



# Strategic and Operational Overview

August 4, 2021



*2022 GMC HUMMER EV*

## 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, 2020 and our subsequent quarterly reports on Form 10-Q. 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 lease inception and the residual value performance on vehicles we lease; interest rate fluctuations and certain related derivatives exposure; our joint ventures in China, 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 law, whether as a result of new information, future events or otherwise.

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# Deliver Strategic and Financial Value to General Motors

## Captive Value Proposition



Drive Global Vehicle Sales



Enhance Customer Experience and Loyalty



Provide Support Across Economic Cycles



Contribute to Enterprise Profitability

Operations cover ~90% of GM's worldwide sales

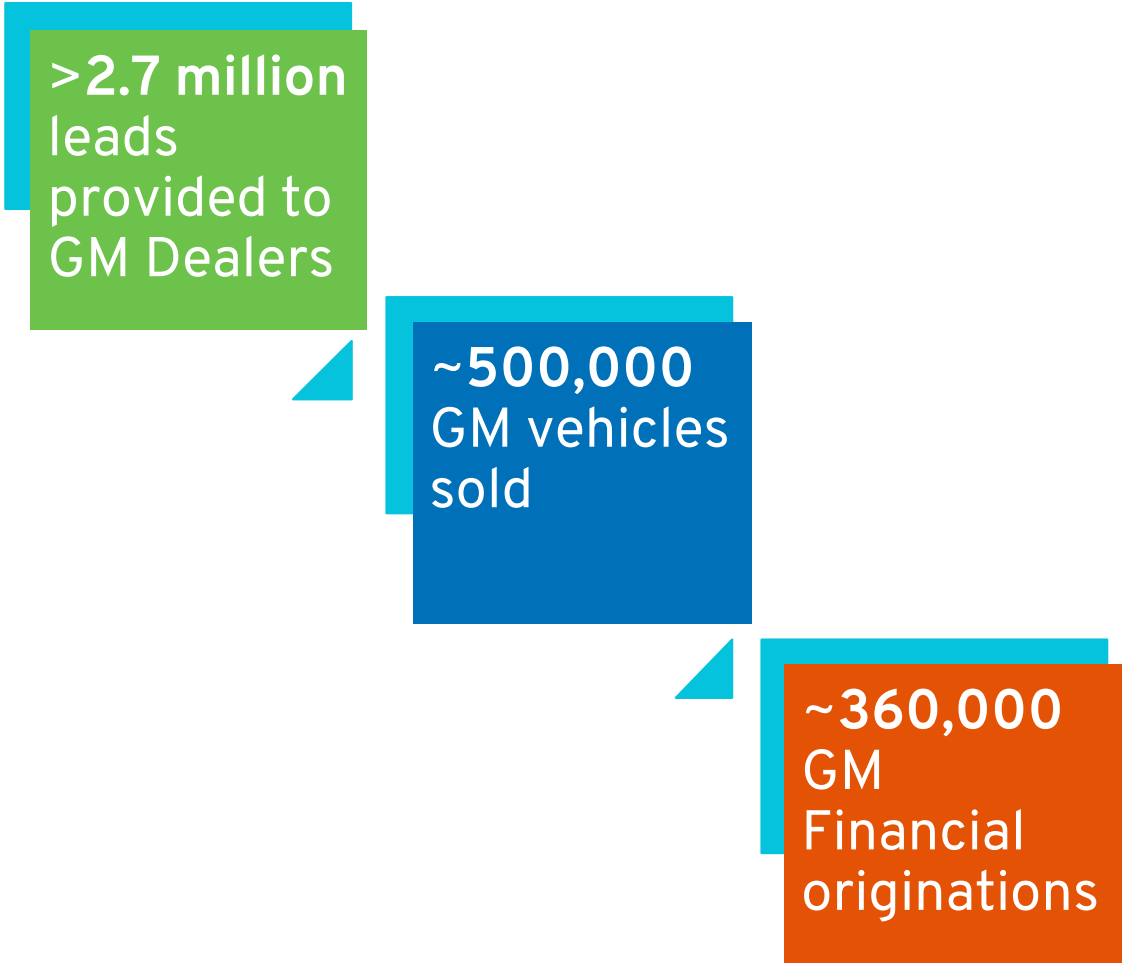
7 million retail contracts outstanding

Offering auto finance products to 15,000 dealers worldwide

Earning assets of \$102.7B

# Drive Vehicle Sales

- Offer competitive, comprehensive suite of finance products and services to customers and dealers
- Support GM’s go-to-market strategies
  - U.S. retail penetration of 43% in Q2 2021; targeting sustainable U.S. retail penetration of 45-50%
  - GM Financial leading floorplan provider to GM dealers with 36% market share in the U.S.
- Enhance dealer sales through lead generation programs and underwriting depth
- Participate in enterprise strategic initiatives, including financing electric vehicles and autonomous fleets

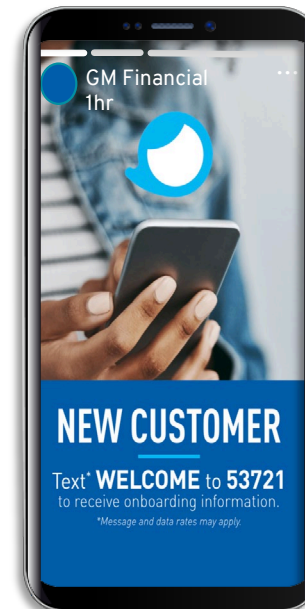


# Enhance Customer Experience and Loyalty

- Strong loyalty supports sales and earnings for GM
- Integrated GM/GM Financial customer relationship management activities
- Customer-centric, multi-channel servicing approach leads to higher customer satisfaction
  - Leveraging AI-powered technology with target of 50% of consumer messages being addressed by Nanci (chatbot)
- Personalized end-of-lease term experience designed to inform customer and increase likelihood of purchasing another GM vehicle



