SF Interest Rate Stress Model

Model Summary Document (MSD)

1. Model Purpose and Description

The model is used to determine the upwards and downwards stressed interest rate curves applicable to a given short-term reference rate (e.g. Libor, Euribor) under different rating scenarios. The outputs from the model are used in Fitch's cash flow modelling analysis to test the vulnerability to changes in interest rates of SF transactions and CVB involving assets or liabilities that reference to such short-term reference rate. It is primarily accessed via an API by other models.

It implements the methodology described in the Fitch Structured Finance and Covered Bonds Interest Rate Stresses Rating Criteria.

2. Model Assumptions

For each country, uses the criteria assumptions from **the Structured Finance and Covered Bonds Interest Rate Stresses Rating Criteria**

3. Model Inputs

Currency Base and the current spot rate, with the ability to override a subset of the default assumptions if desired. Plus an ability to run a completely bespoke currency with fully customized assumptions if desired.

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

Only to be used for Structured Finance and Covered Bonds transactions. The model can also used in connection with ratings assigned under the U.S. Housing Finance Agency Loan Program Rating Criteria

6. Material Changes

The initial release of this model version is 8.1.4. Material changes from this version will be listed below

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