



GM

GM FINANCIAL

# Strategic and Operational Overview

March 24, 2020

*2020 Cadillac XT6 Premium Luxury*

# Safe Harbor Statement

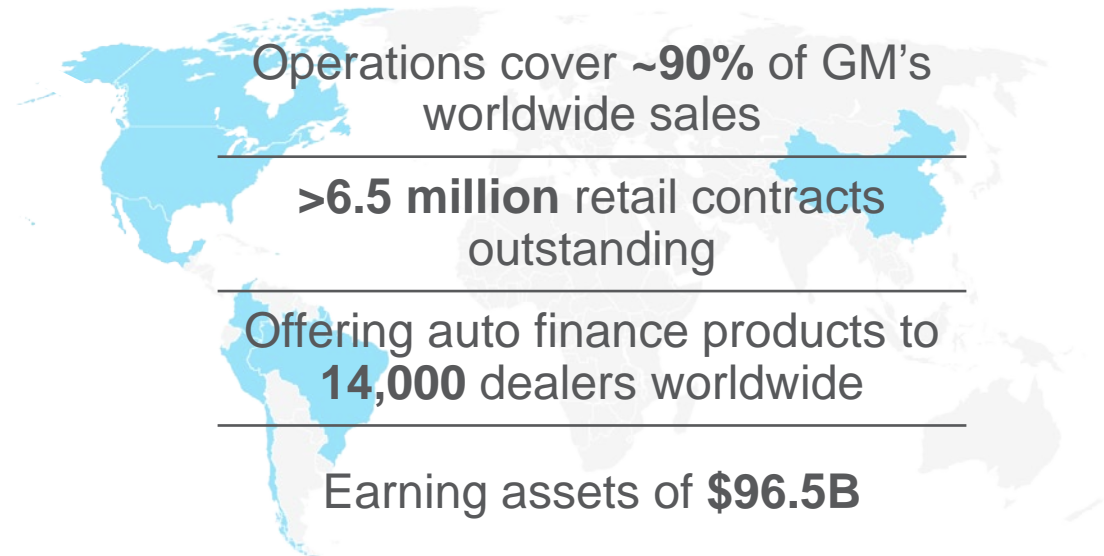
This presentation contains several “forward-looking statements.” Forward-looking statements are those that use words such as “believe,” “expect,” “intend,” “plan,” “may,” “likely,” “should,” “estimate,” “continue,” “future” or “anticipate” and other comparable expressions. These words indicate future 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 - 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 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, public health crises, including the occurrence of a contagious disease or illness, such as the novel coronavirus and other risks applicable to our operations; 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.

Unless otherwise noted, prior period information excludes Discontinued Operations and reflects results for North America and our continuing International Operations.

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# GM Financial Company Overview

Focused on delivering strategic and financial value to General Motors



## Captive Value Proposition



Drive Vehicle Sales



Enhance Customer Experience and Loyalty



Provide Support Across Economic Cycles



Contribute to Enterprise Profitability

# Drive Vehicle Sales

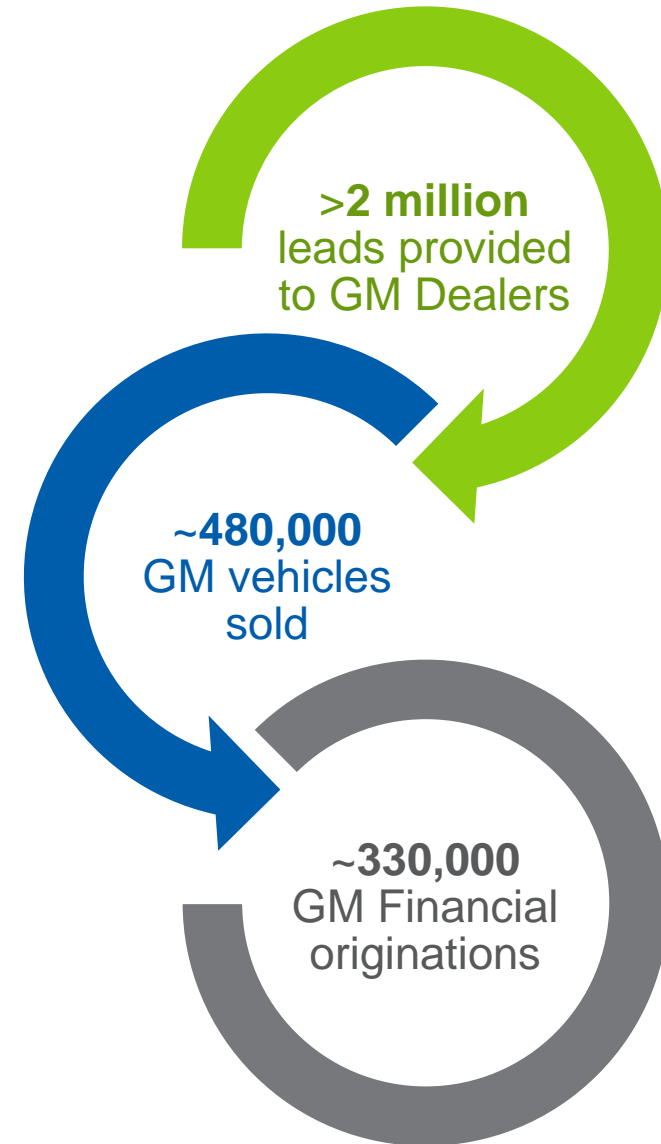


Offer competitive, comprehensive suite of finance products and services to customers and dealers

