GM FINANCIAL

# Third Quarter 2020 Earnings Presentation

November 5, 2020

# Safe Harbor Statement

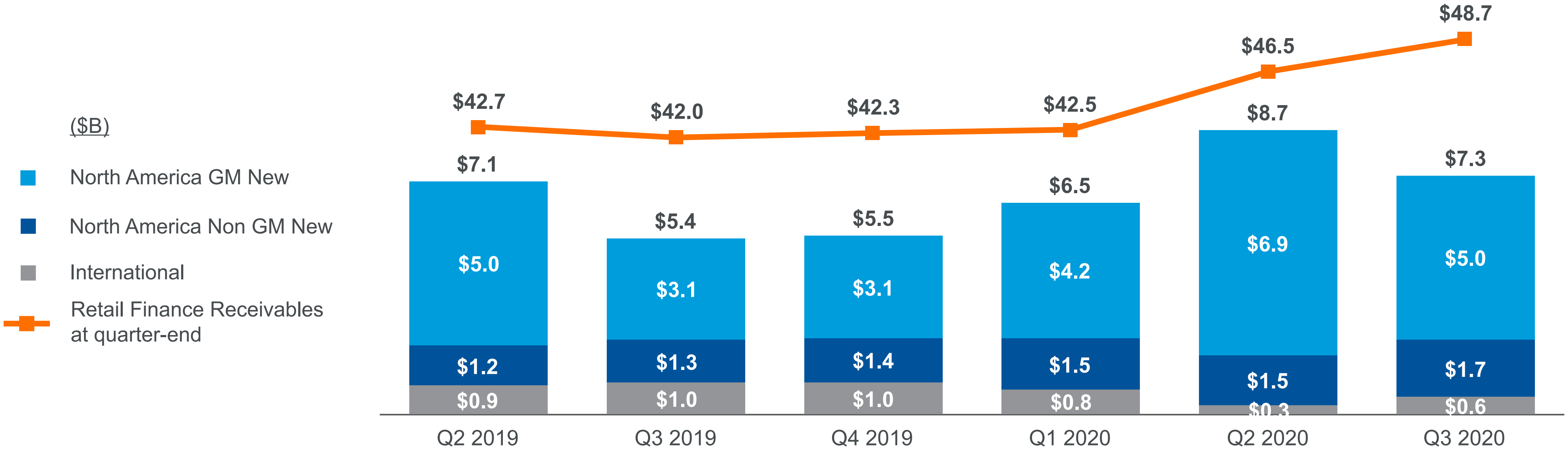
This presentation contains several “forward-looking statements.” Forward-looking statements are those that use words such as “believe,” “expect,” “intend,” “plan,” “may,” “likely,” “should,” “estimate,” “continue,” “future” or “anticipate” and other comparable expressions. These words indicate future 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 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 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 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.

# Financial and Operating Highlights

| ($M) | Q3 2020 | Q3 2019 |
|---|---|---|
| Earnings Before Taxes | $1,207 | $711 |
| Total Originations (Loan & Lease) | $12,833 | $11,250 |
| GM Financial as a % of GM U.S. Retail Sales | 42.6% | 36.7% |
| Ending Earning Assets | $96,514 | $97,792 |
| Net Charge-offs as Annualized % of Avg. Retail Finance Receivables | 1.2% | 1.6% |

- **Operating results**
  - Record earnings before taxes primarily due to unusually strong used vehicle prices, reduced provision expense and lower interest expense
  - Total originations increased driven by retail loan growth in the U.S. and higher U.S. retail penetration due to GM incentive programs and dealer engagement with GM Financial
  - Retail net charge-offs improved in Q3 2020 due to the ongoing effect of government support programs, change in consumer spending behavior and economies reopening
  - Number one market share position for floorplan financing in the U.S. for GM dealers
- **Customer experience**
  - Leveraging AI-powered technology with approximately 50% of consumer messages addressed by chat bot (Nanci)
- **Funding platform**
  - Issued $9.9B in public and private debt securities and added or renewed six committed credit facilities totaling $2.9B
  - Raised $500M of cumulative perpetual preferred stock

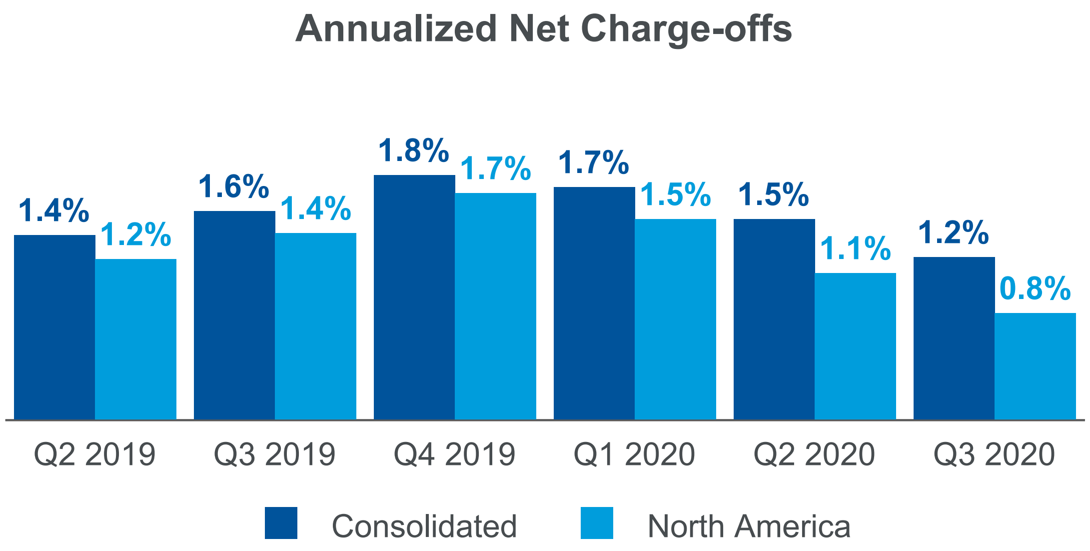
# Retail Loan Originations & Portfolio Balance

