

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**FORM 10-K**

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the fiscal year ended December 31, 2020**

**OR**

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period \_\_\_\_\_ to \_\_\_\_\_**

**Commission file number 1-10667**

**General Motors Financial Company, Inc.**

(Exact name of registrant as specified in its charter)

**Texas**  
(State or other jurisdiction of  
incorporation or organization)

**75-2291093**  
(I.R.S. Employer  
Identification No.)

**801 Cherry Street, Suite 3500, Fort Worth, Texas 76102**  
(Address of principal executive offices, including Zip Code)

**(817) 302-7000**  
(Registrant's telephone number, including area code)

**Securities registered pursuant to Section 12(b) of the Act:**

Title of each class	Trading Symbol	Name of each exchange on which registered
5.250% Senior Notes due 2026	GM/26	New York Stock Exchange

**Securities registered pursuant to Section 12(g) of the Act: None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☒ Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

As of February 9, 2021, there were 5,050,000 shares of the registrant's common stock, par value \$0.0001 per share, outstanding. All of the registrant's common stock is owned by General Motors Holdings LLC, a wholly-owned subsidiary of General Motors Company.

**DOCUMENTS INCORPORATED BY REFERENCE**

NONE

**The registrant is a wholly-owned subsidiary of General Motors Company and meets the conditions set forth in General Instructions (I)(1)(a) and (b) of Form 10-K and is therefore filing this Form 10-K with a reduced disclosure format as permitted by Instruction I(2).**

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## PART I

## Item 1. Business

**General** General Motors Financial Company, Inc. (sometimes referred to as we, us, our, the Company, or GM Financial), the wholly-owned captive finance subsidiary of General Motors Company (GM), is a global provider of automobile finance solutions.

We offer substantially similar products and services throughout many different regions, subject to local regulations and market conditions. We evaluate our business in two operating segments: North America (the North America Segment) and International (the International Segment). Our global footprint covers approximately 90% of GM's worldwide market.

**North America Segment** Our North America Segment includes operations in the U.S. and Canada. We have been operating in the automobile finance business in the U.S. since September 1992. Our retail automobile finance programs include full credit spectrum lending and leasing offered through GM-franchised dealers under the GM Financial brand. We also offer a sub-prime lending product through non-GM-franchised and select independent dealers under the AmeriCredit brand. Our commercial lending programs are offered to our GM-franchised dealer customers and their affiliates.

**International Segment** Our International Segment includes operations in Brazil, Chile, Colombia, Mexico and Peru, as well as our equity investments in joint ventures in China. The retail lending and leasing programs in our International Segment focus on financing new GM vehicles and select used vehicles. Our commercial lending programs are focused on GM-franchised dealers and their affiliates. We also offer financing for vehicle-related insurance and other products or services.

**Retail Finance** In our retail finance business the term "loan" refers to retail installment contracts we purchase from automobile dealers or other vehicle financing products. We also purchase lease agreements for new GM vehicles.

As a primarily indirect auto finance provider, we focus our marketing activities on automobile dealers. We primarily pursue franchised dealerships; however, we also conduct business with a limited number of independent dealerships. We generally finance new GM vehicles, moderately priced new vehicles from other manufacturers, and later-model, low-mileage used vehicles.

We maintain non-exclusive relationships with the dealers and actively monitor our dealer relationships with the objective of maximizing the volume of retail financing applications received from dealerships with whom we do business that meet our underwriting standards and profitability objectives. Due to the non-exclusive nature of our relationships with dealers, the dealers retain discretion to determine whether to obtain financing from us or from another source for a customer seeking to make a vehicle purchase.

Our operating leases are closed-end leases; therefore, we assume the residual risk on the leased vehicle. The lessee may purchase the leased vehicle at the maturity of the lease by paying the purchase price stated in the lease agreement, which equals the contract residual value determined at origination of the lease, plus any fees and all other amounts owed under the lease. If the lessee decides not to purchase the leased vehicle, the lessee must return it to a dealer by the lease's scheduled maturity date. Extensions may be granted to the lessee for up to six months. If the lessee extends the maturity date on their lease agreement, the lessee is responsible for additional monthly payments until the leased vehicle is returned or purchased.

We seek to maximize net sales proceeds on returned leased vehicles. Net sales proceeds equal gross proceeds less fees and costs for reconditioning and transporting the leased vehicles. We sell returned leased vehicles through either our exclusive online channel or our wholesale auction partners.

GM offers subvention programs, under which GM provides us cash payments in order for us to be able to provide for lower customer payments on loan and lease agreements originated through GM's dealership network, making credit more affordable to customers financing or leasing vehicles manufactured by GM. GM also supports our loan origination volume by offering other incentives to borrowers who finance their vehicles with us.

## GENERAL MOTORS FINANCIAL COMPANY, INC.

Our business strategy is to help GM sell vehicles while earning an appropriate risk-adjusted return. This strategy includes increasing new GM automobile sales by offering a full spectrum of competitive financing programs. Total retail loan and lease origination levels were as follows (in millions):

	Years Ended December 31,		
	2020	2019	2018
New GM vehicles	\$ 43,206	\$ 42,316	\$ 44,124
Other vehicles	6,603	5,200	4,650
Total	<u>\$ 49,809</u>	<u>\$ 47,516</u>	<u>\$ 48,774</u>

**Underwriting** We utilize proprietary credit scoring systems to support our credit approval process. The credit scoring systems were developed through statistical analysis of prior auto credit performance using customer demographics, credit bureau attributes and loan and lease structure data and are tailored to each country where we conduct business. Credit scoring is used to differentiate credit applications and to statistically rank-order credit risk in terms of expected default rates, which enables us to evaluate credit applications for approval, contract pricing and structure.

In addition to our proprietary credit scoring systems, we utilize other underwriting guidelines. These underwriting guidelines are comprised of numerous evaluation criteria, including, but not limited to: (i) identification and assessment of the applicant's willingness and capacity to repay the loan or lease, including consideration of credit history and performance on past and existing obligations; (ii) credit bureau data; (iii) collateral identification and valuation; (iv) payment structure and debt ratios; (v) insurance information; (vi) employment, income and residency verifications, as considered appropriate; and (vii) in certain cases, the creditworthiness of a co-obligor. These underwriting guidelines and the minimum credit risk profiles of applicants we will approve, as rank-ordered by our credit scorecards, are subject to change from time to time based on economic, competitive and capital market conditions as well as our overall origination strategies.

**Customer Experience and Servicing** Our business strategy also includes increasing the loyalty and retention of GM customers through our customer servicing activities. We strive to earn customers for life with an approach that builds, personalizes and continuously improves customer experiences to ensure customer satisfaction with every interaction. Our vision is to lead the way providing remarkable service through deep insights and orchestrate a seamless experience across servicing channels. Our servicing activities include collecting and processing customer payments, responding to customer inquiries, initiating contact with customers who are delinquent, maintaining our security interest in financed vehicles, arranging for the repossession of financed vehicles, liquidation of collateral and pursuit of deficiency balances when appropriate.

**Commercial Finance** We provide commercial lending products to our dealer customers that include floorplan financing, also known as wholesale or inventory financing, which is lending to finance vehicle inventory, as well as dealer loans, which are loans to finance improvements to dealership facilities, to provide working capital, and to purchase and/or finance dealership real estate. Other commercial products include financing for parts and accessories, dealer fleets and storage centers.

We support the financing of new and used vehicle inventory primarily for our GM-franchised dealerships and their affiliates before sale or lease to the retail customer. Financing is provided through lines of credit extended to individual dealerships. In general, each floorplan line is secured by all financed vehicles and by other dealership assets and, when available, the continuing personal guarantee of the dealership's owners. Under certain circumstances, such as repossession of dealership inventory, GM and other manufacturers may be obligated by applicable law, or under agreements with us, to reassign or to repurchase new vehicle inventory within certain mileage and model year parameters, further minimizing our risk. The amount we advance to a dealership for new vehicles purchased through the manufacturer is equal to 100% of the wholesale invoice price of new vehicles, which includes destination and other miscellaneous charges, and a price rebate from the manufacturer to the dealer in varying amounts stated as a percentage of the invoice price. We advance the loan proceeds directly to the manufacturer. To support a dealership's used vehicle inventory needs, we advance funds to the dealership or auction to purchase used vehicles for inventory based on the appropriate wholesale book value for the region in which the dealer is located.

Floorplan lending is typically structured to yield interest at a floating rate indexed to an appropriate benchmark rate. The rate for a particular dealership is based on, among other things, the dealership's creditworthiness, the amount of the credit line, the dealer's risk rating and whether or not the dealership is in default. Interest on floorplan loans is generally payable monthly. GM offers floorplan interest subvention in specific International Segment markets, under which GM makes payments to us to cover certain periods of interest on certain floorplan loans. Upon the sale or lease of a financed vehicle, the dealer must repay the advance on the vehicle according to the repayment terms. These repayment terms may vary based on the dealer's risk rating. As a result, funds advanced may be repaid in a short time period, depending on the length of time the dealer holds the vehicle until its sale.

We periodically inspect and verify the location of the financed vehicles that are available for sale. The timing of the verifications varies and no advance notice is given to the dealer. Among other things, verifications are intended to determine dealer compliance with its credit agreement as to repayment terms and to determine the status of our collateral.

As part of our floorplan lending agreement, we offer a cash management program. Under the program, subject to certain conditions, a dealer may choose to reduce the amount of interest on its floorplan line by making principal payments to us in advance. This program allows for the dealer to manage its liquidity position and reduce its interest cost while maintaining the repayment terms on the advances made associated with new vehicles.

We also make loans to finance parts and accessories as well as improvements to dealership facilities, to provide working capital and to purchase and finance dealership real estate. These loans are typically secured by mortgages or deeds of trust on dealership land and buildings, security interests in other dealership assets and often the continuing personal guarantees from the owners of the dealerships and/or the real estate, as applicable. Dealer loans are structured to yield interest at fixed or floating rates, which are indexed to an appropriate benchmark rate. Interest on dealer loans is generally payable monthly.

*Underwriting* Each dealership is assigned a risk rating based on various factors, including, but not limited to, capital sufficiency, operating performance, financial outlook and credit and payment history, if available. The risk rating affects loan pricing and guides the management of the account. We monitor the level of borrowing under each dealership's account daily. When a dealer's outstanding balance exceeds the availability on any given credit line with that dealership, we may reallocate balances across existing lines, temporarily suspend the granting of additional credit, increase the dealer's credit line or take other actions following an evaluation and analysis of the dealer's financial condition and the cause of the excess or overline. Under the terms of the credit agreement with the dealership, we may call the floorplan loans due and payable.

*Servicing* Commercial lending servicing activities include dealership customer service, account maintenance, credit line monitoring and adjustment, exception processing and insurance monitoring. Our commercial lending servicing operations are centralized in each country.

**Sources of Financing** We primarily finance our loan, lease and commercial origination volume through the use of our secured and unsecured credit facilities, through public and private securitization transactions and through the issuance of unsecured debt in the capital markets. Generally, we seek to fund our operations through local sources of funding to minimize currency and country risk, although we may issue debt globally in order to diversify funding sources, especially to support U.S. financing needs. The mix of funding sources varies from country to country based on the characteristics of our earning assets and the relative development of the capital markets in each country. We actively monitor the capital markets and seek to optimize our mix of funding sources to minimize our cost of funds. We or our affiliates may seek to retire or purchase our or our affiliates' outstanding debt through cash purchases and/or exchanges for debt or other securities, in open-market purchases, privately negotiated transactions or otherwise. Such repurchases or exchanges, if any, will be upon such terms and at such prices as we may determine, and will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors.

*Secured Credit Facilities* Some loans and leases are funded using secured credit facilities with participating banks providing financing either directly or through institutionally managed conduits. Under these funding agreements, we transfer financial assets to special purpose finance subsidiaries. These subsidiaries, in turn, issue notes to the bank participants or agents, collateralized by such financial assets. The bank participants or agents provide funding under the notes to the subsidiaries pursuant to an advance formula, and the subsidiaries forward the funds to us in consideration for the transfer of financial assets. While these subsidiaries are included in our consolidated financial statements, these subsidiaries are separate legal entities and the assets held by these subsidiaries are legally owned by them and are not available to our creditors or creditors of our other subsidiaries. Advances under these secured credit facilities bear interest at benchmark rates plus a credit spread and specified fees, depending upon the source of funds provided by the bank participants or agents. In certain markets in the International Segment, we also finance loans through the sale of receivables to banks under a full recourse arrangement.

*Unsecured Credit Facilities* We utilize both committed and uncommitted unsecured credit facilities as an additional source of funding. The financial institutions providing the uncommitted facilities are not obligated to advance funds under them. GM also provides us with financial resources through a \$1.0 billion unsecured intercompany revolving credit facility (the Junior Subordinated Revolving Credit Facility) and exclusive access to no less than a \$2.0 billion facility (GM Revolving 364-Day Credit Facility).

*Securitizations* We also fund loans and leases through public and private securitization transactions. Proceeds from securitizations are used primarily to fund initial cash credit enhancement requirements in the securitization, pay down borrowings under our credit facilities, and support further originations.

In our securitizations, we transfer loans or lease-related assets to securitization trusts (Trusts), which issue one or more classes of asset-backed securities. The asset-backed securities are in turn sold to investors. While these Trusts are included in our consolidated financial statements, they are separate legal entities, and the assets held by these Trusts are legally owned by them and are not available to our creditors or creditors of our other Trusts. When we transfer securitized assets to a Trust, we make certain representations and warranties regarding the securitized assets. These representations and warranties pertain to specific aspects of the securitized assets, including the origination of the securitized assets, the obligors of the securitized assets, the accuracy and legality of the records, schedules containing information regarding the securitized assets, the financed vehicles securing the securitized assets, the security interests in the securitized assets, specific characteristics of the securitized assets, and certain matters regarding our servicing of the securitized assets, but do not pertain to the underlying performance of the securitized assets. Upon the breach of one of these representations or warranties (subject to any applicable cure period) that materially and adversely affects the noteholders' interest in any securitized assets, we are obligated to repurchase the securitized assets from the Trust. Historically, repurchases due to a breach of a representation or warranty have been insignificant.

We utilize senior-subordinated securitization structures that involve the public and private sale of subordinated asset-backed securities to provide credit enhancement for the senior, or highest-rated, asset-backed securities. The level of credit enhancement in future senior-subordinated securitizations will depend, in part, on the net interest margin, collateral characteristics and credit performance trends of the assets transferred, as well as our credit trends and overall auto finance industry credit trends. Credit enhancement levels may also be impacted by our financial condition, the economic environment and our ability to sell lower-rated subordinated bonds at rates we consider acceptable.

The credit enhancement requirements in our securitization transactions may include restricted cash accounts that are generally established with an initial deposit and may subsequently be funded through excess cash flows from the securitized assets. An additional form of credit enhancement is provided in the form of overcollateralization, whereby the value of the securitized assets transferred to the Trusts is greater than the amount due on asset-backed securities issued by the Trusts.

*Unsecured Debt* We also access the capital markets through the issuance of unsecured notes and commercial paper.

**Trade Names** We and GM have obtained federal trademark protection for the AmeriCredit, GM Financial and GMAC names and the logos that incorporate those names. Certain other names, logos and phrases we use in our business operations have also been trademarked. The trademarks that we and GM hold are very important to our identity and recognition in the marketplace.

**Regulation** Our operations are subject to regulation, supervision and licensing by governmental authorities under various national, state and local laws and regulations.

**North America Segment** In the U.S., we are subject to extensive federal regulation, including the Truth in Lending Act, the Equal Credit Opportunity Act and the Fair Credit Reporting Act. Additionally, we are subject to the Gramm-Leach-Bliley Act, which requires us to maintain the privacy of certain consumer data in our possession and to periodically communicate with consumers on privacy matters, and the Servicemembers Civil Relief Act, which has limitations on the interest rate charged to customers who have subsequently entered military service, and provides other protections such as early lease termination and restrictions on repossession.

The primary federal agency responsible for ensuring compliance with these consumer protection laws is the Consumer Financial Protection Bureau (CFPB). The CFPB has broad rule-making, examination and enforcement authority over non-bank automobile finance companies like us. We are subject to supervision and examination by the CFPB as a “larger participant” in the automobile finance market.

In most states and other jurisdictions in which we operate, consumer credit regulatory agencies regulate and enforce laws relating to sales finance companies and consumer lenders or lessors like us. These laws and regulations generally provide for licensing as a sales finance company or consumer lender or lessor, limitations on the amount, duration and charges, including interest rates, requirements as to the form and content of finance contracts and other documentation, and restrictions on collection practices and creditors' rights. In certain jurisdictions, we are subject to periodic examination by regulatory authorities.

In Canada, we are subject to both federal and provincial laws and regulations, including the Interest Act, the Consumer Protection Acts and Cost of Credit Disclosure regulations. Additionally, we are subject to certain provincial Consumer Reporting Acts and the Personal Information Protection and Electronic Documents Act, as well as provincial counterparties, which regulates how we can collect, use, and/or disclose consumers' personal information.

**International Segment** In certain countries in the International Segment, we operate in local markets as either banks or regulated finance companies and are subject to legal and regulatory restrictions which vary country to country and may change from time to time. The regulatory restrictions, among other things, may require that the regulated entities meet certain minimum

capital requirements, may restrict dividend distributions and ownership of certain assets, and may require certain disclosures to prospective purchasers and lessees and restrict certain practices related to the servicing of consumer accounts.

**Industrial Bank Application** On December 11, 2020, we filed an application with the Federal Deposit Insurance Corporation (FDIC) and Utah Department of Financial Institutions (UDFI) to form GM Financial Bank (the Bank), intended to be an FDIC-insured Utah state chartered industrial bank. The Bank's proposed business plan involves offering indirect retail installment contracts and relying on deposits for funding. If our application is approved, the Bank would be regulated by the FDIC and UDFI, and we would become subject to certain regulatory requirements as the Bank's parent company.

**Competition** The automobile finance market is highly fragmented and is served by a variety of financial entities, including the captive finance affiliates of other major automotive manufacturers, banks, thrifts, credit unions, leasing companies and independent finance companies. Many of these competitors have substantial financial resources, highly competitive funding costs and significant scale and efficiency. Capital inflows from investors to support the growth of new entrants in the automobile finance market, as well as growth initiatives from more established market participants, have resulted in increasingly competitive conditions. While we have a competitive advantage when GM-sponsored subvention or other support programs are offered exclusively through us to targeted GM dealers and their customers, when no subvention or other support programs are offered, our competitors can often provide financing on terms more favorable to customers or dealers than we may offer. Many of these competitors also have longstanding relationships with automobile dealerships and may offer the dealerships or their customers other products and services, which we may not currently provide.

**Human Capital** Our people are our most valuable asset, and we must continue to attract and retain the best talent in order to achieve our objectives. As a result, we strive to attract, retain and develop top talent by adhering to a responsible employer philosophy, which includes, among other things, commitments to create job opportunities, pay workers fairly, ensure safety and well-being, and promote diversity, equity and inclusion. Our six core values are the foundation of our culture; how we behave encompasses key measures of our performance, including the visible ways we conduct ourselves as we work with one another:

- Integrity - We win with integrity by always doing the right thing.
- Customers for Life - We earn customers for life by putting them at the center of everything we do.
- Teamwork - We promote teamwork to achieve extraordinary results.
- Excellence - We strive for operational excellence.
- Team Members & Communities - We foster team member growth and invest in our communities.
- Inclusive - We are inclusive by valuing backgrounds, opinions and ideas that may be different than our own.

**Diversity, Equity and Inclusion** As part of GM, we aspire to be the most inclusive company in the world. In every moment, we must decide what we can do - individually and collectively - to drive meaningful deliberate change. Our unwavering position includes a commitment to inclusion, an unequivocal condemnation of intolerance, and a commitment to stand up against injustice. Our ability to meet the needs of a diverse and global customer base is tied closely to diversity and inclusiveness of the people within our company, which is why we are committed to fostering a culture that celebrates our differences.

**Develop and Retain Talented People** Today, we compete for talent against other finance companies and, increasingly, against businesses in other sectors, such as technology. To win and keep talent, we must provide a workplace culture that encourages employee behaviors aligned with our values, fulfills their long-term individual aspirations and achieves full engagement. In furtherance of this goal, we invest significant resources to retain and develop our talent. In addition to mentoring and networking opportunities, we offer a vast array of career development resources to help develop, grow and enable employees to make the most of their careers with us.

**Safety and Well-being** The well-being of our employees is equally important to entice and stimulate creativity and innovation. In addition to traditional healthcare, paid time off, paid parental leave, wellness programs, flextime scheduling and telecommuting arrangements and retirement benefits, including a 401(k) matching program, we offer a variety of benefits and resources to support employees' physical and mental health, including on-site health clinics and a health concerns hotline, which help us both attract talent and reap the benefits of a healthier workforce.

**Employees** At December 31, 2020, we employed approximately 9,000 people, excluding our joint venture employees.



**Available Information** We make available free of charge through our website, [www.gmfinancial.com](http://www.gmfinancial.com), our public securitization information and all materials that we file electronically with the SEC, including our reports on Form 10-K, Form 10-Q, Form 8-K, and amendments to those reports filed pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, as soon as reasonably practical after filing or furnishing such material with or to the SEC. We encourage the public to visit our website, as we frequently update and post new information about our company on our website and it is possible that this information could be deemed to be material information. Our website and information included or linked to our website are not part of this Form 10-K. Except as otherwise specified, amounts presented within the tables are stated in millions.

## Item 1A. Risk Factors

### Risks Related to the COVID-19 Pandemic

***The COVID-19 pandemic may disrupt our business and operations, which could materially adversely impact our business, financial condition, liquidity and results of operations.***

The COVID-19 pandemic has resulted in a widespread health crisis that has adversely affected businesses, economies and financial markets worldwide, placed constraints on the operations of businesses, decreased consumer mobility and activity, and caused significant economic volatility in the United States and international capital markets. Our business has been affected in various ways, including in our results of operations. The full extent to which the COVID-19 pandemic will impact our operations will depend on future developments, including the duration and severity of the outbreak, any subsequent outbreaks and the timing and efficacy of any available vaccines. Future developments are highly uncertain and cannot be predicted with confidence and may adversely impact our global operations. In particular, if COVID-19 continues to spread or re-emerges, particularly in North America where our profits are most concentrated, resulting in a prolonged period of travel, commercial, social and other similar restrictions, we could experience among other things: lower demand for new and used vehicles resulting in lower loan and lease origination levels, increased customer defaults on automobile loans and leases; lower than expected pricing on used vehicles sold at auction; and an impaired ability to access credit and the capital markets. We may also be subject to enhanced legal risks, including potential litigation related to the COVID-19 pandemic. Any resulting financial impact cannot be reasonably estimated at this time, but the COVID-19 pandemic could have a material impact on our business, financial condition and results of operations going forward. For a further discussion of the impact of the COVID-19 pandemic, refer to Part 1, Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

### Risks Related to our Business

***The profitability and financial condition of our operations are dependent upon the operations of our parent, GM.***

A material portion of our retail finance business, and substantially all our commercial lending activities, consist of financing associated with the sale and lease of new GM vehicles and our relationship with GM-franchised dealerships. If there were significant changes in GM's liquidity and capital position and access to the capital markets, the production or sales of GM vehicles to retail customers, the quality or resale value of GM vehicles, GM's operations that may require restructuring or rationalization actions, or other factors impacting GM or its products, such changes could significantly affect our profitability, financial condition, and access to the capital markets. In addition, GM sponsors special-rate financing and other incentive programs available through us. Under these programs, GM makes interest supplements or other support payments to us and may offer various incentives to borrowers who finance their vehicles with us. These programs increase our financing volume and our share of financed GM vehicle sales. If GM were to adopt marketing strategies in the future that de-emphasized such programs in favor of other incentives, our financing volume could be reduced.

There is no assurance that the global automotive market or GM's share of that market will not suffer downturns in the future, and any negative impact could in turn have a material adverse effect on our financial position, liquidity and results of operations.

***Our operations are heavily reliant on automotive dealers, and our profitability could be adversely affected by a change in dealers' relationships with us or in their financial condition.***

Substantially all of our revenue is generated from financial products offered to or through automotive dealers. Whether we are able to originate automotive loans and leases, as well as maintain and grow our commercial lending portfolio, is dependent upon dealers' effectiveness in marketing our financial products to their retail and lease customers and selecting our commercial lending products over those of our competitors. As a result, our ability to cultivate and maintain strong relationships with dealers, particularly GM-franchised dealers, is essential to our operations.

Given the reliance of our operations on GM-franchised dealers, we have significant exposure to their financial condition. Dealers operate in a highly competitive market, and GM-franchised dealers are vulnerable to both decreased demand for new



GM vehicles and periods of economic slowdown or recession. Negative changes in the financial condition of GM-franchised dealers could result in decreased loan and lease originations, reduced demand for financing of dealer inventory, construction projects and working capital, and increased defaults and net loss rates in our commercial lending portfolio, which in turn could adversely impact our profitability and financial results.

***Defaults and prepayments on loans and leases purchased or originated by us could adversely affect our operations.***

Our financial condition, liquidity and results of operations depend, to a material extent, on the performance of loans and leases in our portfolio. Obligor under contracts acquired or originated by us, as well as dealer obligors in our commercial lending portfolio, may default during the term of their loan or lease. Generally, we bear the full risk of losses resulting from defaults. In the event of a default, the value of the financed vehicle or, in the case of a commercial obligor, the value of the inventory and other commercial assets we finance usually does not cover the outstanding amount due to us, including the costs of recovery and asset disposition.

The amounts owed to us by any given dealership or dealership group in our commercial lending portfolio can be significant. The amount of potential loss resulting from the default of a dealer in our commercial lending portfolio can, therefore, be material even after liquidating the dealer's inventory and other assets to offset the defaulted obligations. Additionally, because the receivables in our commercial lending portfolio may include complex arrangements including guarantees, inter-creditor agreements, mortgages and other liens, our ability to recover and dispose of the underlying inventory and other collateral may be time-consuming and expensive, thereby increasing our potential loss.

We maintain an allowance for loan losses on our finance receivables which reflects management's estimates of expected credit losses for these receivables. If the allowance is inadequate, we would recognize the losses in excess of that allowance as an expense and results of operations would be adversely affected. A material adjustment to our allowance for loan losses and the corresponding decrease in earnings could limit our ability to enter into future financings, thus impairing our ability to finance our business.

An increase in defaults would reduce the cash flows generated by us, and distributions of cash to us from our secured debt facilities would be delayed and the ultimate amount of cash distributable to us would be less, which would have an adverse effect on our liquidity.

Customer prepayments and dealer repayments on commercial obligations, which are generally revolving in nature, affect the amount of finance charge income we receive over the life of the loans. If prepayment levels increase for any reason and we are not able to replace the prepaid receivables with newly originated loans, we will receive less finance charge income and our results of operations may be adversely affected.

A portion of our origination and servicing activities in the North America Segment has historically involved sub-prime automobile receivables. Sub-prime borrowers are associated with higher-than-average delinquency and default rates. The actual rates of delinquencies, defaults, repossessions and losses with respect to those borrowers could also be more dramatically affected by a general economic downturn. No assurance can be given that our proprietary credit scoring system, risk-based pricing and other underwriting policies, and our servicing and collection methods will be effective in managing these risks. In the event that we underestimate the default risk or underprice contracts that we purchase, our financial position, liquidity and results of operations would be adversely affected.

***We operate in a highly competitive industry, and competitive pressures could have a significant negative effect on our pricing, market share and operating results.***

The automotive finance industry is highly competitive, and we compete with a large number of banks, credit unions, independent finance companies and other captive automotive finance subsidiaries. Our ability to maintain and expand our market share is contingent upon us offering competitive pricing, developing and maintaining strong relationships with dealers and customers, making substantial investments in our technological infrastructure, and effectively responding to changes in the automotive industry. In addition, any expansion into new markets may require us to compete with more experienced and established market participants. Failure to effectively manage these challenges could adversely affect our market share, and pressure to provide competitive pricing could have a negative effect on our operating results.

***Our profitability is dependent upon retail demand for automobiles and related automobile financing and the ability of customers to repay loans and leases, and our business may be negatively affected during times of low automobile sales, fluctuating wholesale prices and lease residual values, and high unemployment.***

**General** We are subject to changes in general economic conditions that are beyond our control. During periods of economic slowdown or recession, delinquencies, defaults, repossessions and losses generally increase. These periods also may

be accompanied by increased unemployment rates, decreased demand for automobiles and declining values of automobiles securing outstanding loans and leases, which weakens collateral values and increases the amount of a loss in the event of default. Additionally, higher gasoline prices, declining stock market values, unstable real estate values, increasing unemployment levels, general availability of consumer credit, changes in vehicle ownership trends and other factors that impact consumer confidence or disposable income could increase loss frequency and decrease demand for automobiles as well as weaken collateral values on certain types of automobiles. In addition, during an economic slowdown or recession, our servicing costs may increase without a corresponding increase in our revenue. No assurance can be given that the underwriting criteria and collection methods we employ will afford adequate protection against these risks. Any sustained period of increased delinquencies, defaults, repossessions or losses or increased servicing costs could adversely affect our financial position, liquidity, results of operations and our ability to enter into future financings.

Demand for automobiles may also be impacted by the entrants of non-traditional participants in the automotive industry, who are disrupting the industry's historic business model through the introduction of new products, services, and methods of travel and vehicle ownership.

**Wholesale Auction Values** We sell automobiles returned to us at the end of lease terms either through our exclusive online channel or our wholesale auction partners. We also sell repossessed automobiles at wholesale auction markets located throughout the countries where we have operations. Depressed wholesale prices for used automobiles may result in, or increase, a loss upon our disposition of off-lease or repossessed vehicles and, in the case of repossessed vehicles we may be unable to collect the resulting deficiency balances. Depressed wholesale prices for used automobiles may result from significant liquidations of rental or fleet inventories, financial difficulties of new vehicle manufacturers, discontinuance of vehicle brands and models and increased volume of trade-ins due to promotional programs offered by new vehicle manufacturers. Additionally, higher gasoline prices may decrease the wholesale auction values of certain types of vehicles. Decreased auction proceeds resulting from the depressed prices at which used automobiles may be sold during periods of economic slowdown or low retail demand will result in higher losses for us. Further, we are dependent on the efficient operation of the wholesale auction markets. If the operations of the wholesale auction markets are disrupted, as experienced at the onset of the COVID-19 pandemic, we may be unable to sell our used vehicles at sufficient volume and/or pricing.

**Leased Vehicle Residual Values and Return Rates** We project expected residual values and return volumes of the vehicles we lease. At lease inception, we determine the amount of lease payments we charge our lease customer based, in part, on our estimated residual value. Actual proceeds realized by us upon the sale of a returned leased vehicle at lease termination may be lower than the amount projected, which reduces the profitability of the lease transaction to us. Among the factors that can affect the value of returned lease vehicles are the industry volume of vehicles returned, economic conditions and the quality or perceived quality, safety or reliability of the vehicles. Actual return volumes may be higher than expected and can be influenced by contractual lease-end values relative to then-existing market values, marketing programs for new vehicles and general economic conditions. All of these, alone or in combination, have the potential to adversely affect the profitability of our lease program and financial results. Further, a material decrease in the value of a leased asset group could result in an impairment charge, which would adversely affect our financial results.

**Labor Market Conditions** Competition to hire and retain personnel possessing the skills and experience required by us could contribute to an increase in our employee turnover rate. High turnover or an inability to attract and retain qualified personnel could have an adverse effect on our delinquency, default and net loss rates, our ability to grow and, ultimately, our financial condition, liquidity and results of operations.

***Our ability to continue to fund our business and service our debt is dependent on a number of financing sources and requires a significant amount of cash.***

We depend on various financing sources, including credit facilities, securitization programs and unsecured debt issuances, to finance our loan and lease originations and commercial lending business. Additionally, our ability to refinance or make payments on our indebtedness depends on our access to financing sources in the future and our ability to generate cash. Our access to financing sources depends upon our financial position, general market conditions, availability of bank liquidity, the bank regulatory environment, our compliance with covenants imposed under our financing agreements, the credit quality of the collateral we can pledge to support secured financings, and other factors. Changes in GM's and our credit ratings may also impact our access to and cost of financing. There can be no assurance that funding will be available to us through these financing sources or, if available, that the funding will be on acceptable terms. If these financing sources are not available to us on a regular basis for any reason, or we are not otherwise able to generate significant amounts of cash, then we would not have sufficient funds and would be required to revise the scale of the business, including the possible reduction or discontinuation of origination activities, which would have a material adverse effect on our financial position, liquidity and results of operations.

***Our substantial indebtedness could adversely affect our financial health and prevent us from fulfilling our obligations under existing indebtedness.***

We currently have a substantial amount of outstanding indebtedness. In addition, we have guaranteed a substantial amount of indebtedness incurred by our International Segment and our principal Canadian operating subsidiary. We have also entered into intercompany loan agreements with several of our International Segment subsidiaries, providing these companies with access to our liquidity to support originations and other activities. Our ability to make payments of principal or interest on, or to refinance, our indebtedness will depend on our future operating performance, and our ability to enter into additional credit facilities and securitization transactions as well as other debt financings, which, to a certain extent, are subject to economic, financial, competitive, regulatory, capital markets and other factors beyond our control.

