

The cover features a large, stylized 'C' shape in a dark blue color, which serves as a background for the title and logo. The 'C' is composed of a solid dark blue area and a lighter blue area with a grid pattern. The grid pattern is a light blue dashed line. Overlaid on the grid are various financial charts, including a candlestick chart and a line graph with circular markers. The charts are in shades of blue and white. The overall design is modern and professional, with a focus on financial data and trends.

dun & bradstreet

Global Bankruptcy Report 2025

Analysis and trends
on business bankruptcies
in **47 economies**

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INTRODUCTION



Sabine Leferink

Senior Vice President
Worldwide Network

Welcome to the latest edition of the Dun & Bradstreet Global Bankruptcy report. In an era of economic and political uncertainty, rising interest rates, and shifting global trade dynamics, businesses face an increasingly complex landscape where financial stability can be tested at any moment. From supply chain disruptions to inflationary pressures and evolving regulatory frameworks, understanding the forces driving business insolvencies has become crucial for mitigating risks.

The Global Bankruptcy Report serves as a critical resource for business leaders, risk managers, and policymakers, offering a data-driven view of global bankruptcy trends. The report aims to provide actionable insights to help businesses anticipate challenges, safeguard operations, and identify growth avenues.

Since its inception in 2005, the Worldwide Network (WWN) has been a trusted partner for businesses worldwide, providing access to the most comprehensive global database. This year's report features bankruptcy data from 47 markets, showcasing the strength of the worldwide network and our commitment to delivering precise, timely, and actionable intelligence to better support decision-making.

We are thankful to our WWN members for their invaluable contributions. Their local expertise has been crucial in shaping the report. A special mention to Altares, CIAL Dun & Bradstreet, CRIF, D&B Hong Kong, D&B India, D&B Indonesia, D&B SAME, D&B Singapore, D&B Taiwan, Dun & Bradstreet US/Canada, Dun & Bradstreet UK, Dun & Bradstreet Europe, D&B China, Illion, Informa, Interfax, NICE D&B, and TSR for their invaluable contributions.

As businesses work to navigate volatility, manage risk, and build resilience, I hope the 2025 Global Bankruptcy Report provides you with the foresight needed to stay ahead in the ever-changing market.

PREFACE



Julian Prower

Chief Operating Officer
Dun & Bradstreet International

At Dun & Bradstreet, we have been tracking corporate insolvencies for decades, helping businesses anticipate risks and navigate financial uncertainty. The rise in bankruptcies observed in 2024 was not unexpected — it was, in many ways, the delayed outcome of economic forces set in motion since the Covid-19 pandemic. Following a prolonged period of artificially low insolvencies, businesses are now confronting a reality where financial vulnerabilities are becoming more apparent as monetary conditions remain tight and global demand softens.

Between 2020 and 2022, the average number of bankruptcies per economy monitored by Dun & Bradstreet fell 16% compared with pre-pandemic levels (2018–19), as government support and creditors' forbearance helped struggling firms stay afloat. However, this environment was never sustainable. As policy support was rolled back and interest rates started to rise, the expected correction began in 2023 and accelerated further in 2024. **In 2024, corporate bankruptcies reached their highest level in over a decade**, with 65% of the economies we track experiencing an increase in insolvencies — up from 53% in 2019.

Sectors with tight margins, such as retail, hospitality, and construction, have seen heightened distress, as consumer spending remained cautious and project financing became more expensive. The rise in bankruptcies also reflects deeper structural shifts in consumer spending. Businesses that failed to integrate e-commerce effectively are struggling to stay competitive, while those that went fully digital are equally facing challenges as shoppers return to brick-and-mortar



stores. With e-commerce settling above pre-pandemic levels, but below its peak, resilience lies in balancing online and physical presence.

To navigate this evolving landscape, businesses need to take a proactive and strategic approach to risk management. Closely monitoring the financial health of customers, suppliers, and partners can help identify potential vulnerabilities before they escalate. Strengthening credit assessments and maintaining healthy cash flow will be essential in managing liquidity pressures. At the same time, diversifying supply chains and customer bases can provide stability amid shifting market dynamics. Ultimately, businesses that leverage data-driven insights and remain adaptable will be better positioned to withstand uncertainty and drive sustainable growth.

This report provides a comprehensive analysis of these trends, offering insights into the sectors and regions most affected, and the underlying economic pressures driving bankruptcies. As always, Dun & Bradstreet remains committed to equipping businesses with the data and analytics needed to assess risk, safeguard operations, and identify new opportunities in the face of evolving market conditions.

We value your feedback so don't hesitate to get in touch if you have any questions or comments. We can help you achieve your goals and thrive even in the most challenging economic conditions.

Squeezed to the Brink: The Business Fallout of Economic Pressure



Dr. Arun Singh

Global Chief Economist
Dun & Bradstreet

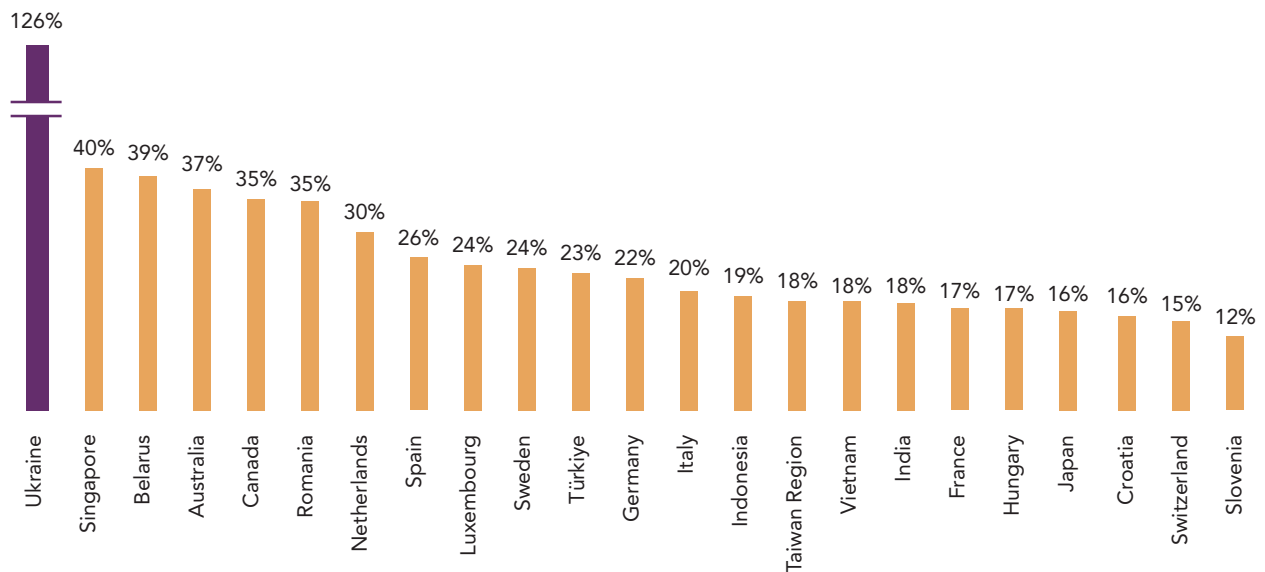
The global business landscape, still adjusting to post-pandemic disruptions, was met in 2024 by a series of economic headwinds that pushed **insolvencies to their highest level in over a decade**. Across the economies that Dun & Bradstreet tracks, 65% experienced an increase in corporate bankruptcies — up sharply from 53% in 2019. This marks a significant shift, reflecting both cyclical pressures and structural challenges that businesses now face.

The rise in bankruptcies was neither sudden nor uniform across regions, but rather the result of prolonged financial strain that has accumulated over the past few years. While many firms managed to navigate the initial shocks of the pandemic through government support and accommodative monetary policy, the withdrawal of these measures exposed fundamental vulnerabilities. The global economy entered 2024 grappling with the aftershocks of inflation, interest rate hikes, and supply chain restructuring — each of which played a crucial role in shaping the insolvency trends observed throughout the year.

Central banks across advanced and emerging markets kept interest rates elevated in response to persistent inflation. Although inflationary pressures eased from their 2022 peaks, **headline inflation remained above target in 30% of advanced economies in 2024**. Additionally, high core inflation led some central banks to reconsider the pace of monetary easing. As a result, interest rates remained elevated through the first half of the year. Notably, 80% of the economies that implemented rate cuts in 2024 made deeper reductions in H2 than in H1. This prolonged period of

Across the economies that Dun & Bradstreet tracks, **65% experienced an increase in corporate bankruptcies — up sharply from 53% in 2019.**

Economies reporting large increase in bankruptcy (YoY)



high borrowing costs placed significant stress on corporate balance sheets, particularly for businesses reliant on leverage.

Even as inflation eased, economic growth remained sluggish in many parts of the world. Consumer spending softened due to the cumulative impact of higher interest rates, reduced fiscal support, and weaker labor market conditions in certain regions. Data from the OECD shows that 70% of economies with available data experienced a decline in retail sales in 2024 compared with 2022.

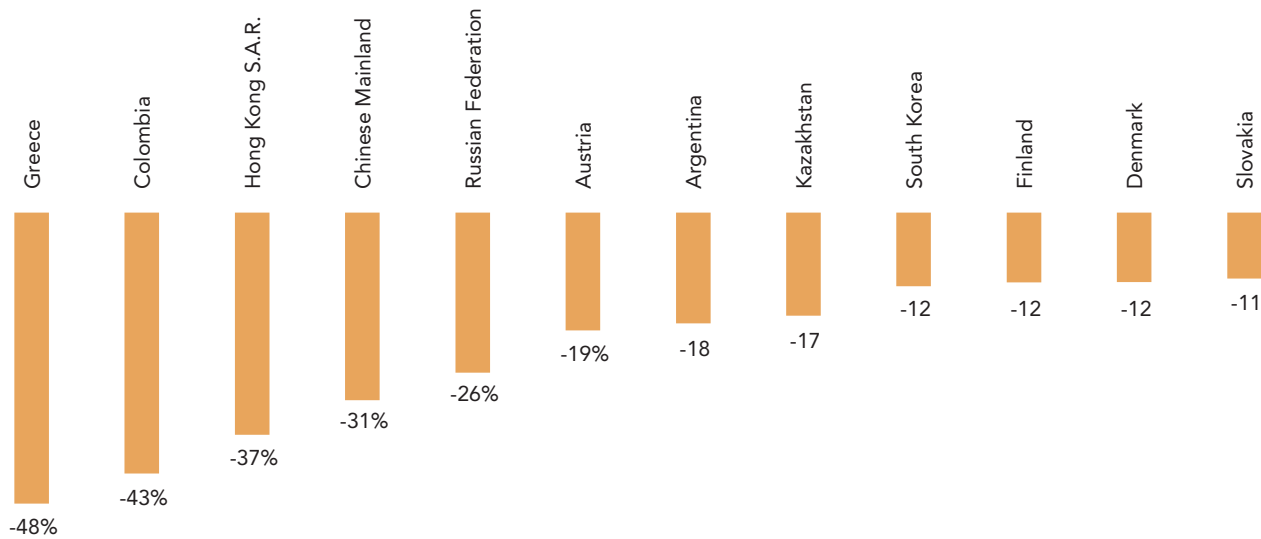
Many firms, particularly in manufacturing and wholesale trade, struggled with falling revenues while contending with elevated input costs. The lack of pricing power meant that profit margins came under pressure, leaving businesses with little room to maneuver. While corporate profits of non-financial companies in the U.S. moderated to 10.6% in Q1-Q3 2024 from 12.1% in the same period in 2023, manufacturers and wholesalers registered a decline. Similarly, the gross profit share of non-financial companies in the EU moderated to 39.4% in Q1-Q3 2024, from 41.5% in Q1-Q3 2023.

Beyond cyclical pressures, **the surge in bankruptcies in 2024 was also influenced by longer-term structural changes.** The ongoing realignment of global supply chains continued to disrupt traditional trade flows, disproportionately affecting firms dependent on cross-border operations.

As we look ahead to 2025, corporate bankruptcies will continue to rise. While economic conditions are expected

Data from the OECD shows that **70%** of economies with available data experienced a decline in retail sales in 2024 compared with 2022.

Economies reporting large decrease in bankruptcy (YoY)



to improve modestly, risks remain skewed to the downside, driven by tight financial conditions, trade uncertainty, and geopolitical tensions. Though inflation is easing, and interest rates are expected to decline, these shifts will not be enough to reverse the insolvency trend.

The global trade environment remains fluid, disrupting capital flows, supply chains, and market access. This uncertainty will weigh on business confidence and investment, particularly in export-dependent industries. At the same time, modest economic growth will continue to constrain consumer-driven sectors, limiting revenue recovery for businesses already operating under pressure.

Although interest rates are expected to fall, the impact on corporate solvency will be delayed, as monetary policy takes time to filter through. Refinancing challenges will intensify, particularly for lower-rated corporate debt maturing in 2025, as lenders remain cautious. Businesses with high debt burdens and weak earnings will struggle to secure new funding, increasing default risks.

Geopolitical tensions will add further strain, driving supply chain disruptions and market volatility. With financial pressures mounting across industries, corporate bankruptcies will remain on an upward trajectory throughout 2025, with little relief expected until late in the year.

Geopolitical tensions will add further strain, driving supply chain disruptions and market volatility.