**For the fifth consecutive year, GM Financial is #1 in manufacturer loyalty**



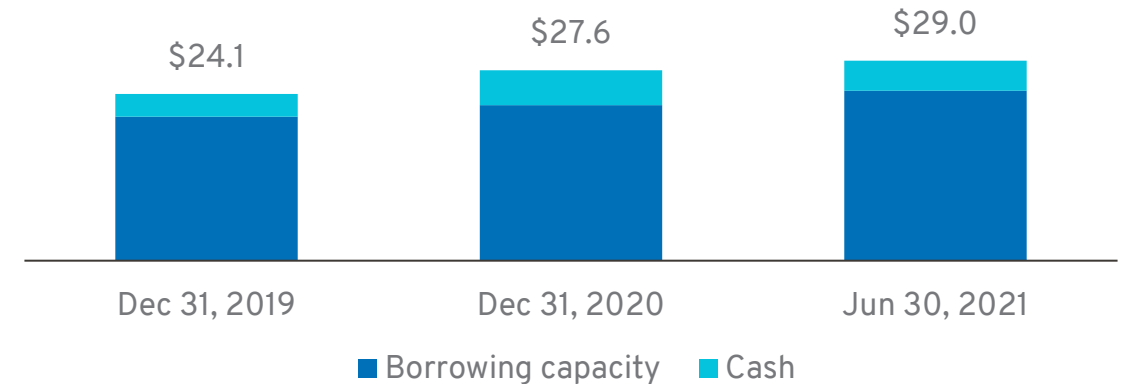
Congratulations on your new vehicle, and welcome to GM Financial! I'm Nanci, your virtual assistant, and I'm here to help 24/7.

Let's get your account set up for quick, easy online payments, access to your statements anytime, important notifications by email or text message, and much more.

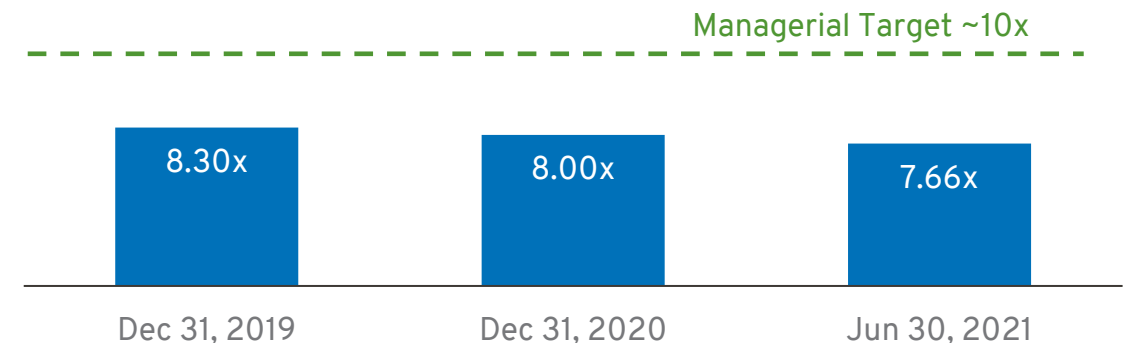
# Provide Support Across Economic Cycles

- Liquidity in excess of target to support at least six months of cash needs without access to capital markets
- Leverage ratio managed within target of ~10x
- Commitment to investment grade rating; diversified funding plan with unsecured debt mix of at least 50%
- Sufficient capital and liquidity to support earning asset growth and navigate economic cycles
  - Excess capital of \$4.8B before exceeding Support Agreement leverage ratio limit of 12.0x

Available Liquidity (\$B)



Leverage Ratio<sup>1</sup>

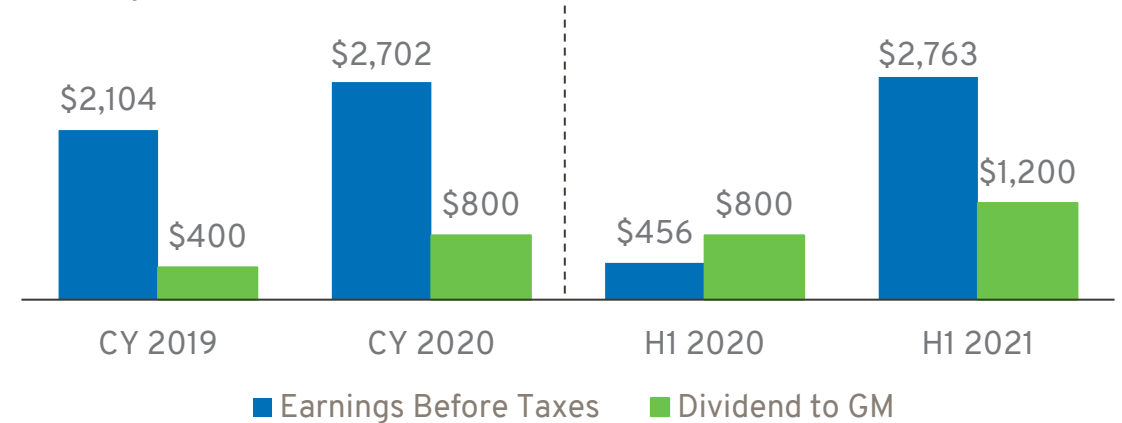


1. Calculated consistent with GM/GM Financial Support Agreement, filed with the Securities and Exchange Commission as an exhibit to our Current Report on Form 8-K dated April 18, 2018