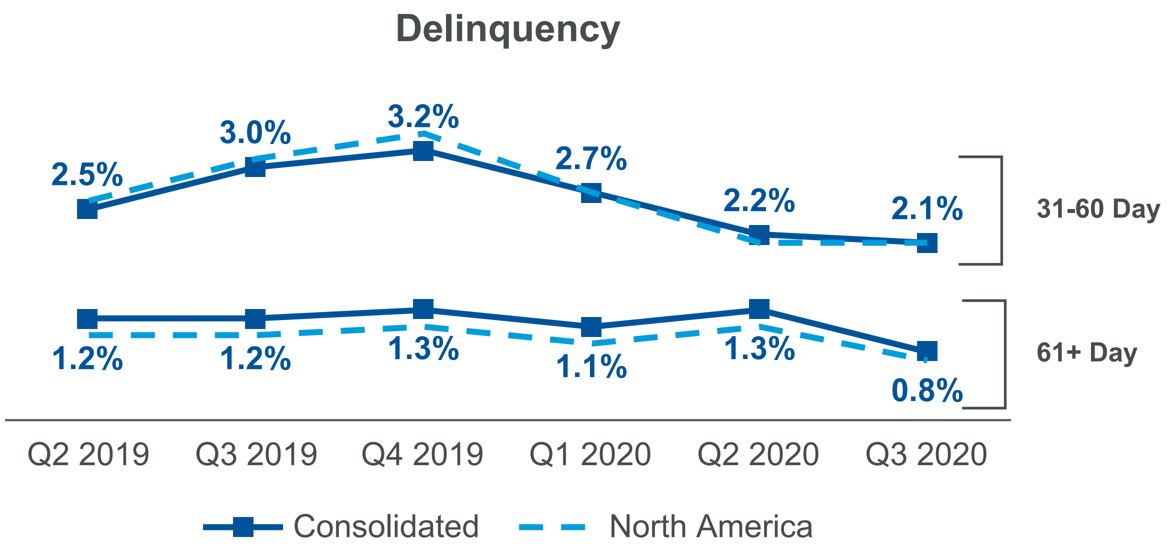



| | Q2 2019 | Q3 2019 | Q4 2019 | Q1 2020 | Q2 2020 | Q3 2020 |
|---|---|---|---|---|---|---|
| GM Financial as a % of GM U.S. Retail Sales | 47.1% | 36.7% | 37.7% | 44.8% | 53.0% | 42.6% |
| U.S. Weighted Avg. FICO Score at Origination | 729 | 702 | 694 | 707 | 748 | 728 |
| Outstanding Contracts (000s) | 2,678 | 2,661 | 2,657 | 2,692 | 2,749 | 2,783 |

- **Retail loan originations and weighted average FICO at origination driven by type of incentive programs offered and penetration of GM retail sales**
  - Q3 2020 originations and weighted average FICO declined compared to Q2 2020 due to pullback on 0% interest rate financing offers
- **International originations increased from Q2 2020 as industry sales rebounded alongside economies reopening**

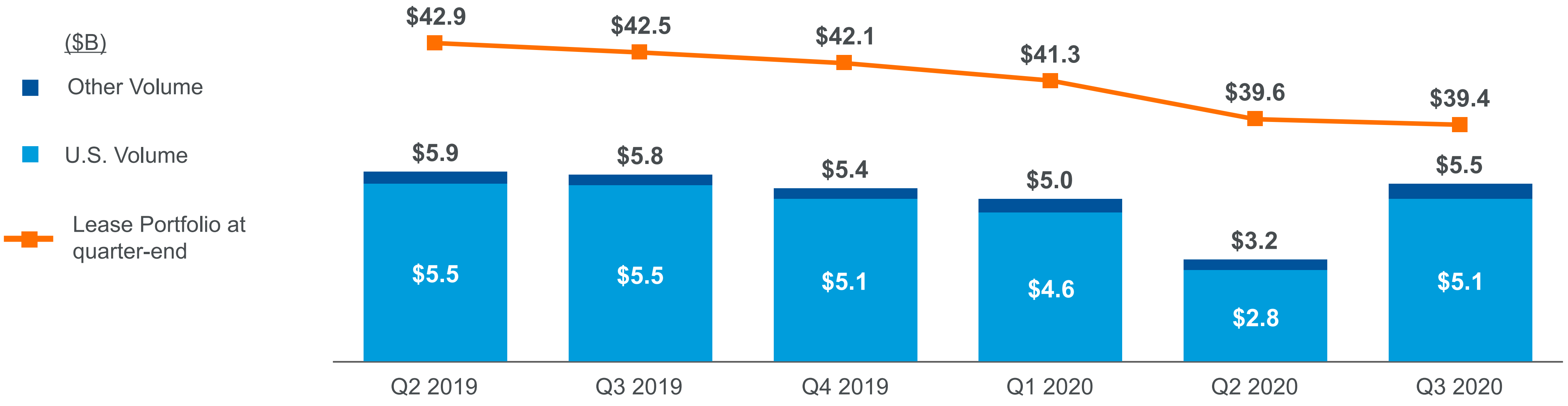
# Retail Loan Credit Performance




- **Net charge-offs and delinquency rates in U.S. better than pre-COVID expectations due to ongoing effect of government support programs, change in consumer spending behavior and economy reopening**
  - Payment rates higher across all FICO tiers in Q3 2020 compared to Q3 2019, including deferred accounts
- **Improved outlook for 2020 consolidated annual net charge-offs to be slightly lower than 2019 (1.6%) versus previous estimate of 2.0-2.5% due to resilient credit performance and better recovery rates on repossessed vehicles**
- **CY 2021 annual net charge-offs expected to be higher than 2020 due to ongoing effects of job losses on consumer credit**