KEY TAKEAWAYS

- Global bankruptcies have climbed to a 12-year peak, growing at a 5% CAGR over 2012-24. However, post-pandemic, the rate of increase in bankruptcies has doubled, with the four-year (2021-24) CAGR at 10%.
- Post-pandemic, **32 out of the 47 economies** monitored by Dun & Bradstreet and its Worldwide Network (WWN) have seen **increasing bankruptcies**, at an average **12% CAGR**. Notably, bankruptcies in Ukraine, Poland, France, Canada, Saudi Arabia, Indonesia, and Australia have increased by more than 20% annually in the past four years.
- Between 2023 and 2024, the **largest spikes** in bankruptcies were seen in **Ukraine (126%)**, **Singapore (40%)**, **Belarus (39%)**, **Australia (37%)**, **Canada (35%)**, **Romania (35%)**, and the **Netherlands (30%)**. The **biggest declines** were seen in **Greece (-48%)**, **Colombia (-43%)**, the **Chinese Mainland (-31%)**, and **Russia (-26%)**.
- For **11 out of 47 economies**, business bankruptcies in **2024 were the highest in more than 5 years**, reaching a 12-year high for Canada, France, Poland, Sweden, and the U.S., and a decade high for Australia, Japan, Spain, and Switzerland.
- The **main challenges** we foresee in 2025 include **geopolitical risks** and **trade disruptions**. Transactional cross-border trade tariff policies make the operating business environment challenging.
- Dun & Bradstreet's Global Business Optimism Insights report for Q1 2025 reveals a growing sense of **supplier risk** as businesses become increasingly focused on localizing their supply chains. They expect the **cost of capital** to remain **elevated**, indicating heightened credit risk for suppliers. Moreover, **falling optimism** in **sales** and **export orders** reflects broader concerns about **global economic weakness** and **trade policy uncertainty**. Overall, businesses are indicating a more cautious outlook.



Global bankruptcies have increased at a 10% CAGR over the past four years.



Bankruptcies in Canada, France, Poland, Sweden, and the U.S. have reached a 12-year high.



Bankruptcies in Greece, Colombia, Russia, and the Chinese Mainland decreased by over 25% y/y in 2024.



Bankruptcies in Ukraine, Singapore, Belarus, Australia, Canada, Romania, and the Netherlands increased by over 30% y/y in 2024.

ANALYSIS OF BUSINESS FAILURES



ASIA PACIFIC

One of the defining factors affecting business insolvencies in Asia Pacific in 2024 was the monetary policy stance across key economies. For instance, Japan saw a rise in bankruptcies after the Bank of Japan took tentative steps, starting in March 2024, toward tightening its ultra-loose monetary policy. The end of the yield curve control policy, combined with a weaker yen, increased the cost of imported goods and financing, leading to a rise in financial distress, particularly among small and medium-sized enterprises (SMEs).

Dun & Bradstreet's bankruptcy database showed a 16.3% increase in bankruptcies in Japan in 2024, largely driven by rising input costs and debt servicing burdens. In Australia, higher interest rates and the slowdown in the housing sector contributed to an uptick in bankruptcies, which rose 36.8% in 2024. The Reserve Bank of Australia maintained a restrictive monetary policy stance to combat inflation, keeping borrowing costs high for businesses. Construction firms were affected, with multiple mid-sized developers struggling financially due to increased labor and material costs.

By contrast, the **Chinese Mainland witnessed a significant decline in bankruptcies**, driven by easing measures taken by the People's Bank of China (PBoC) and increased state support for struggling enterprises. The government focused on ensuring liquidity for key industries, particularly real estate and manufacturing, preventing a large-scale wave of defaults. However, sectoral weaknesses have remained, with property developers continuing to face stress, albeit

mitigated by loan extensions and restructuring support. **Taiwan Region also saw an increase in bankruptcies** (which grew 18.4% y/y), primarily in 'other service industries', which include services related to maintenance and repair.

Several broader factors have played a role in shaping bankruptcy trends across Asia Pacific:

- **Divergent Monetary Policies:** While the Chinese Mainland and South Korea have eased monetary conditions, economies such as Japan and Australia have maintained restrictive policies, leading to varied impacts on business failures.
- **Sectoral Weaknesses:** The real estate sectors in the Chinese Mainland and Australia, the services industry in Taiwan Region, and SMEs in Japan have borne the brunt of adverse credit conditions. Moreover, high corporate debt levels have exacerbated vulnerabilities.
- **Export Market Volatility:** The trade-related uncertainties that came to the fore, especially after the U.S. stance against the Chinese Mainland hardened, might have contributed to a trickle-down effect, resulting in increasing bankruptcies in manufacturing-based economies such as Taiwan Region, Japan, and South Korea, while services-based economies such as Thailand and the Philippines remained relatively stable due to strong tourism recovery.

- **Higher Energy and Input Costs:** The weak yen has raised import costs for Japanese firms, while geopolitical tensions, shipping disruptions in the Red Sea and the Panama Canal, and commodity price volatility have increased costs for manufacturers in Australia and Taiwan Region.

Looking ahead, **bankruptcies in Asia Pacific are expected to remain between “stable” and “slightly rising” in 2025.** The PBoC’s continued easing measures should keep business failures in the Chinese Mainland contained, while Australia and Japan may see further insolvencies due to sustained high interest rates. The technology sectors in Taiwan Region and South Korea could experience some relief due to sustained

global chip demand. However, corporate debt burdens across the region remain high, and any external shocks — such as commodity price surges or geopolitical tensions — could push more businesses into financial distress. Overall, although Asia Pacific remains better positioned than other regions, the outlook for 2025 suggests a mixed bankruptcy trajectory, with some economies stabilizing while others continue to see stress in key sectors.

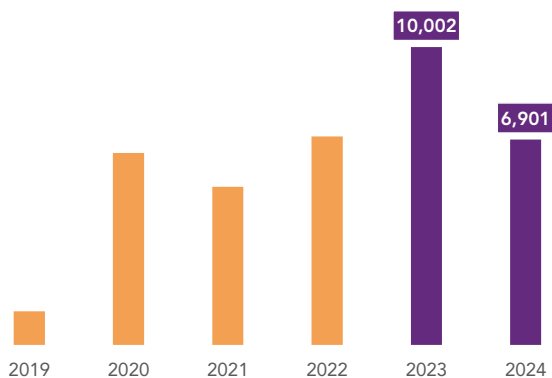
From 2019 to 2024, business failures increased the most in Asia Pacific by 160%, followed closely by North America at 144%.



Chinese Mainland

In 2024, corporate bankruptcies in the Chinese Mainland saw a significant decline, falling 31% to 6,901, in stark contrast to rising insolvencies in other major economies in the region. The latest Dun & Bradstreet bankruptcy data confirms a **substantial drop in bankruptcy filings across multiple sectors**, suggesting that a combination of policy measures, regulatory interventions, and economic stabilization efforts have shielded businesses from financial distress. One of the primary drivers of this trend may be proactive monetary easing by the PBoC, which helped maintain liquidity in the economy.

Business failures in the Chinese Mainland



Source: Dun & Bradstreet Worldwide Network

The central bank has implemented multiple reductions in the reserve requirement ratio (RRR), allowing commercial banks to expand lending. In October 2024, the PBoC introduced a new monetary policy tool — outright reverse repurchase agreements — to maintain reasonable liquidity in the banking system. Through this tool, the PBoC has injected approximately USD70bn into the

Despite some challenges, the overall outlook for corporate bankruptcies in the Chinese Mainland remains relatively stable. Government policies, proactive monetary management, and targeted economic support effectively reduced financial distress in 2024, and these measures are likely to continue shaping the business environment in 2025.

Although risks persist, particularly in real estate and external trade, the likelihood of a sharp uptick in bankruptcies remains low, provided that economic policies remain responsive to evolving conditions.

money markets to alleviate liquidity stresses and encourage bank lending. Additionally, targeted liquidity injections into key industries, including manufacturing and infrastructure, have provided essential support to struggling businesses. These measures have collectively alleviated short-term liquidity pressures and improved overall credit availability. Another crucial factor behind the declining bankruptcy rate was the central government's commitment to financial stability. Policymakers adopted a targeted approach, focusing on restructuring distressed firms rather than allowing mass liquidations. State-owned enterprises (SOEs) received priority access to financial assistance, ensuring their continued operations despite challenging conditions. Additionally, local governments played a crucial role in stabilizing regional economies by introducing measures such as tax cuts and preferential loan arrangements for SMEs, which are typically more vulnerable to financial shocks.

Sector-wise, **manufacturing experienced a notable reduction in bankruptcy filings**, largely due to export recovery and supply chain normalization. Government subsidies and trade incentives helped offset cost

pressures for industrial firms, while sustained external demand in 2024 boosted revenue flows. The wholesale and retail sectors also saw declining numbers of bankruptcies as consumer spending rebounded, driven by pent-up demand and supportive fiscal policies, such as consumption vouchers and tax relief for small businesses, which were extended from 2023. However, the real estate sector remained an area of concern. While the pace of growth of bankruptcies in this sector slowed compared with 2023, several high-profile developers continued to struggle with liquidity constraints and weak property sales. The government's cautious yet strategic interventions, such as easing first-time home purchase restrictions and increasing financial support to systemically important developers, helped prevent a wider collapse but did not eliminate risks.

The corporate bankruptcy outlook for 2025 appears to be neutral to slightly positive. While the trend of falling bankruptcies is expected to continue, several factors could moderate the extent of improvement. The PBoC is likely to maintain an accommodative but measured policy stance, balancing the need for economic support with concerns over excessive credit expansion.

Sectoral dynamics will play a crucial role in shaping the bankruptcy landscape. The manufacturing sector is expected to remain resilient, supported by continued policy incentives. However, a slowdown in external demand caused by the U.S. imposing tariffs on key Western economies, or these economies experiencing economic turbulence, could pose risks to Chinese exporters. The wholesale and retail sectors are likely to sustain their recovery, benefiting from structural shifts in consumption patterns and government efforts to stimulate domestic demand. **The real estate sector remains the biggest uncertainty in 2025.**

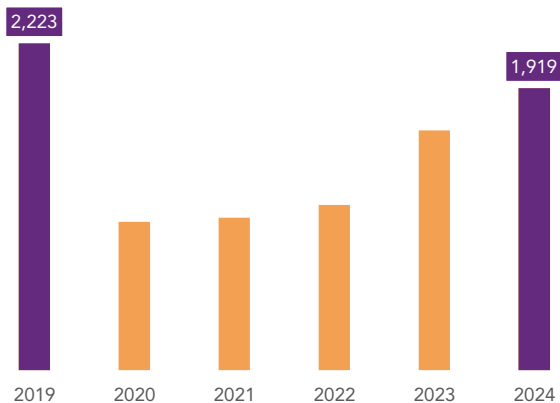
29% of bankruptcies in the past two years were in manufacturing, followed by 23% in wholesale/retail trade and 8% in construction.

Although government interventions have prevented large-scale developer failures, structural issues persist, including high debt levels and weak homebuyer confidence. Should policymakers choose to accelerate sectoral restructuring efforts, smaller developers could experience further distress, potentially impacting related industries, such as construction and finance. On the other hand, a more aggressive policy response — such as expanded credit access or deeper property market reforms — could stabilize the sector more effectively. Another area to monitor is the financial sector's response to regulatory adjustments. The government has signaled its intent to tighten oversight on shadow banking and speculative lending practices, which could impact businesses reliant on non-traditional financing. While these measures aim to enhance long-term financial stability, they may temporarily constrain credit access for certain firms, particularly in highly leveraged sectors.

India

In 2024, India witnessed an uptick in corporate bankruptcies, increasing 17.7% y/y to 1,919, likely influenced by a confluence of regulatory measures, economic conditions, and sector-specific challenges. The Insolvency and Bankruptcy Code (IBC) recorded its highest-ever resolutions in FY2024, with the National Company Law Tribunal approving 269 resolution plans – a **42.0% increase from the previous fiscal year**. This surge not only underscores the effectiveness of the IBC framework and greater investor interest in the turnaround of stressed assets but also highlights the growing financial distress among businesses.

Business failures in India



Source: Dun & Bradstreet Worldwide Network

The tightening of macroprudential lending standards by the Reserve Bank of India (RBI) was a significant factor contributing to the rise in bankruptcies. In November 2023, the RBI raised risk weights on unsecured personal loans and credit card exposures by 25pps, compelling banks to allocate more capital against these loans. This move aimed to curb

The rise in corporate bankruptcies in India in 2024 was driven by a combination of regulatory tightening, liquidity constraints, and sector-specific challenges. While recent policy measures indicate a shift toward deregulation and supporting economic growth, the overall liquidity environment is expected to remain balanced, leading to a cautiously optimistic outlook for corporate solvency in 2025.

the rapid growth in unsecured lending, which had been a concern for potential financial instability. Additionally, the RBI increased risk weights on bank exposures to non-banking financial companies (NBFCs) by 25pps. This action elevated the cost of funds for NBFCs, leading to a tightening of credit conditions, especially for sectors heavily reliant on NBFC financing. These measures collectively led to a reduction in credit availability, exerting financial pressure on businesses with limited alternative funding options. **As a result, 1,227 corporate bankruptcies were filed in H1 2024 – a 36.3% increase from 2023 and surpassing H1 2020, the early phase of the Covid pandemic.** However, in late-2024, liquidity conditions deteriorated further. In July 2024, the RBI proposed a new framework to bolster banks' liquidity resilience, requiring them to set aside additional funds to cover risks associated with increased digital transactions. Although aimed at enhancing financial stability, these measures inadvertently tightened liquidity in the banking system. The combination of stricter lending norms and reduced liquidity led to a slowdown in loan growth. By November, Indian banks' credit growth to the commercial sector had moderated to 12.6%, from a peak of 16.3% in June 2023. The deceleration was particularly pronounced in personal loans and credit to

NBFCs, sectors that had previously driven credit expansion. Manufacturing also faced challenges due to supply chain disruptions and rising input costs, leading to financial distress for several firms. Meanwhile, the real estate sector, despite a brief resurgence, struggled with unsold inventory and funding constraints, resulting in increased insolvency filings.

