29 November 2016

Toyota Credit Canada Inc. ("*TCCI*")

Half-Yearly Financial Report for the six months ended 30 September 2016

TCCI was incorporated as a corporation under the Canada Business Corporations Act on 19 February 1990. TCCI's Corporation Number is 257476-4. The registered office of TCCI is located at 80 Micro Court, Suite 200, Markham, Ontario L3R 9Z5, Canada. TCCI is wholly-owned by Toyota Financial Services Corporation ("***TFS***"), which is a wholly-owned subsidiary of Toyota Motor Corporation ("***TMC***"). TCCI presents its half-yearly financial report for the six months ended 30 September 2016. References herein to "TCCI" denote Toyota Credit Canada Inc.

1. Management Report

(A) Summary of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements

TCCI's net income was CAD $131.0 million for the six months ended 30 September 2016, compared to CAD $130.1 million for the six months ended 30 September 2015. Financing revenues for the six months ended 30 September 2016 were higher than the comparative period last year as a result of higher finance receivables (total contracts outstanding 581,932 as compared to 555,713 as at 30 September 2015). This contributed to an increase in gross interest margin. Operating expenses for the six months ended 30 September 2016 were broadly consistent with the levels of the comparative period last year. The provision for finance receivables in the six months ended 30 September 2016 was CAD $7.8 million, compared to CAD $(3.8) million in the comparative period last year, as last year's provision included a reduction of the allowance for retail lease residual values of CAD $12.4 million as compared to a reduction of CAD $1.0 million this year. Credit loss provisioning levels and write-offs of uncollectable customer accounts in the six months ended 30 September 2016 were consistent with levels of the comparative period last year. Results for the six months ended 30 September 2016 were not materially affected by unrealised gains on derivatives used to manage interest rate risk.

TCCI maintains an Euro Medium Term Note ("***EMTN***") programme together with its affiliates Toyota Motor Finance (Netherlands) B.V., Toyota Finance Australia Limited and Toyota Motor Credit Corporation (TCCI and such affiliates, the "***EMTN Issuers***"), providing for the issuance of debt securities in the international capital markets. In September 2016, the EMTN Issuers renewed the EMTN programme for a one year period. The maximum aggregate principal amount of debt securities that may be issued by the EMTN Issuers and outstanding under the EMTN programme at any time is €50 billion, or the equivalent in other currencies, of which €26.9 billion was available for issuance at 30 September 2016.

On 15 November 2016, TCCI and other Toyota affiliates entered into a US $5.0 billion 364 day syndicated bank credit facility pursuant to a 364 Day Credit Agreement, a US $5.0 billion three year syndicated bank credit facility pursuant to a Three Year Credit Agreement and a US$ 5.0 billion five year syndicated bank credit facility pursuant to a Five Year Credit Agreement. The ability to make drawdowns under the 364 Day Credit Agreement, the Three Year Credit Agreement and the Five Year Credit Agreement is subject to covenants and conditions customary in transactions of this nature, including negative pledge provisions, cross default provisions and limitations on consolidations, mergers and sales of assets. The 364 Day Credit Agreement, the Three Year Credit Agreement and the Five Year Credit Agreement may be used for general corporate purposes and were not drawn upon as of 29 November 2016. The 364 Day Credit Agreement, the Three Year Credit Agreement and the Five Year Credit Agreement, each dated as of 18 November 2015, were terminated on 15 November 2016.

Letters of Credit Facilities

In addition, TCCI has uncommitted letters of credit facilities totalling CAD $161 million at 30 September 2016 and as at 30 September 2015, which were not drawn upon as of these dates.

(B) Risks and uncertainties for the remaining six months of the financial year

The principal business of TCCI, which is an integral part of the Toyota group's presence in Canada, is to provide financing services for authorised Toyota dealers and users of Toyota products. Financial products offered (i) to customers, include lease and loan financing (i.e. financing through Toyota dealers to assist customers to acquire Toyota and Lexus vehicles); and (ii) to Toyota dealers, include floor plan financing (i.e. financing of dealer inventory), wholesale lease financing (i.e. financing of dealer lease portfolios) and dealership financing (i.e. financing of the construction, acquisition or renovation of dealership facilities). Such financing programmes are offered in all provinces and territories of Canada.

Unless otherwise specified in this section, "TFS group" means TFS and its subsidiaries and affiliates and "Toyota" means TMC and its consolidated subsidiaries.

The TFS group, including TCCI, may be exposed to certain risks and uncertainties, summarised below, that could have a material adverse impact directly or indirectly on its financial condition and results of operations.