If we are unable to generate sufficient cash flows in the future to service our debt, we may be required to refinance all or a portion of our existing debt or to obtain additional financing. There can be no assurance that any refinancing will be possible or that any additional financing could be obtained on acceptable terms. The inability to service or refinance our existing debt or to obtain additional financing would have a material adverse effect on our financial position, liquidity and results of operations.

The degree to which we are leveraged creates risks, including:

- we may be unable to satisfy our obligations under our outstanding indebtedness;
- we may find it more difficult to fund future credit enhancement requirements, operating costs, tax payments, capital expenditures or general corporate expenditures;
- we may have to dedicate a substantial portion of our cash resources to payments on our outstanding indebtedness, thereby reducing the funds available for operations and future business opportunities; and
- we may be vulnerable to adverse general economic, industry and capital markets conditions.

Our credit facilities may require us to comply with certain financial ratios and covenants, including minimum asset quality maintenance requirements. These restrictions may interfere with our ability to obtain financing or to engage in other necessary or desirable business activities.

If we cannot comply with the requirements in our credit facilities, then the lenders may increase our borrowing costs, remove us as servicer of our assets or declare the outstanding debt immediately due and payable. If our debt payments were accelerated, any assets pledged to secure these facilities might not be sufficient to fully repay the debt. These lenders may foreclose upon their collateral, including the restricted cash in these credit facilities. These events may also result in a default under our unsecured debt indentures. We may not be able to obtain a waiver of these provisions or refinance our debt, if needed. In such case, our financial condition, liquidity and results of operations would materially suffer.

***Our hedging strategies may not be successful in minimizing risks from unfavorable changes in interest rates and foreign currency exchange rates.***

Unfavorable changes in interest rates and foreign currency exchange rates may adversely affect our financial condition, liquidity and results of operations. We utilize various hedging strategies to mitigate our exposure to rate fluctuations, including entering into derivative instruments with various major financial institutions that we believe are creditworthy. However, changes in interest rates and currency exchange rates cannot always be predicted or hedged, and there can be no assurance that our hedging strategies will be effective in minimizing interest rate and foreign currency risks. Our results of operations may be adversely impacted by volatility in the valuation of derivative instruments. Additionally, we may be unable to find creditworthy counterparties willing to enter derivative instruments on acceptable terms, and counterparties may be unable to meet their financial obligations under our derivative instruments.

***Changes in the method pursuant to which the London Interbank Offered Rate (LIBOR) and other benchmark rates are determined could adversely impact our business and results of operations.***

We have certain floating-rate obligations, hedging transactions, and floating-rate dealer loans that determine their applicable interest rate or payment amount by reference to LIBOR.

The U.K. Financial Conduct Authority, which regulates LIBOR, has announced that it will no longer persuade or compel banks to submit rates for the calculations of LIBOR after 2021. It is unknown whether any banks will continue to voluntarily submit rates for the calculation of LIBOR, or whether LIBOR will continue to be published by its administrator based on these submissions, or on any other basis, after 2021.

Regulators, industry groups and certain committees, such as the Alternative Reference Rates Committee (ARRC) have, among other things, published recommended fallback language for LIBOR-linked financial instruments, identified

recommended alternatives for certain LIBOR rates, such as the Secured Overnight Financing Rate (SOFR) as the recommended alternative to U.S. Dollar LIBOR, and proposed implementations of the recommended alternatives in floating rate financial instruments. It is currently unknown whether these recommendations and proposals will be broadly accepted, whether they will continue to evolve, and what the effect of their implementation may be on the markets for floating-rate financial instruments.

At this time, it is not possible to predict the effect that these developments or any discontinuance, modification or other reforms may have on LIBOR, other benchmarks or floating-rate debt instruments, including our floating-rate debt. Any such discontinuance, modification, alternative reference rates or other reforms may materially adversely affect interest rates on our current or future indebtedness. Further, there is a risk that discontinuation of LIBOR, without an adequate replacement, will impact our ability to manage interest rate risk effectively.

***Our operations outside the U.S. expose us to additional risks.***

Our operations outside the U.S. are subject to many of the same risks as our U.S. operations. In addition to those risks, our non-U.S. operations, including the operations of our joint ventures, are subject to certain additional risks, such as the following:

- economic downturns in foreign countries or geographic regions where we have significant operations, such as Brazil, Mexico and China;
- multiple foreign regulatory requirements that are subject to change;
- difficulty in establishing, staffing and managing foreign operations;
- differing labor regulations;
- consequences from changes in tax laws;
- restrictions on the ability to repatriate profits or transfer cash into or out of foreign countries and the tax consequences of such repatriations and transfers;
- fluctuations in foreign currencies;
- political and economic instability, social unrest, natural disasters, public health crises, war, and terrorism; and
- compliance with laws and regulations applicable to international operations, including anti-corruption laws such as the U.S. Foreign Corrupt Practices Act and international trade and economic sanctions laws.

The effects of these risks may, individually or in the aggregate, adversely affect our business.

***We do not control the operations of our investments in joint ventures, and we are subject to the risks of operating in China.***

We do not control the operations of our joint ventures, and we do not have a majority interest in the joint ventures. In the joint ventures, we share ownership and management with other parties who may not have the same goals, strategies, priorities, or resources as we do and may compete with us outside the joint ventures. Joint ventures are intended to be operated for the benefit of all co-owners, rather than for our exclusive benefit. Operating a business as a joint venture often requires additional organizational formalities, as well as time-consuming procedures for sharing information and making decisions that must further take into consideration our co-owners' interest. In joint ventures, we are required to foster our relationship with our co-owners as well as promote the overall success of the joint ventures, and if a co-owner changes or relationships deteriorate, our success in the joint ventures may be materially adversely affected. The benefits from a successful joint venture are shared among the co-owners, and as such, we do not receive the full benefits from a successful joint venture. As a result of having limited control over the actions of the joint ventures, we may be unable to prevent misconduct or other violations of applicable laws. Moreover, the joint ventures may not follow the same requirements regarding internal controls and internal control over financial reporting that we follow. To the extent another party makes decisions that negatively impact the joint ventures or internal control issues arise within the joint ventures, we may have to take responsive or other actions or we may be subject to penalties, fines or other related actions for these activities that could have a material adverse impact on our business, financial condition and results of operations.

In addition, we are subject to the risks of operating in China. The automotive finance market in China is highly competitive and subject to significant governmental regulation. As the Chinese market continues to develop, we anticipate that additional competitors, both international and domestic, will seek to enter the Chinese market and that existing market participants will act aggressively to increase their market share. Increased competition, increased U.S.-China trade restrictions and weakening economic conditions in China, among other things, may result in price reductions, reduced sales, profitability and margins, and challenges to gain or hold market share. In addition, business in China is sensitive to economic and market conditions that drive sales volume in China. If our joint ventures are unable to maintain their position in the Chinese market or if vehicle sales in China decrease, our business and financial results could be materially adversely affected.

**Risks Related to Cybersecurity, Information Technology and Data Management Practices**

***Security breaches and other disruptions to information technology systems and networks owned or maintained by us, or third-party vendors or suppliers on our behalf, could interfere with our operations and could compromise the confidentiality of private customer data or our proprietary information.***

We rely upon information technology systems and networks, some of which are managed by third parties, to process, transmit and store electronic information, and to manage or support a variety of our business processes, activities and products. Additionally, we collect and store sensitive data, including intellectual property and proprietary business information, as well as personally identifiable information of our customers and employees in data centers and on information technology networks (including networks that may be controlled or maintained by third parties). The secure operation of these systems and networks, and the processing and maintenance of the information processed by these systems and networks, is critical to our business operations and strategy. Further, customers using our systems rely on the security of our infrastructure, including hardware and other elements provided by third parties, to ensure the protection of their data. Despite security measures and business continuity plans, these systems and networks may be vulnerable to damage, disruptions or shutdowns caused by attacks by hackers, computer viruses, malware (including “ransomware”), phishing attacks or breaches due to errors or malfeasance by employees, contractors and others who have access to these systems and networks. The occurrence of any of these events could compromise the confidentiality, operational integrity and accessibility of these systems and networks and the data that resides within them. Similarly, such an occurrence could result in the compromise or loss of the information processed by these systems and networks. Such events could result in, among other things, the loss of proprietary data, interruptions or delays in our business operations and damage to our reputation. In addition, such events could increase the risk of claims alleging that we are non-compliant with applicable laws or regulations, subjecting us to potential liability or regulatory penalties and related costs under laws protecting the privacy of personal information; disrupt our operations; or reduce the competitive advantage we hope to derive from our investment in advanced technologies. We have experienced such events in the past and, although past events were immaterial, future events may occur and may be material.

***Our enterprise data practices, including the collection, use, sharing, and security of the Personal Identifiable Information of our customers and employees, are subject to increasingly complex, restrictive and punitive regulations in all key market regions.***

Under these regulations, the failure to maintain compliant data practices could result in consumer complaints and regulatory inquiry, resulting in civil or criminal penalties, as well as brand impact or other harm to our business. In addition, increased consumer sensitivity to real or perceived failures in maintaining acceptable data practices could damage our reputation and deter current and potential users or customers from using our products and services. Because many of these laws are new, there is little clarity as to their interpretation, as well as a lack of precedent for the scope of enforcement. The cost of compliance with these laws and regulations will be high and is likely to increase in the future. For example, the California Consumer Protection Act became effective in 2020, obligating companies to quickly respond to consumer requests to delete, disclose and stop selling personal information of California residents, with significant fines for noncompliance. Other U.S. states are considering similar laws, with some considering private rights of action for consumers that would allow consumers to bring claims directly against us for mishandling their data. In Canada, both the federal government and certain provinces have also proposed new legislation imposing significant and unprecedented obligations, fines and liabilities regarding data handling. Overcoming these new barriers is likely to increase our costs and drive new complexity in our operations.

**Risks Related to Government Regulations and Litigation**

***Compliance with laws and regulations can significantly increase our costs and affect how we do business.***

We are subject to a wide variety of laws and regulations in the jurisdictions where we operate, including supervision and licensing by numerous governmental entities. These laws and regulations can create significant constraints on our operations and result in significant costs related to compliance. Failure to comply with these laws and regulations could impair our ability to continue operating and result in substantial civil and criminal penalties, monetary damages, attorneys’ fees and costs, possible revocation of licenses, and damage to reputation, brand and valued customer relationships.

In the United States, the Dodd-Frank Act imposes significant regulatory oversight on the financial industry and grants the CFPB extensive rulemaking and enforcement authority, all of which may substantially impact our operations. As a “larger participant” in the automobile finance market, we are subject to comprehensive and rigorous on-site examinations by the CFPB. Any violations of law or unfair lending practices found during these examinations could result in enforcement actions, fines, and mandated process, procedure or product-related changes or consumer refunds.

***We could be materially adversely affected by significant legal and regulatory proceedings.***

We are subject to various legal and regulatory proceedings and governmental investigations in the ordinary course of our business. An adverse outcome in one or more of these proceedings or investigations could result in substantial damages, settlements, fines, penalties, diminished income or reputational harm. For a further discussion of these matters, refer to [Note 10](#) to our consolidated financial statements.

***We may incur additional tax expense or become subject to additional tax exposure.***

We are subject to the tax laws and regulations of the U.S. and numerous other jurisdictions in which we do business, and we are included in GM's consolidated U.S. federal income tax returns. Many judgments are required in determining our worldwide provision for income taxes and other tax liabilities, and we are regularly under audit by the U.S. Internal Revenue Service and other tax authorities, which may not agree with our tax positions. In addition, our tax liabilities are subject to other significant risks and uncertainties, including those arising from potential changes in laws and regulations in the countries in which we do business, the possibility of adverse determinations with respect to the application of existing laws, changes in our business or structure and changes in the valuation of our deferred tax assets and liabilities. Any unfavorable resolution of these and other uncertainties may have a significant adverse impact on our tax rate and results of operations. If our tax expense were to increase, or if the ultimate determination of our taxes owed is for an amount in excess of amounts previously accrued, our operating results, cash flows and financial condition could be adversely affected.

**Item 1B. Unresolved Staff Comments**

None.

**Item 2. Properties**

Our executive offices are located in Fort Worth, Texas. We operate credit centers, collections and customer service centers and administrative offices, primarily in North America and Latin America.

**Item 3. Legal Proceedings**

Refer to [Note 10](#) to our consolidated financial statements for information relating to legal proceedings.

**Item 4. Mine Safety Disclosures**

Not applicable.

**PART II****Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities**

All of our common stock is owned by General Motors Holdings LLC, a wholly-owned subsidiary of GM; therefore, there is no public trading market for our common stock. Future dividends are payable at the sole discretion of our Board of Directors and will depend on a number of factors including, but not limited to, business and economic conditions, our financial condition, earnings, liquidity requirements and leverage ratio.

**Item 6. Selected Financial Data**

Not applicable.

**Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations**

**General** We are a global provider of automobile finance solutions, and we operate in the auto finance market as the wholly-owned captive finance subsidiary of GM. We evaluate our business in two operating segments: the North America Segment, which includes our operations in the U.S. and Canada, and the International Segment, which includes operations in Brazil, Chile, Colombia, Mexico and Peru, as well as our equity investments in joint ventures in China.

## COVID-19 Pandemic

In March 2020, the World Health Organization declared the rapidly growing outbreak of COVID-19, a global pandemic. The economic impact of efforts to contain the spread of COVID-19 is straining the finances of individuals and businesses, large and small, across the globe. The extent of the impact of the COVID-19 pandemic on our future operations will depend on, among other things, the duration, spread and intensity of the pandemic and related government responses such as required physical distancing, restrictions on business operations and travel and the timing and efficacy of any available vaccines, all of which are uncertain and difficult to predict in light of the rapidly evolving landscape. We also face continuing market, operating and regulatory challenges in several countries across the globe due to, among other factors, weak economic conditions, foreign exchange volatility and political uncertainty. Refer to Item 1A. Risk Factors for a full discussion of the risks associated with the COVID-19 pandemic.

In response to the pandemic, we took a number of actions to provide support to our retail customers and dealers, including:

- We automatically waived all late payment fees for our retail customers in the North America Segment from March 1, 2020 until May 31, 2020. The impact to our results of operations for 2020 was not material.
- We offered payment deferrals (typically for 60 days) to our retail loan customers who have been adversely affected by the COVID-19 pandemic. As a result, our deferral activity was elevated during the late-first quarter and early-second quarter of 2020 before returning to normal levels in the second half of 2020.
- We also offered deferments to our lease customers in the U.S. with the deferred payments due along with the final payment, if not paid before. As of December 31, 2020, we had granted payment deferrals on approximately 2% of our lease accounts.
- We offered a greater volume of extensions to lease customers to remain in their vehicle beyond their scheduled lease termination date.
- We offered deferrals of interest and waivers of curtailment payments for the three months ended June 30, 2020 at no cost to our wholesale dealer customers. Interest continued to accrue on the outstanding balance. In aggregate, we deferred \$34 million in interest and waived \$185 million of curtailment payments on our commercial loans for the three months ended June 30, 2020. As of December 31, 2020, no deferred interest and an insignificant amount of curtailment payments were outstanding.
- In partnership with GM in the U.S., for well-qualified buyers, we provided various 0% loan offers for new GM vehicle purchases. In addition, we offered a 120-day delay for the due date of the first payment on retail loans for well-qualified buyers of new GM vehicles.

## Critical Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities as of the date of the financial statements and the reported amount of revenue and expenses during the reporting periods. Actual results could differ from those estimates, due to inherent uncertainties in making estimates, and those differences may be material. Refer to [Note 1](#) to our consolidated financial statements for our significant accounting policies related to our critical accounting estimates. The accounting estimates that we believe are the most critical to understanding and evaluating our reported financial results include the following:

**Allowance for Loan Losses** Our retail finance receivables portfolio consists of smaller-balance, homogeneous loans that are carried at amortized cost, net of allowance for loan losses. The allowance for loan losses on retail finance receivables reflects net credit losses expected to be incurred over the remaining life of the retail finance receivables, which have a weighted average remaining life of approximately two years. We forecast net credit losses based on relevant information about past events, current conditions and forecast economic performance. We believe that the allowance is adequate to cover expected credit losses on the retail finance receivables; however, because the allowance for loan losses is based on estimates, there can be no assurance that the ultimate charge-off amount will not exceed such estimates or that our credit loss assumptions will not increase.



We incorporate assumptions about forecast charge-off recovery rates and overall economic performance in our allowance estimate. Used vehicle prices rebounded in the second half of 2020, after decreasing in March and April 2020, and recoveries outperformed our forecast. Therefore, we increased our recovery rate forecast as of December 31, 2020. Each 5% relative decrease/increase in our forecast recovery rates could increase/decrease our allowance for loan losses by approximately \$107 million.

We updated our forecast of economic performance in March 2020, following the onset of the COVID-19 pandemic, based on the latest available information from our economic research firm, and continued to monitor and update our forecast through the year. At December 31, 2020, the weightings we applied to the economic forecast scenarios that we considered resulted in an allowance for loan losses on our retail finance receivables portfolio of \$1.9 billion. The range of possible weightings we could apply to the economic forecast scenarios result in an allowance for loan losses ranging from \$1.8 billion to \$2.0 billion. Actual economic data and recovery rates that are worse/lower than those we forecast could result in an increase in the allowance for loan losses.

Our commercial finance receivables portfolio consists of floorplan financing as well as dealer loans, which are loans to finance improvements to dealership facilities, to provide working capital, and to purchase and/or finance dealership real estate. The allowance for loan losses on commercial finance receivables is based on historical loss experience for the consolidated portfolio, in addition to forecasted industry vehicle sales. Prior to January 1, 2020, we estimated our allowance for loan losses on commercial finance receivables in the North America Segment based on an analysis of the experience of comparable commercial lenders. There can be no assurance that the ultimate charge-off amount will not exceed such estimates or that our credit loss assumptions will not increase.

**Residual Value of Leased Vehicles** We have investments in leased vehicles recorded as operating leases. Each leased asset in our portfolio represents a vehicle that we own and have leased to a customer. At lease inception, we establish an expected residual value for the vehicle at the end of the lease term, which typically ranges from two to five years. We estimate the expected residual value based on third-party data that considers various data points and assumptions, including, but not limited to, recent auction values, the expected future volume of returning leased vehicles, used vehicle prices, manufacturer incentive programs and fuel prices. Realization of the residual values is dependent on our future ability to market the vehicles under prevailing market conditions.

The customer is obligated to make payments during the lease term for the difference between the purchase price and the contract residual value plus a money factor. However, since the customer is not obligated to purchase the vehicle at the end of the contract, we are exposed to a risk of loss to the extent the customer returns the vehicle prior to or at the end of the lease term and the value of the vehicle is lower than the residual value estimated at lease inception.

At December 31, 2020, the estimated residual value of our leased vehicles was \$29.2 billion. Depreciation reduces the carrying value of each leased asset in our leased vehicles portfolio over time from its original acquisition value to its expected residual value at the end of the lease term. We updated the residual value estimates on our leased vehicles portfolio in March 2020, following the onset of the COVID-19 pandemic to reflect the decrease in forecasted used vehicle prices and have continued to monitor and update our residual value estimates through December 31, 2020. Used vehicle prices rebounded, after decreasing in March and April 2020, and sales proceeds on terminated leased vehicles outperformed our residual value estimates during 2020. Accordingly, we increased our residual value estimates at December 31, 2020, which will result in a prospective decrease in the depreciation rate over the remaining term of the leased vehicles portfolio. If used vehicle prices weaken compared to our estimates, we would increase depreciation expense and/or record an impairment charge on our lease portfolio. If an impairment exists, we would determine any shortfall in recoverability of our leased vehicle asset groups by year, make and model. Recoverability is calculated as the excess of (1) the sum of remaining lease payments, plus estimated residual value, over (2) leased vehicles, net, less deferred income. Alternatively, if used vehicle prices outperform our latest estimates, we may record gains on sales of off-lease vehicles and/or decreased depreciation expense.

We reviewed our leased vehicles portfolio for indicators of impairment and determined that no impairment indicators were present at December 31, 2020 and 2019.

## GENERAL MOTORS FINANCIAL COMPANY, INC.

The following table illustrates the effect of a 1% relative change in the estimated residual values at December 31, 2020, which could increase or decrease depreciation expense over the remaining term of our leased vehicles portfolio, holding all other assumptions constant. Changes to residual values are rarely simultaneous across all maturities and segments, and also may impact return rates. If a decrease in residual values is concentrated among specific asset groups, the decrease could result in an immediate impairment charge.

	Years Ending December 31,				
	2021	2022	2023	2024	Total
Impact to depreciation expense	\$ 198	\$ 72	\$ 21	\$ 1	\$ 292

Used vehicle prices increased approximately 3% in 2020 compared to 2019, primarily due to low new vehicle inventory, largely driven by the suspension of manufacturing operations as a result of the COVID-19 pandemic, creating strong demand for used vehicles. In 2021, we expect used vehicle prices to decline by an amount in the low single digits on a percentage basis as compared to 2020 levels as supply and demand dynamics normalize.

**Income Taxes** We are subject to income tax in the U.S. and various other state and foreign jurisdictions. Since October 1, 2010, we have been included in GM's consolidated U.S. federal income tax returns. Refer to [Note 14](#) to our consolidated financial statements for more information relating to our tax sharing agreement with GM for our U.S. operations.

We account for income taxes on a separate return basis using an asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences attributable to differences between financial statements' carrying amounts of existing assets and liabilities and their respective tax basis, net operating loss and tax credit carryforwards.

In the ordinary course of business, there may be transactions, calculations, structures and filing positions where the ultimate tax outcome is uncertain. At any point in time, multiple tax years are subject to audit by various taxing jurisdictions and we record liabilities for estimated tax results based on the requirements of the accounting for uncertainty in income taxes. Management believes that the estimates it records are reasonable. However, due to expiring statutes of limitations, audits, settlements, changes in tax law or new authoritative rulings, no assurance can be given that the final outcome of these matters will be comparable to what was reflected in the historical income tax provisions and accruals. We may need to adjust our accrued tax assets or liabilities if actual results differ from estimated results or if we adjust the assumptions used in the computation of the estimated tax results in the future. These adjustments could materially impact the effective tax rate, earnings, accrued tax balances and cash.

The ability to realize deferred tax assets depends on the ability to generate sufficient taxable income within the carryback or carryforward periods provided for in the tax law for each applicable tax jurisdiction. The assessment regarding whether a valuation allowance is required or should be adjusted is based on an evaluation of possible sources of taxable income and also considers all available positive and negative evidence factors. Our accounting for deferred tax consequences represents our best estimate of future events. Changes in our current estimates, due to unanticipated market conditions or events, could have a material effect on our ability to utilize deferred tax assets.

### Results of Operations

This section discusses our results of operations for the year ended December 31, 2020 as compared to the year ended December 31, 2019. For a discussion and analysis of the year ended December 31, 2019, compared to the same period in 2018 please refer to Management's Discussion and Analysis of Financial Condition and Results of Operations included in Part II, Item 7 of our [Annual Report on Form 10-K for the year ended December 31, 2019](#), filed with the SEC on February 5, 2020.

Income before income taxes for 2020 increased to \$2.7 billion from \$2.1 billion for 2019. There were offsetting changes to key drivers of income before income taxes, as follows:

- Finance charge income on retail finance receivables increased due to growth in the size of the portfolio, partially offset by a decrease in the effective yield.
- Finance charge income on commercial finance receivables decreased due to a lower effective yield resulting from a decline in benchmark interest rates, as well as a decrease in the size of the portfolio.
- Leased vehicle income decreased \$502 million primarily due to a decrease in the size of the portfolio, as terminations of leases exceeded originations.

# GENERAL MOTORS FINANCIAL COMPANY, INC.

- Leased vehicle expenses decreased \$803 million primarily due to \$673 million in increased leased vehicle termination gains.
- Provision for loan losses increased \$155 million primarily due to increased expected charge-offs as a result of the forecasted economic impacts from the COVID-19 pandemic.
- Interest expense decreased \$618 million primarily due to a decrease in the effective rate of interest on debt.

For the year ending December 31, 2021, we expect income before income taxes in the mid-two billion dollar range.

Return on average common equity is widely used to measure earnings in relation to invested capital. Our return on average common equity increased to 18.2% in 2020 from 13.7% in 2019 primarily due to increased earnings.

We use return on average tangible common equity (a non-GAAP measure) to measure our contribution to GM's enterprise profitability and cash flow. Our return on average tangible common equity increased to 20.5% in 2020 from 15.4% in 2019 primarily due to increased earnings as well as a decrease in average tangible common equity.

The following table presents our reconciliation of return on average tangible common equity to return on average common equity, the most directly comparable GAAP measure:

	Years Ended December 31,	
	2020	2019
Net income attributable to common shareholder	\$ 1,911	\$ 1,477
Average equity	\$ 12,120	\$ 12,270
Less: average preferred equity	(1,628)	(1,477)
Average common equity	10,492	10,793
Less: average goodwill	(1,172)	(1,186)
Average tangible common equity	\$ 9,320	\$ 9,607
Return on average common equity	18.2 %	13.7 %
Return on average tangible common equity	20.5 %	15.4 %

Our calculation of this non-GAAP measure may not be comparable to similarly titled measures of other companies due to potential differences between companies in the method of calculation. As a result, the use of this non-GAAP measure has limitations and should not be considered superior to, in isolation from, or as a substitute for, related U.S. GAAP measures. This non-GAAP measure allows investors the opportunity to measure and monitor our performance against our externally communicated targets and evaluate the investment decisions being made by management to improve our return on average tangible common equity. Management uses this measure in its financial, investment and operational decision-making processes, for internal reporting and as part of its forecasting and budgeting processes. For these reasons, we believe this non-GAAP measure is useful for our investors.

## Average Earning Assets

	Years Ended December 31,		2020 vs. 2019	
	2020	2019	Amount	Percentage
Average retail finance receivables	\$ 46,313	\$ 42,112	\$ 4,201	10.0 %
Average commercial finance receivables	9,713	12,429	(2,716)	(21.9)%
Average finance receivables	56,026	54,541	1,485	2.7 %
Average leased vehicles, net	40,345	42,881	(2,536)	(5.9)%
Average earning assets	\$ 96,371	\$ 97,422	\$ (1,051)	(1.1)%
Retail finance receivables purchased	\$ 30,111	\$ 25,150	\$ 4,961	19.7 %
Leased vehicles purchased	\$ 19,698	\$ 22,366	\$ (2,668)	(11.9)%

Our penetration of GM's retail sales in the U.S. increased to 44.8% in 2020 from 43.1% in 2019. Penetration levels vary depending on incentive financing programs available and competing third-party financing products in the market.

Average commercial finance receivables decreased primarily due to the suspension earlier in the year of GM global manufacturing operations caused by the COVID-19 pandemic, resulting in lower dealer new vehicle inventory.

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Revenue	Years Ended December 31,		2020 vs. 2019	
	2020	2019	Amount	Percentage
Finance charge income				
Retail finance receivables	\$ 3,615	\$ 3,384	\$ 231	6.8 %
Commercial finance receivables	\$ 381	\$ 687	\$ (306)	(44.5)%
Leased vehicle income	\$ 9,530	\$ 10,032	\$ (502)	(5.0)%
Other income	\$ 305	\$ 451	\$ (146)	(32.4)%
Equity income	\$ 147	\$ 166	\$ (19)	(11.4)%
Effective yield - retail finance receivables	7.8 %	8.0 %		
Effective yield - commercial finance receivables	3.9 %	5.5 %		

**Finance Charge Income - Retail Finance Receivables** Finance charge income on retail finance receivables increased due to growth in the size of the portfolio, partially offset by a decrease in the effective yield. The effective yield represents finance charges, rate subvention and fees recorded in earnings during the period as a percentage of average retail finance receivables.

**Finance Charge Income - Commercial Finance Receivables** Finance charge income on commercial finance receivables decreased due to a lower effective yield resulting from a decline in benchmark interest rates, as well as a decrease in the size of the portfolio.

**Leased Vehicle Income** Leased vehicle income decreased primarily due to a decrease in the size of the portfolio, as terminations of leases exceeded originations.

**Other Income** The decrease in other income is primarily due to lower investment income resulting from a decline in benchmark interest rates.

Costs and Expenses	Years Ended December 31,		2020 vs. 2019	
	2020	2019	Amount	Percentage
Operating expenses	\$ 1,490	\$ 1,564	\$ (74)	(4.7)%
Leased vehicle expenses	\$ 5,882	\$ 6,685	\$ (803)	(12.0)%
Provision for loan losses	\$ 881	\$ 726	\$ 155	21.3 %
Interest expense	\$ 3,023	\$ 3,641	\$ (618)	(17.0)%
Average debt outstanding	\$ 91,436	\$ 91,189	\$ 247	0.3 %
Effective rate of interest on debt	3.3 %	4.0 %		

**Operating Expenses** Operating expenses as a percentage of average earning assets decreased to 1.5% for 2020 from 1.6% for 2019.

**Leased Vehicle Expenses** Leased vehicle expenses decreased primarily due to a \$673 million increase in lease termination gains due to the increase in used vehicle prices in 2020 compared to 2019, which exceeded our residual value expectations, as well as the decrease in the size of the portfolio.

**Provision for Loan Losses** The provision for retail loan losses increased primarily due to increased expected charge-offs as a result of the forecasted economic impact of the COVID-19 pandemic.

**Interest Expense** Interest expense decreased due to a lower effective rate of interest on our debt resulting from a decline in benchmark interest rates.

**Taxes** Our consolidated effective income tax rate was 27.1% and 27.7% of income before income taxes and equity income for 2020 and 2019. The decrease in the effective income tax rate is primarily due to a lower percentage of income being taxed at higher rates for our non-U.S. entities included in our effective tax rate calculation.

## Other Comprehensive Loss

**Unrealized Loss on Hedges** Unrealized losses on hedges included in other comprehensive loss were \$108 million and \$58 million for 2020 and 2019. The increase in unrealized losses is primarily due to changes in the fair value of our foreign currency swap agreements resulting from the strengthening of the U.S. Dollar against hedged currencies.

Unrealized losses on cash flow hedges of our floating rate debt are reclassified into earnings in the same period during which the hedged transactions affect earnings via principal remeasurement or accrual of interest expense.

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**Foreign Currency Translation Adjustment** Foreign currency translation adjustments included in other comprehensive loss were \$(82) million and \$5 million for 2020 and 2019. Translation adjustments resulted from changes in the values of our international currency-denominated assets and liabilities as the value of the U.S. Dollar changed in relation to international currencies. The foreign currency translation loss for 2020 was primarily due to depreciating values of the Brazilian Real and Mexican Peso, partially offset by appreciating values of the Chinese Yuan Renminbi and Canadian Dollar in relation to the U.S. Dollar. The foreign currency translation gain for 2019 was primarily due to appreciating values of the Canadian Dollar and the Mexican Peso, partially offset by depreciating values of the Brazilian Real and the Chinese Yuan Renminbi in relation to the U.S. Dollar.

### Earning Assets Quality

**Retail Finance Receivables** Our retail finance receivables portfolio includes loans made to consumers and businesses to finance the purchase of vehicles for personal and commercial use. A summary of the credit risk profile by FICO score or its equivalent, determined at origination, of the retail finance receivables is as follows:

	December 31, 2020		December 31, 2019	
	Amount	Percent	Amount	Percent
Prime - FICO Score 680 and greater	\$ 32,800	64.0 %	\$ 25,439	60.2 %
Near-prime - FICO Score 620 to 679	7,935	15.4	6,862	16.2
Sub-prime - FICO Score less than 620	10,553	20.6	9,967	23.6
Retail finance receivables, net of fees	51,288	100.0 %	42,268	100.0 %
Less: allowance for loan losses	(1,915)		(866)	
Retail finance receivables, net	\$ 49,373		\$ 41,402	
Number of outstanding contracts	2,824,757		2,656,525	
Average amount of outstanding contracts (in dollars) <sup>(a)</sup>	\$ 18,157		\$ 15,911	
Allowance for loan losses as a percentage of retail finance receivables, net of fees	3.7 %		2.0 %	

(a) Average amount of outstanding contracts consists of retail finance receivables, net of fees, divided by the number of outstanding contracts.

The allowance for loan losses increased \$1.0 billion as of December 31, 2020 compared to December 31, 2019, primarily due to an \$801 million adjustment from the adoption of ASU 2016-13 on January 1, 2020 and increased expected net charge-offs as a result of the forecasted economic impact of the COVID-19 pandemic.

**Delinquency** The following is a consolidated summary of delinquent retail finance receivables:

	December 31, 2020		December 31, 2019	
	Amount	Percentage	Amount <sup>(a)</sup>	Percentage
31 - 60 days	\$ 1,103	2.1 %	\$ 1,354	3.2 %
Greater than 60 days	412	0.8	542	1.3
Total finance receivables more than 30 days delinquent	1,515	2.9	1,896	4.5
In repossession	33	0.1	44	0.1
Total finance receivables more than 30 days delinquent or in repossession	\$ 1,548	3.0 %	\$ 1,940	4.6 %

(a) Represents the contractual amounts of delinquent retail finance receivables, which is not significantly different than the outstanding amortized cost for such receivables.

At December 31, 2020, delinquency was positively impacted by government support programs intended to mitigate the economic impact of the COVID-19 pandemic, as well as changes in consumer spending behavior.

**Troubled Debt Restructurings (TDRs)** Payment deferrals granted to retail loan customers with accounts in good standing, but impacted by the COVID-19 pandemic, will not be considered concessions for purposes of TDR classification for up to six months of deferral. Refer to [Note 1](#) and [Note 3](#) to our consolidated financial statements for further information on TDRs.

