Presale:

Nissan Auto Receivables 2021-A Owner Trust

June 10, 2021

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Preliminary Ratings

Class	Preliminary rating	Type	Interest rate(i)	Preliminary amount (mil. $)	Legal final maturity date
A-1	A-1+ (sf)	Senior	Fixed	172.00	July 15, 2022
A-2	AAA (sf)	Senior	Fixed	356.50	Feb. 15, 2024
A-3	AAA (sf)	Senior	Fixed	356.50	Oct. 15, 2025
A-4	AAA (sf)	Senior	Fixed	115.00	Sept. 15, 2027

Note: This presale report is based on information as of June 10, 2021. The ratings shown are preliminary. Subsequent information may result in the assignment of final ratings that differ from the preliminary ratings. Accordingly, the preliminary ratings should not be construed as evidence of final ratings. This report does not constitute a recommendation to buy, hold, or sell securities. (i)The tranches' coupons will be determined on the pricing date.

Profile

Expected closing date	June 23, 2021.
Collateral	Prime fixed-rate auto loan receivables.
Originator, sponsor, administrator, and servicer	Nissan Motor Acceptance Co. LLC (BBB-/Negative/A-3).
Depositor	Nissan Auto Receivables Co. II LLC.
Issuing entity	Nissan Auto Receivables 2021-A Owner Trust.
Indenture trustee	U.S. Bank N.A. (AA-/Stable/A-1+).
Owner trustee	Wilmington Trust N.A. (A/Negative/A-1).
Lead underwriter	MUFG Securities America Inc.

Credit Enhancement Summary (%)

	NAROT 2021-A	NAROT 2020-B	NAROT 2020-A	NAROT 2019-C
Overcollateralization(i)(ii)				
Initial	4.00	4.50	4.50	4.00
Target	4.00	4.50	4.50	4.00
Floor	4.00	4.50	4.50	4.00

Credit Enhancement Summary (%) (cont.)

	NAROT 2021-A	NAROT 2020-B	NAROT 2020-A	NAROT 2019-C
Reserve account(i)				
Initial	0.25	1.00	1.00	0.25
Target	0.25	1.00	1.00	0.25
Floor	0.25	1.00	1.00	0.25
Total hard credit enhancement(i)				
Initial	4.25	5.50	5.50	4.25
Target	4.25	5.50	5.50	4.25
Floor	4.25	5.50	5.50	4.25
YSOA (% of initial adjusted pool balance)	6.93	3.22	6.92	4.83
Estimated annual excess spread(iii)	2.97	3.05	2.96	3.05
Initial aggregate receivables pool balance ($)	1,113,826,202	1,405,095,871	1,119,632,941	1,364,914,302
Initial YSOA ($)	72,159,534	43,835,194	72,495,091	62,830,426
Initial adjusted pool balance ($)	1,041,666,668	1,361,260,677	1,047,137,850	1,302,083,876
Total securities issued ($)	1,000,000,000	1,300,000,000	1,000,000,000	1,250,000,000
YSOA required rate (%)	4.40	4.50	6.10	5.75

(i)Percentage of the initial adjusted pool balance. (ii)Overcollateralization in the form of non-interest-bearing certificates. (iii)Estimated excess spread before pricing. Includes the 1.00% servicing fee. Annual excess spread is adjusted for yield supplement overcollateralization. NAROT--Nissan Auto Receivables Owner Trust. YSOA--Yield supplement overcollateralization amount.

Rationale

The preliminary ratings assigned to Nissan Auto Receivables 2021-A's (NAROT 2021-A's) asset-backed notes reflect:

- The availability of approximately 9.1% credit support (including excess spread) for the class A notes, based on stressed cash flow scenarios. This credit support level provides coverage of approximately 6.5x our expected net loss range of 1.30%-1.50% and is commensurate with the assigned preliminary 'A-1+ (sf)' and 'AAA (sf)' ratings on the class A notes (see the S&P Global Ratings' Expected Loss and Cash Flow Modeling Assumptions And Results sections below).
- The timely interest and full principal payments made under the stressed cash flow modeling scenarios appropriate for the assigned preliminary ratings (see the Cash Flow Modeling Assumptions And Results section below). In our modeling approach, we used a bifurcated pool method. For cash flow purposes, the subvened/nonsubvened cutoff annual percentage rate (APR) is 4.0%.
- Our expectation that under a moderate ('BBB') stress scenario (2.0x our expected loss level), all else being equal, our preliminary 'AAA (sf)' ratings on the class A notes will be within the credit stability limits specified by section A.4 of the Appendix in S&P Global Ratings Definitions (see "S&P Global Ratings Definitions," published Jan. 5, 2021).

