

1 - Rating Distribution

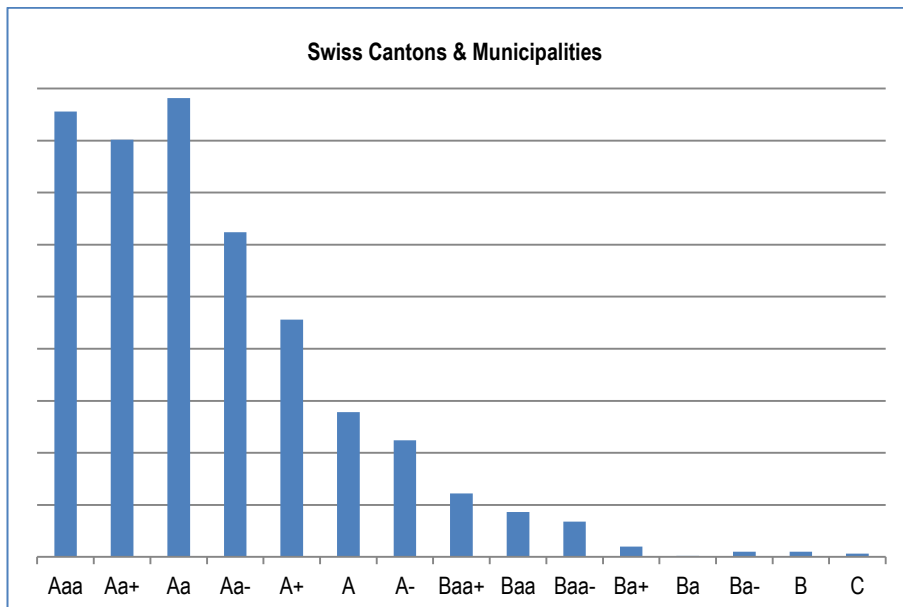
L&R Government Rating

L&R Government Ratings (# Released)

- Cantons (26)
- Municipalities (2'197)

Distribution Characteristics

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



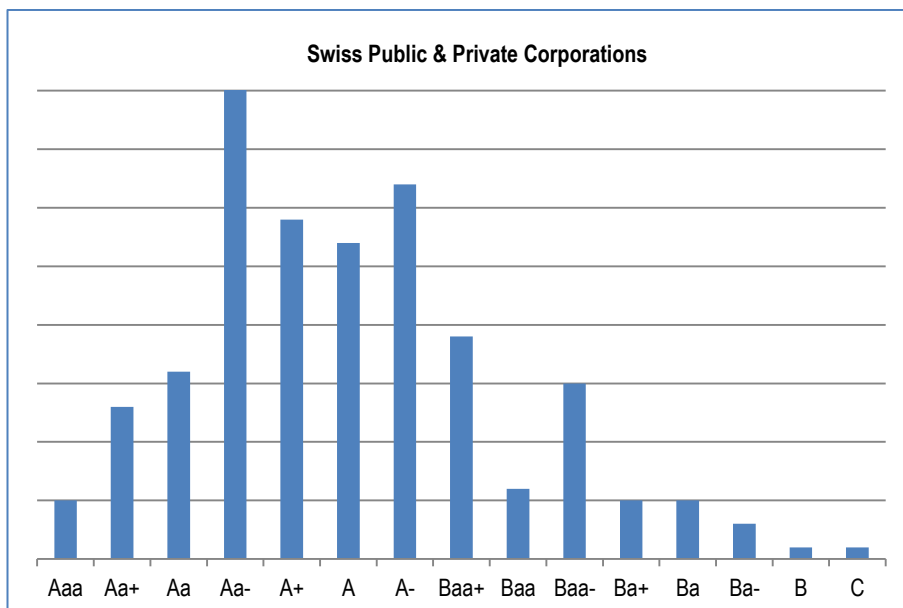
Non-Financial Corporate Rating

Corporate Ratings (# Released)

- Public Sector Corporations (178)
- Private Sector Corporations (54)