The outlook for corporate bankruptcies in India in 2025 appears cautiously optimistic.

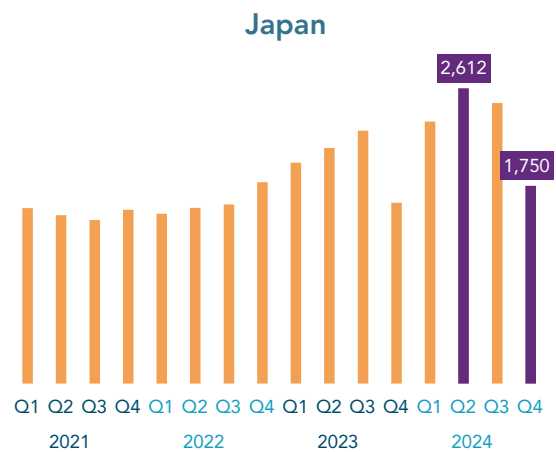
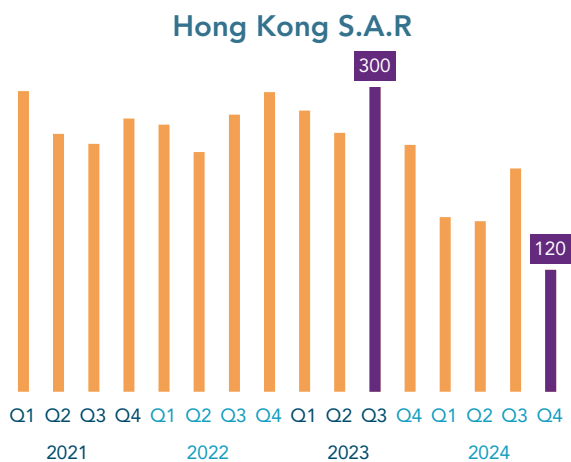
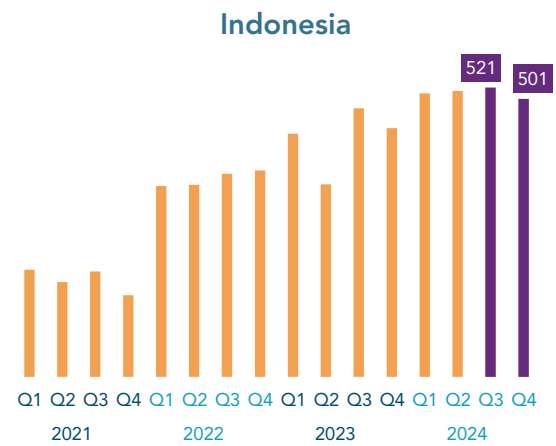
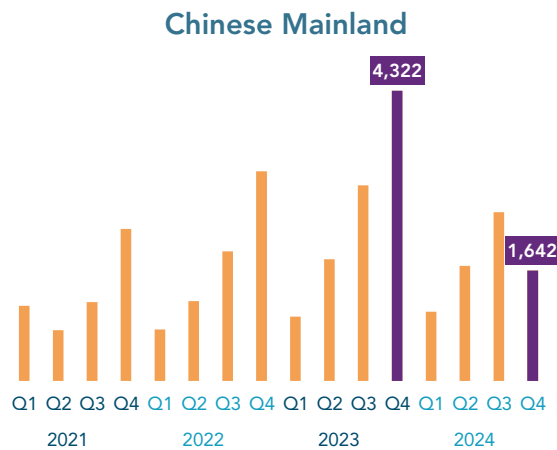
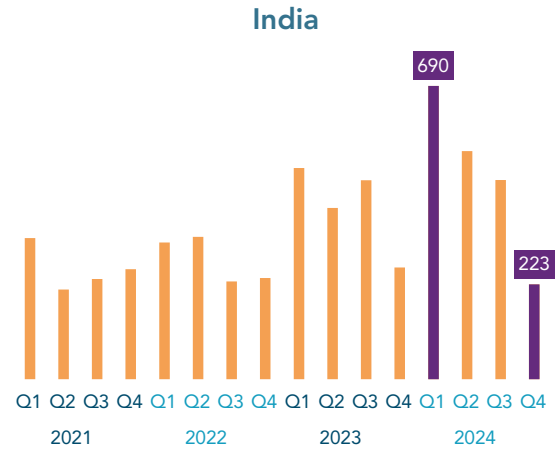
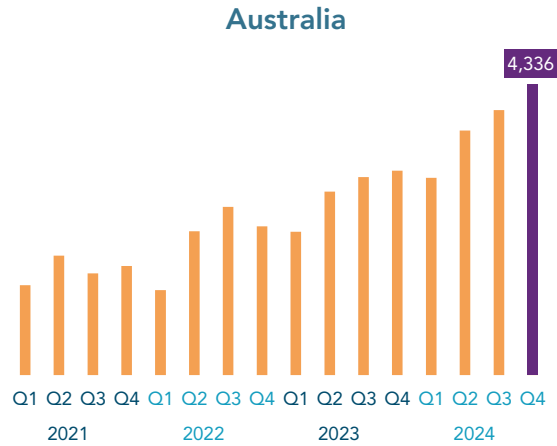
In February, the RBI reduced its key interest rate by 25bps to 6.25%, the first rate cut in nearly five years. This move aims to stimulate economic growth as inflation trends toward the central bank's target. Furthermore, the RBI has decided to defer the implementation of

three proposed crucial banking regulations – especially the implementation of the liquidity coverage ratio by a year – giving lenders ample time to prepare for the changes. This decision is expected to ease potential liquidity stress in the banking system. However, despite these easing measures, the liquidity position is expected to remain neutral. The RBI's cautious approach suggests support for economic growth, which will be balanced against the need to maintain financial stability. Consequently, the outlook for corporate bankruptcies in 2025 is neutral to slightly positive, with the potential for stabilization or a modest decline in insolvency cases as businesses adapt to the evolving financial landscape.



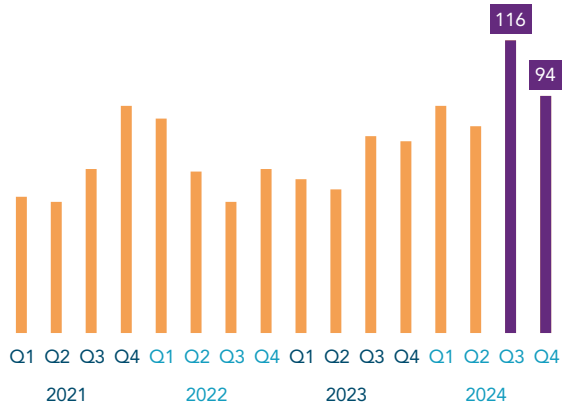
Trend of Business Failures - Asia Pacific

The charts below present the trend of business failures in each economy, highlighting the latest and previous high figures during the past four years.

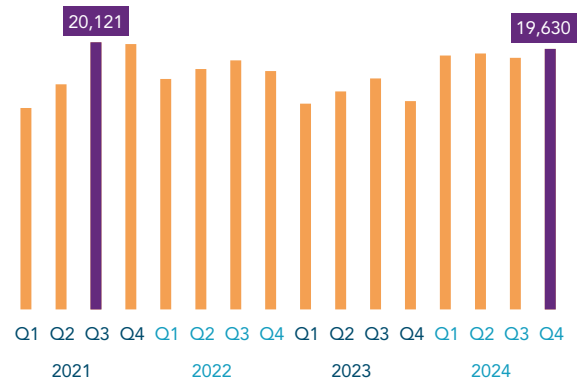


Source: Dun & Bradstreet Worldwide Network

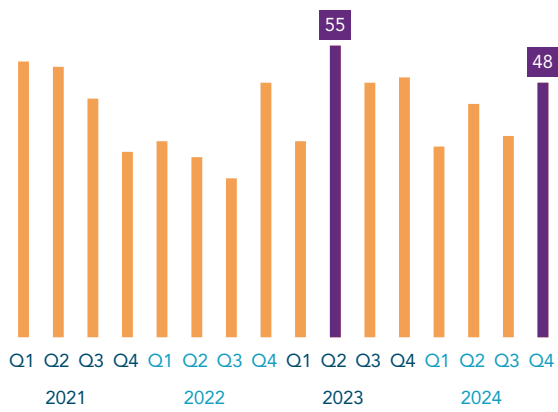
Singapore



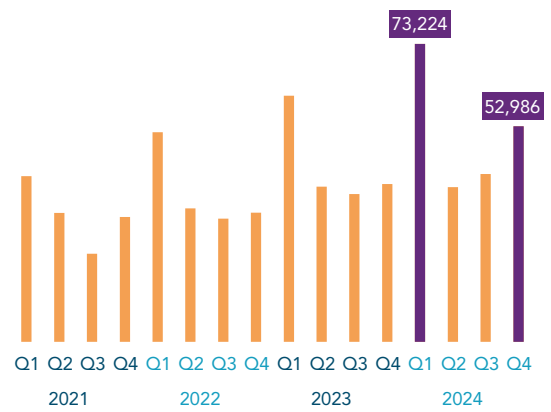
Taiwan Region



South Korea

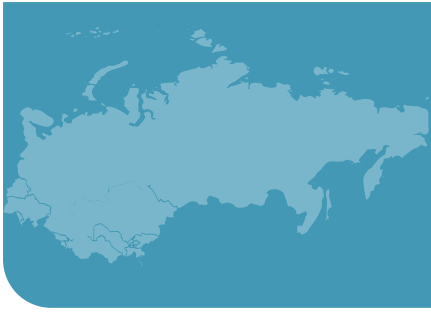


Vietnam



Source: Dun & Bradstreet Worldwide Network





EASTERN EUROPE & CENTRAL ASIA

In 2024, Eastern Europe and Central Asia saw an overall **5.9% increase in bankruptcies** compared with 2023, signaling a slight uptick in financial distress. Several countries experienced significant upticks in bankruptcy levels, **with Ukraine seeing a striking 126.0% surge**, possibly attributed to the ongoing economic and political instability in the country. Belarus, which saw a decrease in bankruptcies in 2023, experienced a sharp 39.3% rise in 2024, signaling a potential reversal in economic stability. **Romania also saw a steep hike of 34.9%**, possibly reflecting business challenges linked to inflationary pressures and rising costs. Similarly, **Türkiye reported a 23.0% rise in bankruptcies**, which could be linked to challenging economic conditions such as high inflation, currency devaluation, and ongoing fiscal challenges. **Bulgaria saw a modest 7.0% increase in bankruptcies**, reflecting a less volatile economic environment but still indicating some financial stress among businesses.

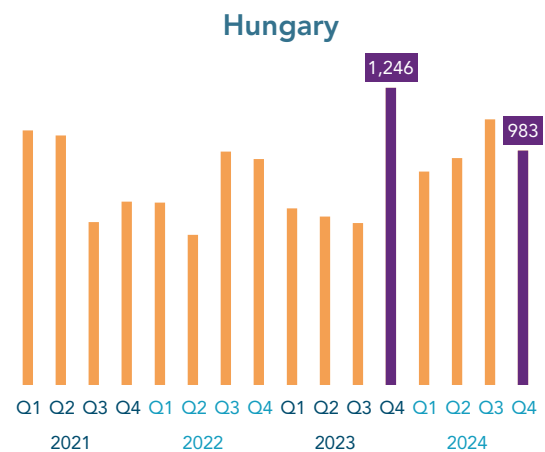
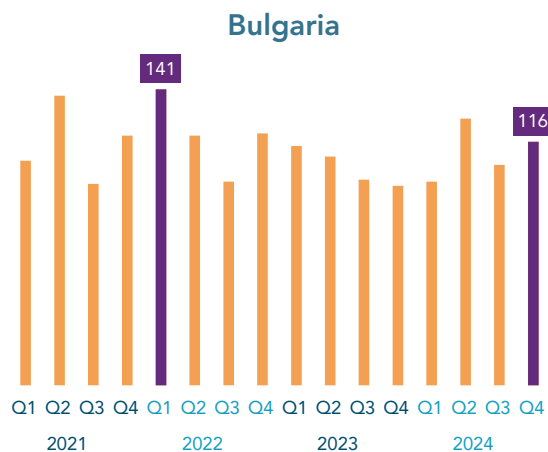
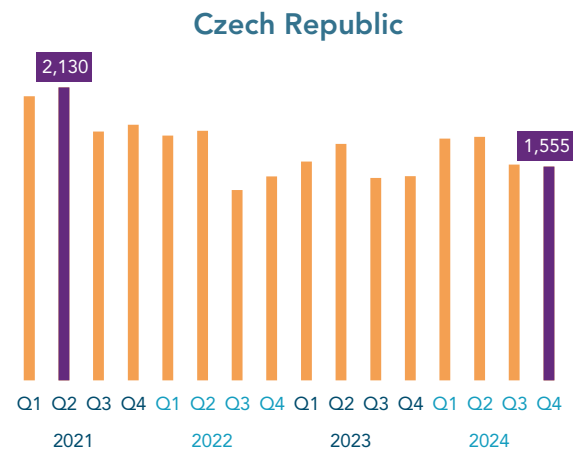
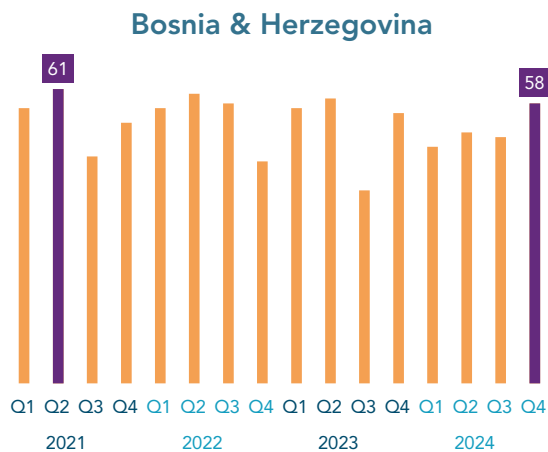
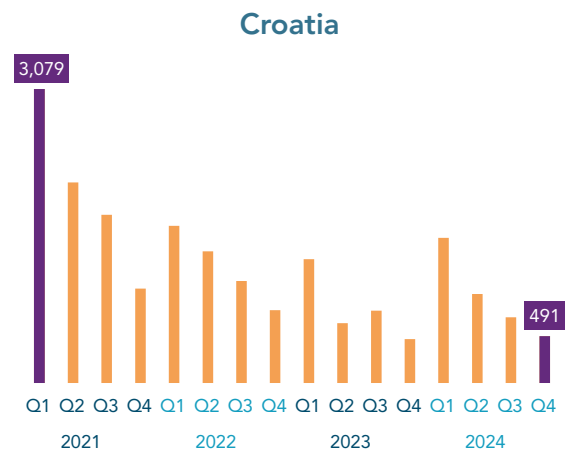
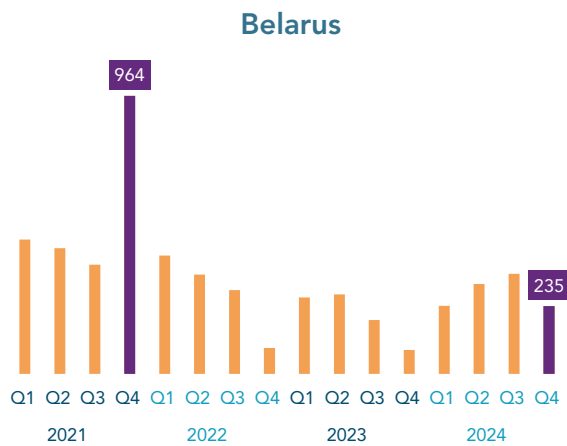
Kazakhstan reported a 17.1% decrease in bankruptcies in 2024, indicating that businesses might be stabilizing in the wake of earlier financial challenges, or that the government's economic interventions are starting to take effect. Interestingly, Russia saw a sharp drop of 26.5%, continuing the trend observed in 2023 and suggesting that businesses in the country may have adapted to the current economic climate and adjusted to external sanctions, stabilizing in the face of persistent challenges.