- The transaction's credit enhancement in the form of nonamortizing overcollateralization, a nonamortizing reserve account, a yield supplement overcollateralization amount (YSOA), and excess spread (see the Credit Enhancement Summary table above).
- The collateral characteristics of the securitized pool.
- Our view of the transaction's payment and legal structures.

S&P Global Ratings believes there remains high, albeit moderating, uncertainty about the evolution of the coronavirus pandemic and its economic effects. Vaccine production is ramping up and rollouts are gathering pace around the world. Widespread immunization, which will help pave the way for a return to more normal levels of social and economic activity, looks to be achievable by most developed economies by the end of the third quarter. However, some emerging markets may only be able to achieve widespread immunization by year-end or later. We use these assumptions about vaccine timing in assessing the economic and credit implications associated with the pandemic (see our research here: www.spglobal.com/ratings). As the situation evolves, we will update our assumptions and estimates accordingly.

Environmental, Social, And Governance (ESG)

Our rating analysis considers a transaction's potential exposure to ESG credit factors. For the auto ABS sector, we view the exposure to environmental credit factors as above average, social credit factors as average, and governance credit factors as below average (see "ESG Industry Report Card: Auto Asset-Backed Securities," published March 31, 2021).

In our view, the exposure to ESG credit factors in this transaction is in line with our sector benchmark. Environmental credit factors are generally viewed as above average, given that the collateral pool primarily comprise vehicles with internal combustion engines (ICE), which create emissions of pollutants including greenhouse gases. While the adoption of electric vehicles and future regulation could in time lower ICE vehicle values, we believe that our current approach to evaluating recovery and residual values adequately account for vehicle values over the relatively short expected life of the transaction. As a result, we have not separately identified this as a material ESG credit factor in our analysis.

Changes From The Series 2020-B Transaction

The structural and credit enhancement changes from the series 2020-B transaction include the following:

- The reserve account as a percentage of the initial adjusted pool balance decreased to 0.25% from 1.00%.
- Initial overcollateralization decreased to 4.00% of the adjusted pool balance from 4.50%.
- The series 2021-A yield supplement overcollateralization discount rate decreased to 4.40% from 4.50%.
- The series 2021-A pool will not include a floating-rate tranche, while the series 2020-B pool included floating-rate class A-2b notes tied to one-month LIBOR.
- The total initial and target hard credit enhancement levels have declined compared with series 2020-B, but the total hard credit enhancement is at the same level as series 2019-C.

Changes in the collateral composition, as of the pool cutoff date, from NAROT 2020-B include the following:

- The weighted average seasoning decreased to approximately 12 months from 19 months.
- The percentage of loans with remaining term greater than 60 months increased to approximately 53.3% from 19.4%.
- The weighted average FICO score increased to 783 from 780.
- The percentage of loans with FICO scores less than 700 decreased to approximately 7.2% from 11.4%.
- The percentage of loans with FICO scores greater than 850 increased to approximately 14.3% from 13.4%.
- The percentage of electric vehicles in the pool increased to 4.9% from 0.0%.

Overall, we believe the series 2021-A collateral pool is generally comparable to the series 2020-B pool, though with less seasoning. Some differences in FICO score distribution and the inclusion of the all-electric Nissan LEAF (see the Collateral Pool Analysis section for the collateral pool comparison).

Since the onset of the COVID-19 pandemic, we have generally implemented higher base-case cumulative net loss (CNL) assumptions and adjusted certain cash flow assumptions in our analysis of U.S. auto loan transactions (see "The Potential Effects Of COVID-19 On U.S. Auto Loan ABS," published March 26, 2020). These adjustments reflected our view of the negative impact the COVID-19 pandemic could have on wages, unemployment, and, ultimately, borrowers' abilities to continue making their auto loan payments. We have now observed the pandemic's impact through 13 months of performance data on outstanding U.S. auto loan ABS securitizations showing better-than-expected performance (see "U.S. Auto Loan ABS Is Navigating Through COVID-19 With Better-Than-Expected Performance," published Feb. 10, 2021).

While we continue to believe uncertainty remains due to the pandemic, our analyses incorporate our view of the latest developments, including the better-than-expected performance results, NMAC's steps to mitigate higher losses, and our macroeconomic outlook. As a result, we decreased our expected CNL for NAROT 2021-A to the 1.30%-1.50% range. We will continue to monitor early performance indicators and reflect them in our analyses on a forward-looking basis.

