

Methodology for credit rating publication on Cbonds website

1. Principal provisions

1.1. Cbonds publishes only **long-term** credit ratings of companies and debt securities. The ratings are updated on a daily basis in line with their publication in original sources. The exception is Expert RA as we publish not only credit ratings, but also reliability ratings of this agency.

1.2. Cbonds publishes only **rating actions** by international and national rating agencies. The Credit Ratings section of the website (<http://cbonds.com/ratings/>) does not display data on expected ratings.

1.3. Detailed information on expected ratings is published in the Cbonds newswire.

2. Rating geography data

Table 1. Rating geography

Region	Rating type	International rating agencies			National rating agencies*		
		Sector			Sector		
		Sovereign	Corporate	Municipal	Sovereign	Corporate	Municipal
Russia and CIS	companies	✓	✓	✓	✓	✓	✓
	issues	✓	✓	✓	✓	✓	✓
Poland	companies	✓	✓	✓	✓	✓	-
	issues	✓	✓	✓	-	-	-
EM (without Russia and CIS)	companies	✓	✓	✓	✓	-	-
	issues	✓	✓	✓	-	-	-
DM	companies	✓	✓	✓	✓	-	-
	issues	✓	✓	✓	-	-	-

* - Russia: ACRA, National Rating Agency, Expert RA, RusRating, RIA Rating, AK&M;
Poland: EuroRating;
Ukraine: Rating, UCRA, IBI-Rating, NRA Rurik, Expert-Rating;
Kazakhstan: Expert RA Kazakhstan.
China: Dagong Global Credit Rating
Turkey: Saha Rating, TURKrating

3. Correspondence between international and Russian national scales of rating agencies

Table 2. Comparison of international rating scales of Moody's, Standard & Poor's, Fitch

No.	Moody's Investors Service	S&P Global Ratings	Fitch Ratings
1	Aaa	AAA	AAA
2	Aa1	AA+	AA+
3	Aa2	AA	AA
4	Aa3	AA-	AA-
5	A1	A+	A+
6	A2	A	A
7	A3	A-	A-
8	Baa1	BBB+	BBB+
9	Baa2	BBB	BBB
10	Baa3	BBB-	BBB-
11	Ba1	BB+	BB+
12	Ba2	BB	BB
13	Ba3	BB-	BB-
14	B1	B+	B+
15	B2	B	B
16	B3	B-	B-
17	Caa1	CCC+	CCC+
18	Caa2	CCC	CCC
19	Caa3	CCC-	CCC-
20	Ca	CC	CC
21	C	C	C

We used materials of the Bank for International Settlements when preparing Table 2¹.

This correspondence table is used in simple and advanced search in the bond database and in the Yield Curves service.

Table 3. Comparison of national rating scales (Russia) of international rating agencies

No.	Moody's Interfax Rating Agency*	S&P Global Ratings (national scale)	Fitch Ratings (national scale)
1	Aaa.ru	ruAAA	AAA(rus)
2	Aaa.ru	ruAAA	AAA(rus) / AA+(rus)
3	Aaa.ru	ruAA+	AA+(rus)
4	Aaa.ru / Aa1.ru	ruAA+	AA(rus)
5	Aa2.ru	ruAA	AA-(rus)
6	Aa3.ru	ruAA-	A+(rus)
7	A1.ru / A2.ru	ruA+ / ruA	A(rus) / A-(rus)
8	A3.ru / Baa1.ru	ruA / ruA- / ruBBB+	BBB(rus) / BBB-(rus)
9	Baa2.ru / Baa3.ru	ruBBB / ruBBB-	BB(rus) / BB-(rus)
10	Ba1 / Ba2.ru	ruBB+ / ./ / ruBB-	B+(rus)
11	Ba3.ru / ./ / B3.ru	ruB+ / ./ / ruB-	B(rus) / B-(rus)
12	Caa1.ru / ./ / Caa3.ru	ruB- / ./ / ruCCC-	B-(rus) / ./ / CCC-(rus)

*Moody's Interfax Rating Agency withdrew all ratings on March 18, 2016.

