

Methodology of SSE Credit Enhancement Industrial Bond Index Series

SSE Credit Enhancement Industrial Bond Index Series selects industrial bonds listed on Shanghai Stock Exchange with corresponding maturity, rating and credit enhanced guarantee. The index series aims to reflect the performance of the corresponding credit enhancement industrial bonds.

1. Index Name and Index Code

Index Name	Shortened Name	Index Code
SSE High Grade Guarantee Institution Credit Enhancement Industrial Bond Index	SSE H-Grade Guarantee Institution Enhance Industrial Bond	950285
SSE High Grade Credit Enhancement Industrial Bond Index	SSE High Grade Credit Enhancement Industrial Bond	950286
SSE 0-3 Year High Grade Credit Enhancement Industrial Bond Index	SSE 0-3Y High Grade Credit Enhancement Industrial Bond	950287
SSE 0-5 Year High Grade Credit Enhancement Industrial Bond Index	SSE 0-5Y High Grade Credit Enhancement Industrial Bond	950288
SSE AAA Credit Enhancement Industrial Bond Index	SSE AAA Credit Enhancement Industrial Bond	950289
SSE 0-3 Year AAA Credit Enhancement Industrial Bond Index	SSE 0-3Y AAA Credit Enhancement Industrial Bond	950290
SSE 0-5 Year AAA Credit Enhancement Industrial Bond Index	SSE 0-5Y AAA Credit Enhancement Industrial Bond	950291

2. Base Date and Base Index

The index series base date is Dec. 29, 2017. The base index is 100.

3. Index Eligibility

3.1 Index Universe

- Bond Type: Corporate bond and enterprise bond listed on Shanghai Stock Exchange market, excluding private-placement bond and urban

construction investment bond, government-support institution bond, and bonds issued by issuers in the financial and real estate industries. The bond currency is RMB.

- Interest-bearing Pattern: Fixed rate or bullet.

3.2 Constituents Selection

Index constituents are selected on the following basis from index universe.

Index Code	Shortened Name	Type of Guarantee Institution	Term to Maturity	Credit Rating
950285	SSE H-Grade Guarantee Institution Enhance Industrial Bond	Financing guarantee companies and credit promotion companies, etc	Unlimited	AA+ and above
950286	SSE High Grade Credit Enhancement Industrial Bond	Unlimited	Unlimited	AA+ and above
950287	SSE 0-3Y High Grade Credit Enhancement Industrial Bond		No more than 3 years	
950288	SSE 0-5Y High Grade Credit Enhancement Industrial Bond		No more than 5 years	
950289	SSE AAA Credit Enhancement Industrial Bond		Unlimited	AAA
950290	SSE 0-3Y AAA Credit Enhancement Industrial Bond		No more than 3 years	
950291	SSE 0-5Y AAA Credit Enhancement Industrial Bond		No more than 5 years	

4. Index Calculation

The calculation of this index series conforms to the Paasche weighted composite price index formula:

$$\text{Index} = \left[\frac{\text{Bond Market Value} + \text{Coupon Payments}}{\text{Divisor}} \right] \times 100$$

Where, Bond Market Value = $\sum(\text{Full Price} \times \text{Issued Amount})$

Full Price = Clean Price + Accrued Interest

The price in index calculation is based on CSI bond valuation price. As for other data in index calculation and divisor adjustment, please refer to Index Calculation and Maintenance Methodology for further details.

5. Constituents Adjustment

5.1 Regular Adjustment

The index series is adjusted and rebalanced monthly. The effective date of monthly adjustment is the first trading day of each month.

5.2 Temporary Adjustment

In the event of delisting, the constituents will be removed from the index on the event effective date as appropriate. As for other events, please refer to Index Calculation and Maintenance Methodology for further details.