Support GM's go-to-market strategies

Enhance dealer sales through lead generation programs and underwriting depth

Participate in mobility initiatives; leasing electric vehicles and financing shared and autonomous fleets



# Enhance Customer Experience and Loyalty



Strong loyalty supports sales and earnings for GM

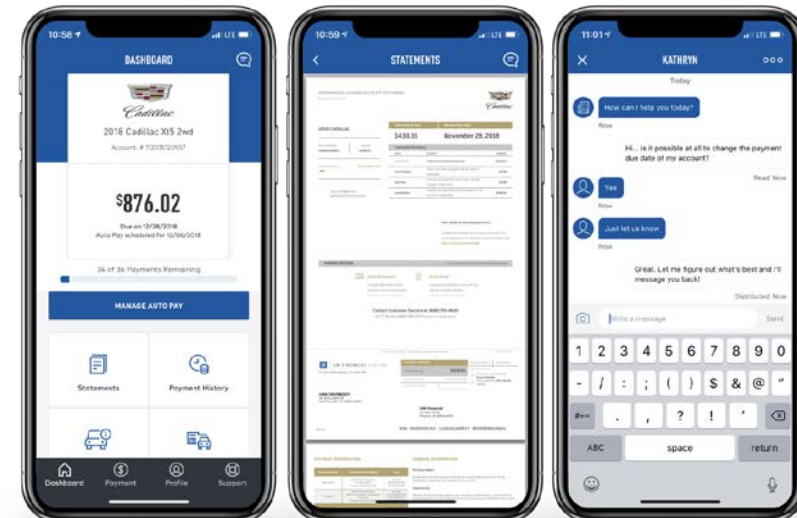
Integrated GM/GM Financial customer relationship management activities

Customer-centric, multi-channel servicing approach leads to high customer satisfaction

Personalized end-of-lease term experience designed to inform customer and increase likelihood of purchasing another GM vehicle



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



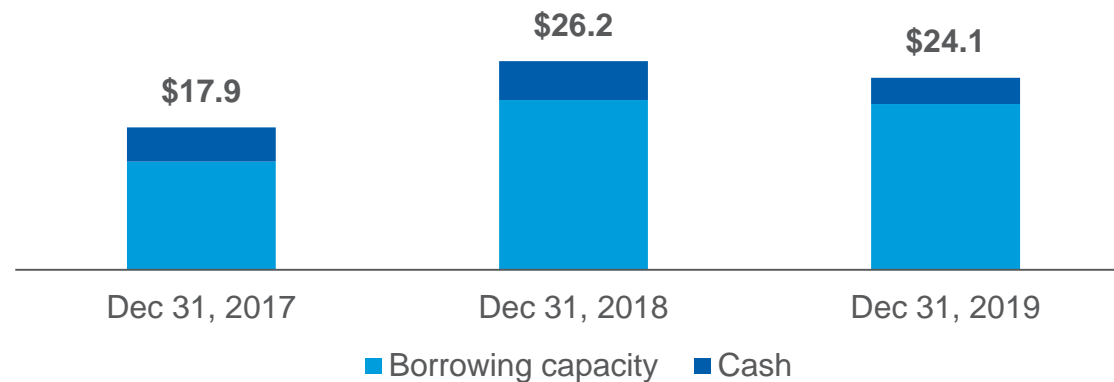
Maintain strong liquidity position

Manage leverage ratio within target of ~10x

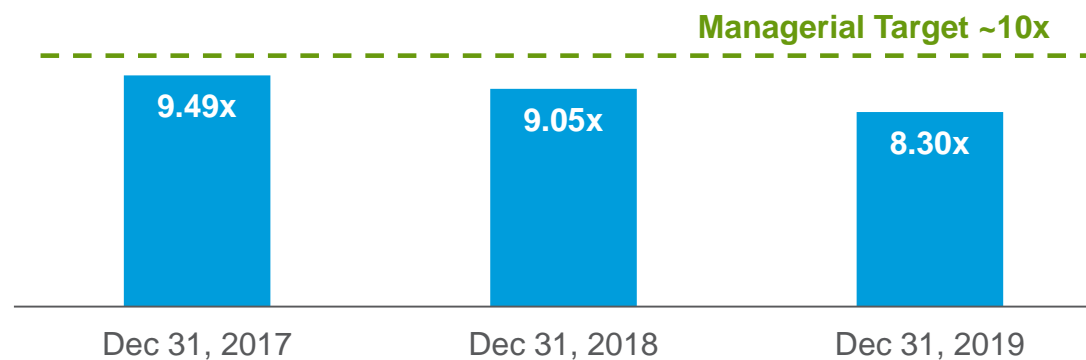
Execute diversified funding plan with unsecured debt mix ~50%