Transaction Overview

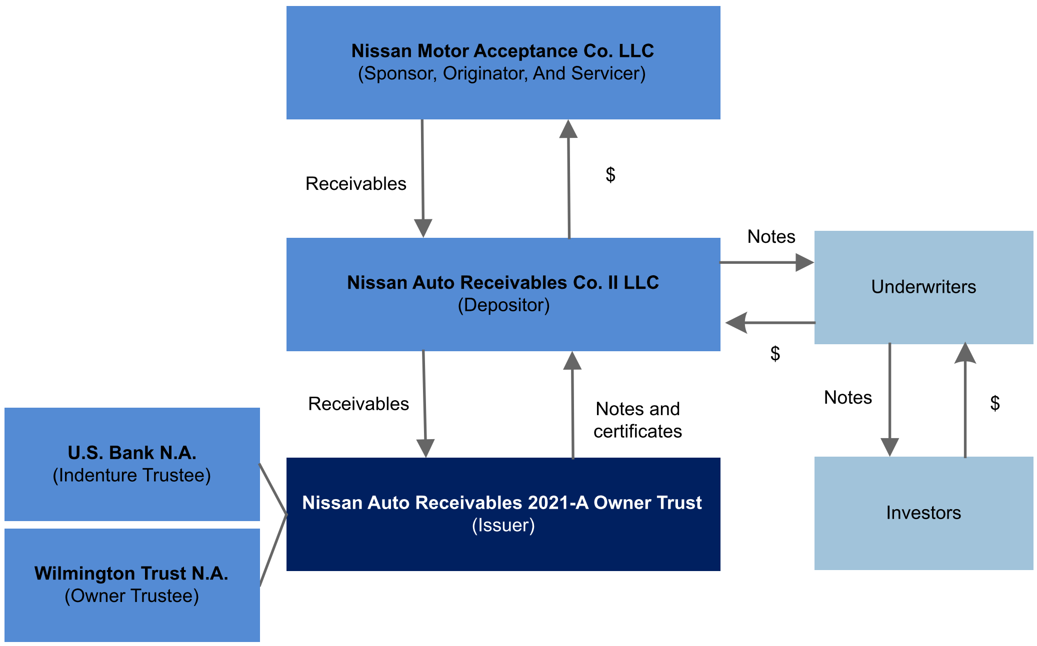
NAROT 2021-A is Nissan Motor Acceptance Co.'s (NMAC) 56th prime retail auto loan securitization since 1999 and the first NAROT transaction in 2021. The collateral securing the NAROT 2021-A asset-backed notes consists of a pool of new and near-new motor vehicle installment loans originated to prime obligors.

NMAC will issue $1.00 billion of class A notes. The transaction's first scheduled payment date will be July 15, 2021, and the notes' applicable principal and interest are scheduled to be paid on the 15th day of each following month.

The NAROT 2021-A transaction is structured as a true sale of the receivables from NMAC (the originator and sponsor) to Nissan Auto Receivables Co. II (the depositor and a bankruptcy remote special-purpose entity). The depositor will, in turn, transfer and assign the receivables to NAROT 2021-A, the issuer. NAROT 2021-A will then pledge the rights to the receivables to the indenture trustee for the noteholders' benefit (see chart 1 for the transaction structure).

Chart 1

Transaction Structure



In rating this transaction, S&P Global Ratings will review the relevant legal matters outlined in its criteria.

Transaction Structure

The NAROT 2021-A transaction incorporates the following structural features:

- A sequential-pay mechanism that results in increased credit enhancement for the senior notes as the pool amortizes.
- Notes that pay a fixed interest rate.
- Overcollateralization of 4.00% of the adjusted pool balance (in the form of non-interest-bearing certificates).
- A fully funded nonamortizing reserve fund that will equal 0.25% of the initial adjusted pool balance.
- A YSOA that initially will be approximately 6.93% of the adjusted pool balance and will be calculated each month as the pool amortizes, based on the difference between the aggregate receivables' balance outstanding and the present value of the receivables' balance, discounted at the greater of 4.40% per year or the receivables' actual APR. The YSOA is sized so that the yield on the contracts with APRs below the YSOA-required rate, 4.40%, is raised to the required rate.
- Excess spread, to the extent available after covering net losses, will be used to pay principal on the outstanding notes to build credit enhancement to the target level, to the extent available

after covering net losses.

