

GM

GM FINANCIAL

# Strategic and Operational Overview

June 22, 2020




2020 Chevrolet Silverado High Country

# Safe Harbor Statement

This presentation contains several “forward-looking statements.” Forward-looking statements are those that use words such as “believe,” “expect,” “intend,” “plan,” “may,” “likely,” “should,” “estimate,” “continue,” “future” or “anticipate” and other comparable expressions. These words indicate future events and trends. Forward-looking statements are our current views with respect to future events and financial performance. These forward-looking statements are subject to many assumptions, risks and uncertainties that could cause actual results to differ significantly from historical results or from those anticipated by us. The most significant risks are detailed from time to time in our filings and reports with the Securities and Exchange Commission, including our annual report on Form 10-K for the year ended December 31, 2019. Such risks include - but are not limited to - the length and severity of the COVID-19 pandemic; GM's ability to sell new vehicles that we finance in the markets we serve; dealers' effectiveness in marketing our financial products to consumers; the viability of GM-franchised dealers that are commercial loan customers; the sufficiency, availability and cost of sources of financing, including credit facilities, securitization programs and secured and unsecured debt issuances; the adequacy of our underwriting criteria for loans and leases and the level of net charge-offs, delinquencies and prepayments on the loans and leases we purchase or originate; our ability to effectively manage capital or liquidity consistent with evolving business or operational needs, risk management standards and regulatory or supervisory requirements; the adequacy of our allowance for loan losses on our finance receivables; our ability to maintain and expand our market share due to competition in the automotive finance industry from a large number of banks, credit unions, independent finance companies and other captive automotive finance subsidiaries; changes in the automotive industry that result in a change in demand for vehicles and related vehicle financing; the effect, interpretation or application of new or existing laws, regulations, court decisions and accounting pronouncements; adverse determinations with respect to the application of existing laws, or the results of any audits from tax authorities, as well as changes in tax laws and regulations, supervision, enforcement and licensing across various jurisdictions; the prices at which used vehicles are sold in the wholesale auction markets; vehicle return rates, our ability to estimate residual value at the inception of a lease and the residual value performance on vehicles we lease; interest rate fluctuations and certain related derivatives exposure; our joint ventures in Asia/Pacific, which we cannot operate solely for our benefit and over which we have limited control; changes in the determination of LIBOR and other benchmark rates; our ability to secure private customer and employee data or our proprietary information, manage risks related to security breaches and other disruptions to our networks and systems and comply with enterprise data regulations in all key market regions; foreign currency exchange rate fluctuations and other risks applicable to our operations outside of the U.S.; and changes in local, regional, national or international economic, social or political conditions. If one or more of these risks or uncertainties materialize, or if underlying assumptions prove incorrect, our actual results may vary materially from those expected, estimated or projected. It is advisable not to place undue reliance on any forward-looking statements. We undertake no obligation to, and do not, publicly update or revise any forward-looking statements, except as required by federal securities laws, whether as a result of new information, future events or otherwise.

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# Deliver Strategic and Financial Value to General Motors



