

## **Fitch Affirms Nissin Servicer's Special Servicer Ratings**

Fitch Ratings-Tokyo/Hong Kong-27 Apr 2010: Fitch Ratings has today affirmed Nissin Servicer Co., Ltd.'s (Nissin) asset-backed special servicer rating at 'ABSS3(JPN)' and its commercial mortgage special servicer rating at 'CSS3-(JPN)'.

The ratings reflect Nissin's stable operational structure, its staff with demonstrated performance in working out non-performing loans (NPLs), a seasoned management, and the agency's belief that Nissin's servicing abilities has not significantly changed, despite the scaling down of its business. The rating was determined in accordance with Fitch's rating criteria described in "Rating Criteria for Japanese Servicers", dated 4 September 2009.

Nissin returned to profit in the nine months period which ended September 2009 (Q3FY10), with operating profit and net profit of JPY1,157m and JPY238m respectively, reversing the losses a year earlier. The stabilising performance of the servicer is due to its efforts to establish cooperative relationships with certain companies, including the Incubator Bank of Japan, to solidify its entrepreneurial foundation, the review of its the business plans for existing loan receivables, and the enhanced collection methods to maximise collection. As a result, the funding environment for Nissin has improved, and the agency believes the servicer will soon resume new investment activities which were virtually halted since 2008. As Japan's Ministry of Justice is in the process of revising its guidelines which will require servicers to tighten control over compliance and risk management, Fitch will monitor whether Nissin will continue to recover in a stable manner while maintaining effective control over compliance and risk management, including new investment risks.

Established in July 2001, Nissin has been handling both unsecured and secured loan receivables with a license from the Minister of Justice (obtained in October 2001). As at 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 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 Criteria for Japanese Servicers", dated 4 September 2009 available on Fitch's websites at [www.fitchratings.com](http://www.fitchratings.com) in English and [www.fitchratings.co.jp](http://www.fitchratings.co.jp) in Japanese. Please also refer to "Global Rating Criteria for Structured Finance Servicers", dated 30 September 2009, available on both websites.

The report on Nissin Servicer 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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Additional Information is available at [www.fitchratings.com](http://www.fitchratings.com).

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