Payment Structure

On each distribution date prior to an acceleration of the notes, available funds will be distributed according to the priority shown in table 1.

Table 1

Payment Waterfall

Priority	Payment
1	Servicing fee of 1.00% of the current pool balance and any unpaid servicing fees.
2	Interest, pro rata, to the class A noteholders.
3	Principal payments sequentially in the amount of the principal distribution amount, which is the excess of the adjusted pool balance as of the beginning of the collection period over the adjusted pool balance as of the end of the related collection period.
4	Reserve account payments until the specified reserve account balance is reached.
5	Any accrued and unpaid indenture trustee fees, expenses, and indemnity payments that have not been paid by the administrator for at least 60 days.
6	Any accrued and unpaid owner trustee fees, expenses, and indemnity payments that have not been paid by the administrator for at least 60 days.
7	Any accrued and unpaid asset representations reviewer fees, expenses, and indemnity payments that have not been paid by the administrator for at least 60 days.
10	Any remaining amounts to the certificateholders.

Managed Portfolio

As of March 31, 2021, NMAC's retail auto managed portfolio decreased to approximately $20.1 billion from $23.1 billion a year earlier. NMAC's total delinquencies as of March 31, 2021, decreased to 1.55% from 2.31% a year earlier. Repossessions declined for the 12 months ended March 31, 2021, to 1.62% from 2.50% a year earlier. For the 12 months ended March 31, 2021, NMAC's net losses as a percentage of the principal loan balance outstanding and the average principal balance outstanding dropped to 1.43% and 1.35%, respectively, from 1.73% and 1.61% a year earlier. NMAC's auto loan securitizations, including series 2021-A, generally consist of higher-credit-quality loans than those of the overall managed portfolio. NMAC's NAROT transactions since 2017 have had a minimum FICO score of 660 and have excluded any lower-quality credit tier loans.

Table 2

Managed Portfolio

	Fiscal year ended March 31						
	2021	2020	2019	2018	2017	2016	2015
Principal amount outstanding (bil. $)	20.058	23.077	26.631	29.180	28.816	27.331	23.702
Avg. principal amount outstanding (bil. $)	21.347	24.922	27.897	29.345	28.174	26.152	22.172
No. of contracts outstanding	1,225,917	1,436,269	1,589,753	1,673,349	1,627,728	1,554,308	1,381,783

Table 2

Managed Portfolio (cont.)

	Fiscal year ended March 31						
	2021	2020	2019	2018	2017	2016	2015
Avg. no. of contracts outstanding	1,317,716	1,515,721	1,633,946	1,662,985	1,572,262	1,446,734	1,298,323
Delinquencies (%)(i)							
30-59 days	1.16	1.63	1.41	1.47	1.51	1.41	1.41
60-89 days	0.28	0.50	0.37	0.35	0.33	0.31	0.29
More than 89 days	0.11	0.18	0.13	0.12	0.09	0.07	0.06
Total 30-plus days	1.55	2.31	1.91	1.94	1.93	1.79	1.76
No. of repossessions as a % of the avg. no. of contracts outstanding	1.62	2.50	2.48	2.34	2.08	1.80	1.47
Net losses as a % of the principal amount outstanding	1.43	1.73	1.55	1.38	1.09	0.73	0.76
Net losses as a % of avg. principal amount outstanding	1.35	1.61	1.48	1.37	1.12	0.77	0.82

(i)As a percentage of the number of contracts outstanding.

Collateral Pool Analysis

We compared the series 2021-A pools to NMAC's prior NAROT pools from 2012 to 2020 (see table 3 for comparisons of pools since 2019). The minimum FICO score in the NAROT pools increased to 660 in 2017 from 640 in 2014 through 2016. This is a further improvement from the minimum FICO of 620 for the 2013 and earlier pools.

Table 3

Nissan Auto Receivables Owner Trust Collateral Comparison(i)

	Series					
	2021-A	2020-B	2020-A	2019-C	2019-B(ii)	2019-A(ii)
Receivables balance (mil. $)	1,113.83	1,405.10	1,119.63	1,364.91	1,378.20	1,465.66
No. of receivables	49,557	83,260	50,112	58,181	62,136	60,489
Avg. current balance ($)	22,476	16,876	22,343	23,460	22,180	24,230
Weighted avg. APR (%)	1.65	3.17	3.14	3.83	3.51	3.28
Weighted avg. original term (mos.)	67	67	67	67	67	67
Weighted avg. remaining term (mos.)	56	48	57	57	55	56
Weighted avg. seasoning (mos.)	12	19	10	10	12	11
Weighted avg. FICO score	783	780	778	770	773	771

Table 3

Nissan Auto Receivables Owner Trust Collateral Comparison(i) (cont.)