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**Net Charge-offs** The following table presents charge-off data with respect to our retail finance receivables portfolio:

	Years Ended December 31,	
	2020	2019
Charge-offs	\$ 1,149	\$ 1,218
Less: recoveries	(537)	(548)
Net charge-offs	\$ 612	\$ 670
Net charge-offs as a percentage of average retail finance receivables	1.3 %	1.6 %

Charge-offs for 2020 decreased compared to 2019 due to government support programs intended to mitigate the economic impact of the COVID-19 pandemic, as well as changes in consumer spending behavior. Charge-off activity is expected to normalize in the second half of 2021, as government relief programs expire.

Commercial Finance Receivables	December 31, 2020	December 31, 2019
Commercial finance receivables, net of fees	\$ 9,080	\$ 12,149
Less: allowance for loan losses	(63)	(78)
Commercial finance receivables, net	\$ 9,017	\$ 12,071
Number of dealers	2,028	1,872
Average carrying amount per dealer	\$ 4	\$ 6
Allowance for loan losses as a percentage of commercial finance receivables, net of fees	0.7 %	0.6 %

At December 31, 2020, no commercial finance receivables were classified as TDRs. At December 31, 2019, commercial finance receivables classified as TDRs were insignificant. Activity in the allowance for commercial loan losses was insignificant for 2020 and 2019, and substantially all of our commercial finance receivables were current with respect to payment status at December 31, 2020 and 2019.

**Leased Vehicles** The following table summarizes activity in our operating lease portfolio (in thousands, except where noted):

	Years Ended December 31,	
	2020	2019
Operating leases originated	480	566
Operating leases terminated	614	664
Operating lease vehicles returned <sup>(a)</sup>	407	498
Percentage of lease vehicles returned <sup>(b)</sup>	66 %	75 %

(a) Represents the number of vehicles returned to us for remarketing.

(b) Calculated as the number of operating leased vehicles returned divided by the number of operating leases terminated.

The return rate can fluctuate based upon the level of used vehicle pricing compared to residual values at lease inception and/or growth and age of the leased vehicles portfolio. The return rate for 2020 declined compared to 2019 due to increased leased vehicle purchases at the end-of-term driven by historically high used vehicle prices. Used vehicle prices increased approximately 3% in 2020 compared to 2019, primarily due to low new vehicle inventory, largely driven by the suspension of manufacturing operations as a result of the COVID-19 pandemic, creating strong demand for used vehicles, which resulted in gains on terminations of leased vehicles of \$1.3 billion in 2020 compared to gains of \$652 million in 2019. Further, vehicles sold during 2020 were carried at lower net book values, resulting from increased depreciation rates recorded in anticipation of reduced residual values throughout 2020.

In 2021, we expect used vehicle prices to decline by an amount in the low single digits on a percentage basis as compared to 2020 levels as supply and demand dynamics normalize.

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The following table summarizes the residual value based on our most recent estimates and the number of units included in leased vehicles, net by vehicle type (units in thousands):

	December 31, 2020			December 31, 2019		
	Residual Value	Units	Percentage of Units	Residual Value	Units	Percentage of Units
Crossovers	\$ 16,334	964	65.5 %	\$ 15,950	972	60.5 %
Trucks	7,455	275	18.7	7,256	288	18.0
SUVs	3,435	92	6.3	3,917	108	6.7
Cars	1,949	140	9.5	3,276	238	14.8
Total	\$ 29,173	1,471	100.0 %	\$ 30,399	1,606	100.0 %

The following table summarizes the scheduled maturity of our operating leases in the North America Segment:

	2021	2022	2023	2024 & Thereafter
Operating lease maturities	28 %	37 %	30 %	5 %

At December 31, 2020 and 2019, 99.4% and 99.1% of our operating leases were current with respect to payment status.

## Liquidity and Capital Resources

**General** Our primary sources of cash are finance charge income, leasing income and proceeds from the sale of terminated leased vehicles, net distributions from credit facilities, securitizations, secured and unsecured borrowings, and collections and recoveries on finance receivables. Our primary uses of cash are purchases of retail finance receivables and leased vehicles, the funding of commercial finance receivables, repayment or repurchases of secured and unsecured debt, funding credit enhancement requirements in connection with securitizations and secured credit facilities, interest costs, operating expenses and dividend payments.

The following table presents our material cash requirements for future periods:

	Years Ending December 31,					
	2021	2022	2023	2024	2025	Thereafter
Debt	35,742	19,312	15,267	7,808	6,609	7,277
Interest payments <sup>(a)</sup>	2,072	1,359	970	605	350	443
Operating leases	29	27	25	24	22	64
	\$ 37,843	\$ 20,698	\$ 16,262	\$ 8,437	\$ 6,981	\$ 7,784
						\$ 98,005

(a) Interest payments were determined using the interest rate in effect at December 31, 2020 for floating rate debt and the contractual rates for fixed-rate debt.

Typically, our purchase and funding of retail and commercial finance receivables and leased vehicles are financed initially by utilizing cash and borrowings on our secured credit facilities. Subsequently, we typically obtain long-term financing for finance receivables and leased vehicles through securitization transactions and the issuance of unsecured debt.



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The following table summarizes our available liquidity:

<b>Liquidity</b>	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Cash and cash equivalents <sup>(a)</sup>	\$ 5,063	\$ 3,311
Borrowing capacity on unpledged eligible assets	19,020	17,537
Borrowing capacity on committed unsecured lines of credit	504	298
Borrowing capacity on the Junior Subordinated Revolving Credit Facility	1,000	1,000
Borrowing capacity on the GM Revolving 364-Day Credit Facility	2,000	2,000
Available liquidity	<u>\$ 27,587</u>	<u>\$ 24,146</u>

(a) Includes \$685 million and \$390 million in unrestricted cash outside of the U.S. at December 31, 2020 and 2019. This cash is considered to be indefinitely invested based on specific plans for reinvestment of these earnings.

During 2020, available liquidity increased primarily due to an increase in cash and cash equivalents and available borrowing capacity on unpledged eligible assets, resulting from the issuance of securitization transactions, unsecured debt and preferred stock. We generally target liquidity levels to support at least six months of our expected net cash outflows, including new originations, without access to new debt financing transactions or other capital markets activity. At December 31, 2020, available liquidity exceeded our liquidity targets.

Our support agreement with GM (the Support Agreement) provides that GM will use commercially reasonable efforts to ensure that we will continue to be designated as a subsidiary borrower under GM's unsecured revolving credit facilities. We have access, subject to available capacity, to \$14.5 billion of GM's unsecured revolving credit facilities consisting of a three-year, \$4.0 billion facility and a five-year, \$10.5 billion facility. We also have exclusive access to GM's 364-day \$2.0 billion facility (the GM Revolving 364-Day Credit Facility). At December 31, 2020, we had no borrowings outstanding under any of these facilities.

In April 2020, GM renewed the \$2.0 billion GM Revolving 364-Day Credit Facility for an additional 364-day term and extended \$3.6 billion of the three-year, \$4.0 billion facility for an additional year expiring in April 2022. The remaining portion will expire in April 2021, unless extended.

At December 31, 2020 and 2019, we had no borrowings outstanding under any of the GM revolving credit facilities.

<b>Cash Flow</b>	<b>Years Ended December 31,</b>		<b>2020 vs. 2019</b>
	<b>2020</b>	<b>2019</b>	
Net cash provided by operating activities	\$ 7,982	\$ 8,069	\$ (87)
Net cash used in investing activities	\$ (9,283)	\$ (4,954)	\$ (4,329)
Net cash provided by (used in) financing activities	\$ 2,408	\$ (3,458)	\$ 5,866

During 2020, net cash provided by operating activities decreased primarily due to a decrease in leased vehicle income of \$502 million and derivative collateral posting activities of \$146 million, partially offset by a decrease in interest paid of \$528 million.

During 2020, net cash used in investing activities increased primarily due to an increase in purchases of retail finance receivables of \$4.9 billion and decreased collections and recoveries on retail finance receivables of \$3.0 billion due to lower loan prepayment activity, partially offset by an increase in net collections of commercial finance receivables of \$2.2 billion and a decrease in purchases of leased vehicles of \$1.2 billion.

During 2020, net cash provided by financing activities increased primarily due to an increase in borrowings of \$22.2 billion and an issuance of preferred stock of \$492 million partially offset by an increase in debt repayments of \$16.4 billion and an increase in dividend payments of \$399 million.

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**Credit Ratings** We receive ratings from four independent credit rating agencies: DBRS Limited, Fitch Rating (Fitch), Moody's Investor Service (Moody's) and Standard & Poor's (S&P). The credit ratings assigned to us from all the credit rating agencies are closely associated with their opinions on GM. The following table summarizes our credit ratings at February 9, 2021:

	Company Rating	Bond Rating	Short Term Rating	Outlook
DBRS Limited	BBB	BBB	R-2	Negative
Fitch	BBB-	BBB-	F3	Stable
Moody's	Baa3	Baa3	P-3	Negative
S&P	BBB	BBB	A-2	Negative

**Credit Facilities** In the normal course of business, in addition to using our available cash, we fund our operations by borrowing under our credit facilities, which may be secured and/or structured as securitizations, or may be unsecured. We repay these borrowings as appropriate under our liquidity management strategy.

At December 31, 2020, credit facilities consist of the following:

Facility Type	Facility Amount	Advances Outstanding
Revolving retail asset-secured facilities <sup>(a)</sup>	\$ 22,175	\$ 3,733
Revolving commercial asset-secured facilities <sup>(b)</sup>	4,071	—
Total secured	26,246	3,733
Unsecured committed facilities	538	34
Unsecured uncommitted facilities <sup>(c)</sup>	1,501	1,501
Total unsecured	2,039	1,535
Junior Subordinated Revolving Credit Facility	1,000	—
GM Revolving 364-Day Credit Facility	2,000	—
Total	\$ 31,285	\$ 5,268

(a) Includes committed and uncommitted revolving credit facilities backed by retail finance receivables and leases. The financial institutions providing the uncommitted facilities are not contractually obligated to advance funds under them. We had \$41 million in advances outstanding and \$573 million in unused borrowing capacity on these facilities at December 31, 2020.

(b) Includes revolving credit facilities backed by loans to dealers for floorplan financing.

(c) The financial institutions providing the uncommitted facilities are not contractually obligated to advance funds under them. We had \$1.5 billion in unused borrowing capacity on these facilities at December 31, 2020.

Refer to [Note 7](#) to our consolidated financial statements for further discussion of the terms of our revolving credit facilities.

**Securitization Notes Payable** We periodically finance our retail and commercial finance receivables and leases through public and private term securitization transactions, where the securitization markets are sufficiently developed. A summary of securitization notes payable is as follows:

Year of Transaction	Maturity Date <sup>(a)</sup>	Original Note Issuance	Note Balance At December 31, 2020
2016	September 2022 - September 2024	\$ 3,500	\$ 386
2017	November 2022 - May 2025	\$ 8,705	1,612
2018	July 2022 - September 2026	\$ 16,792	5,281
2019	April 2022 - July 2027	\$ 16,404	7,967
2020	September 2021 - August 2028	\$ 24,568	21,067
Total active securitizations			36,313
Debt issuance costs			(64)
Total			\$ 36,249

(a) Maturity dates represent legal final maturity of issued notes. The notes are expected to be paid based on amortization of the finance receivables and leases pledged.

(b) At historical foreign currency exchange rates at the time of issuance.

Our securitizations utilize special purpose entities (SPEs) which are also variable interest entities (VIEs) that meet the requirements to be consolidated in our financial statements. Refer to [Note 8](#) to our consolidated financial statements for further discussion.

**Unsecured Debt** We periodically access the unsecured debt capital markets through the issuance of senior unsecured notes. At December 31, 2020, the aggregate principal amount of our outstanding unsecured senior notes was \$46.3 billion.

We issue other unsecured debt through commercial paper offerings and other bank and non-bank funding sources. At December 31, 2020, we had \$4.1 billion of this type of unsecured debt outstanding, of which \$2.0 billion was issued under the U.S. commercial paper program.

### **LIBOR Transition**

The U.K. Financial Conduct Authority, which regulates LIBOR, announced that it will no longer persuade or compel banks to submit rates for the calculations of LIBOR after 2021. It is unknown whether LIBOR will continue to be published by its administrator based on continued bank submissions, or on any other basis, after 2021. Regulators, industry groups and certain committees such as the ARRC have, among other things, published recommended fallback language for LIBOR-linked financial instruments, identified recommended alternatives for certain LIBOR rates, such as SOFR, and proposed implementations of the recommended alternatives in floating rate financial instruments.

The composition and characteristics of SOFR are not the same as those of LIBOR. SOFR is a broad U.S. Treasury repo financing rate that represents overnight secured funding transactions. This means that SOFR is fundamentally different from LIBOR for two key reasons. First, SOFR is a secured rate, while LIBOR is an unsecured rate. Second, SOFR is an overnight rate, while LIBOR represents interbank funding over different maturities. As a result, there can be no assurance that SOFR will perform in the same way as LIBOR would have at any time, including, without limitation, as a result of changes in interest and yield rates in the market, market volatility, economic, financial, political, regulatory, judicial or other events.

We established a LIBOR transition initiative in 2019 to identify, assess and monitor the risks associated with the discontinuation or unavailability of LIBOR and evaluate and address documentation and contractual mechanics of outstanding LIBOR-based contracts that mature after 2021. Additionally, we continue to evaluate the potential regulatory, tax and accounting impacts of the transition, and continue to develop and implement strategies to mitigate the risks associated with the LIBOR discontinuation. During 2019, we began inserting the ARRC recommended fallback language into any new LIBOR based contracts and in November 2020, we issued unsecured debt linked to SOFR and executed a corresponding hedge. The International Swaps and Derivatives Association launched its Interbank Offered Rate (IBOR) Fallbacks Supplement and IBOR Fallbacks Protocol which came into effect on January 25, 2021. The supplement incorporates fallbacks for new derivatives linked to LIBOR, and the protocol enables market participants to incorporate fallbacks for certain legacy derivatives linked to LIBOR. We intend to adhere to the protocol to transition our existing LIBOR-based derivative exposure. For more information on the expected replacement of LIBOR, see Item 1A. Risk Factors.

**Support Agreement** Our earning assets leverage ratio calculated in accordance with the terms of the Support Agreement was 8.00x and 8.30x at December 31, 2020 and 2019, and the applicable leverage ratio threshold was 11.50x. The decrease in the earning assets leverage ratio is primarily due to increased shareholders' equity as a result of \$2.0 billion in net income and a \$492 million issuance of Series C Preferred Stock; partially offset by an \$800 million dividend on our common stock paid to GM, a \$643 million adoption impact of ASU 2016-13, and a \$190 million impact of foreign currency translation adjustments and unrealized losses on cash flow hedges included in other comprehensive loss.

### **Off-Balance Sheet Arrangements**

Not applicable.

### **Contractual Obligations**

Not applicable.

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**Asset and Liability Profile** We define our asset and liability profile as the cumulative maturities of our finance receivables, investment in operating leases net of accumulated depreciation, cash and cash equivalents and other assets less our cumulative debt maturities. We manage our balance sheet so that asset maturities will exceed debt maturities each year. The following chart presents our cumulative maturities for earning assets and debt at December 31, 2020:

	2021	2022	2023	2024 & Thereafter
Encumbered assets	\$ 27,076	\$ 41,081	\$ 48,150	\$ 51,536
Unencumbered assets	24,316	41,068	53,803	62,289
Total assets	51,392	82,149	101,953	113,825
Secured debt	21,040	31,924	37,417	40,048
Unsecured debt	14,702	23,130	32,904	51,967
Total debt <sup>(a)</sup>	35,742	55,054	70,321	92,015
Net excess liquidity	\$ 15,650	\$ 27,095	\$ 31,632	\$ 21,810

(a) Excludes unamortized debt premium/(discount), unamortized debt issuance costs, and fair value adjustments.

### Forward-Looking Statements

This report 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 (SEC), including this Annual Report on Form 10-K for the year ended December 31, 2020. It is advisable not to place undue reliance on our 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.

The following factors are among those that may cause actual results to differ materially from historical results or from the forward-looking statements:

- 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. For a further discussion of these and other risks and uncertainties, refer to Part I, Item 1A. Risk Factors.

#### Item 7A. Quantitative and Qualitative Disclosures About Market Risk

**Overview** We are exposed to a variety of risks in the normal course of our business. Our financial condition depends on the extent to which we effectively identify, assess, monitor and manage these risks. The principal types of risk to our business include:

- Market risk - the possibility that changes in interest and currency exchange rates will adversely affect our cash flow and economic value;
- Counterparty risk - the possibility that a counterparty may default on a derivative instrument or cash deposit or will fail to meet its lending commitments to us;
- Credit risk - the possibility of loss from a customer's failure to make payments according to contract terms;
- Residual risk - the possibility that the actual proceeds we receive at lease termination will be lower than our projections or return volumes will be higher than our projections;
- Liquidity risk - the possibility that we may be unable to meet all of our current and future obligations in a timely manner; and
- Operating risk - the possibility of errors relating to transaction processing and systems, actions that could result in compliance deficiencies with regulatory standards or contractual obligations and the possibility of fraud by our employees or outside persons.

We manage each of these types of risk in the context of its contribution to our overall global risks. We make business decisions on a risk-adjusted basis and price our services consistent with these risks. A discussion of market risk (including interest rate and foreign currency exchange rate risk), counterparty risk, and operating risk follows.

**Market Risk** We seek to minimize volatility in our earnings from changes in interest rates and foreign currency exchange rates. Our strategies to manage market risk are approved by our Global Asset Liability Committee (the ALCO). Our Corporate Treasury group is responsible for the development of our interest rate and liquidity management policies as presented to the ALCO.

**Interest Rate Risk** We depend on accessing the capital markets to fund asset originations. We are exposed to interest rate risks as our financial assets and liabilities have different characteristics that may impact our financial performance. These differences may include tenor, yield, re-pricing timing, and prepayment expectations.

Our assets are primarily comprised of fixed-rate retail installment loans and operating lease agreements under which customers typically make equal monthly payments over the life of the contracts. Our commercial finance receivables primarily earn a floating rate of interest, and are revolving in nature.

Our debt includes long-term unsecured debt and securitization notes payable. Our senior unsecured debt issuances have tenors of up to 10 years. Approximately 88% of these debt instruments are fixed-rate and pay equal interest payments over the life of the debt and a single principal payment at maturity. Our securitization notes payable are primarily fixed-rate and amortize as the underlying assets pay down.

**Risk Management** Our interest rate risk management objective is to reduce volatility in our cash flows and volatility in our economic value from changes in interest rates based on an established risk tolerance that may vary by market. We use economic value of equity sensitivity analysis and duration gap analysis to evaluate potential long-term effects of changes in interest rates. We then enter into interest rate derivatives to convert portions of our floating-rate assets and liabilities to fixed or our fixed-rate assets and liabilities to floating to ensure that our exposure falls within the tolerances established by the ALCO. We also use net

interest income sensitivity analysis to monitor the level of near-term cash flow exposure. The net interest income sensitivity analysis measures the changes in expected cash flows associated with our interest-rate-sensitive assets, liabilities, and derivative financial instruments from hypothetical changes in interest rates over a 12-month period. The ALCO reviews these metrics and approves the derivative strategy required to maintain exposure within approved thresholds prior to execution. Management monitors our hedging activities to ensure that the value of derivative financial instruments, their correlation to the instruments being hedged and the amounts being hedged continue to provide effective protection against interest rate risk. However, there can be no assurance that our strategies will be effective in minimizing interest rate risk or that increases in interest rates will not have an adverse effect on our profitability. We do not engage in any speculative trading in derivatives.

**Quantitative Disclosure** We measure the sensitivity of our net interest income to changes in interest rates by using interest rate scenarios that assume a hypothetical, instantaneous parallel shift of 100 basis points in all interest rates across all maturities, as well as a base case that assumes that rates perform at the current market forward curve. However, interest rate changes are rarely instantaneous or parallel and rates could move more or less than the 100 basis points assumed in our analysis. Therefore, the actual impact to our net interest income could be higher or lower than the results detailed in the table below. These interest rate scenarios are purely hypothetical and do not represent our view of future interest rate movements.

Net Interest Income Sensitivity	December 31, 2020	December 31, 2019
100 basis points instantaneous <i>increase</i> in interest rates	\$ 29.7	\$ (4.6)
100 basis points instantaneous <i>decrease</i> in interest rates <sup>(a)</sup>	\$ (29.7)	\$ 4.6

(a) Net interest income sensitivity given a 100 basis points decrease in interest rates requires an assumption of negative interest rates in markets where existing interest rates are below one percent.

At December 31, 2020, we were asset-sensitive, meaning that we expect more assets than liabilities to re-price within the next 12 months. During a period of rising interest rates, the interest earned on our assets would increase more than the interest paid on our liabilities, which would initially increase our net interest income. During a period of falling interest rates, we would expect our net interest income to initially decrease. At December 31, 2019, we were liability-sensitive, meaning that we expected more liabilities than assets to re-price within the next 12 months. During a period of rising interest rates, the interest paid on our liabilities would increase more than the interest earned on our assets, which would initially decrease our net interest income. During a period of falling interest rates, we would expect our net interest income to initially increase.

Our net interest income sensitivity increased in 2020 as compared to 2019, primarily due to an increased proportion of rate sensitive asset exposure relative to rate sensitive liability exposure. Hedging strategies approved by the ALCO are used to manage interest rate risk within policy guidelines.

**Additional Model Assumptions** The sensitivity analysis presented is our best estimate of the effect of the hypothetical interest rate scenarios; however, our actual results could differ. Our estimates are also based on assumptions including the amortization and prepayment of the finance receivable portfolio, originations of finance receivables and leases, refinancing of maturing debt, replacement of maturing derivatives and exercise of options embedded in debt and derivatives. Our prepayment projections are based on historical experience. If interest rates or other factors change, our actual prepayment experience could be different than projected.

**Derivative Notional Values** The following table presents the outstanding notional value of our derivative instruments (in billions):

	December 31, 2020	December 31, 2019
<b>Interest rate contracts</b>		
Pay-fixed, receive-floating interest rate swaps	\$ 37	\$ 37
Pay-floating, receive-fixed interest rate swaps	31	32
Long interest rate caps and floors	27	17
Short interest rate caps and floors	27	17
Total interest rate contracts	122	103
Foreign currency swaps	8	6
Total notional value	\$ 130	\$ 109

**Derivative Fair Values** The net fair value of our derivative financial instruments at December 31, 2020 was an asset of \$1.2 billion, compared to an asset of \$117 million at December 31, 2019. The net fair value of our interest rate contracts increased \$556 million due to changes in the forward interest rate curve, and the net fair value of our cross-currency swaps

increased \$478 million due to the weakening of the U.S. Dollar against other currencies. Refer to [Note 9](#) to our consolidated financial statements for more information.

**Foreign Currency Exchange Rate Risk** We primarily finance receivables and leased assets with debt in the same currency, minimizing exposure to exchange rate movements. When a different currency is used, we may use foreign currency derivatives to minimize any impact to earnings. As a result, we believe our market risk exposure relating to changes in currency exchange rates at December 31, 2020, was insignificant. Exchange rate movements can impact our net investment in foreign subsidiaries, which impacts our tangible equity through other comprehensive income/loss. The following table summarizes the amounts of foreign currency translation and transaction and remeasurement (gains) losses:

	Years Ended December 31,	
	2020	2019
Translation losses (gains) recorded in accumulated other comprehensive loss	\$ 82	\$ (5)
Losses (gains) resulting from transactions and remeasurement recorded in earnings	\$ 618	\$ (33)
(Gains) losses resulting from foreign currency exchange swaps recorded in earnings	(624)	25
Net gains resulting from foreign currency exchange recorded in earnings	\$ (6)	\$ (8)

Most of the international operations use functional currencies other than the U.S. Dollar. Translation adjustments result from changes in the values of our foreign currency-denominated assets and liabilities as the value of the U.S. Dollar changes in relation to foreign currencies. The foreign currency translation loss for 2020 was primarily due to depreciating values of the Brazilian Real and Mexican Peso, partially offset by appreciating values of the Chinese Yuan Renminbi and Canadian Dollar in relation to the U.S. Dollar. The foreign currency translation gain for 2019 was primarily due to appreciating values of the Canadian Dollar and the Mexican Peso, partially offset by depreciating values of the Brazilian Real and the Chinese Yuan Renminbi in relation to the U.S. Dollar.

**Counterparty Risk** Counterparty risk relates to the financial loss we could incur if an obligor or counterparty to a transaction is unable to meet its financial obligations. Typical sources of exposure include balances maintained in bank accounts, investments, and derivative instruments. Investments are typically securities representing high quality monetary instruments that are easily accessible and derivative instruments are used for managing interest rate and foreign currency exchange rate risk. We, together with GM, establish exposure limits for each counterparty to minimize risk and provide counterparty diversification.

We enter into arrangements with individual counterparties that we believe are creditworthy and generally settle on a net basis. In addition, the ALCO performs a quarterly assessment of our counterparty credit risk, including a review of credit ratings, credit default swap rates and potential nonperformance of the counterparty.

**Operating Risk** We operate in many locations and rely on the abilities of our employees and computer systems to process a large number of transactions. Improper employee actions, improper operation of systems, or unforeseen business interruptions could result in financial loss, regulatory action and damage to our reputation, and breach of contractual obligations. To address this risk, we maintain internal control processes that identify transaction authorization requirements, safeguard assets from misuse or theft, protect the reliability of financial and other data, and minimize the impact of a business interruption on our customers. We also maintain system controls to maintain the accuracy of information about our operations. These controls are designed to manage operating risk throughout our business.



## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of General Motors Financial Company, Inc.

### Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of General Motors Financial Company, Inc. (the Company) as of December 31, 2020 and 2019, the related consolidated statements of income, comprehensive income, shareholders' equity and cash flows for each of the three years in the period ended December 31, 2020, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020, in conformity with U.S. generally accepted accounting principles.

### Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

### Adoption of New Accounting Standard

As discussed in Notes 1 and 3 to the financial statements, the Company changed its method for accounting for allowance for loan losses in 2020. As explained below, auditing the Company's allowance for loan losses, including adoption of the new accounting guidance related to the estimate of allowance for loan losses, was a critical audit matter.

### Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

<b>Description of the matter</b>	<b>Allowance for loan losses</b>
	<p>The Company's loan portfolio and the associated allowance for loan losses (ALL) were \$60.4 billion and \$2.0 billion as of December 31, 2020, respectively. As discussed above and in Note 1 and 3 of the financial statements, effective January 1, 2020 the Company adopted Financial Accounting Standards Board Accounting Standards Update No. 2016-13, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments which resulted in an \$801 million increase to the overall ALL. The ALL represents management's estimate of expected net credit losses over the remaining life of the receivables at the balance sheet date. Expected credit losses related to the retail finance receivables are estimated using a static pool modeling technique for pools of receivables with common risk characteristics such as internal credit scores and monthly vintage. Management assesses recent internal operating and external environments and may qualitatively adjust certain assumptions. Forecasted economic conditions are considered over a reasonable and supportable period through the use of economic factors that are determined to have the largest impact on expected losses.</p> <p>At adoption and at year-end, auditing management's estimate of the North American retail ALL, which represents the largest component of the overall ALL, involved a high degree of judgement due to the complexity of the model and the subjectivity of the qualitative adjustments included in the ALL. Additionally, management's identification and measurement of the qualitative adjustments is highly subjective and could have a significant effect on the allowance for loan losses.</p>
<b>How we addressed the matter in our audit</b>	<p>We obtained an understanding of the Company's process for establishing the North America retail ALL, including the models used and the qualitative adjustments made to the ALL. We evaluated the design and tested the operating effectiveness of the controls and governance over the appropriateness of the model methodology and qualitative reserve methodology, including the validation and monitoring procedures performed over the models, the identification and the assessment for the need for qualitative adjustments, the reliability and accuracy of data used to estimate the various components of the qualitative reserves, and management's review and approval of qualitative adjustments.</p> <p>Related to the North American retail ALL, to test the models, we evaluated the conceptual soundness of the model, including management's selection of economic factors that were deemed to be the most relevant indicators of expected credit losses, reperformed management's correlation of those economic factors to historical losses, as well as performed backtesting of the model results. Additionally, on a sample basis, we performed an independent recalculation of the Company's ALL. To test the qualitative adjustments, we evaluated the identification and measurement of the qualitative adjustments, including the basis for concluding an adjustment was warranted when considering the construct of the current expected credit loss model. We tested the completeness and accuracy of data used by the Company to estimate the qualitative adjustments and recalculated the analyses used by management to measure the qualitative adjustment.</p>
<b>Description of the matter</b>	<b>Valuation of Leased Vehicles</b>
	<p>The Company has recorded investments in vehicles leased to retail customers under operating leases. As discussed in Note 1 to the financial statements, at the beginning of the lease, management establishes an expected residual value for each vehicle at the end of the lease term. The Company's estimated residual value of leased vehicles at the end of lease term was \$29.2 billion as of December 31, 2020.</p> <p>Auditing management's estimate of the residual value of leased vehicles involved a high degree of judgment. Management's estimate is based, in part, on third-party data which considers inputs including recent auction values and significant assumptions regarding the expected future volume of leased vehicles that will be returned to the Company, used car prices, manufacturer incentive programs and fuel prices. Realization of the residual values is dependent on the future ability to market the vehicles under future prevailing market conditions.</p>

***How we addressed the matter in our audit***

We evaluated the design and tested the operating effectiveness of the Company's controls over the lease residual estimation process, including controls over management's review of residual value estimates obtained from the Company's third-party provider and other significant assumptions. Our procedures also included, among others, independently recalculating depreciation related to operating leases and performing sensitivity analyses related to significant assumptions. We also performed hindsight analyses to assess the propriety of management's estimate of residual values, as well as tested the completeness and accuracy of data from underlying systems, data warehouses and third parties that are used in the estimation models.

/s/Ernst & Young LLP

We have served as the Company's auditor since 2017.

Fort Worth, Texas

February 10, 2021

## Item 8. Financial Statements and Supplementary Data

**CONSOLIDATED BALANCE SHEETS**  
(in millions, except per share amounts)

	December 31, 2020	December 31, 2019
<b>ASSETS</b>		
Cash and cash equivalents	\$ 5,063	\$ 3,311
Finance receivables, net ( <a href="#">Note 3</a> ; <a href="#">Note 8</a> VIEs)	58,390	53,473
Leased vehicles, net ( <a href="#">Note 4</a> ; <a href="#">Note 8</a> VIEs)	39,819	42,055
Goodwill ( <a href="#">Note 5</a> )	1,173	1,185
Equity in net assets of non-consolidated affiliates ( <a href="#">Note 6</a> )	1,581	1,455
Property and equipment, net of accumulated depreciation of \$351 and \$287	184	226
Deferred income taxes ( <a href="#">Note 14</a> )	245	213
Related party receivables ( <a href="#">Note 2</a> )	643	678
Other assets ( <a href="#">Note 8</a> VIEs)	6,727	6,621
<b>Total assets</b>	<b>\$ 113,825</b>	<b>\$ 109,217</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Liabilities</b>		
Secured debt ( <a href="#">Note 7</a> ; <a href="#">Note 8</a> VIEs)	\$ 39,982	\$ 39,959
Unsecured debt ( <a href="#">Note 7</a> )	52,443	48,979
Accounts payable and accrued expenses	2,359	1,953
Deferred income	3,048	3,648
Deferred income taxes ( <a href="#">Note 14</a> )	1,103	946
Related party payables ( <a href="#">Note 2</a> )	269	82
Other liabilities	1,023	924
<b>Total liabilities</b>	<b>100,227</b>	<b>96,491</b>
Commitments and contingencies ( <a href="#">Note 10</a> )		
<b>Shareholders' equity (<a href="#">Note 11</a>)</b>		
Common stock, \$0.0001 par value per share	—	—
Preferred stock, \$0.01 par value per share	—	—
Additional paid-in capital	8,642	8,101
Accumulated other comprehensive loss	(1,309)	(1,119)
Retained earnings	6,265	5,744
<b>Total shareholders' equity</b>	<b>13,598</b>	<b>12,726</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 113,825</b>	<b>\$ 109,217</b>

The accompanying notes are an integral part of these consolidated financial statements.

## GENERAL MOTORS FINANCIAL COMPANY, INC.

CONSOLIDATED STATEMENTS OF INCOME  
(in millions)

	Years Ended December 31,		
	2020	2019	2018
<b>Revenue</b>			
Finance charge income	\$ 3,996	\$ 4,071	\$ 3,629
Leased vehicle income	9,530	10,032	9,963
Other income	305	451	424
Total revenue	13,831	14,554	14,016
<b>Costs and expenses</b>			
Operating expenses	1,490	1,564	1,522
Leased vehicle expenses	5,882	6,685	6,917
Provision for loan losses ( <a href="#">Note 3</a> )	881	726	642
Interest expense	3,023	3,641	3,225
Total costs and expenses	11,276	12,616	12,306
Equity income ( <a href="#">Note 6</a> )	147	166	183
Income before income taxes	2,702	2,104	1,893
Income tax provision ( <a href="#">Note 14</a> )	693	537	323
<b>Net income</b>	2,009	1,567	1,570
Less: cumulative dividends on preferred stock	98	90	66
<b>Net income attributable to common shareholder</b>	<u>\$ 1,911</u>	<u>\$ 1,477</u>	<u>\$ 1,504</u>

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
(in millions)

	Years Ended December 31,		
	2020	2019	2018
<b>Net income</b>	\$ 2,009	\$ 1,567	\$ 1,570
<b>Other comprehensive loss, net of tax</b>			
Unrealized loss on hedges, net of income tax benefit of \$37, \$19 and \$5	(108)	(58)	(7)
Foreign currency translation adjustment	(82)	5	(291)
Other comprehensive loss, net of tax	(190)	(53)	(298)
<b>Comprehensive income</b>	<u>\$ 1,819</u>	<u>\$ 1,514</u>	<u>\$ 1,272</u>

The accompanying notes are an integral part of these consolidated financial statements.