Distribution Characteristics

- Ø A
- Investment > 85%
- Subinvestment < 15%

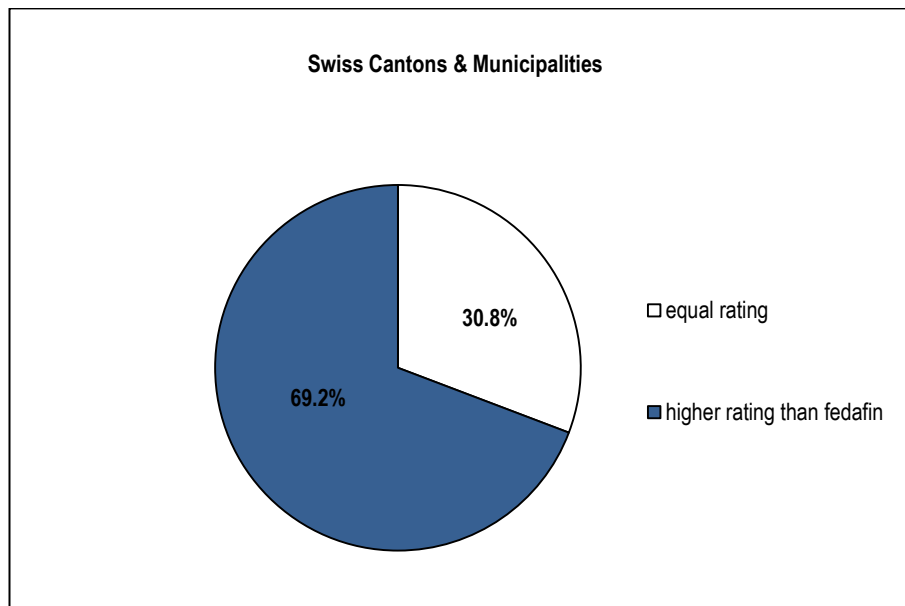


2 - Joint Rating Release

L&R Government Rating

Joint Issuer Ratings (# under Monitoring) vs

- S&P (10)
- Moody's (3)



3 - Migration Rates History (MR Ø 2002 - 2016)

L&R Government Rating

	Aaa	Aa	A	Baa	Ba	B	C	D
Aaa	88.5%	11.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Aa	7.5%	87.4%	5.0%	0.1%	0.0%	0.0%	0.0%	0.0%
A	0.1%	16.7%	79.4%	3.7%	0.0%	0.0%	0.0%	0.0%
Baa	0.0%	0.1%	23.3%	72.2%	4.3%	0.0%	0.0%	0.0%
Ba	0.0%	0.0%	0.7%	26.1%	67.1%	4.8%	0.4%	0.9%
B	0.0%	0.0%	0.0%	1.1%	31.2%	51.5%	10.7%	5.6%
C	0.0%	0.0%	0.0%	0.0%	6.4%	26.0%	39.6%	28.0%

	Aaa	Aa+	Aa	Aa-	A+	A	A-	Baa+	Baa	Baa-	Ba+	Ba	Ba-	B	C	D
Aaa	88.5%	10.2%	1.1%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Aa+	20.2%	61.2%	16.9%	1.4%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Aa	2.3%	18.1%	63.5%	12.2%	1.5%	2.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Aa-	0.7%	2.9%	27.5%	55.4%	11.5%	1.8%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
A+	0.3%	0.5%	6.8%	26.0%	52.3%	12.3%	1.6%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
A	0.0%	0.1%	5.1%	4.3%	25.4%	53.5%	8.4%	1.4%	1.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
A-	0.0%	0.0%	0.5%	1.1%	5.9%	29.3%	51.9%	8.8%	2.2%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Baa+	0.0%	0.0%	0.0%	0.1%	2.1%	10.2%	29.3%	45.6%	10.1%	2.3%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%
Baa	0.0%	0.1%	0.1%	0.1%	0.5%	8.7%	9.4%	24.3%	46.2%	7.3%	1.6%	1.7%	0.1%	0.1%	0.0%	0.0%
Baa-	0.0%	0.0%	0.0%	0.0%	0.0%	0.6%	4.1%	7.7%	32.0%	43.5%	9.3%	2.7%	0.0%	0.0%	0.0%	0.0%
Ba+	0.0%	0.0%	0.0%	0.0%	0.4%	0.2%	1.1%	5.4%	13.9%	30.0%	35.2%	11.7%	1.6%	0.2%	0.2%	0.0%
Ba	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.2%	0.8%	10.0%	9.7%	23.5%	43.1%	8.1%	3.4%	0.3%	0.8%
Ba-	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.8%	1.1%	9.1%	33.0%	36.8%	15.1%	0.7%	2.5%
B	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.9%	4.3%	14.1%	12.8%	51.5%	10.7%	5.6%
C	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.8%	2.0%	3.6%	26.0%	39.6%	28.0%

