

Credit Ratings Summary



A credit rating is an alphabetical measure of the confidence you can have in a company's ability to meet its financial obligations. The ratings are provided by independent assessment agencies such as Standard & Poor's, Moody's, and Fitch.

Note: Ratings agencies can also add '+' or '-' to indicate a rating between their major ratings. Rating can also be applied to specific time periods. Separate credit ratings can be applied to a **company** and/or to **debt securities** it has issued.

	Description	S & P Scale	Moody's Scale	Fitch Scale	Approx. probability of default over 5 years*
Capacity to make timely payment	Extremely Strong	AAA	Aaa	AAA	1 in 600
	Very Strong	AA	Aa	AA	1 in 300
	Strong	A	A	A	1 in 150
	Adequate	BBB	Baa	BBB	1 in 30
Vulnerability to non payment	Less Vulnerable	BB	Ba	BB	1 in 10
	More Vulnerable	B	B	B	1 in 5
	Currently Vulnerable	CCC	Caa	CCC	1 in 2
	Currently Highly Vulnerable	CC		CC	
	Default	D	C	D	
* The approximate, median likelihood that an investor will not receive repayment on a five-year investment on time and in full based upon historical default rates published by each agency.					

Limitation: there are other important investment considerations besides credit ratings.

Source: Adapted from the **Reserve Bank of New Zealand** Bulletin, Vol 71, No. 3, September 2008, p.57