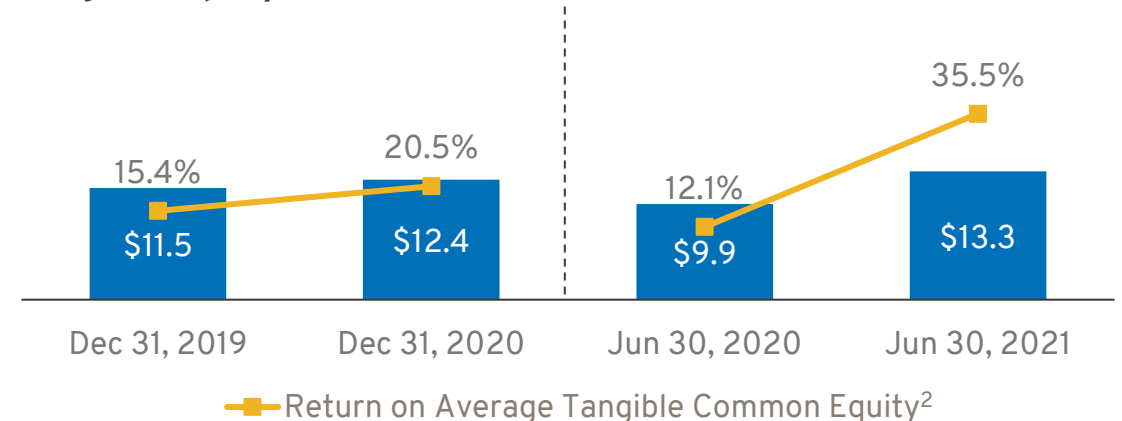
# Contribute to Enterprise Profitability

- Record H1 2021 earnings driven by high used vehicle prices and strong credit performance
  - CY 2021 earnings expected to be in the low four billion dollar range; normalized earnings target of \$2.5-3.0B annually
- Paid \$600M dividend to GM in Q2 2021
  - Timing and size of dividend governed by business and economic conditions, our financial condition, earnings, liquidity requirements, and managerial leverage target ensuring capital to support balance sheet growth
- Standalone return on average tangible common equity above target range due to record earnings
  - Normalized target of low to mid-teens

Earnings Before Taxes & Dividends (\$M)



Tangible Equity (\$B)<sup>1</sup>

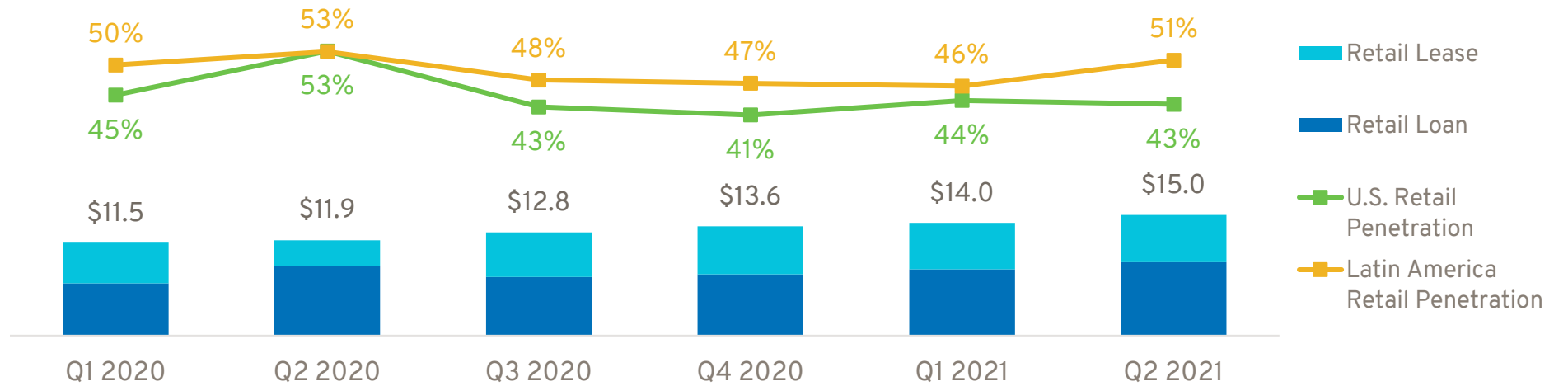


1. Total shareholders' equity less goodwill

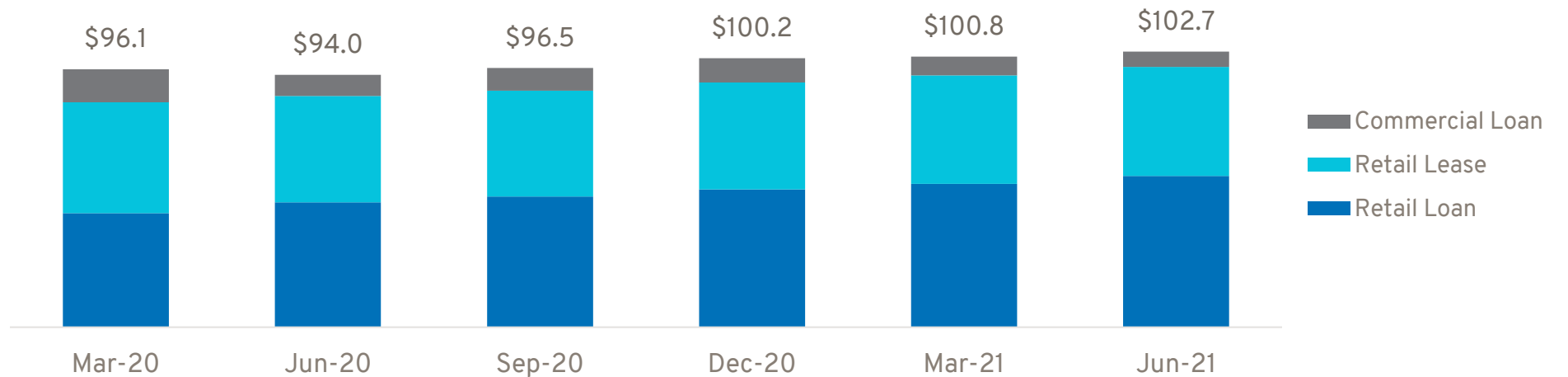
2. Defined as net income attributable to common shareholder for the trailing four quarters divided by average tangible common equity for the same period; see Appendix for reconciliation to the most directly comparable GAAP measure

