

Fitch Ratings | Research & Data

Einhaltung des Basel IV Standardansatzes: Ratings ohne staatliche Unterstützung (XGS), SCRA und Kreditratings

Complying with Basel IV Standardized Approach: Ratings Excluding Government Support (XGS), SCRA and Credit Ratings

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Geschäftsführer - Fitch Solutions Deutschland GmbH

Wien, 12 June 2025

Basel Reform Solutions

Herausforderungen

Banken, die zuvor IRB-Ansätze benutzt haben, müssen nun die überarbeiteten standardisierten Ansätze (SAs) implementieren und die Ergebnisse verwenden, um ihre minimalen Output-Floors zu berechnen.

Dies könnte das Potenzial haben, die risikogewichteten Aktiva (RWAs) deutlich zu erhöhen.

Der überarbeitete SA ermöglicht es Banken, Ratings von zugelassenen Ratingagenturen für nahezu alle ihre Risiken zu benutzen.

Dazu gehören Staaten, öffentliche Einrichtungen, Entwicklungsbanken, gedeckte Schuldverschreibungen, Banken und Unternehmen.

Bankenrisiken werden unterschiedlich behandelt, je nachdem, ob sie ein Rating vorliegt oder nicht.

The challenges

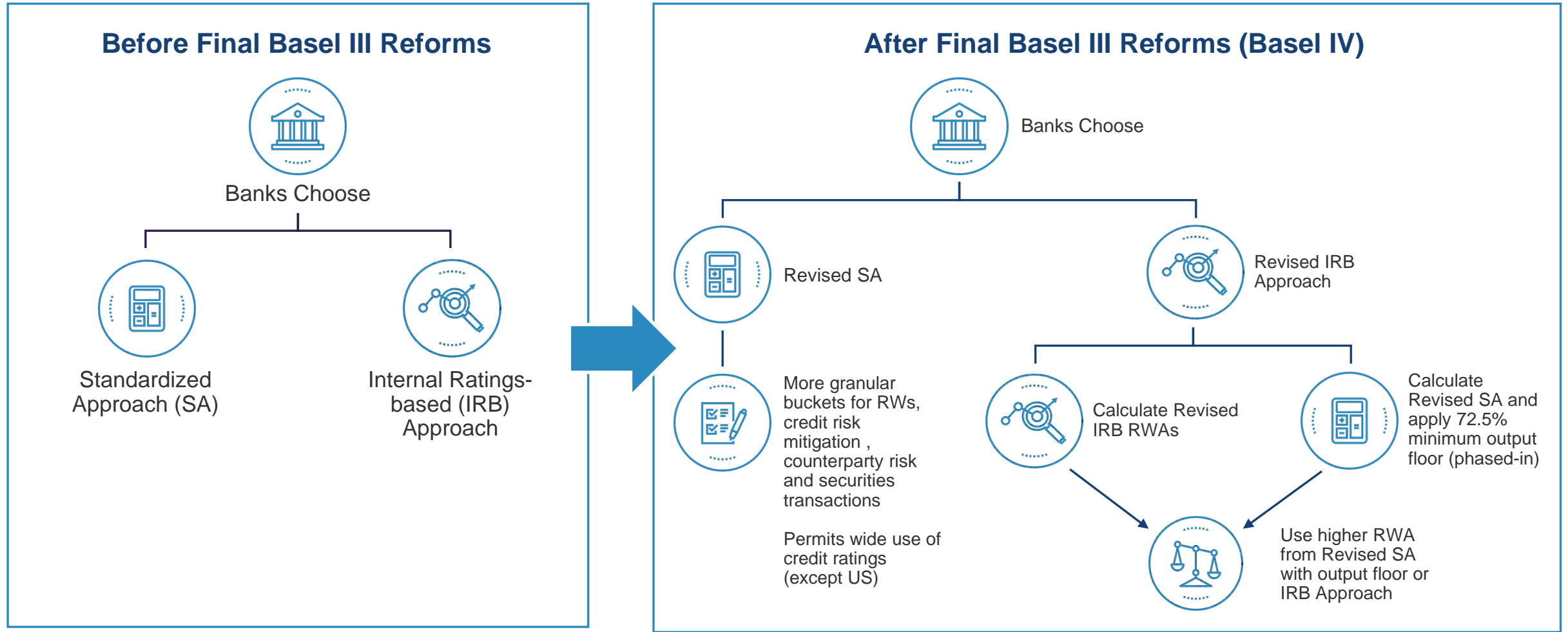
Banks that have formerly relied on IRB approaches will now need to implement the revised standardized approaches (SAs), then use the results to calculate their minimum output floors.

This has the potential to significantly increase RWAs.

