

## 1 - Rating Distribution

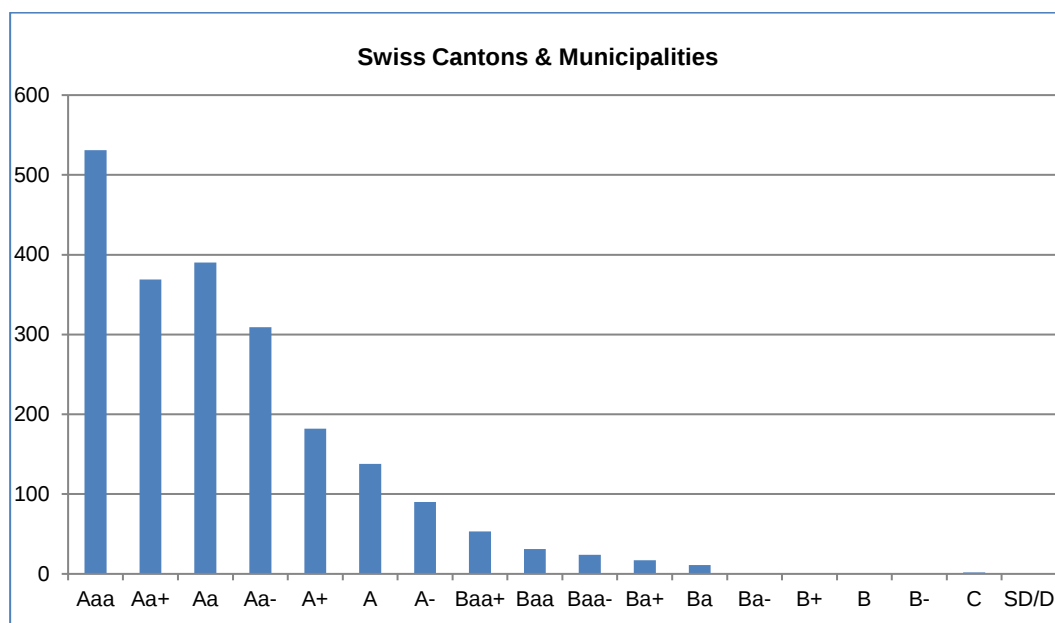
### Local & Regional Government Rating

Local & Regional Government Ratings (# Released by the end of 2024)

- Cantons (26)
- Municipalities (2'123)

Distribution Characteristics

- Median            Aa
- Investment      > 95%
- Subinvestment   < 5%



## Non-Financial Corporate Rating<sup>1</sup>

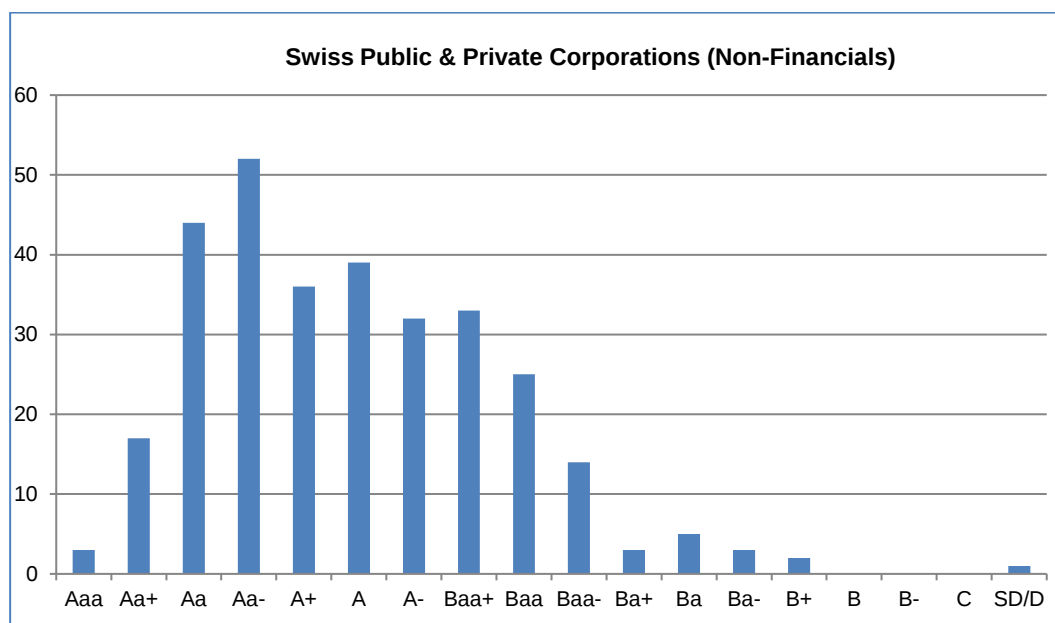
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Corporate Ratings (# Released by the end of 2024)

- Public Sector Corporations (250)
- Private Sector Corporations (59)

Distribution Characteristics

- Median                A+
- Investment        > 95%
- Subinvestment    < 5%




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<sup>1</sup> Excluding banks, insurance companies and real estate companies