Operations cover ~**90%** of GM's worldwide sales

>**6.5 million** retail contracts outstanding

Offering auto finance products to **14,000** dealers worldwide

Earning assets of **\$96.1B**

## Captive Value Proposition



Drive Vehicle Sales



Enhance Customer Experience and Loyalty



Provide Support Across Economic Cycles



Contribute to Enterprise Profitability

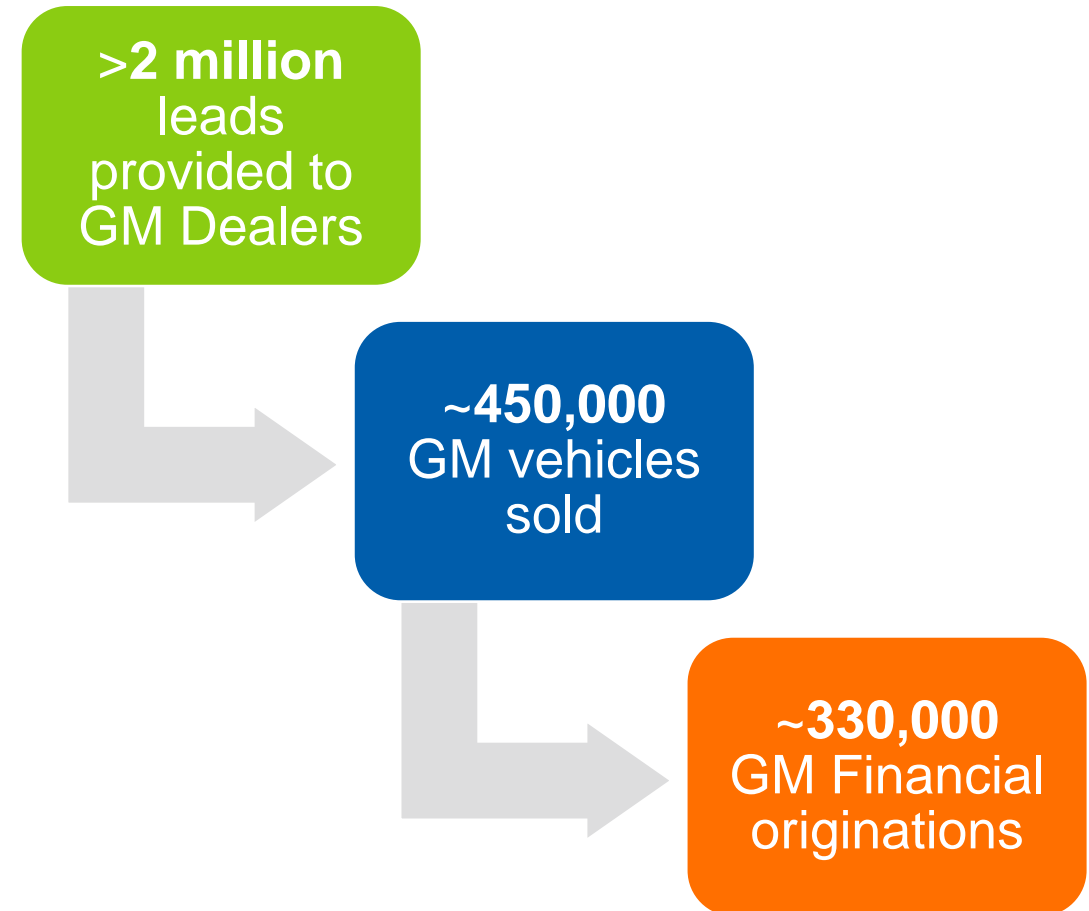


# Drive Vehicle Sales

- ✓ Offer competitive, comprehensive suite of finance products and services to customers and dealers
- ✓ Support GM's go-to-market strategies
- ✓ Enhance dealer sales through lead generation programs and underwriting depth
- ✓ Participate in enterprise strategic initiatives (e.g., leasing electric vehicles and financing autonomous fleets)

## COVID-19 Update:

- U.S. retail penetration above 55% in April due to incentive strategies driving business to GM Financial (e.g., 0% for 84-months) resulting in U.S. weighted average FICO score at origination in mid-700s
- Lease originations trended down due to COVID-19 impact on larger lease markets and strength of GM loan programs



# Enhance Customer Experience and Loyalty



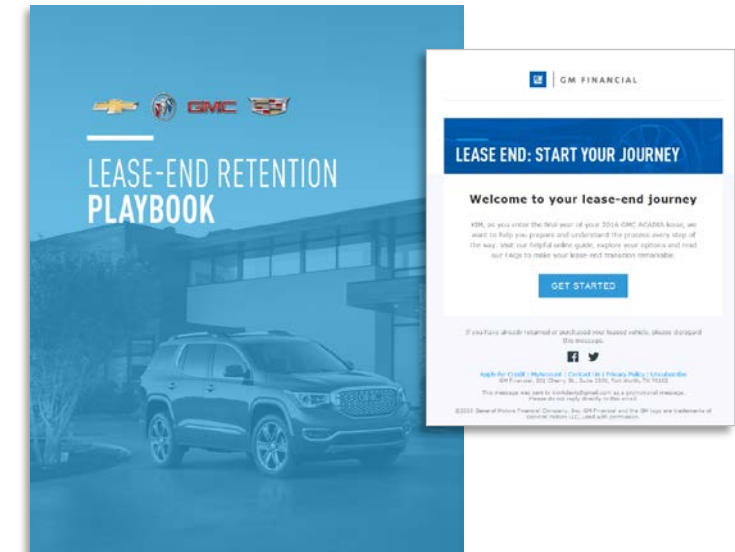
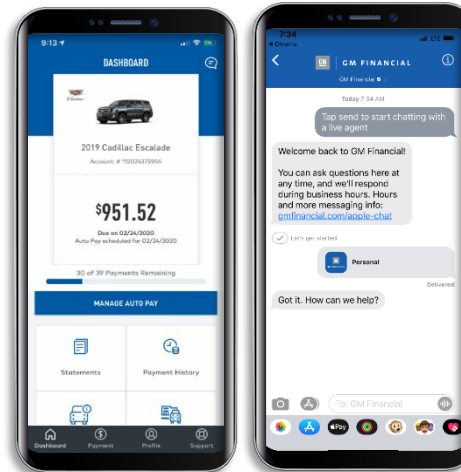
- ✓ Strong loyalty supports sales and earnings for GM
- ✓ Integrated GM/GM Financial customer relationship management activities
- ✓ Customer-centric, multi-channel servicing approach leads to high customer satisfaction
- ✓ Personalized end-of-lease term experience designed to inform customer and increase likelihood of purchasing another GM vehicle

## COVID-19 Update:

- Accelerated roll-out of chat bot technology (“Nanci”) to drive digital customer contacts
- Providing payment deferrals and lease contract extensions to support customers
  - Loan payment deferral rate in April of 3.5% vs. pre-virus levels of 1-2%
  - Positive impact to delinquency metrics as accounts generally brought current through deferment process
- Temporarily suspending vehicle repossessions



GM Financial has industry leading manufacturer loyalty<sup>1</sup>



1. Based on January- June 2019 IHS Markit Return to Market Manufacturer Loyalty. Data based on disposal methodology and GM custom segmentation in the U.S.





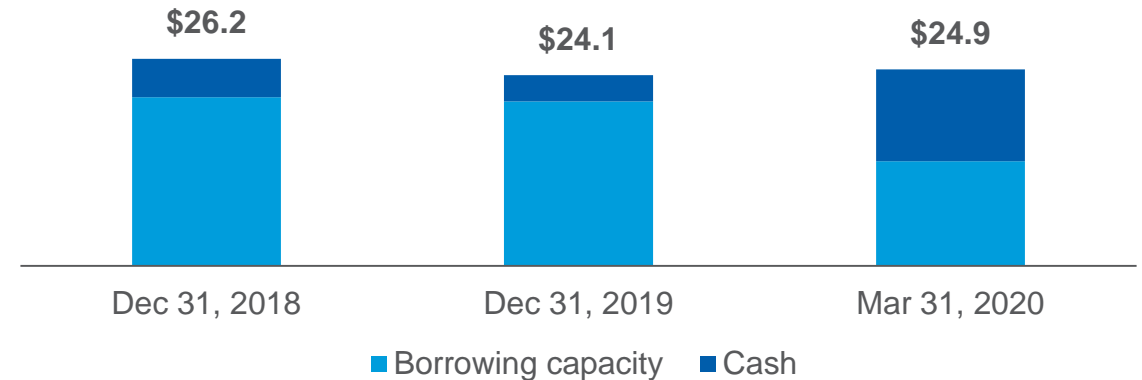
# Provide Support Across Economic Cycles