# Operating Lease Originations & Portfolio Balance

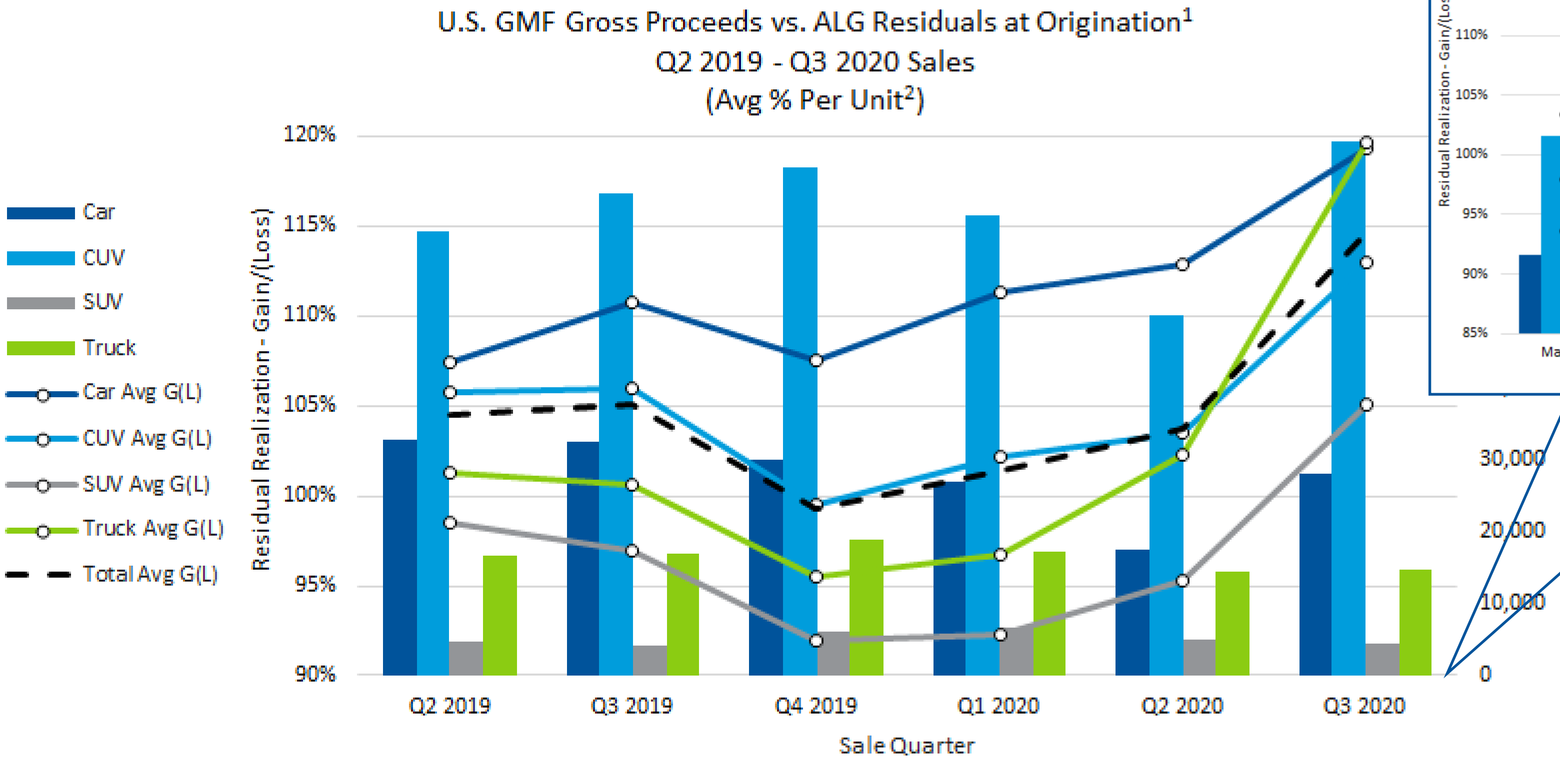


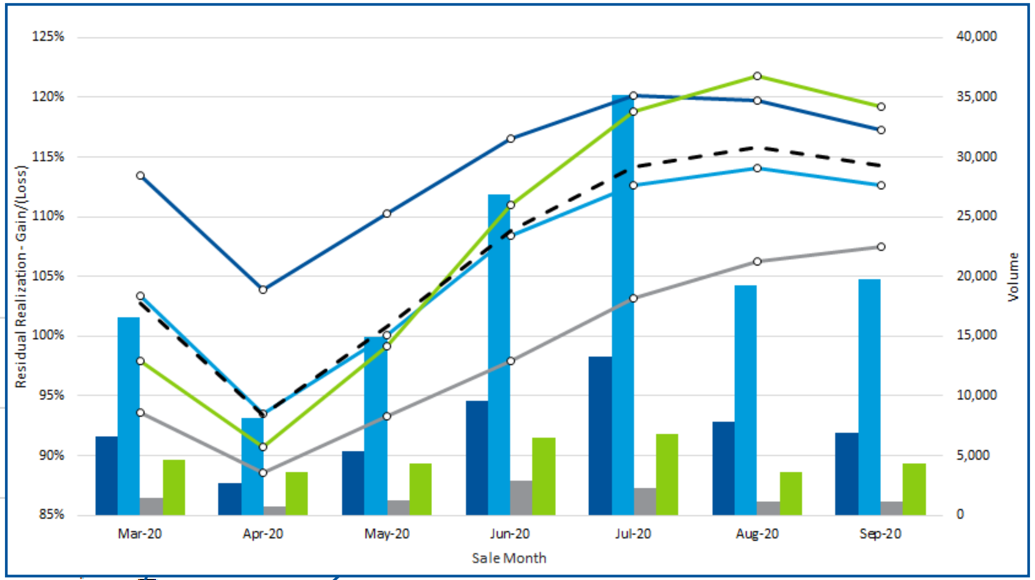

| | Q2 2019 | Q3 2019 | Q4 2019 | Q1 2020 | Q2 2020 | Q3 2020 |
|---|---|---|---|---|---|---|
| GM Type of U.S. Sale - Lease[1] | 24% | 23% | 24% | 23% | 18% | 21% |
| U.S. Weighted Avg. FICO Score at Origination | 774 | 775 | 776 | 776 | 778 | 778 |
| Total Return Rate | 75% | 72% | 77% | 76% | 78% | 57% |
| Outstanding Contracts (000s) | 1,668 | 1,638 | 1,606 | 1,585 | 1,528 | 1,495 |

