

## 20 April 2015 - Choosing the 5000 individual companies within NUS-RMI's PD coverage

### Introduction

The RMI Credit Rating Initiative (CRI) was launched in 2009 and has since expanded its PD coverage of companies over the years. We recently included listed firms in Oman, Jamaica, Bangladesh, Bosnia and Herzegovina, Montenegro, Serbia and Tunisia in our rating universe. We have thus decided to expand the sample size of firms made available to new CRI users from 3000 to 5000. This document details the selection methodology of the 5000 companies. It provides an overview of the sample firms by economies. RMI PDs are available for over 60,000 exchange-listed firms in 117 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 within the US, Bermuda, Canada, Greenland, 18 Latin American, 22 Asian, 17 African and 47 European economies, as well as 9 countries within the Middle East. Individual company assessments are provided in the form of an RMI Probability of Default (RMI 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 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, Egypt, Ghana, Morocco, 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:

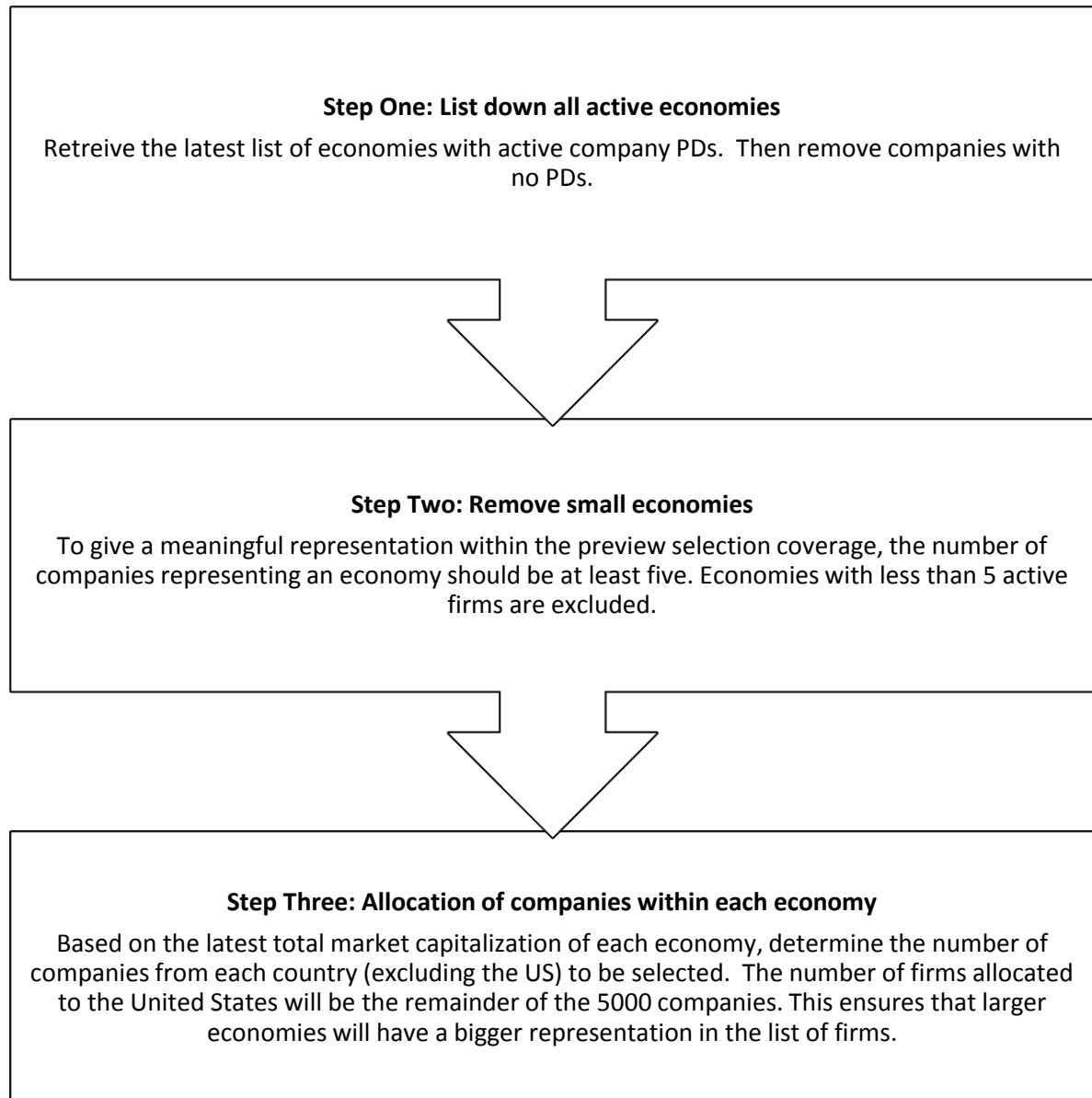
1. To have a representative sample of companies that reflects the largest companies within the economies of interest.
2. To display the range of NUS-RMI's credit ratings that characterizes the credit outlook for companies.
3. To capture the attention of the market audience through a sampling of noteworthy 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 on 31 March 2015 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. Using this methodology, the final sample of firms with company forecast available on the CRI website includes 1715 companies from Asia, 1913 from North America, 126 from Latin America, 54 from Africa, 79 from the Middle East and 1113 from Europe. A detailed distribution of the selected 5000 companies is shown in Figure 2.

