Transition Matrix:

NCR Ltd. has conducted transition matrix analysis of the rated corporate clients from the year 2015 to year 2020. Transition matrix analysis is done to see the percentage of changes in credit rating of each rating category.

One Year's Weighted Average Rating Transition Rates from the Year 2015 to Year 2020

Rating Category	Avg. Number of Issuers	AAA	AA	A	BBB	BB	B	C
AAA	1	100.00%	0.00%	0%	0%	0%	0%	0%
AA	45	0.45%	98.52%	1.03%	0.00%	0.00%	0.00%	0.00%
A	348	0.00%	1.18%	93.99%	4.83%	0.00%	0.00%	0.00%
BBB	700	0.00%	0.00%	3.63%	94.50%	1.86%	0.00%	0.00%
BB	26	0.00%	0.00%	0.00%	25.66%	69.05%	5.29%	0.00%
B	1	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%
C	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Rating transition study looks at how ratings have changed over a period of time. Based on NCR's weighted average one-year transition matrix, it can be inferred that out of all the 'AA' rated companies at the beginning of the year, 98.52% remained in the same category, 0.45% have been upgraded to 'AAA' and 1.03% have been downgraded to 'A' category. Similar inferences can be drawn for the other rating categories as well.