## Financial Corporate Rating<sup>2</sup>

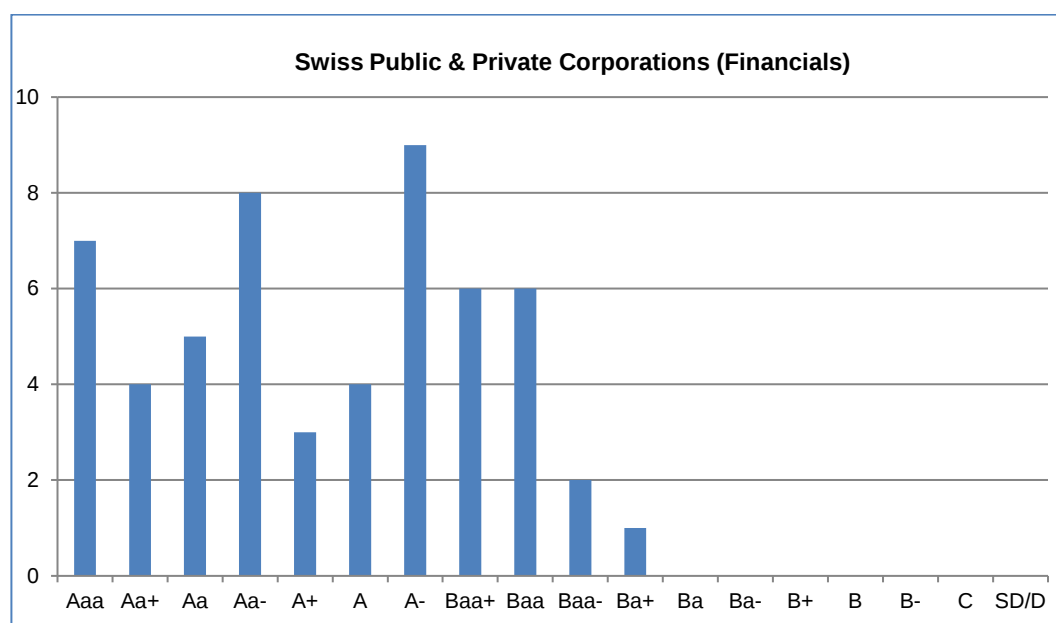
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Corporate Ratings (# Released by the end of 2024)

- Public Sector Corporations (25)
- Private Sector Corporations (30)

Distribution Characteristics

- Median            A
- Investment      > 95%
- Subinvestment   < 5%




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<sup>2</sup> Including banks and insurance companies

## Real Estate Corporate Rating

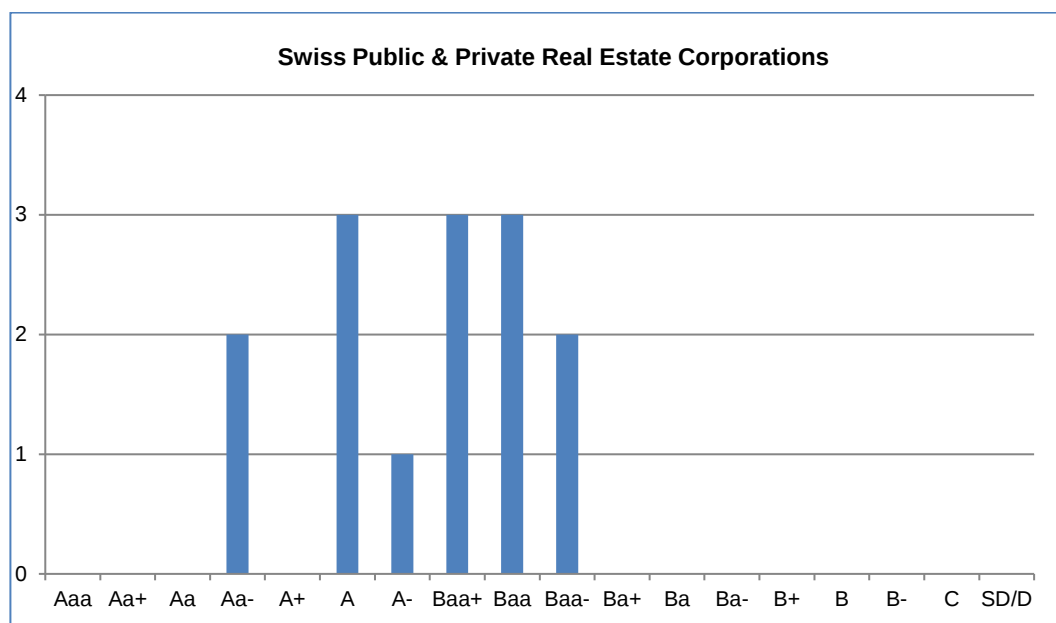
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Corporate Ratings (# Released by the end of 2024)

- Public Sector Corporations (4)
- Private Sector Corporations (10)