# Operating Metrics

## Origination Volume (\$B)



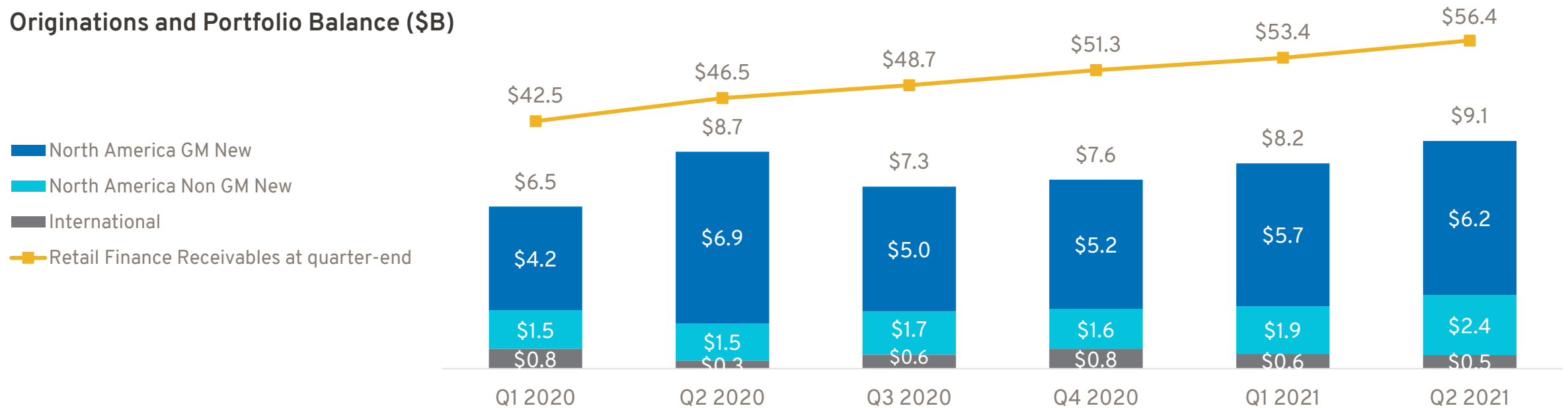
## Ending Earning Assets (\$B)





# Retail Loan

## Originations and Portfolio Balance (\$B)



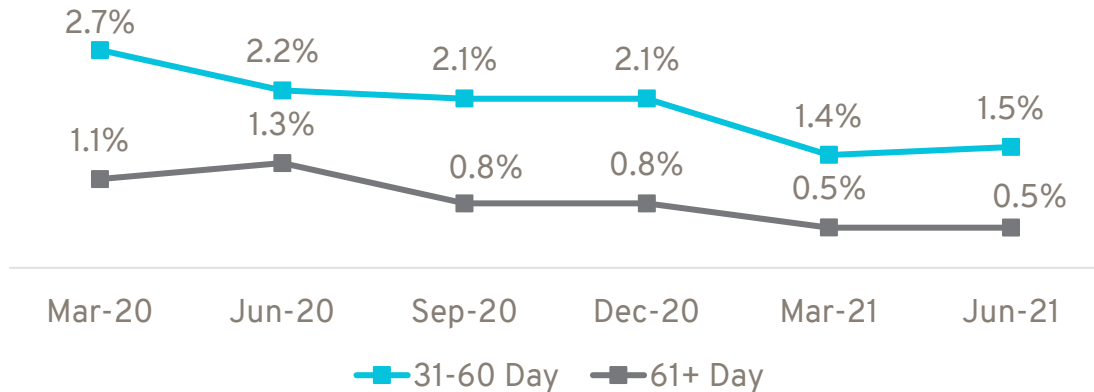
U.S. Retail Loan Share <sup>1</sup>	36.3%	51.8%	34.2%	35.3%	38.3%	37.3%
U.S. Weighted Avg. FICO Score at Origination	707	748	728	726	724	721
Prime share of portfolio (680+)	60.1%	63.2%	64.4%	64.0%	64.8%	65.6%

- North America originations increased QoQ and YoY in Q2 2021 primarily due to strong GM sales and increased used vehicle volume at GM dealers
- Prime credit tier composition of portfolio increased to 66%

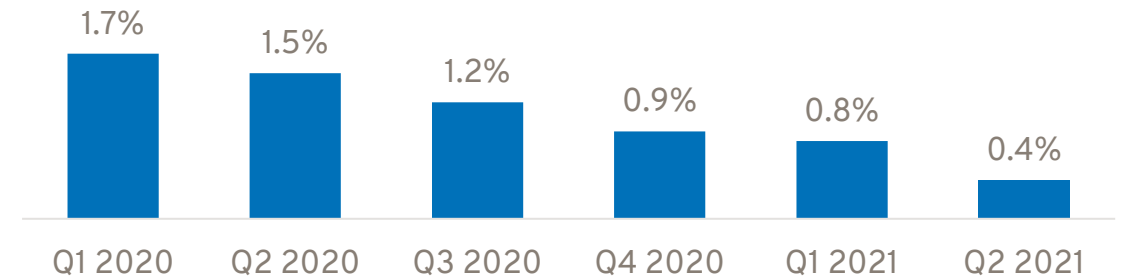
1. Source: J.D. Power and Associates' Power Information Network