In 2024, bankruptcies across the region saw a modest increase compared with 2023, driven by significant rises in countries such as Ukraine, Belarus, and Romania, reflecting continued economic pressures and instability. The shift between 2023 and 2024 highlights a mixed economic landscape, with some countries facing rising financial distress while others remain affected by geopolitical tensions and trade disruptions.



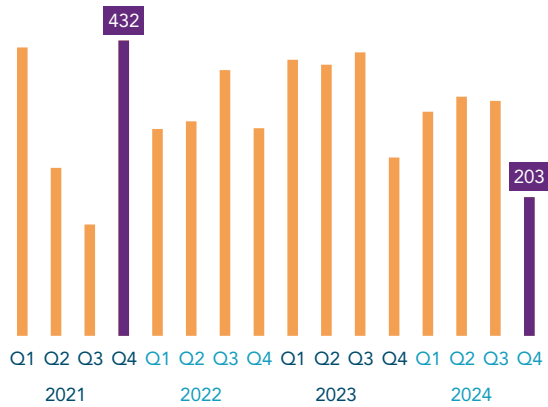
Trend of Business Failures - Eastern Europe & Central Asia

The charts below present the trend of business failures in each economy, highlighting the latest and previous high figures during the past four years.

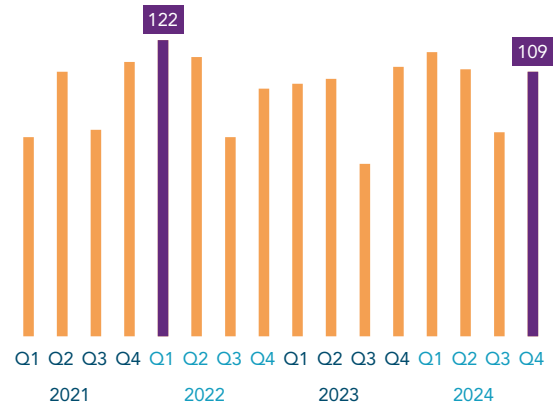


Source: Dun & Bradstreet Worldwide Network

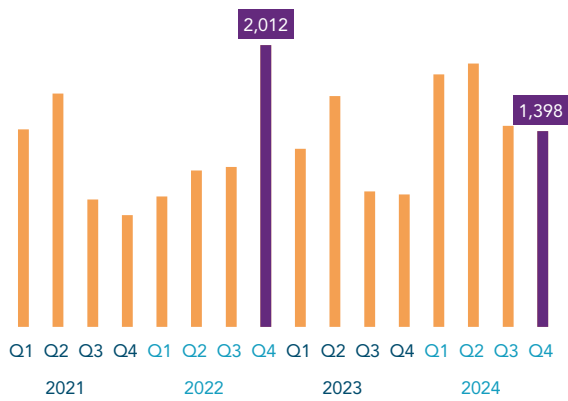
Kazakhstan



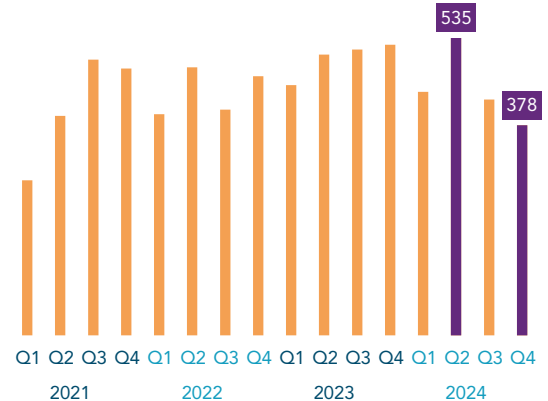
Serbia



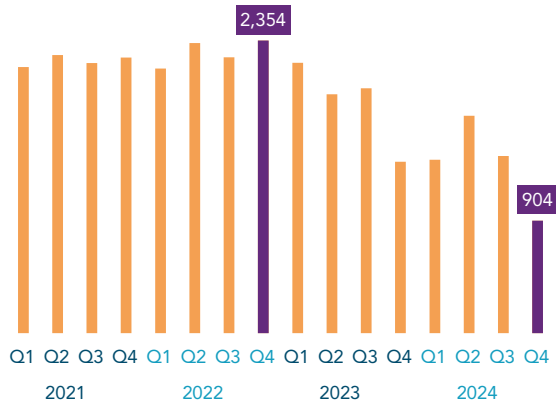
Romania



Slovakia



Russia

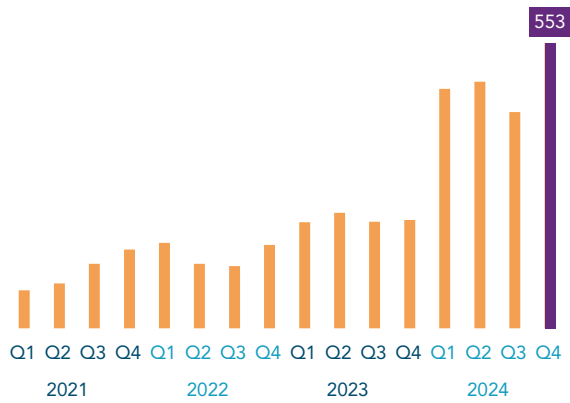


Slovenia



Source: Dun & Bradstreet Worldwide Network

Ukraine



Source: Dun & Bradstreet Worldwide Network





WESTERN & CENTRAL EUROPE

In 2024, the number of **bankruptcies in Western and Central Europe rose further to 184,329, the highest level since we started tracking these in 2012**. France (24.0%), the U.K. (13.0%), and Germany (11.5%) accounted for three out of every five bankruptcies in the region.

While all central banks in the region reduced interest rates to varying degrees through 2024, businesses are still finding credit conditions difficult. The euro area bank lending survey by the European Central Bank (ECB) highlighted a tightening of credit standards by banks in Q4. The main reasons cited were a higher perceived risk of non-performing loans (NPLs) and a lower risk tolerance.

Although central banks will continue lowering interest rates into 2025, we anticipate that banks will remain cautious over lending, given a highly uncertain macroeconomic environment. Key downside risks to businesses include: the threat of a trade war between the U.S., the EU, and the Chinese Mainland; continued economic malaise of large European economies, such as Germany; and a prolonged or intensified conflict in Ukraine. Conversely, key upside risks to businesses in 2025 include: a quick resolution to the war in Ukraine or the conflict in Gaza; and a sharper-than-expected decline in global inflation that allows central banks to ease policy faster.

While the rate of **growth in bankruptcies was high at 11.8% y/y in 2024, it was down from 14.9% growth in 2023 and 18.4% in 2022**. In particular, the pace of bankruptcies in France, the biggest contributor to the region's number

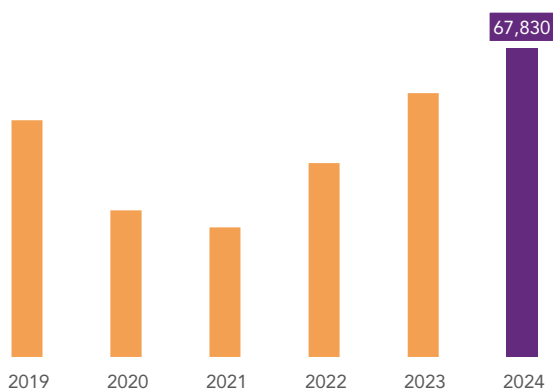
of bankruptcies, slowed substantially from 36.0% in 2023 to 17.0% in 2024.

However, this growth rate is still the second-fastest pace of regional bankruptcies, behind Asia Pacific at 17.0%. Growth in bankruptcies is particularly concerning for the **Netherlands (29.7%), Spain (25.7%), Luxembourg (24.3%), and Germany (21.9%)**. Spain's rapid growth in bankruptcies in 2024 is worrying, as the country enjoyed a fall in bankruptcies in 2023 and the rise in 2024 also contrasts with the overall economy's performance, which was strong, driven by high inward immigration and tourism. **One factor explaining the rise in 2024 could be Spain's implementation of the Insolvency Law in 2022**, which encouraged businesses to restructure in 2023, likely delaying inevitable bankruptcies until last year.

France

After surging in 2022 and 2023, **bankruptcies rose further to 67,830 in 2024, the highest number in 12 years**. However, the pace of growth in 2024 eased to 17.0%, from 36.0% and 49.7% in 2023 and 2022, respectively. This slowdown is a positive signal for 2025, as is the slowing y/y growth rate of 10.1% in Q4 2024, down from 37.8% in Q4 2023. **The sharpest deceleration in bankruptcy growth was in retail and manufacturing**, despite a series of domestic challenges to businesses (such as four government changes and various protests across the country) and external difficulties (such as a recession in Germany and persistent wars in Russia-Ukraine and the Middle East). **The French economy is more closed than other advanced economies**, with exports accounting for just 34.3% of GDP in 2023, lower than in the Netherlands (88.5%), Belgium (84.2%), Germany (43.4%), and Spain (38.1%). Therefore, many French firms are isolated from difficult conditions elsewhere, for example, the industrial crisis in Germany.

Business failures in France



Source: Dun & Bradstreet Worldwide Network

The French business environment remained challenging in 2024, with bankruptcies reaching a record high of 67,830. The construction and retail trade sectors continued to record half of all bankruptcies, given their large share of overall businesses and sensitivity to poor domestic conditions. We expect 2025 to be another difficult year for businesses in France, given persistent political turmoil and weak growth in the EU.

Bankruptcies of large businesses (over 250 employees) fell from 53 to 50 in 2024, which is still above the pre-pandemic level of 43 in 2019. Typically, large firms will be isolated from domestic issues due to their extensive economies of scale and likely exposure to international markets.

In France, most bankruptcies over 2018-24 were reported in construction (18%), followed by restaurants (12%) and business services (8%).

The concerning growth in bankruptcies of medium-sized firms in 2022-23 continued into 2024, rising 35.6% to 503, almost double the number seen in 2018. While growing at a slower pace, the high number of micro and small bankruptcies is concerning. The continued growth in bankruptcies for micro, small and medium -sized firms highlights the difficult economic environment in France and continued elevated borrowing costs.

The **wholesale and retail trade sectors typically experience a larger share of bankruptcies** than other sectors, as they generally have a greater proportion of SMEs,

given lower entry costs. This was evident in 2024, when these sectors comprised 28.4% of all bankruptcies, slightly down from 30.3% in 2023, despite the sectors only representing 15.3% of total firms. We see a similar trend for construction firms, which are sensitive to changes in interest rates due to the significant upfront capital investment requirements and the long project timelines. Many construction firms were likely anticipating a sharper fall in borrowing costs last year than happened. Hence, construction sector bankruptcies accounted for 21.2% of total bankruptcies, despite the sector accounting for only 12.2% of all firms.

The poor business environment was reflected in a 2.5% fall in gross fixed capital formation by private firms in 2024, following a 0.5% contraction in 2023. Dun & Bradstreet's Global Business Optimism Insights report for Q1 2025 showed that business confidence in France fell for the second consecutive quarter. This brings optimism among French businesses roughly in line with the global average, after they reported greater optimism in Q2 and Q3 2024.

We anticipate **further difficulties for businesses in 2025, as persistent government turmoil will undermine business**

confidence and create tighter bank lending standards. The new government has approved a contractionary fiscal budget that raises taxes for large corporations; while this is unlikely to directly lead to widespread bankruptcies, its negative impact could trickle down to smaller businesses through lower demand for goods and services.