	Series					
	2021-A	2020-B	2020-A	2019-C	2019-B(ii)	2019-A(ii)
% with FICO greater than 700	92.8	88.6	92.5	87.8	88.3	85.6
Minimum FICO	660	660	660	660	660	660
Original term 61-75 mos. (%)	65.6	65.0	64.5	67.2	69.5	67.5
Remaining term 61-75 mos. (%)	53.3	19.4	44.0	47.8	29.6	32.2
% of new vehicles	92.3	92.0	93.1	92.0	92.8	94.5
% of near-new vehicles	7.7	8.0	6.9	8.0	7.2	5.5
% of used vehicles	0.0	0.0	0.0	0.0	0.0	0.0
Vehicle segment (%)						
Car	32.1	31.9	32.0	34.9	33.4	31.6
Crossover	50.3	50.1	50.5	50.0	50.1	50.2
SUV	7.7	8.2	9.7	7.9	8.2	10.3
Truck	9.9	9.8	7.9	7.2	8.3	7.9
Van(iii)	0.0	0.0	0.0	0.0	0.0	0.0
Top three state concentrations (%)						
	TX=15.2	TX=20.0(iv)	TX=14.9	TX=15.0	TX=16.7	TX=14.9
	CA=11.1	FL=9.9	CA=9.7	CA=13.6	CA=12.4	TN=7.9
	FL=6.5	CA=8.1	IL=6.3	FL=6.0	FL=6.7	CA=7.0

(i)All percentages are of the initial receivables balance. The series 2021-A data reflect the pool as of the May 31, 2021, cutoff date. The series 2019-A and 2018-C data reflect statistical pools. (ii)Not rated by S&P Global Ratings. (iii)Rounded. Actual percentages are greater than zero. (iv)Rounded. Actual percentage is less than 20%. APR--Annual percentage rate. SUV--Sport utility vehicle.

Compared to series 2020-B, the series 2021-A pool has the following characteristics:

- The weighted average seasoning decreased to approximately 12 months from 19 months.
- The percentage of loans with remaining term greater than 60 months increased to approximately 53.3% from 19.4%.
- The weighted average FICO score increased to 783 from 780.
- The percentage of loans with FICO score less than 700 decreased to approximately 7.2% from 11.4%.
- The percentage of loans with a FICO score greater than 850 increased to approximately 14.3% from 13.4%.

Nissan's all-electric LEAF vehicle comprises approximately 4.9% of the series 2021-A pool. The LEAF borrower appears to have positive credit attributes as the WA FICO score of 812 for the LEAF vehicles included in the series 2021-A pool is higher than the overall WA FICO score of 783 for the series 2021-A pool. In addition, when reviewing the managed portfolio for the 12 months ended March 31, 2021, the average net losses for LEAF vehicles is lower than that of the managed portfolio, and the average recoveries on LEAF vehicles is comparable to the 50% recovery we assume for all NAROT transactions.

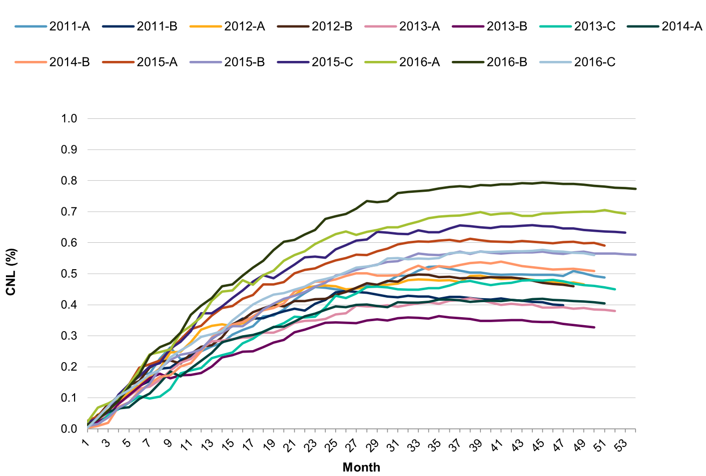
Receivables from obligors who received extensions or modifications due to the COVID-19 pandemic were excluded from the series 2021-A collateral pool, based on NMAC's records as of the May 31, 2021, cut-off date.

