STAND-ALONE CREDIT RISK MEASURES

# RISKCALC™ AUSTRALIA FACT SHEET

BRING GREATER PRECISION AND ACCURACY TO YOUR CREDIT RISK PROCESS

Moody's | K·M·V

## MOODY'S KMV RISKCALC

Based on private companies' financial statements, RiskCalc produces Moody's KMV Expected Default Frequencies™ (EDFs™) to characterize the credit risk of these firms.

## RESEARCH DATABASE

Calibrated using 93,701 financial statements and 2,519 defaults from 29,636 Australian private companies.

Characteristics of this data set include:

- Financial statement and default data from 1990 to 2001
- The model is applicable for firms ranging in size from AUS$100,000 assets up to the largest Australian private companies.
- RiskCalc covers all private companies except for financial institutions, state-owned companies, and real estate developers.

## SPECIFIC CALIBRATION TO THE AUSTRALIAN ECONOMY

Reflects the local business environment, accounting practices, and tax and bankruptcy laws.

The EDF credit measures produced are globally comparable but also reflect the local business environment.

## FINANCIAL STATEMENT VALUES

Moody's KMV RiskCalc for Australian private companies utilizes financial statement values to calculate ratios used to determine EDF credit measures.

SIZE

- Assets (in 1990 Australian $)

LIQUIDITY

- Current Ratio
- Cash/Assets

PROFITABILITY

- Retained Earnings/Assets
- EBITDA/Interest Expense
- (NI Extraordinary Items)/Sales
- Previous Year NI/Sales

ACTIVITY

- Inventory/Sales

GROWTH

- Sales Growth
- Change ROA

GEARING

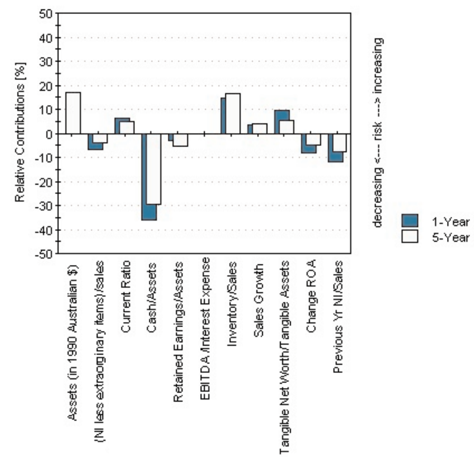
- Tangible Net Worth/Tangible Assets

## LEVERAGES MOODY'S KMV CREDIT RESEARCH DATABASE™

RiskCalc Australia leverages the world's largest private company database, Moody's KMV Credit Research Database™ (CRD). The CRD has information from 4 million financial statements on 1 million firms and 70,000 defaults for private companies and was built in partnership with over 40 financial institutions globally. This depth of data allows RiskCalc to yield unique insight into the fundamental drivers of default for private firms across a wide array of countries, accounting for more than 75% of global GDP.

THE RELATIVE CONTRIBUTION SCORES SHOW THE MOST IMPORTANT DRIVERS OF THE EDF CREDIT MEASURE.

| | 1-Year | 5-Year |
|---|---|---|
| Expected Default Frequency (EDF) | 0.50% | 4.10% |
| Bond Default Rate Mapping | Baa3.EDF | Baa3.EDF |
| Percentile | 19.43% | 40.66% |





TO LEARN MORE

Please contact your Moody's KMV client representative or visit us online at WWW.MOODYSKMV.COM

Contact Moody's KMV via e-mail at INFO MKMV.COM or call us at:

FROM NORTH AND SOUTH AMERICA, NEW ZEALAND, AND AUSTRALIA, CALL:

866 321 MKMV (6568) or 415 296 9669

FROM EUROPE, THE MIDDLE EAST, AFRICA, AND INDIA, CALL:

44 20 7778 7400

FROM ASIA CALL:

813 3218 1160