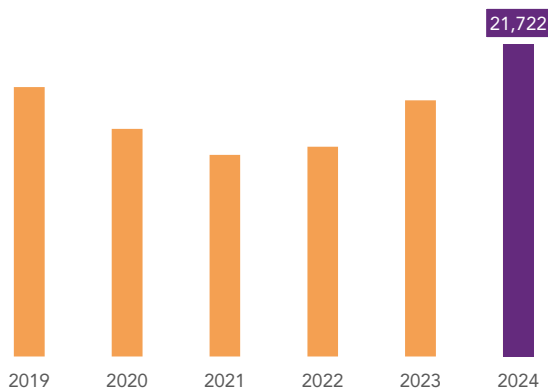
Nearly two-thirds of bankruptcies in France are reported by businesses with fewer than three employees. Pre-pandemic, less than 70% of bankruptcies were reported by businesses with five or fewer employees, while in 2024 such firms accounted for 84% of bankruptcies. Businesses employing more than 100 people account for only 3% of bankruptcies.



Germany

The German economy faltered further in 2024, contracting for the second consecutive year. The manufacturing sector is facing an existential crisis while attempting to stay competitive, given that there is a shift away from globalization and due to the rise of cheaper alternatives from the Chinese Mainland. **The 3% decline in German manufacturing output has only been surpassed by the collapses experienced due to the Covid pandemic, the 2008-09 global financial crisis, and the early 1990s recession.** As a result, in 2024, bankruptcies rose 21.9% y/y to 21,722, according to data from the Federal Statistical Office of Germany.

Business failures in Germany



Source: Dun & Bradstreet Worldwide Network

Having reached a record low of 1,029 in August 2021 on the back of unprecedented business support, the number of bankruptcies has steadily climbed and peaked last year at 1,937 in July. This growth is likely to slow into 2025-26 as the economy recovers and credit conditions for businesses ease following a wave of interest rate cuts by the ECB. However, pockets of risk will remain, as the

German bankruptcies rose at a similar pace in 2024 to 2023, reflecting the extremely challenging domestic environment given two years of economic decline, led by manufacturing heavyweights that have long driven the German and European economies.

ECB is unlikely to lower the interest rate close to the pre-pandemic low of 0%. Therefore, businesses that are sensitive to high interest rates, such as the construction sector, will likely remain at risk, especially if policy changes by major economies create inflationary pressure, thus preventing central banks from easing monetary policy quickly. If the growth rates of 2023 and 2024 are sustained, the number of bankruptcies in 2025 will be greater than in any year in our survey history, surpassing the highs seen in 2013-15 during the eurozone debt crisis.

As highlighted by Dun & Bradstreet's Global Business Optimism Insights report for Q1 2025, businesses in Germany experienced a sharp fall in optimism going into this year. **Businesses in the country are concerned about increased tariffs impacting export orders** and the competitive loss for electronics producers due to the restructuring of supply chains. However, businesses remain marginally more optimistic for Q1 2025 than they were for Q1 2024, reflecting the impact of continued ECB rate cuts and an easing of energy costs.

There are some bright spots within the German economy, in particular telecoms (such as SAP and Deutsche Telekom), industrial manufacturing (Siemens), and defense (Rheinmetall). We expect the rising use of new productivity technologies to benefit the former two sectors in 2025; meanwhile, NATO nations will likely ramp up defense spending as the war in Ukraine concludes, supporting firms in the defense sector.

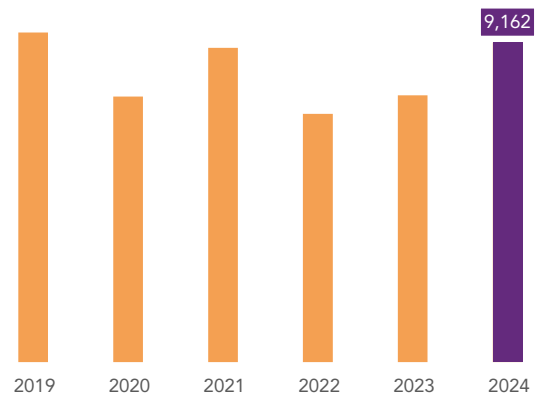
Italy

In 2024, Italy experienced a notable increase in corporate bankruptcies, influenced by a combination of economic challenges, regulatory changes, and sector-specific issues. According to Dun & Bradstreet's bankruptcy data, the number of bankruptcies rose 19.8% y/y to 9,162 in 2024, from 7,651 in 2023. The Italian economy faced several headwinds in 2024. High borrowing costs, driven by elevated ECB interest rates (the ECB started its interest cut cycle in June 2024), coupled with slowing economic growth, adversely affected corporate profitability. The Bank of Italy reported a 2.6% decline in the gross operating margin (EBITDA) of Italian companies in the 12 months leading up to June 2024, marking the first such decrease since the Covid pandemic. This decline was particularly pronounced among highly leveraged firms, which struggled to service their debt amid high interest rates. Data from Eurostat indicated that in Q3 2024, the number of bankruptcy declarations in the EU increased 2.7% q/q, reaching the highest level since 2015. This trend suggests that Italian firms were not isolated in facing financial difficulties, but a part of a wider regional pattern of corporate distress.

Italy has implemented significant reforms to its insolvency framework to address this corporate distress more effectively. The Code on Business Distress and Insolvency was amended in October 2024 to align more closely with the EU Insolvency Directive. Key changes include measures to preserve existing credit lines during out-of-court composition proceedings and the extension of restructuring options to include tax claims. These reforms

Italy experienced a notable increase in corporate bankruptcies in 2024, driven by economic challenges, regulatory changes, and sector-specific issues. The outlook for 2025 suggests a continued, albeit moderate, rise in insolvencies. However, policy interventions, such as tax reductions, and modest economic growth may help mitigate some of the financial pressures facing Italian businesses.

Business failures in Italy



Source: Dun & Bradstreet Worldwide Network

aim to provide distressed companies with more flexible tools to manage insolvency and facilitate restructuring efforts. However, despite the reforms, the transition to the new insolvency regime may have contributed to an initial increase in bankruptcy filings as companies and legal practitioners adapted to the updated procedures and requirements. Certain sectors were more acutely affected by the economic downturn. For instance, the transport sector in the EU faced a significant rise in bankruptcies, with Eurostat reporting a 28.8% q/q increase in bankruptcy declarations in Q3 2024. This surge reflects broader challenges in the industry, including fluctuating fuel prices and supply chain disruptions, which likely impacted Italian transport companies as well.

Corporate bankruptcies in Italy are likely to remain on an upward trajectory in 2025, suggesting that the challenges faced in 2024 may persist, driven by ongoing economic uncertainties and the lagging effects of high borrowing costs. However, there are potential mitigating factors. **The Italian government's 2025 Budget Law introduced a reduced corporate income tax rate of 20.0% for FY2025, under certain conditions, down from the standard 24.0%.** This tax relief aims to bolster corporate profitability and may provide some respite for struggling businesses. Furthermore, the Bank of Italy projects modest economic growth of 0.8% in 2025, up from an estimated 0.5% in 2024. While this growth is modest, it indicates a potential stabilization of the economy, which could help curb the rise in bankruptcies.

In Italy, every third bankruptcy is reported by a wholesale and retail trade business.



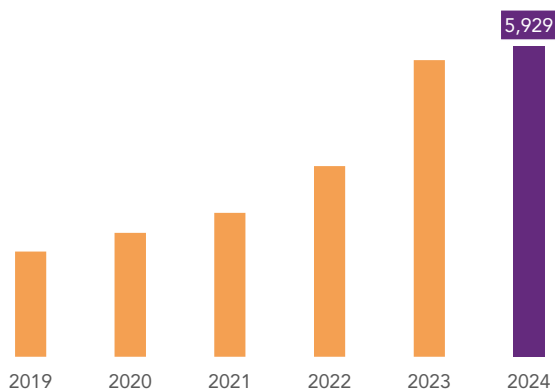
Poland

The Polish economy is gradually recovering from recession and is on the path to expansion. **The primary risk to Poland's economic outlook is the global market situation, particularly its key trading partner, Germany**, which is still struggling to recover from its own economic downturn. While some Western European economies have begun to show signs of recovery, the economic conditions in other major regions, such as the U.S. and the Chinese Mainland, along with global trade dynamics, suggest that a full global recovery is still not imminent.

Poland's economy is recovering, but global risks and cautious consumer spending are reflected in a modest rise in insolvencies, with a 4.6% increase in 2024 following the surge in 2023.

Domestic demand is unlikely to fully offset the weak performance of Poland's trading partners. Household consumption is expected to be the main driver of the economy, fueled by falling inflation, eventual gradual easing of interest rates, low unemployment, and expanded social programs. However, consumers remain cautious, and this is reflected in the increase in retail insolvencies, which accounted for 19.9% of total insolvencies in Poland in 2024.

Business failures in Poland



Source: Dun & Bradstreet Worldwide Network

In this context, **Poland saw a modest 4.6% y/y rise in insolvencies in 2024**, following a dramatic 55.5% surge in 2023, the highest in a decade. This indicates a gradual stabilization, but the risks of further economic uncertainty remain.

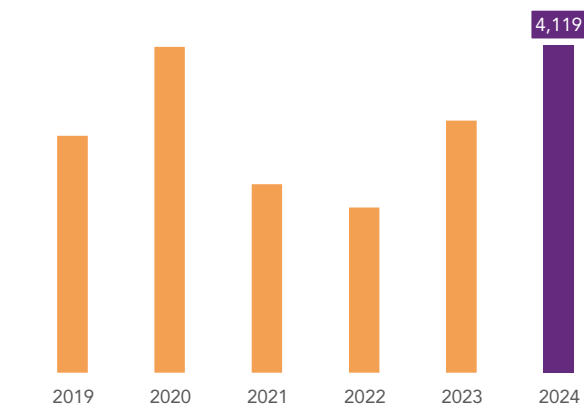
In Poland, manufacturing businesses accounted for 14% of bankruptcies in 2024, up from 6% in 2022. Similarly, construction accounted for 13%, up from 5%.

The Netherlands

In 2024, bankruptcies in the Netherlands surged again, rising 29.7% to 4,119, after 52.6% growth in 2023. **While the increase is substantial, the total number of bankruptcies remains well below the record high of 9,438 in 2013.** Growth has also slowed substantially, from over 70.0% y/y in mid-2023 to 14.9% in Q4 2024.

The largest contributors to this explosive growth have been firms in the construction, financial services, and wholesale and retail trade sectors. In particular, the share of firms going bankrupt in the wholesale and retail trade sector has increased significantly from 13.0% in 2022 to 19.0% in 2024.

Business failures in Netherlands



Source: Dun & Bradstreet Worldwide Network

However, the real estate and information and communication sectors saw a fall in the number of bankruptcies in 2024. The former has likely been buoyed by a dramatic rebound of 8.8% in house prices through 2024, following a 2.9% fall in 2023. **The positive outlook for real estate firms should continue into 2025,** with the ECB likely to

Bankruptcies in the Netherlands surged further in 2024 to 3,176, nearly double the number recorded in 2022. The rapid increase should ease this year, although the disruptive impacts of new U.S. foreign policy may disproportionately impact the Netherlands' open economy.

continue lowering interest rates and the number of mortgages growing strongly at 25.1% in December 2024. Demand for housing should remain robust, as growth in wages has comfortably outpaced inflation since July 2023.

At 21.1%, the Netherlands has one of the largest professionals, scientific, and technical service sectors in the EU (only surpassed by Luxembourg, Belgium, and Sweden). The sector should significantly benefit from emerging high-productivity technologies, such as AI. Therefore, we expect a large portion of the Dutch corporate sector to perform well in 2025.

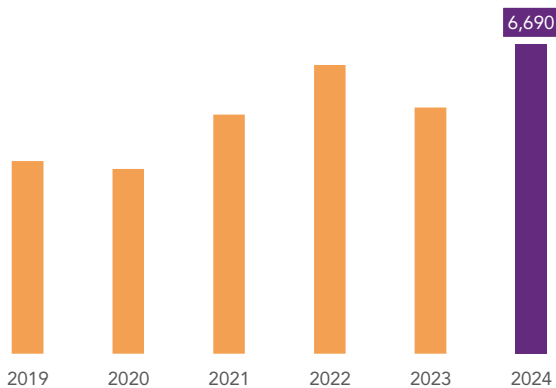
Bankruptcies are likely to grow again this year but at a much slower pace than the previous two years. Dun & Bradstreet's Global Business Optimism Insights report for Q1 2025 highlighted falling confidence among Dutch businesses, likely due to global policy uncertainty, exacerbated by new U.S. President Donald Trump. However, the level of optimism among businesses is elevated compared with 2023 and early 2024. This, along with further anticipated rate cuts by the ECB through this year, should help businesses avoid bankruptcy.

In the Netherlands, the share of bankruptcies among financial service businesses almost doubled from 7% to 13%.



A rise in bankruptcies in Spain in 2024 to 6,690 reverses the fall recorded in 2023. **The increase of 25.7% is the second highest in Western and Central Europe, lower than only the Netherlands at 29.7%.** This negative picture contrasts with the positive economic story for Spain, which posted 2024 GDP growth of more than three times the EU average and one of the fastest rates among advanced economies. This brings the number of bankruptcies to the highest level since 2013, when Spain was exposed to the eurozone debt crisis.

