

Turning Euros Green: Toyota Financial Services Issues First Euro-Denominated Green Bond Allocated Specifically to the Sales of Low-Emission Vehicles

November 21, 2017

Plano, Texas, Nov. 21, 2017 – Toyota Financial Services (TFS) issued its first-ever euro-denominated unsecured Green Bond today, expanding its industry-leading commitment to the sale of environmentally friendly vehicles. The €600 million bond will be used to fund the acquisition of new retail finance contracts and beneficial interests in lease contracts for Toyota and Lexus vehicles that meet specific clean air criteria, including powertrain, fuel efficiency and emissions. There are currently nine vehicles in the Toyota and Lexus lineup that qualify.

TFS revolutionized the Green Bond market by introducing the auto industry's first-ever Asset-Backed Green Bond in 2014, and this issuance marks the fourth Green Bond the company has issued. Green Bonds are an important component of TFS' diversified funding program and serve to enhance Toyota's extensive commitment to environmental causes.

The TFS Green Bond program is unique in the auto industry and enhances Toyota's reputation for leadership in green innovation across industries. Earlier this year, the Toyota Prius Prime was named the 2017 World Green Car at the New York International Auto Show. The Toyota Mirai captured the award in 2016.

"Toyota's environmental technology leadership and dedication to environmentally sustainable business practices is well-known," said Cindy Wang, TFS vice president of Treasury. "What many people may not realize is that we apply this same level of environmental consciousness when developing our funding programs. Our latest euro-denominated Green Bonds will help put even more environmentally friendly vehicles on the road."

To adapt its Green Bond program to the needs of European fixed income investors, TFS worked closely with BNP Paribas and Credit Agricole, both of which have long-standing relationships with TFS and share its commitment to green innovation. Barclays, ING and Unicredit joined BNP and Credit Agricole as the joint lead managers for the bond issuance. All partners have noted expertise in Socially Responsible Investing (SRI).

"Green transportation has been firmly in the headlines as an important social and political issue, in which Toyota has taken a strong lead. BNP Paribas is delighted to have worked with them on their first Euro denominated Green Bond. Europe is home to over half the world's "SRI" investors, where demand for such paper significantly outstrips supply," said Stephanie Sfakianos, head of sustainable capital markets at BNP Paribas. "This is reflected in the success of the transaction."

"European investors were extremely keen to buy the Toyota Green Bond which has clearly created the benchmark standard for a Green Bond in the automotive industry," said Tanguy Claquin, head of sustainable banking at Crédit Agricole CIB. "We are extremely proud to have assisted them in this project."

The TFS Green Bond program was reviewed by Sustainalytics, a leading global provider of environmental, social and corporate governance research, ratings and analytics.

TFS has committed to use the proceeds of the Green Bond toward the acquisition of new retail finance contracts and beneficial interests in lease contracts for new Toyota and Lexus vehicles that meet high green standards. Eligible vehicles must meet all three criteria:

- Possess a gasoline-electric hybrid or alternative fuel powertrain;
- Achieve a minimum of 35 highway and city miles per gallon (MPG or MPG equivalent); and
- Receive a Smog Rating of 8 or better (where 10 is the cleanest), as determined by the United States Environmental Protection Agency for the purchase of a vehicle in California.

Qualifying Toyota vehicles include the Camry Hybrid, Avalon Hybrid, Prius, Prius Prime, Prius c, Prius v, and Mirai. Qualifying Lexus vehicles include the CT 200h and ES 300h.

For more information about Toyota's commitment to the environment, please visit <https://www.toyota.com/usa/environmentreport2016/>.

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