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Fitch Launches Viability Ratings for Global Financial Institutions Ratings

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Link to Fitch Ratings' Report: [Viability Ratings: An Introductory Primer](#)

Fitch Ratings-London/New York-20 July 2011: Fitch Ratings today introduces Viability Ratings on financial institutions around the globe. These ratings represent Fitch's primary assessment of the intrinsic creditworthiness of these institutions.

Fitch's Viability Ratings are assigned on the familiar 19-point long-term rating scale, although using the lower case ('aaa', 'aa+' etc). Details of the rationale driving the introduction of Viability Ratings, their definitions, the circumstances under which Fitch assigns them and how they function in Fitch's overall FI rating framework are captured in the newly published report 'Viability Ratings: An Introductory Primer.'

In addition, spreadsheets with lists of rated entities by region and their corresponding ratings are available under "Related Research" below.

Viability Ratings will be available from today on Fitch's website, data feeds, via Fitch's data redistributors, in rating action commentaries and relevant research reports.

Fitch emphasises that this is not a fundamental change in its approach to bank ratings or a change in opinion on the creditworthiness of the entities covered. The Long-term Issuer Default Rating (IDR) will remain the primary issuer rating for financial institutions and is driven by an issuer's Viability Rating and its Support Rating. The Viability Rating reflects the same core risks as the legacy Individual Rating but with greater granularity and on a more familiar rating scale.

The introduction follows the March 2011 release of the report 'Perspectives on Bank Credit Ratings in a Changing Environment' and requests for market feedback. The report outlined Fitch's thinking on this initiative, specifically the proposal to migrate Fitch's long-established bank Individual Ratings, which utilise their own 'A' to 'E' scale, on to the more familiar long-term "aaa" scale, and to rename them as Viability Ratings.

Fitch appreciates the market feedback received, which was widely supportive of the proposed evolution, recognising the benefits associated with such a shift. These include increased transparency regarding the key drivers of a bank's IDR; greater consistency with traditional market-familiar credit rating scales; more granularity in Fitch's opinion on the intrinsic risk of a bank; enhanced visibility on the specific benefits of support; enhanced consistency with the approach Fitch has already taken with its Support Rating Floors, which are expressed on the 'AAA' scale; greater clarity on the baseline from which debt issues not expected to benefit from sovereign support are notched (e.g. hybrid and other regulatory capital securities); and greater consistency with current regulatory parlance around the subject of 'viability' and 'non-viability.'

To facilitate an orderly transition from Individual Ratings to Viability Ratings Fitch will, with limited exceptions, maintain the two ratings on a parallel basis until 31 December 2011, after which all Individual Ratings will be withdrawn. Fitch will only assign Viability Ratings where it deems these appropriate.

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Additional information is available at www.fitchratings.com

Applicable Criteria and Related Research:

Viability Ratings for Global Financial Institutions- Excel file
Global Financial Institutions Rating Criteria

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