Corporate Credit Opinion Model (CCOM)

Model Summary Document (MSD)

1. Model Purpose and Description

The Corporate Credit Opinion Model (CCOM) produces model-based Credit Opinions (MBCOs) that are private, point-in-time, credit designations.

The CCOM uses a quantitative approach for both monitoring previously assigned Credit Opinions (COs) and assigning new MBCOs. The CCOM is applied to industrial (i.e. non-financial) leveraged finance companies, typically in the mid-market in the US.

The independent variables used in the model are four basic credit metrics: total leverage; average interest; the EBITDA margin; and revenue. The relationship between each of these and actual indications assigned is examined, quantified and calibrated against a regional pool for the US.

The CCOM also has an integrated overlay of limitations based on analytical rules intended to better-represent final committee outcomes with respect to the model output, control potential outlier results and impose scale restrictions on small entities.

2. Model Assumptions

The assumptions in the model are informed by the underlying criteria model

- Corporate Credit Opinion Regression Model (CCORM)

And/or described in Fitch's criteria

- Corporate Rating Criteria

3. Model Inputs

The independent variables used in the model are four basic credit metrics: total leverage; average interest; the EBITDA margin; and revenue.

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 issuer specific data and other related data as described in the relevant criteria and/or RAC.

5. Model Limitations

The model is intended only to be applied to industrial (i.e. non-financial) leveraged finance companies, typically in the mid-market in the US, for Credit Opinion purpose.

6. Material Changes

The current model version is 2.3.x. Any future material changes will be disclosed in this section.

Contact Information

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