Distribution Characteristics

- Median Baa+
- Investment 100%
- Subinvestment 0%



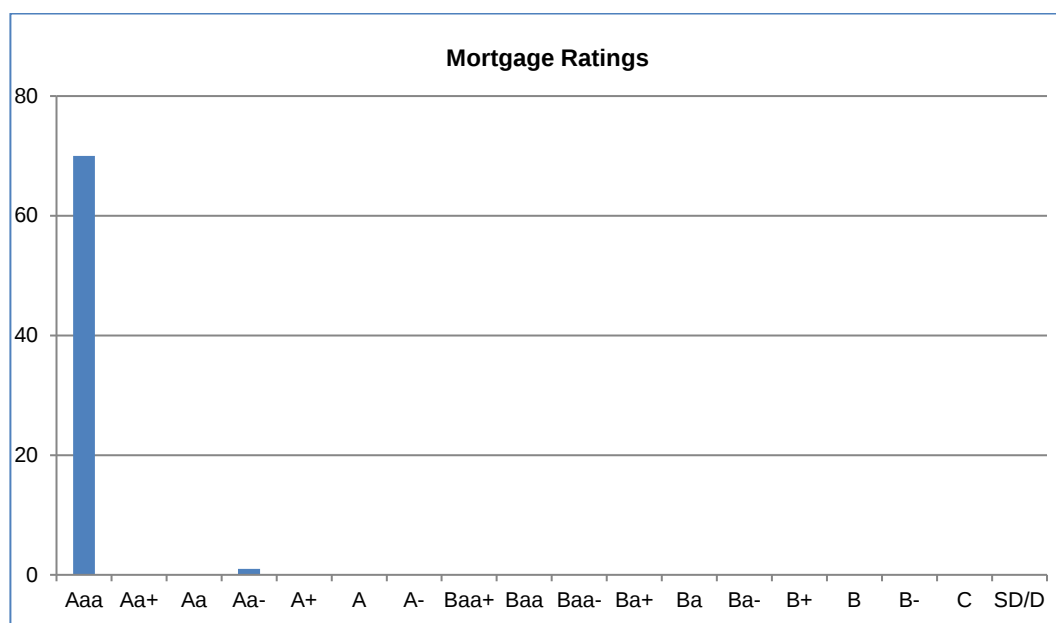
## Mortgage Rating

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Mortgage Ratings (# Released during 2024): 71

### Distribution Characteristics

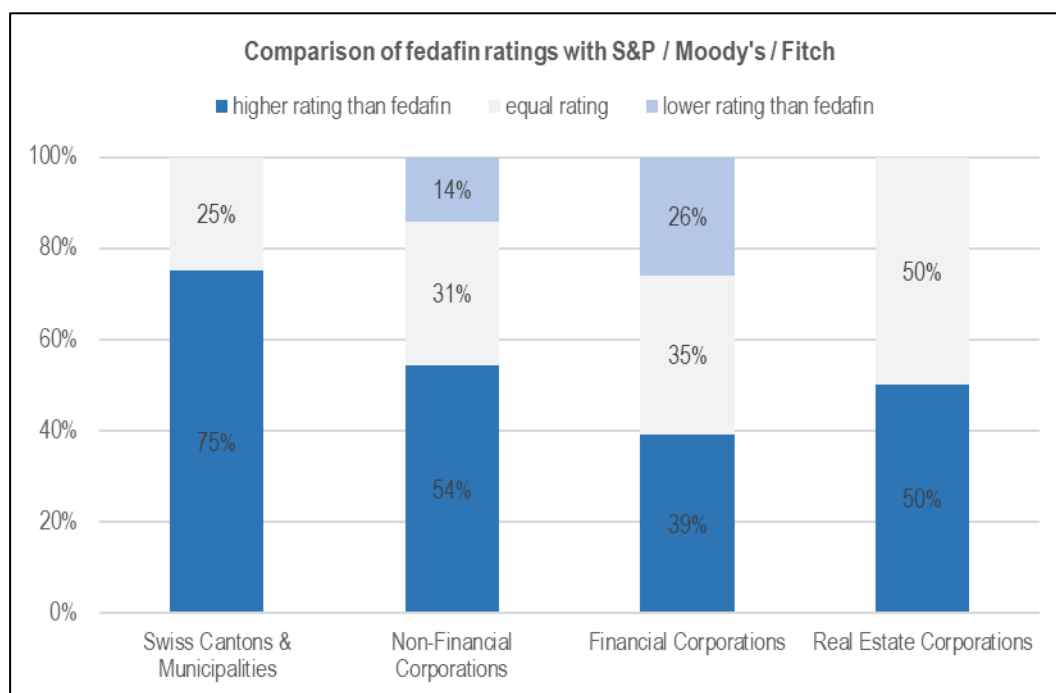
- Median           Aaa
- Investment       100%
- Subinvestment    0%



## 2 - Rating Comparison (by the end of 2024)<sup>3</sup>

### Overlap by Rating Model

| Rating Model                                | Swiss Cantons<br>& Municipalities | Non-Financial<br>Corporations | Financial<br>Corporations | Real Estate<br>Corporations |
|---------------------------------------------|-----------------------------------|-------------------------------|---------------------------|-----------------------------|
| Issuer Ratings fedafin (# under monitoring) | 2'149                             | 309                           | 55                        | 14                          |
| Overlap with S&P                            | 11                                | 16                            | 14                        | 0                           |
| Overlap with Moody's                        | 4                                 | 12                            | 6                         | 2                           |
| Overlap with Fitch                          | 1                                 | 7                             | 3                         | 0                           |



<sup>3</sup> The comparison of fedafin ratings to S&P's, Moody's and Fitch is omitted for mortgages because there is no overlap.

### 3 - One-Year Migration History<sup>4</sup>

The following tables show average one-year migration matrices with and without notches for each individual rating segment over the respective credit rating history. Intuitively, the figures represent the probability of migrating from one credit rating class to another (or remaining in the same credit rating class) over the course of a year. The concentration of migration rates along the main diagonal demonstrates that credit ratings are highly stable.