Business failures in Spain



Source: Dun & Bradstreet Worldwide Network

Spain's introduction of the Insolvency Law in 2022 made it easier for businesses to restructure and avoid bankruptcy. This was evident in 2023, which saw a reduction in the number of bankruptcies compared with 2022, in contrast to a rise for most European peers. Hence, the growth in bankruptcies in 2024 is likely attributable to those companies that had attempted restructuring under the new laws but were unsuccessful, delaying bankruptcy

In 2024, bankruptcies in Spain were at their highest level in over a decade, despite stellar economic growth from tourism and consumer spending. The 2022 Insolvency Law likely delayed inevitable businesses failures, as it made it easier to undertake financial restructuring in 2023.

into 2024. For instance, seafood manufacturer Atunlo entered a debt restructuring program in November 2023 but filed for bankruptcy in May 2024.

The largest growth in bankruptcies was evident in the financial and insurance (72.5%), and information and communication (68.5%) sectors, reversing the decline experienced in 2023, likely due to the delayed impacts of the Insolvency Act.

Only the health, mining, and real estate sectors recorded a decline in bankruptcies in 2024, compared with 2023. The real estate sector benefited from huge demand in 2023-24 for purchasing properties and deriving tourist rentals; GDP growth for this sector accelerated to 6.6% in 2024, the fastest pace since 2007. This led to accelerating growth in house prices and nationwide anti-tourism protests last year. Subsequently, national and regional governments are implementing wide-ranging reforms to property rentals, though this will create a risk of real estate firms facing financial difficulties in the coming years.

In 2022-24, every fourth bankruptcy in Spain was from the commercial sector. The industrial and construction sectors accounted for 13% each.

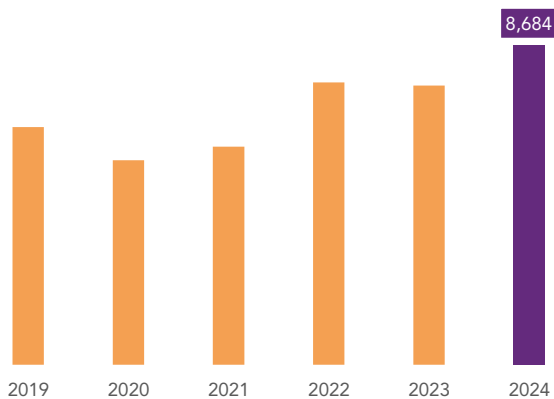
Switzerland

In 2024, company bankruptcies in Switzerland rose sharply compared with 2023 and reached a record high. Overall, bankruptcies rose 14.5% throughout the year.

Switzerland saw a 14.5% rise in bankruptcies in 2024, driven by global economic slowdowns, inflation, and supply chain disruptions, with SMEs and sectors such as business services and construction hit the hardest.

difficult to fully recover in 2024 due to ongoing disruptions and the slow return to pre-pandemic market conditions.

Business failures in Switzerland



Source: Dun & Bradstreet Worldwide Network

A global economic slowdown, compounded by inflation and tighter monetary policies, led to decreased consumer spending and lower business revenues. This created financial strain for many companies, especially SMEs. **Increased operational costs, including energy prices and raw material shortages, added further pressure on businesses,** while disruptions in global supply chains made it difficult for companies to maintain profitability.

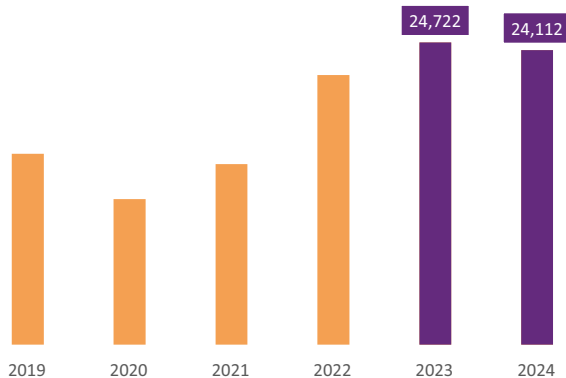
In terms of sectors, business services and construction reported the highest number of bankruptcies in 2024, 17.5% and 17.0%, respectively. The hospitality sector also saw a significant number of bankruptcies, contributing 9.8% to the total. Some businesses, particularly SMEs that were struggling during the pandemic, found it

In Switzerland, 17% of bankruptcies were from the construction sector and approximately 85% of bankruptcies were from businesses with fewer than 10 employees.

United Kingdom

Business bankruptcies in the U.K. fell 2.5% in 2024, the first decline in annual numbers since the drop in filings in 2020 when pandemic-related support kept many struggling companies afloat. The number of bankruptcies in the country decreased to 24,112 in 2024 from 24,722 in 2023, though this remains 6,800 higher than the average over the seven-year pre-pandemic period. On a quarterly basis, insolvency rates were flat through 2024, with around 6,000 firms registering bankruptcy in each quarter.

Business failures in United Kingdom



Source: Dun & Bradstreet Worldwide Network

Most **business failures in 2024 were in business services (4,955), construction (3,436), and restaurants and eateries (3,386)**; one in five business services providers registered as insolvent. **Construction accounted for 15% of all insolvencies in the U.K.**, falling 5% y/y. Construction cost pressures have eased, but variable costs, such as labor, still present a risk to firms, and planning and regulation limitations have increased. Contract cycles present cash flow

U.K. business bankruptcies fell in 2024 y/y but remain elevated compared with pre-pandemic levels. Incoming rising labor costs, announced during the Autumn Budget 2024, may postpone hiring decisions, but lower expected interest rates may offer support to solvency in 2025. The recent deterioration in the U.K. macroeconomic environment presents the risk that business failures might not decline this year.

management challenges for construction businesses, and these contracts have been stretched by prolonged periods of uncertainty around the general election and the Autumn Budget.

In 2024, 10.0% fewer retailers went bust compared with 2023, and **8.1% fewer materials processing or mining businesses went under**. The budget presented in October 2024 signaled higher labor costs for businesses, including higher National Insurance Contributions for employers, meaning job losses are likely, which will affect to a greater extent firms such as retailers that employ more low-paid workers. Shortly after the budget, Sainsbury's, a large supermarket in the U.K., announced 3,000 job cuts.

The Bank of England's latest Monetary Policy Report, following the Monetary Policy Committee's February 2025 meeting, noted that reductions in the bank rate since August and the associated falls in market interest rates have been feeding into household lending products; however, many businesses continue to face pressure from elevated interest rates. Surveys of business confidence, including Dun & Bradstreet's Global Business Optimism Insights report for Q1 2025, point to a deterioration in optimism among U.K. firms, reflecting a general worsening of the country's

macroeconomic environment. **U.K. businesses are concerned about the prospect of stagnating growth and high inflation.**

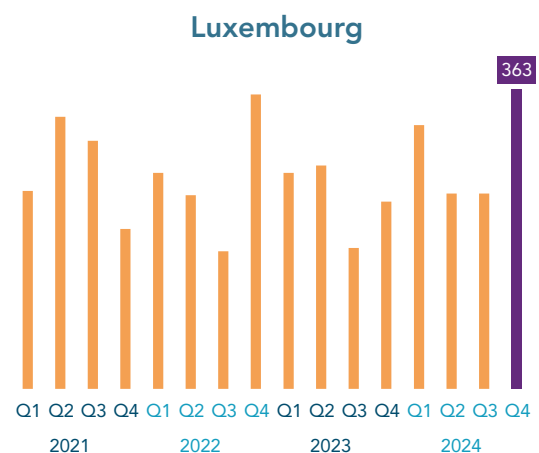
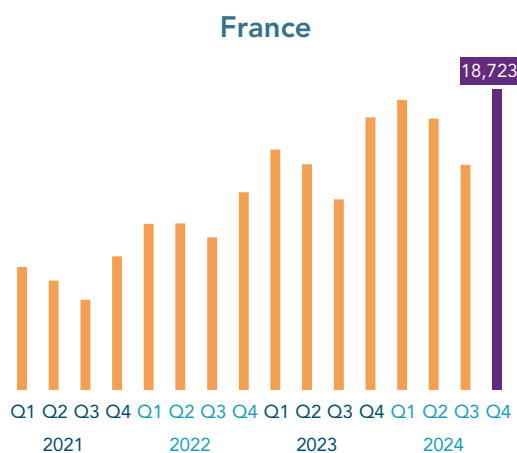
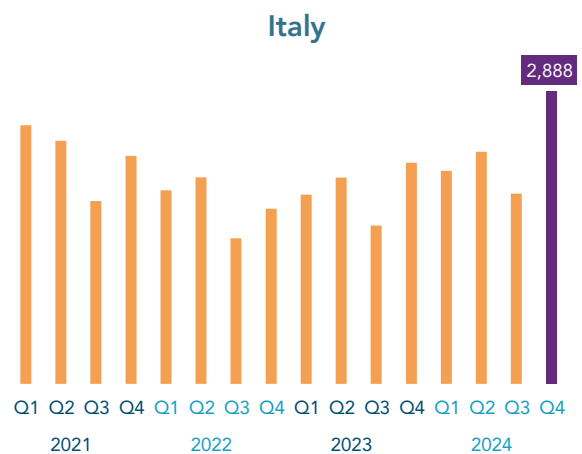
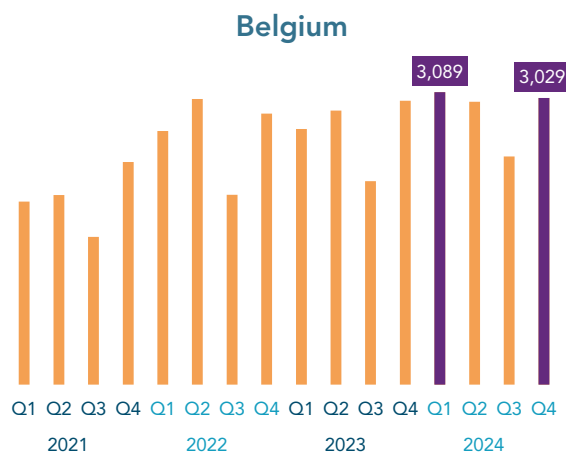
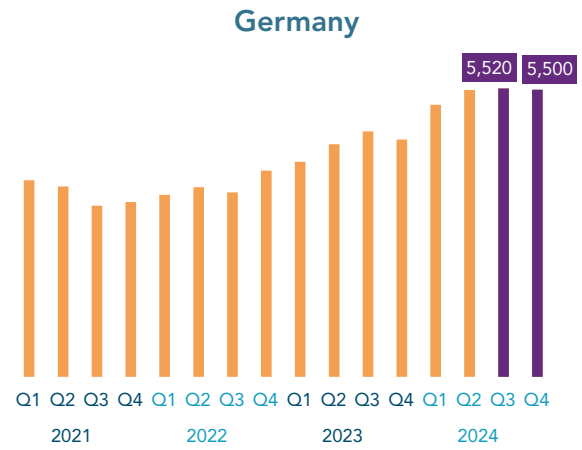
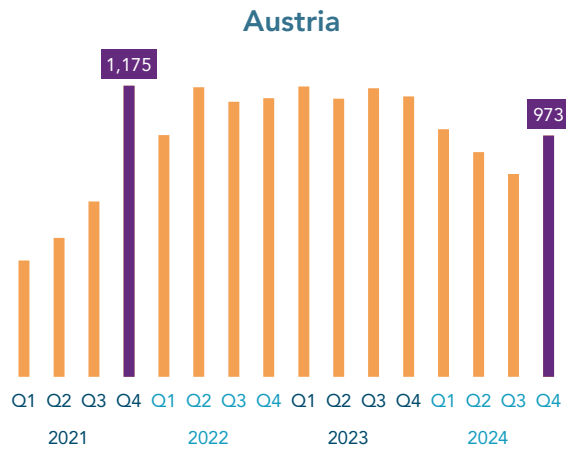
We expect insolvencies to remain high in 2025. Some of the driving forces behind the recent spate of business failures are losing impact, such as very high interest rates, but have been replaced with other threats to solvency such as falling confidence, soft demand, and global economic policy uncertainty. Small U.K. firms with less-diverse revenue streams and greater difficulty accessing financing are more likely to struggle this year. Firms more integrated into global supply chains could face increased supplier pressure given the uncertainty around global trade policies.

In the U.K, during 2022-24, only 3% of bankruptcies were from medium-sized or large businesses, with 77% from micro businesses.



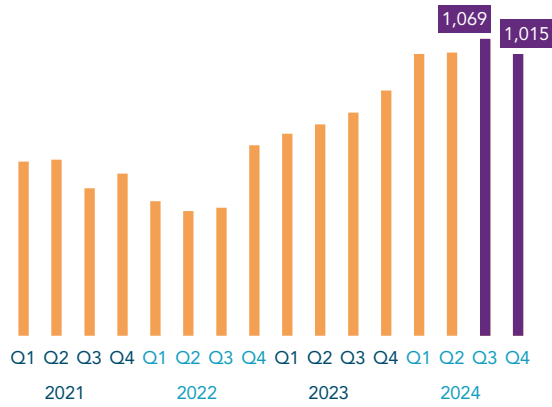
Trend of Business Failures - Western & Central Europe

The charts below present the trend of business failures in each economy, highlighting the latest and previous high figures during the past four years.