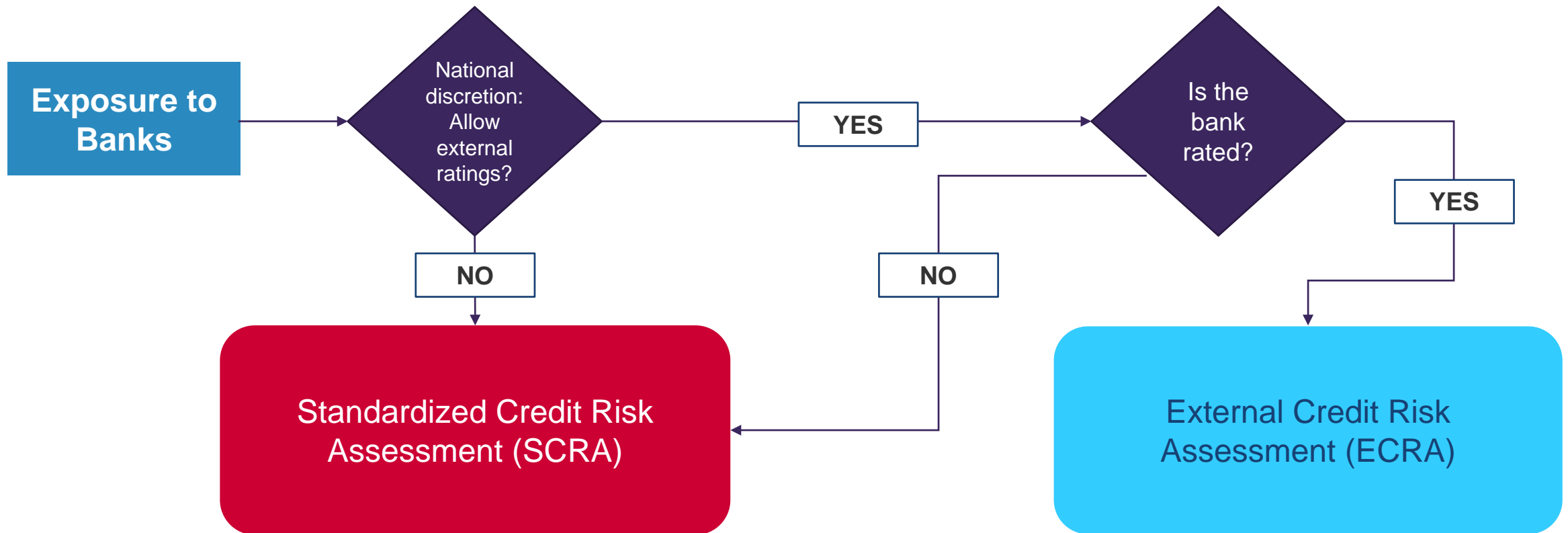
The revised SA allows banks to use ratings from approved credit rating agencies for nearly all their exposures. This includes sovereigns, public sector entities, MDBs, covered bonds, banks and corporate exposures.

Bank exposures are treated differently depending on whether they are rated or unrated.

Changes to RWA Calculation for Credit Risk Basel IV Finalization



RWA Calculation for Bank Exposures' Credit Risk under Basel IV



Problem: The revised ECRA for bank exposures in jurisdictions that allow external ratings, and why XGS applies

CRE20.18 ECRA

Banks incorporated in jurisdictions that allow the use of external ratings for regulatory purposes will assign to their rated bank exposures¹² the corresponding “base” risk weights determined by the external ratings according to Table 6. Such ratings must not incorporate assumptions of implicit government support, unless the rating refers to a public bank owned by its government.¹³ Banks incorporated in jurisdictions that allow the use of external ratings for regulatory purposes must only apply SCRA for their unrated bank exposures, in accordance with [CRE20.21](#).