Securitization Performance

We currently rate six of the outstanding NAROT transactions: series 2018-A, 2018-B, 2018-C, 2019-C, 2020-A, and 2020-B. The 2019 securitized pools have been generally trending with higher losses than the 2018 and earlier securitized pools. In our view, the rated classes all have adequate credit enhancement at their current rating levels. We will continue to monitor the performance of the outstanding transactions, especially in light of the current recessionary environment resulting from the COVID-19 pandemic, to ensure that the credit enhancement remains sufficient, in our view, to cover our cumulative net loss expectations under our stress scenarios for each of the rated classes (see charts 2 and 3 and table 4).

Chart 2

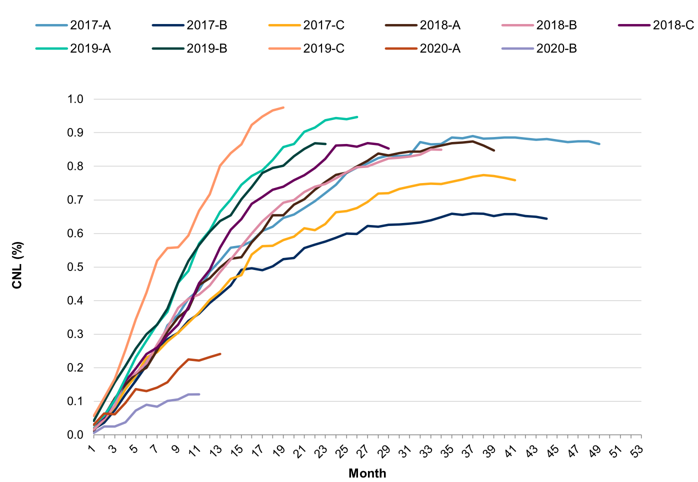
NAROT 2011-2016 Paid-Off Transactions - CNL Performance



NAROT--Nissan Auto Receivables. CNL--Cumulative net loss.

Chart 3

NAROT Outstanding Transactions - CNL Performance



NAROT--Nissan Auto Receivables. CNL--Cumulative net loss.

Table 4

Performance Data For Outstanding S&P Global Ratings-Credit Rated NAROT Transactions(i)

Transaction/series	Month	Pool factor (%)	CNL (%)	60+ day delinquency (%)	Initial lifetime CNL projection (%)	Revised lifetime CNL projection (%)
2018-A	39	15.91	0.85	0.16	0.90-1.00	0.90-1.00(ii)
2018-B	34	22.99	0.85	0.08	0.90-1.00	0.90-1.00(ii)
2018-C	29	29.87	0.85	0.21	0.90-1.00	0.95-1.05(ii)
2019-C	19	49.27	0.98	0.19	1.05-1.15	1.50-1.70
2020-A	13	63.74	0.24	0.09	1.50-1.70	1.10-1.30

Table 4

Performance Data For Outstanding S&P Global Ratings-Credit Rated NAROT Transactions(i) (cont.)

Transaction/series	Month	Pool factor (%)	CNL (%)	60+ day delinquency (%)	Initial lifetime CNL projection (%)	Revised lifetime CNL projection (%)
2020-B	11	61.48	0.12	0.03	1.50-1.70	1.10-1.30

(i)As of the May 2021 distribution. (ii)Revised/maintained in May 2021. NAROT--Nissan Auto Receivables Owner Trust. CNL--Cumulative net loss. N/A--Not applicable.

S&P Global Ratings' Expected Loss: 1.30%-1.50%

We reviewed NMAC's auto loan origination static pool loss performance data, as well as the performance of NMAC's securitized pools, to derive our expected loss level for the series 2021-A transaction.

We also reviewed NMAC's managed pool performance and the deal-level collateral characteristics. We then compared our expected loss level for the series 2021-A pools with our projections for NMAC's peers to verify that the loss range remained appropriate, given the relevant differences across the issuers and their pools.

In deriving the expected loss for series 2021-A, we considered the pools' high level of seasoning. The collateral pools' weighted average seasoning is approximately 12 months.

Based on our view of NMAC's securitization performance, collateral pool characteristics, peer comparison, origination static pool loss performance, managed portfolio performance, and our forward-looking view of the economy given the measures taken to contain the COVID-19 pandemic, we expect the series 2021-A pool to experience CNLs of 1.30%-1.50%%.