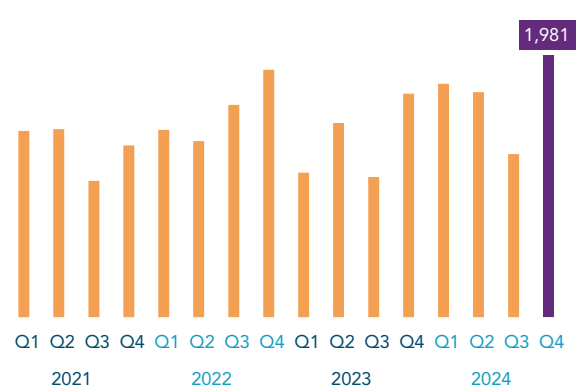


Source: Dun & Bradstreet Worldwide Network

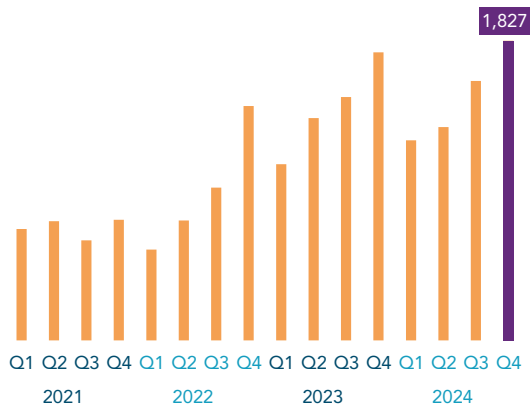
Netherlands



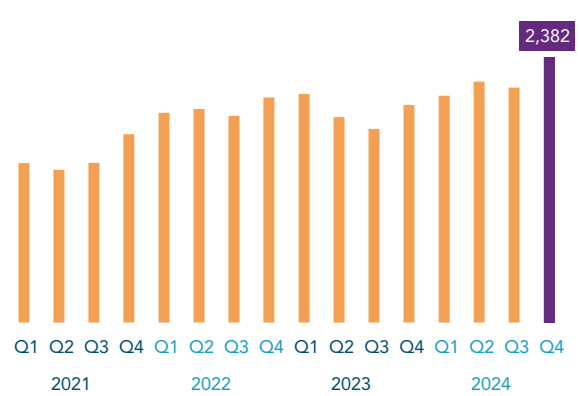
Spain



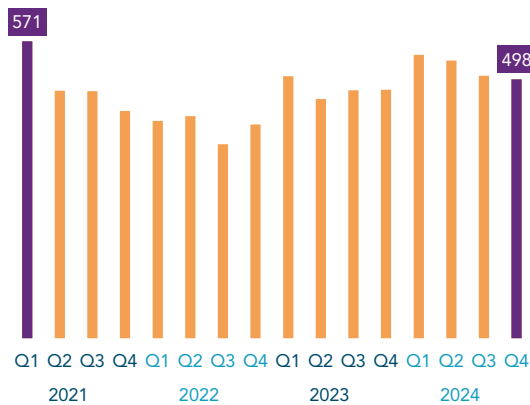
Poland



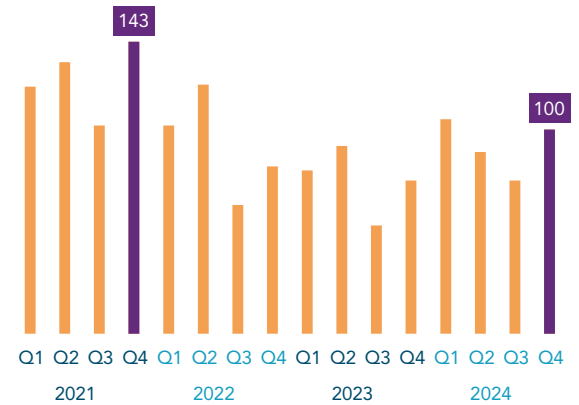
Switzerland



Portugal

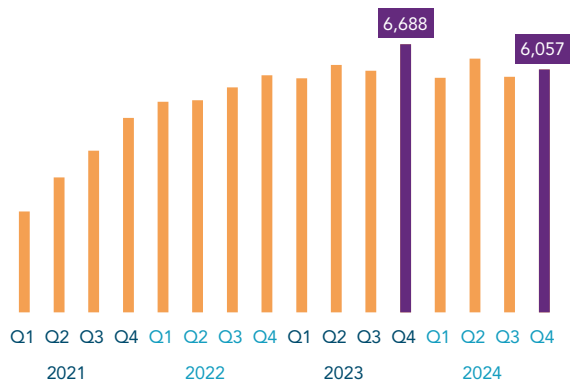


Türkiye



Source: Dun & Bradstreet Worldwide Network

United Kingdom



Source: Dun & Bradstreet Worldwide Network





THE NORDICS

While 2024 marked an improvement for most Nordic countries in terms of reduced bankruptcies, Sweden experienced a sharp increase, highlighting the varying economic pressures in the region. **Overall, bankruptcies rose 3% across the region compared with 2023**, but most countries saw a decrease.

Denmark and Finland both saw notable declines, of 11.5% and 11.6%, respectively, signaling an improvement in the business environment. Notably, Denmark's overall number of bankruptcies remains high compared with neighboring countries.

Bankruptcies in Norway remained nearly flat, declining only 0.1%, suggesting that the country's economic conditions were relatively

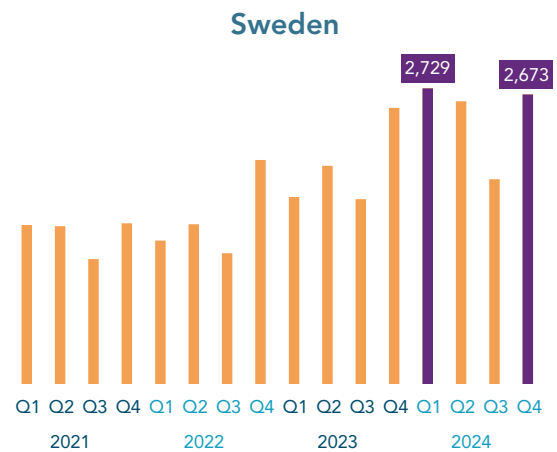
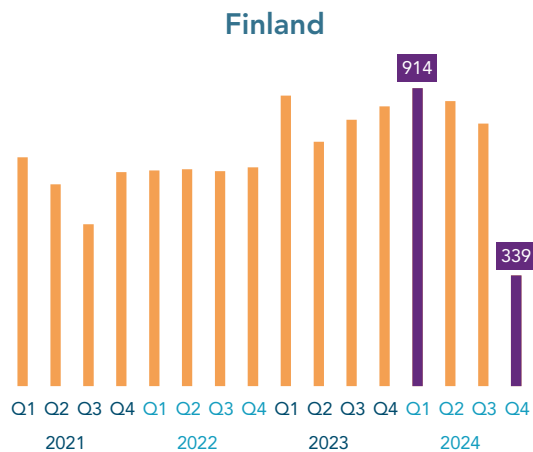
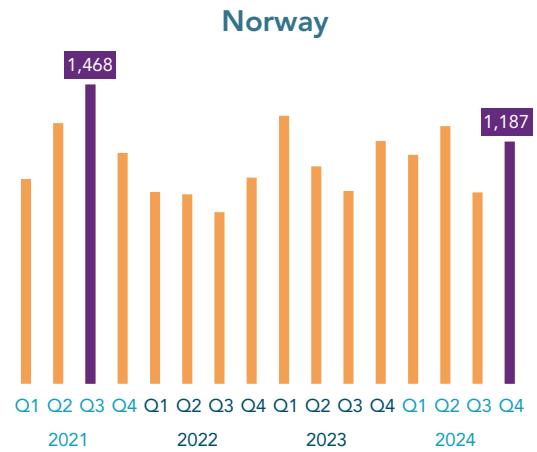
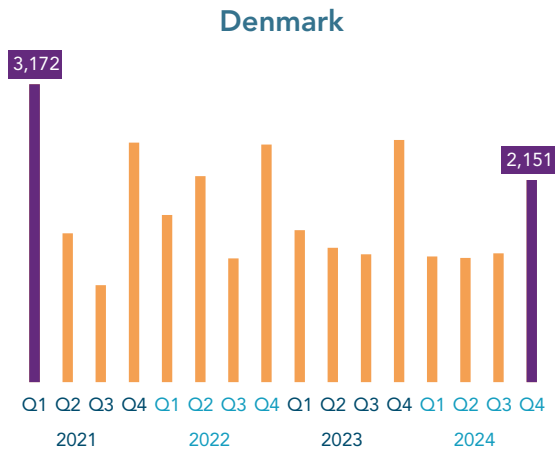
stable, without significant shifts in either direction. **During 2019-24, nearly 30% of bankruptcies in Norway were from the construction sector.**

However, **Sweden stood out with a sharp 23.9% increase in bankruptcies**, continuing the trend from 2023, when bankruptcies rose 31.6%. Sectors such as wholesale and retail trade, hospitality, and construction have been particularly hard-hit in the past year. One of the main reasons is thought to be the large number of tax deferrals granted by the Swedish Tax Agency during previous years of hardship that are now gradually coming to an end.



Trend of Business Failures - The Nordics

The charts below present the trend of business failures in each economy, highlighting the latest and previous high figures during the past four years.



Source: Dun & Bradstreet Worldwide Network



LATIN AMERICA

The anticipated rise in corporate bankruptcies following the removal of pandemic-related support measures was either mild or did not materialize in most Latin American countries. This resilience persisted despite **regional economic growth slowing from 6.7% in 2023 to 2.2% in 2024**, with recovery remaining uneven amid a challenging fiscal environment and heightened political uncertainty.

The predominant factor behind this stability was the monetary policy stance adopted by central banks across the region. Latin America was the only region where monetary policy diverged from that of the U.S. Federal Reserve (the Fed), as central banks took an unconventional approach by lowering interest rates instead of continuing to raise them. This trend has been particularly evident since September 2023, largely driven by easing inflationary pressures across the region. Argentina, Chile, Costa Rica, Colombia, Peru, Mexico, Paraguay, and Uruguay are among the countries prominently reducing rates. Recovery in exports, a resurgence in tourism, and government initiatives to attract foreign investment, particularly in the critical minerals and renewable energy sectors, are supporting investment and the business environment, helping firms navigate external sector risks and weak consumption demand, and manage their debt obligations. Data also indicates that, with a few exceptions, the share of NPLs relative to total loans remained low through to end-September 2024, compared with pre-pandemic levels (December 2018–December 2019), in countries such as Argentina, Mexico,

Paraguay, Costa Rica, and the Dominican Republic.

Despite the ongoing economic challenges, Argentina experienced a third consecutive year of declining bankruptcies in 2024, primarily due to efforts by banks to tighten credit standards, improved debt collection practices, and a stabilization in the macroeconomic environment. Some FX restrictions have been eased, especially for smaller firms, and deregulatory reforms are already improving resource allocation in key sectors. Firms' access to FX reserves, which help importers buy hard currency, is facilitating the purchase of inputs and prompt settlement of debt obligations. In Brazil, conservative lending policies, growing digitalization, and unexpected economic growth have supported businesses in meeting their debt obligations. **In Colombia, the fall in bankruptcies (43% in 2024) is likely to have been supported by a revival in GDP growth** to 1.7% in 2024 (up from 0.6% growth in drought-stricken 2023) and a 375bps reduction in policy rates between November 2023 and December 2024. However, pockets of stress remain in sectors such as commerce, construction, and manufacturing, especially for SMEs. **In Mexico, the corporate debt situation has improved, though trade tensions remain a risk.** Debt ratios (net debt to EBITDA) for private nonfinancial companies have declined from the high recorded in 2020-21 and remained stable in 2024. Additionally, the probability of default on newly originated loans decreased in 2023 and remained stable throughout

2024. However, a **key risk is that escalating trade tensions could adversely affect the profitability of sectors** with a high share of exports, potentially leading to an increase in NPL ratios.

Challenges persist in Chile and other politically unstable economies, such as Peru and Ecuador. **Credit levels in Chile in 2024 had still not recovered** from the slowdown that followed the post-pandemic boom. A period of high inflation and subsequently elevated interest rates have contributed to a rise in NPLs, which now slightly exceed the pre-pandemic levels. Factors such as political uncertainty, social unrest, and climate-related shocks in Peru, and a growth slowdown and internal armed conflict in Ecuador, are likely to have impaired the creditworthiness of businesses in 2024.

In Latin America, inflation is proving to be sticky, primarily led by the services component. As a result, many central banks are likely to slow their pace of monetary policy easing,

with Brazil and Honduras even reversing course in Q4 2024. Although central banks in other countries in the region may continue to ease policy rates in 2025, they are unlikely to lower them to historical lows, given that developed economies are not expected to return to the near-zero rates seen at the end of the previous decade. Fewer U.S. Fed rate cuts, weaker exchange rates, and persistent inflationary pressures mean more gradual adjustments to easing cycles through 2025 in most economies. On one hand, the recently finalized EU-Mercosur agreement might help bolster trade and investment in the region, creating new opportunities for businesses to grow and expand. On the other hand, the potential impact of unfavorable trade policies will likely unfold gradually over the year.

Bankruptcies in the region are expected to stabilize, if not improve further, supported by resilient credit conditions, easing inflation, and policy measures aimed at sustaining economic growth.

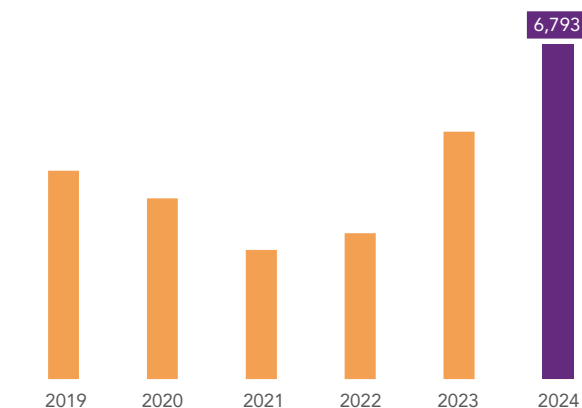


NORTH AMERICA

Canada

In 2024, business bankruptcies in Canada increased more than 35% to just under 6,800, a sharp deceleration following almost 70% growth in 2023. On a quarterly basis, the number of firms going under fell from a peak of 2,163 in Q1 2024 – which accounted for a third of all bankruptcies in the year – to 1,495 in Q4. The annual rise in business failures in 2024 highlights the severity of the financial pressures many businesses have been under and continue to experience.