# Retail Loan Credit Performance

## Delinquency Rates



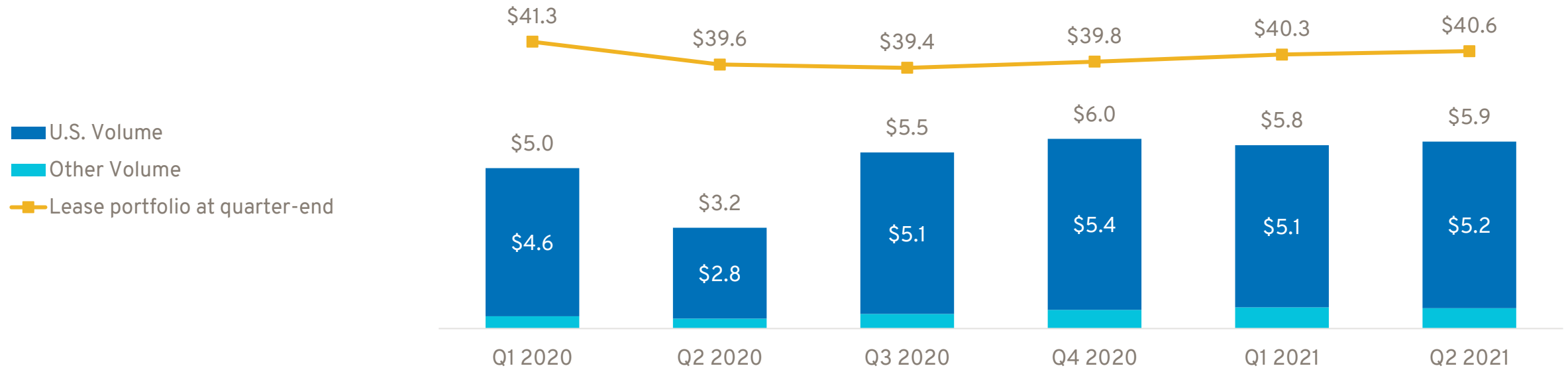
## Annualized Net Charge-offs



- Delinquency rates lower YoY due to higher payment rates across all FICO tiers
- Record low annualized net charge-offs in Q2 2021 due to:
  - Impact of government support programs
  - Changes in consumer spending behavior
  - Continued improvement in credit mix
  - Higher recovery rates from strong used vehicle prices
- Expect credit metrics to increase from current levels as macroeconomic factors start to normalize; longer term, retail net charge-offs forecasted to be below pre-pandemic levels due to improved credit mix

# Retail Lease

## Originations and Portfolio Balance (\$B)



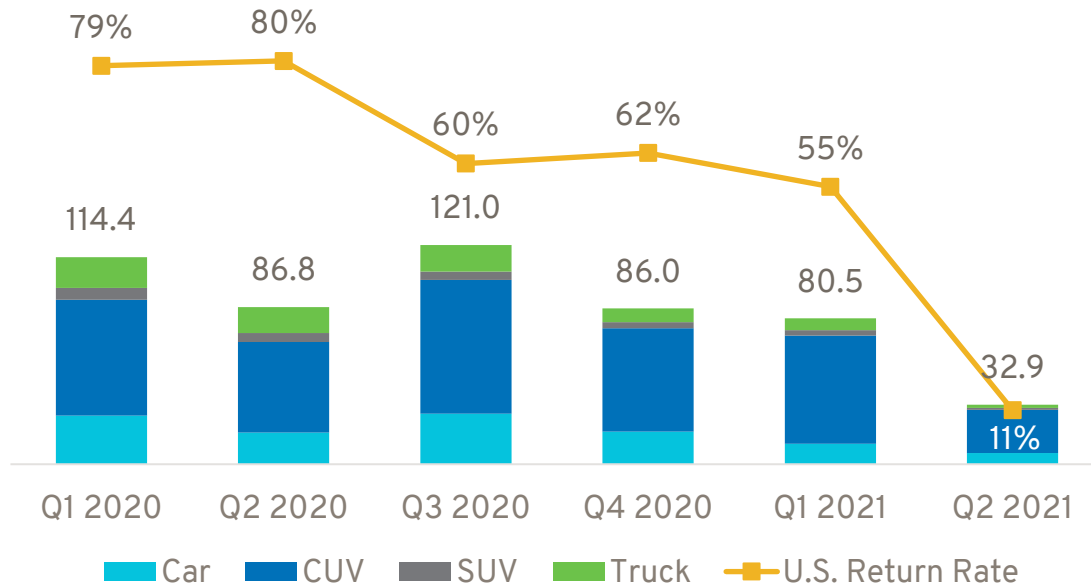
GM Type of U.S. Sale - Lease <sup>1</sup>	23%	18%	21%	21%	20%	19%
U.S. Weighted Avg. FICO Score at Origination	776	778	778	778	776	775

- U.S. lease originations grew YoY driven by higher GM sales, lease sales mix, and average transaction prices