## GENERAL MOTORS FINANCIAL COMPANY, INC.

**CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY**  
(in millions)

	Common Stock	Preferred Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Total Equity
<b>Balance at January 1, 2018</b>	\$ —	\$ —	\$ 7,525	\$ (768)	\$ 3,537	\$ 10,294
Adoption of accounting standards	—	—	—	—	40	40
Net income	—	—	—	—	1,570	1,570
Other comprehensive loss	—	—	—	(298)	—	(298)
Stock based compensation	—	—	41	—	—	41
Issuance of preferred stock ( <a href="#">Note 11</a> )	—	—	492	—	—	492
Dividends paid ( <a href="#">Note 11</a> )	—	—	—	—	(434)	(434)
Dividends declared on preferred stock ( <a href="#">Note 11</a> )	—	—	—	—	(46)	(46)
<b>Balance at December 31, 2018</b>	—	—	8,058	(1,066)	4,667	11,659
Net income	—	—	—	—	1,567	1,567
Other comprehensive loss	—	—	—	(53)	—	(53)
Stock based compensation	—	—	43	—	—	43
Dividends paid ( <a href="#">Note 11</a> )	—	—	—	—	(445)	(445)
Dividends declared on preferred stock ( <a href="#">Note 11</a> )	—	—	—	—	(45)	(45)
<b>Balance at December 31, 2019</b>	—	—	8,101	(1,119)	5,744	12,726
Adoption of accounting standards ( <a href="#">Note 1</a> )	—	—	—	—	(643)	(643)
Net income	—	—	—	—	2,009	2,009
Other comprehensive loss	—	—	—	(190)	—	(190)
Stock based compensation	—	—	49	—	—	49
Dividends paid ( <a href="#">Note 11</a> )	—	—	—	—	(845)	(845)
Issuance of preferred stock ( <a href="#">Note 11</a> )	—	—	492	—	—	492
<b>Balance at December 31, 2020</b>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 8,642</u>	<u>\$ (1,309)</u>	<u>\$ 6,265</u>	<u>\$ 13,598</u>

The accompanying notes are an integral part of these consolidated financial statements.

# GENERAL MOTORS FINANCIAL COMPANY, INC.

## CONSOLIDATED STATEMENTS OF CASH FLOWS (in millions)

	Years Ended December 31,		
	2020	2019	2018
<b>Cash flows from operating activities</b>			
Net income	\$ 2,009	\$ 1,567	\$ 1,570
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	7,426	7,538	7,697
Accretion and amortization of loan and leasing fees	(1,953)	(1,953)	(2,018)
Undistributed earnings of non-consolidated affiliates, net	(54)	(121)	(183)
Provision for loan losses	881	726	642
Deferred income taxes	354	440	239
Stock-based compensation expense	49	50	29
Gain on termination of leased vehicles	(1,325)	(652)	(641)
Other operating activities	(58)	53	166
Changes in assets and liabilities:			
Other assets	(88)	259	(401)
Other liabilities	503	157	273
Related party payables	238	5	(1)
<b>Net cash provided by operating activities</b>	<b>7,982</b>	<b>8,069</b>	<b>7,372</b>
<b>Cash flows from investing activities</b>			
Purchases of retail finance receivables, net	(30,215)	(25,341)	(26,315)
Principal collections and recoveries on retail finance receivables	19,936	22,889	17,357
Net collections (funding) of commercial finance receivables	2,849	650	(2,573)
Purchases of leased vehicles, net	(15,233)	(16,404)	(16,736)
Proceeds from termination of leased vehicles	13,399	13,302	10,864
Purchases of property and equipment	(34)	(47)	(60)
Acquisition of equity interest	—	(5)	(54)
Other investing activities	15	2	1
<b>Net cash used in investing activities</b>	<b>(9,283)</b>	<b>(4,954)</b>	<b>(17,516)</b>
<b>Cash flows from financing activities</b>			
Net change in debt (original maturities less than three months)	273	(304)	1,124
Borrowings and issuances of secured debt	43,818	25,078	26,693
Payments on secured debt	(43,668)	(27,806)	(23,626)
Borrowings and issuances of unsecured debt	13,347	10,457	12,200
Payments on unsecured debt	(10,802)	(10,276)	(5,215)
Debt issuance costs	(162)	(116)	(146)
Proceeds from issuance of preferred stock	492	—	492
Dividends paid	(890)	(491)	(434)
<b>Net cash provided by (used in) financing activities</b>	<b>2,408</b>	<b>(3,458)</b>	<b>11,088</b>
Net increase (decrease) in cash, cash equivalents and restricted cash	1,107	(343)	944
Effect of foreign exchange rate changes on cash, cash equivalents and restricted cash	(83)	2	(68)
Cash, cash equivalents and restricted cash at beginning of period	7,102	7,443	6,567
<b>Cash, cash equivalents and restricted cash at end of period</b>	<b>\$ 8,126</b>	<b>\$ 7,102</b>	<b>\$ 7,443</b>

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the consolidated balance sheet:

	December 31, 2020	December 31, 2019
Cash and cash equivalents	\$ 5,063	\$ 3,311
Restricted cash included in other assets	3,063	3,791
<b>Total</b>	<b>\$ 8,126</b>	<b>\$ 7,102</b>

The accompanying notes are an integral part of these consolidated financial statements.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**Note 1. Summary of Significant Accounting Policies**

**History and Operations** We have been operating in the automobile finance business in the U.S. since September 1992 and have been a wholly-owned subsidiary of GM since October 2010.

**Basis of Presentation** The consolidated financial statements include our accounts and the accounts of our consolidated subsidiaries, including certain SPEs utilized in secured financing transactions, which are considered VIEs. All intercompany transactions and accounts have been eliminated in consolidation. Except as otherwise specified, dollar amounts presented within tables are stated in millions.

The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities as of the date of the financial statements and the amount of revenue and expenses during the reporting periods. Actual results could differ from those estimates and those differences may be material.

Generally, the financial statements of entities that operate outside of the U.S. are measured using the local currency as the functional currency. All assets and liabilities of the foreign subsidiaries are translated into U.S. dollars at period-end exchange rates and the results of operations and cash flows are determined using approximate weighted-average exchange rates for the period. Translation adjustments are related to the foreign subsidiaries using local currency as their functional currency and are reported as a separate component of accumulated other comprehensive income/loss. Foreign currency transaction gains or losses are recorded directly to the consolidated statements of income and comprehensive income, regardless of whether such amounts are realized or unrealized. We may enter into foreign currency derivatives to mitigate our exposure to changes in foreign currency exchange rates.

**Cash Equivalents** Cash equivalents are defined as short-term, highly liquid investments with original maturities of 90 days or less.

**Net Presentation of Cash Flows on Commercial Finance Receivables and Related Debt** Our commercial finance receivables are primarily comprised of floorplan financing, which are loans to dealers to finance vehicle inventory, also known as wholesale or inventory financing. In our experience, these loans are typically repaid within 90 days of when the credit is extended. Furthermore, we typically have the unilateral ability to call the loans and receive payment within 60 days of the call. Therefore, the presentation of the cash flows related to commercial finance receivables is reflected on the consolidated statements of cash flows as "Net collections (funding) of commercial finance receivables."

We have debt agreements to finance our commercial lending activities. The terms of these financing agreements require that a borrowing base of eligible floorplan receivables, within certain concentration limits, must be maintained in sufficient amounts to support advances. When a dealer repays a floorplan receivable to us, either the amount advanced against such receivables must be repaid by us or the equivalent amount in new receivables must be added to the borrowing base. The term for repayment of advances under these agreements is when we receive repayment from the dealers, which is typically within 90 days of when the credit is extended. Therefore, the cash flows related to these debt agreements are reflected on the consolidated statements of cash flows as "Net change in debt (original maturities less than three months)."

**Retail Finance Receivables and the Allowance for Loan Losses** Our retail finance receivables portfolio consists of smaller-balance, homogeneous loans that are carried at amortized cost, net of allowance for loan losses. These loans are divided among pools based on common risk characteristics, such as internal credit score, origination period (vintage) and geography. An internal credit score, of which FICO is an input in North America, is created by using algorithms or statistical models contained in origination scorecards. The scorecards are used to evaluate a consumer's ability to pay based on statistical modeling of his or her prior credit usage, structure of the loan and other information. The output of the scorecards rank-orders consumers from those that are least likely to default to those that are most likely to default. By further dividing the portfolio into pools based on internal credit scores, we are better able to distinguish expected credit performance for different credit risks. The allowance is aggregated for each of the pools. Provisions for loan losses are charged to operations in amounts sufficient to maintain the allowance for loan losses at levels considered adequate to cover expected credit losses on our retail finance receivables portfolio.

We use static pool modeling techniques to determine the allowance for loan losses expected over the remaining life of the receivables, which is supplemented by management judgment. We assess the recent internal operating and external environments and may qualitatively adjust certain assumptions to result in an allowance that is reflective of losses that are expected to occur in the forecasted environment.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

Expected losses are estimated for groups of accounts aggregated by internal credit score and monthly vintage. Generally, the expected losses are projected based on historical loss experience over the last 10 years, more heavily weighted toward recent performance to result in an estimate that is more reflective of the current internal and external environments. We consider forecast economic conditions over a reasonable and supportable forecast period. We determine the expected remaining life of the finance receivables to be a reasonable and supportable forecast horizon, primarily due to the relatively short weighted average life of retail finance receivables. We determined the economic factors that have the largest impact on expected losses include unemployment rates, interest rate spreads, disposable personal income, and growth rates in gross domestic products. We use forecasts for our chosen factors provided by a leading economic research firm. We compare the forecasts to consensus forecasts to assess for reasonableness and may use one or more forecast scenarios provided by the research firm.

Troubled debt restructurings (TDRs) are grouped separately for purposes of measuring the allowance. The allowance for TDRs uses static pool modeling techniques, similar to non-TDR retail finance receivables, to determine the expected loss amount. The expected cash flows of the receivables are then discounted at the original weighted average effective interest rate of the pool. Factors considered when estimating the TDR allowance are based on an evaluation of historical and current information, and may be supplemented by management judgment. While we expect certain of our finance receivables to become TDRs, there is typically no delay between the point at which we become aware that a receivable is expected to become a TDR and when the receivable actually qualifies as a TDR. Therefore, our TDR portfolio does not include any receivables that are expected to become TDRs. Since the onset of the COVID-19 pandemic, we offered payment deferrals (typically for 60 days) and in many cases waived our deferral policies and guidelines for customers impacted by the pandemic. Accounts that were in current standing at the time of the deferral and that have not received cumulative payment deferrals of more than 180 days are excluded from TDR classification.

We believe these factors are relevant in estimating expected losses and also consider an evaluation of overall portfolio credit quality based on indicators such as changes in our credit evaluation, underwriting and collection management policies, changes in the legal and regulatory environment, general economic conditions and business trends and uncertainties in forecasting and modeling techniques used in estimating our allowance. We update our retail loss forecast models and portfolio indicators on a quarterly basis to incorporate information reflective of the current and forecast economic environments.

Assumptions regarding credit losses are reviewed periodically and may be impacted by actual performance of finance receivables and changes in any of the factors discussed above. Should the credit loss assumptions increase, there would be an increase in the amount of allowance for loan losses required, which would decrease the net carrying value of finance receivables and increase the amount of provision for loan losses.

**Commercial Finance Receivables and the Allowance for Loan Losses** Our commercial lending offerings consist of floorplan financing as well as dealer loans, which are loans to finance improvements to dealership facilities, to provide working capital, and to purchase and/or finance dealership real estate.

Commercial finance receivables are carried at amortized cost, net of allowance for loan losses and any amounts held under a cash management program. Provisions for loan losses are charged to operations in amounts sufficient to maintain the allowance for loan losses at levels considered adequate to cover expected credit losses in the commercial finance receivables portfolio. We establish the allowance for loan losses based on historical loss experience, as well as the forecast for industry vehicle sales, which is the economic indicator that we believe has the largest impact on expected losses. The commercial finance receivables are aggregated into loan-risk pools, which are determined based on our internally developed risk rating system. Dealers' financial and operating metrics are regularly scored and further evaluated to derive a risk rating. Based on dealer risk ratings, we establish probability of default and loss given default, and also determine if any specific dealer loan requires additional reserves.

**Charge-off Policy** Retail finance receivables are generally charged off in the month in which the account becomes 120 days contractually delinquent if we have not yet recorded a repossession charge-off.

Commercial finance receivables are individually evaluated and, where collectability of the recorded balance is in doubt, are written down to the fair value of the collateral less costs to sell. Commercial receivables are charged off at the earlier of when they are deemed uncollectible or reach 360 days past due.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

**Impaired Finance Receivables - TDRs** In evaluating whether a loan modification constitutes a TDR, our policy for retail loans is that (i) the modification must constitute a concession and (ii) the debtor must be experiencing financial difficulties. In accordance with our policies and guidelines, we, at times, offer payment deferrals to customers. Each deferral allows the consumer to move up to two delinquent monthly payments to the end of the loan generally by paying a fee (approximately the interest portion of the payment deferred, except where state law provides for a lesser amount). A loan that is deferred two or more times would be considered significantly delayed and therefore meets the definition of a concession. A loan currently in payment default as the result of being delinquent would also represent a debtor experiencing financial difficulties. Therefore, considering these two factors, we have determined that the second deferment granted by us on a retail loan will be considered a TDR and the loan impaired.

Accounts in Chapter 13 bankruptcy that have an interest rate or principal adjustment as part of a confirmed bankruptcy plan will also be considered TDRs.

Commercial receivables subject to forbearance, moratoriums, extension agreements, or other actions intended to minimize economic loss and to avoid foreclosure or repossession of collateral are classified as TDRs. We do not grant concessions on the principal balance of dealer loans.

Accounts that become classified as TDRs because of a payment deferral accrue interest at the contractual rate and an additional fee is collected (where permitted) at each time of deferral and recorded as a reduction of accrued interest. No interest or fees are forgiven on a payment deferral to a customer; therefore, there are no additional financial effects of deferred loans becoming classified as TDRs. Accounts in the U.S. in Chapter 13 bankruptcy would have already been placed on nonaccrual; therefore, there are no additional financial effects from these loans becoming classified as TDRs. Finance charge income from loans classified as TDRs is accounted for in the same manner as other accruing loans. Cash collections on these loans are allocated according to the same payment hierarchy methodology applied to loans that are not classified as TDRs.

**Leased Vehicles** As lessor, we have investments in leased vehicles recorded as operating leases. Leased vehicles consist of automobiles leased to retail customers and are carried at amortized cost less unearned manufacturer subvention payments, which are received up front. Depreciation expense is recorded on a straight-line basis over the term of the lease agreement to the estimated residual value. Manufacturer subvention is earned on a straight-line basis as a reduction to depreciation expense.

Generally, the lessee may purchase the leased vehicle at the maturity of the lease by paying the purchase price stated in the lease agreement, which equals the contract residual value determined at origination of the lease, plus any fees and all other amounts owed under the lease. If the lessee decides not to purchase the leased vehicle, the lessee must return it to a dealer by the lease's scheduled maturity date. Extensions may be granted to the lessee for up to six months. If the lessee extends the maturity date on their lease agreement, the lessee is responsible for additional monthly payments until the leased vehicle is returned or purchased. Since the lessee is not obligated to purchase the vehicle at the end of the contract, we are exposed to a risk of loss to the extent the customer returns the vehicle prior to or at the end of the lease term and the value of the vehicle is lower than the residual value estimated at lease inception.

We estimate the expected residual value based on third-party data that considers various data points and assumptions, including, but not limited to, recent auction values, the expected future volume of returning leased vehicles, used vehicle prices, manufacturer incentive programs and fuel prices. Changes in the expected residual value result in increased or decreased depreciation of the leased asset over the remaining term of the lease. Upon disposition, a gain or loss is recorded for any difference between the carrying amount of the lease and the proceeds from the disposition of the asset, including any insurance proceeds. Under the accounting for impairment or disposal of long-lived assets, vehicles on operating leases are evaluated by asset group for impairment. We aggregate leased vehicles into asset groups based on make, year and model. When asset group indicators of impairment exist and aggregate future cash flows from the operating lease, including the expected realizable fair value of the leased assets at the end of the lease, are less than the carrying amount of the lease asset group, an immediate impairment write-down is recognized if the difference is deemed not recoverable.

**Variable Interest Entities (VIEs) – Securitizations and Credit Facilities** We finance a significant portion of our loan and lease origination volume through the use of our credit facilities and execution of securitization transactions, which both utilize Special Purpose Entities (SPEs). In our credit facilities, we transfer finance receivables and lease-related assets to SPEs. These subsidiaries, in turn, issue notes to the agents, collateralized by such assets and cash. The agents provide funding under the notes to the subsidiaries pursuant to an advance formula, and the subsidiaries forward the funds to us in consideration for the transfer of the assets.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

In our securitizations, we transfer finance receivables and lease-related assets to SPEs structured as securitization trusts (Trusts), which issue one or more classes of asset-backed securities. The asset-backed securities are in turn sold to investors.

Our continuing involvement with the credit facilities and Trusts consists of servicing assets held by the SPEs and holding residual interests in the SPEs. These transactions are structured without recourse. The SPEs are considered VIEs under U.S. GAAP and are consolidated because we have: (i) power over the significant activities of the entities and (ii) an obligation to absorb losses and the right to receive benefits from the VIEs that could be significant to the VIEs. Accordingly, we are the primary beneficiary of the VIEs and the finance receivables, lease-related assets, borrowings under our credit facilities and, following a securitization, the related securitization notes payable remain on the consolidated balance sheets. Refer to [Note 3](#), [Note 7](#) and [Note 8](#) for further information.

We are not required, and do not currently intend, to provide any additional financial support to SPEs. While these subsidiaries are included in our consolidated financial statements, these subsidiaries are separate legal entities and the finance receivables, lease-related assets and cash held by these subsidiaries are legally owned by them and are not available to our creditors or creditors of our other subsidiaries.

We recognize finance charge, lease vehicle and fee income on the securitized assets and interest expense on the secured debt issued in securitization transactions, and record a provision for loan losses to recognize loan losses expected over the remaining life of the securitized assets. Cash pledged to support securitization transactions is deposited to a restricted account and recorded on our consolidated balance sheets as restricted cash, which is invested in highly liquid securities with original maturities of 90 days or less.

**Property and Equipment** Property and equipment is carried at amortized cost. Depreciation is generally provided on a straight-line basis over the estimated useful lives of the assets, which ranges from 1 to 30 years. The basis of assets sold or retired and the related accumulated depreciation are removed from the accounts at the time of disposition and any resulting gain or loss is included in operating expenses. Maintenance, repairs and minor replacements are charged to operations as incurred; major replacements and improvements are capitalized.

**Goodwill** Goodwill is not amortized but rather tested for impairment annually on October 1 or when events occur or circumstances change that trigger a review. The impairment test entails an assessment of qualitative factors to determine whether it is more likely than not that an impairment exists. If it is more likely than not that an impairment exists, then a quantitative impairment test is performed. Impairment exists when the carrying amount of a reporting unit exceeds its fair value.

**Derivative Financial Instruments** We recognize all of our derivative financial instruments as either assets or liabilities on our consolidated balance sheets at fair value. We do not use derivative financial instruments for trading or speculative purposes.

Derivative financial instruments are generally expressed in notional principal or contract amounts that are much larger than the amounts potentially at risk for nonpayment by counterparties. Therefore, in the event of nonperformance by the counterparties, our credit exposure is limited to the uncollected interest and the market value related to the instruments that have become favorable to us, to the extent that market values are not collateralized. We maintain a policy of requiring that all derivative instruments be governed by an International Swaps and Derivatives Association Master Agreement. We enter into derivative instruments and establish risks limits with counterparties that we believe are creditworthy and generally settle on a net basis. In addition, management performs a quarterly assessment of our counterparty credit risk, including a review of credit ratings, credit default swap rates and potential nonperformance of the counterparty.

**Interest Rate Swap Agreements** We utilize interest rate swap agreements to convert certain floating rate exposures to fixed rate or certain fixed-rate exposures to floating rate in order to manage our interest rate exposure. Cash flows from derivatives used to manage interest rate risk are classified as operating activities.

We designate certain pay-fixed, receive-floating interest rate swaps as cash flow hedges of variable rate debt. The risk being hedged is the risk of variability in interest payments attributable to changes in interest rates. If the hedge relationship is deemed to be highly effective, we record the changes in the fair value of the hedge in accumulated other comprehensive income/loss.

We designate certain receive-fixed, pay-floating interest rate swaps as fair value hedges of fixed-rate debt. The risk being hedged is the risk of changes in the fair value of the hedged debt attributable to changes in the benchmark interest rate. If the hedge relationship is deemed to be highly effective, we record the changes in the fair value of the hedged debt related to the risk being hedged in interest expense. The change in fair value of the related hedge is also recorded in interest expense.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

**Interest Rate Cap and Floor Agreements** We may purchase interest rate cap and floor agreements to limit floating rate exposures in our credit facilities. As part of our interest rate risk management strategy and when economically feasible, we may simultaneously sell a corresponding interest rate cap or floor agreement in order to offset the premium paid to purchase the interest rate cap or floor agreement and thus retain the interest rate risk. Because the interest rate cap and floor agreements entered into by us or our SPEs do not qualify for hedge accounting, changes in the fair value of interest rate cap and floor agreements purchased by the SPEs and interest rate cap and floor agreements sold by us are recorded in interest expense.

**Foreign Currency Swap Agreements** Our policy is to minimize exposure to changes in currency exchange rates. To meet funding objectives, we borrow in a variety of currencies. We face exposure to currency exchange rates when the currency of our earning assets differs from the currency of the debt funding those assets. When possible, we fund earning assets with debt in the same currency, minimizing exposure to exchange rate movements. When a different currency is used, we may use foreign currency swaps to convert our debt obligations to the local currency of the earning assets being financed.

We designate certain pay-fixed, receive-fixed cross-currency swaps as cash flow hedges of foreign currency-denominated debt. The risk being hedged is the variability in the cash flows for the payments of both principal and interest attributable to changes in foreign currency exchange rates. If the hedge relationship is deemed to be highly effective, we record the effective portion of changes in the fair value of the swap in accumulated other comprehensive income/loss. When the hedged cash flows affect earnings via principal remeasurement or accrual of interest expense, we reclassify these amounts to operating expenses or interest expense. Any ineffective portion of a cash flow hedge is recorded to interest expense immediately.

We designate certain pay-float, receive-float cross-currency swaps as fair value hedges of foreign currency-denominated debt. The risk being hedged is the foreign exchange risk associated with the remeasurement of the foreign currency-denominated debt. We assess effectiveness of these hedge relationships based on changes in fair value attributable only to changes in currency exchange rates. If the hedge relationship is deemed to be highly effective, we record changes in the fair value of the swap attributable to changes in currency exchange rates to operating expenses, changes in the fair value of the swap attributable to components excluded from the assessment of hedge effectiveness in accumulated other comprehensive income/loss, and reclassify interest accrual components to interest expense.

**Fair Value** Financial instruments are considered Level 1 when quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Financial instruments are considered Level 2 when inputs other than quoted prices are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.

Financial instruments are considered Level 3 when their values are determined using price models, discounted cash flow methodologies or similar techniques and at least one significant model assumption or input is unobservable. Level 3 financial instruments also include those for which the determination of fair value requires significant management judgment or estimation.

**Income Taxes** We account for income taxes on a separate return basis using an asset and liability method which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis, net operating loss and tax credit carryforwards. A valuation allowance is recognized if it is more likely than not that some portion of or the entire deferred tax asset will not be realized.

We record uncertain tax positions on the basis of a two-step process whereby: (i) we determine whether it is more likely than not that the tax positions will be sustained based on the technical merits of the position; and (ii) for those tax positions that meet the more likely than not recognition, we recognize the largest amount of tax benefit that is greater than 50% likely to be realized upon ultimate settlement with the related tax authority. We record interest and penalties on uncertain tax positions in income tax provision.

**Revenue Recognition** Finance charge income earned on finance receivables is recognized using the effective interest method. Fees and commissions received (including incentive payments) and direct costs of originating loans are generally deferred and amortized over the term of the related finance receivables using the effective interest method and are removed from the consolidated balance sheets when the related finance receivables are fully charged off or paid in full.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

Accrual of finance charge income on retail finance receivables is generally suspended on accounts that are more than 60 days delinquent, accounts in bankruptcy and accounts in repossession. Payments received on nonaccrual loans are first applied to any fees due, then to any interest due and then any remaining amounts are applied to principal. Interest accrual generally resumes once an account has received payments bringing the delinquency status to less than 60 days past due or, for TDRs, when repayment is reasonably assured based on the modified terms of the loan.

Accrual of finance charge income on commercial finance receivables is generally suspended on accounts that are more than 90 days delinquent, upon receipt of a bankruptcy notice from a borrower, or where reasonable doubt exists about the full collectability of contractually agreed upon principal and interest. Payments received on nonaccrual loans are first applied to principal. Interest accrual resumes once an account has received payments bringing the account fully current and collection of contractual principal and interest is reasonably assured (including amounts previously charged off).

Rental income earned on leased vehicles, which includes lease origination fees, net of lease origination costs, is recognized on a straight-line basis over the term of the lease agreement. Gains or losses realized upon disposition of off-lease vehicles, including any payments received from lessees upon lease termination, are included in leased vehicle expenses.

**Parent Company Stock-Based Compensation** We measure and record compensation expense for parent company stock-based compensation awards based on the award's estimated fair value. We record compensation expense over the applicable vesting period of an award. Refer to [Note 12](#) for further information.

**Recently Adopted Accounting Standards**

Effective January 1, 2020, we adopted Accounting Standards Update (ASU) 2016-13, "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments" (ASU 2016-13), which requires entities to use a new impairment model based on current expected credit losses (CECL) rather than incurred losses. Estimated credit losses under CECL consider relevant information about past events, current conditions and reasonable and supportable forecasts that affect the collectability of finance receivables, resulting in recognition of lifetime expected credit losses upon origination of the related finance receivable. We adopted ASU 2016-13 on a modified retrospective basis on January 1, 2020 by recognizing an after-tax cumulative-effect adjustment to the opening balance of retained earnings of \$643 million. The application of ASU 2016-13 increased our allowance for loan losses by \$801 million. Refer to [Note 3](#) for information on our finance receivables at December 31, 2020.

Our accounting policies changed significantly with the adoption of CECL. Prior to January 1, 2020, the allowance for loan losses was based on incurred losses in accordance with accounting policies disclosed in Note 1 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2019.

In March 2020, the Financial Accounting Standards Board issued ASU 2020-04, "Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting" (ASU 2020-04), which provides optional expedients and exceptions for applying U.S. GAAP if certain criteria are met to contracts, hedging relationships and other transactions that reference LIBOR or another reference rate expected to be discontinued. A substantial portion of our indebtedness bears interest at variable interest rates, primarily based on USD-LIBOR.

Effective July 1, 2020, we adopted ASU 2020-04 on a prospective basis. The adoption of, and future elections under, ASU 2020-04 are not expected to have a material impact on our consolidated financial statements as the standard will ease, if warranted, the requirements for accounting for the future effects of the rate reform. We continue to monitor the impact the discontinuance of LIBOR or another reference rate will have on our contracts, hedging relationships and other transactions.

**Note 2. Related Party Transactions**

We offer loan and lease finance products through GM-franchised dealers to customers purchasing new vehicles manufactured by GM and certain used vehicles and make commercial loans directly to GM-franchised dealers and their affiliates. We also offer commercial loans to dealers that are consolidated by GM and those balances are included in our finance receivables, net.

Under subvention programs, GM makes cash payments to us for offering incentivized rates and structures on retail loan and lease finance products. In addition, GM makes cash payments to us to cover interest payments on certain commercial loans.



GENERAL MOTORS FINANCIAL COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

We periodically purchase finance receivables from other GM subsidiaries for vehicles sold to rental car companies and for vehicles sold to certain dealerships. During 2020, 2019 and 2018, we purchased \$191 million, \$851 million and \$540 million of these receivables from GM, which are included in our finance receivables, net.

We have related party payables due to GM, primarily for commercial finance receivables originated but not yet funded.

The following tables present related party transactions:

Balance Sheet Data	December 31, 2020		December 31, 2019	
Commercial finance receivables, net due from dealers consolidated by GM <sup>(a)</sup>	\$	398	\$	478
Subvention receivable <sup>(b)</sup>	\$	642	\$	676
Commercial loan funding payable <sup>(c)</sup>	\$	23	\$	74
Taxes payable <sup>(c)</sup>	\$	244	\$	4

  

Income Statement Data	Years Ended December 31,		
	2020	2019	2018
Interest subvention earned on retail finance receivables <sup>(d)</sup>	\$ 638	\$ 527	\$ 487
Interest subvention earned on commercial finance receivables <sup>(d)</sup>	\$ 41	\$ 61	\$ 67
Leased vehicle subvention earned <sup>(e)</sup>	\$ 3,042	\$ 3,273	\$ 3,274

(a) Included in finance receivables, net.

(b) Included in related party receivables. We received subvention payments from GM of \$3.9 billion, \$4.1 billion and \$3.8 billion during 2020, 2019 and 2018.

(c) Included in related party payables.

(d) Included in finance charge income.

(e) Included as a reduction to leased vehicle expenses.

Under the support agreement with GM (the Support Agreement), if our earning assets leverage ratio at the end of any calendar quarter exceeds the applicable threshold set in the Support Agreement, we may require GM to provide funding sufficient to bring our earning assets leverage ratio to within the applicable threshold. In determining our earning assets leverage ratio (net earning assets divided by adjusted equity) under the Support Agreement, net earning assets means our finance receivables, net, plus leased vehicles, net, and adjusted equity means our equity, net of goodwill and inclusive of outstanding junior subordinated debt, as each may be adjusted for derivative accounting from time to time.

Additionally, the Support Agreement provides that GM will own all of our outstanding voting shares as long as we have any unsecured debt securities outstanding. GM also agrees to certain provisions in the Support Agreement intended to ensure that we maintain adequate access to liquidity. Pursuant to these provisions, GM provides us with a \$1.0 billion junior subordinated unsecured intercompany revolving credit facility (the Junior Subordinated Revolving Credit Facility), and GM agrees to use commercially reasonable efforts to ensure that we will continue to be designated as a subsidiary borrower under GM's corporate revolving credit facilities. We have access, subject to available capacity, to \$14.5 billion of GM's unsecured revolving credit facilities consisting of a three-year, \$4.0 billion facility, and a five-year, \$10.5 billion facility. We also have exclusive access to GM's \$2.0 billion GM Revolving 364-Day Credit Facility.

In April 2020, GM renewed the \$2.0 billion GM Revolving 364-Day Credit Facility for an additional 364-day term and extended \$3.6 billion of the three-year, \$4.0 billion facility for an additional year expiring in April 2022. The remaining portion will expire in April 2021, unless extended.

At December 31, 2020 and 2019, we had no borrowings outstanding under any of the GM revolving credit facilities.

We are included in GM's consolidated U.S. federal income tax returns and certain U.S. state returns, and we are obligated to pay GM for our share of tax liabilities. Amounts owed to GM for income taxes are accrued and recorded as a related party payable. On January 25, 2021, we made a payment of \$163 million to GM to reduce our share of tax liabilities for state and federal income taxes for the years ended 2020, 2019 and 2018.



## GENERAL MOTORS FINANCIAL COMPANY, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

**Note 3. Finance Receivables**

	December 31, 2020	December 31, 2019
<b>Retail finance receivables</b>		
Retail finance receivables, net of fees <sup>(a)</sup>	\$ 51,288	\$ 42,268
Less: allowance for loan losses	(1,915)	(866)
Total retail finance receivables, net	49,373	41,402
<b>Commercial finance receivables</b>		
Commercial finance receivables, net of fees <sup>(b)</sup>	9,080	12,149
Less: allowance for loan losses	(63)	(78)
Total commercial finance receivables, net	9,017	12,071
Total finance receivables, net	\$ 58,390	\$ 53,473
Fair value utilizing Level 2 inputs	\$ 9,017	\$ 12,071
Fair value utilizing Level 3 inputs	\$ 51,645	\$ 42,012

(a) Net of unearned income, unamortized premiums and discounts, and deferred fees and costs.

(b) Net of dealer cash management balances of \$1.4 billion and \$1.2 billion at December 31, 2020 and 2019.