Committed to investment grade rating; critical for captive strategy execution

### 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

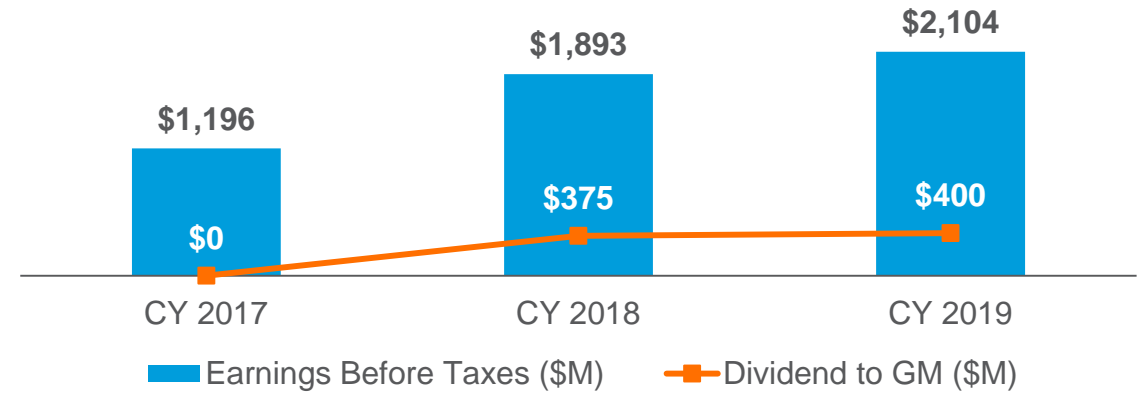
Consistently strong earnings

Sustainable dividend to GM

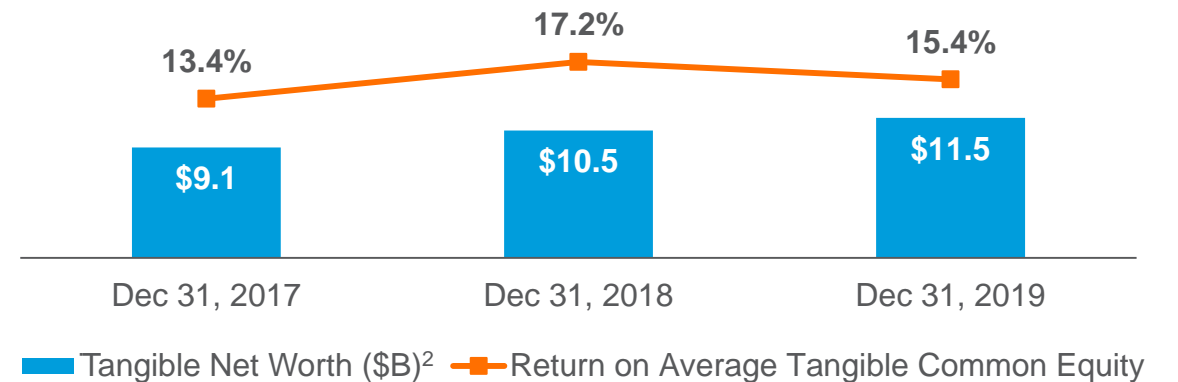
Standalone return on average tangible common equity target of low-mid teens

