

S&P Dow Jones Indices

A Division of **S&P Global**

iBoxx Asia-Pacific Annual Index Review 2022 Results

LONDON, SEPTEMBER 30, 2022: Following consultations with clients and market participants, as well as the conclusion of the public consultation for methodology changes on iBoxx Asian indices, IMBA UK is pleased to announce the results of the 2022 iBoxx Asia-Pacific Annual Index Review.

All changes, including the 2022 market weight changes have been reviewed by the iBoxx Asia-Pacific General Advisory Committee.

IBOXX ASIAN LOCAL BOND INDEX (IBOXX ALBI)

1. Change to the minimum initial time to maturity

Effective with the November 2022 month-end rebalance, the minimum initial time to maturity of a bond will change from 12 to 18 months. The change aligns the methodology of iBoxx ALBI with other iBoxx Asian local currency indices.

2. Eligibility of senior bank bail-in bonds with call options

As of July 31, 2022, 34.72% of corporate debt in iBoxx ALBI was made up of senior bank debt – a significant portion of the corporate component of the index. Traditional senior bank debt is plain vanilla, but more recently as part of Basel III, senior bank debt is split into senior preferred – similar to traditional senior bank debt – and TLAC-eligible senior bail-in bonds. Senior bail-in bonds often have a call feature close to their maturity date. In the iBoxx EUR Investment Grade and iBoxx GBP Investment Grade indices, senior bail-in bonds are now the main form of senior bank debt. Currently, callable bonds are excluded from iBoxx ALBI.

Effective with the November 2022 month-end rebalance, senior bank bonds with call options where the first call date is 25 months or less prior to final maturity will become eligible for inclusion in iBoxx ALBI. The change aligns the treatment of senior bail-in bonds in iBoxx ALBI with the iBoxx EUR Investment Grade and iBoxx GBP Investment Grade indices.

2022 Market Weights

IMBA UK has calculated the 2022 target weights of the following markets eligible for iBoxx ALBI. The target market weights are:

Market	2021 weights	2022 target weights	Annual change
China Onshore	20.00%	20.00%	-
China Offshore	2.77%	3.52%	+0.75%
Hong Kong	4.94%	4.79%	-0.15%
India	6.35%	6.28%	-0.07%

Indonesia	10.29%	10.42%	+0.13%
Malaysia	11.60%	11.57%	-0.03%
Philippines	7.53%	7.43%	-0.10%
Singapore	12.37%	12.60%	+0.23%
South Korea	14.13%	13.58%	-0.55%
Taiwan	0.00%	0.00%	-
Thailand	10.02%	9.81%	-0.21%

According to the iBoxx ALBI methodology, the maximum permissible change for any market weight change is 50bps per quarter. The proposed market weight change for China Offshore is 75 bps. Therefore, the underlying market weight changes in iBoxx ALBI will be implemented over two quarters as per the table below.

Market	Current weights	Nov 30, 2022	Feb 28, 2023
China Onshore	20.0000%	20.0000%	20.0000%
China Offshore	2.7700%	3.2700%	3.5200%
Hong Kong	4.9400%	4.8400%	4.7900%
India	6.3500%	6.3033%	6.2800%
Indonesia	10.2900%	10.3767%	10.4200%
Malaysia	11.6000%	11.5800%	11.5700%
Philippines	7.5300%	7.4633%	7.4300%
Singapore	12.3700%	12.5233%	12.6000%
South Korea	14.1300%	13.7634%	13.5800%
Taiwan	0.0000%	0.00%	0.0000%
Thailand	10.0200%	9.8800%	9.8100%

The values for each of the factors used in the calculation of the market weights are:

Market	Index market cap (US\$ bn)	GEMLOC Investability Indicator	GEMLOC Securities Market Access	1+ Government bond market size (US\$ bn)
China Onshore	5,224	65	87.5	2,619
China Offshore	34	78	87.5	8
Hong Kong	51	89	100	10
India	990	59	50	990
Indonesia	217	70	87.5	217
Malaysia	210	81	87.5	201
Philippines	127	48	75	127
Singapore	137	93	100	95
South Korea	597	80	100	597
Thailand	160	67	75	160

IBOXX ABF PAN-ASIA (IBOXX ABF)

2022 Market Weights

IMBA UK has calculated the 2022 target weights of the following markets eligible for iBoxx ABF indices. The new weights are effective from October 31, 2022.

Market	2021 weights	2022 target weights	Annual change
China	25.00%	25.00%	-
Hong Kong	8.15%	8.07%	-0.08%
Indonesia	8.24%	8.37%	+0.13%
Malaysia	11.49%	11.45%	-0.04%
Philippines	6.65%	6.58%	-0.07%

Singapore	15.76%	16.07%	+0.31%
South Korea	15.18%	15.01%	-0.17%
Thailand	9.53%	9.45%	-0.08%

The values for each of the factors used in the calculation of the market weights are:

Market	Bond market size (US\$ bn)	Credit Rating	GEMLOC Investability Indicator	1+ Government bond market size (US\$ bn)
China	18,368	A+	65	2,619
Hong Kong	331	AA+	89	10
Indonesia	369	BBB	70	217
Malaysia	410	A	81	201
Philippines	194	BBB+	48	127
Singapore	463	AAA	93	95
South Korea	2,253	AA	80	597
Thailand	427	A-	67	160

IBOXX ASIA EX-JAPAN

2022 Market Weights

IMBA UK has calculated the 2022 target weights of the following markets eligible for iBoxx Asia ex-Japan indices. The new weights are effective from October 31, 2022.

