

FBS S.p.A. (/gws/en/esp/issr/80638624)



Fitch Affirms FBS SpA's Italian Residential, Commercial and ABS Special Servicer Ratings

Fitch Ratings-London-07 December 2016: Fitch Ratings has affirmed FBS SpA's (FBS) Servicer Ratings as follows:

Italian Residential Special Servicer Rating affirmed at 'RSS2+'
 Italian Commercial Special Servicer Rating affirmed at 'CSS2+'
 Italian Asset Backed Securities Special Servicer Rating affirmed at 'ABSS2'

The affirmations reflect the stability of FBS's senior management team over the past three years. The team has recently been expanded with the addition of Head of Compliance and Risk. This strengthens an already experienced team whose average industry and company experience compare well with rated peers. In Fitch's view such stability provides FBS with clear direction to meet the objectives of its business growth.

The ratings take into consideration FBS's robust risk management framework. Over the past year control functions have been restructured with separate departments for risk and compliance, and internal audit, bringing FBS's risk management framework in line with the market standard.

The internal audit manager, who is highly experienced, has been with the company for seven years and thus provides continuity in approach. The internal audit process is thorough with a robust follow-up process in place and a reasonable level of audit activity. FBS has also carried out a full review of high-risk areas, including the conflict of interest policy, complaints procedures, remuneration scheme and third-party oversight procedures.

The ratings reflect FBS's continued focus on staff development. The average number of training hours delivered to employees has increased over the past three years, and is now high compared with the average across rated peers. The servicer continues to demonstrate a significant number of internal advancements, and staff turnover remains low compared with peers.

FBS has significant work-out experience and has demonstrated the effective use of a variety of resolution methods, across both secured and unsecured loans. Industry experience of the special servicing team, including staff and team leaders, is in line with the average across highly rated peers. Company tenure, however, is lower than the average across peers.

FBS continue to employ robust technology that facilitates a smooth servicing operation. The servicer has a disaster recovery process in place; however, no test was conducted in the 12 months to July 2016. As a result, at the point of this analysis, Fitch could not complete a full assessment of their effectiveness as no test was carried out during the review period. However, the servicer has confirmed a test was later completed in October 2016.

FBS's audited financial accounts show business growth has resulted in annual net profits increasing over the period 2012-2015. The servicer has reported improving liquidity ratios and return on capital employed rates, year on year. Fitch views the increased revenues as an indication of the sustainability of the servicer.

FBS's special servicing portfolio at end-2015 had a gross book value of EUR5.2bn (2014: EUR4.3bn) with 239,921 loans (2014: 158,485 loans). Unsecured debt represented EUR3.7bn (2014: EUR3.1bn), or 71% of total assets under management.

The rating action commentary is based on information provided to Fitch by the servicer as of end-2015, unless stated otherwise.

Fitch used its servicer rating criteria to analyse the servicer's operations and financial condition, including a comparison against similar Italian servicers as part of the review process. The analysis is based on information provided to Fitch by FBS.

Contact:
 Primary Analyst
 Jessica Buntin
 Associate Director
 +44 20 3530 1555
 Fitch Ratings Limited
 30 North Colonnade
 London E14 5GN

Secondary Analyst
 Mirella Tinti
 Associate Director
 +44 20 3530 1241

Committee Chairperson
 Lauren Delecroix
 Director
 +44 20 3530 1612

Media Relations: Athos Larkou, London, Tel: +44 203 530 1549, Email: athos.larkou@fitchratings.com.

Additional information is available at www.fitchratings.com

Applicable Criteria

Rating Criteria for Structured Finance Servicers (pub. 01 Jul 2016) (<https://www.fitchratings.com/site/re/884140>)

Additional Disclosures

Solicitation Status (https://www.fitchratings.com/gws/en/disclosure/solicitation?pr_id=1016002)

Endorsement Policy (<https://www.fitchratings.com/regulatory>)