Business failures in Canada



Source: Dun & Bradstreet Worldwide Network

A 35% y/y increase in business bankruptcies in 2024 not only highlights the severity of the financial pressures faced by firms in Canada but also marks a slowdown in the annual rate of growth in companies going bankrupt. The peak in Canadian business failures may be behind us, but strained politics at home and global trade policy uncertainty may weigh on solvency in 2025.

Production costs, supply chain disruptions, and softer consumer demand amid increasingly elevated levels of overall uncertainty have increased financial instability, particularly for businesses with overseas or complex supply chains. In a sign of how long it has been since Canada had reason to celebrate, Party City, a retailer of merrymaking paraphernalia, announced toward the end of December 2024 that it was shutting shops nationwide.

Between June 2024 and January 2025, the Bank of Canada (BoC) made a 200bps reduction in its benchmark interest rate. Though this will take time to fully translate into cheaper borrowing costs and boost the economy, consumption and housing activity have seen some strength, and the effect of monetary policy easing will likely gradually support a wider domestic economic recovery through 2025 and into 2026. We expect inflation to continue to moderate in 2025, providing room for the BoC to make further interest rate cuts, which should stimulate business investment.

However, we forecast a **challenging operating environment in Canada** in 2025, with headwinds at home and abroad. The prorogation of parliament following the resignation of Prime Minister Justin Trudeau increases political uncertainty and casts doubt on the government's business priorities. **Moreover, U.S. tariffs on imports from Canada are likely to create uncertainty for businesses.** Much of this uncertainty is likely to be front-loaded, since the U.S. has singled out Canada as a priority for new tariffs. Dun & Bradstreet's Global Business Optimism Insights report for Q1 2025 implies that businesses in Canada saw a steep decline in optimism. We expect this may mean a

reacceleration in quarterly bankruptcy rates, even if in annual terms fewer businesses become insolvent in 2025 than in 2024.

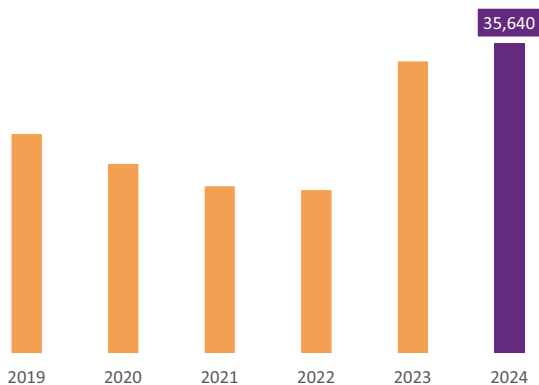
58% of bankruptcies in Canada are in the business services space.



The United States of America

Business bankruptcies in the U.S., which includes filings by sole proprietorships and business bankruptcies, increased 6.2% y/y in 2024, marking a noticeable deceleration from 78.9% y/y growth in 2023. The total number of businesses becoming insolvent rose to 35,640 in 2024 from 33,569 in 2023, meaning that almost 100 U.S. firms went out of business each day in 2024. Around 9,000 businesses have gone under each quarter since Q3 2023.

Business failures in the U.S.



Source: Dun & Bradstreet Worldwide Network

Though the U.S. economy remains relatively strong, businesses still face a hugely challenging environment caused by inflationary pressures on costs, weakened consumer demand, and high interest rates. Borrowing costs have eased somewhat since the Fed began cutting interest rates in September 2024, though the full effect is yet to be felt owing to the lagged pass-through from lower benchmark rates to the real economy. U.S. monetary policy became increasingly changeable toward the end of 2024 as markets began to reprice the pace of interest rate cuts

Growth of U.S. business bankruptcies slowed to a little over 6% y/y in 2024, marking a significant decline from almost 79% growth in 2023. However, with almost 100 companies failing each day in 2024, U.S. firms still face challenges from high interest rates, heightened policy uncertainty, and weakened consumer demand.

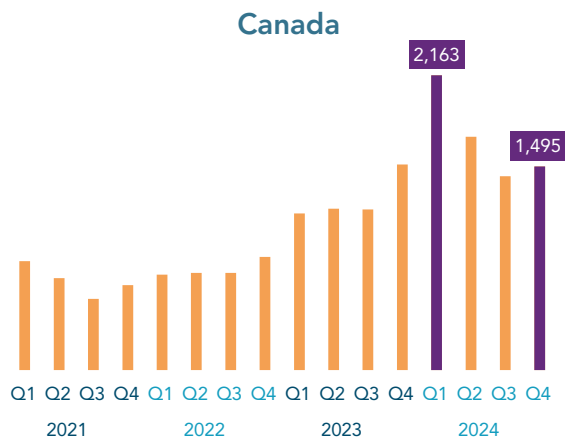
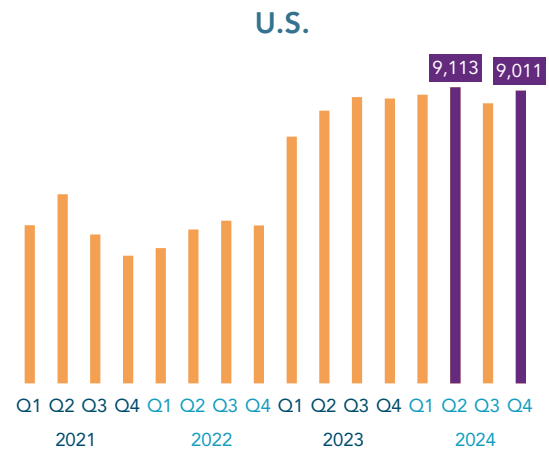
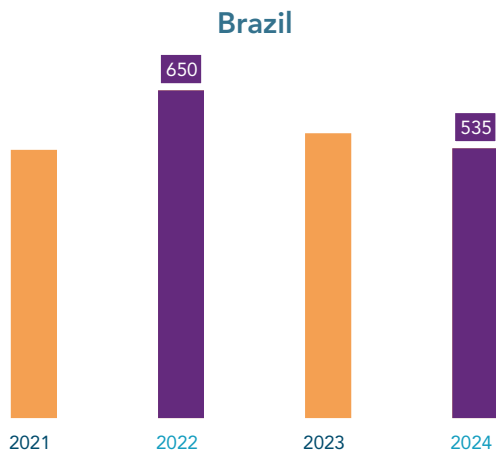
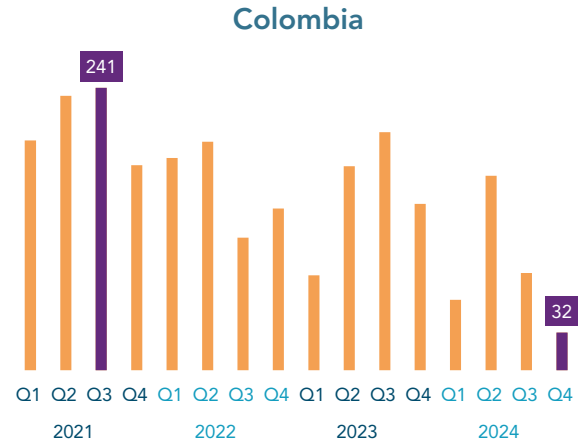
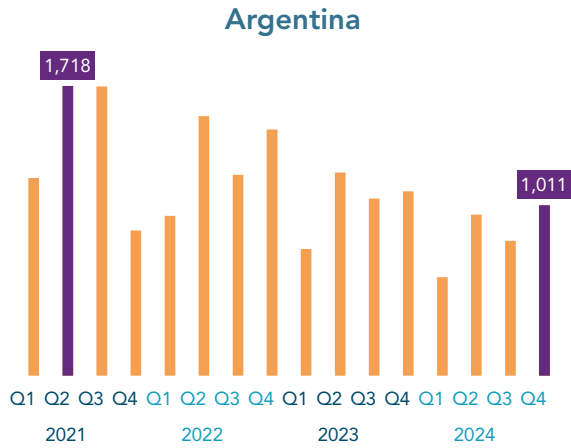
following the presidential election. Businesses also adopted a “wait-and-see” approach to understand the priorities of the new administration.

U.S. firms are bracing themselves ahead of potential trade disruption. Tariffs imposed by the U.S. government may drive up the value of the dollar, which could weigh on earnings. Increased economic policy uncertainty may lead to higher interest rates and dent equity valuations; many firms will be considering sourcing materials from alternative suppliers, or either absorbing additional costs or passing them on to consumers. Some businesses could also postpone projects and delay investment.

We expect the trading environment to be more challenging in the U.S. this year. The economy has remained relatively strong of late but heightened policy uncertainty may act as a drag on growth through 2025 and that may translate into high numbers of firms becoming insolvent. Moreover, we do not expect the Fed to cut rates particularly quickly through this year – a view reinforced by recent Fed announcements that it would take a cautious approach to monetary policy. This means that the cost of refinancing and issuing new debt is likely to remain high for some time. The longer these dynamics hold, the more likely it is that pockets of debt distress will emerge, potentially leading to still-high bankruptcies in 2025.

Trend of Business Failure - Americas

The charts below present the trend of business failures in each economy, highlighting the latest and previous high figures during the past four years.



Source: Dun & Bradstreet Worldwide Network



SUB-SAHARAN AFRICA

Sub-Saharan Africa is expected to grow more strongly in 2025, but growth is at risk due to Sudan's civil war and economic fragmentation around the world. Persistent inflation and country-specific issues may also hinder growth. A depreciating currency and consistent inflation in Nigeria could affect essential food imports, increasing inflation and impacting consumer demand. Subdued commodity prices – especially oil, gas, and cotton – are affecting exports from commodity-exporting nations, such as Angola, Nigeria, and Chad. Improved electricity supply in South Africa by mid-2025 may boost growth by lowering energy costs and aiding manufacturing. Nigeria's growing oil output may help with exports as the global economy recovers. However, short-term growth may be affected by U.S. policies on African countries, including uncertainty over the African Growth and Opportunity Act (AGOA) and increased tariffs on aluminum and steel, impacting Nigeria and Kenya, which could lead to higher bankruptcy in the affected industries

In 2024, there was a 6% drop in the total number of liquidations registered in South Africa. Of the total number of bankrupt companies, 12% underwent compulsory liquidations – a figure that has been constant since 2022. The number of companies undergoing voluntary liquidation fell to 731 in 2024, from 791 in 2023, an 8% decline. Overall, the number of compulsory liquidations in South Africa fell 9%, to 183 in 2024 from 200 in 2023.

In 2024, as the number of liquidations decreased 6% for companies and 5% for closed corporations, the share of voluntary liquidations as a percentage of total liquidations remained high – at 91% for closed corporations and 86% for companies.

Chinese imports may continue to have an important effect on companies in the region. Over 2013-23, imports from the Chinese Mainland to South Africa increased at a 37% CAGR, and now account for about 30-50% of total imports. South Africa mainly imports clothing, electronic appliances, and steel from the Chinese Mainland, and heavy reliance on these imports could affect local industries. Sub-Saharan Africa is highly dependent on Beijing for oil exports, and a slowdown in the Chinese Mainland can affect the stability of firms in the region.

In November 2024, impaired advances as a percentage of total loans and advancements declined to 5.24%, from 5.30% in October. On a y/y basis, they fell 3.00%, indicating the eventual recovery of the economy. The reduction in interest rates through 2024 may have potentially helped businesses repay their loans, resulting in a reduction in non-performing assets (NPAs).

There is a mixed outlook for bankruptcies in sub-Saharan Africa. The reduction in the number of liquidations in South Africa since 2021 paints a positive picture for the country in the long term – provided there isn't a recurrence of the energy crisis. The regional bankruptcy rate will also depend on inflation levels in key countries such as South Africa and

Nigeria. South Africa also needs to remove itself from the FATF's grey list, as its inclusion is significantly affecting its financial sector.

Although load shedding has decreased in South Africa, power cuts are still frequent and will continue to create bottlenecks for the economy. In November 2024, NPLs were 5.24% of total loans and advancements, down from 5.41% in November 2023, a 17bps reduction.

We expect the number of liquidations in the country to fall due to the structural reforms introduced by the government in the logistics, energy, and power sectors, but U.S. policies on South Africa and the uncertain future of the AGOA could both significantly impact the country's trade sector, which accounted for 12% of total liquidations in 2024. The financial, insurance, and real estate sectors continue to account for 29% of total bankrupt companies undergoing liquidations. Potential explanations for these sectors having such a high percentage of liquidations include the inability of households and businesses to service their loans, with the rising interest rates adding to companies' woes.

On the other hand, in Nigeria, the percentage of NPLs fell 20bps from 4.1% in 2023 to 3.9% in 2024. Although NPLs are below the 5% threshold set by the Central Bank of Nigeria, this does not necessarily mean that defaults

have declined. Banks in Nigeria are cautiously lending to large businesses or public entities, therefore lending to the 39.7m MSMEs in the country is limited. Lending by the private sector to MSMEs is less than 15%, which shows the conservative and highly risk-averse mindset of Nigerian banks.

The future trajectory of bankruptcies in sub-Saharan Africa looks moderately positive, subject to factors that influence major economies, such as stability of power supply, stable commodity prices, inflation, and steps taken by economies in the region to reduce irregularities in their lending practices. Sustained weakness in the Chinese economy could result in lower oil demand, which could affect African oil-producing economies and the companies associated with them.

Removing countries such as South Africa, Nigeria, Mozambique, and Mali from the FATF's grey list will be a significant factor driving macro stability in these countries. Reducing interest rates, lowering inflation, and making reforms for responsible lending can reduce the number of bankruptcies in the region. However, this might be threatened by the conflict in the Middle East, oil prices, and the U.S.'s stance on policies such as the AGOA, which could significantly affect some major sub-Saharan African economies, such as South Africa.





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