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



**Figure 2: Distribution of the selected companies by economy (Updated 20 April, 2015)**

Country / Region	Total number of listed companies with active PDs in March 2015	Total allocation to the list of 5000 firms	Percentage of the 5000 companies
<b>Asia</b>	<b>18544</b>	<b>1715</b>	<b>34.30%</b>
Australia	1403	102	2.04%
Bangladesh	256	3	0.06%
China	2837	666	13.32%
Hong Kong	1116	136	2.72%
India	3023	118	2.36%
Indonesia	417	30	0.60%
Japan	3561	358	7.16%
Kazakhstan	6	1	0.02%
Macao	7	4	0.08%
Malaysia	891	34	0.68%
New Zealand	111	6	0.12%
Pakistan	181	5	0.10%
Philippines	221	20	0.40%
Singapore	556	37	0.74%
South Korea	1704	92	1.84%
Sri Lanka	264	2	0.04%
Taiwan	852	65	1.30%
Thailand	538	32	0.64%
Vietnam	600	4	0.08%
<b>North America</b>	<b>4855</b>	<b>1913</b>	<b>38.26%</b>
Bermuda	53	10	0.20%
Canada	874	123	2.46%
US	3928	1780	35.60%
<b>Latin America</b>	<b>670</b>	<b>126</b>	<b>2.52%</b>
Argentina	61	6	0.12%
Brazil	252	48	0.96%
British Virgin islands	15	1	0.02%
Cayman islands	18	1	0.02%
Chile	113	15	0.30%
Colombia	29	8	0.16%
Jamaica	31	1	0.02%
Mexico	99	35	0.70%
Peru	42	5	0.10%
Puerto rico	5	1	0.02%
Venezuela	5	5	0.10%
<b>Africa</b>	<b>713</b>	<b>54</b>	<b>1.08%</b>
Egypt	203	5	0.10%
Morocco	65	4	0.08%

Country / Region	Total number of listed companies with active PDs in March 2015	Total allocation to the list of 5000 firms	Percentage of the 5000 companies
Nigeria	137	4	0.08%
South Africa	260	40	0.80%
Tunisia	48	1	0.02%
<b>Middle East</b>	<b>1114</b>	<b>79</b>	<b>1.58%</b>
Bahrain	9	1	0.02%
Israel	487	16	0.32%
Jordan	162	2	0.04%
Kuwait	152	6	0.12%
Oman	64	2	0.04%
Saudi Arabia	163	37	0.74%
United Arab Emirates	77	15	0.30%
<b>Europe</b>	<b>6045</b>	<b>1113</b>	<b>22.26%</b>
Austria	76	8	0.16%
Belgium	105	29	0.58%
Bosnia and Herzegovina	15	1	0.02%
Bulgaria	39	1	0.02%
Croatia	80	2	0.04%
Cyprus	38	1	0.02%
Czech Republic	11	2	0.04%
Denmark	146	27	0.54%
Estonia	12	1	0.02%
Finland	118	15	0.30%
France	525	148	2.96%
Germany	649	141	2.82%
Gibraltar	5	1	0.02%
Greece	187	4	0.08%
Guernsey	25	2	0.04%
Hungary	33	2	0.04%
Iceland	9	1	0.02%
Ireland	66	35	0.70%
Isle of Man	24	1	0.02%
Italy	264	44	0.88%
Jersey	26	2	0.04%
Latvia	16	1	0.02%
Lithuania	24	1	0.02%
Luxembourg	40	11	0.22%
Macedonia	18	1	0.02%
Malta	14	1	0.02%
Montenegro	12	1	0.02%
Netherlands	117	49	0.98%
Norway	158	17	0.34%
Poland	470	12	0.24%