The TFS group's business, through its financial subsidiaries (including TCCI) and affiliates is substantially dependent upon the sale of Toyota and Lexus vehicles and its ability to offer competitive financing. Factors in relation to the sale of such vehicles which would impact the level of financing volume and the TFS group's results of operations, include changes resulting from governmental action, changes in consumer demand, recalls, the actual or perceived quality, safety or reliability of Toyota and Lexus vehicles, changes in economic conditions, increased competition, changes in pricing of imported units due to currency fluctuations or other reasons, a significant and sustained increase in fuel prices, decreased or delayed vehicle production due to natural disasters, supply chain interruptions or other events and changes in the level of sponsored subvention programmes. In turn, lower used vehicle values could affect return rates and amounts written off.

TCCI's financial condition and results of operations are affected by a variety of factors, including changes in the overall market for retail contracts, wholesale motor vehicle financing, leasing or dealer financing, changes in the level of sales of Toyota, Lexus or other vehicles in Canada, the rate of growth in the number and average balance of customer accounts, the finance industry's regulatory environment in Canada, competition from other financiers, rate of default by its customers, the interest rates it is required to pay on the funding it requires to support its business, amounts of funding available to it, changes in the funding markets, the used vehicle market, its credit ratings, the success of efforts to expand its product lines, levels of operating expenses and general and administrative expenses (including but not limited to labour costs, technology costs and premises costs), general economic conditions, inflation, fiscal and monetary policies in Canada, the United States as well as Europe and other countries in which TCCI issues debt. A downturn in the financial markets could adversely affect Toyota's ability to raise capital.

Further risks include changes to the senior long-term debt credit ratings of TMC and certain of its affiliates including TCCI may result in higher borrowing costs as well as reduced access to capital markets. The failure of any of the financial institutions and other counterparties to which TCCI has exposure, directly or indirectly, to perform their contractual obligations, and any losses resulting from that failure, may materially and adversely affect TCCI's liquidity, financial condition and results of operations. There is residual value risk that the estimated residual value at lease origination will not be recoverable at the end of the lease term. Liquidity risk arising from the inability of the TFS group (including TCCI) to maintain the capacity to fund assets and repay liabilities in a timely and cost-effective manner would have a negative impact on TCCI's ability to refinance maturing debt and fund new asset growth. Changes in market interest rates, foreign currency exchange rates and other relevant market parameters or prices cause volatility in the TFS group's (including TCCI's) financial condition and/or results of operations and/or cash flow and the value of the investment portfolio of the TFS group could decline. An increase in the interest rates charged by TCCI's lenders or available to TCCI in the capital markets may adversely affect TCCI's income.

Further, inadequate or failed processes, systems or internal controls, the failure to perfect collateral, theft, fraud, cybersecurity breaches, earthquakes, other natural disasters or other catastrophes could have an adverse impact on TCCI's financial condition and results of operations. The worldwide automotive market is highly competitive and volatile and the worldwide financial services industry is also highly competitive. Toyota's future success depends on its ability to offer new, innovative and competitively priced products that meet customer demand on a timely basis. Toyota's ability to market and distribute effectively is an integral part of Toyota's successful sales. Toyota relies on suppliers for the provision of certain supplies including parts, components and raw materials. High prices of raw materials and strong pressure on Toyota's suppliers could negatively impact Toyota's profitability. Toyota may also be adversely affected by natural calamities, political and economic instability, fuel shortages or interruptions in social infrastructure, wars, terrorism and labour strikes.

In addition, changes to the laws, regulations or to the policies of governments (federal, provincial or local) of Canada or of any other national governments (federal, state, provincial or local) of any other jurisdiction in which TCCI conducts its business or international organisations (and the actions flowing from such changes to policies) may have a negative impact on TCCI's business or require significant expenditure by it, or significant changes to its processes and procedures, to ensure compliance with those laws, regulations or policies so that it can effectively carry on its business. Changes to the application or interpretation of tax laws may adversely impact TCCI's financial condition and results of operations. Toyota may also become subject to various legal proceedings.

TCCI's principal risks and uncertainties for the remaining six months of the financial year have not changed since the issuance of TCCI's 2016 Annual Financial Report. The detailed discussion of these risks and uncertainties and TCCI's objectives, policies and processes for managing these risks and uncertainties were disclosed in the Management Report, as well as Note 15 in the Notes to the Financial Statements, in the Annual Financial Report of TCCI for the financial year ended 31 March 2016.

