Fitch XGS Credit Ratings Data And The Basel III Revised Standardized Approach For Credit Risk Solution

The Basel III Revised Standardized Approach for Credit Risk solution makes it easy to comply with the regulatory changes, minimize risk weights, and accurately price deals, by providing everything you need to apply the revised standardized approach for credit risk to your bank and non-bank exposures.

The final Basel III standards restrict the use of internal models by requiring the addition of revised standardized approaches (SAs) and the new minimum output floor. If your bank has to comply with the Basel III Final Reforms, the way you calculate your risk-weighted assets (RWAs) will change. Here's how we can help:

Implementing Basel III Final Reforms will be complicated enough, without having to deal with disparate sources of data that are non-standardized or hard to explain.

The trusted and transparent Fitch Credit Ratings Data allows you to apply the revised standardized approach (SA) across asset classes, with unparalleled coverage in emerging markets and structured finance.

Understand at a glance who does or does not benefit from government support.

The Fitch XGS Credit Ratings Data and additional fields allow you to easily apply ECRA for rated bank exposures by identifying which banks may benefit from government support, and providing ratings without government support, all from a globally-recognised ECAI (External Credit Assessment Institution).

Get the full picture of your bank exposures, and avoid unnecessary increases to your capital charges.

The final piece of the puzzle, the unique Basel III – SCRA Data, provides all the regulatory minimum capital and leverage requirements, capital buffer requirements, and fundamental financial data required to apply the revised standardized approach for unrated bank exposures.

Fitch Ratings | Research & Data provides the world's only comprehensive data solution for banks to implement the Basel III revised standardized approach for credit risk.

fitchsolutions.com/credit

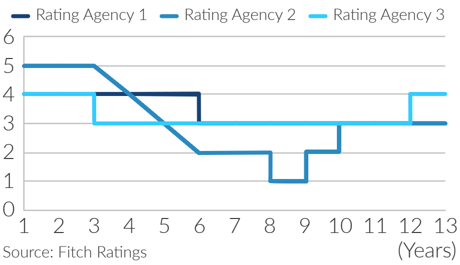
Comprehensive Ratings Data for All Your Exposure Classes

Include Fitch Credit Ratings Data to expand the rated universe and minimize capital charges

Expand your ratings coverage, backed by the trusted and transparent Fitch Ratings methodologies, and accessible, tenured analysts and experts.

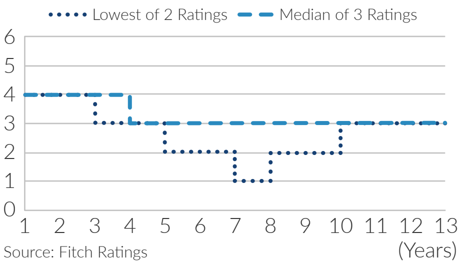
- If your bank uses the IRB approach, very low modelled risk weight estimates may increase sharply (due to the minimum output floor) unless standardized risk weights are optimized.
- In many instances, the SA for rated exposures will be less onerous and produce lower risk weights than following the SA for unrated exposures. Nominating an additional Credit Ratings Agency can help optimize the number of exposures for which ratings are available.
- Under the revised SA, the effect on risk weights is heavily influenced by the positioning of the credit rating within the prescribed SA risk weight bucket. These increases will be most pronounced at higher rating levels, where the "cliff effect" may apply. Using the three ratings allows the use of the two lowest risk weights (when applicable), achieving potential benefits for split ratings.

Rating Trajectories on Hypothetical Issuer



Source: Fitch Ratings

Derived Composite Ratings

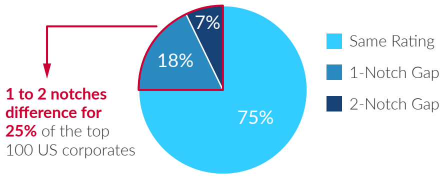


Source: Fitch Ratings

Top 100 US Corporates

Rating Notch Differences

Lower (S&P, Moody's) vs Median Rating (Fitch, S&P, Moody's)



As of June 2025. Source: Fitch Ratings, FactSet

Impacts of the Revised SA and Benefit of Multiple Ratings

Cusp ratings between agencies for bank and non-bank exposures can provide benefit on the risk weights when two agencies are at the higher rating category. For example, consider a corporate exposure that is rated 'A-' by two rating agencies and 1 notch down ('BBB+') by a third agency. A bank that has nominated all three agencies can use the 'A-' for its risk-weighting (50%), whereas a bank which has only nominated one of the 'A-' agencies and the 'BBB+' agency would have to use 'BBB+' for its risk-weighting (75%).

Likewise, calculating a bank exposure, ratings excluding government support (XGS) will apply under the revised SA using the ECRA. A five-notch 'BB+' Issuer Default Rating (IDR) shift to a 'B- (xgs)' has no capital impact, as both are 100% risk-weighted. But a one-notch 'A-' IDR reduction to a 'BBB+ (xgs)' leads to a 67% increase in RWAs, as the applicable 30% risk-weight increases to 50%.

The Solution: Fitch Credit Ratings Data

Accurate, reliable, timely

Rely on our data to support your entire workflow, with transparent and trusted ratings criteria and a 100-year track record.

Comprehensive

Covering 19,000+ publicly rated entities and transactions worldwide, our data can help you apply the revised SA across all asset classes and exposures.