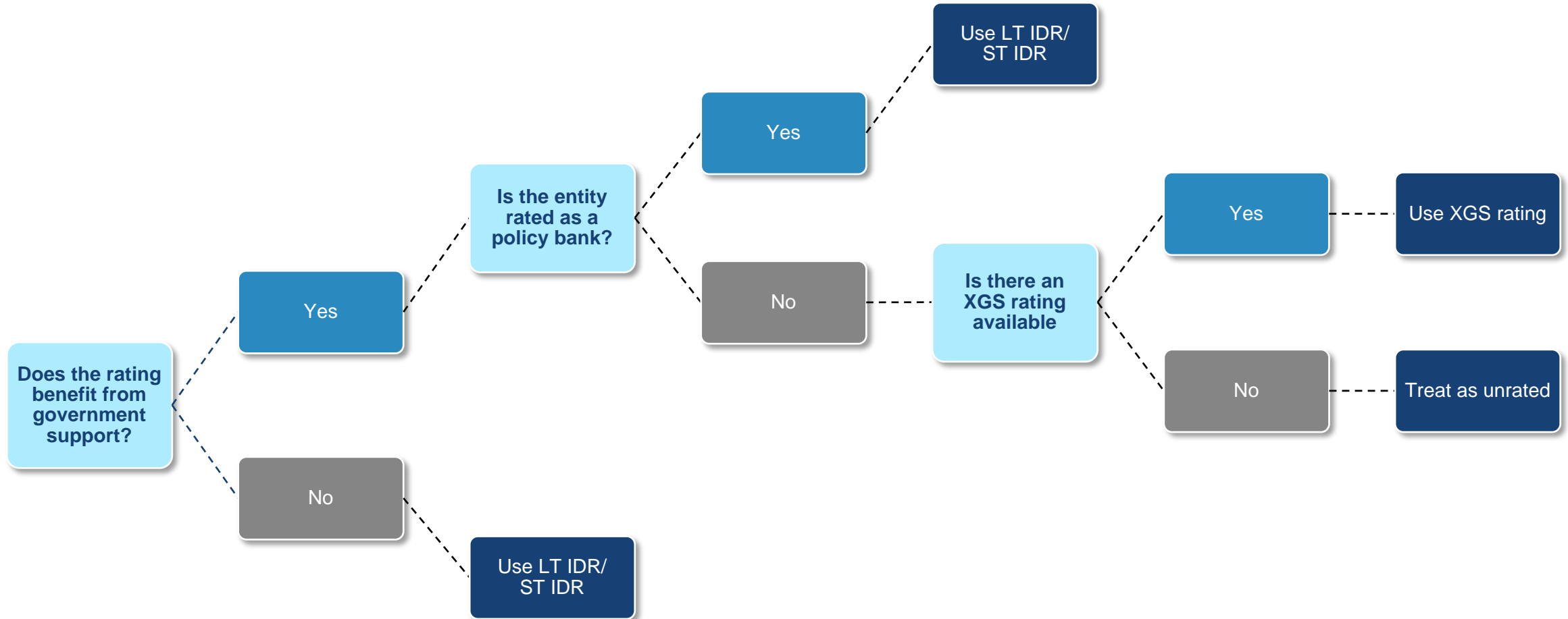
Risk weight table for bank exposures

External Credit Risk Assessment Approach

Table 6

External rating of counterparty	AAA to AA–	A+ to A–	BBB+ to BBB–	BB+ to B–	Below B–
“Base” risk weight	20%	30%	50%	100%	150%
Risk weight for short-term exposures	20%	20%	20%	50%	150%

Fitch XGS Credit Ratings - A Way to Comply with little effort



Fitch XGS Credit Ratings - A Way to Comply with little effort

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KfW

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Criteria

Fitch Entity ID: 108758

Sector: Development Banks

Domicile: Germany

Analyst: Schneider, Roger

Roppertz, Justus

Overview

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Early Warning Signals

Custom Views

BMI Overview

KfW

KfW provides housing-related loans, grants, and financing services. The firm offers financing for infrastructure projects for municipalities, global funding to regional development agencies and financial institutions, and export and project finance. It al

Data as of May 28, 2025, 5:07 AM EST

Profile Information

Download

Market Sector(s)	Development Banks
Country/Region	Germany
Sovereign / Region Rating	AAA
Ultimate Parent	KfW
Foreign Owned Subs	No
Public	Unlisted
Equity Ticker	KFW.YY
Swift/BIC	DTABDED1
LEI	549300GDPG70E3MBBU98
Fitch Entity ID	108758
Issuer ID	80436988
Status	Active
Global Rank	-
Country/Region Rank	-

Headquarters	Palmengartenstrasse 5-9, Frankfurt Am Main, GERMANY 60325
Tel	49.69.7431.0
Website	https://www.kfw.de
Registered	Palmengartenstraße 5-9 Frankfurt am Main GERMANY 60325
Tel	-

Details of Government Support

Effective Date	17 Sep 2024
Policy Bank	Yes
Rating Driven By Government Support	Yes
Long Term Rating Type Excluding Govern...	Not Applicable

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Fitch XGS Credit Ratings - A Way to Comply with little effort

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Home / Financial Institutions / Banks / Universal Commercial Banks / Bank of China Limited

Bank of China Limited

Fitch Entity ID: 113968 Sector: Universal Commercial Banks Domicile: China Analyst: Wu, Grace Xue, Vivian

Overview Ratings Research & News Financials Peers Corporate Family **Profile** Issues Early Warning Signals Custom Views BMI Overview

Bank of China Limited

Bank of China Ltd. engages in the provision of banking and financial services. It operates through the following business segments: Corporate Banking, Personal Banking, Treasury Operations, Investment Banking, Insurance services to corporate customers, government authorities, and financial institutions such as current accounts, deposits, overdrafts, loans, custody, trade related products and other credit facilities, foreign currency, and derivatives services to retail customers such as current accounts, savings, deposits, investment savings products, credit and debit cards, consumer loans, and mortgages. The Treasury Operations segment deals in foreign exchange transactions, money market transactions, proprietary trading, and asset and liability management. The Investment Banking segment includes debt and equity underwriting and financial advisory, sale research and asset management services, and private equity investment services. The Insurance segment specializes in the underwriting of general and life insurance business and insurance agency services. The Others segment includes other financial services. The company was founded on February 5, 1912 and is headquartered in Beijing, China.

Data as of May 28, 2025, 5:10 AM EST

Profile Information

Market Sector(s)	Universal Commercial Banks
Country/Region	China
Sovereign / Region Rating	A
Ultimate Parent	Bank of China Limited
Foreign Owned Subs	No
Public	Listed
Equity Ticker	601988.SH
Swift/BIC	BKCHCNBJ
LEI	54930053HGCFWVHYXZ42
Fitch Entity ID	113968
Issuer ID	80361325
Status	Active
2023 Global Rank	4
2023 Country/Region Rank	4

Headquarters

No. 1 Fuxingmen Nei C
Beijing, CHINA 100818
Tel 86.10.6659.6688
Website http://www.boc.cn
Registered No. 1 Fuxingmen Nei Dajie
Xicheng District
Beijing CHINA 100818
Tel -

Details of Government Support

Effective Date	16 May 2025
Policy Bank	No
Rating Driven By Government Support	Yes
Long Term Rating Type Excluding Government...	Long Term Issuer Default Rating (xgs)

