

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

Introduction

The RMI Credit Rating Initiative (CRI) has expanded its PD coverage of companies since 2012. We now include 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 116 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, 18 Latin American, 22 Asian, 16 African and 46 European economies, as well as 11 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, Belgium, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Greenland, Hungary, Iceland, Ireland, Italy, Latvia, Lithuania, Luxembourg, Macedonia, Malta, Montenegro, Netherlands, Norway, Poland, Portugal, Romania, Russian, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey, the United Kingdom, Ukraine, Faeroe Island, 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, Tunisia, Tanzania, United Republic of Togo and Zambia.

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

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 Virgin Islands, British.

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

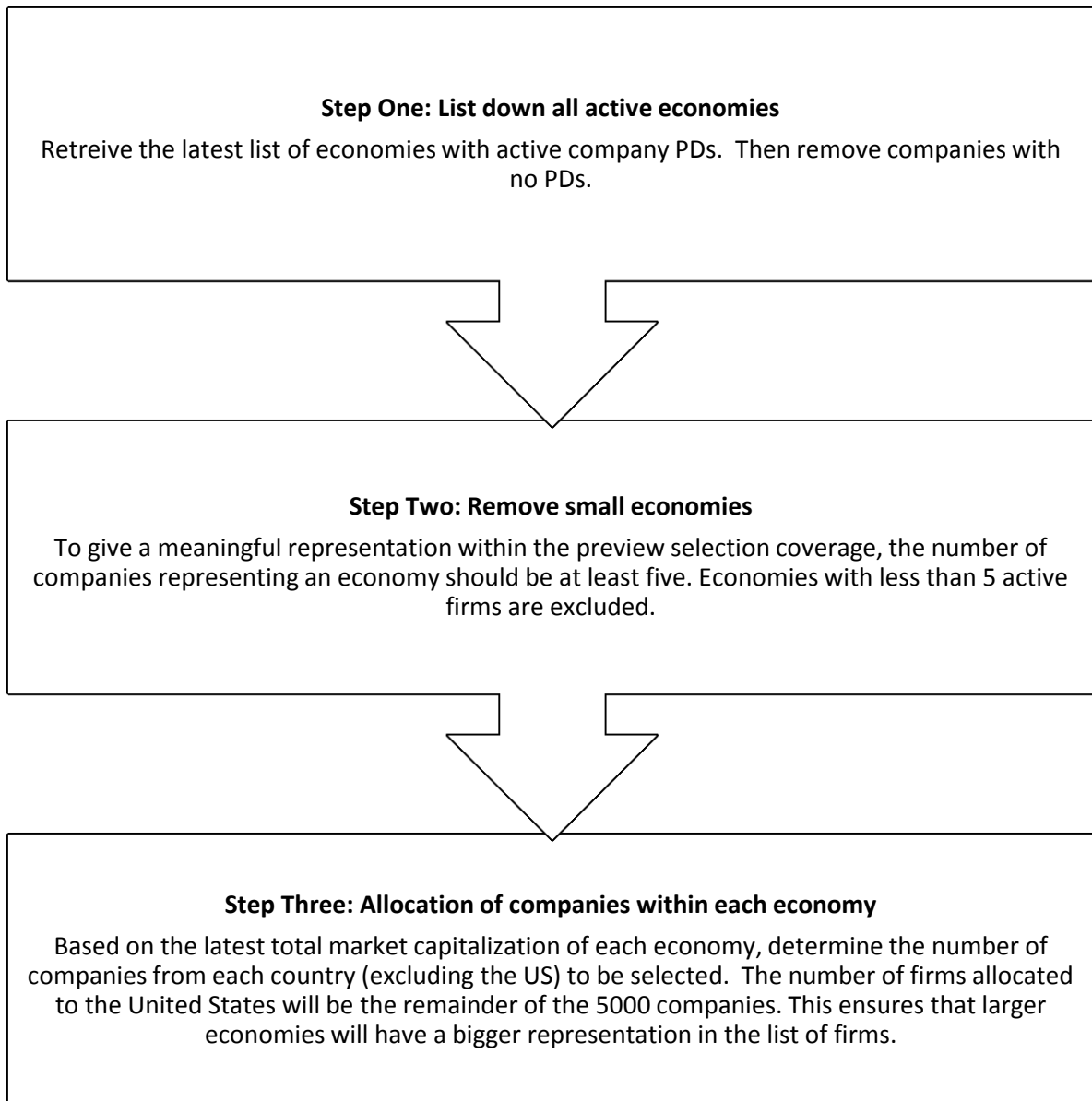


Figure 2: Distribution of the selected companies by economy (Updated 20 April, 2015)

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
Asia	18544	1715	34.30%
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%
North America	4855	1913	38.26%
Bermuda	53	10	0.20%
Canada	874	123	2.46%
US	3928	1780	35.60%
Latin America	670	126	2.52%
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%
Africa	713	54	1.08%
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%
Middle East	1114	79	1.58%
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%
Europe	6045	1113	22.26%
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.