July 01, 2025

Trade Receivables Model

Model Summary Document (MSD)

1. Model Purpose and Description

The Trade Receivables Model is designed to facilitate the rating and monitoring of transactions under “Trade Receivables Securitization Rating Criteria”. This is achieved by evaluating: 1) Dynamic reserves composed of dynamic loss reserve, dynamic dilution reserve and dynamic carrying cost reserve for each rating level and 2) Model implied rating determined by the lower of assessment of sufficiency of credit enhancement to withstand the dynamic reserve stresses and the notching uplift relative to the originator.

2. Model Assumptions

The assumptions in the model are those listed in the “Trade Receivables Securitization Rating Criteria”.

3. Model Inputs

The model inputs consist of components related to each of the reserves and the exposure to large obligors. For the loss reserve, key inputs include the default proxy, loss monthly cumulative sales, and eligible receivable balance. For the dilution reserve, the inputs are dilution sales and dilution monthly cumulative sales. The carrying cost reserve calculation is based on inputs such as fees, days of sales outstanding, reference rate, and margin. For exposure to large obligors, the model inputs are obligor coverage and maximum obligor concentration.

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 only intended to analyse rating securities backed by trade receivables under the abovementioned criteria.

6. Material Changes

The current model version is 1.3.2. Any future material changes will be disclosed in this section.

Contact Information

model_disclosure@fitchratings.com