#### Local & Regional Government Rating (Average Migration Rates 2000 - 2023)

|                  |     | Rating at time t+1 |       |       |       |       |       |       |       |
|------------------|-----|--------------------|-------|-------|-------|-------|-------|-------|-------|
|                  |     | Aaa                | Aa    | A     | Baa   | Ba    | B     | C     | D     |
| Rating at time t | Aaa | 88.7%              | 11.2% | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  |
|                  | Aa  | 6.7%               | 88.8% | 4.5%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  |
|                  | A   | 0.1%               | 14.8% | 81.6% | 3.4%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  |
|                  | Baa | 0.0%               | 0.1%  | 20.9% | 75.2% | 3.8%  | 0.0%  | 0.0%  | 0.0%  |
|                  | Ba  | 0.0%               | 0.0%  | 0.6%  | 24.7% | 69.2% | 4.4%  | 0.3%  | 0.8%  |
|                  | B   | 0.0%               | 0.0%  | 0.0%  | 1.0%  | 30.4% | 52.0% | 10.5% | 6.2%  |
|                  | C   | 0.0%               | 0.0%  | 0.0%  | 0.0%  | 6.0%  | 24.8% | 42.1% | 27.1% |

|                  |      | Rating at time t+1 |       |       |       |       |       |       |       |       |       |       |       |       |      |        |      |       |       |
|------------------|------|--------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|------|--------|------|-------|-------|
|                  |      | Aaa                | Aa+   | Aa    | Aa-   | A+    | A     | A-    | Baa+  | Baa   | Baa-  | Ba+   | Ba    | Ba-   | B+   | B      | B-   | C     | D     |
| Rating at time t | Aaa  | 88.7%              | 10.2% | 1.0%  | 0.1%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0% | 0.0%   | 0.0% | 0.0%  | 0.0%  |
|                  | Aa+  | 17.9%              | 65.7% | 15.0% | 1.2%  | 0.1%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0% | 0.0%   | 0.0% | 0.0%  | 0.0%  |
|                  | Aa   | 1.6%               | 17.8% | 66.0% | 11.9% | 1.2%  | 1.4%  | 0.1%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0% | 0.0%   | 0.0% | 0.0%  | 0.0%  |
|                  | Aa-  | 0.4%               | 1.7%  | 23.6% | 61.2% | 11.6% | 1.3%  | 0.2%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0% | 0.0%   | 0.0% | 0.0%  | 0.0%  |
|                  | A+   | 0.2%               | 0.3%  | 4.3%  | 24.4% | 57.6% | 11.6% | 1.3%  | 0.2%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0% | 0.0%   | 0.0% | 0.0%  | 0.0%  |
|                  | A    | 0.0%               | 0.0%  | 3.8%  | 3.4%  | 25.6% | 55.2% | 9.2%  | 1.3%  | 1.3%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0% | 0.0%   | 0.0% | 0.0%  | 0.0%  |
|                  | A-   | 0.0%               | 0.0%  | 0.3%  | 0.7%  | 4.4%  | 27.0% | 56.5% | 9.2%  | 1.6%  | 0.1%  | 0.0%  | 0.0%  | 0.0%  | 0.0% | 0.0%   | 0.0% | 0.0%  | 0.0%  |
|                  | Baa+ | 0.0%               | 0.0%  | 0.0%  | 0.1%  | 1.4%  | 7.1%  | 27.5% | 51.4% | 10.1% | 2.2%  | 0.2%  | 0.0%  | 0.0%  | 0.0% | 0.0%   | 0.0% | 0.0%  | 0.0%  |
|                  | Baa  | 0.0%               | 0.1%  | 0.1%  | 0.1%  | 0.4%  | 7.2%  | 7.9%  | 24.8% | 48.1% | 8.3%  | 1.5%  | 1.4%  | 0.1%  | 0.0% | 0.1%   | 0.0% | 0.0%  | 0.0%  |
|                  | Baa- | 0.0%               | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.5%  | 3.1%  | 6.7%  | 29.7% | 48.3% | 9.7%  | 2.0%  | 0.0%  | 0.0% | 0.0%   | 0.0% | 0.0%  | 0.0%  |
|                  | Ba+  | 0.0%               | 0.0%  | 0.0%  | 0.0%  | 0.4%  | 0.2%  | 0.9%  | 4.3%  | 11.3% | 27.6% | 41.2% | 12.0% | 1.8%  | 0.0% | 0.2%   | 0.0% | 0.2%  | 0.0%  |
|                  | Ba   | 0.0%               | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.1%  | 0.1%  | 0.7%  | 9.4%  | 9.4%  | 23.9% | 44.4% | 7.8%  | 0.0% | 3.2%   | 0.0% | 0.3%  | 0.7%  |
|                  | Ba-  | 0.0%               | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 1.9%  | 1.3%  | 8.5%  | 31.3% | 39.6% | 0.3% | 14.2%  | 0.0% | 0.6%  | 2.2%  |
|                  | B+   | 0.0%               | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0% | 100.0% | 0.0% | 0.0%  | 0.0%  |
|                  | B    | 0.0%               | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.2%  | 0.8%  | 4.1%  | 13.6% | 12.8% | 0.2% | 51.6%  | 0.0% | 10.5% | 6.2%  |
|                  | B-   | 0.0%               | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0% | 0.0%   | 0.0% | 0.0%  | 0.0%  |
|                  | C    | 0.0%               | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.8%  | 1.9%  | 3.4%  | 0.0% | 24.8%  | 0.0% | 42.1% | 27.1% |

<sup>4</sup> Fedafin does not yet report migration matrices for the sector „mortgages“, because the migration history is too short.