**Rollforward of Allowance for Retail Loan Losses** A summary of the activity in the allowance for retail loan losses is as follows:

	Years Ended December 31,		
	2020	2019	2018
Allowance for retail loan losses beginning balance	\$ 866	\$ 844	\$ 889
Impact of adopting ASU 2016-13 ( <a href="#">Note 1</a> )	801	—	—
Provision for loan losses	880	690	624
Charge-offs	(1,149)	(1,218)	(1,196)
Recoveries	537	548	536
Foreign currency translation	(20)	2	(9)
Allowance for retail loan losses ending balance	\$ 1,915	\$ 866	\$ 844

## GENERAL MOTORS FINANCIAL COMPANY, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

**Retail Credit Quality** Our retail finance receivables portfolio includes loans made to consumers and businesses to finance the purchase of vehicles for personal and commercial use. A summary of the amortized cost of the retail finance receivables by FICO score or its equivalent, determined at origination, for each vintage of the retail finance receivables portfolio at December 31, 2020 is as follows:

	Year of Origination						Total	Percent
	2020	2019	2018	2017	2016	Prior		
Prime - FICO Score 680 and greater	\$ 18,685	\$ 7,033	\$ 4,491	\$ 1,917	\$ 555	\$ 119	\$ 32,800	64.0 %
Near-prime - FICO Score 620 to 679	3,695	2,097	1,232	603	225	83	7,935	15.4
Sub-prime - FICO Score less than 620	3,803	2,920	1,740	1,173	610	307	10,553	20.6
Retail finance receivables, net of fees	<u>\$ 26,183</u>	<u>\$ 12,050</u>	<u>\$ 7,463</u>	<u>\$ 3,693</u>	<u>\$ 1,390</u>	<u>\$ 509</u>	<u>\$ 51,288</u>	<u>100.0 %</u>

We review the ongoing credit quality of our retail finance receivables based on customer payment activity. A retail account is considered delinquent if a substantial portion of a scheduled payment has not been received by the date the payment was contractually due. Retail finance receivables are collateralized by vehicle titles and, subject to local laws, we generally have the right to repossess the vehicle in the event the customer defaults on the payment terms of the contract. The following table is a consolidated summary of the delinquency status of the outstanding amortized cost of retail finance receivables for each vintage of the portfolio at December 31, 2020:

	Year of Origination						Total	Percent
	2020	2019	2018	2017	2016	Prior		
0 - 30 days	\$ 25,894	\$ 11,591	\$ 7,131	\$ 3,454	\$ 1,249	\$ 421	\$ 49,740	97.0 %
31 - 60 days	210	325	235	170	102	61	1,103	2.1
Greater than 60 days	72	123	90	64	37	26	412	0.8
Finance receivables more than 30 days delinquent	282	448	325	234	139	87	1,515	2.9
In repossession	7	11	7	5	2	1	33	0.1
Finance receivables more than 30 days delinquent or in repossession	289	459	332	239	141	88	1,548	3.0
Retail finance receivables, net of fees	<u>\$ 26,183</u>	<u>\$ 12,050</u>	<u>\$ 7,463</u>	<u>\$ 3,693</u>	<u>\$ 1,390</u>	<u>\$ 509</u>	<u>\$ 51,288</u>	<u>100.0 %</u>

The accrual of finance charge income had been suspended on retail finance receivables with contractual amounts due of \$714 million and \$875 million at December 31, 2020 and December 31, 2019.

**TDRs** The outstanding amortized cost of retail finance receivables that are considered TDRs was \$2.2 billion at December 31, 2020, including \$301 million in nonaccrual loans. Additional TDR activity is presented below:

	Years Ended December 31,		
	2020	2019	2018
Number of loans classified as TDRs during the period	57,524	69,863	69,298
Outstanding amortized cost of loans classified as TDRs during the period	\$ 1,057	\$ 1,269	\$ 1,267

The unpaid principal balances, net of recoveries, of loans charged off during the reporting period within 12 months of being modified as a TDR were \$28 million, \$37 million and \$38 million for 2020, 2019 and 2018.

## GENERAL MOTORS FINANCIAL COMPANY, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

**Commercial Credit Quality** Our commercial finance receivables consist of dealer financings, primarily for dealer inventory purchases. Proprietary models are used to assign a risk rating to each dealer. We perform periodic credit reviews of each dealership and adjust the dealership's risk rating, if necessary.

Effective January 1, 2020, we updated our commercial risk model and our risk rating categories as follows:

Dealer Risk Rating	Description
I	Performing accounts with strong to acceptable financial metrics with at least satisfactory capacity to meet financial commitments.
II	Performing accounts experiencing potential weakness in financial metrics and repayment prospects resulting in increased monitoring.
III	Non-Performing accounts with inadequate paying capacity for current obligations and that have the distinct possibility of creating a loss if deficiencies are not corrected.
IV	Non-Performing accounts with inadequate paying capacity for current obligations and inherent weaknesses that make collection or liquidation in full highly questionable or improbable.

Dealers with III and IV risk ratings are subject to additional monitoring and restrictions on funding, including suspension of lines of credit and liquidation of assets. The following table summarizes the credit risk profile by dealer risk rating of commercial finance receivables at December 31, 2020:

Dealer Risk Rating	Year of Origination <sup>(a)</sup>							Total	Percent
	Revolving	2020	2019	2018	2017	2016	Prior		
I	\$ 7,210	\$ 579	\$ 179	\$ 77	\$ 110	\$ 43	\$ 19	\$ 8,217	90.5 %
II	508	2	18	11	15	18	34	606	6.7
III	203	—	8	29	2	11	—	253	2.8
IV	—	—	—	—	—	—	4	4	—
Balance at end of period	<u>\$ 7,921</u>	<u>\$ 581</u>	<u>\$ 205</u>	<u>\$ 117</u>	<u>\$ 127</u>	<u>\$ 72</u>	<u>\$ 57</u>	<u>\$ 9,080</u>	<u>100.0 %</u>

(a) Floorplan advances comprise 97% of the total revolving balance. Dealer term loans are presented by year of origination.

At December 31, 2020, substantially all of our commercial finance receivables were current with respect to payment status, and activity in the allowance for commercial loan losses was insignificant for 2020, 2019 and 2018. Commercial finance receivables on nonaccrual status were insignificant, and none were classified as TDRs at December 31, 2020.

**Note 4. Leased Vehicles**

	December 31, 2020	December 31, 2019
Leased vehicles	\$ 58,915	\$ 62,767
Manufacturer subvention	(8,915)	(9,731)
Net capitalized cost	50,000	53,036
Less: accumulated depreciation	(10,181)	(10,981)
Leased vehicles, net	<u>\$ 39,819</u>	<u>\$ 42,055</u>

Depreciation expense related to leased vehicles, net was \$7.2 billion, \$7.3 billion and \$7.5 billion in 2020, 2019, and 2018.

The following table summarizes minimum rental payments due to us as lessor under operating leases at December 31, 2020:

	Years Ending December 31,						
	2021	2022	2023	2024	2025	Thereafter	Total
Lease payments under operating leases	\$ 6,142	\$ 3,783	\$ 1,441	\$ 112	\$ 2	\$ —	\$ 11,480

**GENERAL MOTORS FINANCIAL COMPANY, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)**

**Note 5. Goodwill**

The following table summarizes the changes in the carrying amounts of goodwill by segment:

	Years Ended December 31,								
	2020			2019			2018		
	North America	International	Total	North America	International	Total	North America	International	Total
Beginning balance	\$ 1,105	\$ 80	\$ 1,185	\$ 1,105	\$ 81	\$ 1,186	\$ 1,105	\$ 92	\$ 1,197
Foreign currency translation	—	(12)	(12)	—	(1)	(1)	—	(11)	(11)
Ending balance	<u>\$ 1,105</u>	<u>\$ 68</u>	<u>\$ 1,173</u>	<u>\$ 1,105</u>	<u>\$ 80</u>	<u>\$ 1,185</u>	<u>\$ 1,105</u>	<u>\$ 81</u>	<u>\$ 1,186</u>

The COVID-19 pandemic has caused material disruption to businesses, resulting in an economic slowdown. The economic and social uncertainty resulting from the COVID-19 pandemic indicated that it was more likely than not that a goodwill impairment existed at March 31, 2020 for our North America reporting unit. Therefore, at March 31, 2020, we performed an event-driven goodwill impairment test for our North America reporting unit and determined no goodwill impairment existed.

The fair value of our North America reporting unit at March 31, 2020 was determined based on valuation techniques using the best available information, primarily discounted cash flow projections. We make significant assumptions and estimates about the extent and timing of future cash flows. There can be no assurance that anticipated financial results will be achieved. Under multiple scenarios, including fully weighting the downside cash flow scenario, the estimated fair value of our North America reporting unit at March 31, 2020 exceeded its carrying amount.

We assessed the indicators of goodwill impairment as part of our annual impairment test, as of October 1, 2020, and through the date of the filing of this Annual Report, by performing a qualitative assessment of goodwill. In performing the qualitative assessment, the Company evaluated events and circumstances since the last impairment analysis, recent operating performance, changes in GM market capitalization, changes in the business climate, and company-specific factors. The results of the qualitative assessment indicated that it was more likely than not that the estimated fair value of each reporting unit exceeded its carrying amount as of the test date.

**Note 6. Equity in Net Assets of Non-consolidated Affiliates**

We use the equity method to account for our equity interest in joint ventures. The income of these joint ventures is not consolidated into our financial statements; rather, our proportionate share of the earnings is reflected as equity income.

The following tables present certain aggregated financial data of our joint ventures:

Summarized Balance Sheet Data		December 31, 2020	December 31, 2019
Finance receivables, net		\$ 22,063	\$ 18,358
Total assets		\$ 24,722	\$ 19,594
Debt		\$ 18,236	\$ 14,321
Total liabilities		\$ 21,177	\$ 16,352

  

	Years Ended December 31,		
	2020	2019	2018
Summarized Operating Data			
Finance charge income	\$ 1,447	\$ 1,369	\$ 1,246
Provision for loan losses	\$ 162	\$ 47	\$ 21
Income before income taxes	\$ 572	\$ 630	\$ 696
Net income	\$ 426	\$ 473	\$ 522

## GENERAL MOTORS FINANCIAL COMPANY, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

The following table summarizes our direct ownership interests in joint ventures:

Joint Ventures	December 31, 2020	December 31, 2019
SAIC-GMAC Automotive Finance Company Limited (SAIC-GMAC)	35 %	35 %
SAIC-GMF Leasing Co. Ltd.	35 %	35 %

In 2020 and 2019, SAIC-GMAC Automotive Finance Company Limited (SAIC-GMAC) paid \$294 million and \$140 million cash dividends, of which our share was \$103 million and \$49 million. There were no dividends received from SAIC-GMAC in 2018. At December 31, 2020 and 2019, we had undistributed earnings of \$647 million and \$615 million related to our non-consolidated affiliates.

## Note 7. Debt

	December 31, 2020		December 31, 2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Secured debt</b>				
Revolving credit facilities	\$ 3,733	\$ 3,735	\$ 6,152	\$ 6,160
Securitization notes payable	36,249	36,645	33,807	34,000
Total secured debt	39,982	40,380	39,959	40,160
<b>Unsecured debt</b>				
Senior notes	46,798	48,922	43,679	44,937
Credit facilities	1,535	1,531	1,936	1,936
Other unsecured debt	4,110	4,115	3,364	3,366
Total unsecured debt	52,443	54,568	48,979	50,239
Total secured and unsecured debt	\$ 92,425	\$ 94,948	\$ 88,938	\$ 90,399
Fair value utilizing Level 2 inputs		\$ 92,922		\$ 88,481
Fair value utilizing Level 3 inputs		\$ 2,026		\$ 1,918

**Secured Debt** Most of the secured debt was issued by VIEs and is repayable only from proceeds related to the underlying pledged assets. Refer to [Note 8](#) for further information.

The weighted average interest rate on secured debt was 1.89% at December 31, 2020. Issuance costs on the secured debt of \$85 million as of December 31, 2020 and \$75 million as of December 31, 2019 are amortized to interest expense over the expected term of the secured debt.

The terms of our revolving credit facilities provide for a revolving period and subsequent amortization period, and borrowings are expected to be repaid over periods ranging up to six years. During 2020, we renewed credit facilities with a total borrowing capacity of \$21.1 billion.

Securitization notes payable at December 31, 2020 are due beginning in 2021 and lasting through 2028. During 2020, we issued \$24.6 billion in aggregate principal amount of securitization notes payable with an initial weighted average interest rate of 1.17% and maturity dates ranging from 2021 to 2028.

## Unsecured Debt

**Senior Notes** At December 31, 2020, we had \$46.3 billion aggregate outstanding in senior notes that mature from 2021 through 2030 and have a weighted average interest rate of 3.25%. Issuance costs on senior notes of \$106 million as of December 31, 2020 and \$109 million as of December 31, 2019 are amortized to interest expense over the term of the notes.

During 2020, we issued \$9.2 billion in aggregate principal amount of senior notes with an initial weighted average interest rate of 2.93% and maturity dates ranging from 2023 through 2030.

In January 2021, we issued \$2.5 billion in senior notes with a weighted average interest rate of 1.69% and maturity dates ranging from 2026 through 2031. We also issued CAD \$500 million in senior notes with an interest rate of 1.75% due in 2026.

# GENERAL MOTORS FINANCIAL COMPANY, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

General Motors Financial Company, Inc. is the sole guarantor of its subsidiaries' unsecured debt obligations for which a guarantee is provided.

**Credit Facilities and Other Unsecured Debt** We use unsecured credit facilities with banks as well as non-bank instruments as funding sources. Our credit facilities and other unsecured debt have maturities of up to four years. The weighted average interest rate on these credit facilities and other unsecured debt was 2.47% at December 31, 2020.

**Contractual Debt Obligations** The following table presents the expected scheduled principal and interest payments under our contractual debt obligations:

	Years Ending December 31,						Total
	2021	2022	2023	2024	2025	Thereafter	
Secured debt	\$ 21,040	\$ 10,884	\$ 5,493	\$ 2,375	\$ 256	\$ —	\$ 40,048
Unsecured debt	14,702	8,428	9,774	5,433	6,353	7,277	51,967
Interest payments	2,072	1,359	970	605	350	443	5,799
	<u>\$ 37,814</u>	<u>\$ 20,671</u>	<u>\$ 16,237</u>	<u>\$ 8,413</u>	<u>\$ 6,959</u>	<u>\$ 7,720</u>	<u>\$ 97,814</u>

**Compliance with Debt Covenants** Several of our revolving credit facilities require compliance with certain financial and operational covenants as well as regular reporting to lenders, including providing certain subsidiary financial statements. Certain of our secured debt agreements also contain various covenants, including maintaining portfolio performance ratios as well as limits on deferment levels. Our unsecured debt obligations contain covenants including limitations on our ability to incur certain liens. At December 31, 2020, we were in compliance with these debt covenants.

### Note 8. Variable Interest Entities

**Securitizations and Credit Facilities** The following table summarizes the assets and liabilities related to our consolidated VIEs:

	December 31, 2020	December 31, 2019
Restricted cash <sup>(a)</sup>	\$ 2,639	\$ 2,643
Finance receivables, net of fees	\$ 32,575	\$ 35,392
Lease related assets	\$ 16,322	\$ 14,464
Secured debt	\$ 39,424	\$ 39,771

<sup>(a)</sup> Included in other assets.

**Other transfers of finance receivables** Under certain debt agreements, we transfer finance receivables to entities that we do not control through majority voting interest or through contractual arrangements. These transfers do not meet the criteria to be considered sales under U.S. GAAP; therefore, the finance receivables and the related debt are included in our consolidated financial statements, similar to the treatment of finance receivables and related debt of our consolidated VIEs. Any collections received on the transferred receivables are available only for the repayment of the related debt. At December 31, 2020 and December 31, 2019, \$863 million and \$226 million in finance receivables had been transferred in secured funding arrangements to third-party banks, relating to \$622 million and \$244 million in secured debt outstanding.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

**Note 9. Derivative Financial Instruments and Hedging Activities**

We are exposed to certain risks arising from both our business operations and economic conditions. We manage economic risks, including interest rate risk, primarily by managing the amount, sources, and duration of our assets and liabilities and by using derivative financial instruments. Specifically, we enter into derivative financial instruments to manage exposures that arise from business activities that result in the receipt or payment of future known and uncertain cash amounts, the value of which are determined by interest rates. Our derivative financial instruments are used to manage differences in the amount, timing, and duration of our known or expected cash receipts and our known or expected cash payments principally related to our borrowings.

Certain of our foreign operations expose us to fluctuations of foreign interest rates and exchange rates. We primarily finance our earning assets with debt in the same currency to minimize the impact to earnings from our exposure to fluctuations in exchange rates. When we use a different currency, these fluctuations may impact the value of our cash receipts and payments in terms of our functional currency. We enter into derivative financial instruments to protect the value or fix the amount of certain assets and liabilities in terms of the relevant functional currency. The table below presents the gross fair value amounts of our derivative financial instruments and the associated notional amounts:

	December 31, 2020			December 31, 2019		
	Notional	Fair Value of Assets <sup>(a)</sup>	Fair Value of Liabilities <sup>(a)</sup>	Notional	Fair Value of Assets <sup>(a)</sup>	Fair Value of Liabilities <sup>(a)</sup>
<b>Derivatives designated as hedges</b>						
<b>Fair value hedges</b>						
Interest rate swaps	\$ 10,064	\$ 463	\$ 13	\$ 9,458	\$ 234	\$ 23
Foreign currency swaps	1,958	128	9	1,796	22	71
<b>Cash flow hedges</b>						
Interest rate swaps	921	—	27	590	—	6
Foreign currency swaps	5,626	278	47	4,429	40	119
<b>Derivatives not designated as hedges</b>						
Interest rate contracts	110,997	954	576	92,400	340	300
Total <sup>(b)</sup>	\$ 129,566	\$ 1,823	\$ 672	\$ 108,673	\$ 636	\$ 519

(a) The gross fair value amounts of our assets and liabilities are included in other assets and other liabilities, respectively. Amounts accrued for interest payments in a net receivable position are included in other assets. Amounts accrued for interest payments in a net payable position are included in other liabilities. All our derivatives are categorized within Level 2 of the fair value hierarchy. The fair value for Level 2 instruments was derived using the market approach based on observable market inputs including quoted prices of similar instruments and foreign exchange and interest rate forward curves.

(b) We primarily enter into derivative instruments through AmeriCredit Financial Services, Inc. (AFSI); however, our SPEs may also be parties to derivative instruments. Agreements between AFSI and its derivative counterparties include rights of setoff for positions with offsetting values or for collateral held or posted. At December 31, 2020 and 2019, the fair value of assets and liabilities available for offset was \$501 million and \$302 million. At December 31, 2020 and 2019, we held \$728 million and \$210 million of collateral from counterparties that is available for netting against our asset positions. At December 31, 2020 and 2019, we posted \$139 million and \$89 million of collateral to counterparties that is available for netting against our liability positions.

## GENERAL MOTORS FINANCIAL COMPANY, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

The following amounts were recorded in the consolidated balance sheet related to items designated and qualifying as hedged items in fair value hedging relationships:

	Carrying Amount of Hedged Items		Cumulative Amount of Fair Value Hedging Adjustments <sup>(a)</sup>	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Unsecured debt	\$ 23,315	\$ 20,397	\$ (739)	\$ (77)

(a) Includes \$200 million of unamortized gains and \$69 million of unamortized losses remaining on hedged items for which hedge accounting has been discontinued at December 31, 2020 and 2019.

The table below presents the effect of our derivative financial instruments and related hedged items, as applicable, in the consolidated statements of income:

	Years Ended December 31,					
	2020		2019		2018	
	Interest Expense <sup>(a)</sup>	Operating Expenses <sup>(b)</sup>	Interest Expense <sup>(a)</sup>	Operating Expenses <sup>(b)</sup>	Interest Expense <sup>(a)</sup>	Operating Expenses <sup>(b)</sup>
<b>Fair value hedges</b>						
Hedged items - interest rate swaps	\$ (500)	\$ —	\$ (569)	\$ —	\$ 83	\$ —
Interest rate swaps	250	—	355	—	(102)	—
Hedged items - foreign currency swaps <sup>(c)</sup>	—	(161)	—	33	—	(17)
Foreign currency swaps	(31)	167	(59)	(28)	(5)	18
<b>Cash flow hedges</b>						
Interest rate swaps	(14)	—	5	—	14	—
Hedged items - foreign currency swaps <sup>(c)</sup>	—	(457)	—	(3)	—	114
Foreign currency swaps	(108)	457	(87)	3	(49)	(114)
<b>Derivatives not designated as hedges</b>						
Interest rate contracts	237	—	142	—	26	—
Foreign currency swaps	—	—	—	—	(44)	(142)
Total (losses) income recognized	<u>\$ (166)</u>	<u>\$ 6</u>	<u>\$ (213)</u>	<u>\$ 5</u>	<u>\$ (77)</u>	<u>\$ (141)</u>

(a) Total interest expense was \$3.0 billion, \$3.6 billion and \$3.2 billion for 2020, 2019 and 2018.

(b) Total operating expenses were \$1.5 billion, \$1.6 billion and \$1.5 billion for 2020, 2019 and 2018.

(c) Transaction activity recorded in operating expenses related to foreign currency-denominated loans.



## GENERAL MOTORS FINANCIAL COMPANY, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

The tables below present the effect of our derivative financial instruments in the consolidated statements of comprehensive income:

	Gains (Losses) Recognized In Accumulated Other Comprehensive Loss		
	Years Ended December 31,		
	2020	2019	2018
<b>Fair value hedges</b>			
Foreign currency swaps	\$ (19)	\$ (41)	\$ (3)
<b>Cash flow hedges</b>			
Interest rate swaps	(18)	(6)	3
Foreign currency swaps	160	(113)	(89)
<b>Total</b>	<b>\$ 123</b>	<b>\$ (160)</b>	<b>\$ (89)</b>
	(Gains) Losses Reclassified From Accumulated Other Comprehensive Loss Into Income <sup>(a)(b)</sup>		
	Years Ended December 31,		
	2020	2019	2018
<b>Fair value hedges</b>			
Foreign currency swaps	\$ 20	\$ 41	\$ 3
<b>Cash flow hedges</b>			
Interest rate swaps	10	(3)	(7)
Foreign currency swaps	(261)	64	86
<b>Total</b>	<b>\$ (231)</b>	<b>\$ 102</b>	<b>\$ 82</b>

(a) All amounts reclassified from accumulated other comprehensive loss were recorded to operating expenses or interest expense.

(b) During the next twelve months, we estimate \$83 million in losses will be reclassified into pretax earnings from derivatives designated for hedge accounting.

**Note 10. Commitments and Contingencies**

**Operating Leases** Our lease obligations consist primarily of real estate office space with terms up to 11 years. Certain leases contain escalation clauses and renewal options, and generally our leases have no residual value guarantees or material covenants. We exclude from our balance sheet leases with a term equal to one year or less, and do not separate non-lease components from our real estate leases. Rent expense under operating leases was \$39 million and \$38 million in 2020 and 2019. Prior to adoption of ASU 2016-02, rent expense under operating leases was \$30 million in 2018. Variable lease costs were insignificant for 2020 and 2019. At December 31, 2020 and 2019, operating lease right-of-use assets, included in other assets, were \$141 million and \$137 million and operating lease liabilities, included in other liabilities, were \$164 million and \$158 million. Operating lease right-of-use assets obtained in exchange for lease obligations were \$26 million and \$36 million in 2020 and 2019. At December 31, 2020, our undiscounted future lease obligations related to operating leases having initial terms in excess of one year were \$29 million, \$27 million, \$25 million, \$24 million, \$22 million, and \$64 million for 2021, 2022, 2023, 2024, 2025 and thereafter, with imputed interest of \$27 million at December 31, 2020. The weighted average discount rate was 4.2%, and the weighted average remaining lease term was 7.5 years at December 31, 2020. Payments for operating leases included in net cash provided by operating activities were \$49 million and \$51 million in 2020 and 2019. We have no lease agreements that have not yet commenced at December 31, 2020.

**Concentrations of Credit Risk** Financial instruments that potentially subject us to concentrations of credit risk are primarily cash equivalents, restricted cash, derivative financial instruments and retail finance receivables. Our cash equivalents and restricted cash represent investments in highly rated securities placed through various major financial institutions. The counterparties to our derivative financial instruments are various major financial institutions.

Borrowers located in Texas accounted for 13.0% of the retail finance receivable portfolio at December 31, 2020. No other state or country accounted for more than 10% of the retail finance receivable portfolio.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

At December 31, 2020, substantially all of our commercial finance receivables represent loans to GM-franchised dealers and their affiliates.

**Guarantees of Indebtedness** At December 31, 2020, we had no guarantees on any third-party indebtedness.

**Legal Proceedings** We are subject to various pending and potential legal and regulatory proceedings in the ordinary course of business, including litigation, arbitration, claims, investigations, examinations, subpoenas and enforcement proceedings. Some litigation against us could take the form of class actions. The outcome of these proceedings is inherently uncertain, and thus we cannot confidently predict how or when proceedings will be resolved. An adverse outcome in one or more of these proceedings could result in substantial damages, settlements, fines, penalties, diminished income or reputational harm. We identify below the material proceedings in connection with which we believe a material loss is reasonably possible or probable.

In accordance with the current accounting standards for loss contingencies, we establish reserves for legal matters when it is probable that a loss associated with the matter has been incurred and the amount of the loss can be reasonably estimated. The actual costs of resolving legal matters may be higher or lower than any amounts reserved for these matters. At December 31, 2020, we estimated our reasonably possible legal exposure for unfavorable outcomes is approximately \$63 million, and we have accrued \$15 million.

**Other Administrative Tax Matters** We accrue non-income tax liabilities for contingencies when management believes that a loss is probable and the amounts can be reasonably estimated, while contingent gains are recognized only when realized. In the event any losses are sustained in excess of accruals, they will be charged against income at that time.

In evaluating indirect tax matters, we take into consideration factors such as our historical experience with matters of similar nature, specific facts and circumstances, and the likelihood of prevailing. We reevaluate and update our accruals as matters progress over time, where there is a reasonable possibility that losses exceeding amounts already recognized may be incurred. Our estimate of the additional range of loss is up to \$11 million at December 31, 2020.

**Note 11. Shareholders' Equity**

	December 31, 2020	December 31, 2019
<b>Common Stock</b>		
Number of shares authorized	10,000,000	10,000,000
Number of shares issued and outstanding	5,050,000	5,050,000

In 2020, 2019 and 2018, our Board of Directors declared and paid dividends of \$800 million, \$400 million and \$375 million on our common stock to General Motors Holdings LLC.

	December 31, 2020	December 31, 2019
<b>Preferred Stock</b>		
Number of shares authorized	250,000,000	250,000,000
Number of shares issued and outstanding		
Series A	1,000,000	1,000,000
Series B	500,000	500,000
Series C	500,000	—

During 2020, we paid dividends of \$58 million to holders of record of our Series A Preferred Stock, and \$32 million to holders of record of our Series B Preferred Stock. During 2019, we paid dividends of \$58 million to holders of record of our Series A Preferred Stock, and \$33 million to holders of record of our Series B Preferred Stock. During 2018, we paid dividends of \$59 million to holders of record of our Series A Preferred Stock.

In September 2020, we issued 500,000 shares, par value \$0.01 per share, of Series C Preferred Stock, at a liquidation preference of \$1,000 per share, for net proceeds of approximately \$492 million.

Holders of Series C Preferred Stock are entitled to receive cash dividend payments when, as and if declared by our Board of Directors (or a duly authorized committee of our Board of Directors). Dividends on the Series C Preferred Stock accrue and are payable at a rate per annum equal to 5.700% from the date of issuance to, but excluding, September 30, 2030 (the First Reset Date). Thereafter, the dividend rate will be reset on the First Reset Date and on September 30th of every fifth year

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

thereafter (the First Reset Date and each such date thereafter, a "Reset Date", and the period from, and including, a Reset Date to, but excluding, the following Reset Date, a "Reset Period"). From and including the First Reset Date, dividends on the Series C Preferred Stock will accrue and be payable at a rate per annum equal to the five-year U.S. Treasury Rate as of the second business day preceding the applicable Reset Date plus 4.997% for each Reset Period. Dividends will be payable semi-annually in arrears on March 30 and September 30 of each year, beginning on March 30, 2021. Dividends on the Series C Preferred Stock are cumulative whether or not we have earnings, there are funds legally available for the payment of the dividends or the dividends are authorized or declared.

The Series C Preferred Stock does not have a maturity date. We may, at our option, redeem the shares of the Series C Preferred Stock, in whole or in part, on any dividend payment date on or after the First Reset Date, at a price of \$1,000 per share of Series C Preferred Stock plus all accumulated and unpaid dividends to, but excluding, the date of redemption.

In September 2018, we issued 500,000 shares, par value \$0.01 per share, of Fixed-to-Floating Rate Cumulative Perpetual Preferred Stock, Series B (Series B Preferred Stock), at a liquidation preference of \$1,000 per share, for net proceeds of approximately \$492 million.

Holders of Series B Preferred Stock are entitled to receive cash dividend payments when, as and if declared by our Board of Directors (or a duly authorized committee of our Board of Directors). Dividends on the Series B Preferred Stock accrue and are payable from September 24, 2018 to, but excluding, September 30, 2028 at a rate of 6.500% per annum, payable semi-annually in arrears on March 30 and September 30 of each year, beginning on March 30, 2019. From and including September 30, 2028, holders of the Series B Preferred Stock will be entitled to receive cash dividend payments at a floating rate equal to the then-applicable three-month U.S. Dollar LIBOR plus a spread of 3.436% per annum, payable quarterly in arrears, on March 30, June 30, September 30 and December 30 of each year. Dividends on the Series B Preferred Stock are cumulative whether or not we have earnings, there are funds legally available for the payment of the dividends or the dividends are authorized or declared.

The Series B Preferred Stock does not have a maturity date. We may, at our option, redeem the shares of Series B Preferred Stock, in whole or in part, at any time on or after September 30, 2028, at a price of \$1,000 per share of Series B Preferred Stock plus all accumulated and unpaid dividends to, but excluding, the date of redemption.

The following table summarizes the significant components of accumulated other comprehensive loss:

	Years Ended December 31,		
	2020	2019	2018
<b>Unrealized (loss) gain on hedges</b>			
Beginning balance	\$ (49)	\$ 9	\$ 16
Change in value of hedges, net of tax	(108)	(58)	(7)
Ending balance	(157)	(49)	9
<b>Defined benefit plans</b>			
Beginning balance	1	1	1
Unrealized gain (loss) on subsidiary pension, net of tax	—	—	—
Ending balance	1	1	1
<b>Foreign currency translation adjustment</b>			
Beginning balance	(1,071)	(1,076)	(785)
Translation (loss) gain	(82)	5	(291)
Ending balance	(1,153)	(1,071)	(1,076)
<b>Total accumulated other comprehensive loss</b>	<b>\$ (1,309)</b>	<b>\$ (1,119)</b>	<b>\$ (1,066)</b>

**Note 12. Parent Company Stock-Based Compensation**

GM grants to certain employees and key executive officers Restricted Stock Units (RSUs), Performance-based Share Units (PSUs) and stock options. Shares awarded under the plans are subject to forfeiture if the participant leaves the company for reasons other than those permitted under the plans, such as retirement, death or disability.

RSU awards granted either cliff vest or ratably vest generally over a three-year service period, as defined in the terms for each award. PSU awards vest at the end of a three-year performance period based on performance criteria determined by the

**GENERAL MOTORS FINANCIAL COMPANY, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)**

Executive Compensation Committee of the GM Board of Directors at the time of award. The number of shares earned may equal, exceed or be less than the targeted number of shares depending on whether the performance criteria are met, surpassed or not met. Stock options expire 10 years from the grant date. GM's performance-based stock options vest ratably over 55 months based on the performance of its common stock relative to that of a specified peer group. GM's service-based stock options vest ratably over 19 months to three years.

The following table summarizes information about RSUs, PSUs and stock options granted to our employees and key executive officers under GM's stock-based compensation programs (shares in thousands):

	Year Ended December 31, 2020		
	Shares	Weighted-Average Grant Date Fair Value	Weighted-Average Remaining Contractual Term (years)
Outstanding at January 1, 2020	2,777	\$ 30.26	1.3
Granted	1,188	\$ 31.19	
Settled	(990)	\$ 28.72	
Forfeited or expired	(35)	\$ 42.18	
Outstanding at December 31, 2020 <sup>(a)</sup>	2,940	\$ 31.01	1.4
Unvested and expected to vest at December 31, 2020	1,750	\$ 38.07	1.7
Vested and payable at December 31, 2020	1,083	\$ 19.39	

*(a) Includes the target amount of PSUs.*

The assumptions used to estimate the fair value of the stock options issued during 2020, 2019 and 2018 are a dividend yield of 4.28%, 3.90% and 3.69%, expected volatility of 25%, 28% and 28%, a risk-free interest rate of 1.50%, 2.63% and 2.73%, and an expected option life of 6.00 years, 6.00 years and 5.98 years. The expected volatility is based on the average of the implied volatility of publicly traded options for GM's common stock.

Total compensation expense related to the above awards was \$49 million, \$50 million and \$29 million in 2020, 2019 and 2018.

At December 31, 2020, total unrecognized compensation expense for nonvested equity awards granted was \$31 million. This expense is expected to be recorded over a weighted-average period of one year. The total fair value of RSUs and PSUs vested was \$21 million, \$19 million and \$21 million in 2020, 2019 and 2018.

**Note 13. Employee Benefit Plans**

We have defined contribution retirement plans covering the majority of our employees. We recognized compensation expense related to these plans of \$25 million in 2020 and 2019, and \$22 million in 2018. Contributions to the plans were made in cash.