- **Originations increased compared to Q2 2020 as dealerships reopened and end-of-term processing normalized**
- **High credit quality portfolio with 99.4% of operating leases current at September 30, 2020**
- **Return rate declined in Q3 2020 due to higher vehicle purchases at the end-of-term driven by record used vehicle prices; expect to slowly return to normal levels as prices decline from peak**

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

# GM Financial Used Vehicle Trends



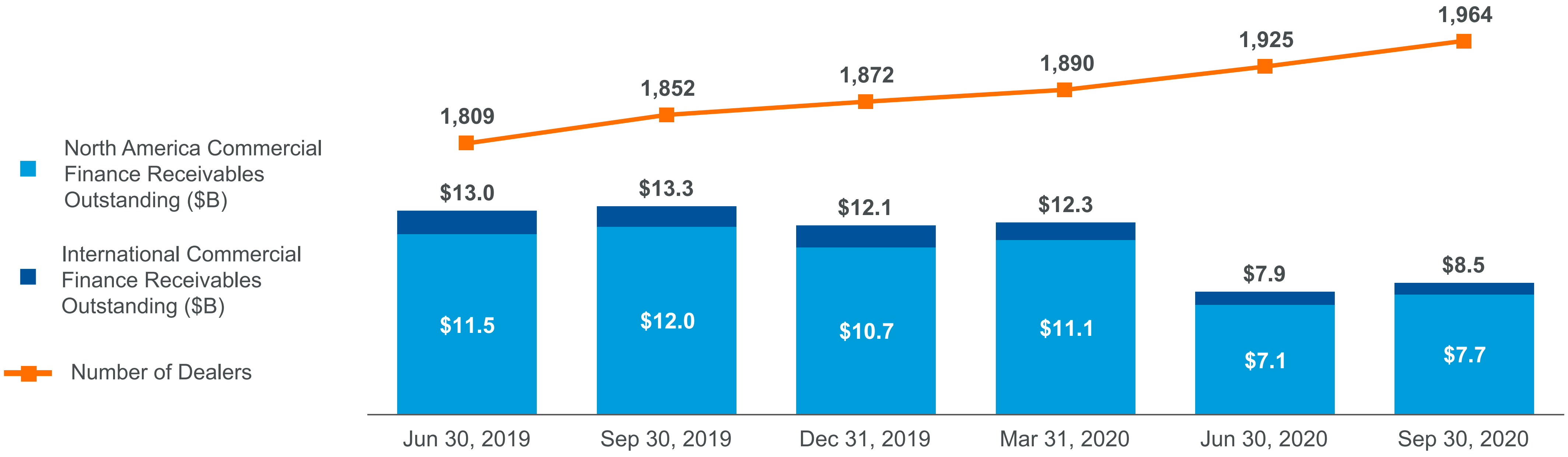




| | | | | | | |
|---|---|---|---|---|---|---|
| U.S. Sales Volume (units 000s) | 115.9 | 120.7 | 125.6 | 114.4 | 86.9 | 121.5 |

- **Pricing peaked in August driven by lower new vehicle inventory and strong demand for used vehicles before decreasing in September and October in line with normal seasonal trends**
- **Given record prices in Q3 2020, used vehicle prices in CY 2020 expected to increase by low single digits on a percentage basis compared to 2019 and previous expectation of a 6-8% decline**
  - Industry sources currently expect prices in 2021 to be down by mid-single digits on a percentage basis compared to 2020 due to normalizing new vehicle inventory and rising used vehicle supply due to higher trade-in activity and off-lease vehicles

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

# Commercial Lending

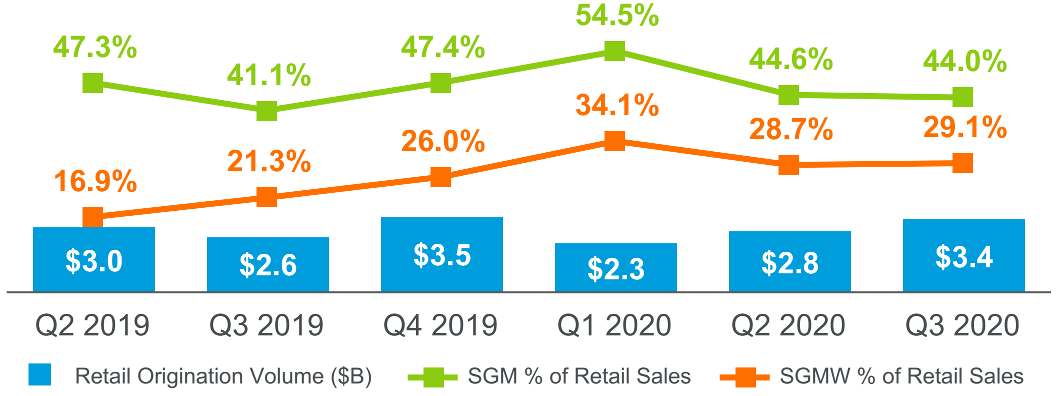



| | | | | | | |
|---|---|---|---|---|---|---|
| U.S. Floorplan Dealers | 1,190 | 1,238 | 1,262 | 1,290 | 1,330 | 1,378 |
| U.S. Wholesale Dealer Penetration | 27.0% | 28.1% | 28.8% | 29.4% | 30.3% | 31.4% |