Cash Flow Modeling Assumptions And Results

We modeled the NAROT 2021-A transaction to simulate 'AAA' stress scenarios (see table 5). In our modeling approach, we used a bifurcated-pool method in which the subvened loans prepay at slower rates than the nonsubvened loans and the subvened loans' loss contribution to the pool's total aggregate losses is less than their proportional representation in the pool. Performance data indicate that lower-APR loans tend to prepay and default less frequently than higher-APR loans.

Table 5

Cash Flow Assumptions/Results

	Class A
Preliminary rating	AAA (sf)
Subvened loans (% of pool)(i)	86
Nonsubvened loans (% of pool)	14
Cumulative net loss timing (% of losses per year)	
Total loans	40/79/92/100
Subvened loans	36/76/90/100
Nonsubvened loans	56/91/98/100

Table 5

Cash Flow Assumptions/Results (cont.)

	Class A
Loss allocation (% of total losses)	
Subvened loans	82
Nonsubvened loans	18
Voluntary ABS (%)	
Subvened loans	0.25
Nonsubvened loans	1.80
Recovery rate (%)	50
Recovery lag (mos.)	4
Approximate break-even net loss rate (%)(ii)	9.1

(i)The subvened/nonsubvened cutoff APR is 4.0%. (ii)The maximum cumulative net losses on the pool that the transaction can withstand without triggering a payment default on the class A notes. ABS--Absolute prepayment speed. APR--Annual percentage rate.

We used a 1.30%-1.50% expected CNL range and applied the stresses outlined in table 5 above. The break-even results show that the class A notes have sufficient credit enhancement to withstand a stressed net loss level that is consistent with the assigned preliminary ratings of 'AAA (sf)'.

Sensitivity Analysis

In addition to analyzing break-even cash flows, we conducted a sensitivity analysis to determine whether under a moderate ('BBB') stress scenario, all else being equal, our preliminary ratings would remain within the credit stability tolerances outlined in section A.4 of the Appendix contained in "S&P Global Ratings Definitions" published Jan. 5, 2021. This indicates that we would not assign 'AAA' ratings if, under moderate stress conditions, the ratings would be lowered by more than one category within the first year.

Under the 2.80% moderate stress loss scenario (2.0x our expected loss level), we again ran a bifurcated-pool method whereby the nonsubvened collateral defaulted and prepaid at higher rates than the subvened collateral, and the nonsubvened collateral was allocated a higher proportion of the total losses than its representative proportion of the total pool balance (see table 6 and charts 4 and 5).

Table 6

Scenario Analysis Summary: Moderate Stress Loss Scenario

	Class A
Cumulative net loss level (% of initial pool balance)	2.80
Cumulative net loss timing (% of losses per year)	
Total loans	40/79/92/100
Subvened loans(i)	36/76/90/100
Nonsubvened loans	56/91/98/100

Table 6

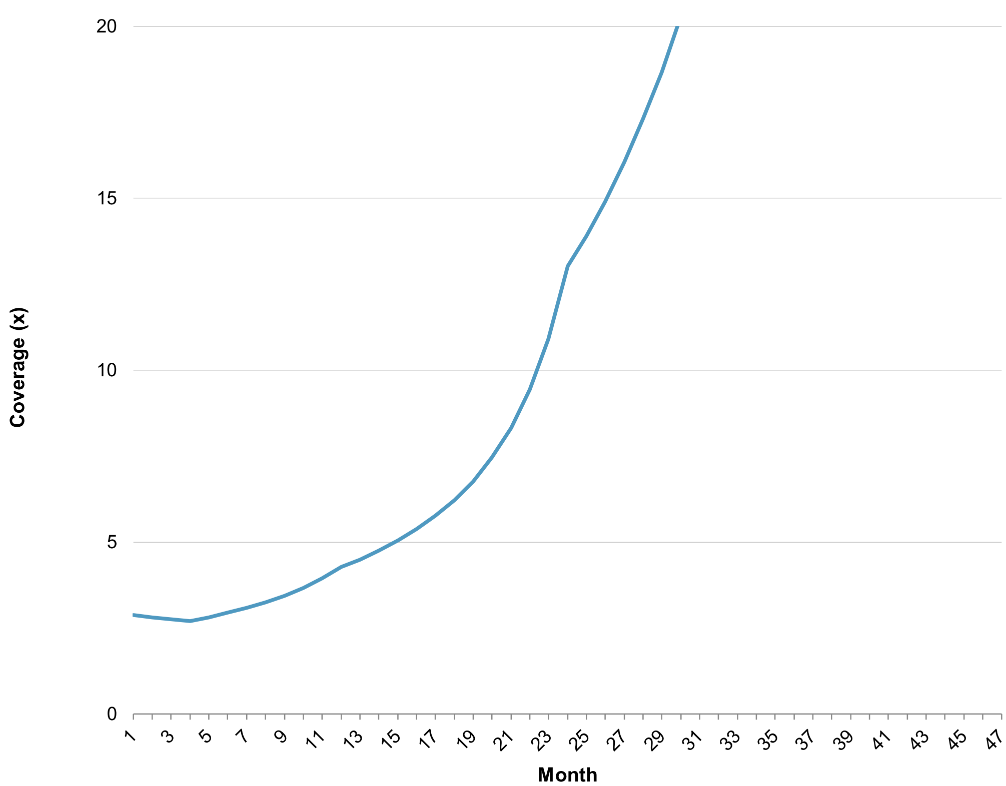
Scenario Analysis Summary: Moderate Stress Loss Scenario (cont.)

