

Toyota Motor Credit Corporation (TMCC) Issues First Secured Overnight Financing Rate (SOFR) Commercial Paper Transaction

October 24, 2018

PLANO, Texas (October 24, 2018)—Toyota Motor Credit Corporation (TMCC) issued its first Secured Overnight Financing Rate (SOFR) commercial paper transaction, demonstrating the company's commitment to innovation, and advancing its reputation as an industry leader. The three-month USD-denominated issuance raised USD 500 million from institutional investors, and represents the first non-bank SOFR-linked commercial paper transaction in the USD market.

As the financial markets' dependence on the London Interbank Offered Rate (LIBOR) declines ahead of its discontinuance post-2021, support for the SOFR as an alternative reference rate to back U.S. dollar-backed derivatives and loans continues to grow. According to Nicholas Ro, Treasury National Manager of Sales & Trading for Toyota Financial Services – the finance and insurance brand for Toyota in the United States – this transaction is an important step in the development of an alternative reference rate.

"Given TMCC's position as the largest non-bank direct U.S. commercial paper program issuer, we felt it was important to be involved early on in working with our investors," says Ro. "In order to successfully transition from LIBOR to SOFR, we need to listen to the 'voice of our customers.' Gathering investor feedback allows us to better serve our investors, and understand their views on the new reference rate. This allows us to get deeper insight into how investors feel about the alternative reference rate transition, and to determine what role TMCC can play."

TMCC is pleased with its first SOFR floating-rate commercial paper issuance, and expects it to influence positive change in an ever-evolving industry. Ro adds, "We appreciate the trust and support we have received from our investors and external product partners in making our initial SOFR transaction a success."

Having previously offered Diversity & Inclusion Bonds, as well as the auto industry's first-ever Green Bond, TMCC has once again demonstrated its ability to innovate by bringing its SOFR floating-rate commercial paper transaction to the short-term capital markets. TMCC issues USD 100 billion in U.S. commercial paper each year, and is the largest non-bank direct issuer of U.S. commercial paper.

For more information on TFS' Capital Markets programs, please visit www.toyotafinancial.com.