Granular and accessible

Experience better analyst interactions and benefit from the extra time we invest per name, because our analyst-to-entity ratio is the lowest of the three major ratings agencies.

Truly unique and innovative

Trust our track record of defining best practice. We were the first to introduce the AAA model, viability ratings for banks and an independent view of how ESG factors impact ratings.

Meet New Regulations with New Ratings

Fitch Ratings has added specific 'ex-government support' ratings, addressing both long-term and short-term risk, and at both issuer and senior obligation levels to make implementation of new Basel rules as straightforward as possible

Bank credit ratings used for calculating RWAs under the External Credit Rating (ECRA) approach must exclude government support, with an exception for public banks owned by their governments.

- For rated bank exposures, some of your current bank ratings data will not be suitable for the ECRA approach. Fitch Ratings Viability Ratings (VRs), for example, exclude support from multiple sources (not just government), and may be too punitive and do not allow the user to distinguish which banks may benefit from government support only.
- Banks wishing to comply with ECRA will therefore need to source specific bank ratings excluding government support, where this applies.

The Solution: Fitch XGS Credit Ratings Data

Quickly identify which banks benefit from government support

The unique Fitch XGS Credit Ratings Data and additional fields identify all banks that benefit from government support (whether sovereign, regional, local or public sector) and which banks are rated as policy banks.

Get bank ratings designed for ECRA compliance

The unique Fitch XGS Credit Ratings exclude government support without also excluding other, permitted support, such as from a parent bank. They allow compliance with the revised SA for rated banks without increasing risk weights unnecessarily.

Select the right rating at a glance

Additional fields identify which ratings (LT IDR, VR, XGS) are suitable for use under the ECRA, meaning you never have to guess which rating to use, or risk using one that is too punitive.

The Standardized Approach for Unrated Bank Exposures, Without the Hassle

The only comprehensive commercially available data set of its kind

Implement the Standardized Credit Risk Assessment (SCRA) approach with minimal time investment from your teams.

- To avoid increases in capital charges and to accurately assign risk weightings, you will need to gather minimum capital requirements and capital buffer requirements from all exposed jurisdictions.
- This can be confusing and time-consuming, especially when working with multiple international banks using different report formats and different languages.

The Solution: Basel III – SCRA Data, plus Fundamental Financial Data

Save countless hours gathering and standardizing data

We've researched, compiled, translated and standardized minimum capital requirements and buffers data from regulators and banks in 190 countries and territories, in many different formats and languages, so you don't have to.

A simple Basel III SCRA fix, that stays fixed

Access unique, standardized data that can be used alongside other data sets and fully integrated into existing systems. Plus, we regularly update the information we hold, so you're always making your calculations from the latest requirements and buffers.

Standardized financial data, ready to use

We offer fundamental financial data covering more than 59,000 banks, insurers, corporates, NBFIs, IPFs and sovereigns, with consistency, accuracy and timeliness you can rely on.

Flexible and Customizable Delivery for Easy Integration

Data can be delivered through API, Feeds, Excel add-in, web, or through platform partners

The API and Data Feeds support digital transformation programs, allowing data to be delivered in bulk, directly into your preferred third party or proprietary systems. Expert advice on implementation and data availability is on hand throughout the lifetime of your license, so there's always someone ready to help with any questions.

Timely, powerful, and precise data delivery for a real-time experience

- Our API has no lag or need to manually push data into your systems. You have complete control on the timing of updates and can call down data from different content sets, combining them just how you'd like them.
- Delivered by FTP, Data Feeds are updated with changes as they occur, which may be daily or even every 15 minutes.

Create your perfect data environment

- API implementation is so simple for you to achieve. We can guide you step-by-step on how you can extract data, so you can integrate it with your internal systems.
- Feeds allow for limitless possibilities; you can configure the information into your systems however you want. They provide a blank canvas for you to tailor your data usage to be an exact match to how your organization operates.

The exact information you need, right where you need it

- Seamless integration allows you to bring data straight into the systems you use every day, alongside information from other sources.
- Work in a familiar environment, without your teams needing to access any new programs or tools.

Strategic Partnerships

Through our partnerships, we help clients access our data through integration in key platforms often used in client organizations including:

BlackRock Aladdin | Bloomberg | Charles River/State Street | Clearwater Analytics | FactSet
ICE/Interactive Data/BondEdge | IHS Markit | Interfax | Lumesis | LSE/FTSE | Refinitiv
RIMES Technologies | SIX Financials Information | SS&C

About Fitch Ratings | Research & Data

Fitch Ratings | Research & Data helps credit, risk, and investment professionals make better-informed decisions and meet regulatory requirements, within and beyond the rated universe. We do this by bringing together the rigorous analysis and deep expertise of 1,450+ Fitch Ratings analysts and the supporting data, models and methodologies, plus workflow-enhancing analytical tools. All to help you make decisions with confidence.

Fitch Ratings | Research & Data is a business unit of Fitch Solutions, a sister company of Fitch Ratings. Fitch Solutions is a part of the Hearst-owned Fitch Group, a global leader in financial information services with operations in more than 30 countries.

Client Services

A dedicated team of client service professionals based in New York, London, Hong Kong, Singapore and Tokyo provide 'follow the sun' support.

emeaclientservices@fitchsolutions.com
usaclientservices@fitchsolutions.com
asiaclient.services@fitchsolutions.com