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Covered Bonds Commercial Real Estate Model

Model Summary Document (MSD)

1. Model Purpose and Description

The Covered Bonds Commercial Real Estate Model is used to perform the credit analysis of commercial real estate (CRE) loans securing covered bonds. The model estimates the default, recovery and loss rates and the default timing for the cover pools under different rating stress scenarios.

2. Model Assumptions

The assumptions in the model are those listed in the Covered Bonds Rating Criteria and Fitch's Foreign-Currency Stress Assumptions for Residual Foreign-Exchange Exposures in Covered Bonds and Structured Finance (Supplementary Data File).

3. Model Inputs

Model inputs include:

- Market Value Declines
- Transaction inputs such as Sovereign IDR and transaction specific assumptions, if applicable.
- Loan-level inputs including loan currency, loan balances, loan maturity and interest reset date, loan amortisation type, loan balance at maturity, etc.
- Property-level inputs including country of property, Fitch defined region, currency of property rental income, property value, prior and equal lien amounts, etc.

4. Model Development Data

Not applicable to this rating model as it does not use historical data for its development and calibration, 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 for the analysis of covered bonds secured by commercial real estate loans, based on the Covered Bonds Rating Criteria.

6. Material Changes

The current model version is 1.1.3. Any future material changes will be disclosed in this section.

Contact Information

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