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Multi Asset Cash Flow Model

Model Summary Document (MSD)

1. Model Purpose and Description

The Model is used by Fitch to analyse the cash flow/waterfall structures of Consumer ABS, RMBS and SME CDO transactions. The Model runs up to 18 sub-scenarios representing combinations of default timing (back-loaded, front-loaded and evenly- loaded default distributions), prepayment level (high and low voluntary prepayments) and interest rate movement (increasing, decreasing and stable interest rates) assumptions, producing outputs including break-even default rates and model-implied ratings.

2. Model Assumptions

The assumptions in the model are based on Fitch's criteria listed below:

- APAC Residential Mortgage Rating Criteria
- China Residential Mortgage Rating Criteria
- Consumer ABS Rating Criteria
- European RMBS Rating Criteria
- SME Balance Sheet Securitisation Rating Criteria
- UK RMBS Rating Criteria

3. Model Inputs

The model inputs include collateral, liability and interest rate information

- Collateral information ranges from portfolio balances, asset assumptions including defaults and recovery rates and timings, amortisation profiles, portfolio interest rates, prepayment rates
- Liabilities information include:

  -note balances and coupon types/rates, amortisation (pro-rata vs sequential) conditions

  -transaction structural features such as reserve fund/liquidity reserve/facility including amounts at cut-off, targets, amortisation condition, hedging information, provisioning information, priority of payments and associated triggers

- Other assumptions such as interest rate stresses

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 intended to analyse Consumer ABS, RMBS and SME CDO transactions based on the criteria listed above.

6. Material Changes

The current model version is 3.7.0. Any future material changes will be disclosed in this section.

Contact Information

model_disclosure@fitchratings.com