## Non-Financial Corporate Rating (Average Migration Rates 2003 - 2023)

|                  |     | Rating at time t+1 |       |       |       |       |       |       |       |
|------------------|-----|--------------------|-------|-------|-------|-------|-------|-------|-------|
|                  |     | Aaa                | Aa    | A     | Baa   | Ba    | B     | C     | D     |
| Rating at time t | Aaa | 88.2%              | 11.8% | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  |
|                  | Aa  | 1.4%               | 92.9% | 5.7%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  |
|                  | A   | 0.0%               | 3.5%  | 91.8% | 4.7%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  |
|                  | Baa | 0.0%               | 0.0%  | 4.9%  | 89.1% | 6.1%  | 0.0%  | 0.0%  | 0.0%  |
|                  | Ba  | 0.0%               | 0.0%  | 0.0%  | 10.9% | 84.0% | 4.7%  | 0.0%  | 0.4%  |
|                  | B   | 0.0%               | 0.0%  | 0.0%  | 0.0%  | 10.3% | 69.0% | 17.2% | 3.4%  |
|                  | C   | 0.0%               | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 16.7% | 66.7% | 16.7% |

|                  |      | Rating at time t+1 |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |
|------------------|------|--------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
|                  |      | Aaa                | Aa+   | Aa    | Aa-   | A+    | A     | A-    | Baa+  | Baa   | Baa-  | Ba+   | Ba    | Ba-   | B+    | B     | B-    | C     | D     |
| Rating at time t | Aaa  | 88.2%              | 10.0% | 1.8%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  |
|                  | Aa+  | 4.4%               | 81.1% | 12.3% | 2.2%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  |
|                  | Aa   | 1.0%               | 5.4%  | 78.8% | 12.8% | 1.9%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  |
|                  | Aa-  | 0.0%               | 0.7%  | 7.1%  | 80.4% | 9.5%  | 2.2%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  |
|                  | A+   | 0.0%               | 0.0%  | 1.1%  | 6.2%  | 77.0% | 13.8% | 1.7%  | 0.3%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  |
|                  | A    | 0.0%               | 0.0%  | 0.0%  | 2.2%  | 10.1% | 72.9% | 13.2% | 1.6%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  |
|                  | A-   | 0.0%               | 0.0%  | 0.0%  | 0.6%  | 1.6%  | 7.1%  | 78.0% | 12.4% | 0.3%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  |
|                  | Baa+ | 0.0%               | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 1.2%  | 8.6%  | 74.9% | 11.9% | 2.9%  | 0.4%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  |
|                  | Baa  | 0.0%               | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.7%  | 2.0%  | 16.3% | 66.7% | 12.4% | 1.3%  | 0.7%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  |
|                  | Baa- | 0.0%               | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.6%  | 11.1% | 71.1% | 13.9% | 2.8%  | 0.6%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  |
|                  | Ba+  | 0.0%               | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 3.7%  | 16.3% | 61.5% | 14.1% | 3.0%  | 0.0%  | 0.7%  | 0.7%  | 0.0%  | 0.0%  |
|                  | Ba   | 0.0%               | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 1.3%  | 20.0% | 64.0% | 9.3%  | 1.3%  | 4.0%  | 0.0%  | 0.0%  | 0.0%  |
|                  | Ba-  | 0.0%               | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 6.5%  | 17.4% | 60.9% | 4.3%  | 8.7%  | 0.0%  | 0.0%  | 2.2%  |
|                  | B+   | 0.0%               | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 25.0% | 50.0% | 25.0% | 0.0%  | 0.0%  | 0.0%  |
|                  | B    | 0.0%               | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 5.0%  | 5.0%  | 0.0%  | 60.0% | 10.0% | 15.0% | 5.0%  |
|                  | B-   | 0.0%               | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 60.0% | 40.0% | 0.0%  |
|                  | C    | 0.0%               | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 16.7% | 0.0%  | 66.7% | 16.7% |

## Financial Corporate Rating (Average Migration Rates 2010 - 2023)

|                  |     | Rating at time t+1 |       |       |       |       |      |      |      |
|------------------|-----|--------------------|-------|-------|-------|-------|------|------|------|
|                  |     | Aaa                | Aa    | A     | Baa   | Ba    | B    | C    | D    |
| Rating at time t | Aaa | 88.9%              | 11.1% | 0.0%  | 0.0%  | 0.0%  | 0.0% | 0.0% | 0.0% |
|                  | Aa  | 0.5%               | 96.3% | 3.2%  | 0.0%  | 0.0%  | 0.0% | 0.0% | 0.0% |
|                  | A   | 0.0%               | 1.6%  | 97.3% | 1.1%  | 0.0%  | 0.0% | 0.0% | 0.0% |
|                  | Baa | 0.0%               | 0.0%  | 3.3%  | 96.7% | 0.0%  | 0.0% | 0.0% | 0.0% |
|                  | Ba  | 0.0%               | 0.0%  | 0.0%  | 11.1% | 88.9% | 0.0% | 0.0% | 0.0% |
|                  | B   | 0.0%               | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0% | 0.0% | 0.0% |
|                  | C   | 0.0%               | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0% | 0.0% | 0.0% |

