TMCC Green Bond Impact Report

June 2022
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TMCC 2021 Green Bond Overview

• $1,482 million USD Asset Backed Securities offered on June 14, 2021
• TMCC’s sixth Green Bond issuance since 2014, for a cumulative total of over $7 billion
• Proceeds were used to finance approximately 46 thousand new retail installment sales and operating lease contracts for Toyota and Lexus vehicle models that meet the eligibility criteria outlined in the TMCC Green Bond Framework
• Second party opinion review prepared by Sustainalytics\(^1\)
• Monthly Use of Proceeds reports published to TMCC investor website\(^2\)

Use of Proceeds

- Green Bond proceeds were fully deployed to finance Eligible Vehicles within 10 months
- Deployment of proceeds slowed down between October and December 2021 due to low inventory
- Camry Hybrid and Corolla Hybrid represent more than half of Eligible Models financed

Deployment of Proceeds

Total Originations by Eligible Model

- Camry Hybrid, 34%
- Corolla Hybrid, 20%
- Prius, 17%
- Prius Prime, 9%
- RAV4 Prime, 16%
- Mirai, 4%
Estimate of Environmental Impact

- TMCC provides a one-time quantitative estimate of the lifetime reduction in CO2 emissions achieved by the Eligible Models financed by the Green Bond proceeds.
- Because TMCC does not monitor the actual annual usage of the vehicles financed by the Green Bond, we use industry standard assumptions of expected lifetime vehicle miles traveled (VMT)\(^{(1)}\).
- Estimates of the lifetime reduction in CO2 emissions and gasoline consumption were measured relative to the average 2021 model year vehicle in the EPA’s Sedan/ Wagon category\(^{(2)}\).

1,228,067 tons lifetime CO2 reduction

115.7 million fewer gallons of gasoline

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2. Source 2021 EPA Automotive Trends. [https://www.epa.gov/automotive-trends/explore-automotive-trends-data#SummaryData](https://www.epa.gov/automotive-trends/explore-automotive-trends-data#SummaryData) The 2020 MY Sedan / Wagon subcategorized fleet was made up of 7% electrified powertrains (noted as Hybrid Vehicles, Plug-in Hybrid Electric Vehicles, Battery Electric Vehicles, and Fuel Cell Electric Vehicles). The inclusion of electrified powertrains in the EPA category average causes the estimate of CO2 reduction from the Green Bond to be lower than if it had been calculated in comparison to internal combustion engine powertrains only.
Estimate of Environmental Impact by Eligible Model

<table>
<thead>
<tr>
<th>Make</th>
<th>Model</th>
<th>Combined City/Highway MPG/MPGe&lt;sup&gt;(1)&lt;/sup&gt;</th>
<th>Lifetime CO2 Emissions per Vehicle (tons)&lt;sup&gt;(2)&lt;/sup&gt;</th>
<th>Lifetime CO2 Savings per Vehicle (tons)&lt;sup&gt;(3)&lt;/sup&gt;</th>
<th>% Improvement over Average Vehicle in Category&lt;sup&gt;(3)&lt;/sup&gt;</th>
<th>Number of Vehicles Financed</th>
<th>Lifetime CO2 Savings, Total (tons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Toyota</td>
<td>Camry Hybrid&lt;sup&gt;(4)&lt;/sup&gt;</td>
<td>49</td>
<td>42.3</td>
<td>23.7</td>
<td>36%</td>
<td>15,700</td>
<td>371,955</td>
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<tr>
<td>Toyota</td>
<td>Corolla Hybrid</td>
<td>52</td>
<td>39.5</td>
<td>26.5</td>
<td>40%</td>
<td>9,511</td>
<td>252,247</td>
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<tr>
<td>Toyota</td>
<td>Mirai</td>
<td>66</td>
<td>35.5</td>
<td>30.5</td>
<td>46%</td>
<td>1,683</td>
<td>51,373</td>
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<tr>
<td>Toyota</td>
<td>Prius&lt;sup&gt;(5)&lt;/sup&gt;</td>
<td>52</td>
<td>40.0</td>
<td>26.0</td>
<td>39%</td>
<td>7,956</td>
<td>206,691</td>
</tr>
<tr>
<td>Toyota</td>
<td>Prius Prime&lt;sup&gt;(6)&lt;/sup&gt;</td>
<td>68</td>
<td>30.7</td>
<td>35.4</td>
<td>54%</td>
<td>4,122</td>
<td>145,720</td>
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<tr>
<td>Toyota</td>
<td>RAV4 Prime&lt;sup&gt;(7)&lt;/sup&gt;</td>
<td>52</td>
<td>39.9</td>
<td>26.1</td>
<td>40%</td>
<td>7,652</td>
<td>200,082</td>
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<tr>
<td>All Eligible Models&lt;sup&gt;(8)&lt;/sup&gt;</td>
<td>53</td>
<td>39.7</td>
<td>26.3</td>
<td>40%</td>
<td></td>
<td>46,624</td>
<td>1,228,067</td>
</tr>
</tbody>
</table>

1. Source: EPA and US Department of Energy Office of Energy Efficiency and Renewable Energy (www.fueleconomy.gov). Combined fuel economy calculated using EPA Automotive Trends Report “estimated real-world fuel economy” weighting of 43% City and 57% Highway mileage. Miles per gallon (“MPG”) or MPG equivalent (“MPGe”), which represents the number of miles a vehicle can go using a quantity of fuel with the same energy content as a gallon of gasoline.


4. Includes Camry Hybrid LE and Camry Hybrid XLE/SE. Mileage varies by model.

5. Includes Prius, Prius Eco, and Prius AWD. Mileage varies by model.

6. Prius Prime is a plug-in hybrid vehicle with EPA estimated mileage of 54 MPG in hybrid mode, 133 MPGe or 25kWh/100-mile in electric mode. Mileage and emissions for this calculation reflect estimated combined cycle usage along with fleet utility factor based on SAE J2841 Standard (https://www.sae.org/standards/content/2841_200903/).

7. RAV4 Prime is a plug-in hybrid vehicle with EPA estimated mileage of 38 MPG in hybrid mode, 94 MPGe or 36kWh/100-mile in electric mode. Mileage and emissions for this calculation reflect estimated combined cycle usage along with fleet utility factor based on SAE J2841 Standard (https://www.sae.org/standards/content/2841_200903/).

8. Per vehicle metrics are calculated as a weighted average of the Eligible Models financed by the Green Bond.