## Earnings Before Taxes and Dividends

Steady State Target  
~\$2.5B Annual EBT



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

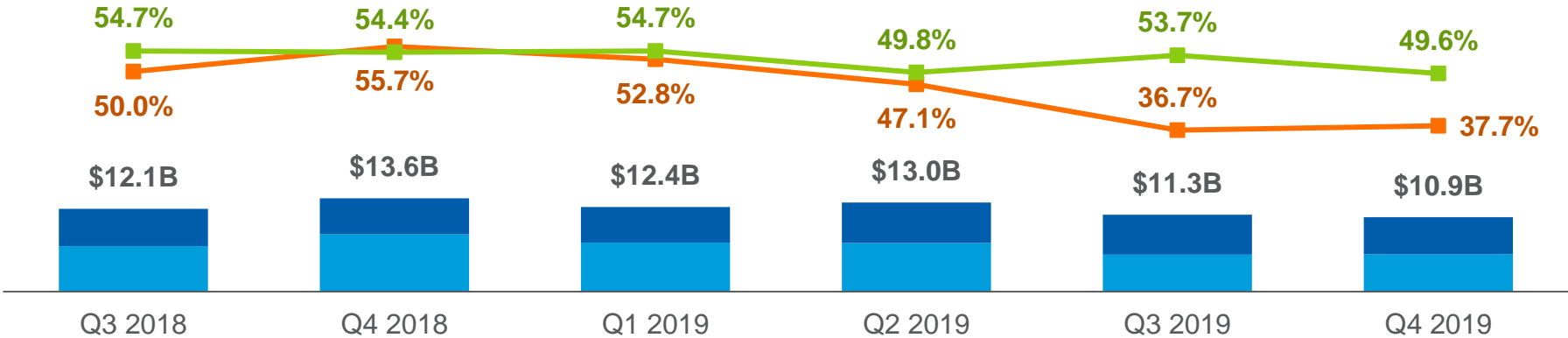


1. Defined as net income from continuing operations attributable to common shareholder for the trailing four quarters divided by average tangible common equity for the same period; see Appendix for reconciliation to the most directly comparable GAAP measure  
 2. Total shareholders' equity less goodwill

