PhilRatings PHILIPPINE RATING SERVICES CORPORATION *The Pioneer Domestic Credit Rating Agency*	**RATING NEWS** **August 14, 2025**

TFSPH Receives Highest Credit Rating

Philippine Rating Services Corporation (PhilRatings) has assigned an Issuer Credit Rating of **PRS Aaa (corp.)**, with a **Stable Outlook**, to Toyota Financial Services Philippines Corporation (TFSPH). The Issuer Credit Rating was assigned in relation to TFSPH's planned bond issuance of up to ₱5.0 billion, which will be the initial tranche of the Company's ₱20.0 billion Fixed Rate Bond Programme.

A company rated **PRS Aaa (corp.)** has a **very strong** capacity to meet its financial commitments relative to that of other Philippine corporates. **PRS Aaa (corp.)** is the highest Issuer Credit Rating assigned by PhilRatings. A **Stable Outlook**, on the other hand, indicates that the assigned rating is likely to be maintained or to remain unchanged in the next 12 months.

The assigned rating and Outlook consider the following key considerations: (1) TFSPH's strong and highly supportive shareholders; (2) the solid franchise of the Toyota brand; (3) the Company's good asset quality; and (4) its sustained revenue growth supported by loan portfolio expansion.

PhilRatings' ratings are based on available information and projections at the time that the rating review was performed. PhilRatings shall continuously monitor developments relating to TFSPH and may change the ratings at any time, should circumstances warrant a change.

Established in 2002, TFSPH provides financing and leasing services to Toyota customers in the Philippines, as well as inventory stock financing to Toyota dealers nationwide. It supports Toyota sales in the country, in line with Toyota Motor Corporation's (TMC) global objectives. As such, the Company enjoys direct access to Toyota Motor Philippines' (TMP) clients and prospects. As of end-2024, TMP remained as the dominant player in the domestic automobile industry with a market share of 46%. TMP has been the top selling automotive brand (in terms of units sold) in the Philippines since 2002, and it expects to maintain its market-leading position going forward. TFSPH, in turn, reportedly registers a market penetration (of Toyota sales) of about 30%. TFSPH considers prospective Toyota automobile buyers as its captive market, backed by strong client referrals from Toyota dealers and distributors.

TFSPH is 60%-owned by Toyota Financial Services Corporation (TFSC) and 40%-owned by GT Capital Holdings, Inc. (GT Capital). TFSC, fully owned by TMC, is a leading Japan-based financial services group that operates in more than 37 countries. GT Capital, on the other hand, is a Philippine conglomerate with holdings in market-leading businesses in various sectors including banking, property development, infrastructure and utilities, automotive, and insurance. In the last five years, TFSC and GT Capital infused ₱4.0 billion in additional capital in TFSPH: ₱2.0 billion in November 2020 and ₱2.0 billion in December 2021.

TFSPH consistently achieved double-digit growth in its loans and receivables from end of fiscal year (FY)[1] 2020 to end-FY2024. The Company's loan portfolio grew from ₱75.4 billion as of end-FY2020 to ₱140.2

[1] TFSPH's FY ends on March 31.

billion as of end-FY2024, posting a compounded annual growth rate (CAGR) of 16.7%. The highest growth was recorded in FY2021, which also marked the first full year of the COVID-19 pandemic. Amid the pandemic, the Company kept its mandate of supporting the sale of Toyota vehicles and continued to extend loans to buyers of Toyota vehicles, resulting in record high market penetration.

Total revenues—comprised of net interest income, service fees, and other income—grew steadily alongside the loan portfolio, rising from ₱3.6 billion in FY2020 to ₱6.9 billion in FY2024, translating to a CAGR of 18.0%. Moreover, TFSPH's net income expanded by a CAGR of 38.8%, from ₱498 million in FY2020 to ₱1.9 billion in FY2024. In addition to sustained revenue growth, cost containment also contributed to earnings growth. TFSPH's FY2024 revenues and net income were at their highest since 2016.

As of end-March 2025, TFSPH's total loan receivables expanded to ₱154.4 billion, generating a net interest income of ₱6.7 billion. As such, TFSPH sustained the upward trajectory in its revenues in FY2025, posting a 9.0% increase to ₱7.5 billion. Top line expansion, however, was offset by the faster increase in interest and operating—primarily non-cash—expenses. Bottom line therefore declined by 8.1% to ₱1.7 billion in FY2025. Moving forward, the Company projects double-digit growth in its loan portfolio and earnings.

TFSPH's gross non-performing loans (NPL) ratio further improved to 1.7% as of end-FY2025, on the back of a 23.1% dip in NPLs amid continued loan book expansion. The Company's NPL ratio had been comparing favorably with the NPL ratio of the non-banks with quasi-banking functions (NBQB) sector for the past five years. PhilRatings also notes that TFSPH's NPL ratio was kept lower than industry average during the pandemic despite the substantial growth in its loan portfolio during the period. TFSPH expects its NPL ratio to remain well-managed in the succeeding years, supported by its risk mitigation strategies.