

## 29 February 2016 - Choosing the 5000 individual companies within RMI-CRI's PD coverage

### Introduction

The RMI Credit Research Initiative (CRI) was launched in 2009 and has since expanded its PD coverage of companies over the years. All registered users are entitled with free access to the PD data of 5000 public-listed firms, comprising large corporations of broad geographic diversity. This document details the selection methodology of the selected companies. It provides an overview of the sample firms by economies. RMI-CRI PDs are available for over 60,000 exchange-listed firms in 119 economies with the term structure of default probabilities from 1 month to 5 years. Users who wish to access the broader PD universe of over 60,000 exchange listed firms may click [here](#).

The CRI focuses on providing credit assessments for publicly-listed companies globally. Individual company assessments are provided in the form of an RMI-CRI Probability of Default (RMI-CRI PD). Implementation details can be found on our [website](#).

The Asian economies are: Australia, Bangladesh, China, Hong Kong, Indonesia, India, Japan, Kazakhstan, Malaysia, Pakistan, Philippines, Singapore, South Korea, Sri Lanka, Taiwan, Thailand, Vietnam, New Zealand, Cambodia, Macau, Mongolia and Papua New Guinea.

The North American economies are: Bermuda, Canada, Greenland, and the United States.

The European economies are: Austria, Azerbaijan, Belgium, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Lithuania, Luxembourg, Macedonia, Malta, Montenegro, Netherlands, Norway, Poland, Portugal, Reunion, Romania, Russia, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey, the United Kingdom, Ukraine, Faroe Islands, Gibraltar, Guernsey, Isle Of Man, Jersey, Liechtenstein and Monaco.

African economies include: Angola, Cameroon, Egypt, Ghana, Morocco, Niger Republic, Nigeria, South Africa, Gabon, Madagascar, Mauritius, Mozambique, Namibia, Sierra Leone, Sudan, Tunisia, Tanzania, Togo and Zambia.

Within the Middle East, RMI's coverage includes: Bahrain, Israel, Jordan, Kuwait, Oman, Saudi Arabia, United Arab Emirates, Iraq and Qatar.

Latin American economies include: Argentina, Brazil, Columbia, Chile, Jamaica, Mexico, Peru, Venezuela, Bahamas, Belize, Cayman Islands, Curacao, Dominican Republic, Falkland Islands, Panama, Puerto Rico, Virgin Islands and British Virgin Islands,.

The selected companies represent a sampled showcase of the credit assessments derived from this initiative.

## **Objectives**

We adhere to 3 main criteria when selecting the companies to be included in the initiative:

1. To have a representative sample of companies that reflects the largest companies within the economies of interest.
2. To display the range of RMI-CRI's credit ratings that characterizes the credit outlook for companies.
3. To capture the attention of the market audience through a sampling of noteworthy companies.