**Note 14. Income Taxes**

The following table summarizes income before income taxes and equity income:

	Years Ended December 31,		
	2020	2019	2018
U.S. income	\$ 2,280	\$ 1,599	\$ 1,421
Non-U.S. income	275	339	289
Income before income taxes and equity income	\$ 2,555	\$ 1,938	\$ 1,710

## GENERAL MOTORS FINANCIAL COMPANY, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

## Income Tax Expense

	Years Ended December 31,		
	2020	2019	2018
<b>Current income tax expense</b>			
U.S. federal	\$ 129	\$ —	\$ —
U.S. state and local	143	16	1
Non-U.S.	67	81	83
Total current	339	97	84
<b>Deferred income tax expense</b>			
U.S. federal	299	330	133
U.S. state and local	5	71	75
Non-U.S.	50	39	31
Total deferred	354	440	239
<b>Total income tax provision</b>	<b>\$ 693</b>	<b>\$ 537</b>	<b>\$ 323</b>

We have foreign subsidiaries with cumulative undistributed earnings that are indefinitely reinvested. Accordingly, no provision for U.S. income tax has been provided, and the unrecognized deferred tax liability is insignificant. An estimate of the undistributed earnings is \$373 million and \$409 million at December 31, 2020 and 2019.

A reconciliation between the U.S. federal statutory tax rate and the effective tax rate is as follows:

	Years Ended December 31,		
	2020	2019	2018
U.S. federal statutory tax rate	21.0 %	21.0 %	21.0 %
Non-U.S. income taxed at other than the U.S. federal statutory rate	1.5	2.1	2.8
State and local income taxes	4.1	4.0	4.2
U.S. tax on non-U.S. earnings	0.4	1.1	0.2
Valuation allowance	0.3	0.5	0.4
Tax credits and incentives	(0.2)	(0.7)	(6.2)
U.S. federal tax reform impact	—	—	(2.6)
Other	—	(0.3)	(0.9)
<b>Effective tax rate</b>	<b>27.1 %</b>	<b>27.7 %</b>	<b>18.9 %</b>

## GENERAL MOTORS FINANCIAL COMPANY, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

**Deferred Income Tax Assets and Liabilities** Deferred income tax assets and liabilities at December 31, 2020 and 2019 reflect the effect of temporary differences between amounts of assets, liabilities and equity for financial reporting purposes and the basis of such assets, liabilities and equity as measured by tax laws, as well as tax loss and tax credit carryforwards. The following table summarizes the components of temporary differences and carryforwards that give rise to deferred tax assets and liabilities:

	December 31, 2020	December 31, 2019
<b>Deferred tax assets</b>		
Net operating loss carryforward - U.S. <sup>(a)</sup>	\$ 15	\$ 371
Net operating loss carryforward - non-U.S. <sup>(b)</sup>	150	178
Market value difference of loan portfolio	741	310
Accruals	86	115
Tax credits <sup>(c)</sup>	466	839
Other	282	185
Total deferred tax assets before valuation allowance	1,740	1,998
Less: valuation allowance	(291)	(279)
Total deferred tax assets	1,449	1,719
<b>Deferred tax liabilities</b>		
Depreciable assets	2,038	2,177
Deferred acquisition costs	109	123
Other	160	152
Total deferred tax liabilities	2,307	2,452
Net deferred tax liability	<u>\$ (858)</u>	<u>\$ (733)</u>

(a) Includes tax-effected operating losses of \$15 million expiring through 2042 at December 31, 2020.

(b) Includes tax-effected operating losses of \$125 million expiring through 2040 and \$25 million that may be carried forward indefinitely at December 31, 2020.

(c) Includes tax credits of \$466 million expiring through 2040 at December 31, 2020.

We are included in GM's consolidated U.S. federal income tax return and certain states' income tax returns. Net operating losses and certain tax credits generated by us have been utilized by GM; however, income tax expense and deferred tax balances are presented in these financial statements as if we filed our own tax returns in each jurisdiction. As of December 31, 2020, we have \$291 million in valuation allowances against deferred tax assets in U.S. jurisdictions. The increase in valuation allowance of \$12 million is primarily due to an increase in foreign tax credits.

**Unrecognized Tax Benefits**

	Years Ended December 31,		
	2020	2019	2018
Beginning balance	\$ 57	\$ 50	\$ 54
Additions to prior years' tax positions	—	1	—
Reductions to prior years' tax positions	(1)	—	—
Additions to current year tax positions	6	7	3
Changes in tax positions due to lapse of statutory limitations	3	(1)	(5)
Foreign currency translation	(3)	—	(2)
Ending balance	<u>\$ 62</u>	<u>\$ 57</u>	<u>\$ 50</u>

At December 31, 2020, 2019 and 2018, there were \$40 million, \$41 million and \$37 million of net unrecognized tax benefits that, if recognized, would favorably affect the effective tax rate.

We recognize accrued interest and penalties associated with uncertain tax positions as a component of the income tax provision. Accrued interest and penalties are included within other liabilities on the consolidated balance sheets.

At December 31, 2020 and 2019, we had liabilities of \$57 million and \$78 million for income tax-related interest and penalties.

## GENERAL MOTORS FINANCIAL COMPANY, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

At December 31, 2020, it is not possible to reasonably estimate the expected change to the total amount of unrecognized tax benefits in the next twelve months.

**Other Matters** We are included in GM's consolidated U.S. federal income tax returns and certain U.S. state returns, and we are obligated to pay GM for our share of these tax liabilities. Amounts owed to GM for income taxes are accrued and recorded as a related party payable. At December 31, 2020, we had \$244 million in related party taxes payable for federal and state tax liabilities. At December 31, 2019, we had \$4 million in related party taxes payable for state tax liabilities. The increase in federal tax liability is due to the full utilization of net operating loss carryforwards.

Income tax returns are filed in multiple jurisdictions and are subject to examination by taxing authorities throughout the world. We have open tax years from 2011 to 2020 with various tax jurisdictions. These open years contain matters that could be subject to differing interpretations of applicable tax laws and regulations as they relate to the amount, character, timing or inclusion of revenue and/or recognition of expenses, or the sustainability of income tax credits. Certain of our state and foreign tax returns are currently under examination in various jurisdictions.

**Note 15. Supplemental Information for the Consolidated Statements of Cash Flows**

Cash payments for interest costs and income taxes consist of the following:

	Years Ended December 31,		
	2020	2019	2018
Interest costs (none capitalized)	\$ 2,947	\$ 3,475	\$ 2,941
Income taxes	\$ 97	\$ 60	\$ 68

Non-cash investing items consist of the following:

	Years Ended December 31,		
	2020	2019	2018
Subvention receivable from GM <sup>(a)</sup>	\$ 642	\$ 676	\$ 727
Commercial loan funding payable to GM <sup>(a)</sup>	\$ 23	\$ 74	\$ 61

(a) Refer to [Note 2](#) for further information.

**Note 16. Segment Reporting and Geographic Information**

Our chief operating decision maker evaluates the operating results and performance of our business based on our North America and International segments. The management of each segment is responsible for executing our strategies. Key operating data for our operating segments were as follows:

	Year Ended December 31, 2020		
	North America	International	Total
Total revenue	\$ 12,851	\$ 980	\$ 13,831
Operating expenses	1,184	306	1,490
Leased vehicle expenses	5,834	48	5,882
Provision for loan losses	653	228	881
Interest expense	2,717	306	3,023
Equity income	—	147	147
Income before income taxes	\$ 2,463	\$ 239	\$ 2,702

## GENERAL MOTORS FINANCIAL COMPANY, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

	Year Ended December 31, 2019		
	North America	International	Total
Total revenue	\$ 13,318	\$ 1,236	\$ 14,554
Operating expenses	1,172	392	1,564
Leased vehicle expenses	6,634	51	6,685
Provision for loan losses	569	157	726
Interest expense	3,171	470	3,641
Equity income	—	166	166
Income before income taxes	\$ 1,772	\$ 332	\$ 2,104

	Year Ended December 31, 2018		
	North America	International	Total
Total revenue	\$ 12,771	\$ 1,245	\$ 14,016
Operating expenses	1,125	397	1,522
Leased vehicle expenses	6,879	38	6,917
Provision for loan losses	490	152	642
Interest expense	2,735	490	3,225
Equity income	—	183	183
Income before income taxes	\$ 1,542	\$ 351	\$ 1,893

	December 31, 2020			December 31, 2019		
	North America	International	Total	North America	International	Total
Finance receivables, net	\$ 53,332	\$ 5,058	\$ 58,390	\$ 46,679	\$ 6,794	\$ 53,473
Leased vehicles, net	\$ 39,656	\$ 163	\$ 39,819	\$ 41,881	\$ 174	\$ 42,055
Total assets	\$ 105,507	\$ 8,318	\$ 113,825	\$ 99,453	\$ 9,764	\$ 109,217

The following table summarizes information concerning principal geographic areas:

	At and For the Years Ended December 31,					
	2020		2019		2018	
	Revenue	Long-Lived Assets <sup>(a)</sup>	Revenue	Long-Lived Assets <sup>(a)</sup>	Revenue	Long-Lived Assets <sup>(a)</sup>
U.S.	\$ 12,178	\$ 36,773	\$ 12,672	\$ 39,509	\$ 12,158	\$ 41,320
Non-U.S. <sup>(b)</sup>	1,653	3,230	1,882	2,772	1,858	2,490
Total consolidated	\$ 13,831	\$ 40,003	\$ 14,554	\$ 42,281	\$ 14,016	\$ 43,810

(a) Long-lived assets include \$39.8 billion, \$42.1 billion, and \$43.6 billion of vehicles on operating leases at December 31, 2020, 2019 and 2018.

(b) No individual country represents more than 10% of our total revenue or long-lived assets.

**Note 17. Regulatory Capital and Other Regulatory Matters**

We are required to comply with a wide variety of laws and regulations. Certain of our entities operate in international markets as either banks or regulated finance companies that are subject to regulatory restrictions. These regulatory restrictions, among other things, require that certain of these entities meet minimum capital requirements and may restrict dividend distributions and ownership of certain assets. We were in compliance with all regulatory capital requirements as most recently reported. Our most significant regulated international bank, located in Brazil, had a most recently reported capital ratio of 34.3% and the minimum capital requirement was 9.3%. Total assets of our regulated international banks and finance companies were approximately \$6.2 billion and \$7.8 billion at December 31, 2020 and 2019.



**Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

None.

**Item 9A. Controls and Procedures**

**Evaluation of Disclosure Controls and Procedures** We maintain disclosure controls and procedures designed to provide reasonable assurance that information required to be disclosed in reports filed under the Exchange Act is recorded, processed, summarized and reported within the specified time periods and accumulated and communicated to our management, including our principal executive officer (CEO) and principal financial officer (CFO), as appropriate to allow timely decisions regarding required disclosure.

Our management, with the participation of our CEO and CFO, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) or 15d-15(e) promulgated under the Exchange Act) at December 31, 2020. Based on this evaluation, required by paragraph (b) of Rule 13a-15 or 15d-15, our CEO and CFO concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of December 31, 2020.

**Management's Report on Internal Control over Financial Reporting** Our management is responsible for establishing and maintaining effective internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. This system is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with U.S. GAAP. Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, misstatements due to error or fraud may not be prevented or detected on a timely basis.

Our management performed an assessment of the effectiveness of our internal control over financial reporting at December 31, 2020, utilizing the criteria discussed in the "Internal Control - Integrated Framework (2013)" issued by the Committee of Sponsoring Organizations of the Treadway Commission. The objective of this assessment was to determine whether our internal control over financial reporting was effective at December 31, 2020. Based on management's assessment, we have concluded that our internal control over financial reporting was effective at December 31, 2020.

**Changes in Internal Control over Financial Reporting** There were no changes made to our internal control over financial reporting during the quarter ended December 31, 2020, that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting. However, due to the COVID-19 pandemic, we are monitoring our control environment to ensure that any changes as a result of physical distancing are addressed and any increased risks are mitigated. For additional information refer to Item 1A. Risk Factors.

**PART III****Items 10, 11, 12 and 13**

Omitted in accordance with General Instruction I to Form 10-K.

**Item 14. Principal Accountant Fees and Services**

	Years Ended December 31,	
	2020	2019
Audit fees <sup>(a)</sup>	\$ 5	\$ 5
Audit-related fees <sup>(b)</sup>	2	2
Tax services fees <sup>(c)</sup>	—	1
Total fees	<u>\$ 7</u>	<u>\$ 8</u>

(a) Audit fees include the annual financial statement audit (including quarterly reviews, subsidiary audits and other procedures required to be performed by the independent registered public accounting firm to be able to form an opinion on our consolidated financial statements).

(b) Audit-related fees are assurance and related services that are reasonably related to the performance of the audit or review of our financial statements or that are traditionally performed by the independent registered public accounting firm. Audit-related fees include, among other things, agreed-upon procedures and other services pertaining to our securitization program and other warehouse credit facility reviews; the attestations required by the requirements of Regulation AB; and accounting consultations related to accounting, financial reporting or disclosure matters not classified as "Audit fees."

(c) Tax services fees include tax compliance and related advice.

As a wholly-owned subsidiary of General Motors Company, audit and non-audit services provided by our independent auditor are subject to General Motors Company's Audit Committee pre-approval policies and procedures. The Audit Committee pre-approved all services provided by, and all fees of, our independent auditor.

**PART IV**
**Item 9B. Other Information**

None.

**Item 15. Exhibit and Financial Statement Schedules**

(1) The following Consolidated Financial Statements as set forth in Item 8 of this report are filed herein.

**Consolidated Financial Statements**

Consolidated Balance Sheets as of December 31, 2020 and 2019.

Consolidated Statements of Income and Comprehensive Income for the years ended December 31, 2020, 2019 and 2018.

Consolidated Statements of Shareholders' Equity for the years ended December 31, 2020, 2019 and 2018.

Consolidated Statements of Cash Flows for the years ended December 31, 2020, 2019 and 2018.

**Notes to Consolidated Financial Statements**

(2) All other schedules for which provision is made in the applicable accounting regulation of the SEC are either not required under the related instructions, are inapplicable, or the required information is included elsewhere in the Consolidated Financial Statements or notes thereto and incorporated herein by reference.

(3) The exhibits filed in response to Item 601 of Regulation S-K are listed in the Index to Exhibits.

**Item 16. Form 10-K Summary**

None.

## INDEX TO EXHIBITS

The following documents are filed as a part of this report. Those exhibits previously filed and incorporated herein by reference are identified by the exhibit numbers used in the report with which they were filed.

<b>Exhibit No.</b>	<b>Description</b>	
<a href="#"><u>2.1</u></a>	<a href="#"><u>Agreement and Plan of Merger, dated July 21, 2010, among General Motors Holdings LLC, Goalie Texas Holdco Inc. and AmeriCredit Corp., incorporated herein by reference to Exhibit 2.1 to the Current Report on Form 8-K, filed on July 26, 2010.</u></a>	Incorporated by Reference
<a href="#"><u>2.2</u></a>	<a href="#"><u>Master Agreement, dated March 5, 2017, between General Motors Holdings LLC and Peugeot S.A., incorporated herein by reference to Exhibit 2.1 to the Quarterly Report on Form 10-Q, filed on April 28, 2017.</u></a>	Incorporated by Reference
<a href="#"><u>2.2.1</u></a>	<a href="#"><u>Amendment No. 3, dated October 30, 2017, to the Master Agreement, dated March 5, 2017, between General Motors Holdings LLC and Peugeot S.A., incorporated herein by reference to Exhibit 2.1.1 to the Current Report on Form 8-K, filed on November 1, 2017.</u></a>	Incorporated by Reference
<a href="#"><u>3.1</u></a>	<a href="#"><u>Second Amended and Restated Certificate of Formation of General Motors Financial Company, Inc.</u></a>	Filed Herewith
<a href="#"><u>3.2</u></a>	<a href="#"><u>Third Amended and Restated Bylaws of General Motors Financial Company, Inc.</u></a>	Filed Herewith
<a href="#"><u>3.3</u></a>	<a href="#"><u>Statement of Resolution Establishing the Designation of Fixed-to-Floating Rate Cumulative Perpetual Preferred Stock, Series A of General Motors Financial Company, Inc., incorporated herein by reference to Exhibit 3.1 to the Current Report on Form 8-K, filed on September 20, 2017.</u></a>	Incorporated by Reference
<a href="#"><u>3.4</u></a>	<a href="#"><u>Statement of Resolution Establishing the Designation of Fixed-to-Floating Rate Cumulative Perpetual Preferred Stock, Series B of General Motors Financial Company, Inc., incorporated herein by reference to Exhibit 3.1 to the Current Report on Form 8-K, filed on September 24, 2018.</u></a>	Incorporated by Reference
<a href="#"><u>3.5</u></a>	<a href="#"><u>Statement of Resolution Establishing the Designation of Fixed-Rate Reset Cumulative Perpetual Preferred Stock, Series C of General Motors Financial Company, Inc., incorporated herein by reference to Exhibit 3.1 to the Current Report on Form 8-K, filed on September 16, 2020.</u></a>	Incorporated by Reference
<a href="#"><u>4.1</u></a>	<a href="#"><u>Certificate of Merger merging Goalie Texas Holdco Inc. with and into AmeriCredit Corp., incorporated herein by reference to Exhibit 4.3 to the Current Report on Form 8-K, filed on October 1, 2010.</u></a>	Incorporated by Reference
<a href="#"><u>4.2</u></a>	<a href="#"><u>Indenture, dated July 10, 2014, by and among General Motors Financial Company, Inc., AmeriCredit Financial Services, Inc., as guarantor, and Wells Fargo Bank, National Association, as trustee, incorporated herein by reference to Exhibit 4.1 to the Current Report on Form 8-K, filed on July 10, 2014.</u></a>	Incorporated by Reference
<a href="#"><u>4.2.1</u></a>	<a href="#"><u>Fourth Supplemental Indenture, dated September 25, 2014, by and among General Motors Financial Company, Inc., AmeriCredit Financial Services, Inc., as guarantor, and Wells Fargo Bank, National Association, as trustee, with respect to the 4.375% Senior Notes due 2021, incorporated herein by reference to Exhibit 4.3 to the Current Report on Form 8-K, filed on September 25, 2014.</u></a>	Incorporated by Reference

## GENERAL MOTORS FINANCIAL COMPANY, INC.

Exhibit No.	Description	
<a href="#">4.2.1.1</a>	<a href="#">First Amendment to Fourth Supplemental Indenture, dated October 17, 2014, incorporated herein by reference to Exhibit 4.2 to the Quarterly Report on Form 10-Q, filed on October 23, 2014.</a>	Incorporated by Reference
<a href="#">4.3</a>	<a href="#">Indenture, dated January 12, 2015, by and among General Motors Financial Company, Inc., AmeriCredit Financial Services, Inc., as guarantor, and Wells Fargo Bank, National Association, as trustee, incorporated herein by reference to Exhibit 4.1 to the Current Report on Form 8-K, filed on January 13, 2015.</a>	Incorporated by Reference
<a href="#">4.3.1</a>	<a href="#">Third Supplemental Indenture, dated January 12, 2015, by and among General Motors Financial Company, Inc., AmeriCredit Financial Services, Inc., as guarantor, and Wells Fargo Bank, National Association, as trustee, with respect to the 4.000% Senior Notes due 2025, incorporated herein by reference to Exhibit 4.4 to the Current Report on Form 8-K, filed on January 13, 2015.</a>	Incorporated by Reference
<a href="#">4.3.2</a>	<a href="#">Sixth Supplemental Indenture, dated April 10, 2015, by and among General Motors Financial Company, Inc., AmeriCredit Financial Services, Inc., as guarantor, and Wells Fargo Bank, National Association, as trustee, with respect to the 3.450% Senior Notes due 2022, incorporated herein by reference to Exhibit 4.4 to the Current Report on Form 8-K, filed on April 13, 2015.</a>	Incorporated by Reference
<a href="#">4.3.3</a>	<a href="#">Eighth Supplemental Indenture, dated July 13, 2015, by and among General Motors Financial Company, Inc., AmeriCredit Financial Services, Inc., as guarantor, and Wells Fargo Bank, National Association, as trustee, with respect to the 4.300% Senior Notes due 2025, incorporated herein by reference to Exhibit 4.3 to the Current Report on Form 8-K, filed on July 13, 2015.</a>	Incorporated by Reference
<a href="#">4.4</a>	<a href="#">Indenture, dated October 13, 2015, by and among General Motors Financial Company, Inc., AmeriCredit Financial Services, Inc., as guarantor, and Wells Fargo Bank, National Association, as trustee, incorporated herein by reference to Exhibit 4.1 to the Current Report on Form 8-K, filed on October 13, 2015.</a>	Incorporated by Reference
<a href="#">4.4.1</a>	<a href="#">Fifth Supplemental Indenture, dated March 1, 2016, by and among General Motors Financial Company, Inc., AmeriCredit Financial Services, Inc., as guarantor, and Wells Fargo Bank, National Association, as trustee, with respect to the 5.250% Senior Notes due 2026, incorporated herein by reference to Exhibit 4.3 to the Current Report on Form 8-K, filed on March 1, 2016.</a>	Incorporated by Reference
<a href="#">4.4.2</a>	<a href="#">Eighth Supplemental Indenture, dated May 9, 2016, by and among General Motors Financial Company, Inc., AmeriCredit Financial Services, Inc., as guarantor, and Wells Fargo Bank, National Association, as trustee, with respect to the 3.700% Senior Notes due 2023, incorporated herein by reference to Exhibit 4.4 to the Current Report on Form 8-K, filed on May 9, 2016.</a>	Incorporated by Reference
<a href="#">4.4.3</a>	<a href="#">Ninth Supplemental Indenture, dated July 5, 2016, by and among General Motors Financial Company, Inc., AmeriCredit Financial Services, Inc., as guarantor, and Wells Fargo Bank, National Association, as trustee, with respect to the 3.200% Senior Notes due 2021, incorporated herein by reference to Exhibit 4.2 to the Current Report on Form 8-K, filed on July 5, 2016.</a>	Incorporated by Reference
<a href="#">4.4.4</a>	<a href="#">Twelfth Supplemental Indenture, dated October 6, 2016, by and among General Motors Financial Company, Inc., AmeriCredit Financial Services, Inc., as guarantor, and Wells Fargo Bank, National Association, as trustee, with respect to the 4.000% Senior Notes due 2026, incorporated herein by reference to Exhibit 4.4 to the Current Report on Form 8-K, filed on October 6, 2016.</a>	Incorporated by Reference
<a href="#">4.4.5</a>	<a href="#">Thirteenth Supplemental Indenture, dated January 17, 2017, by and among General Motors Financial Company, Inc., AmeriCredit Financial Services, Inc., as guarantor, and Wells Fargo Bank, National Association, as trustee, with respect to the Floating Rate Notes due 2022, incorporated herein by reference to Exhibit 4.2 to the Current Report on Form 8-K, filed on January 17, 2017.</a>	Incorporated by Reference

**GENERAL MOTORS FINANCIAL COMPANY, INC.**

<b>Exhibit No.</b>	<b>Description</b>	
<a href="#">4.4.6</a>	<a href="#"><u>Fourteenth Supplemental Indenture, dated January 17, 2017, by and among General Motors Financial Company, Inc., AmeriCredit Financial Services, Inc., as guarantor, and Wells Fargo Bank, National Association, as trustee, with respect to the 3.450% Senior Notes due 2022, incorporated herein by reference to Exhibit 4.3 to the Current Report on Form 8-K, filed on January 17, 2017.</u></a>	Incorporated by Reference
<a href="#">4.4.7</a>	<a href="#"><u>Fifteenth Supplemental Indenture, dated January 17, 2017, by and among General Motors Financial Company, Inc., AmeriCredit Financial Services, Inc., as guarantor, and Wells Fargo Bank, National Association, as trustee, with respect to the 4.350% Senior Notes due 2027, incorporated herein by reference to Exhibit 4.4 to the Current Report on Form 8-K, filed on January 17, 2017.</u></a>	Incorporated by Reference
<a href="#">4.4.8</a>	<a href="#"><u>Eighteenth Supplemental Indenture, dated April 13, 2017, by and among General Motors Financial Company, Inc., AmeriCredit Financial Services, Inc., as guarantor, and Wells Fargo Bank, National Association, as trustee, with respect to the 3.950% Senior Notes due 2024, incorporated herein by reference to Exhibit 4.4 to the Current Report on Form 8-K, filed on April 13, 2017.</u></a>	Incorporated by Reference
<a href="#">4.4.9</a>	<a href="#"><u>Twentieth Supplemental Indenture, dated June 30, 2017, by and among General Motors Financial Company, Inc., AmeriCredit Financial Services, Inc., as guarantor, and Wells Fargo Bank, National Association, as trustee, with respect to the Floating Rate Notes due 2022, incorporated herein by reference to Exhibit 4.2 to the Current Report on Form 8-K, filed on June 30, 2017.</u></a>	Incorporated by Reference
<a href="#">4.4.10</a>	<a href="#"><u>Twenty-First Supplemental Indenture, dated June 30, 2017, by and among General Motors Financial Company, Inc., AmeriCredit Financial Services, Inc., as guarantor, and Wells Fargo Bank, National Association, as trustee, with respect to the 3.150% Senior Notes due 2022, incorporated herein by reference to Exhibit 4.3 to the Current Report on Form 8-K, filed on June 30, 2017.</u></a>	Incorporated by Reference
<a href="#">4.4.11</a>	<a href="#"><u>Twenty-Second Supplemental Indenture, dated June 30, 2017, by and among General Motors Financial Company, Inc., AmeriCredit Financial Services, Inc., as guarantor, and Wells Fargo Bank, National Association, as trustee, with respect to the 4.350% Senior Notes due 2027, incorporated herein by reference to Exhibit 4.4 to the Current Report on Form 8-K, filed on June 30, 2017.</u></a>	Incorporated by Reference
<a href="#">4.4.12</a>	<a href="#"><u>Twenty-Fifth Supplemental Indenture, dated November 7, 2017, by and among General Motors Financial Company, Inc., AmeriCredit Financial Services, Inc., as guarantor, and Wells Fargo Bank, National Association, as trustee, with respect to the 3.500% Senior Notes due 2024, incorporated herein by reference to Exhibit 4.4 to the Current Report on Form 8-K, filed on November 7, 2017.</u></a>	Incorporated by Reference
<a href="#">4.4.13</a>	<a href="#"><u>Twenty-Sixth Supplemental Indenture, dated January 5, 2018, by and among General Motors Financial Company, Inc., AmeriCredit Financial Services, Inc., as guarantor, and Wells Fargo Bank, National Association, as trustee, with respect to the Floating Rate Notes due 2023, incorporated herein by reference to Exhibit 4.2 to the Current Report on Form 8-K, filed on January 5, 2018.</u></a>	Incorporated by Reference
<a href="#">4.4.14</a>	<a href="#"><u>Twenty-Seventh Supplemental Indenture, dated January 5, 2018, by and among General Motors Financial Company, Inc., AmeriCredit Financial Services, Inc., as guarantor, and Wells Fargo Bank, National Association, as trustee, with respect to the 3.250% Senior Notes due 2023, incorporated herein by reference to Exhibit 4.3 to the Current Report on Form 8-K, filed on January 5, 2018.</u></a>	Incorporated by Reference
<a href="#">4.4.15</a>	<a href="#"><u>Twenty-Eighth Supplemental Indenture, dated January 5, 2018, by and among General Motors Financial Company, Inc., AmeriCredit Financial Services, Inc., as guarantor, and Wells Fargo Bank, National Association, as trustee, with respect to the 3.850% Senior Notes due 2028, incorporated herein by reference to Exhibit 4.4 to the Current Report on Form 8-K, filed on January 5, 2018.</u></a>	Incorporated by Reference
<a href="#">4.4.16</a>	<a href="#"><u>Twenty-Ninth Supplemental Indenture, dated April 10, 2018, by and among General Motors Financial Company, Inc., AmeriCredit Financial Services, Inc., as guarantor, and Wells Fargo Bank, National Association, as trustee, with respect to the Floating Rate Notes due 2021, incorporated herein by reference to Exhibit 4.2 to the Current Report on Form 8-K, filed on April 10, 2018.</u></a>	Incorporated by Reference

**GENERAL MOTORS FINANCIAL COMPANY, INC.**

<b>Exhibit No.</b>	<b>Description</b>	
<a href="#">4.4.17</a>	<a href="#"><u>Thirtieth Supplemental Indenture, dated April 10, 2018, by and among General Motors Financial Company, Inc., AmeriCredit Financial Services, Inc., as guarantor, and Wells Fargo Bank, National Association, as trustee, with respect to the 3.550% Senior Notes due 2021, incorporated herein by reference to Exhibit 4.3 to the Current Report on Form 8-K, filed on April 10, 2018.</u></a>	Incorporated by Reference
<a href="#">4.4.18</a>	<a href="#"><u>Thirty-First Supplemental Indenture, dated April 10, 2018, by and among General Motors Financial Company, Inc., AmeriCredit Financial Services, Inc., as guarantor, and Wells Fargo Bank, National Association, as trustee, with respect to the 4.350% Senior Notes due 2025, incorporated herein by reference to Exhibit 4.4 to the Current Report on Form 8-K, filed on April 10, 2018.</u></a>	Incorporated by Reference
<a href="#">4.4.19</a>	<a href="#"><u>Thirty-Second Supplemental Indenture, dated June 19, 2018, by and among General Motors Financial Company, Inc. and Wells Fargo Bank, National Association, as trustee, with respect to the 4.150% Senior Notes due 2023, incorporated herein by reference to Exhibit 4.2 to the Current Report on Form 8-K, filed on June 19, 2018.</u></a>	Incorporated by Reference
<a href="#">4.4.20</a>	<a href="#"><u>Thirty-Third Supplemental Indenture, dated November 6, 2018, by and among General Motors Financial Company, Inc. and Wells Fargo Bank, National Association, as trustee, with respect to the Floating Rate Notes due 2021 and the 4.200% Senior Notes due 2021, incorporated herein by reference to Exhibit 4.2 to the Current Report on Form 8-K, filed on November 6, 2018.</u></a>	Incorporated by Reference
<a href="#">4.4.21</a>	<a href="#"><u>Thirty-Fourth Supplemental Indenture, dated January 17, 2019, between General Motors Financial Company, Inc. and Wells Fargo Bank, National Association, as trustee, with respect to General Motors Financial Company, Inc.'s 5.100% Senior Notes due 2024 and 5.650% Senior Notes due 2029, incorporated herein by reference to Exhibit 4.3 to the Current Report on Form 8-K, filed on January 17, 2019.</u></a>	Incorporated by Reference
<a href="#">4.4.22</a>	<a href="#"><u>Thirty-Fifth Supplemental Indenture, dated April 8, 2019, between General Motors Financial Company, Inc. and Wells Fargo Bank, National Association, as trustee, with respect to General Motors Financial Company, Inc.'s 3.550% Senior Notes due 2022, incorporated herein by reference to Exhibit 4.2 to the Current Report on Form 8-K, filed on April 8, 2019.</u></a>	Incorporated by Reference
<a href="#">4.4.23</a>	<a href="#"><u>Thirty-Sixth Supplemental Indenture, dated January 9, 2020, between General Motors Financial Company, Inc. and Wells Fargo Bank, National Association, as trustee, with respect to General Motors Financial Company, Inc.'s 2.900% Senior Notes due 2025, incorporated herein by reference to Exhibit 4.2 to the Current Report on Form 8-K, filed on January 9, 2020.</u></a>	Incorporated by Reference
<a href="#">4.4.24</a>	<a href="#"><u>Thirty-Seventh Supplemental Indenture, dated May 15, 2020, between General Motors Financial Company, Inc. and Wells Fargo Bank, National Association, as trustee, with respect to General Motors Financial Company, Inc.'s 5.200% Senior Notes due 2023, incorporated herein by reference to Exhibit 4.2 to the Current Report on Form 8-K, filed on May 15, 2020.</u></a>	Incorporated by Reference
<a href="#">4.4.25</a>	<a href="#"><u>Thirty-Eighth Supplemental Indenture, dated June 22, 2020, between General Motors Financial Company, Inc. and Wells Fargo Bank, National Association, as trustee, with respect to General Motors Financial Company, Inc.'s 2.750% Senior Notes due 2025 and 3.600% Senior Notes due 2030, incorporated herein by reference to Exhibit 4.2 to the Current Report on Form 8-K, filed on June 22, 2020.</u></a>	Incorporated by Reference
<a href="#">4.4.26</a>	<a href="#"><u>Thirty-Ninth Supplemental Indenture, dated August 20, 2020, between General Motors Financial Company, Inc. and Wells Fargo Bank, National Association, as trustee, with respect to General Motors Financial Company, Inc.'s 1.700% Senior Notes due 2023 and 2.700% Senior Notes due 2027, incorporated herein by reference to Exhibit 4.3 to the Current Report on Form 8-K, filed on August 20, 2020.</u></a>	Incorporated by Reference
<a href="#">4.4.27</a>	<a href="#"><u>Fortieth Supplemental Indenture, dated November 18, 2020, between General Motors Financial Company, Inc. and Wells Fargo Bank, National Association, as trustee, with respect to General Motors Financial Company, Inc.'s Floating Rate Notes due 2023, incorporated herein by reference to Exhibit 4.2 to the Current Report on Form 8-K, filed on November 18, 2020.</u></a>	Incorporated by Reference