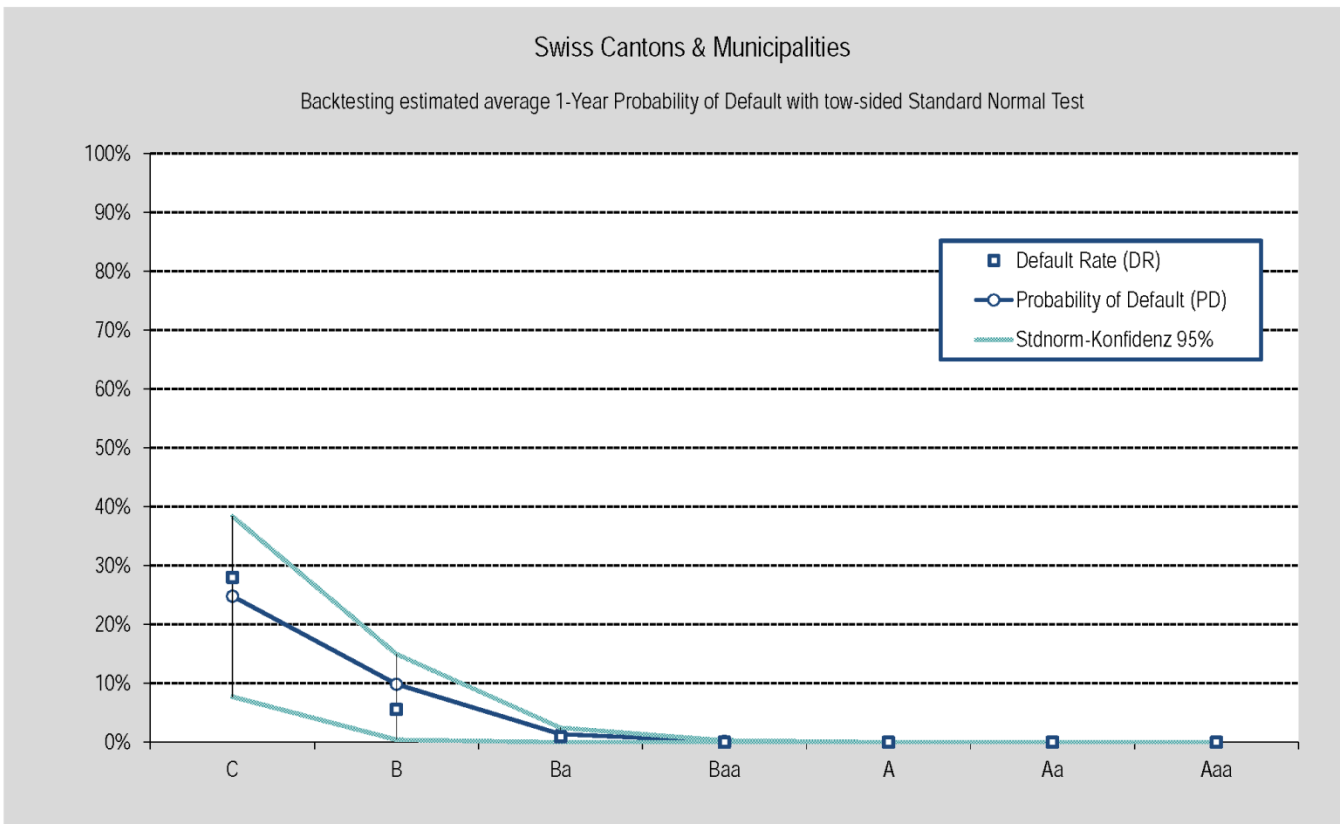
Non-Financial Corporate Rating

	Aaa	Aa	A	Baa	Ba	B	C	D
Aaa	85.9%	14.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Aa	3.9%	84.5%	11.6%	0.0%	0.0%	0.0%	0.0%	0.0%
A	0.0%	8.3%	84.3%	7.4%	0.0%	0.0%	0.0%	0.0%
Baa	0.0%	0.0%	9.5%	80.2%	10.3%	0.0%	0.0%	0.0%
Ba	0.0%	0.0%	0.0%	15.9%	81.4%	2.1%	0.0%	0.7%
B	0.0%	0.0%	0.0%	0.0%	28.6%	28.6%	28.6%	14.3%
C	0.0%	0.0%	0.0%	0.0%	0.0%	50.0%	0.0%	50.0%

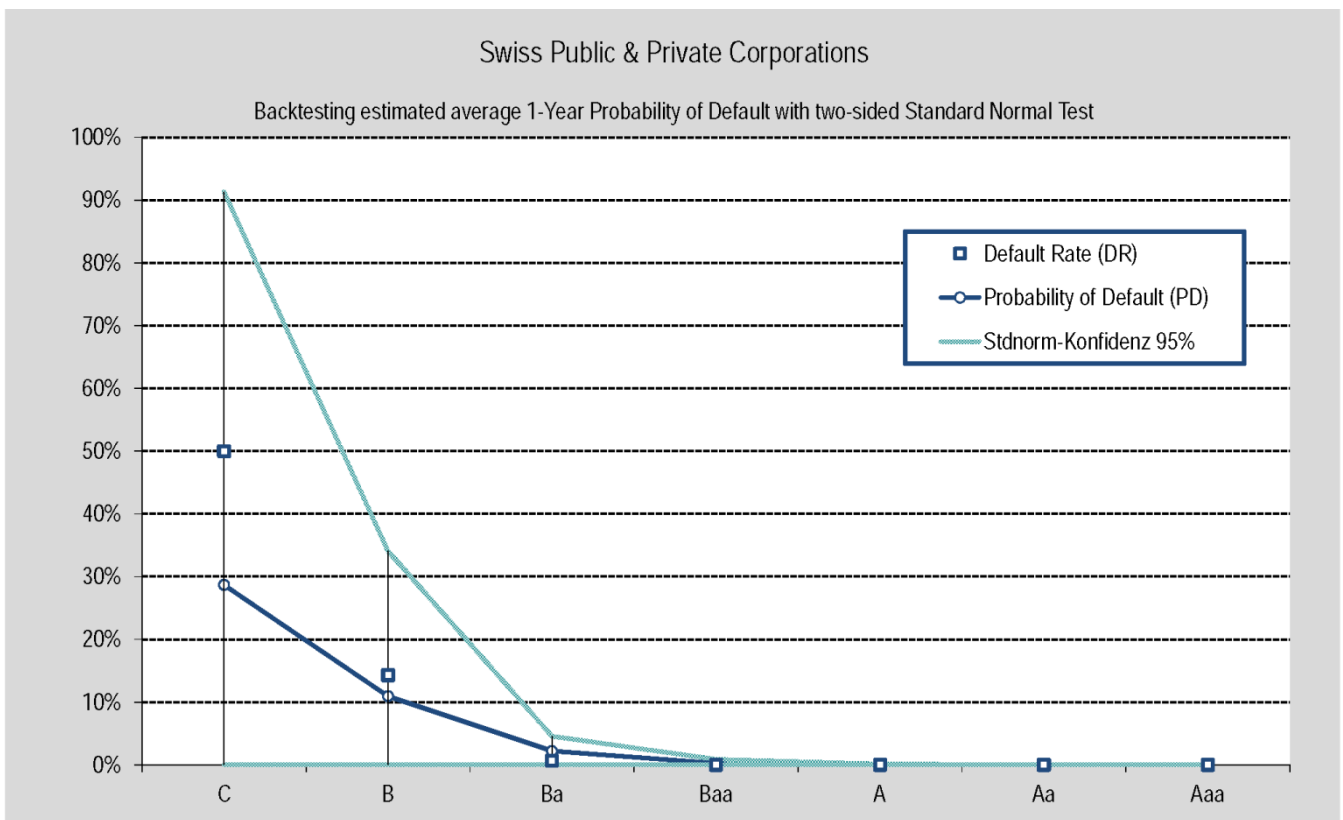
	Aaa	Aa+	Aa	Aa-	A+	A	A-	Baa+	Baa	Baa-	Ba+	Ba	Ba-	B	C	D
Aaa	85.9%	11.5%	2.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Aa+	10.6%	68.1%	16.0%	5.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Aa	2.7%	10.8%	58.6%	23.4%	4.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Aa-	0.0%	2.3%	15.4%	56.2%	19.2%	6.9%	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%	3.6%	12.7%	48.2%	31.8%	3.6%	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%	6.0%	19.7%	48.7%	21.4%	4.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
A-	0.0%	0.0%	0.0%	2.1%	5.2%	18.6%	54.6%	18.6%	1.0%	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%	3.6%	17.9%	50.0%	21.4%	7.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Baa	0.0%	0.0%	0.0%	0.0%	0.0%	1.3%	3.8%	26.6%	49.4%	15.2%	2.5%	1.3%	0.0%	0.0%	0.0%	0.0%
Baa-	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.4%	21.7%	46.4%	24.6%	5.8%	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%	5.9%	20.0%	61.2%	9.4%	2.4%	1.2%	0.0%	0.0%
Ba	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.6%	33.3%	46.2%	12.8%	5.1%	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%	14.3%	28.6%	52.4%	0.0%	0.0%	4.8%
B	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	14.3%	14.3%	28.6%	28.6%	14.3%
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%	50.0%	0.0%	50.0%