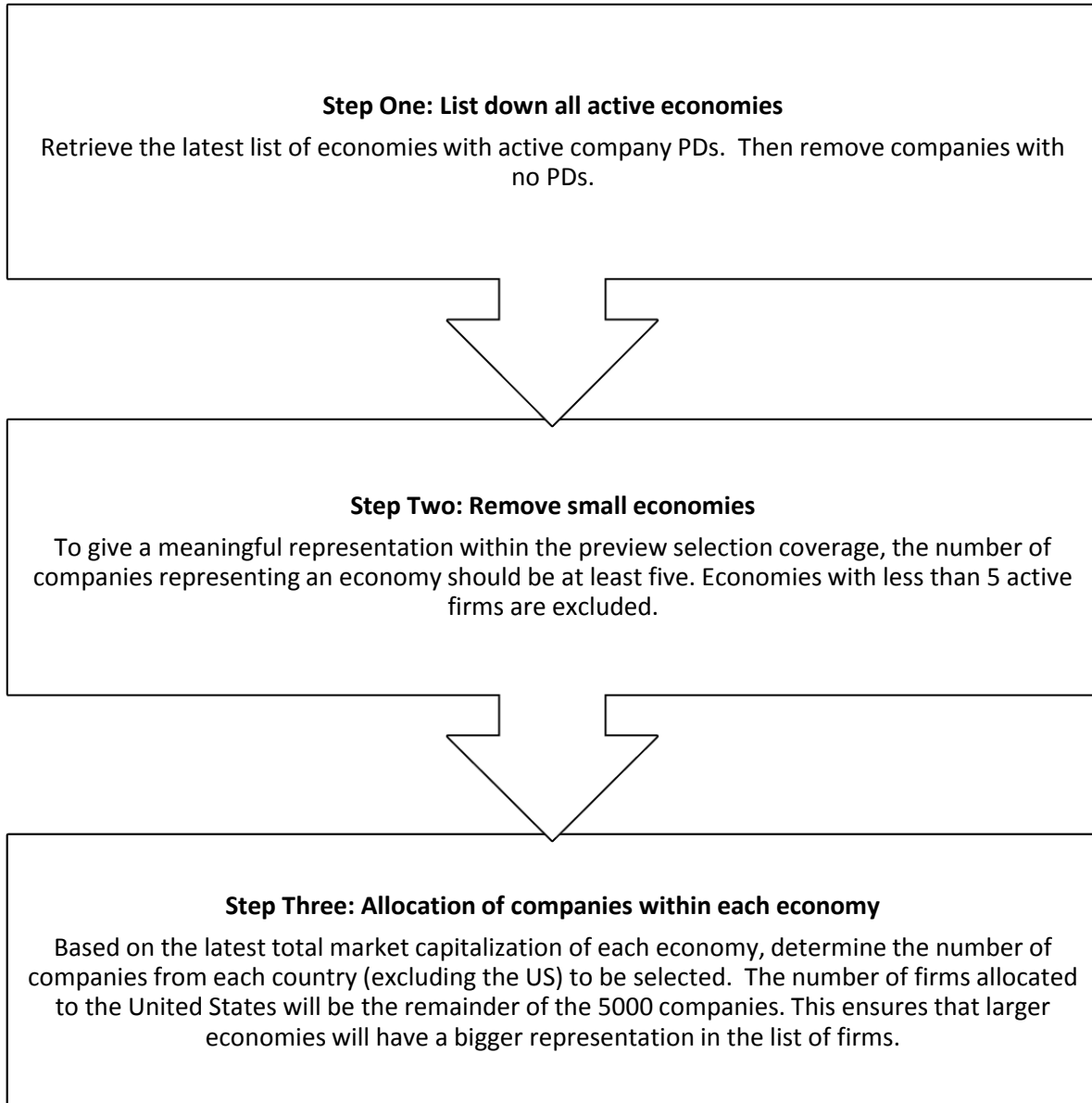
## **Selection Methodology**

The selection process begins by determining the number of economies in the 5000 universe. Economies with less than 5 active PD firms will be removed from the qualifying list of countries. Subsequently, the number of companies in each economy is selected based on the aggregate market cap of all firms domiciled in the country. Figure 1 displays the steps in detail below.

Countries with less than five PD firms are removed from the list of companies. To allocate the number of companies to each country, we use the overall market capitalization as the country's weighting. In this manner, larger economies account for a greater portion of the list of 5000 companies. Every country will have a minimum of 1 company allocated to it and the United States will have the most number of constituents, given that it has the biggest market capitalization. A detailed distribution of the selected 5000 companies is shown in Figure 2.

The list of 5000 firms currently available for public access can be found [here](#).