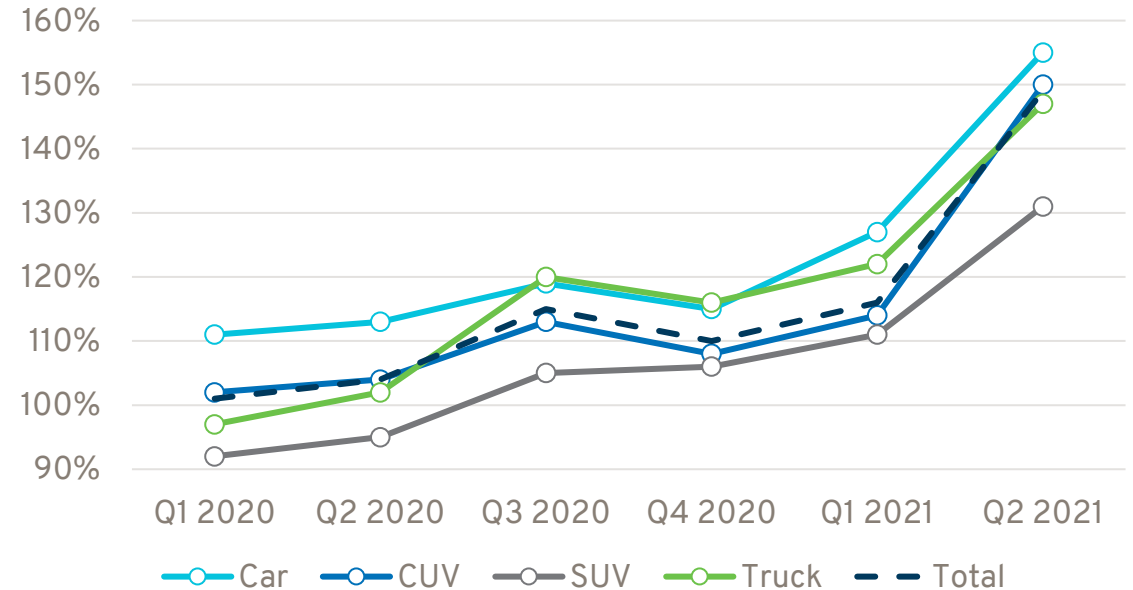
1. Lease as a percentage of GM U.S. retail sales mix (Source: J.D. Power and Associates' Power Information Network)

# GM Financial Used Vehicle Trends

U.S. Off-Lease Sales Volume (units, 000)



U.S. GMF Gross Proceeds vs. ALG Residuals at Origination<sup>1</sup>  
(Avg % per Unit<sup>2</sup>)

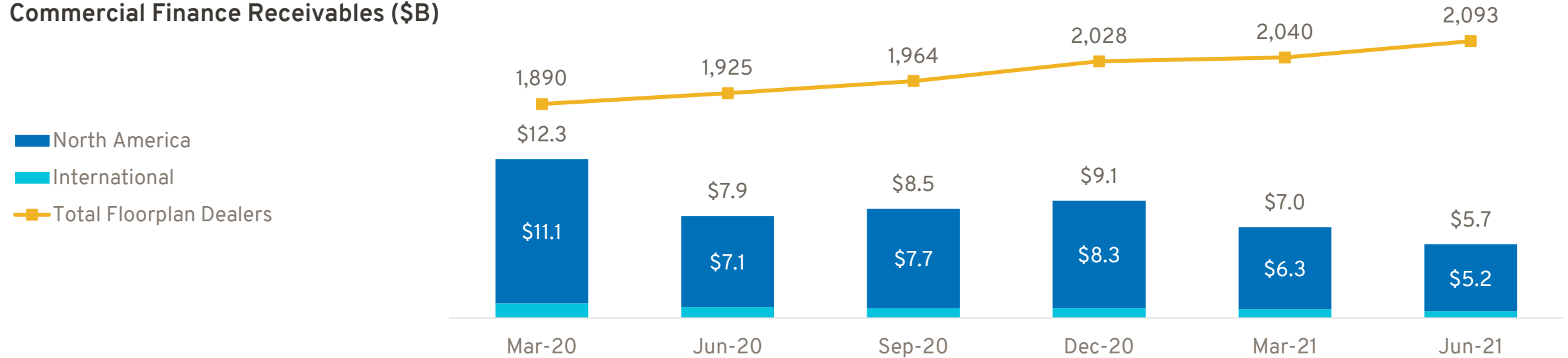


- Used vehicle prices remained strong in Q2 due to low new vehicle inventory and strong consumer demand
- GMF off-lease sales volume and return rate at historic lows
  - Majority of GMF off-lease vehicles in the quarter purchased at contract residual value which was generally lower than current wholesale prices
- Expect prices to be higher YoY in 2021 given sustained low new vehicle inventory with reduced incentive levels and economic recovery driving strong demand for new and used vehicles

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

# Commercial Loan

## Commercial Finance Receivables (\$B)

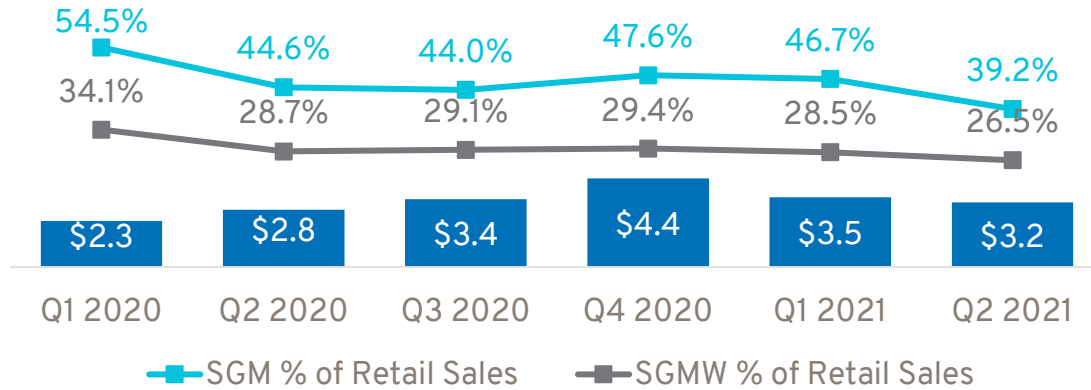


U.S. Wholesale Dealer Penetration	29.4%	30.3%	31.4%	32.9%	33.9%	35.9%
U.S. Floorplan Dealers	1,290	1,330	1,378	1,434	1,480	1,558