Market	2021 weights	2022 target weights	Annual change
China	20.00%	20.00%	-
Hong Kong	8.64%	8.57%	-0.07%
India	4.27%	4.23%	-0.04%
Indonesia	8.08%	8.21%	+0.13%
Malaysia	11.51%	11.48%	-0.03%
Philippines	6.57%	6.49%	-0.08%
Singapore	16.07%	16.39%	+0.32%
South Korea	15.37%	15.21%	-0.16%
Taiwan	0.00%	0.00%	-
Thailand	9.49%	9.42%	-0.07%

The values for each of the factors used in the calculation of the market weights are:

Market	Bond market size (US\$ bn)	Credit Rating	GEMLOC Investability Indicator	1+ Government bond market size (US\$ bn)
China	18,368	A+	65	2,619
Hong Kong	331	AA+	89	10
India	2,292	BBB-	59	990
Indonesia	369	BBB	70	217
Malaysia	410	A	81	201
Philippines	194	BBB+	48	127
Singapore	463	AAA	93	95
South Korea	2,253	AA	80	597
Thailand	427	A-	67	160

OTHER INDEX FAMILIES

iBoxx USD Asia-Pacific, iBoxx USD Asia ex-Japan and iBoxx ADBI Indices

No changes.

iBoxx SGD Indices

No changes.

Hang Seng Markit iBoxx Offshore RMB Bond Indices

No changes.

iBoxx ChinaBond Government and Policy Bank Bond Indices

No changes.

iBoxx AUD Large Cap Indices

No changes.

LAUNCH OF NEW GREEN, SOCIAL AND SUSTAINABILITY BOND INDICES

As part of the annual index review, IMBA UK is pleased to announce the upcoming launch of the following indices. These indices are created as standard sub-indices that will be added to their respective index families. These new sub-indices will be available from December 01, 2022.

The green bonds sub-indices indices for iBoxx ABF, iBoxx ALBI and iBoxx Asia ex-Japan are market value weighted and do not use the currency weights of the individual markets. The following sub-indices are launched for the iBoxx Asian local currency indices.

New sub-index	Index Family	History From
iBoxx ALBI Green Bonds Unconstrained (USD Unhedged)	iBoxx ALBI	Dec 31, 2018
iBoxx ALBI Green Bonds Unconstrained (USD Hedged)	iBoxx ALBI	Dec 31, 2018
iBoxx ALBI Hong Kong Green Bonds	iBoxx ALBI	Dec 31, 2018
iBoxx ALBI China Onshore Green Bonds	iBoxx ALBI	Dec 31, 2018
iBoxx ALBI China Offshore Green Bonds	iBoxx ALBI	Dec 31, 2018
iBoxx ALBI Singapore Green Bonds	iBoxx ALBI	Dec 31, 2018
iBoxx ABF Green Bonds Unconstrained (USD Unhedged)	iBoxx ABF	Dec 31, 2021
iBoxx ABF Green Bonds Unconstrained (USD Hedged)	iBoxx ABF	Dec 31, 2021
iBoxx ABF China Green Bonds	iBoxx ABF	Dec 31, 2021
iBoxx ABF Singapore Green Bonds	iBoxx ABF	Dec 31, 2021
iBoxx ABF Hong Kong Green Bonds	iBoxx ABF	Dec 31, 2021
iBoxx Asia Green Bonds Unconstrained (USD Unhedged)	iBoxx Asia	Dec 31, 2021
iBoxx Asia Green Bonds Unconstrained (USD Hedged)	iBoxx Asia	Dec 31, 2021
iBoxx Asia China Green Bonds	iBoxx Asia	Dec 31, 2021
iBoxx Asia Singapore Green Bonds	iBoxx Asia	Dec 31, 2021
iBoxx Asia Hong Kong Green Bonds	iBoxx Asia	Dec 31, 2021
iBoxx Asia Taiwan Green Bonds	iBoxx Asia	Dec 31, 2021

ANNOUNCEMENT

iBoxx SGD Green Bonds	iBoxx SGD	Dec 31, 2018
Hang Seng Markit iBoxx Offshore RMB Green Bonds	HSM iBoxx CNH*	Dec 31, 2018

* Hang Seng iBoxx Offshore RMB Bond Index Family

In addition to the local currency green bond indices, IMBA UK will also start publishing APAC and Asia ex-Japan breakdowns of the iBoxx Green, Social & Sustainability Bond and iBoxx Green Select Bond index families:

New sub-index	Index Family	History From
iBoxx Asia-Pacific Green, Social & Sustainability Bonds Index	iBoxx GSS^	Dec 31, 2013
iBoxx USD Asia-Pacific Green, Social & Sustainability Bonds Index	iBoxx GSS^	Dec 31, 2013
iBoxx Asia ex-Japan Green, Social & Sustainability Bonds Index	iBoxx GSS^	Dec 31, 2013
iBoxx USD Asia ex-Japan Green, Social & Sustainability Bonds Index	iBoxx GSS^	Dec 31, 2013
iBoxx Asia-Pacific Green Bonds Select	iBoxx Green Select	Dec 31, 2013
iBoxx USD Asia-Pacific Green Bonds Select	iBoxx Green Select	Dec 31, 2013
iBoxx Asia ex-Japan Green Bonds Select	iBoxx Green Select	Dec 31, 2013
iBoxx USD Asia ex-Japan Green Bonds Select	iBoxx Green Select	Dec 31, 2013

^ iBoxx Global Green, Social & Sustainability Bond Index Family

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