# Operating Metrics

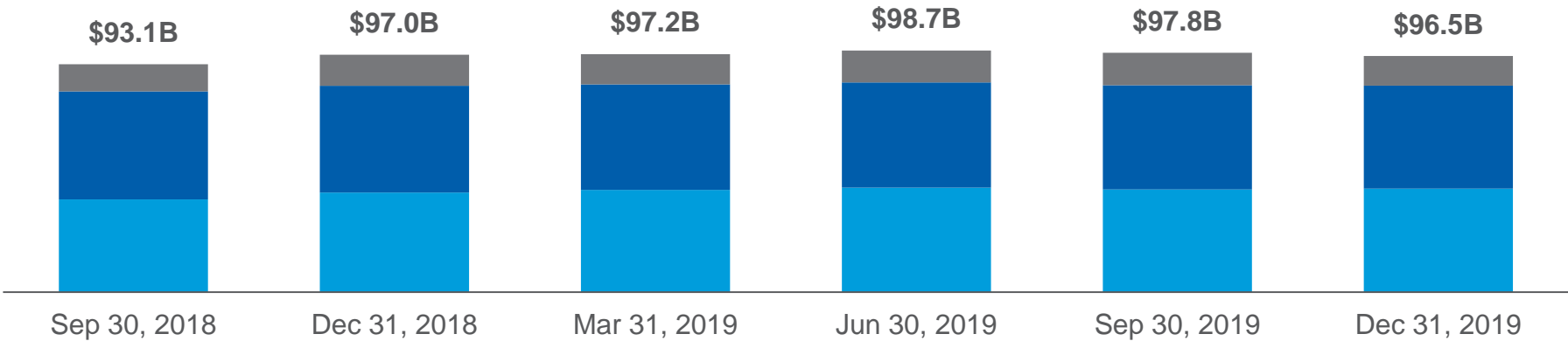
## Origination Volume

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



## Ending Earning Assets

- Commercial Loan
- Retail Lease
- Retail Loan

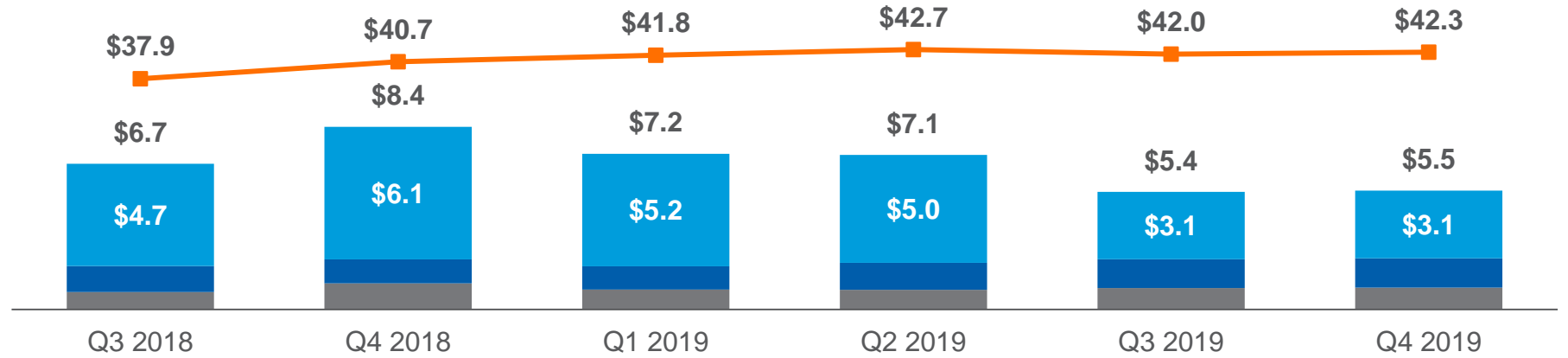




# Retail Loan

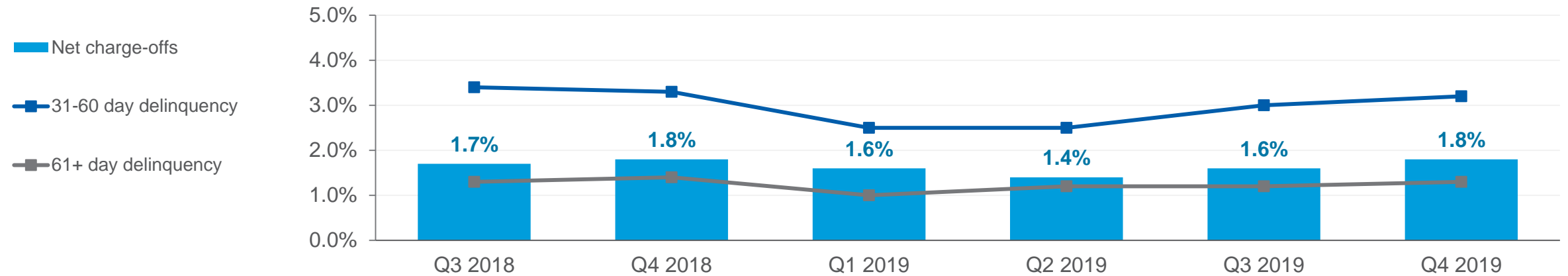
## Originations and Portfolio Balance (\$B)

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



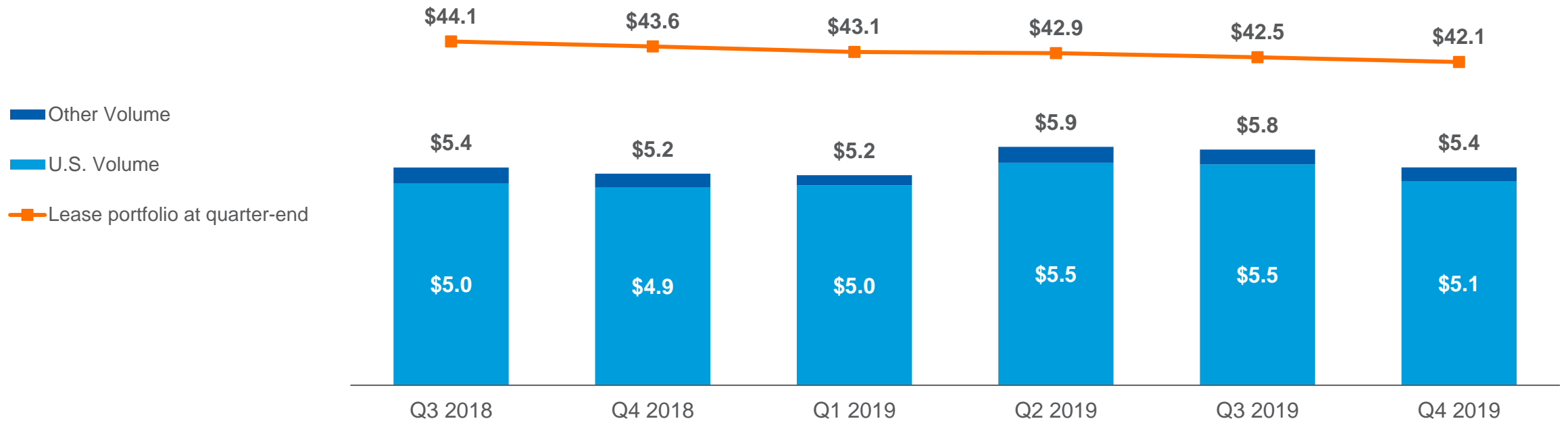
U.S. Weighted Avg. FICO Score	736	745	737	729	702	694
Outstanding Contracts (000s)	2,494	2,608	2,652	2,678	2,661	2,657