- ✓ Liquidity targeted to support at least six months of cash needs without access to capital markets
- ✓ Leverage ratio managed within target of ~10x; March 31, 2020 impacted by CECL adoption, foreign exchange and dividend to GM
- ✓ Commitment to investment grade rating; diversified funding plan with unsecured debt mix ~50%
- ✓ Leadership team experienced at navigating through multiple economic cycles

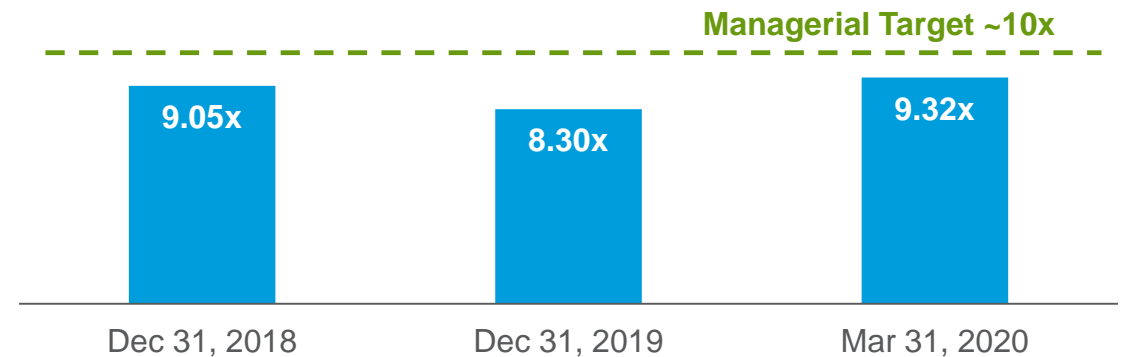
## COVID-19 Update:

- Supporting dealers by offering interest deferral and waiver of curtailment payments on floorplan financing
- Leverage sufficient to absorb ~\$2.0B of negative earnings without exceeding Support Agreement leverage ratio limit of 11.5x
  - Adequate capital to support doubling of both net charge-offs and used vehicle price declines from current expectations

### Available Liquidity (\$B)



### Leverage Ratio<sup>1</sup>



1. Calculated consistent with GM/GM Financial Support Agreement, filed with the Securities and Exchange Commission as an exhibit to our Current Report on Form 8-K dated April 18, 2018

# Contribute to Enterprise Profitability

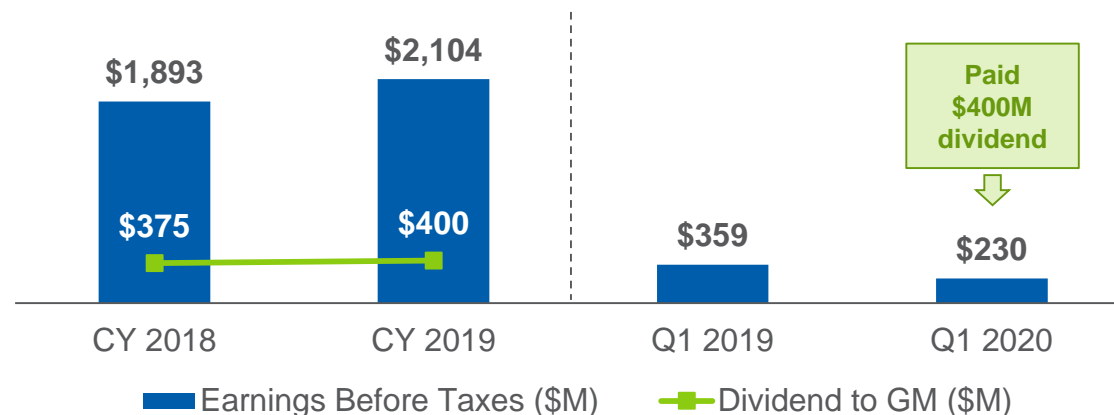


- ✓ Prudent credit and residual management
- ✓ Steady state earnings target of ~\$2.5B annually
- ✓ Paid \$400M dividend to GM in Q1 2020; scheduled to pay additional \$400M in 2020
- ✓ Standalone return on average tangible common equity target of low-mid teens

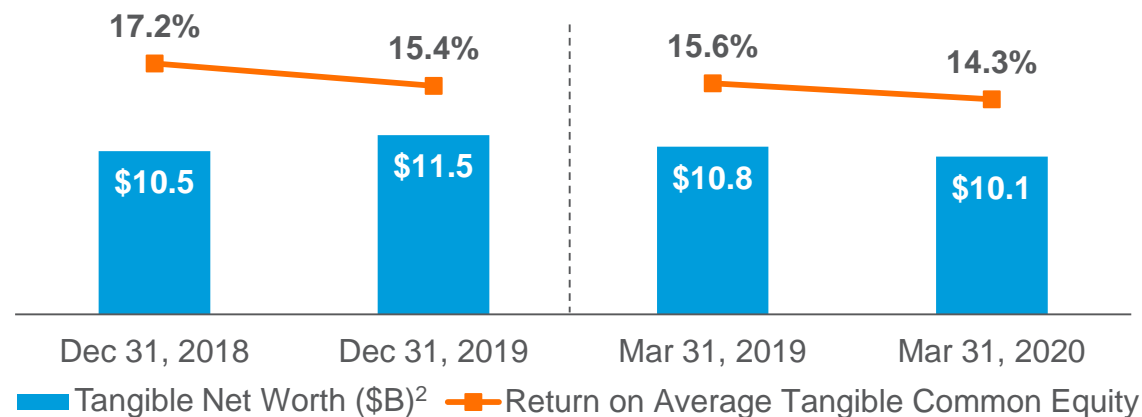
## COVID-19 Update:

- Q1 2020 earnings lower due to increased provision expense related to expected increase in net credit losses and fair market value adjustment on quarter-end returned leased vehicle inventory
- For 2020, expect reduced profitability and lower return on average tangible common equity due to: (1) annual retail net charge-offs in the range of 2.0-2.5% and (2) used vehicle price decline consistent with industry forecasts of 7-10%