Country / Region	Total number of listed companies with active PDs in March 2015	Total allocation to the list of 5000 firms	Percentage of the 5000 companies
Portugal	45	5	0.10%
Romania	81	2	0.04%
Russia	148	31	0.62%
Serbia	33	1	0.02%
Slovakia	9	1	0.02%
Slovenia	25	1	0.02%
Spain	129	56	1.12%
Sweden	448	51	1.02%
Switzerland	237	132	2.64%
Turkey	397	17	0.34%
UK	1138	253	5.06%
Ukraine	33	1	0.02%

#### **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**

Aside from the monthly review, a company can be removed if it is affected by a major event, such as bankruptcy, mergers, acquisitions, delisting from the stock exchange, or an extended period of trading suspension. In the event any of the above occur, the given company will be replaced by the company with the next largest market capitalization in the economy. Changes to the list of 5000 companies are stated in Appendix 1.

**Appendix 1: Changes to the list of 5000 companies (Updated on August 18, 2015)**

Effective Date	Replaced Companies	Domicile	Reason	Action
15 March 2015	Saudi Integrated Telecom Co Ltd	Saudi Arabia	Delisting	Replaced with Fawaz Abdulaziz Al Hokair & Co
17 March 2015	Allergan Inc/United States	United States	Acquired/Merged	Replaced with American Airlines Group Inc
17 March 2015	CareFusion Corp	United States	Acquired/Merged	Replaced with Constellation Brands Inc
18 March 2015	Cheung Kong Holdings Ltd	Hong Kong	Reorganization	Replaced with Melco Crown Entertainment Ltd
18 March 2015	Asia Resource Minerals PLC	United Kingdom	Debt Restructuring	Replaced with Taylor Wimpey PLC
20 March 2015	Frontier Mining Ltd	United Kingdom	Cancellation of Listing	Replaced with Dixons Carphone PLC
20 March 2015	euNetworks Group Ltd	Singapore	Acquired/Merged	Replaced with InterOil Corp
23 March 2015	Club Mediterranee SA	France	Cancellation of Listing	Replaced with Ingenico
24 March 2015	WMF AG	Germany	Cancellation of Listing	Replaced with LEG Immobilien AG

Effective Date	Replaced Companies	Domicile	Reason	Action
1 April 2015	Corio NV	Netherlands	Acquired/Merged	Replaced with Corbion NV
2 April 2015	Salix Pharmaceuticals Ltd	United States	Acquired/Merged	Replaced with Tidewater Inc
2 April 2015	Aviv REIT Inc	United States	Acquired/Merged	Replaced with Chart Industries Inc
7 April 2015	Gtech Spa	Italy	Acquired/Merged	Replaced with ACEA SpA
7 April 2015	International Game Technology	United States	Acquired/Merged	Replaced with CARBO Ceramics Inc
13 April 2015	Friends Life Group Ltd	Guernsey	Acquired/Merged	Replaced with Soco International PLC
17 April 2015	Nutreco NV	Netherlands	Acquired/Merged	Replaced with Brunel International NV
23 April 2015	Songbird Estates PLC	United Kingdom	Acquired/Merged	Replaced with N Brown Group PLC
27 April 2015	Riverbed Technology Inc	United States	Acquired/Merged	Replaced with Ocwen Financial Corp
30 April 2015	Regency Energy Partners LP	United States	Acquired/Merged	Replaced with Halcon Resources Corp