## Credit Performance



# Retail Lease

## Originations and Portfolio Balance (\$B)

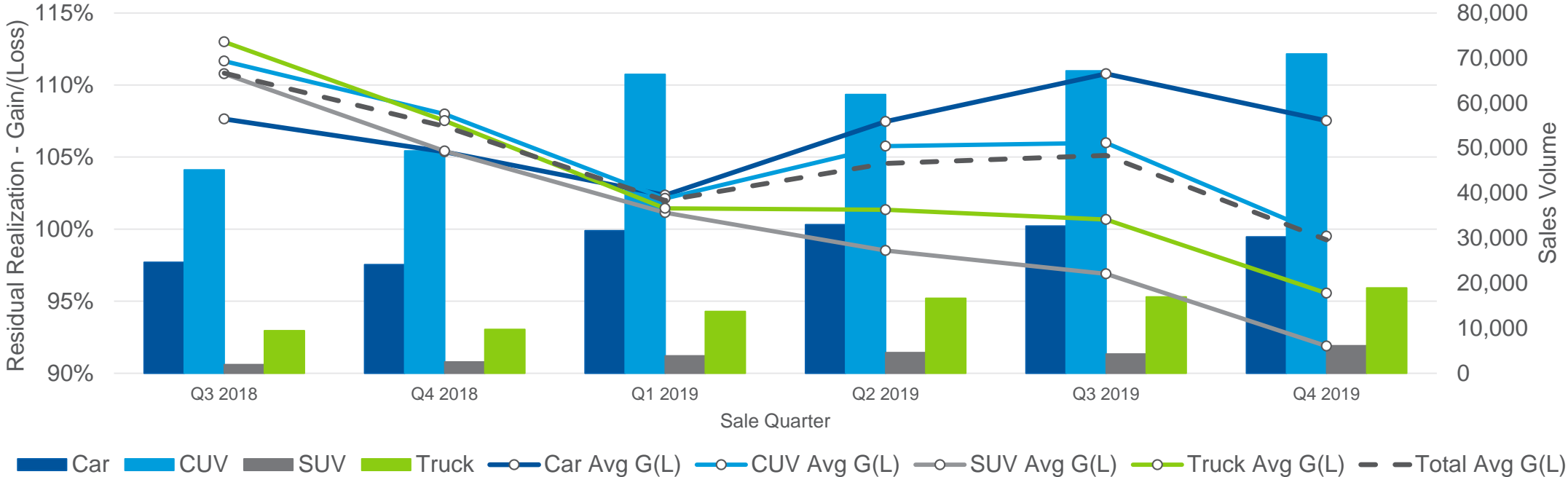


GM Type of U.S. Sale – Lease <sup>1</sup>	24%	23%	26%	24%	23%	24%
U.S. Weighted Avg. FICO Score	772	773	772	774	775	776
Outstanding Contracts (000s)	1,710	1,703	1,687	1,668	1,638	1,606

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

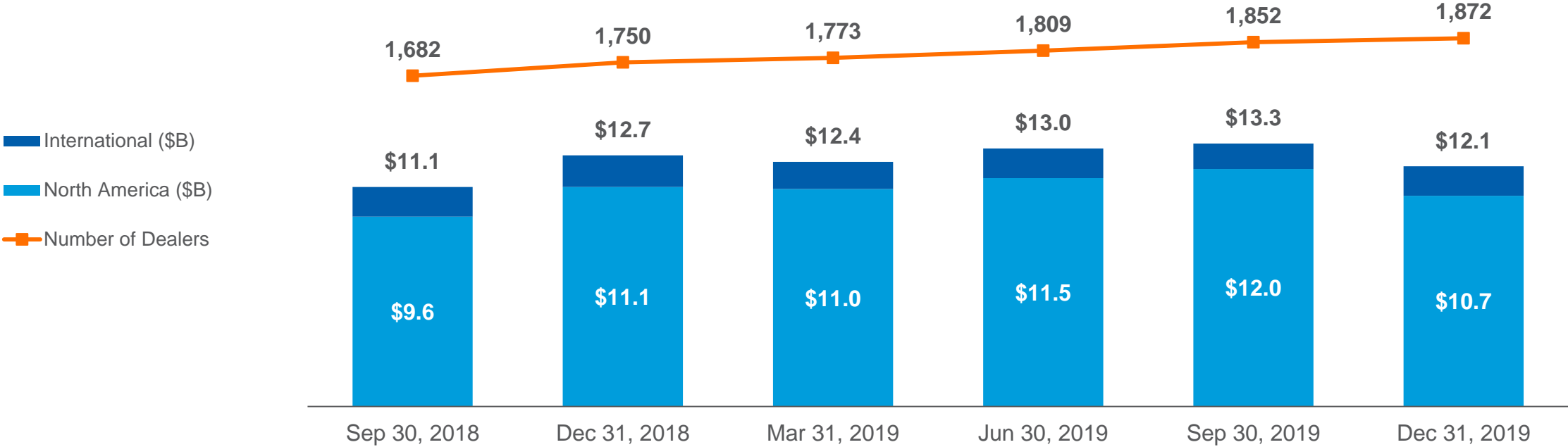
U.S. GMF Gross Proceeds vs. ALG Residuals at Origination<sup>1</sup>  
(Avg % Per Unit<sup>2</sup>)