|                  |      | Rating at time t+1 |       |       |       |       |       |       |       |       |       |       |       |      |      |      |      |      |      |
|------------------|------|--------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|------|------|------|------|------|------|
|                  |      | Aaa                | Aa+   | Aa    | Aa-   | A+    | A     | A-    | Baa+  | Baa   | Baa-  | Ba+   | Ba    | Ba-  | B+   | B    | B-   | C    | D    |
| Rating at time t | Aaa  | 88.9%              | 4.4%  | 6.7%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
|                  | Aa+  | 3.3%               | 66.7% | 20.0% | 10.0% | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
|                  | Aa   | 0.0%               | 1.3%  | 87.2% | 10.3% | 1.3%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
|                  | Aa-  | 0.0%               | 0.0%  | 2.5%  | 91.1% | 3.8%  | 2.5%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
|                  | A+   | 0.0%               | 0.0%  | 0.0%  | 2.5%  | 90.0% | 6.3%  | 1.3%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
|                  | A    | 0.0%               | 0.0%  | 0.0%  | 1.5%  | 4.6%  | 87.7% | 6.2%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
|                  | A-   | 0.0%               | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 7.5%  | 87.5% | 5.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
|                  | Baa+ | 0.0%               | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 3.0%  | 6.1%  | 90.9% | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
|                  | Baa  | 0.0%               | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 7.1%  | 92.9% | 0.0%  | 0.0%  | 0.0%  | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
|                  | Baa- | 0.0%               | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 27.6% | 72.4% | 0.0%  | 0.0%  | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
|                  | Ba+  | 0.0%               | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 16.7% | 83.3% | 0.0%  | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
|                  | Ba   | 0.0%               | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 16.7% | 83.3% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
|                  | Ba-  | 0.0%               | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
|                  | B+   | 0.0%               | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
|                  | B    | 0.0%               | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
|                  | B-   | 0.0%               | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
|                  | C    | 0.0%               | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |

**Real Estate Corporate Rating (Average Migration Rates 2010 - 2023)**

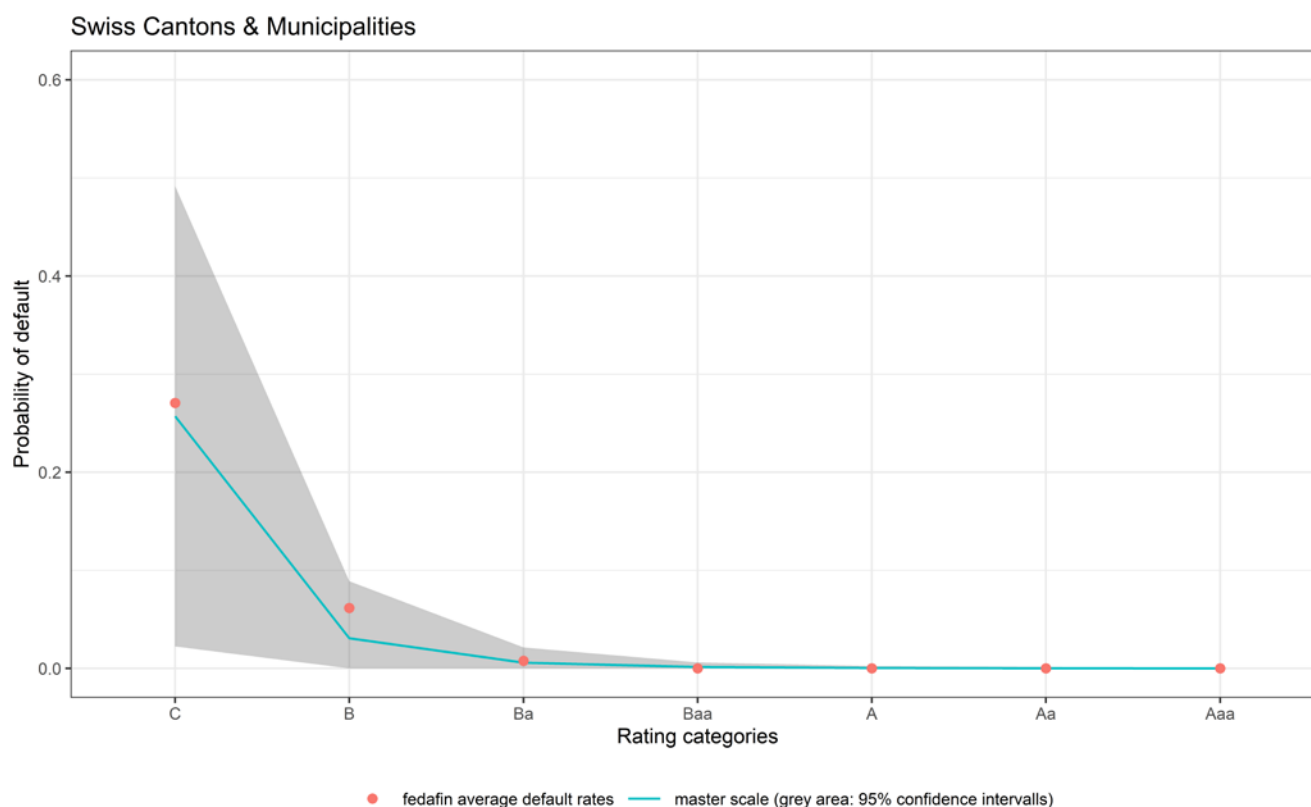
|                  |     | Rating at time t+1 |       |       |        |        |      |      |      |
|------------------|-----|--------------------|-------|-------|--------|--------|------|------|------|
|                  |     | Aaa                | Aa    | A     | Baa    | Ba     | B    | C    | D    |
| Rating at time t | Aaa | 0.0%               | 0.0%  | 0.0%  | 0.0%   | 0.0%   | 0.0% | 0.0% | 0.0% |
|                  | Aa  | 0.0%               | 80.0% | 20.0% | 0.0%   | 0.0%   | 0.0% | 0.0% | 0.0% |
|                  | A   | 0.0%               | 0.0%  | 94.4% | 5.6%   | 0.0%   | 0.0% | 0.0% | 0.0% |
|                  | Baa | 0.0%               | 0.0%  | 0.0%  | 100.0% | 0.0%   | 0.0% | 0.0% | 0.0% |
|                  | Ba  | 0.0%               | 0.0%  | 0.0%  | 0.0%   | 100.0% | 0.0% | 0.0% | 0.0% |
|                  | B   | 0.0%               | 0.0%  | 0.0%  | 0.0%   | 0.0%   | 0.0% | 0.0% | 0.0% |
|                  | C   | 0.0%               | 0.0%  | 0.0%  | 0.0%   | 0.0%   | 0.0% | 0.0% | 0.0% |