¹ Long-term Rating Scales Comparison - <http://www.bis.org/bcbis/gis/gisrating.htm> - October 18, 2016

4. Comparison of Cbonds rating scales with rating scales of international rating agencies

Table 4. Comparison of Cbonds rating scales with rating scales of international rating agencies

Cbonds scale	International rating agency scales		
	Moody's	Fitch	S&P
Foreign Currency LT	<ul style="list-style-type: none"> • LT Issuer Rating (Foreign) • LT Bank Deposits (Foreign) • Insurance financial strength rating (IFSR) (Foreign) • LT Corporate Family Ratings (Foreign) • BACKED Senior Unsecured (Foreign) 	<ul style="list-style-type: none"> • Long Term Issuer Default Rating • Insurer Financial Strength 	<ul style="list-style-type: none"> • Foreign Currency LT
LT National Scale (Russia)	<ul style="list-style-type: none"> • LT Issuer Rating (Domestic) • LT Bank Deposits (Domestic) • Insurance financial strength rating (IFSR) (Domestic) • LT Corporate Family Ratings (Domestic) • BACKED Senior Unsecured (Domestic) 	<ul style="list-style-type: none"> • Local Currency Long Term Issuer Default Rating 	<ul style="list-style-type: none"> • Local Currency LT
National scale (Russia)	<ul style="list-style-type: none"> • NSR LT Issuer Rating (Domestic) • NSR LT Bank Deposits (Domestic) • (Russian)National scale (IFS) rating • NSR LT Corporate Family Ratings (Domestic) 	<ul style="list-style-type: none"> • National Long Term Rating • (Russian) National Insurer Financial Strength 	<ul style="list-style-type: none"> • National Scale LT

5. Peculiarities of rating publication

5.1. Apart from the above-mentioned scales of international rating agencies used both for companies and for bond issues, the Cbonds website also offers sf rating scales for mortgage-backed bonds and structured products.

Table 5. Comparison of Cbonds sf scales with sf scales of international rating agencies

Cbonds scale	International rating agency scales		
	Moody's	Fitch	S&P
Foreign Currency LT (sf)	<ul style="list-style-type: none"> Structured Finance Ratings (Foreign) 	<ul style="list-style-type: none"> Long Term Issuer Default Rating sf 	<ul style="list-style-type: none"> Foreign Currency LT (sf)
Local currency LT (sf)	<ul style="list-style-type: none"> Structured Finance Ratings (Domestic) 	<ul style="list-style-type: none"> Local Currency Long Term Issuer Default Rating sf 	<ul style="list-style-type: none"> Local Currency LT (sf)

5.2. Cbonds rating outlooks correspond with outlooks of respective rating agencies, with the exception of RusRating outlooks that are displayed as follows:

Table 6. Comparison of RusRating outlooks and Cbonds outlooks

RusRating outlook	Cbonds outlook
Stable	Stable
Possible upgrade	Positive
Possible downgrade	Negative

5.3. When a rating is on the CreditWatch/Rating Watch list, then no outlook is shown for this rating.

5.4. There is no emr mark for ratings where the embedded market risk is not taken into account. Such ratings are shown in line with standard rating scales (Foreign Currency LT, Local currency LT and national scale).

5.5. When two ratings are assigned on one day on the same rating scale by the same rating agency (one of the ratings is withdrawn), then the withdrawn rating is considered to be the current rating.

5.6. If, when converting rating scales, one scale loses its relevancy, the rating on this scale is shown with the "withdrawn" status.

5.7. If a credit rating was revoked by the issuer, but the rating agency continues to publish it, it will be mentioned in the comment to the issuer's credit rating.

5.8. The website publishes credit ratings and reliability ratings of Expert RA and their sub-levels. A rating sub-level is an additional feature of the rating assessment level. The rating agency assigns sub-levels for rating classes A+ and A. The sub-level (sub-class) breakdown is the following: the first (the highest for this level), the second (middle) and the third (the lowest for this level) sub-level.

6. Bond issue credit ratings

6.1. Rating scales for bond issues are as follows:

- Local currency LT
- Foreign Currency LT
- National scale

6.2. There is a rule for distribution of bond issue ratings assigned by Fitch Ratings between rating scales (including sf rating scales), namely the international long-term local currency and international long-term foreign currency rating scales. If the currency of issue is the same as the currency of the actual issuer's country, the rating is shown as an international long-term local currency rating; if the currencies are different then the rating is shown as an international long-term foreign currency rating.

6.3. For S&P Global Ratings and Moody's ratings, the rating scale shown on the website is the same as given by the agency. In some cases there will be different rating scales for one and the same issue as S&P Global Ratings and Moody's have different rating scale methodologies.

6.4. The website publishes bond principal credit ratings (Principal LT) assigned by S&P Global Ratings. This rating's peculiarity is that it reflects credit risk of the bond principal only and does not cover interest payable on bonds. Local Currency Principal LT and Foreign Currency Principal LT ratings are shown on Cbonds on the following scales: the Local Currency LT and Foreign Currency LT, respectively. It will be mentioned in the comment to the rating that the rating covers only the bond principal.

7. Disclaimer

Please be aware that this methodology prepared by Cbonds specialists constitutes subjective assessment of credit scales correspondence. Cbonds News Agency shall not be liable for use of the information provided in this methodology and shall not be liable for any losses that may result from any

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