- **Leading provider of floorplan financing for U.S. GM dealers with 31.4% market share**
- **Outstanding receivables balance reflects impact of low new vehicle inventory due to manufacturing suspension and subsequent robust demand for new vehicles**
- **Dealer health remains stable due to improving auto sales; profitability supported by higher margins on both new and used vehicle sales due to low inventory driving better pricing**

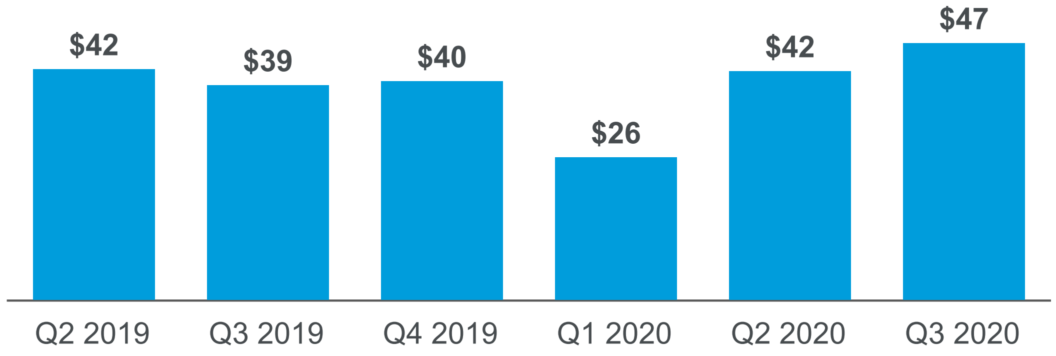
# China Joint Ventures

## Origination Volume

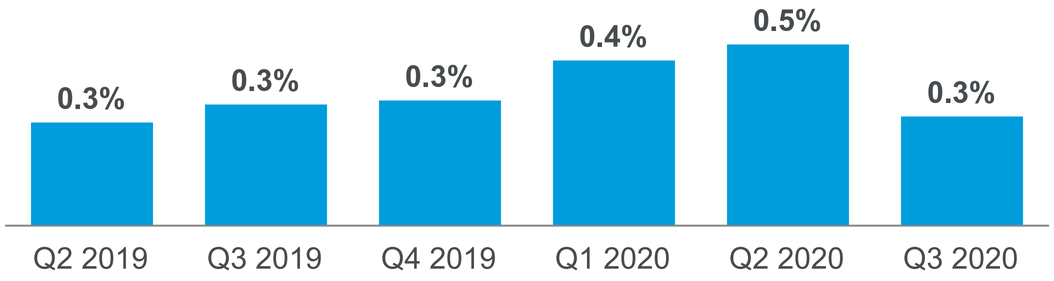



## Ending Earning Assets ($B)


## Equity Income ($M)



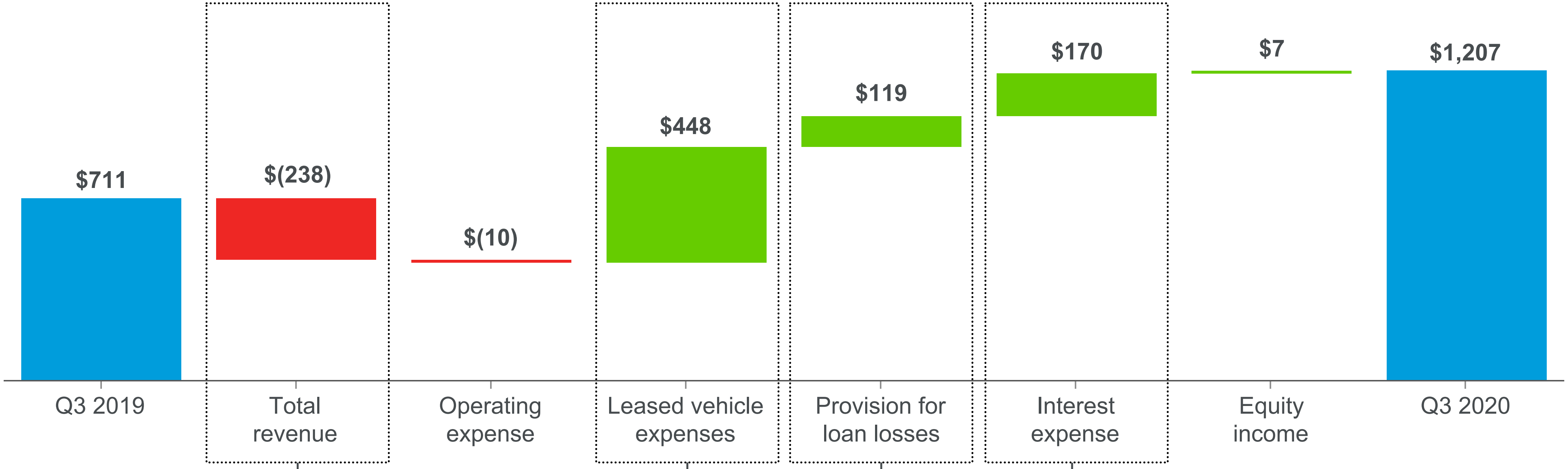

## Annualized Retail Net Charge-offs




- **Q3 2020 equity income up year-over-year and sequentially with asset growth and improved credit performance as China's recovery from the economic impacts of COVID-19 continues**

# Financial Results

## Earnings Before Taxes ($M)




- Decline in commercial and leased vehicle income attributable to lower portfolio balances and lower effective yield on the commercial portfolio resulting from decline in benchmark interest rates