RMI-CRI 5000 selection methodology

Effective Date	Replaced Companies	Domicile	Reason	Action
6 May 2015	Auspex Pharmaceuticals Inc	United States	Acquired/Merged	Replaced with Keysight Technologies Inc
11 May 2015	Talisman Energy Inc	Canada	Acquired/Merged	Replaced with Enerplus Corp
14 May 2015	Sharp Corp	Japan	Debt Restructuring	Replaced with Hoshino Resorts REIT Inc
20 May 2015	Aruba Networks Inc	United States	Acquired/Merged	Replaced with Cheniere Energy Inc
27 May 2015	Pharmacyclics Inc	United States	Acquired/Merged	Replaced with Dresser-Rand Group Inc
29 May 2015	Exelis Inc	United States	Acquired/Merged	Replaced with NVR Inc
1 June 2015	Toll Holdings Ltd	Australia	Acquired/Merged	Replaced with Medibank Pvt Ltd
3 June 2015	Hutchison Whampoa Ltd	Hong Kong	Acquired/Merged	Replaced with Alibaba Pictures Group Ltd
10 June 2015	Nobel Biocare Holding AG	Switzerland	Company requested to be delisted	Replaced with Hypothekbank Lenzburg AG
11 June 2015	Life Time Fitness Inc	United States	Acquired/Merged	Replaced with USG Corp

*RMI-CRI 5000 selection methodology*

Effective Date	Replaced Companies	Domicile	Reason	Action
12 June 2015	Domino Printing Sciences PLC	United Kingdom	Acquired/Merged	Replaced with Mountview Estates PLC
12 June 2015	Lorillard Inc	United States	Acquired/Merged	Replaced with Globalstar Inc
15 June 2015	Novion Property Group	Australia	Company requested to be delisted	Replaced with Downer EDI Ltd
15 June 2015	Monster Beverage Corp	United States	Reorganization	Replaced with Alder Biopharmaceuticals Inc
23 June 2015	AOL Inc	United States	Acquired/Merged	Replaced with DVL Inc
24 June 2015	Synageva BioPharma Corp	United States	Acquired/Merged	Replaced with LICT Corp
30 June 2015	Integrus Energy Group Inc	United States	Acquired/Merged	Replaced with Citizens Financial Corp/KY
1 July 2015	Dresser-Rand Group Inc	United States	Acquired/Merged	Replaced with Alder Biopharmaceuticals Inc
2 July 2015	MeadWestvaco Corp	United States	Acquired/Merged	Replaced with Adeptus Health Inc
2 July 2015	Rock-Tenn Co	United States	Reorganization	Replaced with Amicus Therapeutics Inc

*RMI-CRI 5000 selection methodology*

Effective Date	Replaced Companies	Domicile	Reason	Action
2 July 2015	iGate Corp	United States	Acquired/Merged	Replaced with AMN Healthcare Services Inc
3 July 2015	Oriflame Cosmetics SA	Luxembourg	Cancellation of Listing	Replaced with Millicom International Cellular SA
6 July 2015	Kraft Foods Group Inc	United States	Acquired/Merged	Replaced with Dave & Buster's Entertainment Inc
7 July 2015	Family Dollar Stores Inc	United States	Acquired/Merged	Replaced with Juno Therapeutics Inc
9 July 2015	Advent Software Inc	United States	Acquired/Merged	Replaced with Springleaf Holdings Inc
16 July 2015	Keppel Land Ltd	Singapore	Acquired/Merged	Replaced with Technovator International Ltd
21 July 2015	Rosetta Resources Inc	United States	Acquired/Merged	Replaced with Antero Midstream Partners LP
23 July 2015	RTI International Metals Inc	United States	Acquired/Merged	Replaced with Zayo Group Holdings Inc
27 July 2015	DIRECTV	United States	Acquired/Merged	Replaced with Shell Midstream Partners LP
28 July 2015	Catamaran Corp	United States	Acquired/Merged	Replaced with Liberty Broadband Corp

*RMI-CRI 5000 selection methodology*

Effective Date	Replaced Companies	Domicile	Reason	Action
28 July 2015	TSB Banking Group PLC	United Kingdom	Acquired/Merged	Replaced with Fiat Chrysler Automobiles NV
3 August 2015	Susquehanna Bancshares Inc	United States	Acquired/Merged	Replaced with Axalta Coating Systems Ltd
7 August 2015	Associated Estates Realty Corp	United States	Acquired/Merged	Replaced with Tribune Media Co
7 August 2015	Informatica Corp	United States	Acquired/Merged	Replaced with LendingClub Corp
10 August 2015	Altice SA	Luxembourg	Reorganization	Replaced with B&M European Value Retail SA