**GENERAL MOTORS FINANCIAL COMPANY, INC.**

<b>Exhibit No.</b>	<b>Description</b>	
<a href="#">4.5</a>	<a href="#">Indenture, dated June 21, 2017, by and among General Motors Financial Company, Inc., AmeriCredit Financial Services, Inc., as guarantor, and U.S. Bank National Association, as trustee, incorporated herein by reference to Exhibit 4.3 to the Registration Statement on Form S-3, filed on June 21, 2017.</a>	Incorporated by Reference
<a href="#">4.6</a>	<a href="#">Description of Securities, incorporated by reference to Exhibit 4.6 to the Annual Report on Form 10-K, filed on February 5, 2020.</a>	Incorporated by Reference
<a href="#">10.1</a>	<a href="#">Sale and Servicing Agreement, dated as of February 26, 2010, by and among AmeriCredit Syndicated Warehouse Trust, AmeriCredit Funding Corp. XI, AmeriCredit Financial Services, Inc., Deutsche Bank AG New York Branch and Wells Fargo Bank, NA, incorporated herein by reference to Exhibit 99.1 to the Current Report on Form 8-K, filed on March 2, 2010.</a>	Incorporated by Reference
<a href="#">10.1.1</a>	<a href="#">Indenture, dated February 26, 2010, by and among AmeriCredit Syndicated Warehouse Trust, Deutsche Bank AG New York Branch and Wells Fargo Bank, NA, incorporated herein by reference to Exhibit 99.2 to the Current Report on Form 8-K, filed on March 2, 2010.</a>	Incorporated by Reference
<a href="#">10.1.2</a>	<a href="#">Note Purchase Agreement, dated February 26, 2010, by and among AmeriCredit Syndicated Warehouse Trust, AmeriCredit Funding Corp. XI, AmeriCredit Financial Services, Inc., Deutsche Bank AG New York Branch and Wells Fargo Bank, NA, incorporated herein by reference to Exhibit 99.3 to the Current Report on Form 8-K, filed on March 2, 2010.</a>	Incorporated by Reference
<a href="#">10.1.3</a>	<a href="#">First Supplemental Indenture, dated August 20, 2010, between AmeriCredit Syndicated Warehouse Trust and Wells Fargo Bank, N A, incorporated herein by reference to Exhibit 10.11.3 to the Annual Report on Form 10-K, filed on August 27, 2010.</a>	Incorporated by Reference
<a href="#">10.1.4</a>	<a href="#">Amendment No. 1, dated August 20, 2010, to Sale and Servicing Agreement, dated February 26, 2010, by and among AmeriCredit Syndicated Warehouse Trust, AmeriCredit Funding Corp. XI, AmeriCredit Financial Services, Inc., Deutsche Bank AG New York Branch and Wells Fargo Bank, NA, incorporated herein by reference to Exhibit 10.11.4 to the Annual Report on Form 10-K, filed on August 27, 2010.</a>	Incorporated by Reference
<a href="#">10.1.5</a>	<a href="#">Omnibus Amendment to the Sale and Servicing Agreement, the Indenture and Note Purchase Agreement, dated February 17, 2011, by and among AmeriCredit Syndicated Warehouse Trust, AmeriCredit Funding Corp. XI, AmeriCredit Financial Services, Inc., Deutsche Bank AG, New York Branch, and Wells Fargo Bank, National Association, incorporated herein by reference to Exhibit 99.1 to the Current Report on Form 8-K, filed on February 22, 2011.</a>	Incorporated by Reference
<a href="#">10.1.6</a>	<a href="#">Fourth Omnibus Amendment to the Sale and Servicing Agreement, the Indenture, the Custodian Agreement and the Note Purchase Agreement, dated May 10, 2012, by and among AmeriCredit Syndicated Warehouse Trust, as Issuer, AmeriCredit Funding Corp. XI, as a Seller, AmeriCredit Financial Services, Inc., as a Seller and as Servicer, Deutsche Bank AG, New York Branch, as Administrative Agent, Wells Fargo Bank, National Association, as Trustee, Backup Servicer and Trust Collateral Agent, the Purchasers that are party to the Note Purchase Agreement and the Agents that are party to the Note Purchase Agreement, incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K, filed on May 11, 2012.</a>	Incorporated by Reference
<a href="#">10.2</a>	<a href="#">2011-A Servicing Supplement, dated January 31, 2011, by and among ACAR Leasing Ltd., AmeriCredit Financial Services, Inc., APGO Trust and Wells Fargo Bank, National Association, incorporated herein by reference to Exhibit 99.1 to the Current Report on Form 8-K, filed on February 4, 2011.</a>	Incorporated by Reference
<a href="#">10.2.1</a>	<a href="#">Indenture, dated January 31, 2011, by and among GMF Leasing Warehouse Trust, Wells Fargo Bank, National Association, AmeriCredit Financial Services, Inc., Deutsche Bank AG, New York Branch, and JPMorgan Chase Bank, N.A., incorporated herein by reference to Exhibit 99.2 to the Current Report on Form 8-K, filed on February 4, 2011.</a>	Incorporated by Reference



**GENERAL MOTORS FINANCIAL COMPANY, INC.**

<b>Exhibit No.</b>	<b>Description</b>	
<a href="#">10.2.2</a>	<a href="#"><u>Second Omnibus Amendment to the Credit and Security Agreement, the 2011-A Exchange Note Supplement, the Indenture, the Note Purchase Agreement, the Amended and Restated Servicing Agreement and the 2011-A Servicing Supplement, dated January 30, 2012, by and among GMF Leasing Warehouse Trust, as Issuer, AmeriCredit Financial Services, Inc., ACAR Leasing Ltd., as Titling Trust, GMF Leasing LLC, as Seller, APGO Trust, as Settlor, Deutsche Bank AG, New York Branch, as an Administrative Agent (under the Note Purchase Agreement) and as Agent for the DB Purchaser Group, JPMorgan Chase Bank, N.A., as an Administrative Agent (under the Note Purchase Agreement) and as Agent for the JPM Purchaser Group, and Wells Fargo Bank, National Association, as Administrative Agent (under the 2011-A Exchange Note Supplement and the Credit and Security Agreement), Collateral Agent, Indenture Trustee and 2011-A Exchange Noteholder, incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K, filed on February 2, 2012.</u></a>	Incorporated by Reference
<a href="#">10.2.3</a>	<a href="#"><u>Third Omnibus Amendment to the Credit and Security Agreement, the 2011-A Exchange Note Supplement, the Indenture, the Note Purchase Agreement and the 2011-A Servicing Supplement, dated January 25, 2013, by and among GMF Leasing Warehouse Trust, as Issuer, AmeriCredit Financial Services, Inc., ACAR Leasing Ltd., as Titling Trust, GMF Leasing LLC, as Seller, APGO Trust, as Settlor, Deutsche Bank AG, New York Branch, as an Administrative Agent (under the Note Purchase Agreement) and as Agent for the DB Purchaser Group, JPMorgan Chase Bank, N.A., as an Administrative Agent (under the Note Purchase Agreement) and as Agent for the JPM Purchaser Group, and Wells Fargo Bank, National Association, as Administrative Agent (under the 2011-A Exchange Note Supplement), Collateral Agent, Indenture Trustee and 2011-A Exchange Noteholder, incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K, filed on January 31, 2013.</u></a>	Incorporated by Reference
<a href="#">10.3</a>	<a href="#"><u>2011-A Servicing Supplement, dated July 15, 2011, by and among GM Financial Canada Leasing Ltd., FinancialLinx Corporation, GM Financial Canada Leasing Trust, Deutsche Bank AG, Canada Branch, and BMO Nesbitt Burns Inc., incorporated herein by reference to Exhibit 99.1 to the Current Report on Form 8-K, filed on July 21, 2011.</u></a>	Incorporated by Reference
<a href="#">10.3.1</a>	<a href="#"><u>Series 2011-A Indenture Supplement, dated July 15, 2011, by and among ComputerShare Trust Company of Canada, BNY Trust Company of Canada, Deutsche Bank AG, Canada Branch and BMO Nesbitt Burns Inc., incorporated herein by reference to Exhibit 99.2 to the Current Report on Form 8-K, filed on July 21, 2011.</u></a>	Incorporated by Reference
<a href="#">10.3.2</a>	<a href="#"><u>Note Purchase Agreement, dated July 15, 2011, by and among GMF Canada Leasing Trust, FinancialLinx Corporation, GM Financial Canada Leasing Ltd., Deutsche Bank AG, Canada Branch, BMO Nesbitt Burns Inc. and BNY Trust Company of Canada, incorporated herein by reference to Exhibit 99.3 to the Current Report on Form 8-K, filed on July 21, 2011.</u></a>	Incorporated by Reference
<a href="#">10.3.3</a>	<a href="#"><u>First Omnibus Amendment to the 2011-A Borrower Note Supplement, the Note Purchase Agreement, the Servicing Agreement and the 2011-A Servicing Supplement, dated as of July 13, 2012, by and among Computershare Trust Company of Canada in its capacity as trustee of GMF Canada Leasing Trust, as Issuer, GM Financial Canada Leasing Ltd., as Borrower, FinancialLinx Corporation, individually and in its capacity as Servicer, Deutsche Bank AG, Canada Branch, as an Administrative Agent, BMO Nesbitt Burns Inc., as an Administrative Agent, BNY Trust Company of Canada, as Indenture Trustee, the Purchasers identified on the signature pages thereto, AmeriCredit Financial Services, Inc., as Performance Guarantor, and the Agents identified on the signature pages thereto, incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K, filed on July 19, 2012.</u></a>	Incorporated by Reference
<a href="#">10.4</a>	<a href="#"><u>Purchase and Sale Agreement, dated as of November 21, 2012, by and among Ally Financial Inc., General Motors Financial Company, Inc. and General Motors Company, incorporated herein by reference to Exhibit 10.10 to the Annual Report on Form 10-K, filed on February 15, 2013.</u></a>	Incorporated by Reference
<a href="#">10.5</a>	<a href="#"><u>Share Transfer Agreement, dated as of November 21, 2012, between Ally Financial Inc. and General Motors Financial Company, Inc., incorporated herein by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q, filed on May 2, 2013.</u></a>	Incorporated by Reference
<a href="#">10.6</a>	<a href="#"><u>Third Amended and Restated 3-Year Revolving Credit Agreement, dated as of April 18, 2018, by and among General Motors Company, General Motors Financial Company, Inc., GM Global Treasury Centre, General Motors do Brasil Ltda., the subsidiary borrowers from time to time parties thereto, the several lenders from time to time party thereto, JPMorgan Chase Bank, N.A., as administrative agent, and Citibank, N.A., as syndication agent, incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K, filed on April 20, 2018.</u></a>	Incorporated by Reference



## GENERAL MOTORS FINANCIAL COMPANY, INC.

Exhibit No.	Description	
<a href="#">10.6.1</a>	<a href="#">Amendment No. 1, dated April 24, 2020, to Third Amended and Restated 3-Year Revolving Credit Agreement, dated as of April 18, 2018, by and among General Motors Company, General Motors Financial Company, Inc., General Motors do Brasil Ltda., the subsidiary borrowers from time to time parties thereto, the several lenders from time to time party thereto, JPMorgan Chase Bank, N.A., as administrative agent, and Citibank, N.A., as syndication agent, incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K, filed on April 27, 2020.</a>	Incorporated by Reference
<a href="#">10.7</a>	<a href="#">Third Amended and Restated 5-Year Revolving Credit Agreement, dated as of April 18, 2018, by and among General Motors Company, General Motors Financial Company, Inc., GM Global Treasury Centre, General Motors do Brasil Ltda., the subsidiary borrowers from time to time parties thereto, the several lenders from time to time party thereto, JPMorgan Chase Bank, N.A., as administrative agent, and Citibank, N.A., as syndication agent, incorporated herein by reference to Exhibit 10.2 to the Current Report on Form 8-K, filed on April 20, 2018.</a>	Incorporated by Reference
<a href="#">10.8</a>	<a href="#">Second Amended and Restated 364-Day Revolving Credit Agreement, dated as of April 14, 2020, among General Motors Company, General Motors Financial Company, Inc., the subsidiary borrowers from time to time parties thereto, the several lenders from time to time parties thereto, JPMorgan Chase Bank, N.A., as administrative agent, and Citibank, N.A., as syndication agent, incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K, filed on April 17, 2020.</a>	Incorporated by Reference
<a href="#">10.9</a>	<a href="#">Amended and Restated Support Agreement, dated as of April 18, 2018, between General Motors Company and General Motors Financial Company, Inc., incorporated herein by reference to Exhibit 10.4 to the Current Report on Form 8-K, filed on April 20, 2018.</a>	Incorporated by Reference
<a href="#">23.1</a>	<a href="#">Consent of Independent Registered Public Accounting Firm - Ernst &amp; Young LLP.</a>	Filed Herewith
<a href="#">31.1</a>	<a href="#">Section 302 Certification of the Chief Executive Officer.</a>	Filed Herewith
<a href="#">31.2</a>	<a href="#">Section 302 Certification of the Chief Financial Officer.</a>	Filed Herewith
<a href="#">32</a>	<a href="#">Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>	Furnished Herewith
101	The following financial information from the Company's Annual Report on Form 10-K for the year ended December 31, 2020, formatted in Inline Extensible Business Reporting Language (iXBRL) includes: (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Income, (iii) the Consolidated Statements of Comprehensive Income, (iv) the Consolidated Statements of Shareholders' Equity, (v) the Consolidated Statements of Cash Flows, and (vi) Notes to the Consolidated Financial Statements	Filed Herewith
104	The cover page from the Company's Annual Report on Form 10-K for the year ended December 31, 2020, formatted as iXBRL and contained in Exhibit 101	Filed Herewith

**GENERAL MOTORS FINANCIAL COMPANY, INC.****SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on February 10, 2021.

**GENERAL MOTORS FINANCIAL COMPANY, INC.**

BY: /s/ DANIEL E. BERCE  
**Daniel E. Berce**  
**President and Chief Executive Officer**

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

<b>Signature</b>	<b>Title</b>	<b>Date</b>
<u>/s/ DANIEL E. BERCE</u> Daniel E. Berce	Director, President and Chief Executive Officer (Principal Executive Officer)	February 10, 2021
<u>/s/ SUSAN B. SHEFFIELD</u> Susan B. Sheffield	Executive Vice President and Chief Financial Officer	February 10, 2021
<u>/s/ CONNIE COFFEY</u> Connie Coffey	Executive Vice President and Chief Accounting Officer (Principal Accounting Officer)	February 10, 2021
<u>/s/ MARY T. BARRA</u> Mary T. Barra	Director	February 10, 2021
<u>/s/ PAUL A. JACOBSON</u> Paul A. Jacobson	Director	February 10, 2021

**SECOND AMENDED AND RESTATED CERTIFICATE OF FORMATION**  
**OF**  
**GENERAL MOTORS FINANCIAL COMPANY, INC.**

The name of the Corporation is General Motors Financial Company, Inc. (the “Corporation”) and its file number assigned by the Texas Secretary of State is 107735100. The Corporation is a Texas for-profit corporation. The Corporation was formed by filing Articles of Incorporation with the Texas Secretary of State on May 18, 1988. Pursuant to the provisions of the Texas Business Organizations Code (the “TBOC”), the Corporation has approved this Second Amended and Restated Certificate of Formation (this “Restated Certificate”) in the manner required by the TBOC and the governing documents of the Corporation and hereby adopts and files with the Texas Secretary of State this Restated Certificate, which accurately states and copies the Corporation’s Amended and Restated Certificate of Formation and all amendments thereto that are in effect to date (collectively, the “Existing Certificate”) as further amended by this Restated Certificate as hereinafter set forth below, as permitted by the TBOC. This Restated Certificate becomes effective when it is filed by the Texas Secretary of State. The Existing Certificate is hereby amended and restated to read in its entirety as follows:

**ARTICLE I. NAME**

The name of the corporation is General Motors Financial Company, Inc. (the “Corporation”).

**ARTICLE II. ENTITY-TYPE**

The Corporation is a for-profit corporation.

**ARTICLE III. PURPOSE**

The purpose for which this Corporation is organized is the transaction of any or all lawful business for which corporations may be incorporated under the Texas Business Organizations Code (the “TBOC”).

**ARTICLE IV. SHARES**

Section 4.01 Classes of Stock and Authorized Shares. The Corporation is authorized to issue two classes of stock which shall be designated, respectively, “Common Stock” and “Preferred Stock.” The aggregate number of shares of all classes of stock which the Corporation shall have authority to issue is two hundred sixty million (260,000,000), consisting of (a) ten million (10,000,000) shares of Common Stock, par value \$0.0001 per share (“Common Stock”), and (b) two hundred fifty million (250,000,000) shares of Preferred Stock, par value \$0.01 per share (“Preferred Stock”).

Section 4.02 Preferred Stock. The Board of Directors is hereby expressly authorized, by resolution or resolutions from time to time adopted, to provide, out of the unissued shares of Preferred Stock, for the issuance of series of Preferred Stock. Before any shares of any such series are issued, the Board of Directors shall fix and determine, and hereby is expressly

empowered to fix and determine, by resolution or resolutions, the designations, preferences, limitations and relative rights, including voting rights, of the shares of each such series, including but not limited to any of the following:

- (a) the designation of such series, the number of shares to constitute such series and the stated value thereof if different from the par value thereof;
- (b) subject to the last paragraph of this Article IV, whether the shares of such series shall have voting rights, in addition to any voting rights provided by law, and, if so, the terms of such voting rights, which may be full or limited;
- (c) the dividends, if any, payable on such series and at what rates, whether any such dividends shall be cumulative, and, if so, from what dates, the conditions and dates upon which such dividends shall be payable, the preference or relation which such dividends shall bear to the dividends payable on any shares of stock of any other class or any other series of this class;
- (d) whether the shares of such series shall be subject to redemption by the Corporation, and, if so, prices and other terms and conditions of such redemption;
- (e) the amount or amounts payable upon shares of such series upon, and the rights of the holders of such series in, the voluntary or involuntary liquidation, dissolution or winding up of, or upon any distribution of the assets of, the Corporation;
- (f) whether the shares of such series shall be subject to the operation of a retirement or sinking fund and, if so, the extent to and manner in which any such retirement or sinking fund shall be applied to the purchase or redemption of the shares of such series for retirement or other corporate purposes and other terms and provisions relative to the operation thereof;
- (g) whether the shares of such series shall be convertible into, or exchangeable for, shares of stock of any other class or any other series of this class or any other class or classes of securities and, if so, the price or prices or the rate or rates of conversion or exchange and the method, if any, of adjusting the same, and any other terms and conditions of conversion or exchange; provided, however, that no shares of any series shall be convertible into, or exchangeable for, shares of Common Stock or into shares of any other securities that are convertible into, or exchangeable for, shares of Common Stock;
- (h) the limitations and restrictions, if any, to be effective while any shares of such series are outstanding upon the payment of dividends or the taking of other distributions on, and upon the purchase, redemption or other acquisition by the Corporation of, the Common Stock or shares of stock of any other class or any other series of this class;
- (i) the conditions or restrictions, if any, upon the creation of indebtedness of the Corporation or upon the issue of any additional stock, including additional shares of such series or any other series of this class or of any other class; and

- (j) any other powers, preferences and relative, participating, optional and other special rights and any qualifications, limitations and restrictions thereof.

#### ARTICLE V. REGISTERED OFFICE AND AGENT

The street address of the Corporation's registered office is 211 E. 7th Street, Suite 620, Austin, Texas 78701, and the name of its registered agent at such address is Corporation Service Company d/b/a CSC-Lawyers Incorporating Service Company.

#### ARTICLE VI. DIRECTORS

The number of directors currently constituting the Board of Directors is three (3), and the names and addresses of the persons who are currently serving as directors until the next annual meeting of the shareholders or until their successors are elected and qualified are:

<u>NAME</u>	<u>ADDRESS</u>
Mary T. Barra	300 Renaissance Center, Detroit, Michigan 48265-3000
Daniel E. Berce	801 Cherry Street, Suite 3500, Fort Worth, Texas 76102
Paul A. Jacobson	300 Renaissance Center, Detroit, Michigan 48265-3000

#### ARTICLE VII. AMENDMENTS TO BYLAWS

The Board of Directors shall have the power to alter, amend or repeal the Bylaws of the Corporation or to adopt new Bylaws.

#### ARTICLE VIII. INDEMNIFICATION

Section 8.01 Mandatory Indemnification. The Corporation shall indemnify and advance expenses to every current or former director and officer of the Corporation in the manner and to the fullest extent permitted by the TBOC as it presently exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than such law permitted the Corporation to provide prior to such amendment), against all expenses (including judgments, fines, payments in settlement, attorneys' fees and other expenses) reasonably incurred or suffered by or on behalf of such director or officer in connection with any proceeding in which such director or officer was or is made or is threatened to be made a party or called as a witness or is otherwise involved by reason of the fact that such director or officer is or was a director or officer of the Corporation or is or was serving at the request of the Corporation as a representative of any other entity, whether the basis of such proceeding is an alleged action in an official capacity as a representative or in any other capacity while serving as a representative.

#### Section 8.02 Permissive Indemnification.

(1) Subject to the other provisions of this Article, the Corporation may indemnify and advance expenses to every current or former employee or agent of the Corporation who is not a director or officer of the Corporation in the manner and to the fullest extent permitted by the TBOC as it presently exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than such law permitted the Corporation to provide prior to such amendment), against any and all expenses (including judgments, fines, payments in settlement, attorneys' fees and other expenses) reasonably incurred by or on behalf of such current or former employee or agent in connection with any proceeding in which such current or former employee or agent was or is made or is threatened to be made a party or called as a witness or is otherwise involved by reason of the fact that such employee or agent is or was an employee or agent of the Corporation. Except as set forth in paragraph (2) below, the ultimate determination of entitlement to indemnification of current or former employees or agents who are not officers and directors shall be made in such manner as is provided by the TBOC.

(2) The Corporation shall indemnify and advance expenses to every current and former employee and agent of the Corporation who is not a director or officer of the Corporation in the manner and to the fullest extent permitted by the TBOC as it presently exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than such law permitted the Corporation to provide prior to such amendment), against any and all expenses (including judgments, fines, payments in settlement, attorneys' fees and other expenses) reasonably incurred by or on behalf of such current or former employee or agent in connection with any proceeding in which such current or former employee or agent was or is made or is threatened to be made a party or called as a witness or is otherwise involved by reason of the fact that such employee or agent is or was serving at the request of the Corporation as a representative of any other entity, whether the basis of such proceeding is an alleged action in an official capacity as a representative or in any other capacity while serving as a representative.

Section 8.03 Initiated Proceedings. The Corporation shall not be required to indemnify any person in connection with a proceeding initiated by such person if the proceeding was not authorized by the Board of Directors.

#### Section 8.04 Advancement of Expenses.

(1) The Corporation shall pay the expenses of persons indemnified by the Corporation pursuant to Sections 8.01 or 8.02(2) of this Article VIII incurred in defending any proceeding in advance of its final disposition; provided, however, that such payment shall be made only upon receipt of (i) a written affirmation by the indemnitee of their good faith belief that they have met the standard of conduct necessary for indemnification under this Article VIII or otherwise, and (ii) a written undertaking by the indemnitee to repay all amounts advanced if it should be ultimately determined by final judicial decision from which there is no further right of appeal that the indemnitee is not entitled to be indemnified under this Article VIII or otherwise.

(2) The payment of expenses of a person indemnified by the Corporation pursuant to Section 8.02(1) of this Article VIII incurred in defending any proceeding in advance of its final disposition shall be made by or in the manner provided by resolution of the Board of Directors or by a committee of the Board of Directors; provided, however, that such payment shall be made only upon receipt of (i) a written affirmation by the indemnitee of their good faith belief that they have met the standard of conduct necessary for indemnification under this Article VIII or otherwise, and (ii) a written undertaking by the indemnitee to repay all amounts advanced if it should be ultimately determined by final judicial decision from which there is no further right of appeal that the indemnitee is not entitled to be indemnified under this Article VIII or otherwise.

Section 8.05 Claims of Expenses. If a claim for indemnification or advancement of expenses by a person indemnified by the Corporation pursuant to Sections 8.01 or 8.02(2) of this Article VIII is not paid in full within ninety (90) days after a written claim therefor has been received by the Corporation, the claimant may file suit to recover the unpaid amount of such claim and, if successful in whole or in part, shall be entitled to be paid the expense of prosecuting such claim. In any such action, the Corporation shall have the burden of proving that the claimant was not entitled to the requested indemnification or advancement of expenses under this Article VIII or otherwise.

Section 8.06 Non Exclusivity of Rights. The rights conferred on any person by this Article VIII shall not be exclusive of any other rights which such person may have or hereafter acquire under any statute, any provision of the Restated Certificate or the Corporation's Bylaws or of any agreement, any vote of shareholders or disinterested directors or otherwise.

Section 8.07 Other Indemnification. The Corporation's obligation, if any, to indemnify any person who was or is serving at its request as a representative of another entity shall be reduced by any amount such person collects as indemnification from such other entity. The Corporation shall not be obligated pursuant to the terms of this Article VIII to make any payment provided under Section 8.02 of amounts otherwise indemnifiable hereunder (or for which advancement is provided hereunder) if and to the extent that the indemnitee has otherwise actually received such payment under any insurance policy, contract, agreement, applicable law or otherwise. In the event of any payment under Section 8.02, the Corporation shall be subrogated to the extent of such payment to all of the rights of recovery of a indemnitee, who shall execute all papers required and take all reasonable action necessary to secure such rights, including execution of such documents as are necessary to enable the Corporation to bring suit to enforce such rights.

Section 8.08 Insurance. The Board of Directors may, to the fullest extent permitted by the TBOC, authorize an appropriate officer or officers to purchase and maintain, at the Corporation's expense, insurance: (i) to reimburse the Corporation for any obligation which it incurs under the provisions of this Article VIII as a result of the indemnification of past, present or future directors, officers, employees and agents who have served in the past, are now serving or in the future will serve on behalf of the Corporation or at the request of the Corporation as a representative or another entity; and (ii) to pay on behalf of or to indemnify such persons against liability in instances in which they may not otherwise be indemnified by the Corporation under



the provisions of this Article VIII, whether or not the Corporation would have the power to indemnify such persons against such liability under this Article VIII or otherwise.

Section 8.09 Nature of Rights; Amendment or Repeal. The rights conferred in this Article VIII shall be contract rights that shall continue as to an indemnitee who has ceased to be a director, officer, employee or agent and shall inure to the benefit of such person's heirs, executors, administrators, or other legal representatives. Any repeal or modification of the foregoing provisions of this Article VIII shall be prospective only and shall not adversely affect any right or protection hereunder of any person in respect of any act or omission occurring prior to the time of such repeal or modification.

#### ARTICLE IX. LIMITATION ON DIRECTOR LIABILITY

A director of the Corporation shall not be personally liable to the Corporation or its shareholders for monetary damages for an act or omission in the director's capacity as a director, except that this provision does not limit or eliminate the liability of a director to the extent that the director is found liable under applicable law for (i) a breach of a director's duty of loyalty to the Corporation or its shareholders, (ii) an act or omission not in good faith that constitutes a breach of duty of the director to the Corporation or that involves intentional misconduct or a knowing violation of the law, (iii) a transaction from which a director received an improper benefit, whether or not the benefit resulted from an action taken within the scope of the director's office, or (iv) an act or omission for which the liability of a director is expressly provided for by statute.

#### ARTICLE X. NO DIMINISHMENT OR ADVERSE AFFECT ON EXISTING VESTED RIGHTS

The adoption of this Restated Certificate shall not shall diminish or adversely affect any right to exculpation or indemnification or advancement of expenses that shall have become vested under the Corporation's Existing Certificate or Bylaws or otherwise existing prior to the date that this Restated Certificate shall have become effective.

IN WITNESS WHEREOF, the undersigned has executed this Second Amended and Restated Certificate of Formation on this 9th day of February, 2021.

By: /s/ Frank E. Brown III

Name: Frank E. Brown III

Title: Senior Vice President, Corporate Counsel and Secretary

*[Signature Page to Second Amended and Restated Certificate of Formation of  
General Motors Financial Company, Inc.]*

**GENERAL MOTORS FINANCIAL COMPANY, INC.  
THIRD AMENDED AND RESTATED BYLAWS**

**AS OF FEBRUARY 9, 2021**

ARTICLE I.  
OFFICES

Section 1.01 Registered Office. The registered office of General Motors Financial Company, Inc. (the “Corporation”) shall be located at such place within the State of Texas as the Board of Directors may from time to time determine.

Section 1.02 Other Offices. The Corporation may also have offices at such other places, either within or without the State of Texas, as the Board of Directors may from time to time determine or as the business of the Corporation may require.

ARTICLE II.  
MEETINGS OF SHAREHOLDERS

Section 2.01 Location. All annual meetings of shareholders shall be held at the offices of the Corporation in the City of Fort Worth, County of Tarrant, State of Texas, or at such other place, within or without the State of Texas, as may be designated by the Board of Directors and stated in the notice of the meeting or in a duly executed waiver of notice thereof. All special meetings of shareholders shall be held at such location, within or without the State of Texas, as may be designated by the Board of Directors or as may be stated in the notice of the meeting or in a duly executed waiver of notice thereof. The Board of Directors may determine that a meeting will have no designated location because it is to be held solely by means of a conference telephone or other communication system authorized in Section 2.13 of these Bylaws.

Section 2.02 Annual Meetings. Annual meetings of shareholders shall be held at such time and date as may be designated by the Board of Directors, at which the shareholders shall elect directors and transact such other business as may properly be brought before the meeting.

Section 2.03 Special Meetings. Special meetings of the shareholders may be called by the President, the Board of Directors or the holders of not less than ten percent (10%) of all shares entitled to vote at the meeting. Business transacted at any special meeting shall be confined to the purposes stated in the notice thereof.

Section 2.04 Notice. Written or printed notice stating the location, day and hour of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) nor more than sixty (60) days before the day of the meeting, either personally, by electronic transmission or by mail, by or at the direction of the President, the Secretary or the officer or person calling the meeting, to each shareholder entitled to vote at such meeting. If the meeting is held solely by using a conference telephone or other communication system authorized by Section 2.13 of these Bylaws, no location for the meeting need be specified in the notice of the meeting. If the meeting is held solely or in part by using a conference telephone or other communication system authorized by Section 2.13, the form of

communication system to be used for the meeting and the means for accessing the communication system must be stated in the notice.

Section 2.05 Quorum. The holders of a majority of the shares entitled to vote, represented in person or by proxy, shall constitute a quorum at meetings of shareholders, except as may otherwise be provided in the Corporation's Second Amended and Restated Certificate of Formation, as amended (the "Certificate of Formation") in accordance with Section 21.358 of the Texas Business Organizations Code, as amended (the "TBOC"). Unless otherwise provided in the Certificate of Formation, once a quorum is present at a meeting of the shareholders, the shareholders represented in person or by proxy at the meeting may conduct such business as may be properly brought before the meeting until it is adjourned, and the subsequent withdrawal from the meeting by any shareholder or the refusal of any shareholder represented in person or by proxy to vote shall not affect the presence of a quorum at the meeting. Unless otherwise provided in the Certificate of Formation, the shareholders represented in person or by proxy at any meeting of the shareholders at which a quorum is not present may adjourn the meeting until such time and to such place as may be determined by a vote of the holders of a majority of the shares represented in person or by proxy at that meeting. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted that might have been transacted at the meeting as originally notified and called.

Section 2.06 Votes Required for Action. With respect to any matter, other than the election of directors or a matter for which the affirmative vote of the holders of a specified portion of the shares entitled to vote is required by the TBOC, the affirmative vote of the holders of a majority of the shares entitled to vote on that matter and represented in person or by proxy at a meeting of shareholders at which a quorum is present shall be the act of the shareholders, unless otherwise provided by the Certificate of Formation in accordance with the TBOC. Unless otherwise provided in the Certificate of Formation in accordance with the TBOC, directors shall be elected by a plurality of the votes cast by the holders of shares entitled to vote in the election of directors at a meeting of shareholders at which a quorum is present.

Section 2.07 Voting Rights. Each outstanding share, regardless of class, shall be entitled to one vote on each matter submitted to a vote at a meeting of shareholders, except to the extent that the voting rights of the shares of any class are limited or denied by the Certificate of Formation or the TBOC.

Section 2.08 Proxies. A shareholder may vote in person or by proxy executed in writing by the shareholder. A telegram, telex, cablegram or other form of electronic transmission, including telephonic transmission, by the shareholder, or a photographic, photostatic, facsimile or similar reproduction of a writing executed by the shareholder is considered an execution in writing for purposes of this Section. Any electronic transmission must contain or be accompanied by information from which it can be determined that the transmission was authorized by the shareholder. No proxy shall be valid after eleven (11) months from the date of its execution unless otherwise provided in the proxy. Each proxy shall be revocable unless the proxy form conspicuously states that the proxy is irrevocable and the proxy is coupled with an interest.