- Strong used vehicle prices and resulting lease termination gains ($426M)

- Lower due to improved outlook for recovery rates

- Lower effective rate of interest on debt resulting from decline in benchmark interest rates

# Financial Results

## Earnings Before Taxes ($M)

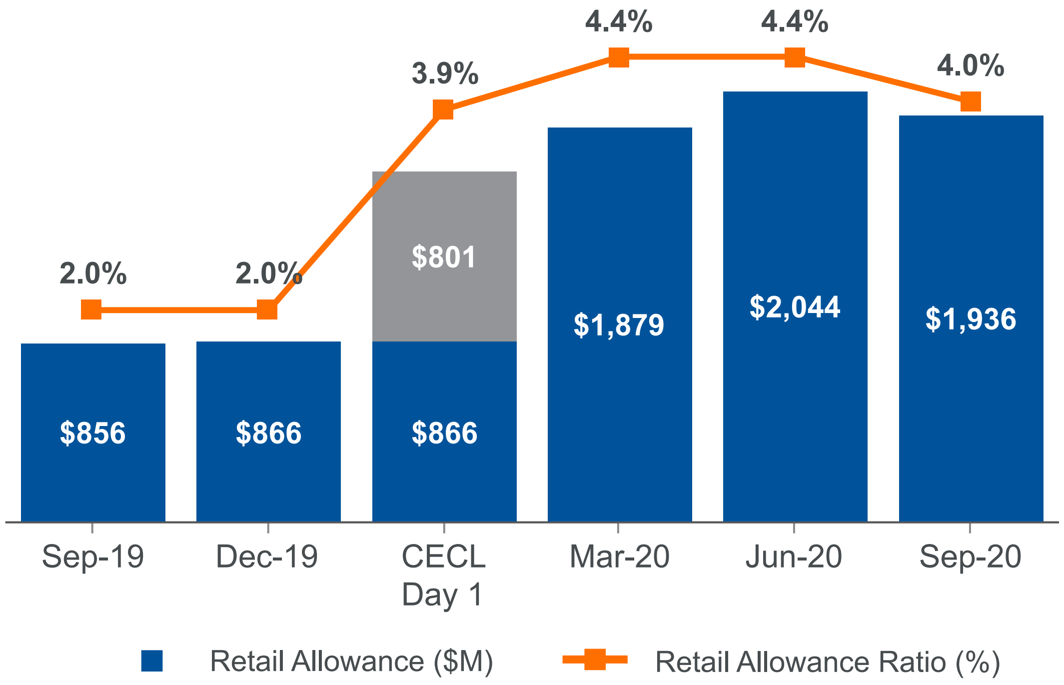

- Decline in commercial and leased vehicle income attributable to lower portfolio balances and lower effective yield on the commercial portfolio resulting from decline in benchmark interest rates

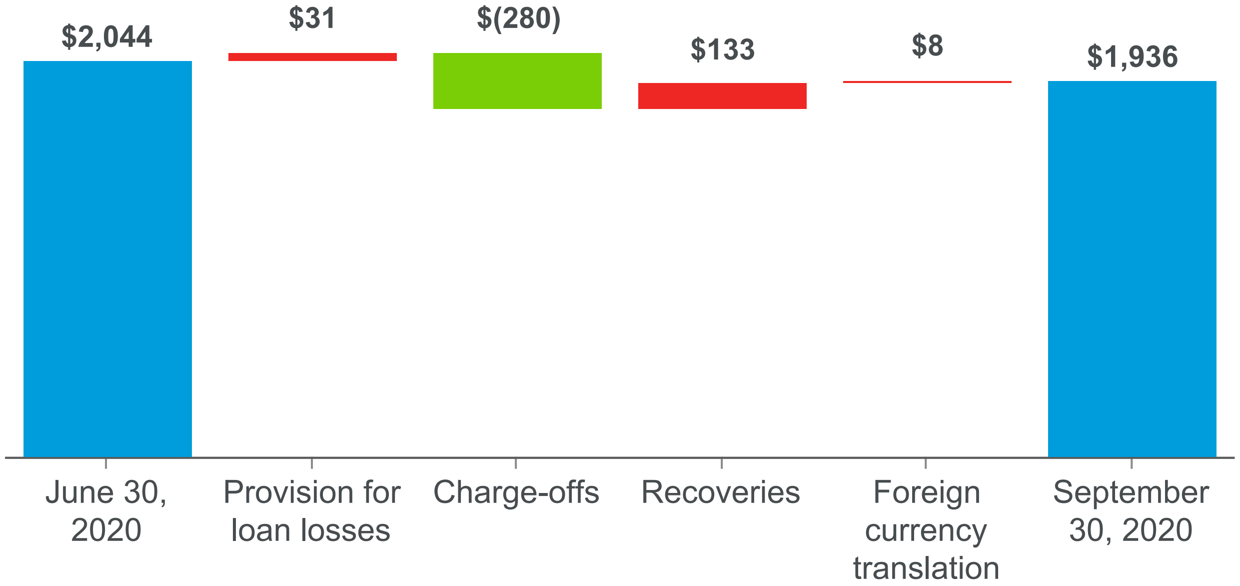
- Strong used vehicle prices and resulting lease termination gains ($381M)

- Increase due to expected charge-offs as a result of the forecasted economic impacts from the COVID-19 pandemic

- Lower effective rate of interest on debt resulting from decline in benchmark interest rates

