July 01, 2025

NPL Recovery Model

Model Summary Document (MSD)

1. Model Purpose and Description

The NPL Recovery Model is used by Fitch to produce a rating-dependent Recovery Amount Vector that acts as an input to the Multi-Asset Cash Flow Model.

The Recovery Amount Vector derived by the model is an estimation of recovery cash flows expected, at various rating levels, from a portfolio of secured and unsecured non-performing loans (NPLs), based on the methodology and assumptions described in Fitch's Non-Performing Loan Securitisations Rating Criteria.

2. Model Assumptions

The assumptions in the model are based on Fitch's Non-Performing Loan Securitisations Rating Criteria.

3. Model Inputs

Model inputs are a selection of relevant loan- by-loan fields such as Gross Book Value, Mortgage Amount, Geographic Location, Property Type, Property Value, Valuation Type, Fitch's Foreclosure Category, Fitch's Bankruptcy Category as well as Portfolio level inputs including pool Cut Off date, Recovery Timing and Recovery Haircut applicable for unsecured granular claims.

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 designed to analyse NPL Portfolios which contains both secured and unsecured claims, based on Fitch's Non-performing Loan Securitisations Rating Criteria.

6. Material Changes

The current model version is 1.3.0. Any future material changes will be disclosed in this section.

Contact Information

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