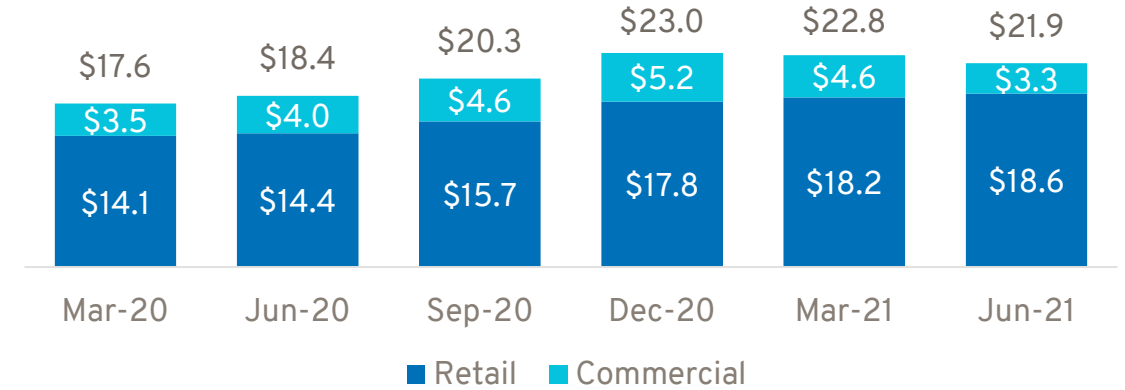
- Leading provider of floorplan financing for U.S. GM dealers with 36% market share
- Outstanding receivables down from year-end due to low dealer new vehicle inventory driven by global semiconductor supply shortage and strong retail sales
- Dealer financial and operating metrics improving due to increased auto sales and higher margins

# China Joint Ventures

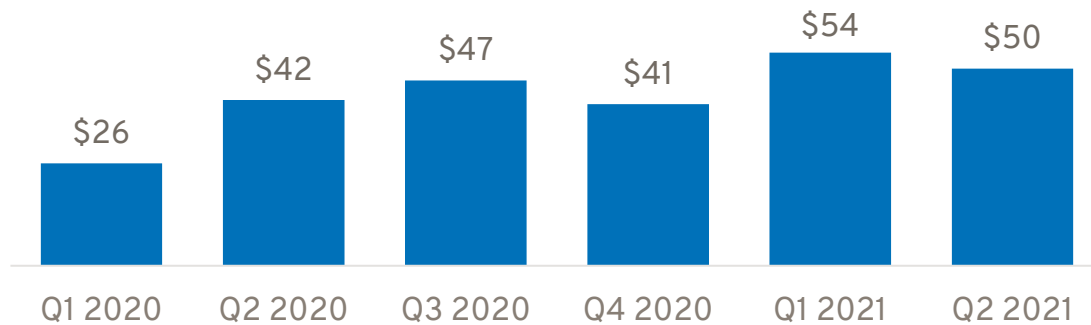
### Originations (\$B)



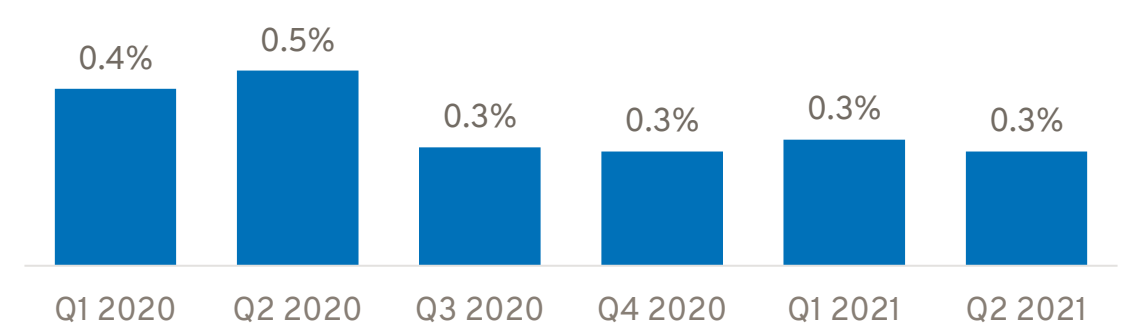
### Ending Earning Assets (\$B)