# Allowance for Retail Loan Losses ($M)

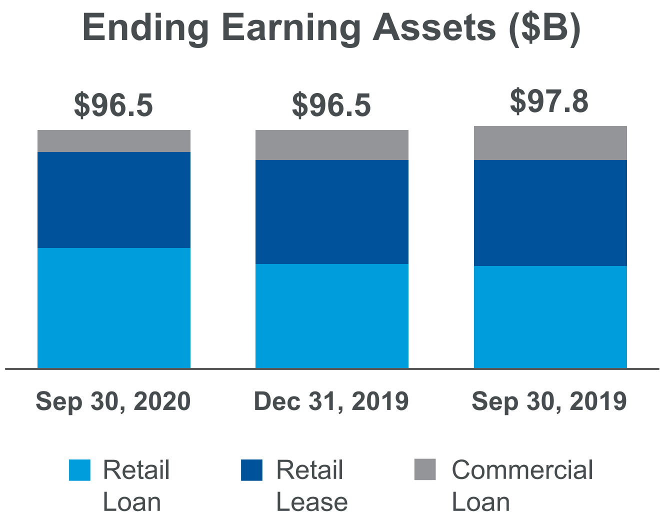


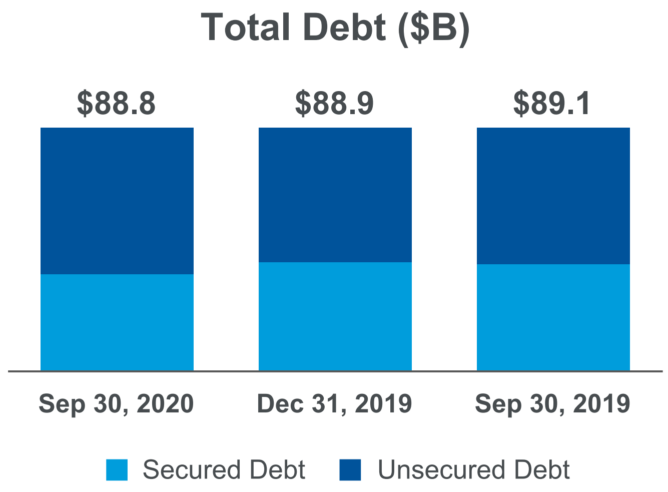



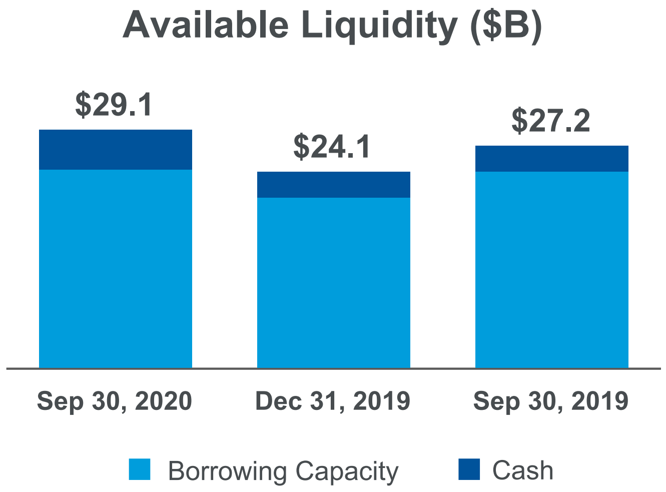

- **Under CECL methodology, two new major requirements compared to previous allowance methodology:**
  - Reserves for expected lifetime losses rather than incurred losses
  - Incorporates economic forecast

- **Retail allowance for loan losses decreased from June 30, 2020 due to lower net charge-offs in Q3 2020, and an increase in the recovery rate forecast on repossessed vehicles due to an improved outlook for used vehicle values**