2. Unaudited Condensed Financial Statements for the six months ended 30 September 2016

Toyota Credit Canada Inc.
Statement of Financial Position

(in thousands of Canadian dollars)

	Sept. 30, 2016 $	Mar 31, 2016 $
Assets		
Cash and cash equivalents	111,809	660,595
Finance receivables - net (Note 3)	12,224,280	11,629,092
Derivative assets (Note 6)	267,044	326,283
Income and other taxes receivable	11,544	-
Other assets	10,632	9,872
	12,625,309	12,625,842
Liabilities		
Cheques and other items in transit	428	195
Accounts payable and accrued liabilities	29,302	24,501
Due to affiliated company	119,402	135,668
Income and other taxes payable	-	4,964
Interest payable	32,923	30,883
Debt payable (Note 4)	10,396,931	10,382,531
Derivative liabilities (Note 6)	70,870	171,226
Collateral liabilities	33,921	38,405
Deferred taxes	601,447	571,428
	11,285,224	11,359,801
Shareholder's Equity		
Share capital	60,000	60,000
Retained earnings	1,280,085	1,206,041
	1,340,085	1,266,041
	12,625,309	12,625,842

The related notes form an integral part of these condensed financial statements.

Toyota Credit Canada Inc.
Statements of Income and Comprehensive Income
For the six months ended September 30, 2016

(in thousands of Canadian dollars)

	Sept. 30, 2016 $	Sept. 30, 2015 $
Financing revenue	303,238	294,996
Other income	711	1,025
	303,949	296,021
Other (losses) gains	288	(4,154)
Expenses		
Interest	100,349	101,149
Employee benefits	7,802	7,497
Provision for (recovery of) finance receivables	7,819	(3,779)
Other	1,917	2,078
Registration and search costs	3,262	3,260
IT and communications	3,185	3,174
Occupancy	562	496
Depreciation and amortization	267	425
	125,163	114,300
Income before income taxes	179,074	177,567
Income taxes		
Current	18,014	20,074
Deferred	30,019	27,388
	48,033	47,462
Net Income for the period	131,041	130,105
Other comprehensive income (loss)	-	-
Comprehensive income for the period, attributable to the owner of the parent	131,041	130,105

Toyota Credit Canada Inc.
Statement of Changes in Equity

(in thousands of Canadian dollars)

	Share Capital	Retained Earnings	Total Shareholder's Equity
	$	$	$
Balance - March 31, 2016	60,000	1,206,041	1,266,041
Net income	-	131,041	131,041
Actuarial gains (losses) on defined benefit plans	-	-	-
Total comprehensive income for the period	-	131,041	131,041
Dividends paid	-	(56,997)	(56,997)
Balance at September 30, 2016	60,000	1,280,085	1,340,085

Toyota Credit Canada Inc.
Statement of Cash Flows
For the six months ended September 30, 2016

(in thousands of Canadian dollars)

	Sept. 30, 2016 $	Sept. 30, 2015 $
Cash provided by (used in)		
Operating activities		
Net Income for the period	131,041	130,105
Items not requiring cash		
Provision for (recovery of) finance receivables	7,819	(3,779)
Amortization of other assets	3,103	3,248
Amortization of debt issuance costs	2,749	2,823
Amortization of debt premiums/discounts	262	72
Foreign exchange (gain) loss	(52,190)	32,151
Deferred income taxes	30,019	27,388
	122,803	192,008
Changes in operating accounts		
Increase in cheques and other items in transit	233	143
Decrease in income and other taxes payable	(16,508)	(6,103)
Increase in other assets	(3,863)	(4,487)
Increase in interest payable - net	2,040	216
Increase (decrease) in accounts payable,accrued liabilities and collateral	317	(29,588)
Decrease in due to affiliated company	(16,266)	(9,606)
Decrease (increase) in derivative assets/liabilities	(41,117)	8,314
Increase in finance receivables - acquisitions	(5,172,128)	(4,949,752)
Decrease in finance receivables - collections and liquidations	4,569,121	4,575,516
	(555,368)	(223,339)
Financing activities		
Issuance of bonds and loans payable	797,758	1,019,564
Repayment of bonds and loans payable	(581,186)	(1,047,952)
(Decrease) increase in commercial paper- net	(152,993)	520,492
Payment of dividends	(56,997)	-
	6,582	492,104
Change in cash and cash equivalents during the period	(548,786)	268,765
Cash and cash equivalents - Beginning of period	660,595	20,534
Cash and cash equivalents - End of period	111,809	289,299
Supplementary disclosure		
Income taxes paid	18,901	22,847

1 Nature of operations

Toyota Credit Canada Inc.(the Company) is a wholly owned subsidiary of Toyota Financial Services Corporation, Japan, which is wholly owned by Toyota Motor Corporation, Japan. The Company is incorporated and domiciled in Canada. Its registered office and principal place of business is 80 Micro Court, Suite 200, Markham, Ontario L3R 9Z5.