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Bank of China Limited

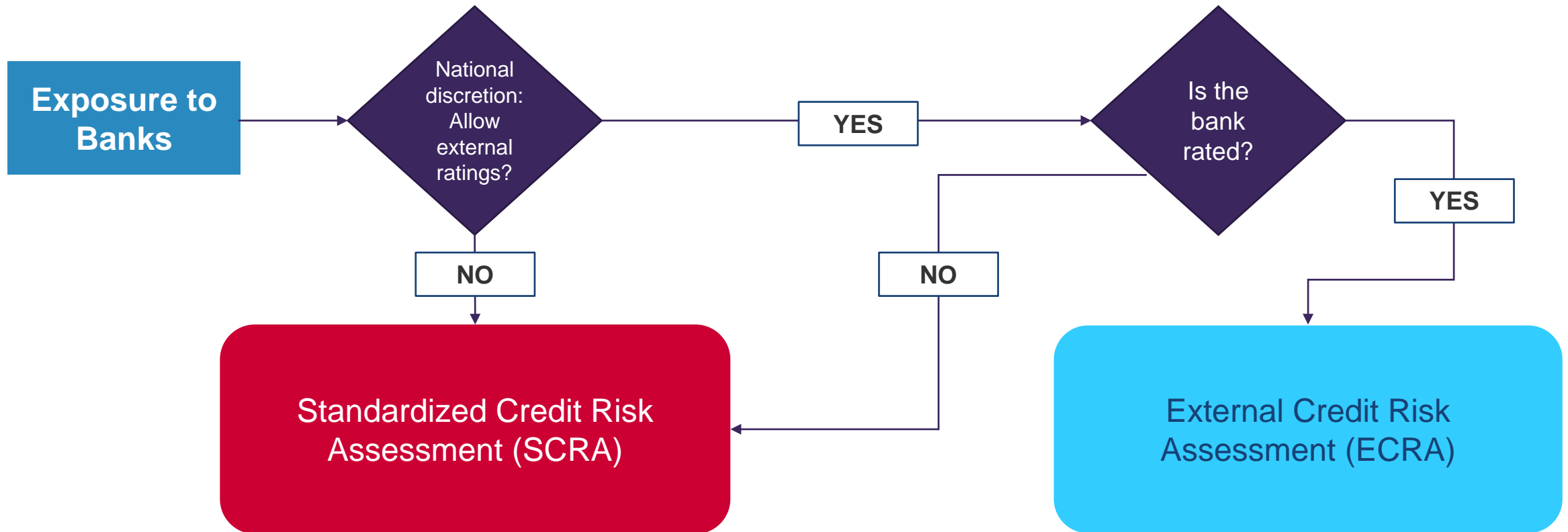
Fitch Entity ID: 113968 Sector: Universal Commercial Banks Domicile: China Analyst: Wu, Grace Xue, Vivian

Overview **Ratings** Research & News Financials Peers Corporate Family Profile Issues E

Ratings History

Description	Rating
▼ Fitch Ratings (Disclosure)	
> Long-Term Issuer Default Rating	A
> Long-Term LC Issuer Default Rating	A
> Short-Term Issuer Default Rating	F1+
> Short-Term LC Issuer Default Rating	F1+
> Viability Rating	bbb
> Government Support Rating	a
> Long-Term Issuer Default Rating (xgs)	BBB(xgs)
> Short-Term Issuer Default Rating (xgs)	F3(xgs)
> Local Currency Long-Term Issuer Default Rating	BBB(xgs)
> Short-Term Local Currency Issuer Default Rating	F3(xgs)

RWA Calculation for Bank Exposures' Credit Risk under Basel III Final Reforms



SCRA for Unrated Bank Exposures Requires Significant Data Across Multiple Jurisdictions

Credit risk assessment of counterpart	Grade A*	Grade A	Grade B	Grade C
"Base" risk weight	30	40	75	150
Risk weight for short-term exposures	20	20	50	150

Grade A* only applicable in the EU
Source: Fitch Ratings, EU CRR, UK PRA

Grade A*

☐ CET1 Ratio ≥ 14%
☐ Leverage Ratio ≥ 5%
☐ Meets all Grade A Requirements

Grade A

☐ ≥ all published minimum regulatory requirements
☐ ≥ all published minimum regulatory buffers

Grade B

☐ ≥ all published minimum regulatory requirements
☐ Does not meet all minimum regulatory buffers

Grade C

☐ Does not meet Grade B minimums; or
☐ If audited financials required, auditor has issued an adverse audit opinion or expressed doubt about ability to continue as going concern in last 12 months

All published regulatory requirements / buffers as set by national supervisor in jurisdiction where incorporated
Grade A* only applicable in the EU
Source: Fitch Solutions, EU CRR, UK PRA

What's included?

Regulatory Minimum Capital Requirements

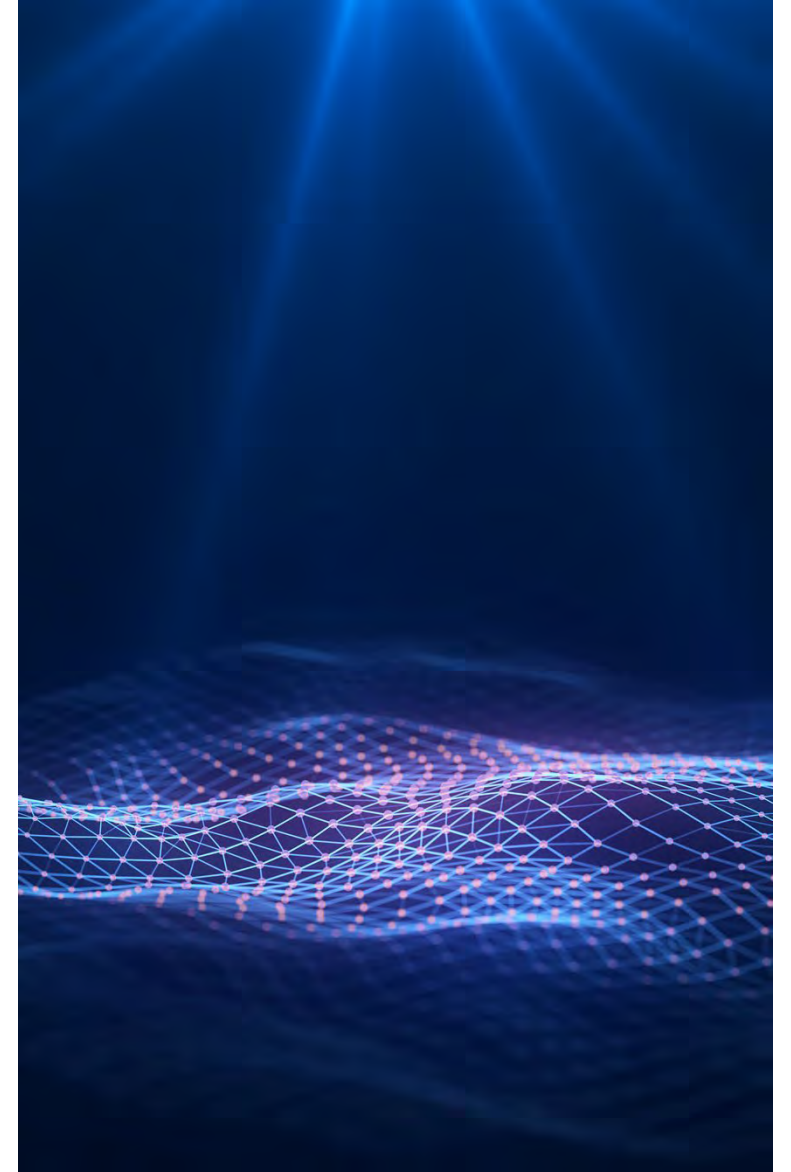
- Common Equity Tier 1 (CET1)
- Tier 1 Capital & Total Capital
- Minimum Leverage Ratio, as determined by the regulatory bodies