ALL FITCH CREDIT RATINGS ARE SUBJECT TO CERTAIN LIMITATIONS AND DISCLAIMERS. PLEASE READ THESE LIMITATIONS AND DISCLAIMERS BY FOLLOWING THIS LINK: [HTTPS://WWW.FITCHRATINGS.COM/UNDERSTANDINGCREDITRATINGS](https://www.fitchratings.com/understandingcreditratings) (<https://www.fitchratings.com/understandingcreditratings>). IN ADDITION, RATING DEFINITIONS AND THE TERMS OF USE OF SUCH RATINGS ARE AVAILABLE ON THE AGENCY'S PUBLIC WEB SITE AT WWW.FITCHRATINGS.COM. PUBLISHED RATINGS, CRITERIA, AND METHODOLOGIES ARE AVAILABLE FROM THIS SITE AT ALL TIMES. FITCH'S CODE OF CONDUCT, CONFIDENTIALITY, CONFLICTS OF INTEREST, AFFILIATE FIREWALL, COMPLIANCE, AND OTHER RELEVANT POLICIES AND PROCEDURES ARE ALSO AVAILABLE FROM THE CODE OF CONDUCT SECTION OF THIS SITE. FITCH MAY HAVE PROVIDED ANOTHER PERMISSIBLE SERVICE TO THE RATED ENTITY OR ITS RELATED THIRD PARTIES. DETAILS OF THIS SERVICE FOR RATINGS FOR WHICH THE LEAD ANALYST IS BASED IN AN EU-REGISTERED ENTITY CAN BE FOUND ON THE ENTITY SUMMARY PAGE FOR THIS ISSUER ON THE FITCH WEBSITE.

Copyright © 2016 by Fitch Ratings, Inc., Fitch Ratings Ltd. and its subsidiaries. 33 Whitehall Street, NY, NY 10004. Telephone: 1-800-753-4824, (212) 908-0500. Fax: (212) 480-4435. Reproduction or retransmission in whole or in part is prohibited except by permission. All rights reserved. In issuing and maintaining its ratings and in

making other reports (including forecast information), Fitch relies on factual information it receives from issuers and underwriters and from other sources Fitch believes to be credible. Fitch conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction. The manner of Fitch's factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors. Users of Fitch's ratings and reports should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information Fitch relies on in connection with a rating or a report will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to Fitch and to the market in offering documents and other reports. In issuing its ratings and its reports, Fitch must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings and forecasts of financial and other information are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings and forecasts can be affected by future events or conditions that were not anticipated at the time a rating or forecast was issued or affirmed.

The information in this report is provided "as is" without any representation or warranty of any kind, and Fitch does not represent or warrant that the report or any of its contents will meet any of the requirements of a recipient of the report. A Fitch rating is an opinion as to the creditworthiness of a security. This opinion and reports made by Fitch are based on established criteria and methodologies that Fitch is continuously evaluating and updating. Therefore, ratings and reports are the collective work product of Fitch and no individual, or group of individuals, is solely responsible for a rating or a report. The rating does not address the risk of loss due to risks other than credit risk, unless such risk is specifically mentioned. Fitch is not engaged in the offer or sale of any security. All Fitch reports have shared authorship. Individuals identified in a Fitch report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only. A report providing a Fitch rating is neither a prospectus nor a substitute for the information assembled, verified and presented to investors by the issuer and its agents in connection with the sale of the securities. Ratings may be changed or withdrawn at any time for any reason in the sole discretion of Fitch. Fitch does not provide investment advice of any sort. Ratings are not a recommendation to buy, sell, or hold any security. Ratings do not comment on the adequacy of market price, the suitability of any security for a particular investor, or the tax-exempt nature or taxability of payments made in respect to any security. Fitch receives fees from issuers, insurers, guarantors, other obligors, and underwriters for rating securities. Such fees generally vary from US\$1,000 to US\$750,000 (or the applicable currency equivalent) per issue. In certain cases, Fitch will rate all or a number of issues issued by a particular issuer, or insured or guaranteed by a particular insurer or guarantor, for a single annual fee. Such fees are expected to vary from US\$10,000 to US\$1,500,000 (or the applicable currency equivalent). The assignment, publication, or dissemination of a rating by Fitch shall not constitute a consent by Fitch to use its name as an expert in connection with any registration statement filed under the United States securities laws, the Financial Services and Markets Act of 2000 of the United Kingdom, or the securities laws of any particular jurisdiction. Due to the relative efficiency of electronic publishing and distribution, Fitch research may be available to electronic subscribers up to three days earlier than to print subscribers.

For Australia, New Zealand, Taiwan and South Korea only: Fitch Australia Pty Ltd holds an Australian financial services license (AFS license no. 337123) which authorizes it to provide credit ratings to wholesale clients only. Credit ratings information published by Fitch is not intended to be used by persons who are retail clients within the meaning of the Corporations Act 2001

Endorsement Policy - Fitch's approach to ratings endorsement so that ratings produced outside the EU may be used by regulated entities within the EU for regulatory purposes, pursuant to the terms of the EU Regulation with respect to credit rating agencies, can be found on the EU Regulatory Disclosures (<https://www.fitchratings.com/regulatory>) page. The endorsement status of all International ratings is provided within the entity summary page for each rated entity and in the transaction detail pages for all structured finance transactions on the Fitch website. These disclosures are updated on a daily basis.