**Chapter 5: Bonds**

**Credit Rating Agencies**

**What do credit rating agencies do?**

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**Below, you have a table listing the credit scores given by credit rating agencies.**

1. Draw in an arrow to show the assessment of risk.
2. What is the definition of “Triple A Rating” by each of the credit rating agencies?
3. Draw in the dividing line between bonds that are rated as having less credit risk and those that have more risk.
4. Label investment grade and non-investment grade.

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| --- | --- |
| **Standard & Poor’s /****Fitch Ratings** | **Moody’s Ratings** |
| **AAA** | **Aaa** |
| **AA** | **Aa** |
| **A** | **A** |
| **BBB** | **Baa** |
| **BB** | **Ba** |
| **B** | **B** |
| **CCC** | **Caa** |
| **CC** | **Ca** |
| **C** | **C** |
| **D** |  |

**Activity: What is the credit rating?**

Complete the following table. You must identify which credit rating agency the score is relevant to as well as whether the score suggests suitability for prudent investors or not.

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| --- | --- | --- |
| **Credit Rating** | **Standard & Poor’s/ Fitch Ratings, Moody’s or all three?** | **Investment grade or non-investment grade?** |
| **Aaa** |  |  |
| **AA** |  |  |
| **Ba** |  |  |
| **BBB** |  |  |
| **B** |  |  |