**Figure 1: Selection Process for the 5000 Individual Companies within RMI-CRI's Selected PD Coverage**



**Figure 2: Distribution of the selected companies by economy (Updated 17 July, 2016)**

Country / Region	Total number of listed companies with active PDs in July 2016	Total allocation to the list of 5000 firms	Percentage of the 5000 companies
<b>Asia</b>	<b>17955</b>	<b>1684</b>	<b>33.68%</b>
Australia	1419	99	1.98%
Bangladesh	266	2	0.04%
China	3041	630	12.60%
Hong Kong	1185	128	2.56%
India	1816	118	2.36%
Indonesia	438	29	0.58%
Japan	3624	386	7.72%
Kazakhstan	8	1	0.02%
Macau	7	3	0.06%
Malaysia	881	32	0.64%
New Zealand	123	6	0.12%
Pakistan	174	5	0.10%
Philippines	230	20	0.40%
Singapore	546	32	0.64%
South Korea	1883	94	1.88%
Sri Lanka	265	1	0.02%
Taiwan	874	63	1.26%
Thailand	573	30	0.60%
Vietnam	602	5	0.10%
<b>North America</b>	<b>4784</b>	<b>2009</b>	<b>40.18%</b>
Bermuda	33	6	0.12%
Canada	832	131	2.62%
United States	3919	1872	37.44%
<b>Latin America</b>	<b>653</b>	<b>130</b>	<b>2.60%</b>
Argentina	62	5	0.10%
Brazil	236	50	1.00%
British Virgin Islands	12	1	0.02%
Cayman Islands	10	1	0.02%
Chile	107	15	0.30%
Colombia	31	7	0.14%
Jamaica	37	1	0.02%
Mexico	104	33	0.66%
Peru	40	7	0.14%
Puerto Rico	5	1	0.02%
Venezuela	9	9	0.18%

Country / Region	Total number of listed companies with active PDs in July 2016	Total allocation to the list of 5000 firms	Percentage of the 5000 companies
<b>Africa</b>	<b>738</b>	<b>44</b>	<b>0.88%</b>
Egypt	206	3	0.06%
Morocco	67	4	0.08%
Nigeria	138	3	0.06%
South Africa	260	33	0.66%
Tunisia	67	1	0.02%
<b>Middle East</b>	<b>1120</b>	<b>74</b>	<b>1.48%</b>
Bahrain	15	1	0.02%
Israel	475	16	0.32%
Jordan	169	2	0.04%
Kuwait	143	5	0.10%
Oman	66	2	0.04%
Saudi Arabia	168	31	0.62%
United Arab Emirates	84	17	0.34%
<b>Europe</b>	<b>6186</b>	<b>1059</b>	<b>21.18%</b>
Austria	70	7	0.14%
Belgium	108	31	0.62%
Bosnia and Herzegovina	19	1	0.02%
Bulgaria	62	1	0.02%
Croatia	77	1	0.02%
Cyprus	37	1	0.02%
Czech Republic	12	2	0.04%
Denmark	143	29	0.58%
Estonia	15	1	0.02%
Finland	130	16	0.32%
France	586	146	2.92%
Germany	617	132	2.64%
Gibraltar	5	1	0.02%
Greece	148	3	0.06%
Guernsey	31	1	0.02%
Hungary	32	2	0.04%
Iceland	16	1	0.02%
Ireland	71	31	0.62%
Isle of Man	20	1	0.02%
Italy	280	37	0.74%
Jersey	23	2	0.04%
Latvia	12	1	0.02%
Lithuania	21	1	0.02%

Country / Region	Total number of listed companies with active PDs in July 2016	Total allocation to the list of 5000 firms	Percentage of the 5000 companies
Luxembourg	39	8	0.16%
Macedonia	20	1	0.02%
Malta	17	1	0.02%
Monaco	9	1	0.02%
Montenegro	10	1	0.02%
Netherlands	118	54	1.08%
Norway	168	17	0.34%
Poland	433	10	0.20%
Portugal	40	4	0.08%
Romania	59	1	0.02%
Russian Federation	199	39	0.78%
Serbia	30	1	0.02%
Slovakia	8	1	0.02%
Slovenia	19	1	0.02%
Spain	134	48	0.96%
Sweden	541	48	0.96%
Switzerland	237	125	2.50%
Turkey	403	16	0.32%
Ukraine	15	1	0.02%
United Kingdom	1152	232	4.64%

### **Monthly Update of the Selected Companies**

The current list of companies will be reviewed monthly, taking into account the latest market cap to monitor any major changes in the list. Examples of major changes include material changes in the market capitalization of an industry relative to peers due to new IPOs of major companies, and material changes in the market capitalization of a country relative to peers due to macro-economic changes.

### **Removal and Replacement of the Selected Companies**

As part of the monthly review, a company can be removed if it is affected by a major event, such as bankruptcy, merger, acquisition, delisting from the stock exchange, or an extended period of trading suspension. In the event of any of the above, the given company will be replaced by a company from the economy determined through the allocation process, as described in the Selection Methodology section. Within the allocated economy, the company with the next largest market capitalization will be selected.