Voluntary Termination (VT) Risk Model

Model Summary Document (MSD)

1. Model Purpose and Description

The Voluntary Termination (VT) risk model is an asset model used by Fitch to calculate the exposure to VT and Residual Value (RV) risks of ABS deals secured by pools of vehicle loans originated in the UK and Ireland, as per the Consumer ABS Rating Criteria. The VT and RV outputs are used as inputs in the Multi-Asset Cash Flow Model through the Consumer ABS Asset Model.

2. Model Assumptions

The model uses assumptions as defined in the Consumer ABS Rating Criteria and the Consumer ABS Rating Criteria – Residual Value Addendum.

3. Model Inputs

Model inputs include:

- Deal specific inputs such as base-case sale proceeds, vehicle market value decline assumptions, selling costs, depreciation rate, and default rate;
- Loan-level data such as the term (at pool origination and at pool cut-off), contract type (for determining whether VT or RV are applicable), contractual rate, discount rate, deposit, balloon, vehicle value at origination, and loan balance (at origination and cut-off).

4. Model Development Data

Not applicable to this rating model as it does not use historical data for its development and calibration, and it only uses transaction specific data and other related data as described in the relevant criteria and/or RAC.

5. Model Limitations

The model is intended only for the analysis of UK and Irish auto loan portfolios based on the criteria listed above.

6. Material Changes

The current model version is 1.6.1. Any future material changes will be disclosed in this section.

Contact Information

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