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

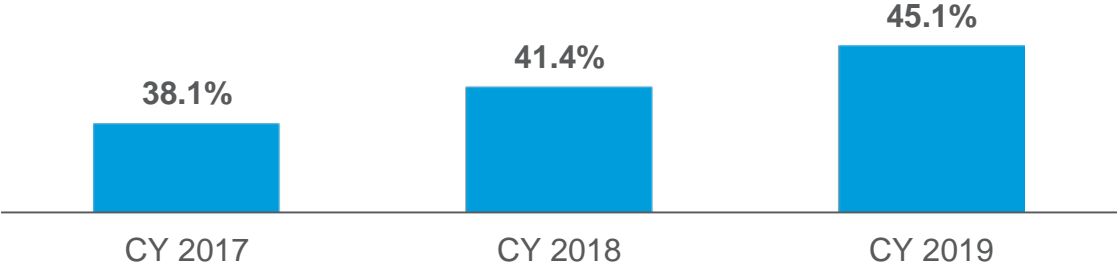


U.S. Wholesale Dealer Penetration	23.6%	25.2%	26.0%	27.0%	28.1%	28.8%
U.S. Floorplan Dealers	1,045	1,116	1,151	1,190	1,238	1,262

# China Joint Ventures

- General Motors' China retail market share for CY 2019 was 12.2%
- Joint venture earning assets of \$19.1B at December 31, 2019, up \$1.7B year-over-year
- Record annual penetration of SGM Retail Sales of 45%

China JVs as % of SGM Retail Sales



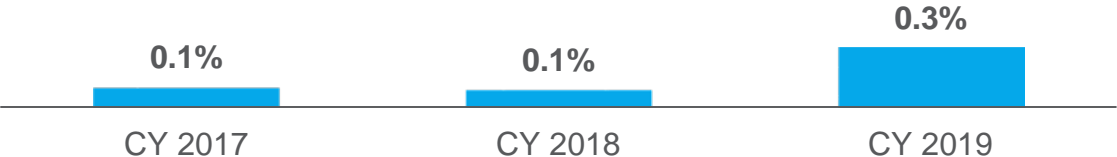
Retail Origination Volume (\$B)



Equity Income (\$M)



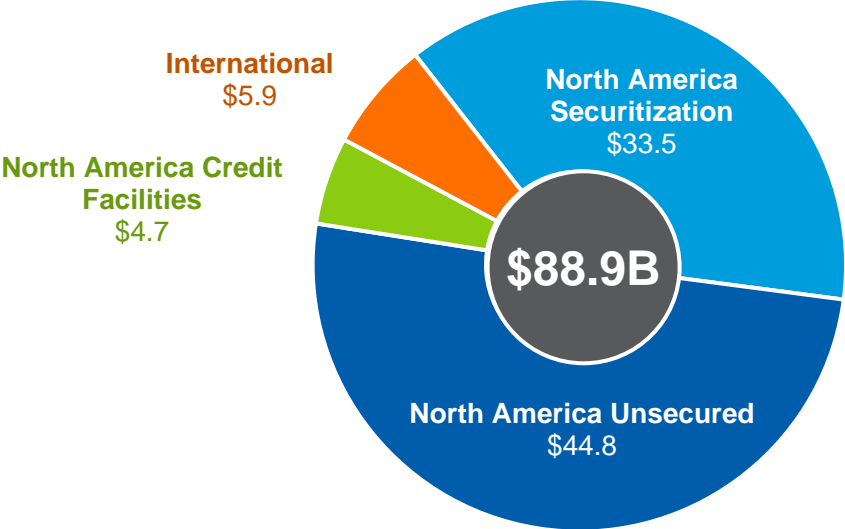
Net Charge-offs on Loans



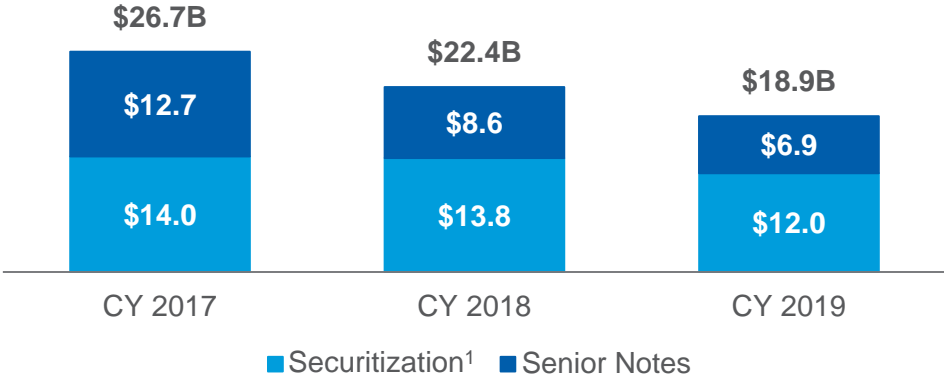
# Global Funding Platform

- Strategy to fund locally with flexibility to issue globally to support U.S. growth
- Target ~50% unsecured debt mix
  - 55% at December 31, 2019
- Global senior notes platform issuing across multiple currencies
- Five securitization platforms in North America, segregated by asset type and geography
- Committed credit facilities of \$27.0B provided by 27 banks at December 31, 2019

