

TOYOTA LEASING (THAILAND) CO., LTD.

No. 52/2020

7 July 2020

FINANCIAL INSTITUTIONS

Issue Ratings:

Guaranteed	AAA
Short-term guaranteed	T1+

Outlook: Stable

Last Review Date: 10/09/19

Issue Rating History:

Date	Rating	Outlook/Alert
27/10/10	AAA, T1+	Stable
12/03/10	AAA	Stable
12/01/06	AAA, T1+	Stable
07/10/04	AAA	Stable

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RATIONALE

TRIS Rating affirms the ratings on Toyota Leasing (Thailand) Co., Ltd.'s (TLT or Issuer) guaranteed debentures, issued under its THB60 billion medium-term debenture programme, at "AAA" and the ratings on TLT's guaranteed debentures, issued under its THB130 billion Thai Baht Debentures Programme in the year 2018, at "AAA" and "T1+". TRIS Rating also assigns the ratings on TLT's proposed issue of guaranteed debentures under the THB130 billion Thai Baht Debentures Programme in the year 2020, at "AAA" and "T1+".

All rated debentures of TLT are guaranteed by Toyota Motor Finance (Netherlands) B.V., (TMF or Guarantor). TMF is a wholly-owned subsidiary of Toyota Financial Services Corporation (TFS), which is 100% held by Toyota Motor Corporation (TMC), the ultimate parent company. All three companies, TMF, TFS, and TMC, are rated "A+" with a "negative" outlook by S&P Global Ratings with short-term issue ratings at "A-1+".

TMC was recently downgraded to "A+" from "AA-" on 20 May 2020. The rating action reflected the expectation that TMC's operating and financial performance is likely to weaken due to a substantial drop in global auto sales caused by the COVID-19 pandemic.

TMC reported that it sold 8.958 million automobile units in the fiscal year 2020 (FY2020: April 2019-March 2020), similar to the level of 8.977 million units it sold in FY2019. Net income increased by 10% to JPY2.08 trillion in FY2020. TMC's market and competitive positions remain strong, supported by its broad product lines, wide geographic market coverage, technological leadership, and low level of financial risk. However, in the medium term, the drop in global auto sales due to the COVID-19 pandemic will likely decrease TMC's profitability considerably.

The ratings on TLT's short- and medium-term debentures reflect the unconditional and irrevocable guarantee given by TMF, whose rating is based on the credit strength of TMC. Under this guarantee structure, TMC has provided a Credit Support Agreement (CSA) to TFS, which has, in turn, provided a CSA to TMF. Under the terms of the CSA, TMC will provide sufficient liquidity for the obligations of bonds, debentures, and commercial papers of both subsidiaries, TFS and TMF. TMC will also provide sufficient liquidity for TMF's guarantee obligations.

The guarantee is governed by Dutch law and is unconditional and irrevocable. The guarantee covers punctual payments to the debentureholders of all sums payable by TLT. For the guarantee of the medium-term debentures, the obligations of TMF rank at least pari passu with all other present and future unsecured and unsubordinated indebtedness of TMF. The guarantee cannot be amended or terminated without the consent of both the debentureholders' representatives and the Guarantor, TMF.

The Guarantor will not be under any obligation to make payment for the Issuer's failure to pay as a result of any of the following actions by any Thai government agency: (1) interruption of payment by causing Issuer to be unable to transfer monies or to convert foreign currency to the Registrar or debentureholders to pay debt obligations; (2) causing the transfer of majority shareholding in, or control over, the Issuer to a third-party not associated with

the Toyota Group; (3) expropriation or nationalization of at least 10% of the net value of hire purchase receivables of the Issuer and its subsidiaries; and (4) expropriation or nationalization that has the effect of preventing the Issuer and its subsidiaries from carrying on business. TRIS Rating views it is highly unlikely that any of the above events will occur.

RATING OUTLOOK

The “stable” outlook reflects the creditworthiness of TMF, TLT’s Guarantor. TMF’s credit profile is reflected by the creditworthiness of the ultimate parent, TMC. TMC’s current international scale company ratings of “A+/Negative” assigned by S&P Global Ratings continues to reflect TMC’s credit strengths.

RATING SENSITIVITIES

The ratings and/or outlook on TLT’s guaranteed debentures could be revised downward in the event of a significant weakening in TMC’s creditworthiness.

RELATED CRITERIA

- Nonbank Financial Institution Methodology, 17 February 2020
- Rating Methodology – Corporate, 26 July 2019
- Key Financial Ratios and Adjustments, 5 September 2018
- Group Rating Methodology, 10 July 2015

Toyota Leasing (Thailand) Co., Ltd. (TLT)

Issue Ratings:

THB60,000 million guaranteed debentures under medium-term debenture program:

- TLT208A: THB4,000 million guaranteed debentures due 2020	AAA
- TLT20NA: THB1,120 million guaranteed debentures due 2020	AAA
- TLT211A: THB1,300 million guaranteed debentures due 2021	AAA
- TLT212A: THB3,200 million guaranteed debentures due 2021	AAA
- TLT216A: THB1,500 million guaranteed debentures due 2021	AAA
- TLT21NA: THB3,000 million guaranteed debentures due 2021	AAA
- TLT22DA: THB3,000 million guaranteed debentures due 2022	AAA
- TLT22OA: THB3,000 million guaranteed debentures due 2022	AAA
- TLT235A: THB1,500 million guaranteed debentures due 2023	AAA
- TLT24OA: THB3,500 million guaranteed debentures due 2024	AAA
- TLT255A: THB1,000 million guaranteed debentures due 2025	AAA

THB130,000 million guaranteed debentures under Thai Baht Debentures Programme in the year 2018:

Long-term guaranteed debentures	AAA
- TLT207A: THB2,000 million guaranteed debentures due 2020	AAA
- TLT209A: THB4,000 million guaranteed debentures due 2020	AAA
- TLT20DA: THB500 million guaranteed debentures due 2020	AAA
- TLT20OA: THB2,800 million guaranteed debentures due 2020	AAA
- TLT212B: THB1,100 million guaranteed debentures due 2021	AAA
- TLT214A: THB400 million guaranteed debentures due 2021	AAA
- TLT215A: THB2,740 million guaranteed debentures due 2021	AAA
- TLT216B: THB700 million guaranteed debentures due 2021	AAA
- TLT217A: THB4,000 million guaranteed debentures due 2021	AAA
- TLT218A: THB4,000 million guaranteed debentures due 2021	AAA
- TLT218B: THB2,000 million guaranteed debentures due 2021	AAA
- TLT21DA: THB1,900 million guaranteed debentures due 2021	AAA
- TLT21OA: THB1,400 million guaranteed debentures due 2021	AAA
- TLT21OB: THB3,700 million guaranteed debentures due 2021	AAA

- TLT221A: THB3,600 million guaranteed debentures due 2022	AAA
- TLT222A: THB3,000 million guaranteed debentures due 2022	AAA
- TLT223A: THB3,000 million guaranteed debentures due 2022	AAA
- TLT225A: THB3,900 million guaranteed debentures due 2022	AAA
- TLT228A: THB3,700 million guaranteed debentures due 2022	AAA
- TLT22NA: THB2,260 million guaranteed debentures due 2022	AAA
- TLT232A: THB3,000 million guaranteed debentures due 2023	AAA
Short-term guaranteed debentures	T1+
Up to THB130,000 million guaranteed debentures under Thai Baht Debentures Programme in the year 2020	
Long-term guarantee debentures	AAA
Short-term guarantee debentures	T1+
Rating Outlook:	Stable

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