Capital Buffer Requirements

- Capital Conservation Buffers
- Countercyclical Buffers
- Additional buffer requirements for D-Sibs, G-Sibs and those banks that have additional stress capital buffers or systemic risk buffers

Compatibility and flexibility

- The data can be supplied via API or Data Feed, directly into your proprietary or third-party systems, to be used alongside Fitch Solutions fundamental financial data (or any other fundamental financial dataset you hold).
- Alternatively, it can be supplied via our Excel Add-In and used with the supplied template that performs all the calculations for you.



A Sample Portfolio Illustration Using SCRA Data

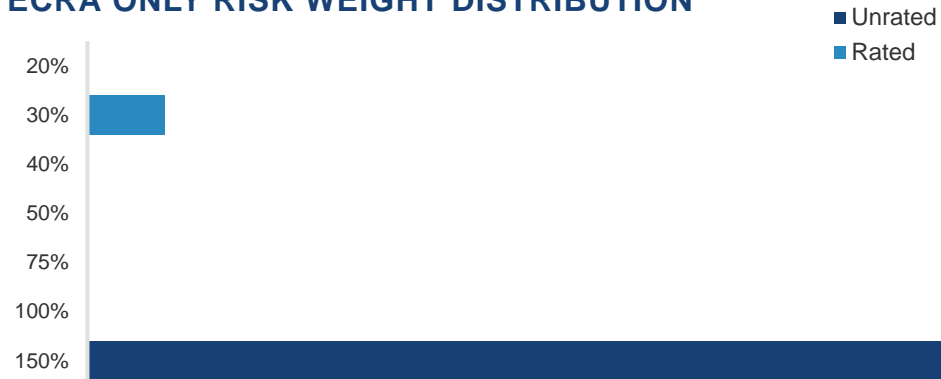
Scenario 1:

Only apply ECRA and do nothing for SCRA

Assumes:

- each exposure \$1 million
- Fitch Rating used
- 150% RW for unrated institutions exposures

ECRA ONLY RISK WEIGHT DISTRIBUTION



RW Category	ECRA (Rated)	SCRA (Unrated)		
20%	0			
30%	3		Total RW:	\$50,400,000
40%	0			
50%	0		Min Cap Charge:	\$7,056,000
75%	0			
100%	0			
150%	0	33		

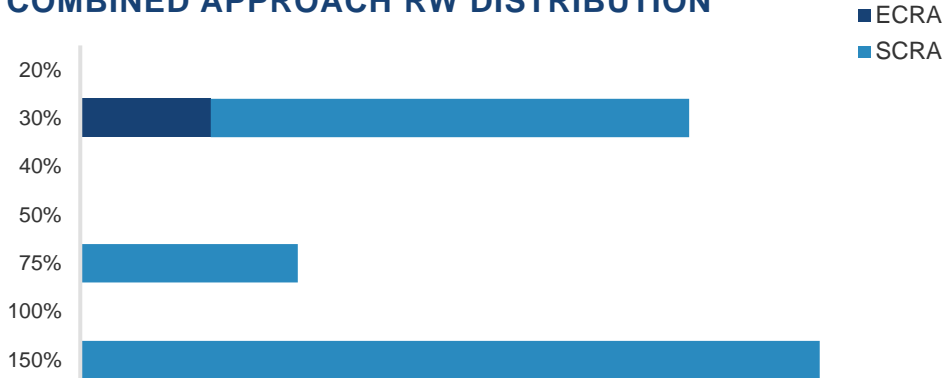
Scenario 2:

Using SCRA Data

Assumes:

- \$1 mm exposures
- Fitch Rating used

COMBINED APPROACH RW DISTRIBUTION



RW Category	ECRA (Rated)	SCRA (Unrated)			
20%	0	0			
30%	3	11			Difference
40%	0	0	Total RW:	\$33,450,000	\$16,950,000
50%	0	0			
75%	0	5	Min Cap Charge:	\$4,683,000	\$2,373,000
100%	0	0			
150%	0	17			

