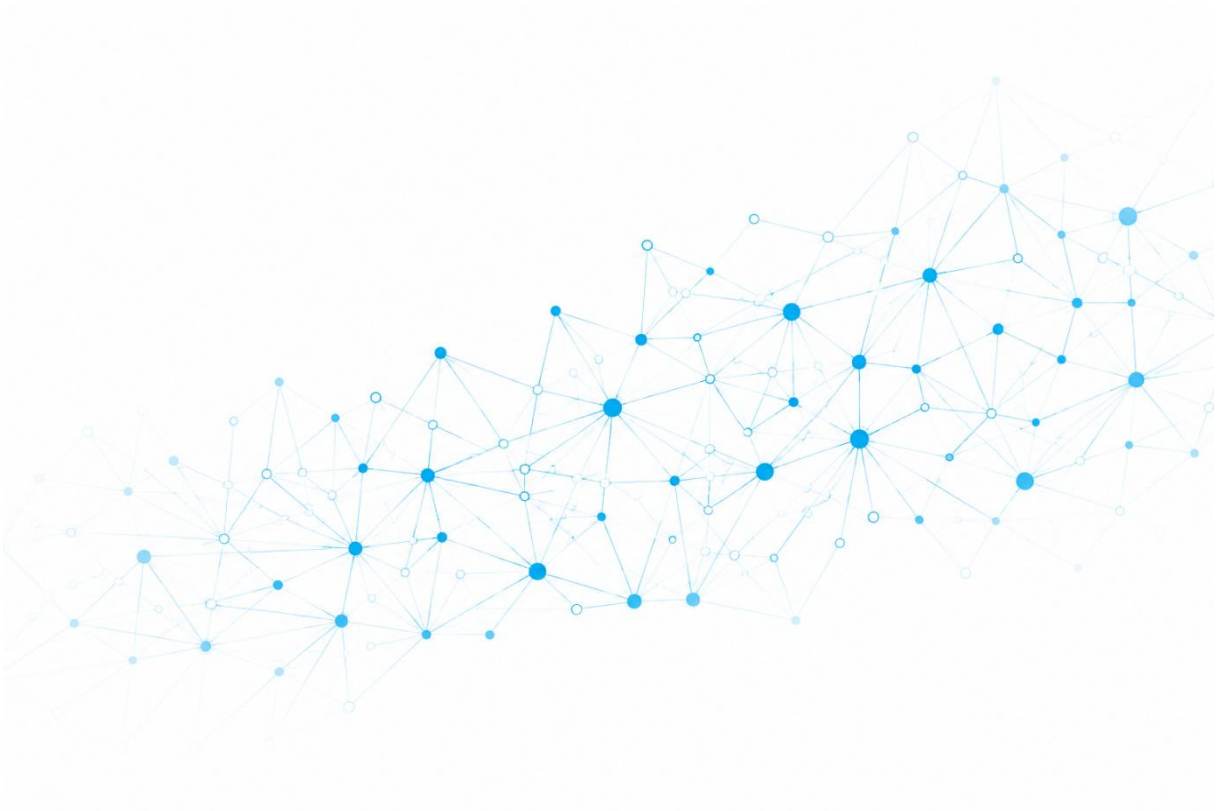
Creditreform Rating

# Default and Rating Transition Analysis 2025

*Empirical Insights from Creditreform Rating's Rated Universe*



# 1. Analytical Framework

This study applies a stock-based cohort approach to measure default and rating transition behaviour across Creditreform Rating's rated universe. Each cohort is defined by a stock date, which establishes the population of live rated entities and their starting rating categories, and an observation end date, which marks the close of the observation period. Cohorts are constructed independently. As a result, an entity may appear in multiple cohorts, such as the one-year and five-year cohorts, provided it holds a live rating on each respective stock date.

Default and withdrawal outcomes are recorded based on the first terminal event observed after the stock date and on or before the observation end date. An entity whose first terminal event is a default (D) contributes one default to the relevant rating bucket. An entity whose first terminal event is a withdrawal (WD) contributes one withdrawal. Entities for which no terminal event is observed within the observation period are treated as non-terminal observations.

The study covers both issuer ratings and issue ratings. Where issues form part of a programme, as is common in the banking sector, the programme is treated as a single rating exposure. Issues that do not form part of a programme are counted separately. In certain asset classes, such as structured finance and asset-based finance, issue ratings may exist without a corresponding issuer rating where the applicable methodology does not require one. Such issues are included as standalone rating exposures.

## 2. All sectors

*Table 1: 10 year average annual rating transitions in percent (except row count)| as of 2016-01-01 - 2025-12-31| all rating categories*

| | AAA | AA | A | BBB | BB | B | C | D | WD | Row count |
|---|---|---|---|---|---|---|---|---|---|---|
| **AAA** | 70.66 | 2.40 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 26.95 | 334 |
| **AA** | 2.99 | 75.27 | 4.26 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 17.48 | 469 |
| **A** | 0.13 | 1.61 | 76.24 | 2.68 | 0.07 | 0.00 | 0.00 | 0.00 | 19.26 | 1490 |
| **BBB** | 0.00 | 0.11 | 4.94 | 76.25 | 1.24 | 0.11 | 0.27 | 0.00 | 17.09 | 1861 |
| **BB** | 0.00 | 0.00 | 0.00 | 9.84 | 67.34 | 2.46 | 0.45 | 0.00 | 19.91 | 447 |
| **B** | 0.00 | 0.00 | 0.00 | 0.00 | 8.51 | 64.54 | 0.71 | 0.71 | 25.53 | 141 |
| **C** | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 3.70 | 74.07 | 3.70 | 18.52 | 27 |

*Table 2: Default Rates in percent (except row count) | all rating categories*

| | 2024 – 2025 (1 year) | | 2022 – 2025 (3 years) | | 2020 – 2025 (5 years) | |
|---|---|---|---|---|---|---|
| | D | Count | D | Count | D | Count |
| **AAA** | 0 | 24 | 0 | 42 | 0 | 43 |
| **AA** | 0 | 28 | 0 | 62 | 0 | 67 |
| **A** | 0 | 183 | 0 | 208 | 0 | 185 |
| **BBB** | 0 | 196 | 0 | 267 | 0 | 242 |
| **BB** | 0 | 28 | 0 | 55 | 0 | 67 |
| **B** | 0 | 10 | 0 | 10 | 0 | 24 |
| **C** | 0 | 4 | 0 | 3 | 0 | 5 |

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