
Fitch Affirms Nissin's Servicer Ratings; Removes Rating Watch Negative

Fitch Ratings-Tokyo/New York/Singapore-26 June 2008: Fitch Ratings has today affirmed Nissin Servicer Co., Ltd.'s (Nissin) asset-backed special servicer rating at 'ABSS3+(JPN)' and commercial mortgage special servicer rating at 'CSS3+(JPN)'. Simultaneously, the agency has removed both ratings from Rating Watch Negative (RWN).

On 21 December 2007, Fitch downgraded Nissin's asset-backed special servicer rating to 'ABSS3+(JPN)' from 'ABSS2-(JPN)' (ABSS2 (minus)(JPN)), reflecting the impact to Nissin's financial condition from the deteriorated financial stability of its parent, NIS Group Co., Ltd. (NISG). Fitch views a company's financial condition as an important component of its servicer rating analysis and Nissin is a 74%-owned subsidiary of NISG.

At the same time, noting the fact that NISG had entered into agreements with TPG, a US private equity investment firm, under which TPG agreed, among other items, to infuse a total of JPY30 billion or more (or its equivalent) to NISG and its subsidiaries (known as the "TPG transaction"), Fitch placed both of Nissin's servicer ratings on RWN, pending the final outcome of the TPG transaction and its impact on Nissin.

The TPG transaction closed upon approval at the shareholders meeting in February, and TPG infused in total the equivalent of JPY30bn, including JPY20bn into NISG, thus becoming its biggest shareholder. Consequently, NISG realigned its board such that TPG secured six seats out of the eleven. With TPG's participation in its ownership and management, Fitch believes NISG has improved its financial position and stability.

Fitch recently performed a targeted review of Nissin, for the purpose of determining that there had not been a significant change in the servicing operations, and that Nissin continued to perform at a level consistent with the ratings, supported by the continued strength of its experienced management and collection staff and its efforts to enhance its risk management framework. However, although removing the RWN, Fitch believes that continued monitoring is warranted. In addition, Fitch will be conducting its full rating update review of the servicer later this year and will comment on the continuing performance and condition of Nissin at that time.

Fitch rates primary, special and master servicers in Japan on a scale of one through five, with one being the highest rating. In addition, Fitch may attach a plus (+) or minus (-) sign to the rating, indicating a relative position within each rating category. "JPN" appears in the Japanese ratings to reflect their relevance in Japan's legal, economic and social context. For further details, please refer to the report titled 'Rating Japanese Servicers', dated 11 July 2007 available on Fitch's websites at 'www.fitchratings.com' in English and 'www.fitchratings.co.jp' in Japanese.

The updated report on Nissin, in both English and Japanese, will be available shortly on Fitch's websites, or through Fitch Market Services at 1 800 853 4824 in New York, or Fitch's Tokyo office at +81 3 3288 2628.

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