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## Press information

### **Default Rate of German Enterprises Falls to an All-Time Low in 2015**

The empirical default rate of German companies has fallen for another year, reaching an all-time low of 1.60 percent in 2015. According to the latest default rate statistics, compiled every six months by Creditreform Rating, only 44,955 out of a total number of 2.8 million businesses in Germany went into default over the past year. "This is the lowest level that we have ever observed since we started to record the default rates in the German economy", Creditreform CEO Michael Munsch said. "It is also worth pointing out that the decline of the default rate was even steeper than last year." In 2014, the rate had fallen from 1.79 percent to 1.72 percent.

Although the year-on-year default rates fell in each business size category, the statistical default risks in 2015 dropped more steeply for companies with annual revenues of more than EUR 20 million, i.e. those companies that are relevant for the capital market. Only 0.45 percent of these larger companies went into default over the past year (2014: 0.60 percent).

Breaking down the country-wide numbers of defaults according to the federal states, companies that were domiciled in the city states of Bremen (1.86 percent) and Berlin (2.30 percent) appeared to be at a specifically high risk. Businesses were most stable in the south and southeast of the country: just 1.39 percent of companies domiciled in Bavaria went into default last year. Enterprises in Thuringia were even more stable: their default risk of 1.20 percent was the lowest in Germany.

The economists of the rating agency expect Germany's economic conditions to remain favourable. This should also benefit the risk situation of German businesses. Benjamin Mohr, Chief Economist of Creditreform Rating, is cautiously optimistic: "Last year's favourable conditions – a robust labour market, high levels of consumer spending and continuously low interest rates – should prevail in 2016 and once again benefit the German economy", he says. "We expect the German economy to grow by 1.6 percent in 2016, which is roughly the same rate that we observed last year. We therefore believe that the default rate will drop slightly to a level of 1.58 percent."

Neuss, April 27, 2016