Appendix



EBA -Response to consultation

Response to consultation on amending ITS on the mapping of credit assessments of ECAs for credit risk

Go back

Do you agree with the proposed revised draft Implementing Technica

On behalf of Fitch Ratings Ireland Limited (Fitch Ratings)

[Source](#)

Appendix 1

Example of updated mapping table including 'xgs' ratings

Credit quality step	1	2	3	4	5	6
Fitch Ratings Ireland Limited						
Long-term issuer default rating scale	AAA, AA	A	BBB	BB	B	CCC, CC, C, RD, D
Long-term issuer default rating scale (xgs)	AAA(xgs), AA(xgs)	A(xgs)	BBB(xgs)	BB(xgs)	B(xgs)	CCC(xgs), CC(xgs), C(xgs), RD(xgs), D(xgs)

BUNDESGESETZBLATT FÜR DIE REPUBLIK ÖSTERREICH

Jahrgang 2025	Ausgegeben am 30. April 2025	Teil II
---------------	------------------------------	---------

81. Verordnung:	Änderung der CRR Begleitverordnung 2021
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81. Verordnung der Finanzmarktaufsichtsbehörde (FMA), mit der die CRR-Begleitverordnung 2021 geändert wird

Auf Grund des § 21b Abs. 1 des Bankwesengesetzes – BWG, BGBl. Nr. 532/1993, zuletzt geändert durch das Bundesgesetz BGBl. I Nr. 6/2025, wird verordnet:

Die CRR-Begleitverordnung 2021 – CRR-BV 2021, BGBl. II Nr. 542/2021, zuletzt geändert durch die Verordnung BGBl. II Nr. 315/2024, wird wie folgt geändert:

1. Nach § 4 werden folgende §§ 4a und 4b samt Überschriften eingefügt:

„Gedekte Schuldverschreibungen – Immobilienbewertung

§ 4a. Für die Zwecke des Art. 129 Abs. 3 zweiter Unterabs. der Verordnung (EU) Nr. 575/2013 können die in Art. 229 Abs. 1 Buchstabe e der Verordnung (EU) Nr. 575/2013 festgelegten Schwellen unangewendet bleiben.

Übergangsbestimmung ECAI-Bonitätsbeurteilungen

§ 4b. Abweichend von Art. 138 Buchstabe g der Verordnung (EU) Nr. 575/2013 dürfen Institute, die gemäß Art. 6 Abs. 4 erster Unterabs. und Abs. 6 der Verordnung (EU) Nr. 1024/2013 nicht der direkten Aufsicht durch die Europäische Zentralbank unterliegen, bis zum 30. Juni 2026 weiterhin in Bezug auf ein Institut eine ECAI-Bonitätsbeurteilung verwenden, in der eine implizite staatliche Unterstützung angenommen wird, sofern keine alternative ECAI-Bonitätsbeurteilung vorliegt, die keine implizite staatliche Unterstützung annimmt.“

BaFin – Rundschreiben 06/2025 (31. März 2025)

Bundesanstalt für
Finanzdienstleistungsaufsicht

Suchtext

Verbraucher

Internationales

Recht & Regelungen

Publikationen & Daten

› News & Maßnahmen › Rundschreiben 06/2025 (BA)

31.03.2025

Rundschreiben 06/2025 (BA)

zur Ausübung des Wahlrechtes nach Art. 495e CRR

Die BaFin kann die Verwendung von ECAI-Bonitätsbeurteilungen, in denen eine implizite staatliche Unterstützung angenommen wird, in bestimmten Fällen untersagen, insbesondere dann, wenn von einer benannten ECAI ebenso ECAI-Bonitätsbeurteilungen ohne die Annahme einer impliziten staatlichen Unterstützung für Risikopositionen gegenüber Instituten abgegeben werden.

[Source](#)

Basel IV adoption by country

Where credit ratings, SCRA and XGS apply

Basel Jurisdictions	Date	ECRA	SCRA	XGS
Argentina	TBD	Yes	Yes	?
Australia	1/1/2023	Yes	No	Yes
Brazil ¹	1/1/2023	Yes	Yes	Yes
Canada	4/30/2023	Yes	Yes	No
China ²	1/1/2024	?	?	?
European Union	1/1/2025	Yes	Yes	Jul 2026 ³
Hong Kong SAR	1/1/2024	Yes	Yes	Jan 2030
India	TBD	?	?	?
Indonesia ⁴	1/1/2023	Yes	Yes	?
Japan ⁵	3/31/2024	Yes	Yes	5yr
Korea	1/1/2023	Yes	Yes?	?
Mexico	partially done	Yes	Yes	Yes
Russia ⁶	7/15/2019	?	Yes	? ⁶

¹Brazil: not all reforms in place

² CN released draft Feb23 – appears large banks

³For eurozone significant institutions

⁴Indonesia top 5

Basel Jurisdictions	Date	ECRA	SCRA	XGS
Saudi Arabia	1/1/2023	Yes	Yes	5yr
Singapore	7/1/2024	Yes	Yes	Jan 2029
South Africa	1/1/2024	Yes	Yes	No
Switzerland	1/1/2025	Yes	Yes	Yes
Turkey	TBD	Yes	01/01/2026	?
United Kingdom	1/1/2027	Yes	Yes	Yes
United States ⁷	TBD	No	Yes	No

Basel Observers	Date	ECRA	SCRA	XGS
Chile	1/1/2024	Yes	No?	?
Malaysia ⁸	1/1/2025	Yes	No?	Yes
United Arab Emirates	TBD	Yes	No	?

