



PKRI Transition and Default Study

9 January 2025

2024 Transition and Default Study

Stefanus Yuniardi
stefanus.yuniardi@pkri.co.id

6221- 27093505
 TIFA Building, 7th Floor, Suite 704
 Kuningan Barat No. 26,
 Jakarta 12710

2024 PT Pemeringkat Kredit Indonesia’s (PKRI) rating transition and default study covers issuers of which long-term ratings are published by PKRI during period from March 1, 2022 to December 31, 2024. It should be noted that that the statistical analysis is constrained by the limited sample size and the short duration of the observation period which may affect the robustness and generalizability of the findings.

Rating Transition

PKRI adopts a static pool approach in the study. For matrices, cohorts are created by grouping ratings according to the year in which the rating are outstanding in the observation period. The vertical left-hand column categorizes rating outstanding at the beginning of the period and rating initiated during the period, while the horizontal axis illustrates the migration pattern of those ratings by end of the period.

Multi Year Transition Matrices: 1 March 2022-31 December 2024

		End of Period																
		AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-	B+ & Lower	RD	D	WD
Beginning of Period	AAA																	
	AA+																	
	AA		100%															
	AA-																	
	A+																	
	A						100%											
	A-																	
	BBB+																	
	BBB																	
	BBB-																	
	BB+																	
	BB																	
	BB-																	
	B+ & Lower																	
	RD																	
	D																	
WD																		

Rating transition can be defined changes between rating classes during the period. Transitions happens when PKRI upgrades or downgrades an entity’s credit rating due to various reasons such as financial condition, economic environment, liquidity condition, corporate strategy and other factors that affect the entity’s ability to meet debt obligations.

One-Year Transition Matrix: 2023

		End of Period															
		AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-	B+ & Lower	RD	D
AAA																	
AA+																	
AA			100%														
AA-																	
A+																	
A						100%											
A-																	
BBB+ & Lower																	
RD																	
D																	
WD																	

One-Year Transition Matrix: 2024

	End of Period																
	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-	B+ & Lower	RD	D	WD
AAA																	
AA+		100%															
AA																	
AA-																	
A+																	
A						100%											
A-																	
BBB+ & Lower																	
RD																	
D																	
WD																	

As can be inferred by the above tables, statistics on rating transition indicate a high stability of the ratings assigned by the PKRI as there was only one upgrade for one notch during the observation period. This means, that changes of ratings are made gradually (usually about one degree), which indicates a high degree of stability of the methodologies applied by PKRI. The migration rate was generally slightly higher for the ratings at lower levels and vice versa.

Default Rate

Default event refer to situations where an entity fails to meet its financial obligations as agreed in the terms of a loan, bond, or other credit arrangements. PKRI generally considers a rated entity as defaulted where any of the following type of event:

- Missed Payments. Failure to pay interest or principal on a debt. (unless payments are made within a contractually allowed grace period or are missed due to purely technical or administrative errors)
- Bankruptcy/Insolvency. Filing for bankruptcy or being declared insolvent by a court.
- Distressed Debt Exchange. Usually, a new debt issued typically has terms less favorable than the original agreement.

PKRI recorded no defaults in the period of observation.

PKRI calculates default rate by issuer. For annual default, PKRI will count defaults events during the year for each cohort and individual rating category. For example, if there were 1 issuer rated in a BBB went default in 2024 and there were 10 outstanding cohorts in the BBB category then the default rate would be 10% for the BBB category.

To calculate average annual defaults, PKRI would use weighted average default rate. PKRI would weight each cohort's default by the number of ratings outstanding in the given cohort relative to total number of ratings. The same technique would be used to calculate average default rates over multiple-year period.

DISCLAIMER: This report or publication is based on relevant public resources (including: newspapers, websites and other business-related resources) that are believed to be reliable. PKRI does not conduct verification of the information obtained and is not responsible for the accuracy of the information referred to. PKRI has the full right to disseminate information written in its report. Reports issued by PKRI may not be used for purposes that are contrary to regulations or violate the law.