### Equity Income (\$M)



### Annualized Retail Net Charge-offs

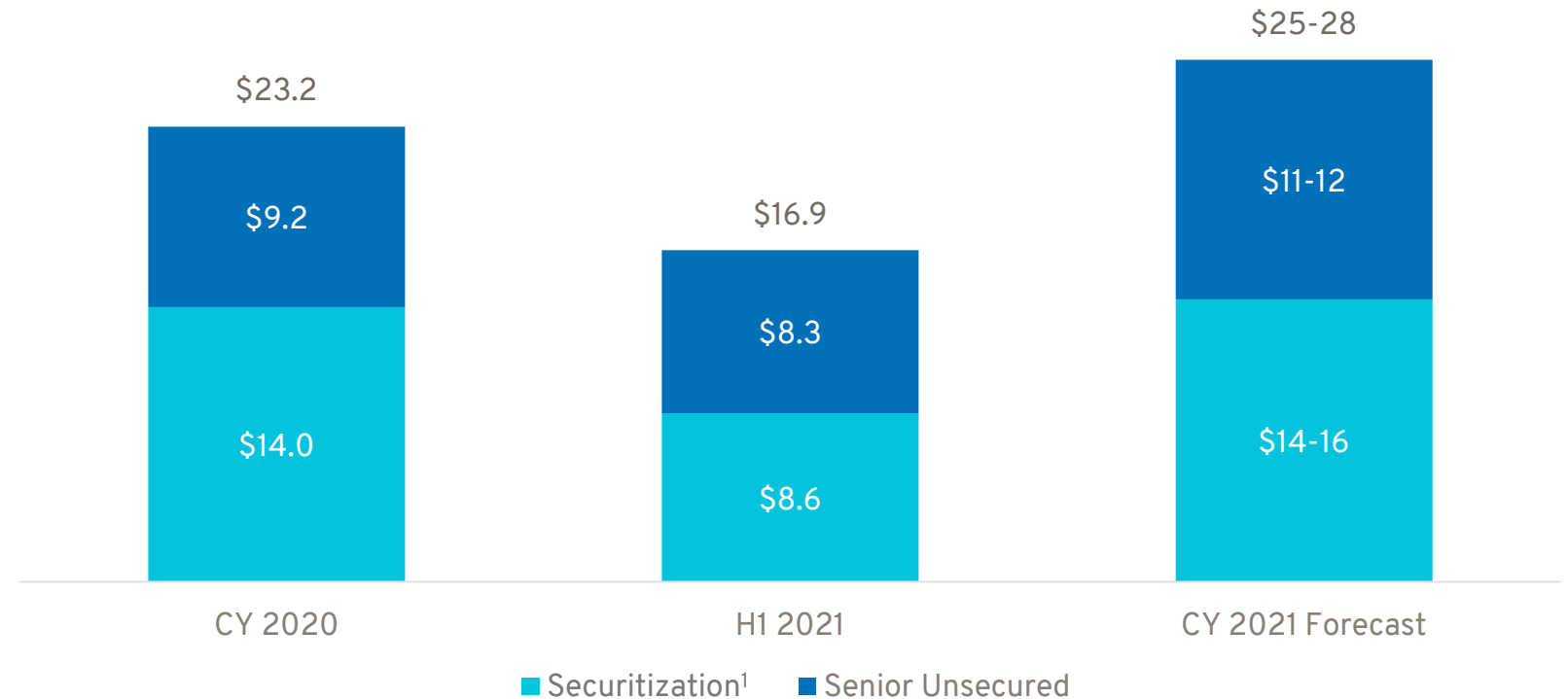


- Retail penetration impacted by higher cash sales and increased bank offerings in the market
- Commercial asset decrease driven by semiconductor chip shortage impact on wholesale deliveries

# Global Funding Platform

- Committed credit facilities of \$27.2B provided by 26 banks
- Unsecured debt mix 58% at June 30, 2021, above 50% target
- Issued \$9.8B through public and private debt securities in Q2
  - Raised \$5.2B in public and private securitization funding
  - Issued \$4.6B in unsecured debt
- Subsequent to quarter-end, issued \$1.5B in public secured and unsecured debt

## Public Debt Issuances (\$B)



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 threshold triggers funding request from GM Financial to GM<sup>1</sup>

Leverage limit of 12.0x at June 30, 2021; Net Earning Assets exceed \$100B



# 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	Positive	BBB	BBB	R-2 (middle)	Positive
Fitch	BBB-	BBB-	Stable	BBB-	BBB-	F-3	Stable
Moody’s	I.G.	Baa3	Stable	Baa3	Baa3	P-3	Stable
Standard and Poor’s	BBB	BBB	Negative	BBB	BBB	A-2	Negative

# 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 dealers
- Collaborative go-to-market strategies with GM
- Customer experience strategy focused on manufacturer loyalty and customer retention

## Solid Global Funding Platform

- Enterprise commitment to investment grade rating
- Diversified funding platform supported by long-standing bank partnerships
- Well-established ABS and unsecured debt issuance programs

## Strong Balance Sheet and Financial Performance

- Ample liquidity and strong balance sheet provide support across economic cycles
- Substantial excess capital before exceeding Support Agreement leverage ratio limit
- Strong track record of profitability and return on average tangible common equity

## Experienced and Seasoned Management Team

- Leadership team experienced at managing through economic cycles
- Prudent credit and residual value management
- Average of 20+ years in the automotive finance industry

# General Motors Sustainability

Our business future is deeply rooted in our ESG values

## Environmental

- Plan to be carbon neutral in our global products and operations by 2040
- Our emission reduction targets approved by the Science Based Targets Initiative (SBTi) are aligned with the Paris Agreement
- Aspire to eliminate tailpipe emissions for new light-duty vehicles by 2035
- Goal to source 100% of power from renewable sources by 2035, and by 2030 in the U.S.
- Committed to reduce operational water intensity by 35% by 2035 against a 2010 baseline

## Social

- Ambition to be the world's most inclusive company – committed to use the power of our voice to advocate internally and externally for a future with equity and inclusion for all
- Publicly released our federal equal employment opportunity report starting in 2021
- Recently created a new Climate Equity Fund, dedicated to helping close equity gaps in the transition to electric vehicles and other sustainable technology

## Governance

- Diverse and independent Board – 12 directors of which 7 are women and 11 are independent
- ESG performance factored as part of each named executive officer's strategic goals, which impacts the executive's short-term incentive compensation
- Supported and continued to support public policies that drive the achievement of our long-term sustainable growth

For more information on our progress, initiatives and commitments as we transform our industry, see our 2020 Sustainability Report:

<https://www.gmsustainability.com/>

# Appendix

## Return on Average Common Equity

	Four quarters ended			
	Dec 31, 2019	Dec 31, 2020	Jun 30, 2020	Jun 30, 2021
Net income attributable to common shareholder	\$1,477	\$1,911	\$1,143	\$3,615
Average equity	12,270	12,120	12,078	13,197
Less: average preferred equity	(1,477)	(1,628)	(1,477)	(1,855)
Average common equity	10,793	10,492	10,601	11,342
Less: average goodwill	(1,186)	(1,172)	(1,179)	(1,170)
Average tangible common equity	\$9,607	\$9,320	\$9,422	\$10,172
Return on average common equity	13.7%	18.2%	10.8%	31.9%
Return on average tangible common equity <sup>1</sup>	15.4%	20.5%	12.1%	35.5%

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



CADILLAC LYRIQ



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