| Rating at time t | Rating at time t+1 |      |      |      |       |       |       |       |       |       |       |        |      |      |      |      |      |      |
|------------------|--------------------|------|------|------|-------|-------|-------|-------|-------|-------|-------|--------|------|------|------|------|------|------|
|                  | Aaa                | Aa+  | Aa   | Aa-  | A+    | A     | A-    | Baa+  | Baa   | Baa-  | Ba+   | Ba     | Ba-  | B+   | B    | B-   | C    | D    |
|                  | Aaa                | 0.0% | 0.0% | 0.0% | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%   | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
|                  | Aa+                | 0.0% | 0.0% | 0.0% | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%   | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
|                  | Aa                 | 0.0% | 0.0% | 0.0% | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%   | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
|                  | Aa-                | 0.0% | 0.0% | 0.0% | 80.0% | 20.0% | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%   | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
|                  | A+                 | 0.0% | 0.0% | 0.0% | 0.0%  | 72.7% | 18.2% | 9.1%  | 0.0%  | 0.0%  | 0.0%  | 0.0%   | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
|                  | A                  | 0.0% | 0.0% | 0.0% | 0.0%  | 0.0%  | 83.3% | 16.7% | 0.0%  | 0.0%  | 0.0%  | 0.0%   | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
|                  | A-                 | 0.0% | 0.0% | 0.0% | 0.0%  | 0.0%  | 7.7%  | 76.9% | 15.4% | 0.0%  | 0.0%  | 0.0%   | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
|                  | Baa+               | 0.0% | 0.0% | 0.0% | 0.0%  | 0.0%  | 0.0%  | 83.3% | 16.7% | 0.0%  | 0.0%  | 0.0%   | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
|                  | Baa                | 0.0% | 0.0% | 0.0% | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 13.3% | 83.3% | 3.3%  | 0.0%   | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
|                  | Baa-               | 0.0% | 0.0% | 0.0% | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 14.3% | 85.7% | 0.0%   | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
|                  | Ba+                | 0.0% | 0.0% | 0.0% | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 100.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
|                  | Ba                 | 0.0% | 0.0% | 0.0% | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%   | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
|                  | Ba-                | 0.0% | 0.0% | 0.0% | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%   | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
|                  | B+                 | 0.0% | 0.0% | 0.0% | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%   | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
|                  | B                  | 0.0% | 0.0% | 0.0% | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%   | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
|                  | B-                 | 0.0% | 0.0% | 0.0% | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%   | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
|                  | C                  | 0.0% | 0.0% | 0.0% | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%   | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |

## 4 – Benchmarking to fedafin Master Scale<sup>5</sup>

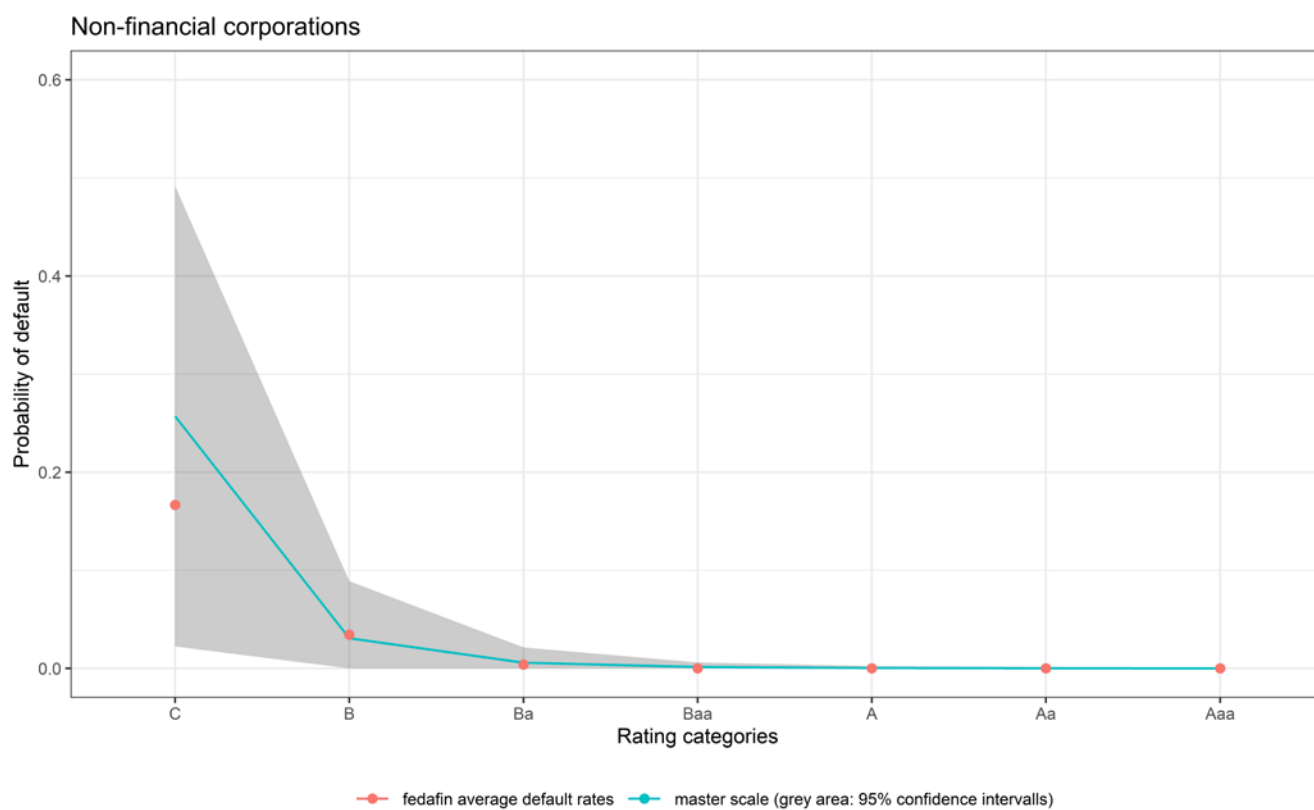
The following figures compare real average default rates per credit rating class with fedafin's master scale. Both rating segments' average default rates lie within the master scale's confidence intervals.

### Local & Regional Government Rating (PD Ø 2000 - 2023)



<sup>5</sup> Fedafin does not report benchmarking results or cumulative default rates for the sectors „financial corporates“, „real estate corporates“ and „mortgages“, because no defaults occurred so far.

## Non-Financial Corporate Rating (PD Ø 2003 – 2023)



## 5 - Estimated Cumulative Default Rates (CDR)

The following tables show the estimated cumulative default rates per rating class and segment. The cumulative default rates are estimated based on Markov matrix multiplication because the existing sample does not allow an empirical determination using the cohort method (insufficient sample size and duration of the rating history).

### Local & Regional Government Rating (Bp)

|             | Aaa | Aa | A  | Baa | Ba  | B     | C     |
|-------------|-----|----|----|-----|-----|-------|-------|
| 1-Year CDR  | 0   | 0  | 0  | 0   | 77  | 616   | 2'707 |
| 3-Year CDR  | 0   | 0  | 0  | 9   | 261 | 1'732 | 4'711 |
| 5-Year CDR  | 0   | 0  | 1  | 27  | 434 | 2'346 | 5'408 |
| 10-Year CDR | 0   | 1  | 7  | 79  | 696 | 2'916 | 5'930 |
| 20-Year CDR | 2   | 5  | 23 | 140 | 857 | 3'142 | 6'102 |

### Non-Financial Corporate Rating (Bp)

|             | Aaa | Aa | A   | Baa | Ba    | B     | C     |
|-------------|-----|----|-----|-----|-------|-------|-------|
| 1-Year CDR  | 0   | 0  | 0   | 0   | 39    | 345   | 1'667 |
| 3-Year CDR  | 0   | 0  | 0   | 7   | 154   | 1'446 | 3'703 |
| 5-Year CDR  | 0   | 0  | 1   | 29  | 334   | 2'500 | 4'917 |
| 10-Year CDR | 0   | 1  | 16  | 159 | 898   | 4'279 | 6'545 |
| 20-Year CDR | 9   | 29 | 139 | 628 | 1'873 | 5'765 | 7'713 |

## 6 - Benchmarking to S&P

|                                                                                 | Aaa | Aa | A | Baa | Ba | B   | C     |
|---------------------------------------------------------------------------------|-----|----|---|-----|----|-----|-------|
| fedafin Non-Financial Corporate Rating (Bp)<br>(Default Rate Ø 2003 – 2023)     | 0   | 0  | 0 | 0   | 39 | 345 | 1'667 |
| fedafin Local & Regional Government Rating (Bp)<br>(Default Rate Ø 2000 – 2023) | 0   | 0  | 0 | 0   | 77 | 616 | 2'727 |
| S&P Average One-Year Corporate Transition Rates<br>(1981-2023) – Europe         | 0   | 0  | 3 | 5   | 35 | 179 | 2'500 |
| S&P Average One-Year Corporate Transition Rates<br>(1981-2023) – Global         | 0   | 2  | 5 | 14  | 57 | 298 | 2'598 |

Source: Standard & Poor's 2023 Annual Global Corporate Default and Rating Transition Study: The sample underlying S&P's average default rates includes up to 7'000 corporations per year from all over the world, between 1981 and 2023.

The sample underlying fedafin's average default rates for non-financial corporates includes up to 250 Swiss corporations per year, between 2003 and 2023.

The sample underlying fedafin's average default rates for regional & local governments includes up to 2'600 Swiss municipalities and 26 Swiss cantons per year, between 2000 and 2023. Fedafin is further allowing for an extended default definition for validation purposes.

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