The Company operates in the auto finance industry throughout Canada. The operations consist of providing the following financing products: retail loans and leases to consumers, wholesale financing and mortgage loans to Toyota, Lexus and other vehicle dealers. The Company has one reportable business segment.

2 Basis of preparation

The Financial Statements are prepared in accordance with IAS 34 "Interim Financial Reporting" using accounting policies consistent with the accounting policies in the 2016 Annual Financial Statements. The Interim Financial Statements should be read in conjunction with the Annual Financial Statements as the Interim Financial Statements do not include all the disclosures in the Annual Financial Statements prepared in accordance with International Financial Reporting Standards.

The Financial Statements have not been audited or reviewed by auditors pursuant to the Auditing Practices Board guidance on Review of Interim Financial Information.

Certain comparative figures have been reclassified to conform with the basis of financial statement presentation adopted in the current year.

(in thousands of Canadian dollars)

3 Finance receivables - net

	Sep-16	Mar-16
	$	$
Retail financing leases	7,492,423	6,836,635
Unearned income	(678,740)	(626,041)
	6,813,683	6,210,594
Retail Loans	5,020,041	4,887,003
Unearned income	(236,279)	(234,419)
	4,783,762	4,652,584
Dealer financing	778,030	915,065
Add: Accrued interest	1,296	1,523
	779,326	916,588
	12,376,771	11,779,766
Less: Allowances for		
Retail finance lease residual value losses	114,782	115,861
Credit losses	37,709	34,813
	152,491	150,674
	12,224,280	**11,629,092**

Inventoried vehicles have been classified into Other Assets which consist of prepaid expenses and property, plant and equipment and inventoried units.

The contractual maturities of retail financing leases, retail loans and dealer financing as at September 30, 2016 are summarized as follows:

	Retail financing leases	Retail loans	Dealer financing	Total
	$	$	$	$
For the 12 month period ending				
Sept. 2017	2,002,937	1,581,354	578,780	4,163,071
Sept. 2018	1,890,329	1,312,849	20,885	3,224,063
Sept. 2019	1,827,283	954,554	15,448	2,797,285
Sept. 2020	1,268,493	639,023	13,911	1,921,427
Sept. 2021	499,580	337,560	16,424	853,564
Thereafter	3,801	194,701	132,582	331,084
	7,492,423	5,020,041	778,030	13,290,494

Included in retail financing leases are unguaranteed residual values of $4,167,155 (Mar 2016 - $3,836,237).

(in thousands of Canadian dollars)

4 Debt Payable

	Sep-16	**Mar-16**
	$	**$**
Commercial paper (net of unamortized discount) - current	1,993,953	2,146,956
	1,993,953	2,146,956
Bonds Payable		
Current	399,868	499,686
Non-current	4,089,307	3,589,469
	4,489,175	4,089,155
Loans Payable		
Current	1,289,471	1,129,790
Non-current	2,624,332	3,016,630
	3,913,803	4,146,420
	10,396,931	**10,382,531**

5 Financial instruments

a) Fair value measurement levels of financial instruments

Fair value measurements are categorized within a hierarchy that prioritizes based on the degree to which the inputs to fair value measurement are observable and the significance of the inputs to the fair value measurement in its entirety. The three levels of the fair value hierarchy are:

- Level 1 - unadjusted quoted prices in active markets for identical financial assets or financial liabilities;
- Level 2 - inputs other than quoted prices that are observable for the financial asset or financial liability either directly or indirectly; and
- Level 3 - inputs that are not based on observable market data.

As at September 30, 2016 and March 31, 2016, the Company's derivative assets and derivative liabilities measured at fair value on a recurring basis are within Level 2 of the fair value hierarchy. Debt and interest payable, which is not measured at fair value but for which fair values are disclosed, are within Level 2 of the fair value hierarchy. Finance receivables, which are not measured at fair value but for which fair values are disclosed, are within Level 3 of the fair value hierarchy.

There were no transfers between Levels 1 and 2 during the year.

b) Carrying and fair value of selected financial instruments

The following table represents the carrying values and estimated fair values of the Company's financial instruments:

		Sep-16		Mar-16	
	Fair value hierarchy	**Carrying value $**	**Estimated fair value $**	**Carrying value $**	**Estimated fair value $**
Recurring measurements					
Financial assets					
Cash equivalent	Level 2	97,212	97,212	654,693	654,693
Derivative assets	Level 2	267,044	267,044	326,283	326,283
Financial liabilities					
Derivative liabilities	Level 2	70,870	70,870	171,226	171,226
Fair values disclosed					
Financial assets					
Loans and receivables					
Finance receivables	Level 3	12,224,280	12,230,438	11,629,092	11,566,156
Financial liabilities					
Financial liabilities at amortized cost					
Debt and interest payable	Level 2	10,429,854	10,656,141	10,413,414	10,660,891

The fair values of cash equivalents and accounts payable approximate their carrying values due to their short-term nature.