## Earnings Before Taxes and Dividends



## Return on Average Tangible Common Equity<sup>1</sup>

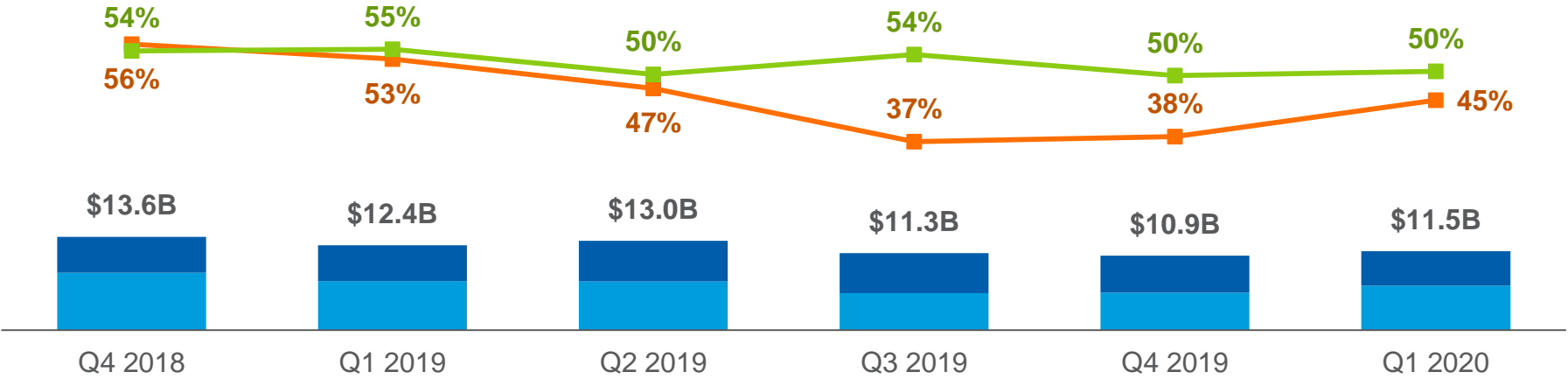


1. Defined as net income attributable to common shareholder for the trailing four quarters divided by average tangible common equity for the same period; see Appendix for reconciliation to the most directly comparable GAAP measure  
 2. Total shareholders' equity less goodwill

# Operating Metrics

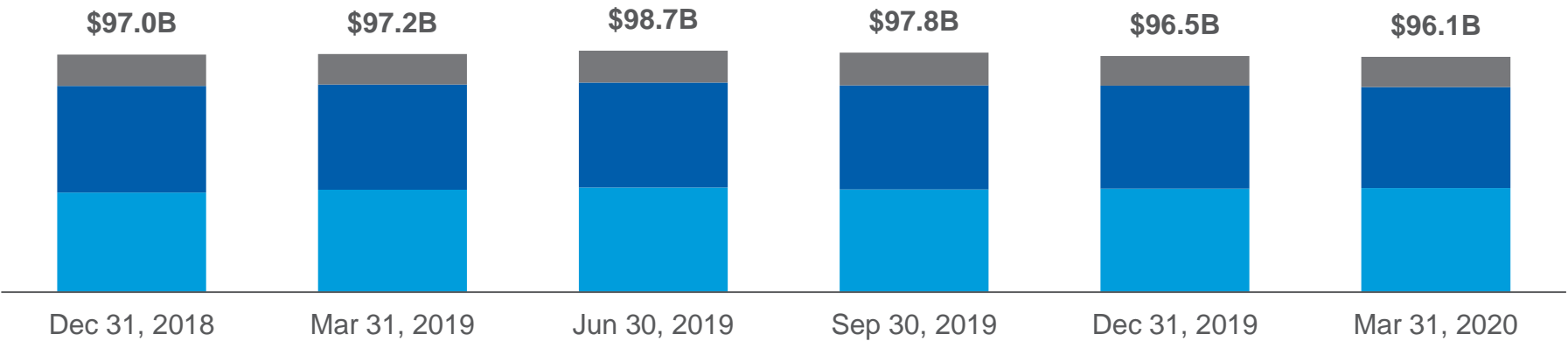
- Retail Lease
- Retail Loan
- GM Financial as % of GM U.S. Retail Sales
- GM Financial as % of GM Latin America Retail Sales