Section 2.09 List of Shareholders. The officer or agent having charge of the stock transfer books shall prepare, not later than the eleventh (11<sup>th</sup>) day before the date of each meeting of shareholders, a complete list of the shareholders entitled to vote at such meeting or any adjournment thereof, arranged in alphabetical order, with the address of and the type and number of shares held by each shareholder, which list, for a period of ten (10) days prior to such meeting, shall be kept on file at the registered office or principal place of business of the Corporation and shall be subject to inspection by any shareholder at any time during the usual business hours. Alternatively, the list of the shareholders may be kept on a reasonably accessible electronic network, if the information required to gain access to the list is provided with the notice of the meeting. This Section 2.09 does not require the Corporation to include any electronic contact information of any shareholder on the list. If the Corporation elects to make the list available on an electronic network, the Corporation shall take reasonable steps to ensure that the information is available only to shareholders of the Corporation. The list of shareholders shall be produced and kept open at the meeting and shall be subject to the inspection of any shareholder during regular business hours. If the meeting is held by means of remote communication, the list must be open to the examination of any shareholder for the duration of the meeting on a reasonably accessible electronic network, and the information required to access the list must be provided to shareholders with the notice of the meeting. The original share transfer records shall be prima facie evidence of the shareholders entitled to examine such list or transfer records or to vote at any such meeting of shareholders.

Section 2.10 Closing of Share Transfer Records and Fixing Record Date for Matters Other than Consents to Action. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof, or entitled to receive a distribution by the Corporation (other than a distribution involving a purchase or redemption by the Corporation of any of its own shares) or a share dividend, or in order to make a determination of shareholders for any other proper purpose (other than determining shareholders entitled to consent to action by shareholders proposed to be taken without a meeting of the shareholders), the Board of Directors may provide that the share transfer records shall be closed for a stated period not to exceed, in any case, sixty (60) days. If the share transfer records shall be closed for the purpose of determining shareholders entitled to notice of or to vote at a meeting of shareholders, such records shall be closed for at least ten (10) days immediately preceding such meeting. In lieu of closing the share transfer records, the Board of Directors may fix in advance a date as the record date for any such determination of shareholders, such date in any case to be not more than sixty (60) days, and, in case of a meeting of shareholders, not less than ten (10) days, prior to the date on which the particular action requiring such determination of shareholders is to be taken. If the share transfer records are not closed and no record date is fixed for the determination of shareholders entitled to notice of or to vote at a meeting of shareholders, or shareholders entitled to receive a distribution by the Corporation (other than a distribution involving a purchase or redemption by the Corporation of any of its own shares) or a share dividend, the date on which the notice of the meeting is mailed or given or the date on which the resolutions of the Board of Directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of shareholders. When a determination of shareholders entitled to vote at any meeting of shareholders has been made as provided in this Section, such determination shall apply to any adjournment thereof, except where the determination has been made through the closing of the share transfer records and the stated period of closing has expired.

Section 2.11 Fixing Record Dates for Consents to Action. Unless a record date shall previously have been fixed or determined pursuant to Section 2.10 or this Section 2.11 of these Bylaws, whenever action by shareholders is proposed to be taken by consent in writing without a meeting of the shareholders, the Board of Directors may fix a record date for the purpose of determining shareholders entitled to consent to that action, which record date shall not precede, and shall not be more than ten (10) days after, the date upon which the resolution fixing the record date is adopted by the Board of Directors. If no record date has been fixed by the Board of Directors and the prior action of the Board of Directors is not required by the TBOC, the record date for determining shareholders entitled to consent to action in writing without a meeting shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Corporation by delivery to its registered office, its principal place of business, or an officer or agent of the Corporation having custody of the books in which proceedings of meetings of shareholders are recorded, with such delivery made by hand or by certified or registered mail, return receipt requested, and in the case of delivery to the Corporation's principal place of business, with such delivery addressed to the President. If no record date shall have been fixed by the Board of Directors and prior action of the Board of Directors is required by the TBOC, the record date for determining shareholders entitled to consent to action in writing without a meeting shall be at the close of business on the date on which the Board of Directors adopts a resolution taking such prior action.

Section 2.12 Action Without Meeting.

(1) Any action required by law to be taken at a meeting of the shareholders, and/or any action that may be taken at a meeting of the shareholders, may be taken without a meeting, without prior notice, and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by each holder of shares entitled to vote on the action.

(2) Every unanimous written consent of the shareholders shall bear the date of signature of each shareholder who signs the consent.

(3) Any photographic, photostatic, facsimile, or similarly reliable reproduction of a consent in writing signed by a shareholder may be substituted or used instead of the original writing for any purpose for which the original writing could be used, if the reproduction is a complete reproduction of the entire original writing.

Section 2.13 Telephone or Remote Communication Meetings. Shareholders may participate in and hold a meeting by means of conference telephone or similar communication equipment, or another suitable electronic communications system, including videoconferencing technology or the Internet, or any combination, if the telephone or other equipment or system permits each person participating in the meeting to communicate with all other persons participating in the meeting. If voting is to take place at the meeting, reasonable measures must be implemented to verify that every shareholder voting at the meeting by means of remote communications is sufficiently identified, and a record of any vote or other action taken must be kept. Participation in such a meeting shall constitute presence in person at the meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

Section 2.14 Minutes of the Proceedings of Meetings. The shareholders shall keep regular minutes of their proceedings, and such minutes shall be placed in the minute book of the Corporation.

### ARTICLE III. DIRECTORS

Section 3.01 Management. The powers of the Corporation shall be exercised by or under the authority of, and the business and affairs of the Corporation shall be managed under the direction of its Board of Directors, which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by law or by the Certificate of Formation or by these Bylaws directed or required to be exercised and done by the shareholders.

Section 3.02 Number. Election; Term; Qualification; Removal. The number of directors of the Corporation shall be such number as shall be from time to time specified by resolution of the Board of Directors; provided, however, that no director's term shall be shortened by reason of a resolution reducing the number of directors; and further provided that the number of directors constituting the current Board of Directors shall be three (3) and shall remain at such number unless and until changed by resolution of the Board of Directors as aforesaid. The directors shall be elected at the annual meeting of the shareholders, except as provided in Section 3.03, and each director elected shall hold office for the term for which he is elected and until his successor is elected and qualified. Directors need not be residents of the State of Texas or shareholders of the Corporation. Any director may be removed at any time, with or without cause, at a special meeting of the shareholders called for that purpose.

Section 3.03 Resignations; Vacancies. A director may resign at any time by giving written notice to the Board of Directors, the President or the Secretary. Such resignation shall take effect at the date of receipt of such notice or at any later time specified therein; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. Any vacancy occurring in the Board of Directors may be filled by the affirmative vote of a majority of the remaining directors (or by the sole remaining director) though less than a quorum of the Board of Directors, or may be filled by an election at an annual or special meeting of the shareholders called for that purpose; provided, however, that if the vacancy is caused by reason of an increase in the number of directors, the Board of Directors may vote to fill not more than two such directorships during the period between any two successive annual meetings of shareholders. A director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office, or until the next election of one or more directors by shareholders if the vacancy is caused by an increase in the number of directors.

Section 3.04 Location of Meetings. Meetings of the Board of Directors, regular or special, may be held either within or without the State of Texas.

Section 3.05 First Meeting of New Board. The first meeting of each newly elected Board of Directors shall be held at such time and place as shall be fixed by the vote of the shareholders at the annual meeting, and no notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the meeting, provided a quorum shall be present. In the event of the failure of the shareholders to fix the time and place of such first meeting of the newly elected Board of Directors, or in the event such meeting is not held at the

time and place so fixed by the shareholders, the meeting may be held at such time and place as shall be specified in a notice given as hereinafter provided for special meetings of the Board of Directors, or as shall be specified in a written waiver signed by all of the directors.

Section 3.06 Regular Meetings. Regular meetings of the Board of Directors may be held without notice at such time and at such place as shall from time to time be determined by the Board of Directors.

Section 3.07 Annual or Special Meetings. An annual meeting of the Board of Directors shall be held following the annual meeting of shareholders, for the purpose of electing officers and for the transaction of such other business as may properly come before the meeting. Special meetings of the Board of Directors may be called by the President and shall be called by the Secretary on the written request of any director. Written notice of special meetings of the Board of Directors shall be given to each director at least one (1) day before the date of the meeting. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

Section 3.08 Quorum; Votes Required. A majority of the directors shall constitute a quorum for the transaction of business, and the act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless a greater number is required by law or the Certificate of Formation. If a quorum shall not be present at any meeting of the Board of Directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present. At such adjourned meeting at which a quorum shall be present, any business may be transacted that might have been transacted at the meeting as originally notified and called.

Section 3.09 Action Without Meeting. The Board of Directors and any committee of the Board of Directors may take action without holding a meeting, providing notice, or taking a vote if each director or member of the committee entitled to vote on the action signs a written consent or consents stating the action taken. Any photographic, photostatic, facsimile, or similarly reliable reproduction of a consent in writing signed by a director or member of the committee may be substituted or used instead of the original writing for any purpose for which the original writing could be used, if the reproduction is a complete reproduction of the entire original writing. Advance notice is not required to be given to take any action by written consent. Such consent shall have the same force and effect as a unanimous vote at a meeting of the Board of Directors or the committee, as the case may be, duly called and held. Any person (whether or not then a director) may provide, whether through instruction to an agent or otherwise, that a consent to action shall be effective at a future time (including a time determined upon the happening of an event), no later than 60 days after such instruction is given or such provision is made and such consent shall be deemed to have been given at such effective time so long as such person is then a director and did not revoke the consent prior to such time. Any such consent shall be revocable prior to its becoming effective.

Section 3.10 Telephone Meetings. Directors and committee members may participate in and hold a meeting by means of conference telephone or similar communication equipment, or another suitable electronic communications system, including videoconferencing technology or the Internet, or any combination, if the telephone or other equipment or system permits each



person participating in the meeting to communicate with all other persons. If voting is to take place at the meeting, reasonable measures must be implemented to verify that every director or committee member voting at the meeting by means of remote communications is sufficiently identified, and a record of any vote or other action taken must be kept. Participation in such a meeting shall constitute presence in person at the meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

Section 3.11 Committees of Directors. The Board of Directors may designate one or more committees composed of one or more of its members, and may designate one or more of its members as alternate members of any committee, who may, subject to any limitations imposed by the Board of Directors, replace absent or disqualified members at any meeting of that committee. Any such committee, to the extent provided in such resolution, shall have and may exercise all of the authority of the Board of Directors in the business and affairs of the Corporation, except where the action of the Board of Directors is required, or the authority of such committee is limited, by statute. The number of members on each committee may be increased or decreased from time to time by resolution of the Board of Directors. Any member of any committee may be removed from such committee at any time by resolution of the Board of Directors. Vacancies in the membership of a committee (whether by death, resignation, removal or otherwise) may be filled by resolution of the Board of Directors. The time, place and notice (if any) of meetings of any committee shall be determined by such committee. At meetings of any committee, a majority of the number of members of such committee shall constitute a quorum for the transaction of business, and the act of a majority of the members present at any meeting at which a quorum is present shall be the act of such committee, except as otherwise specifically provided by statute, the Certificate of Formation, or these Bylaws. If a quorum is not present at a meeting of any committee, the members present may adjourn the meeting from time to time, without notice other than an announcement at the meeting, until a quorum is present. Each committee shall keep regular minutes of its proceedings and report the same to the Board of Directors when required. The designation of any such committee of the Board of Directors and the delegation thereto of authority shall not operate to relieve the Board of Directors, or any member thereof, of any responsibility imposed upon it or him by law.

Section 3.12 Compensation of Directors. The directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. Members of committees of the Board of Directors may be paid their expenses, if any, for attending committee meetings.

Section 3.13 Minutes of the Proceedings of the Board. The Board of Directors shall keep regular minutes of its proceedings, and such minutes shall be placed in the minute book of the Corporation.

## ARTICLE IV. NOTICES

Section 4.01 General. Notices to shareholders, directors and committee members shall be in writing and may be delivered personally or mailed by U.S. mail, postage prepaid, to the shareholders, directors or committee members, respectively, at their addresses appearing on the books and share transfer records of the Corporation. Notice to shareholders shall be deemed to be given at the time when the same shall be so delivered or mailed. Notice to directors and committee members may also be given by nationally recognized overnight delivery or courier service and shall be deemed given when such notice shall be received by the proper recipient or, if earlier, (i) in the case of an overnight delivery or courier service, one (1) day after such notice is sent by such overnight delivery or courier service; and (ii) in the case of mailing by U.S. mail, three (3) days after such notice is mailed as described above. On consent of a shareholder, director or committee member, notice from the Corporation may be given to the shareholder, director or committee member by electronic transmission. The shareholder, director or committee member may specify the form of electronic transmission to be used to communicate notice. The shareholder, director or committee member may revoke this consent by written notice to the Corporation. The consent is deemed to be revoked if the Corporation is unable to deliver by electronic transmission two consecutive notices, and the person responsible for delivering notice on behalf of the Corporation knows that delivery of these two electronic transmissions was unsuccessful. The inadvertent failure to treat the unsuccessful transmissions as a revocation of consent does not invalidate a meeting or other action. Notice by electronic transmission is deemed given when the notice is (i) transmitted to a facsimile number provided by the shareholder, director or committee member for the purpose of receiving notice; (ii) transmitted to an electronic mail address provided by the shareholder, director or committee member for the purpose of receiving notice; (iii) posted on an electronic network and a message is sent to the shareholder, director or committee member at the address provided by the shareholder, director or committee member for the purpose of alerting the shareholder, director or committee member of a posting; or (iv) communicated to the shareholder, director or committee member by any other form of electronic transmission consented to by the shareholder, director or committee member.

Section 4.02 Waivers. Whenever any notice is required to be given to any shareholder, director or committee member under the provisions of law or of the Certificate of Formation or of these Bylaws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be equivalent to the giving of such notice.

Section 4.03 Attendance as Waiver. Attendance of a director or member of a committee at a meeting shall constitute a waiver of notice of such meeting, except where a director or committee member attends a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

ARTICLE V.  
OFFICERS

Section 5.01 General. The officers of the Corporation shall consist of a Chief Executive Officer, a President and a Secretary and may also include a Treasurer and one or more subordinate officers. Any two or more offices may be held by the same person.

Section 5.02 Election of Officers. At the first meeting of the Board of Directors after each annual meeting of shareholders, the Board of Directors shall elect a Chief Executive Officer, a President and a Secretary and, in its discretion, may also elect a Treasurer.

Section 5.03 Subordinate Officers. The Board of Directors from time to time may elect or appoint one or more subordinate officers (including one or more Vice Presidents, one or more Assistant Secretaries and one or more Assistant Treasurers) to hold office for such period, have such authority and perform such duties as are provided in these Bylaws or as may be provided in the resolutions electing or appointing them. The Board of Directors may delegate to any officer the power to appoint any such subordinate officers and to prescribe their respective terms of office, authorities and duties.

Section 5.04 Chief Executive Officer. The Chief Executive Officer shall have the general executive responsibility for the conduct of the business and affairs of the Corporation. The Chief Executive Officer shall exercise such other powers, authority and responsibilities as the Board of Directors may determine. The Chief Executive Officer, if present, shall preside at all meetings of shareholders.

Section 5.05 President. The President shall have such power as may be by statute exclusively conferred upon the President and shall have such other powers and duties as shall be prescribed by the Board of Directors or the Chief Executive Officer.

Section 5.06 Vice Presidents. The Vice Presidents (including any Executive Vice Presidents, Senior Vice Presidents and Assistant Vice Presidents), if any, in the order of their seniority, unless otherwise determined by the Board of Directors, shall, in the absence or disability of the President, perform the duties and exercise the powers of the President. They shall perform such other duties and exercise such other powers as the Board of Directors, the Chief Executive Officer or the officer appointing them may from time to time prescribe.

Section 5.07 Secretary. The Secretary shall attend all meetings of the Board of Directors and all meetings of the shareholders and record all the proceedings of the meetings of the Corporation and of the Board of Directors in a book to be kept for that purpose and shall perform like duties for any committees when required. The Secretary shall give, or cause to be given, notice of all meetings of the shareholders and special meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or the Chief Executive Officer, under whose supervision he shall be. The Secretary shall keep in safe custody the seal of the Corporation and, when authorized by the Board of Directors, affix the same to any instrument requiring it, and, when so affixed, it shall be attested by his signature or by the signature of an Assistant Secretary, the Treasurer or an Assistant Treasurer. The Secretary shall perform all duties incident to the office of Secretary and such other duties as are given to the Secretary by these Bylaws.

Section 5.08 Assistant Secretaries. The Assistant Secretaries, if any, in the order of their seniority, unless otherwise determined by the Board of Directors, shall, in the absence or disability of the Secretary, perform the duties and exercise the powers of the Secretary. They shall perform such other duties and exercise such other powers as the Board of Directors, the Chief Executive Officer or the Secretary may from time to time prescribe.

Section 5.09 Treasurer. The Treasurer, if any, shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. The Treasurer shall disburse the funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the President and the Board of Directors at its regular meetings or when the Board of Directors so requires an account of all his transactions as Treasurer and of the financial condition of the Corporation. If required by the Board of Directors, the Treasurer shall give the Corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of the office of Treasurer and for the restoration to the Corporation, in case of the Treasurer's death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in the Treasurer's possession or under the Treasurer's control belonging to the Corporation. The Treasurer shall perform all duties incident to the office of Treasurer and such other duties as are given to the Treasurer by these Bylaws or as from time to time may be assigned to the Treasurer by the Board of Directors or the Chief Executive Officer. In the absence of the election of a Treasurer or any Assistant Treasurers by the Board of Directors, the duties of the office of Treasurer shall be performed by the President.

Section 5.10 Assistant Treasurers. The Assistant Treasurers, if any, in the order of their seniority, unless otherwise determined by the Board of Directors, shall, in the absence or disability of the Treasurer, perform the duties and exercise the powers of the Treasurer. They shall perform such other duties and exercise such other powers as the Board of Directors, the Chief Executive Officer or the Treasurer may from time to time prescribe.

Section 5.11 Term of Office. The officers of the Corporation shall hold office until their respective successors are chosen and qualified or until their earlier resignation or removal.

Section 5.12 Resignation. Any officer may resign at any time by giving written notice to the Chief Executive Officer or the Secretary. Unless stated in the notice of resignation, the acceptance thereof shall not be necessary to make it effective. A resignation shall take effect at the time specified in the written notice thereof or, in the absence of such specification, upon the receipt of such written notice.

Section 5.13 Removal; Suspension. Any officer who is elected by the Board of Directors may be suspended or removed by the Board of Directors at any time; provided, that such removal shall be without prejudice to the contract rights, if any, of the person so removed. The Chief Executive Officer may suspend the powers, authority, responsibility and compensation of any officer for a period of time sufficient to permit the Board of Directors a reasonable opportunity to consider and act upon a resolution relating to the reinstatement, further suspension or removal of

such officer. Any subordinate officer may be suspended or removed at any time by the Board of Directors, the Chief Executive Officer or any other officer to whom such subordinate officer reports.

Section 5.14 Vacancies. The Board of Directors may fill any vacancy created by the resignation, death, retirement or removal of an officer in the same manner as provided for the election or appointment of such officer.

## ARTICLE VI. SHARES OF STOCK

Section 6.01 Certificates. The shares of the Corporation may be represented by certificates or uncertificated. Certificates shall be prepared in such form as the Board of Directors may, from time to time, prescribe and shall be signed by the President or a Vice President and the Secretary or an Assistant Secretary, and may be sealed with the seal of the Corporation or a facsimile. Each certificate representing shares shall state upon the front thereof that the Corporation is organized under the laws of the State of Texas, the name of the person to whom issued, the number and class and the designation of the series, if any, that such certificate represents, and the par value of each share represented by such certificate or a statement that the shares are without par value.

Section 6.02 Issuance; Payment. Shares (both treasury and authorized but unissued) may be issued for such consideration (not less than par value in the case of authorized but unissued shares) and to such persons as the Board of Directors may from time to time authorize. Consideration for the issuance of shares may consist of any type of consideration permitted under the TBOC. Shares may not be issued until the consideration for which the shares are to be issued shall have been paid or delivered as required in connection with the authorization of the shares. When the consideration is paid or delivered, such shares shall be considered to be issued and fully paid and nonassessable, and the subscriber or other person entitled to receive the shares shall be a shareholder with respect to the shares. In the absence of fraud in the transaction, the judgment of the Board of Directors is conclusive in determining the value and sufficiency of the consideration received for the shares.

Section 6.03 Signatures. The signatures of the President or a Vice President and the Secretary or an Assistant Secretary upon a certificate may be facsimiles, if the certificate is countersigned by a transfer agent, or registered by a registrar, other than the Corporation itself or an employee of the Corporation. In case any officer who has signed or whose facsimile signature has been placed upon such certificate shall have ceased to be such officer before such certificate is issued, it may be issued by the Corporation in the same manner and with the same effect as if he or she were such officer at the date of the issuance.

Section 6.04 Lost Certificates. The Board of Directors may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the Corporation alleged to have been lost or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost or destroyed. When authorizing such issue of a new certificate or certificates, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost or destroyed certificate or certificates, or his legal representative, to advertise the same in such manner as it shall require

and/or to give the Corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost or destroyed.

Section 6.05 Transfer of Certificates. Upon surrender to the Corporation or the transfer agent of the Corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the Corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

Section 6.06 Registered Holders of Shares. Unless otherwise provided in the TBOC, and subject to the provisions of Chapter 8 - Investment Securities of the Texas Business and Commerce Code, as amended:

(1) The Corporation may consider the person registered as the owner of a share in the share transfer records of the Corporation at any particular time (including, without limitation, as of a record date fixed pursuant to Section 2.10 or 2.11 of these Bylaws) as the owner of that share at that time for purposes of voting that share, receiving distributions or notices in respect thereof, transferring the share, exercising rights of dissent with respect to that share, exercising or waiving any preemptive right with respect to that share, entering into any agreements with respect to that share in accordance with the TBOC, or giving proxies with respect to that share; and

(2) Neither the Corporation nor any of its officers, directors, employees or agents shall be liable for regarding that person as the owner of that share at that time for those purposes, regardless of whether that person does not possess a certificate representing that share.

## ARTICLE VII. INDEMNIFICATION

Section 7.01 Mandatory Indemnification. The Corporation shall indemnify and advance expenses to every current or former director and officer of the Corporation in the manner and to the fullest extent permitted by the TBOC as it presently exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than such law permitted the Corporation to provide prior to such amendment), against all expenses (including judgments, fines, payments in settlement, attorneys' fees and other expenses) reasonably incurred or suffered by or on behalf of such director or officer in connection with any proceeding in which such director or officer was or is made or is threatened to be made a party or called as a witness or is otherwise involved by reason of the fact that such director or officer is or was a director or officer of the Corporation or is or was serving at the request of the Corporation as a representative of any other entity, whether the basis of such proceeding is an alleged action in an official capacity as a representative or in any other capacity while serving as a representative.

#### Section 7.02 Permissive Indemnification.

(1) Subject to the other provisions of this Article, the Corporation may indemnify and advance expenses to every current or former employee or agent of the Corporation who is not a director or officer of the Corporation in the manner and to the fullest extent permitted by the TBOC as it presently exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than such law permitted the Corporation to provide prior to such amendment), against any and all expenses (including judgments, fines, payments in settlement, attorneys' fees and other expenses) reasonably incurred by or on behalf of such current or former employee or agent in connection with any proceeding in which such current or former employee or agent was or is made or is threatened to be made a party or called as a witness or is otherwise involved by reason of the fact that such employee or agent is or was an employee or agent of the Corporation. Except as set forth in paragraph (2) below, the ultimate determination of entitlement to indemnification of current or former employees or agents who are not officers and directors shall be made in such manner as is provided by the TBOC.

(2) The Corporation shall indemnify and advance expenses to every current and former employee and agent of the Corporation who is not a director or officer of the Corporation in the manner and to the fullest extent permitted by the TBOC as it presently exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than such law permitted the Corporation to provide prior to such amendment), against any and all expenses (including judgments, fines, payments in settlement, attorneys' fees and other expenses) reasonably incurred by or on behalf of such current or former employee or agent in connection with any proceeding in which such current or former employee or agent was or is made or is threatened to be made a party or called as a witness or is otherwise involved by reason of the fact that such employee or agent is or was serving at the request of the Corporation as a representative of any other entity, whether the basis of such proceeding is an alleged action in an official capacity as a representative or in any other capacity while serving as a representative.

Section 7.03 Initiated Proceedings. The Corporation shall not be required to indemnify any person in connection with a proceeding initiated by such person if the proceeding was not authorized by the Board of Directors.

#### Section 7.04 Advancement of Expenses.

(1) The Corporation shall pay the expenses of persons indemnified by the Corporation pursuant to Sections 7.01 or 7.02(2) of these Bylaws incurred in defending any proceeding in advance of its final disposition; provided, however, that such payment shall be made only upon receipt of (i) a written affirmation by the indemnitee of their good faith belief that they have met the standard of conduct necessary for indemnification under this Article or otherwise, and (ii) a written undertaking by the indemnitee to repay all amounts advanced if it should be ultimately determined by final judicial decision from which there is no further right of appeal that the indemnitee is not entitled to be indemnified under this Article or otherwise.

(2) The payment of expenses of a person indemnified by the Corporation pursuant to Section 7.02(1) of these Bylaws incurred in defending any proceeding in advance of its final disposition shall be made by or in the manner provided by resolution of the Board of Directors or by a committee of the Board of Directors; provided, however, that such payment shall be made only upon receipt of (i) a written affirmation by the indemnitee of their good faith belief that they have met the standard of conduct necessary for indemnification under this Article or otherwise, and (ii) a written undertaking by the indemnitee to repay all amounts advanced if it should be ultimately determined by final judicial decision from which there is no further right of appeal that the indemnitee is not entitled to be indemnified under this Article or otherwise.

Section 7.05 Claims of Expenses. If a claim for indemnification or advancement of expenses by a person indemnified by the Corporation pursuant to Sections 7.01 or 7.02(2) of these Bylaws is not paid in full within ninety (90) days after a written claim therefor has been received by the Corporation, the claimant may file suit to recover the unpaid amount of such claim and, if successful in whole or in part, shall be entitled to be paid the expense of prosecuting such claim. In any such action, the Corporation shall have the burden of proving that the claimant was not entitled to the requested indemnification or advancement of expenses under this Article or otherwise.

Section 7.06 Non Exclusivity of Rights. The rights conferred on any person by this Article shall not be exclusive of any other rights which such person may have or hereafter acquire under any statute, any provision of the Certificate of Formation or of these Bylaws or of any agreement, any vote of shareholders or disinterested directors or otherwise.

Section 7.07 Other Indemnification. The Corporation's obligation, if any, to indemnify any person who was or is serving at its request as a representative of another entity shall be reduced by any amount such person collects as indemnification from such other entity. The Corporation shall not be obligated pursuant to the terms of these Bylaws to make any payment provided under Section 7.02 of amounts otherwise indemnifiable hereunder (or for which advancement is provided hereunder) if and to the extent that the indemnitee has otherwise actually received such payment under any insurance policy, contract, agreement, applicable law or otherwise. In the event of any payment under Section 7.02, the Corporation shall be subrogated to the extent of such payment to all of the rights of recovery of a indemnitee, who shall execute all papers required and take all reasonable action necessary to secure such rights, including execution of such documents as are necessary to enable the Corporation to bring suit to enforce such rights.

Section 7.08 Insurance. The Board of Directors may, to the fullest extent permitted by the TBOC, authorize an appropriate officer or officers to purchase and maintain, at the Corporation's expense, insurance: (i) to reimburse the Corporation for any obligation which it incurs under the provisions of this Article as a result of the indemnification of past, present or future directors, officers, employees and agents who have served in the past, are now serving or in the future will serve on behalf of the Corporation or at the request of the Corporation as a representative of another entity; and (ii) to pay on behalf of or to indemnify such persons against liability in instances in which they may not otherwise be indemnified by the Corporation under the provisions of this Article, whether or not the Corporation would have the power to indemnify such persons against such liability under this Article or otherwise.



Section 7.09 Nature of Rights; Amendment or Repeal. The rights conferred in this Article shall be contract rights that shall continue as to an indemnitee who has ceased to be a director, officer, employee or agent and shall inure to the benefit of such person's heirs, executors, administrators, or other legal representatives. Any repeal or modification of the foregoing provisions of this Article shall be prospective only and shall not adversely affect any right or protection hereunder of any person in respect of any act or omission occurring prior to the time of such repeal or modification.

## ARTICLE VIII. GENERAL PROVISIONS

Section 8.01 Dividends. The Board of Directors may declare and the Corporation may pay dividends on its outstanding shares in cash, property or its own shares pursuant to law and subject to the provisions of the Certificate of Formation.

Section 8.02 Reserves. The Board of Directors may by resolution create a reserve or reserves out of surplus for any proper purpose or purposes, and may modify or abolish any such reserve in the same manner.

Section 8.03 Books and Records. The Corporation shall keep books and records of account and shall keep minutes of the proceedings of the shareholders, the Board of Directors and each committee of the Board of Directors. The Corporation shall keep at its registered office or, whether within or outside the State of Texas, at its principal place of business or at the office of its transfer agent or registrar, a current record of the original issuance of shares issued by the Corporation and a record of each transfer of those shares that have been presented to the Corporation for registration of transfer. Such records shall contain the names and mailing addresses of all past and current shareholders and the number and class or series of shares issued by the Corporation held by each of them. Any books, records, minutes and share transfer records may be in written paper form or in any other form capable of being converted into written paper form within a reasonable time.

Section 8.04 Checks. All checks or demands for money and notes of the Corporation shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate.

Section 8.05 Fiscal Year. The fiscal year of the Corporation shall be fixed by the resolution of the Board of Directors.

Section 8.06 Seal. The corporate seal, if any, shall have inscribed thereon the name of the Corporation, the year of its organization and the words "Corporate Seal, Texas." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any other manner reproduced.

Section 8.07 Construction. Whenever the context or circumstances so require, for all terms used herein, the masculine shall include the feminine and neuter, and the singular shall include the plural, and vice versa.

Section 8.08 Severability. If any provision of these Bylaws shall be held illegal, invalid or inoperative, then, so far as is reasonable and possible (i) the remainder of these Bylaws shall be and remain legal, valid and operative and (ii) effect shall be given the intent manifested by the provision held illegal, invalid or inoperative and to that end, such illegal, invalid or inoperative provision shall be deemed to have been replaced by a provision that is as similar to such illegal, invalid or inoperative provision as possible and still be legal, valid and operative.

Section 8.09 Headings. Headings used in these Bylaws have been inserted for administrative convenience only and do not constitute matter to be construed in interpretation of the substantive provisions of these Bylaws.

Section 8.10 Emergencies. Notwithstanding any other provision of these Bylaws to the contrary, during an emergency period following major catastrophe resulting in the loss by death, mental or physical incapacity or otherwise, or the isolation of members of the Board of Directors or officers of the Corporation, a majority of the remaining directors (who have not been rendered incapable of acting by death, physical or mental incapacity, isolation or otherwise) shall constitute a quorum of the Board of Directors and shall have the power, by majority vote, (i) to fill vacancies on the Board of Directors and to elect and appoint officers of the Corporation, (ii) to call special meetings of the shareholders, and (iii) to carry on any and all other corporate business. During such emergency period reasonable attempts shall be made to give notice to directors, but actions taken at a meeting held during such period shall not be rendered invalid solely because of failure to give notice as otherwise required.

## ARTICLE IX. AMENDMENT OF BYLAWS

Section 9.01 General. These Bylaws may be altered, amended or repealed, or new bylaws may be adopted at any meeting of the Board of Directors at which a quorum is present, by the affirmative vote of a majority of the directors present at such meeting (provided notice of the proposed alteration, amendment or repeal is contained in the notice of the meeting), subject to repeal or change at any meeting of the shareholders at which a quorum is present, by the affirmative vote of a majority of the shareholders present at such meeting (provided notice of the proposed alteration, amendment or repeal is contained in the notice of the meeting).

## CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the following Registration Statements:

- (1) Registration Statement (Form S-3 No. 333-228897) pertaining to the registration of variable denomination floating rate demand notes of General Motors Financial Company, Inc.; and
- (2) Registration Statement (Form S-3 No. 333-235468) pertaining to the registration of debt securities and preferred stock of General Motors Financial Company, Inc.

of our report dated February 10, 2021, with respect to the consolidated financial statements of General Motors Financial Company, Inc. included in this Annual Report (Form 10-K) of General Motors Financial Company, Inc. for the year ended December 31, 2020.

/s/ Ernst & Young LLP  
Fort Worth, Texas  
February 10, 2021

## GENERAL MOTORS FINANCIAL COMPANY, INC.

## CERTIFICATIONS

I, Daniel E. Berce, certify that:

1. I have reviewed this Annual Report on Form 10-K of General Motors Financial Company, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 10, 2021

/s/ Daniel E. Berce

Daniel E. Berce

President and Chief Executive Officer

## GENERAL MOTORS FINANCIAL COMPANY, INC.

## CERTIFICATIONS

I, Susan B. Sheffield, certify that:

1. I have reviewed this Annual Report on Form 10-K of General Motors Financial Company, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 10, 2021

/s/ Susan B. Sheffield

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Susan B. Sheffield

Executive Vice President and Chief Financial Officer

**GENERAL MOTORS FINANCIAL COMPANY, INC.****CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of General Motors Financial Company, Inc. (the “Company”) on Form 10-K for the period ended December 31, 2020 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), each of the undersigned officers of the Company certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of such officer's knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 10, 2021

/s/ Daniel E. Berce

Daniel E. Berce  
President and Chief Executive Officer

/s/ Susan B. Sheffield

Susan B. Sheffield  
Executive Vice President and Chief Financial Officer