

TOYOTA LEASING (THAILAND) CO., LTD.

No. 41/2012

12 July 2012

Issue Rating: AAA

Outlook: Stable

New Issue Rating: T1+

Rating History:

Date	Company	Issue (Secured/ Unsecured)
27/10/10	-	AAA, T1+ (Sta)/-
12/03/10	-	AAA (Sta)/-
12/01/06	-	AAA, T1+ (Sta)/-
07/10/04	-	AAA (Sta)/-

Rating Rationale

TRIS Rating affirms the ratings of Toyota Leasing (Thailand) Co., Ltd.'s (TLT or Issuer) guaranteed debentures under the Bt40,000 million medium-term debenture program at "AAA" and the rating of Bt20,000 million guaranteed debentures under the short-term debenture program (1/2012) at "T1+". At the same time, TRIS Rating also assigns the rating of up to Bt20,000 million in guaranteed debentures under the Bt20,000 million short-term debenture program (2/2012) at "T1+".

Both short- and medium-term debentures of TLT are guaranteed by Toyota Motor Finance (Netherlands) B.V., (TMF or Guarantor). TMF is a wholly-owned subsidiary of Toyota Financial Service Corporation (TFS), which is 100% held by Toyota Motor Corporation (TMC), the ultimate parent company. All three companies; TMF, TFS, and TMC, are rated at "AA-" by Standard & Poor's (S&P), and at "Aa3" by Moody's Investors Service (Moody's), with short-term issue ratings at "A-1+" by S&P and at "P-1" by Moody's.

During the first three quarters of FY2012 (April 2011-March 2012), TMC's automobile production and sales volumes were affected by two disasters in 2011: the earthquakes and tsunami in Japan, and the widespread flooding in Thailand. However, production and sales volumes recovered in the last quarter of FY2012. Consolidated production was 7.435 million units in FY2012, a 3.7% rise from the 7.169 million units produced in FY2011. Consolidated sales were 7.352 million units in FY2012, almost the same as the 7.308 million units sold in FY2011.

Although TMC's sales volume in FY2012 nearly reached the level of sales in FY2011, the company's financial performance still suffered. The production disruptions caused by the two disasters, plus a stronger yen, pushed profits lower. TMC reported net operating income of 356 billion yen, with a 1.9% operating profit margin in FY2012, lower than the 468 billion yen in operating income and 2.5% operating profit margin recorded in the prior fiscal year.

TMC's performance had been recovering since FY2010, after the effects of the quality-related issues in FY2009. The company reported a net profit of 209 billion yen in FY2010, reversing a net loss of 437 billion yen in FY2009. Performance continued to improve in FY2011 with 408 billion yen in net profit, but net profit dropped to 284 billion yen in FY2012.

TMC expects its performance will improve in FY2013 because there is a demand backlog and TMC will launch several new models. TMC's financial performance is also expected to improve due to cost reductions. TMC has a strong market position and a strong competitive position, supported by its broad product line, wide geographic market coverage, technological leadership, and a low level of financial risk.

The ratings of TLT's short- and medium-term debentures reflect the unconditional and irrevocable guarantee 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 in turn provided a CSA to TMF. Under the terms of the CSA, TMC will provide sufficient liquidity for the obligations of bonds or debentures and commercial papers of both subsidiaries, TFS and TMF. TMC will

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also provide sufficient liquidity for TMF's guarantee obligations. The guarantee is governed by the Dutch law and is unconditional and irrevocable. It provides punctual payment for the debenture holders 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 debenture holders' representatives and the Guarantor.

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 debenture holders 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 believes that the above events are highly unlikely to occur.

Rating Outlook

The "stable" outlook reflects the creditworthiness of TLT's ultimate parent, TMC. TMC has strong positions in major markets despite being weakened by product quality-related issues, the effects of the earthquakes and tsunami in Japan, and the severe floods in Thailand. TMC's strong market positions are supported by its extensive geographic and product diversity. Currently, TMC's rating outlooks assigned by both S&P and Moody's are "negative". The "negative" outlooks reflect the agencies' concerns surrounding the effects of the disasters and the possible burden on TMC's operating and financial performance, as well as concern over TMC's eroding market share and competitive position. However, TMC's current company ratings of "AA-" assigned by S&P and "Aa3" by Moody's still reflect TMC's relatively strong credit profile, when compared with the "AAA" national scale rating in TRIS Rating's database of rated companies in Thailand.

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

Issue Ratings:

Bt40,000 million guaranteed debentures under medium-term debenture program:

- TLT128A: Bt1,800 million guaranteed debentures due 2012	AAA
- TLT129A: Bt1,150 million guaranteed debentures due 2012	AAA
- TLT12DA: Bt2,000 million guaranteed debentures due 2012	AAA
- TLT134A: Bt2,150 million guaranteed debentures due 2013	AAA
- TLT136A: Bt1,700 million guaranteed debentures due 2013	AAA
- TLT138A: Bt4,000 million guaranteed debentures due 2013	AAA
- TLT139A: Bt1,750 million guaranteed debentures due 2013	AAA
- TLT130A: Bt2,250 million guaranteed debentures due 2013	AAA
- TLT13DA: Bt1,500 million guaranteed debentures due 2013	AAA
- TLT145A: Bt1,500 million guaranteed debentures due 2014	AAA
- TLT146A: Bt2,000 million guaranteed debentures due 2014	AAA
- TLT149A: Bt1,050 million guaranteed debentures due 2014	AAA

Bt20,000 million guaranteed debentures under short-term debenture program (1/2012) T1+

Up to Bt20,000 million guaranteed debentures under short-term debenture program (2/2012) T1+

Rating Outlook: Stable

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