## Origination Volume



## Ending Earning Assets

- Commercial Loan
- Retail Lease
- Retail Loan

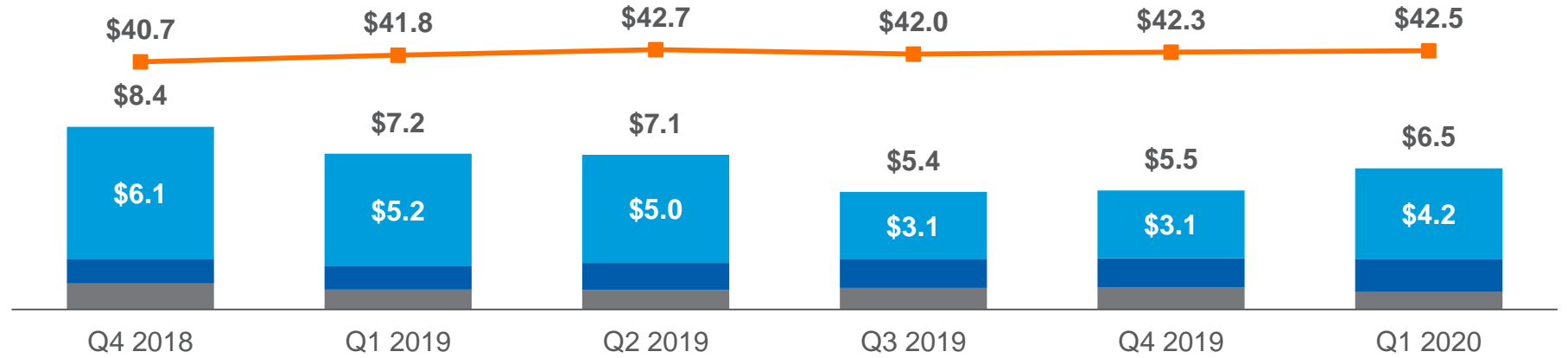




# Retail Loan

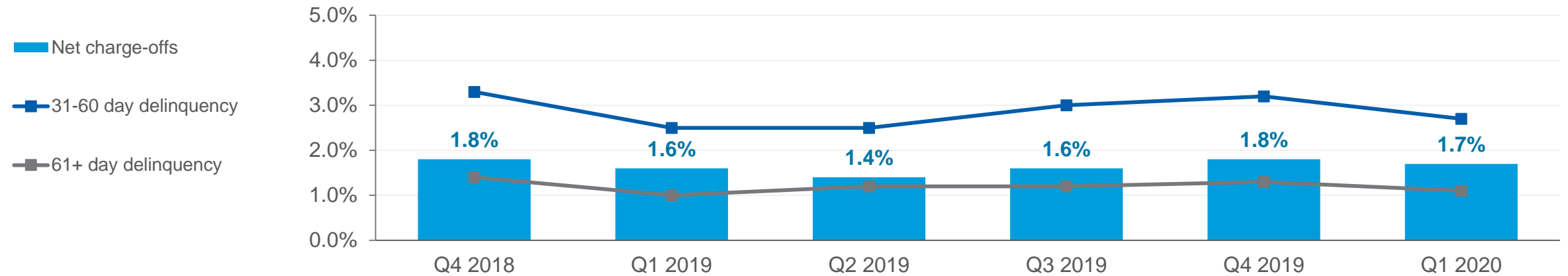
## Originations and Portfolio Balance (\$B)

- North America GM New
- North America Non GM New
- International
- Retail Finance Receivables at quarter-end



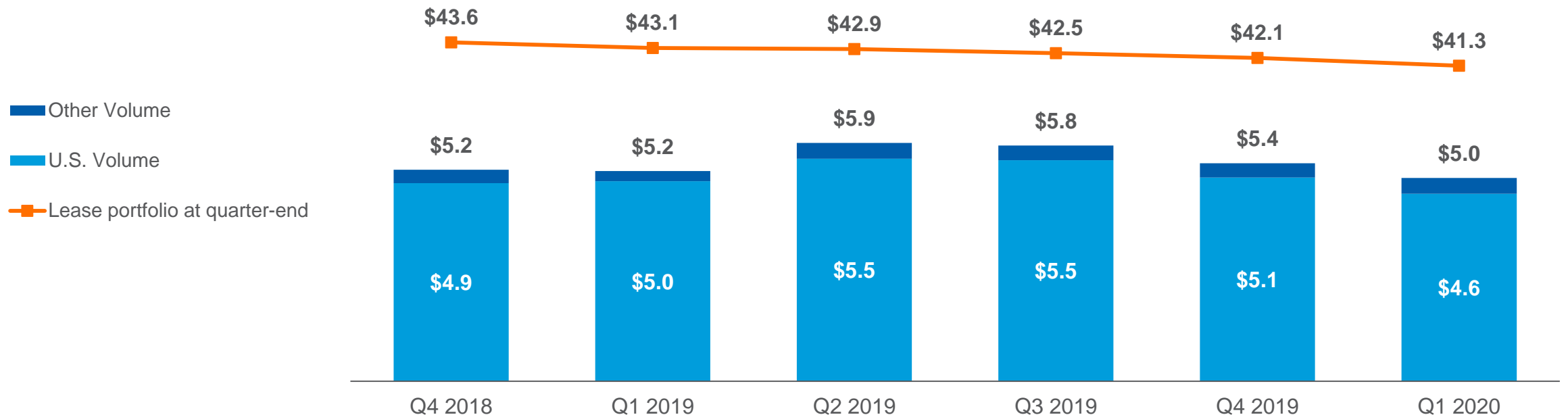
U.S. Weighted Avg. FICO Score	745	737	729	702	694	707
Outstanding Contracts (000s)	2,608	2,652	2,678	2,661	2,657	2,692