The Company does not have any assets or liabilities measured at fair value on a non-recurring basis.

The following tables reflect the terms, notional values and estimated fair values of the Company's derivative contracts:

				Sep-16
Derivative contracts	**Maturity date**	**Interest rate terms**	**Notional value $**	**Estimated fair value $**
Paying fixed interest rates				
Interest rate swap agreements	2016 -2021	0.70% -2.17%	7,390,000	(52,319)
Paying variable interest rates				
Interest rate swap agreements	2017 -2021	CDOR +0.37- CDOR +1.34	4,100,000	57,865
Cross-currency interest rate swap agreements	2017 -2022	CDOR +0.50- CDOR +0.87	1,060,750	182,271
Foreign currency forward contracts	2016	-	857,690	8,356

CDOR refers to the Canadian dealer offered rate.

				Mar-16
Derivative contracts	**Maturity date**	**Interest rate terms**	**Notional value $**	**Estimated fair value $**
Paying fixed interest rates				
Interest rate swap agreements	2016 - 2021	0.70% -2.17%	6,990,000	(68,628)
Paying variable interest rates				
Interest rate swap agreements	2016 -2021	CDOR +0.37- CDOR +1.34	3,900,000	71,947
Cross-currency interest rate swap agreements	2016 -2022	CDOR +0.50- CDOR +0.87	1,255,950	234,203
Foreign currency forward contracts	2016	-	1,866,554	(82,465)

The estimated fair values for finance receivables, debt and interest payable, accounts payable and other liabilities are based on discounted cash flow calculations that use market interest rates currently applicable to financial instruments with similar terms and conditions.

Fair values of derivative contracts have been estimated using industry standard valuation models. These models project future cash flows and discount the future amounts to a present value using market-based expectations for interest rates, foreign currency exchange rates and the contractual terms of the derivative instruments.

The calculation of estimated fair values is based on market conditions at a specific point in time and should not be interpreted as being realizable in the event of immediate settlement or as being reflective of future fair values.

6 Derivative assets and derivative liabilities

The Company's derivative arrangements with other financial institutions contain provisions that may require either counterparty to post cash collateral in the event the fair value valuation of the net liability position with that counterparty exceeds certain predetermined thresholds. As at September 30, 2016, $33,921 (March 2016 - $38,405) of cash collateral had been posted by the counterparties.

The following table presents the recognized financial instruments that are offset, or subject to enforceable master netting agreements but not offset, as at September 30, 2016 and March 31, 2016, and shows the net impact on the Company's statements of financial position if all set-off rights were exercised.

	Sep -16	
	Financial assets $	**Financial liabilities $**
Gross amounts subject to agreements	267,044	70,870
Amounts subject to net settlement but not presented net	(61,031)	(61,031)
Cash collateral	(33,921)	-
Net	172,092	9,839

	Mar-16	
	Financial assets $	**Financial liabilities $**
Gross amounts subject to agreements	326,283	171,226
Amounts subject to net settlement but not presented net	(97,348)	(97,348)
Cash collateral	(38,405)	-
Net	190,530	73,878

The following table represents the estimated fair values of derivative assets and derivative liabilities, excluding any related accrued interest:

	Sep-16 $	Mar-16 $
Derivative assets		
Interest rate swap agreements	60,942	75,394
Cross-currency interest rate swap agreements	197,416	250,889
Foreign currency forward contracts	8,686	-
	267,044	326,283
Derivative liabilities		
Interest rate swap agreements	55,396	72,074
Cross-currency interest rate swap agreements	15,145	16,687
Foreign currency forward contracts	329	82,465
	70,870	171,226

3. Responsibility Statement

Mr. Lorenzo Baldesarra - President and Mr. Fernando Belfiglio – Vice President, Finance confirm that to the best of their knowledge:

(a) the condensed financial statements for the six months ended 30 September 2016, which have been prepared in accordance with IAS 34 "Interim Financial Reporting" using accounting policies consistent with the accounting policies in the 2016 annual financial statements, give a true and fair view of the assets, liabilities, financial position and profit or loss of TCCI as required by DTR 4.2.4; and

(b) the interim management report includes a fair review of the information required by DTR 4.2.7.