBoxx only publishes rating grades without notches):

Score	iBoxx Rating
1	AAA
2	AA
3	
4	
5	A
6	
7	
8	BBB
9	
10	
11	BB
12	
13	
14	B
15	
16	
17	CCC
18	
19	
20	CC
21	C
22	D

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2 Further information

Glossary of key terms

The Markit iBoxx Glossary document of key terms is available in the *Methodology* section of the iBoxx *Documentation* page on *www.ihsmarkit.com*.

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