## Credit Performance



# Retail Lease

## Originations and Portfolio Balance (\$B)

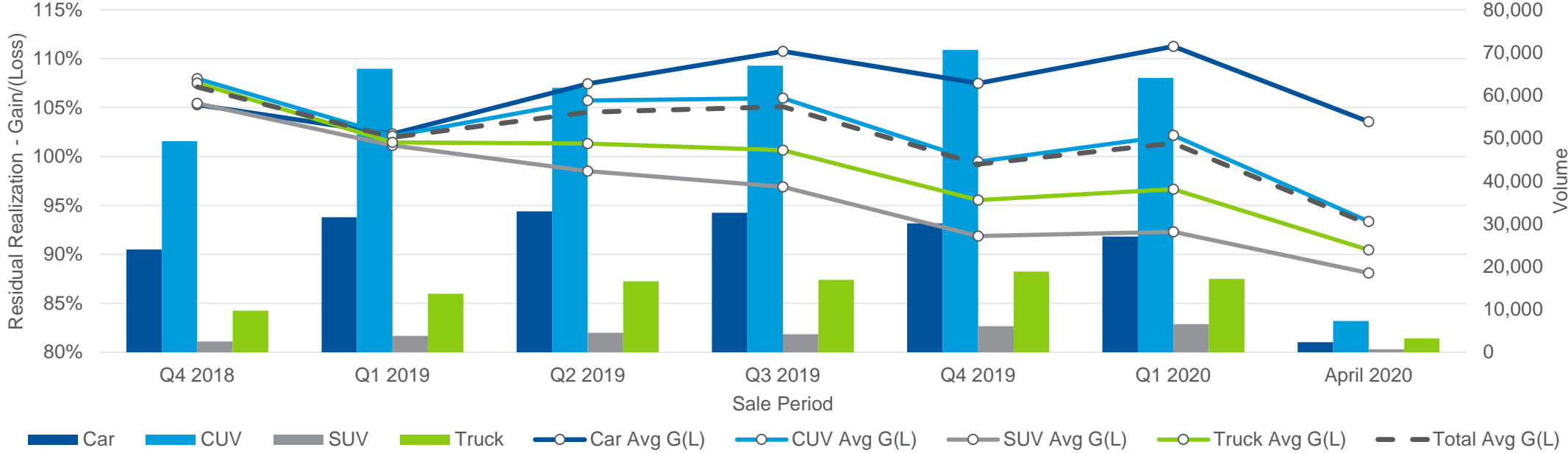


GM Type of U.S. Sale – Lease <sup>1</sup>	23%	26%	24%	23%	24%	23%
U.S. Weighted Avg. FICO Score	773	772	774	775	776	776
Total Return Rate	70%	75%	75%	72%	77%	76%
Outstanding Contracts (000s)	1,703	1,687	1,668	1,638	1,606	1,585

1. Lease as a percentage of GM U.S. retail sales mix (Source: J.D. Power and Associates' Power Information Network PIN)

# U.S. Residual Value

U.S. GMF Gross Proceeds vs. ALG Residuals at Origination<sup>1</sup>  
 Q4 2018 - April 2020 Sales  
 (Avg % Per Unit<sup>2</sup>)

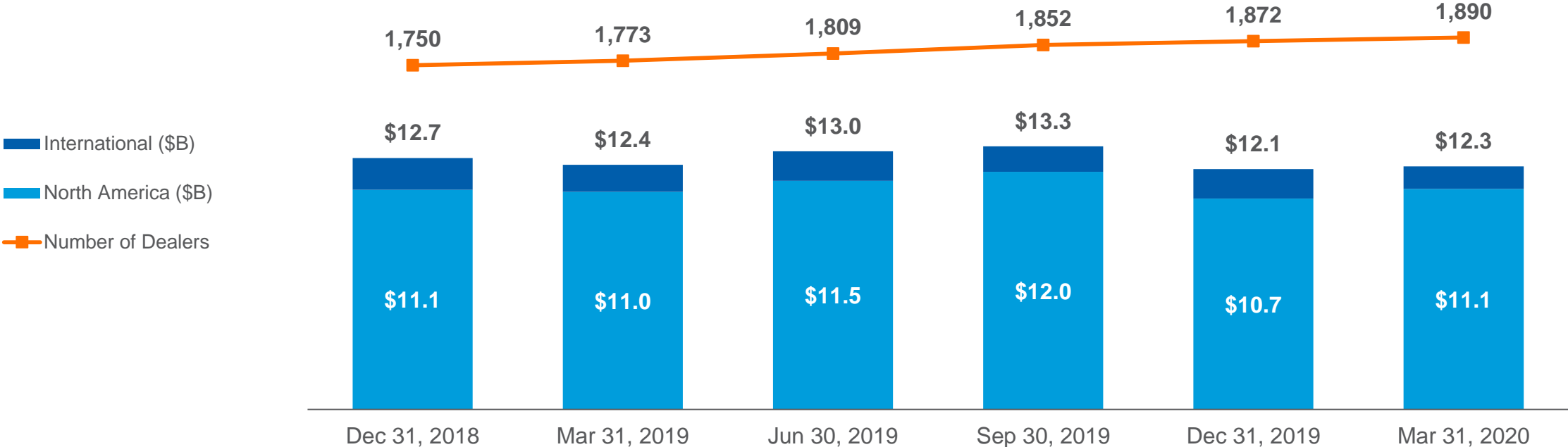


*COVID-19 disruption putting near-term pressure on used vehicle values; accelerating depreciation expense in 2020 consistent with industry forecasts of 7-10% decline in used vehicle prices year-over-year*

1. Based on average condition ALG residual with mileage modifications  
 2. Reflects average gain/(loss) per unit on vehicles returned to GM Financial and sold in the period

# Commercial Loan

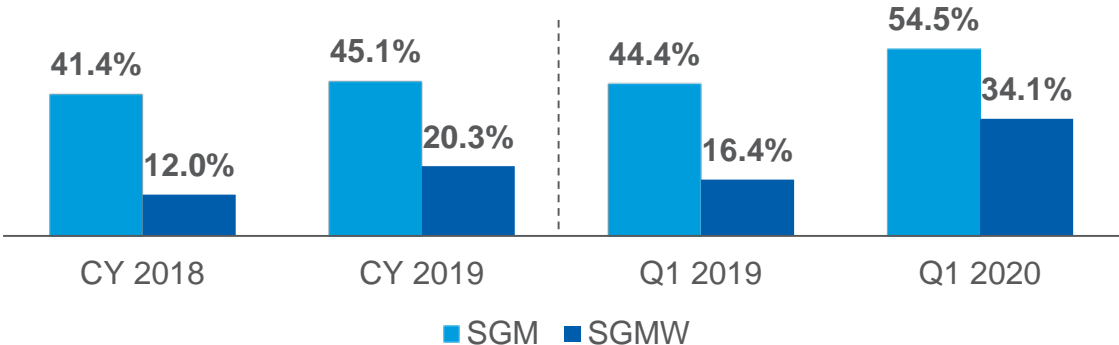
## Commercial Finance Receivables Portfolio



