



NEWS RELEASE

May 21, 2021

R&I Affirms A/a-1, Negative: Nissan Financial Services Co., Ltd.

Rating and Investment Information, Inc. (R&I) has announced the following:

ISSUER: Nissan Financial Services Co., Ltd.
Issuer Rating: A, Affirmed
Rating Outlook: Negative

Commercial Paper: a-1, Affirmed

RATIONALE:

Nissan Financial Services Co., Ltd. (NFS) is a wholly owned sales finance subsidiary of Nissan Motor Co., Ltd. (Nissan). It provides auto loans and leasing services for Nissan vehicles in the domestic market, and engages in the car-life business offering sales support services such as automotive insurance and credit cards. NFS plays a very important role in domestic sales of Nissan vehicles, and its cohesiveness with the parent company is strong. A keepwell agreement has been concluded with Nissan, and the parent company's explicit willingness to support NFS is expressed therein. NFS is rated on par with Nissan.

Reflecting the result of the rating review for Nissan, R&I has affirmed the Issuer Rating for NFS at A. The Rating Outlook has remained Negative, the same as that for Nissan.

The credit portfolio of NFS consists of customers with relatively high creditworthiness and is diversified with small accounts. Because Nissan vehicles have high marketable value, credit risk is low. With sound asset quality, NFS has a strong ability to absorb costs with basic profits. Although equity capital has not increased in recent years owing to high levels of dividend payments, its risk resilience is adequate for the rating thanks to a small amount of risk. Given diverse means of financing and a funding track record, there is no problem with liquidity.

The coronavirus pandemic and semiconductor supply shortages are adversely affecting domestic sales of Nissan vehicles. The earnings of NFS are derived from outstanding receivables it has accumulated, and therefore less susceptible to fluctuations in unit sales for a single fiscal year. Partly supported by the growth of the car-life business, R&I expects NFS to generate solid profits. With its credit cost ratio remaining low, the pandemic impact on asset quality has been limited.

The primary rating methodologies applied to this rating are provided at "R&I's Basic Methodology for Corporate Credit Ratings", "Shared Rating Approach for Financial Institutions, etc.", "Credit Card and Credit Sales" and "R&I's Analytical Approach to Parent and Subsidiary Companies". The methodologies are available at the web site listed below, together with other rating methodologies that are taken into consideration when assigning the rating.

https://www.r-i.co.jp/en/rating/about/rating_method.html

R&I RATINGS:

ISSUER: Nissan Financial Services Co., Ltd.
Issuer Rating
RATING: A, Affirmed
RATING OUTLOOK: Negative

Shelf Registration (Bonds)*

ISSUE AMOUNT (mn): JPY 200,000
ISSUE PERIOD: From Jun 20, 2020 to Jun 19, 2022

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RATING: **A, Affirmed (Preliminary)**

Unsec. Str. Bonds No.31*	Issue Date Dec 05, 2014	Maturity Date Dec 20, 2021	Issue Amount (mn) JPY 10,000
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RATING: **A, Affirmed**

Unsec. Str. Bonds No.39*	Issue Date Jul 14, 2016	Maturity Date Jun 18, 2021	Issue Amount (mn) JPY 25,000
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RATING: **A, Affirmed**

Unsec. Str. Bonds No.41*	Issue Date Oct 14, 2016	Maturity Date Sep 17, 2021	Issue Amount (mn) JPY 10,000
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RATING: **A, Affirmed**

Unsec. Str. Bonds No.43*	Issue Date Mar 02, 2017	Maturity Date Mar 18, 2022	Issue Amount (mn) JPY 10,000
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RATING: **A, Affirmed**

Unsec. Str. Bonds No.45*	Issue Date Jul 19, 2017	Maturity Date Jun 20, 2022	Issue Amount (mn) JPY 20,000
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RATING: **A, Affirmed**

Unsec. Str. Bonds No.47*	Issue Date Dec 22, 2017	Maturity Date Dec 20, 2022	Issue Amount (mn) JPY 10,000
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RATING: **A, Affirmed**

Unsec. Str. Bonds No.49*	Issue Date Mar 26, 2018	Maturity Date Mar 20, 2023	Issue Amount (mn) JPY 15,000
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RATING: **A, Affirmed**

Unsec. Str. Bonds No.50*	Issue Date Oct 19, 2018	Maturity Date Dec 20, 2021	Issue Amount (mn) JPY 35,000
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RATING: **A, Affirmed**

Unsec. Str. Bonds No.51*	Issue Date Oct 19, 2018	Maturity Date Dec 20, 2023	Issue Amount (mn) JPY 25,000
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RATING: **A, Affirmed**

ISSUE LIMIT (mn): **Commercial Paper***
JPY 350,000

RATING: **a-1, Affirmed**

* Keepwell Agreement with Nissan Motor Co., Ltd.

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A preliminary rating is assigned when a provisional credit rating is needed for an individual obligation on which final terms have not been determined. A credit rating finally assigned may differ from the preliminary rating depending on, among others, the details of the actual contract of the individual obligation.

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