# Solid Balance Sheet

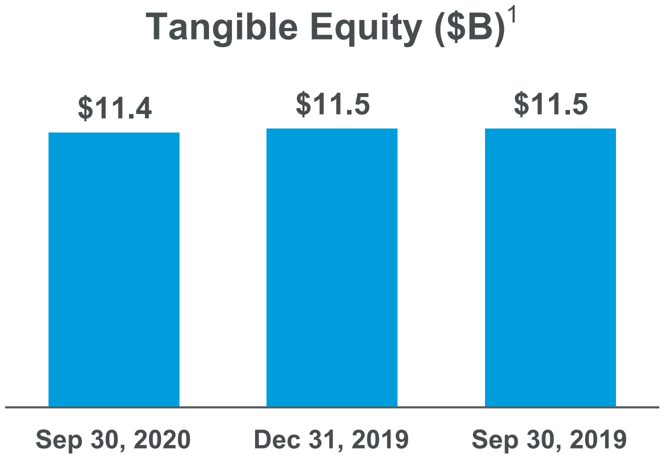


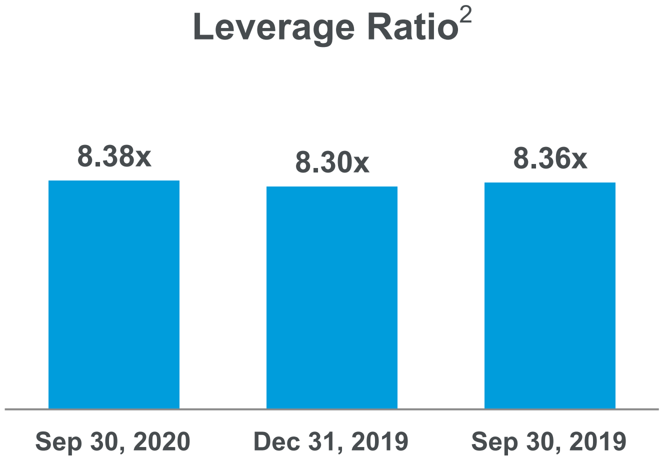



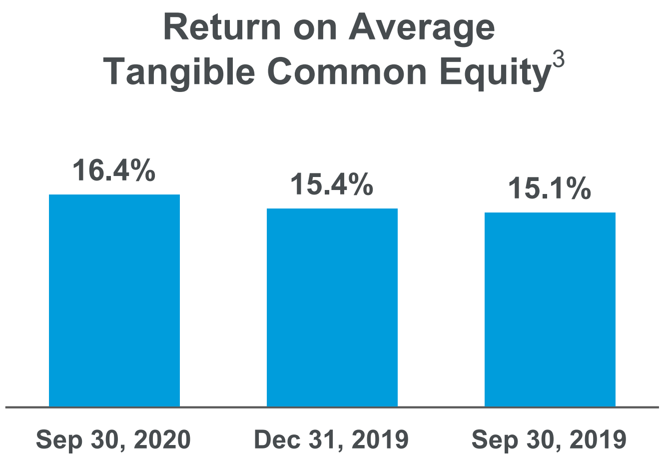




- **Ending earning assets flat to year-end due to reduction in floorplan inventory financing and reduced lease originations offset by higher retail loan originations**
  - Retail loan was 50% of total earning assets compared to 43% at September 30, 2019
- **Unsecured debt as a percent of total debt was 60% at September 30, 2020 compared to 55% at year-end**
  - Target 50/50 split between secured and unsecured debt
- **Available liquidity at September 30, 2020 in excess of target to support at least six months of expected net cash needs, including new originations, due to timing of capital market issuances**

# Strong Capital Position



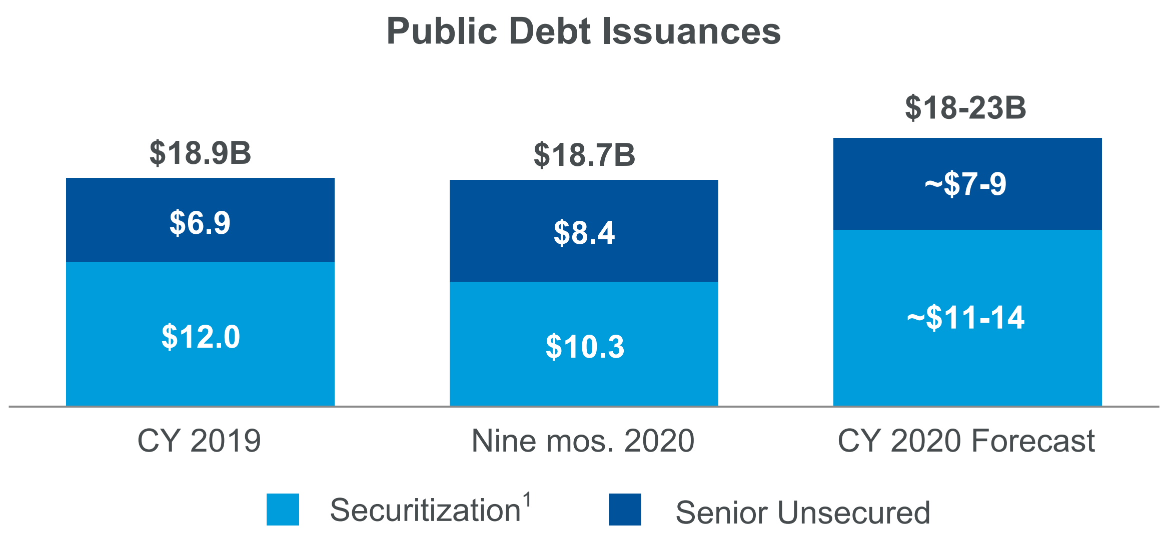




- **Stable tangible equity as net income ($1.2B) and issuance of preferred stock ($492M) largely offset the negative impacts from the adoption of CECL accounting standard ($643M), change in Other Comprehensive Loss driven by FX translation adjustment ($445M), and dividend payments to GM ($800M)**
- **Leverage ratio remains below managerial target of 10x and Support Agreement threshold of 11.5x**
  - $3.1B excess capital to absorb losses through significant deterioration of used vehicle prices and credit losses before exceeding Support Agreement leverage ratio limit
- **Return on average tangible common equity for the four quarters ended September 30, 2020 increased year-over-year primarily due to strong earnings as well as a decrease in average common equity**

1. Total shareholders' equity less goodwill
2. 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
3. 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.

# Funding Activity




- **Added or renewed $2.9B of committed credit facilities in Q3 2020 for a total of $26.4B at September 30, 2020 provided by 27 banks**
- **Issued $9.9B in public and private debt securities in Q3 2020**
  - Raised $4.8B in public securitization funding across U.S. sub-prime retail loan, prime loan, lease and floorplan platforms
  - Issued $2.5B in U.S. senior unsecured notes across 3-, 7- and 10-year tenors
  - Closed four private amortizing securitizations totaling $2.6B across U.S. prime loan and lease platforms
  - Subsequent to quarter-end, issued $2.8B of secured funding for U.S. prime loan, lease and floorplan platforms
- **In September 2020, raised $500M in non-voting cumulative perpetual preferred stock, completing planned $2.0B preferred stock program**
- **Funding plan substantially complete; remain flexible on additional issuance in 2020, dependent on market conditions and future asset origination levels**

1. Includes Rule 144a transactions

# Appendix

## Return on Average Common Equity

| ($M) | Four Quarters Ended | | |
|---|---|---|---|
| | September 30, 2020 | December 31, 2019 | September 30, 2019 |
| Net income attributable to common shareholder | $ 1,519 | $ 1,477 | $ 1,418 |
| | | | |
| Average equity | 11,951 | 12,270 | 12,070 |
| Less: average preferred equity | (1,515) | (1,477) | (1,476) |
| Average common equity | 10,436 | 10,793 | 10,594 |
| Less: average goodwill | (1,175) | (1,186) | (1,187) |
| Average tangible common equity | $ 9,261 | $ 9,607 | $ 9,407 |
| | | | |
| Return on average common equity | 14.6% | 13.7% | 13.4% |
| Return on average tangible common equity[1] | 16.4% | 15.4% | 15.1% |

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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For more information, visit **gmfinancial.com**

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