4 - Backtesting Probability of Default (PD Ø 2002 - 2016)

L&R Government Rating



Non-Financial Corporate Rating



5 - Estimating Cumulative Default Rates (CDR)

L&R Government Rating (Bp)

	Aaa	Aa	A	Baa	Ba	B	C
1-Year CDR	0	0	0	0	87	556	2'800
5-Year CDR	0	0	1	32	460	2'248	5'369
10-Year CDR	0	1	8	88	721	2'804	5'858
20-Year CDR	3	6	25	148	873	3'022	6'021

Non-Financial Corporate Rating (Bp)

	Aaa	Aa	A	Baa	Ba	B	C
1-Year CDR	0	0	0	0	69	1'429	5'000
5-Year CDR	0	0	5	74	472	4'843	7'279
10-Year CDR	1	9	47	268	865	5'346	7'648
20-Year CDR	38	92	220	641	1'344	5'631	7'805

6 - Benchmarking Default Rates (DR Ø 2002 - 2016)

L&R Government Rating (Bp)

	Aaa	Aa	A	Baa	Ba	B	C
fedafin	0	0	0	0	87	556	2'800
S&P *	0	0	0	0	50	260	3'720

*Source: Standard & Poor's 2016 Annual Sovereign Default Study And Rating Transitions, Sovereign Rating All

Non-Financial Corporate Rating (Bp)

	Aaa	Aa	A	Baa	Ba	B	C
fedafin	0	0	0	0	69	1'429	5'000
S&P *	0	0	4	8	41	253	2'638
S&P **	0	2	6	18	72	376	2'678

Source: 2016 Annual Global Corporate Default Study And Rating Transitions: * Corporate Rating Europe ** Corporate Rating all

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