

Fitch Places Nissin Servicer's Special Servicer Ratings on Watch Negative Ratings

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Fitch Ratings-Tokyo/London-10 September 2010: Fitch Ratings has today placed Nissin Servicer Co., Ltd.'s (NSC) asset-backed special servicer rating of 'ABSS3(JPN)' and its commercial mortgage special servicer rating of 'CSS3-(JPN)' on Rating Watch Negative (RWN).

The rating action reflects the Incubator Bank of Japan (IBJ) being placed today under the management of a financial administrator in accordance with the Deposit Insurance Act, and NSC's subsequent announcement that it has a shareholding in IBJ with a book value of JPY394m. NSC had forecasted its consolidated net earnings for the current fiscal year ending March 2011 at JPY270m. Fitch will closely monitor the effect of NSC's stockholding in IBJ on the servicer's annual performance.

Fitch also will monitor the possible impact on NSC's funding operations and the resultant effect on its servicing ability from IBJ's failure. IBJ's loans to Nissin and its consolidated subsidiaries currently exceeds JPY11bn.

Established in July 2001, Nissin has managed unsecured and secured loan receivables under a license from the Minister of Justice which was obtained in October 2001. As of end-September 2009, Nissin serviced over 20,000 secured and unsecured loans, with an unpaid principal balance of over JPY320bn.

Fitch rates primary, special, and master servicers in Japan based on their asset types 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 Japanese ratings to reflect their relevance in Japan's legal, economic and social context. For further details, please refer to the 4 September 2009 report entitled "Rating Criteria for Japanese Servicers", available on Fitch's websites at www.fitchratings.com in English and www.fitchratings.co.jp in Japanese.

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Additional information is available at www.fitchratings.com.

Related Research:

Global Rating Criteria for Structured Finance Servicers

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