⁵Japan large banks

⁶Russia under sanctions

⁷ US has not issued 2nd draft proposal

⁸MY proposed a flat risk-weight for unrated banks in Jan23

Global Final Basel 3 Go-Live Dates

Location	Rule Status	Go-Live Date	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	Phase-in (full)
Australia	Final and Fully Live	Jan 23											0 yrs (2023)
South Korea	Final and Live (phased)	Jan 23											5 yrs (2028)
								Output Floor @ 67.5%*					
Canada*	Final and Live (phased)	Feb 23											4 yrs (2027)*
China	Final and Live (phased)	Jan 24											5 yrs (2029)
Japan	Final and Live (phased)	Mar 24											5 yrs (2029)
Singapore	Final and Live (phased)	July 24											4.5 yrs (2029)
Switzerland	Final and Live (phased)	Jan 25											5 yrs (2030)
Hong Kong	Final and Live (phased)	Jan 25											5 yrs (2030)
EU	Final and Live	Jan 25											5+ yrs (2030-32)
UK	Final	Jan 27											3 yrs (2030)
US	2 nd Draft Pending (phased)	TBD											TBD

* OSFI announced in Feb 2025 that it will delay full implementation of the output floor until further notice, holding it at 67.5%

Basel RWAs for rated exposures is far more granular: Data needs will be greater to optimize RWAs

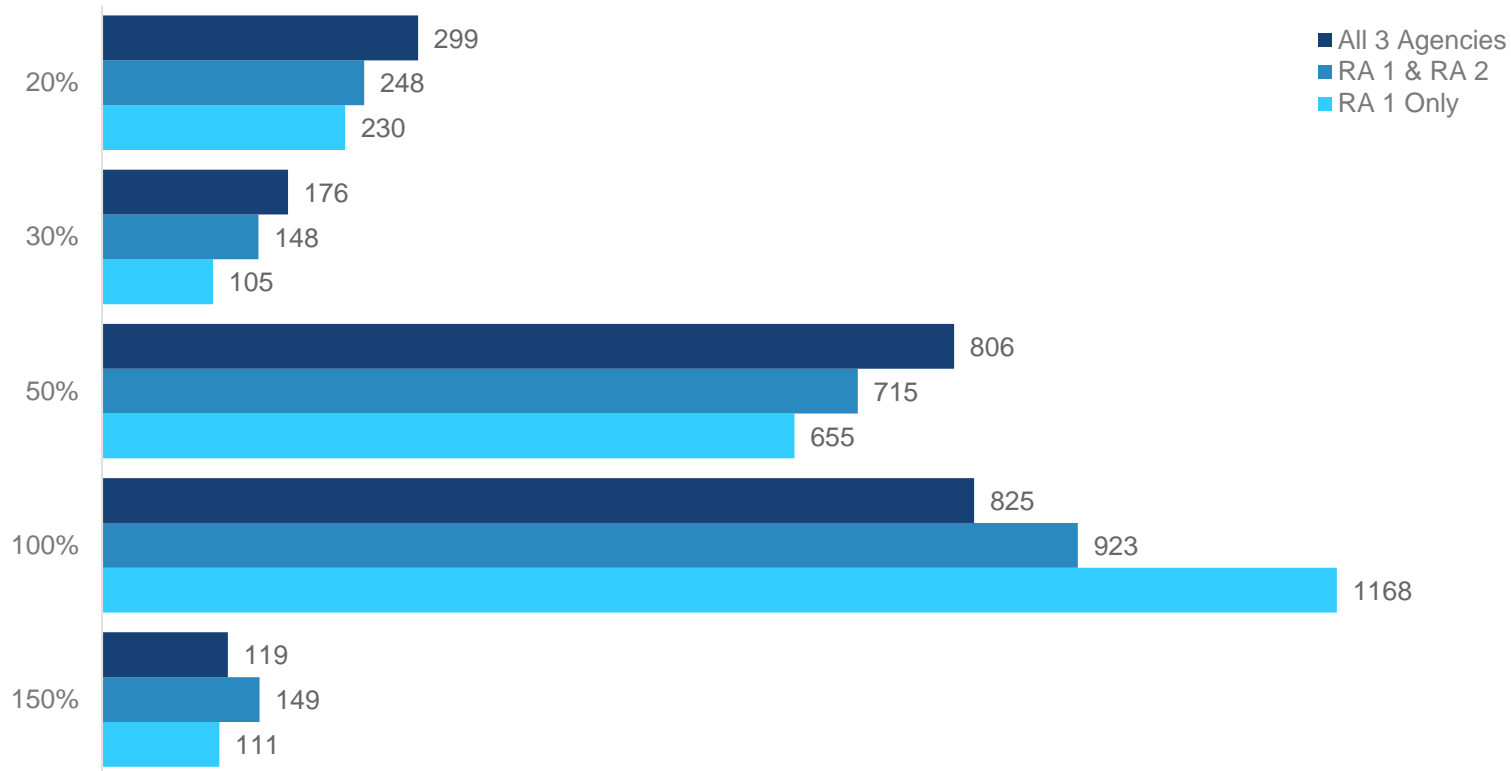
Exposure	AAA, AA CQS 1	A CQS 2	BBB CQS 3	BB CQS 4	B CQS 5	CCC, CC, C, RD, D CQS 6	Unrated
Governments / Central Banks	0%	20%	50%	100%	100%	150%	100%
Local Government	20%	50%	50%	100%	100%	150%	100%
PSE	20%	50%	50%	100%	100%	150%	100%
MDB	20%	30%	50%	100%	100%	150%	100%
Covered Bonds	10%	20%	20%	50%	50%	100%	varies
Corporates	20%	50%	75%	100%	150%	150%	100% or 65% IG, 135% BIG, 85% SME