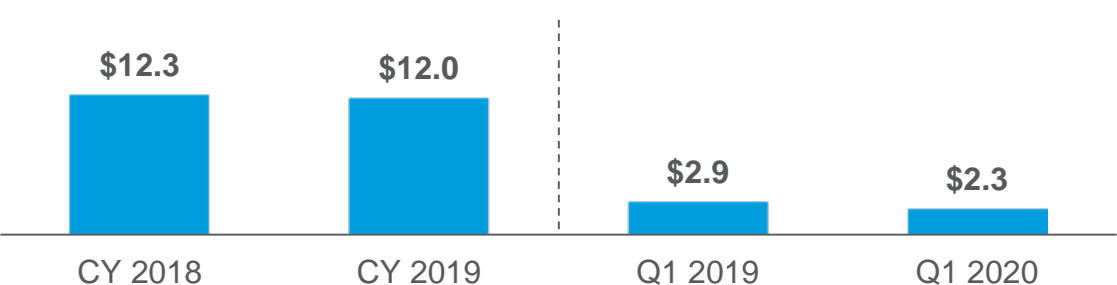
U.S. Wholesale Dealer Penetration	25.2%	26.0%	27.0%	28.1%	28.8%	29.4%
U.S. Floorplan Dealers	1,116	1,151	1,190	1,238	1,262	1,290

# China Joint Ventures

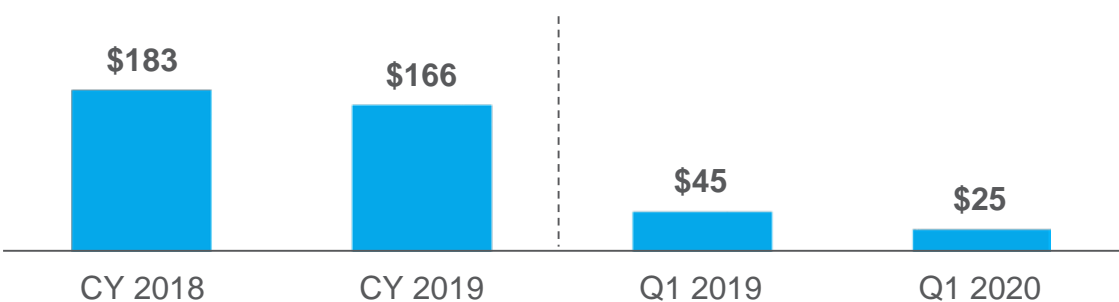
China JVs as % of Retail Sales



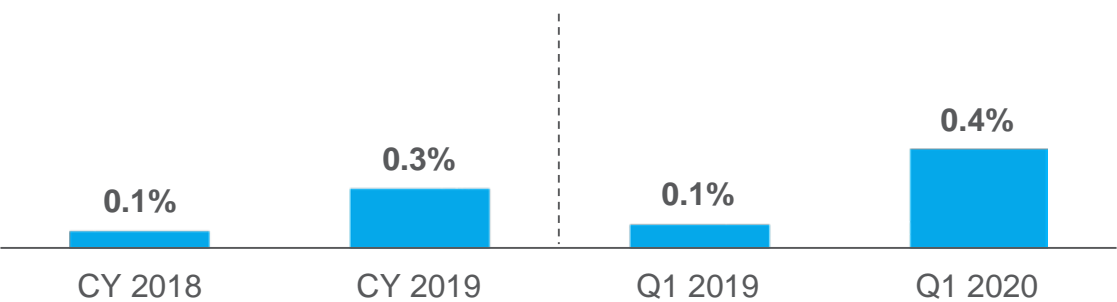
Retail Origination Volume (\$B)



Equity Income (\$M)



Net Charge-offs on Loans

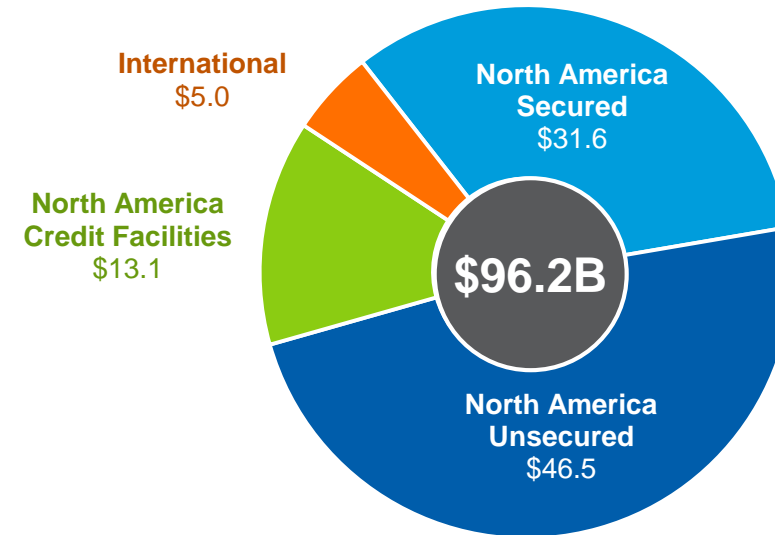


- General Motors’ China retail market share for Q1 2020 was 12.0%
- Joint venture earning assets of \$17.6B at March 31, 2020
- Equity income down due to impact of COVID-19 on origination volumes and credit performance

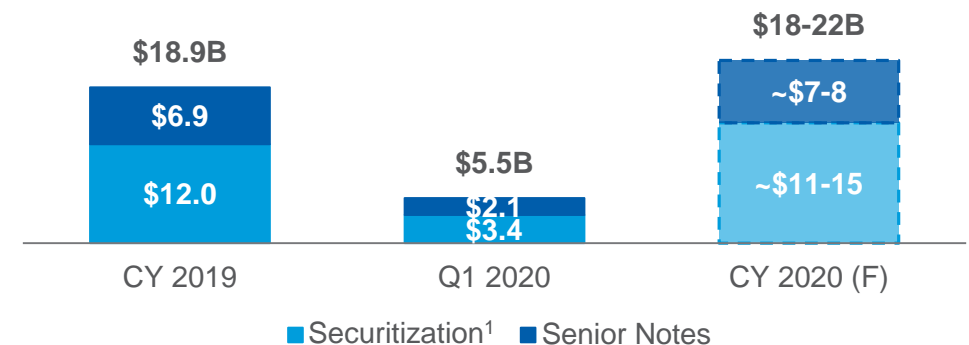
# Global Funding Platform

- Strategy to fund locally with flexibility to issue globally to support U.S. growth
- Target ~50% unsecured debt mix
  - 52% at March 31, 2020
- Global senior notes platform issuing across multiple currencies
  - Issued \$2.1B in the U.S. and Europe in Q1 2020
  - Issued \$2.0B in the U.S. and Canada in early May
- Five securitization platforms in North America, segregated by asset type and geography
  - Closed \$3.4B across U.S. prime loan, sub-prime loan and lease platforms in Q1 2020
  - Accessed ABS market in April with first prime auto loan issuance since early March
- Committed credit facilities of \$26.4B provided by 27 banks at March 31, 2020