	Class A
Loss allocation (% of total losses)	
Subvened loans	82
Nonsubvened loans	18
Voluntary ABS (%)	
Subvened loans	0.25
Nonsubvened loans	1.50
Recovery rate (%)	50
Recovery lag (mos.)	4

(i)The subvened/nonsubvened cutoff APR is 4.0%. ABS--Absolute prepayment speed. APR--Annual percentage rate.

Chart 4

'BBB' Sensitivity Loss Coverage Multiples (Base Pool)



Money Market Tranche Sizing

The proposed legal final maturity date for the money market tranche (class A-1) is July 15, 2022. To test whether the money market tranche can be repaid by the proposed legal final date, we ran cash flows using assumptions to delay the principal collections during that time. In addition to zero defaults, we assumed a 0.25% absolute prepayment speed on nonsubvened loans and a 0.00% absolute prepayment speed on subvened loans in our cash flow scenario. In this analysis, we confirmed that the tranche would pay off by the final maturity date.

Legal Final Maturity

To test the legal final maturity dates proposed for the class A-2 and A-3 notes, we determined the dates on which the respective notes were fully amortized in a zero-loss, zero-prepayment scenario and then added three months to the result. For the longest-dated security (class A-4), we added at least six months to the tenor of the longest receivable in the pool to accommodate potential extensions on the receivables.

Nissan

NMAC was incorporated in California in November 1981 and began operations in February 1982. NMAC converted to a Delaware limited liability company on April 1, 2021. NMAC is a wholly owned subsidiary of Nissan North America Inc. (NNA), which is the primary distributor of Nissan and Infiniti vehicles in the U.S. and the District of Columbia. NNA is the direct wholly owned subsidiary of Nissan Motor Co. Ltd., a Japanese corporation, which is a global manufacturer and distributor of motor vehicles and industrial equipment.

NMAC, headquartered in Franklin, Tenn., has a centralized operations center in Irving, Texas, which performs underwriting, servicing, and collection activities. NMAC provides indirect retail automobile and light-duty truck sale and lease financing by purchasing retail installment sales contracts and leases from franchised dealers in the U.S. and the District of Columbia. NMAC also provides direct wholesale financing to many of these dealers.

On July 3, 2020, we lowered our long-term credit ratings on Nissan and NMAC to 'BBB-'. The downgrades reflect our view that, over the next one to two years, the companies' profitability will likely come under greater pressure than their global peers due to the cost of significant restructuring and woes from a COVID-19 pandemic-induced drop in global auto sales.

Related Criteria

- Criteria | Structured Finance | General: Global Framework For Payment Structure And Cash Flow Analysis Of Structured Finance Securities, Dec. 22, 2020
- Criteria | Structured Finance | General: Methodology To Derive Stressed Interest Rates In Structured Finance, Oct. 18, 2019
- Criteria | Structured Finance | Legal: U.S. Structured Finance Asset Isolation And Special-Purpose Entity Criteria, May 15, 2019
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- U.S. Biweekly Economic Roundup: A Break In The Action, May 21, 2021
- U.S. Real-Time Data: Growing Pains, May 17, 2021
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- Economic Research: U.S. Biweekly Economic Roundup: Groundbreaking March Jobs, April 2, 2021
- ESG Industry Report Card: Auto Asset-Backed Securities, March 31, 2021
- The Potential Effects Of COVID-19 On U.S. Auto Loan ABS, March 26, 2020
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- Nissan Motor Co. Ltd., Sept. 2, 2020
- Global Structured Finance Scenario And Sensitivity Analysis 2016: The Effects Of The Top Five Macroeconomic Factors, Dec. 16, 2016