Total Debt Outstanding  
December 31, 2019



Public Debt Issuances



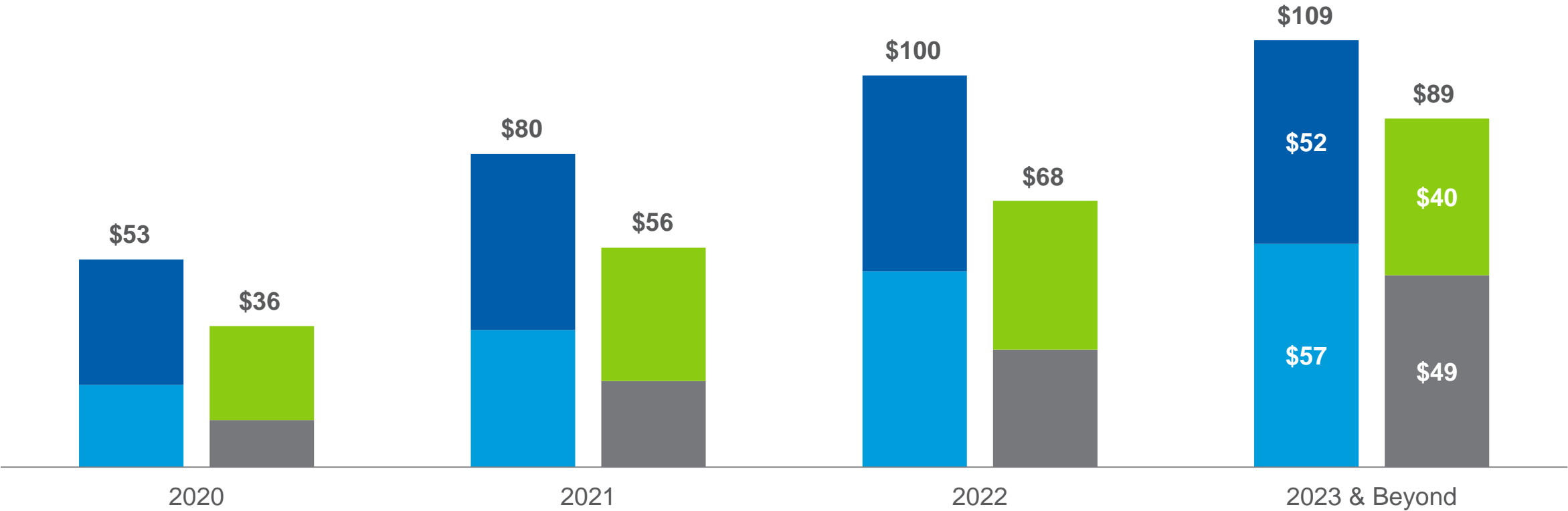
1. Includes Rule 144a transactions

# Asset and Liability Profile

Assets liquidate faster than debt creating excess cash

## Cumulative Maturities (\$B) at December 31, 2019

■ Unencumbered Assets   ■ Encumbered Assets   ■ Unsecured Debt   ■ Secured Debt



Note: Encumbered assets based on 12/31/19 encumbered assets to secured debt ratio

# 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 December 31, 2019; 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

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

# General Motors Sustainability

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

- ✓ Committed to all-electric future
- ✓ Global operations powered with 100% renewable energy by 2040, with U.S. at 100% 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 and 22% reduction in injuries since 2016
- ✓ IHS Automotive Loyalty Award for highest customer loyalty; GM Financial industry-leading customer loyalty
- ✓ 100+ STEM education initiatives globally

## Social



- ✓ 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)



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# GM Financial Key Strengths



- **GM priority to grow GM Financial**
  - Expansion of captive presence in the U.S. to further enhance customer experience and loyalty
  - Maintain captive penetration levels outside of the U.S.
- **Operations covering ~90% of GM's worldwide sales**
  - Drive vehicle sales through new product offerings and enhancements and geographic expansion
  - Focused customer experience strategy to support customer loyalty and retention
  - Growing finance penetration in China provides opportunity for increased profitability
- **Investment grade rating; committed bank lines, well-established ABS and unsecured debt issuance programs**
  - Along with GM, committed to investment grade
  - Appropriate liquidity and strong balance sheet provides flexible support across economic cycles

# Appendix

## GM Financial Return on Average Common Equity

	Years Ended		
	Dec 31, 2017	Dec 31, 2018	Dec 31, 2019
Net income attributable to common shareholder	\$645	\$1,504	\$1,477
Plus: loss from discontinued operations, net of tax	424	--	--
Net income from continuing operations attributable to common shareholder	1,069	1,504	1,477
Average equity	9,451	11,049	12,270
Less: average preferred equity	(303)	(1,136)	(1,477)
Average common equity	9,148	9,913	10,793
Less: average goodwill	(1,199)	(1,192)	(1,186)
Average tangible common equity	\$7,949	\$8,721	\$9,607
Return on average common equity	11.7%	15.2%	13.7%
Return on average tangible common equity <sup>1</sup>	13.4%	17.2%	15.4%

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



**GM**

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*2020 Buick Encore GX*