Total Debt Outstanding  
March 31, 2020



Public Debt Issuances



1. Includes Rule 144a transactions



# Financial Support from GM

- **Support Agreement between GM and GM Financial solidifies GM Financial as core component of GM's business and strengthens ability to support GM's strategy**
- **Requires 100% voting ownership of GM Financial by GM as long as GM Financial has unsecured debt securities outstanding**
- **Augments GM Financial's liquidity position through \$1.0B junior subordinated unsecured credit line from GM, and exclusive access to \$2.0B, 364-day tranche of GM's Revolving Credit Facility**
- **Establishes leverage limits and provides capital support if needed**
  - Leverage limits (Net Earning Assets divided by Adjusted Equity; including any amount outstanding on the Junior Subordinated Revolving Credit Facility) above the thresholds triggers funding request from GM Financial to GM<sup>1</sup>

*Leverage limit of 11.5x at March 31, 2020; increases to 12.0x when Net Earning Assets exceed \$100B*

1. Measured at each calendar quarter

# Committed to Investment Grade

- GM targeting performance consistent with “A” ratings criteria
- GM Financial ratings aligned with GM’s rating; currently investment grade with all agencies
- Investment grade rating critical for captive strategy execution

Current Ratings	GM			GM Financial			
	Company Rating	Bond Rating	Outlook	Company Rating	Bond Rating	ST Rating	Outlook
DBRS Morningstar	BBB	N/A	Negative	BBB	BBB	R-2 (middle)	Negative
Fitch	BBB-	BBB-	Stable	BBB-	BBB-	F-3	Stable
Moody’s	I.G.	Baa3	Negative	Baa3	Baa3	P-3	Negative
Standard and Poor’s	BBB	BBB	Watch Negative	BBB	BBB	A-2	Watch Negative

# General Motors Sustainability

- GM committed to enterprise-wide integration of ESG principles
- Vision: Zero Crashes, Zero Emissions, Zero Congestion

- ✓ Committed to all-electric future
- ✓ GM global operations powered with 100% renewable energy by 2040, with U.S. at 100% by 2030; GM Financial committed to sourcing all locations by 2030
- ✓ 137 landfill-free facilities globally, more than any other automaker; GM Financial committed to be landfill-free by end of 2020
- ✓ Met 20% carbon intensity reduction commitment three years early – established a new goal to reduce GHG emissions 31% by 2030; GM Financial targeting 35% reduction by 2025

## Environment



- ✓ One of the highest ranked companies globally by Equileap for workplace gender equality
- ✓ Workplace Safety culture driving continuous improvement at all GM sites; zero fatalities in 2018 & 2019 and 30% reduction in total recordable injuries over past two years
- ✓ IHS Automotive Loyalty Award for highest customer loyalty; GM Financial industry-leading customer loyalty
- ✓ 100+ STEM education initiatives globally

## Social



- ✓ Independent and diverse Board with mix of skill expertise and low average tenure
- ✓ Integrity code applies to Board, employees and suppliers
- ✓ Short-term Incentive Plan links compensation to sustainability measures
- ✓ Committed to gender equity in both representation and pay
- ✓ Signatory to the United Nations Global Compact

## Governance



### GM SUSTAINABILITY REPORT

For more information, visit [www.gmsustainability.com](http://www.gmsustainability.com)



TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES



MEMBER OF  
**Dow Jones Sustainability Indices**  
In Collaboration with RobecoSAM



# Key Strengths

## Strategic Interdependence with GM

- General Motors' global captive finance company covering ~90% of worldwide sales
- Comprehensive suite of product offerings for consumers and dealer customers
- Collaborative go-to-market strategies with GM
- Customer experience strategy focused on leading manufacturer loyalty and customer retention levels

## Solid Global Funding Platform

- Enterprise commitment to investment grade rating
- Diversified funding platform supported by long-standing bank partnerships; committed credit facilities from 27 banks
- Well-established ABS and unsecured debt issuance programs

## Strong Balance Sheet and Financial Performance

- Appropriate liquidity and strong balance sheet provide support across economic cycles
- Excess capital to sustain negative earnings of ~\$2.0B without exceeding Support Agreement leverage ratio limit
- Long-term profitability and dividend support in steady state

## Experienced and Seasoned Management Team

- Leadership team experienced at managing through economic cycles
- Average of 20+ years in the automotive finance industry

# Appendix

## GM Financial Return on Average Common Equity

	Four Quarters Ended			
	Dec 31, 2018	Dec 31, 2019	Mar 31, 2019	Mar 31, 2020
Net income attributable to common shareholder	\$1,504	\$1,477	\$1,397	\$1,373
Average equity	11,049	12,270	11,395	12,267
Less: average preferred equity	(1,136)	(1,477)	(1,250)	(1,477)
Average common equity	9,913	10,793	10,145	10,790
Less: average goodwill	(1,192)	(1,186)	(1,189)	(1,183)
Average tangible common equity	\$8,721	\$9,607	\$8,956	\$9,607
Return on average common equity	15.2%	13.7%	13.8%	12.7%
Return on average tangible common equity <sup>1</sup>	17.2%	15.4%	15.6%	14.3%

1. Defined as net income attributable to common shareholder for the trailing four quarters divided by average tangible common equity for the same period





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2020 Cadillac CT5 Premium Luxury