



Average Bond Yields Indices

The average bond yields indices of the Luxembourg Stock Exchange reflect the evolution of the bonds listed on the markets operated by the Luxembourg Stock Exchange in their respective currencies. In addition to the distinction by currency, the Luxembourg Stock Exchange applies a number of selection criteria related to average bond yields to constitute the samples of securities.

1. ENTRY REQUIREMENTS

1.1 Securities eligibility

All fixed rate straight bonds that are listed on the Luxembourg Stock Exchange are eligible.

1.2 Listing currency

All the constituents of an average yield sample have the same listing currency.

1.3 Reference curve

The calculation of a reference curve for a constituent is a prerequisite.

1.4 Sectors

The various average yields are classified according to three sectors:

- SSA¹
- Corporate
- Financial

1.5 Rating

The rating category used for the various yields is AAA-BBB. The ratings of the three international ratings agencies are collectively taken into account to determine the rating of a constituent.

1.6 Maturity

Each bond must have a residual maturity of at least one year. The average bond yields are grouped in accordance with their maturities:

- From 1 year to less than 3 years
- From 3 years to less than 5 years
- From 5 years to less than 7 years
- From 7 years to less than 10 years
- More than 10 years

For the "More than 10 years" groupings, the average of the residual maturity is calculated and published on the website of the Luxembourg Stock Exchange.

1.7 Sample of securities

The number of securities per sample is set at a maximum of 15 securities. In the case where the number of eligible securities exceeds this maximum, the choice made is based on the 15 securities with the largest amounts outstanding. In order to maintain uniformity of rates within the sample, the Luxembourg Stock Exchange may derogate from the principle of the largest amounts outstanding.

¹ Sovereign, Supranational and Agency





2. COMPUTATION OF THE AVERAGE YIELD

Average bond yields are calculated using the arithmetic mean of the yields to maturity of the constituents of the sample.

3. AMENDMENTS TO THE SAMPLES

3.1 Regular amendments

Once a quarter, a regular amendment of the samples is carried out if:

- A security in a sample no longer fulfills the entry requirements
- A recently listed security is eligible to become a sample constituent

3.2 Extraordinary amendments

An extraordinary amendment of a sample may be performed in the following exceptional situations:

- Delisting of a sample constituent (e.g. redeemed bond prior to its maturity)
- Bankruptcy of an issuer

4. BASIC STRUCTURE

The below basic structure is used for the composition of the samples of the average bond yields indices:

| | | | |
|------------|-------------|------|-------------|
| [Currency] | AAA-BBB SSA | 1-3 | yield Index |
| [Currency] | AAA-BBB SSA | 3-5 | yield Index |
| [Currency] | AAA-BBB SSA | 5-7 | yield Index |
| [Currency] | AAA-BBB SSA | 7-10 | yield Index |
| [Currency] | AAA-BBB SSA | 10+ | yield Index |

| | | | |
|------------|-------------------|------|-------------|
| [Currency] | AAA-BBB Corporate | 1-3 | yield Index |
| [Currency] | AAA-BBB Corporate | 3-5 | yield Index |
| [Currency] | AAA-BBB Corporate | 5-7 | yield Index |
| [Currency] | AAA-BBB Corporate | 7-10 | yield Index |
| [Currency] | AAA-BBB Corporate | 10+ | yield Index |

| | | | |
|------------|-------------------|------|-------------|
| [Currency] | AAA-BBB Financial | 1-3 | yield Index |
| [Currency] | AAA-BBB Financial | 3-5 | yield Index |
| [Currency] | AAA-BBB Financial | 5-7 | yield Index |
| [Currency] | AAA-BBB Financial | 7-10 | yield Index |
| [Currency] | AAA-BBB Financial | 10+ | yield Index |

5. DISCLAIMER

For information about the use of this index please refer to the disclaimer on our website (www.bourse.lu) under LuxSE Indices.

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