Source: UK legislation, PRA

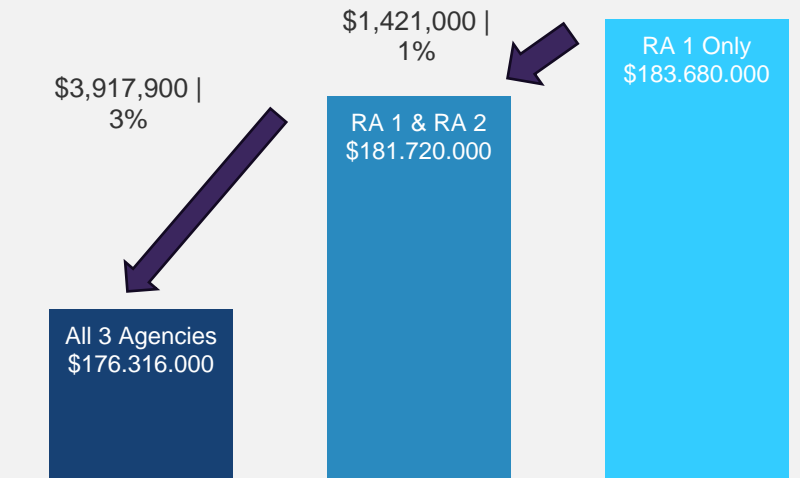
- If only 2 ratings are used, lowest of 2 ratings applies for RWA
- For 3 ratings, 2nd lowest rating applies
- When there are split ratings between categories, rating differences can have a meaningful difference

Including Fitch Significantly Improves Risk Weights for Index Eligible Issuers (ex IPF, SF)

Risk Weight Distribution



RWA Comparison



* Assumes a Long-Term Exposure of \$1mil per entity within the index eligible sample of ~1400 corporate entities.

RWAs for Bank Exposures is Unique

External Credit Risk Assessment (ECRA) Approach

For rated bank exposures

- If only **2 ratings are used, lowest of 2 ratings applies**
- For **3 ratings, 2nd lowest rating applies**

Exposure	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Below B-	Unrated
Banks (LT)	20%	30%	50%	100%	150%	SCRA
Banks (ST)	20%	20%	20%	50%	100%	SCRA

- But banks **must exclude government support from bank ratings**
- XGS Ratings provide a solution for this:
 - Identifies **which bank ratings benefit from government support**
 - What rating is without government support

SCRA (Standardized Credit Risk Assessment) Approach

Banks **must risk-weight their unrated bank exposures in the following categories** based on:

- The regulatory **minimum capital requirements and buffers for each country, D-SIB / G-SIB designations, individual bank capital requirements, adverse audit opinion, and adverse regulatory opinion** (public)

Credit risk assessment of counterpart	Preferred Grade A*	Grade A	Grade B	Grade C
"Base" risk weight	30%	40%	75%	150%
Risk weight for short-term exposures	20%	20%	50%	150%
• US Banks can only use SCRA				

Solution for Unrated Bank Exposures: Basel IV – SCRA Data

The calculations required to dramatically reduce your capital charges are relatively simple.

Accessing and maintaining all the required data is not.

Basel IV – SCRA Data solves this problem by providing all the published minimum requirements from the regulators of 200+ countries and territories, as well the individual bank buffers.

This data is:

- Translated
- Standardized
- Regularly updated
- The only dataset of its kind (to our knowledge)

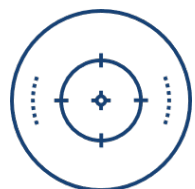
Pillar 3 data is added, coverage growing



Fitch XGS Credit Ratings - A Way to Comply with little effort



Quickly identify which banks benefit from government support



Identify which banks are rated as policy banks



Identify which rating should be used (ie LT IDR, VR, XGS)



Rating excluding government support (XGS), provided when applicable. XGS in criteria and reviewed at rating committees



Why not use VRs:

Fitch's Viability Ratings (VRs) are stand-alone ratings that can also exclude shareholder or other forms of support

Rules do not require other forms of support to be excluded from the ratings

What about GSRs:

Fitch's Government Support Ratings (GSRs) only factor in sovereign support per criteria and excludes regional governments or local authorities which are permitted in Basel 3

New ratings excluding government support: Fitch XGS Credit Ratings

Currently available on Fitch RatingsPro, Fitchratings.com, Feed and API

New Rating Type – Full Name	Issuer or Issue Rating	Rating type - abbreviated	Rating scale
Long-Term Issuer Default Rating (xgs)	Issuer	LT IDR (xgs)	AAA(xgs)
Short-Term Issuer Default Rating (xgs)	Issuer	ST IDR (xgs)	F1+(xgs)
Derivative Counterparty Rating (xgs)	Issuer	DCR (xgs)	AAA(xgs)(dcr)
Long-Term Local-Currency Issuer Default Rating (xgs)	Issuer	LT LC IDR (xgs)	AAA(xgs)
Short-Term Local-Currency Issuer Default Rating (xgs)	Issuer	ST LC IDR (xgs)	F1+(xgs)
Long-Term Rating (xgs)	Issue	LT Rating (xgs)	AAA(xgs)
Short-Term Rating (xgs)	Issue	ST Rating (xgs)	F1+(xgs)

- Assigned only to entities where government support may apply.
- Assigned through rating committee.
- Documented through rating criteria (criteria published 11 April 23).
- Clearly shows which ratings benefit from government support

Thank You

