European APAC RMBS FF Model

Model Summary Document (MSD)

1. Model Purpose and Description

The European APAC RMBS FF Model is a criteria model designed to calculate rating multiples and 'B' Foreclosure Frequency (FF) matrices for each country or sector under Fitch's European RMBS Rating Criteria, and as detailed in the country-specific assumption sheets for Belgium, France, Germany, Greece, Ireland, Italy, the Netherlands, Portugal, Spain, and Switzerland; and under Fitch's APAC Residential Mortgage Rating Criteria, and as detailed in the country-specific assumption sheets for Australia and New Zealand. These are used for the FF calculations in the ResiGlobal Europe Model and ResiGlobal APAC Model, respectively.

The model also produces CDR and CPR indices based on Fitch's internal surveillance database and based on a user's defined selection of transactions. Such indices are used to inform certain model inputs for certain countries (CDR and CPR assumptions, see below).

2. Model Assumptions

The model does not contain specific assumptions, but relies on inputs, some of which constitute assumptions based on rating team's analytical judgement.

3. Model Inputs

The model inputs include:

- Cash flow assumptions for the base case scenario, including CDR and CPR vectors, terms, interest rate and initial interest-only proportions
- Representative pool Metric 1/Metric 2 risk relativity matrices and current balance percentages, where Metric 1 is CLTV (%) and Metric 2 can be DTI (%) or DSCR (%), to calculate FF matrices.
- Country- or sector-specific inputs such as the country's rating cap, regional concentration multiples, and FF adjustments based on specific risk factors.

4. Model Development Data

This model does not directly use any market data for its development and calibration though uses outputs from Fitch's European RMBS FF Logistic Regression model that uses EDW data (for European RMBS Rating Criteria), as well as historical loan performance analysis sourced from third-party data providers and Fitch's internal databases (for APAC Residential Mortgage Rating Criteria).

5. Model Limitations

The model is intended only to produce the 'B' FF assumptions and rating multiples under the European RMBS Rating criteria and APAC Residential Mortgage Rating Criteria.

6. Material Changes

The current model version is 1.10.0. Any future material changes will be disclosed in this section.

Contact Information

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