Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2019

OR

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

For the transition period from _____ to _____

Commission file number 1-10667

General Motors Financial Company, Inc.

(Exact name of registrant as specified in its charter)

State of Texas	75-2291093
(State or other jurisdiction of incorporation or organization)	(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)

Not applicable
(Former name, former address and former fiscal year, if changed since last report)

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 Q 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 Q 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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No Q

As of April 29, 2019, there were 5,050,000 shares of the registrant's common stock, par value $0.0001 per share, outstanding. All shares of the registrant's common stock are owned by General Motors Holdings LLC, a wholly-owned subsidiary of General Motors Company.

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

INDEX

GENERAL MOTORS FINANCIAL COMPANY, INC.

PART I

Item 1. Condensed Consolidated Financial Statements

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

	March 31, 2019	December 31, 2018
ASSETS		
Cash and cash equivalents	$ 5,286	$ 4,883
Finance receivables, net (Note 3; Note 7 VIEs)	53,229	52,512
Leased vehicles, net (Note 4; Note 7 VIEs)	43,052	43,559
Goodwill	1,187	1,186
Equity in net assets of non-consolidated affiliates (Note 5)	1,429	1,355
Related party receivables (Note 2)	640	729
Other assets (Note 7 VIEs)	6,422	5,696
Total assets	$ 111,245	$ 109,920
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Secured debt (Note 6; Note 7 VIEs)	$ 41,625	$ 42,835
Unsecured debt (Note 6)	50,506	48,153
Deferred income	3,633	3,605
Related party payables (Note 2)	66	63
Other liabilities	3,431	3,605
Total liabilities	99,261	98,261
Commitments and contingencies (Note 9)		
Shareholders' equity (Note 10)		
Common stock, $0.0001 par value per share	—	—
Preferred stock, $0.01 par value per share	—	—
Additional paid-in capital	8,069	8,058
Accumulated other comprehensive loss	(1,024)	(1,066)
Retained earnings	4,939	4,667
Total shareholders' equity	11,984	11,659
Total liabilities and shareholders' equity	$ 111,245	$ 109,920

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

GENERAL MOTORS FINANCIAL COMPANY, INC.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(in millions) (unaudited)

	Three Months Ended March 31,	
	2019	2018
Revenue		
Finance charge income	$ 987	$ 866
Leased vehicle income	2,509	2,447
Other income	124	98
Total revenue	3,620	3,411
Costs and expenses		
Operating expenses	370	365
Leased vehicle expenses	1,814	1,787
Provision for loan losses (Note 3)	175	136
Interest expense	947	732
Total costs and expenses	3,306	3,020
Equity income (Note 5)	45	52
Income before income taxes	359	443
Income tax provision (Note 11)	88	74
Net income	271	369
Less: cumulative dividends on preferred stock	23	14
Net income attributable to common shareholder	$ 248	$ 355

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in millions) (unaudited)

	Three Months Ended March 31,	
	2019	2018
Net income	$ 271	$ 369
Other comprehensive income, net of tax (Note 10)		
Unrealized (loss) gain on hedges, net of income tax (benefit) expense of $(5) and $1	(15)	1
Foreign currency translation adjustment, net of income tax expense (benefit) of $0 and $(1)	57	59
Other comprehensive income, net of tax	42	60
Comprehensive income	$ 313	$ 429

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

GENERAL MOTORS FINANCIAL COMPANY, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(in millions) (unaudited)

	Common Stock	Preferred Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Total Equity
Balance at January 1, 2018	$ —	$ —	$ 7,525	$ (768)	$ 3,537	$ 10,294
Adoption of accounting standards	—	—	—	—	40	40
Net income	—	—	—	—	369	369
Other comprehensive income	—	—	—	60	—	60
Stock based compensation	—	—	16	—	—	16
Dividends paid	—	—	—	—	(30)	(30)
Other	—	—	—	—	(1)	(1)
Balance at March 31, 2018	$ —	$ —	$ 7,541	$ (708)	$ 3,915	$ 10,748
Balance at January 1, 2019	$ —	$ —	$ 8,058	$ (1,066)	$ 4,667	$ 11,659
Net income	—	—	—	—	271	271
Other comprehensive income	—	—	—	42	—	42
Stock based compensation	—	—	11	—	—	11
Other	—	—	—	—	1	1
Balance at March 31, 2019	$ —	$ —	$ 8,069	$ (1,024)	$ 4,939	$ 11,984

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

GENERAL MOTORS FINANCIAL COMPANY, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions) (unaudited)

	Three Months Ended March 31,	
	2019	**2018**
Cash flows from operating activities		
Net cash provided by operating activities	$ 2,143	$ 1,669
Cash flows from investing activities		
Purchases of retail finance receivables, net	(7,222)	(5,073)
Principal collections and recoveries on retail finance receivables	5,990	3,576
Net collections of commercial finance receivables	380	32
Purchases of leased vehicles, net	(3,747)	(4,496)
Proceeds from termination of leased vehicles	3,059	2,379
Other investing activities	(16)	(20)
Net cash used in investing activities	(1,556)	(3,602)
Cash flows from financing activities		
Net change in debt (original maturities less than three months)	479	23
Borrowings and issuances of secured debt	6,530	5,602
Payments on secured debt	(7,789)	(6,166)
Borrowings and issuances of unsecured debt	4,544	3,861
Payments on unsecured debt	(2,893)	(486)
Debt issuance costs	(34)	(40)
Dividends paid	(46)	(30)
Net cash provided by financing activities	791	2,764
Net increase in cash, cash equivalents and restricted cash	1,378	831
Effect of foreign exchange rate changes on cash, cash equivalents and restricted cash	8	8
Cash, cash equivalents and restricted cash at beginning of period	7,443	6,567
Cash, cash equivalents and restricted cash at end of period	$ 8,829	$ 7,406

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

	March 31, 2019
Cash and cash equivalents	$ 5,286
Restricted cash included in other assets	3,543
Total	$ 8,829

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

GENERAL MOTORS FINANCIAL COMPANY, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

Basis of Presentation The condensed consolidated financial statements include our accounts and the accounts of our consolidated subsidiaries, including certain special purpose entities (SPEs) utilized in secured financing transactions, which are considered variable interest entities (VIEs). All intercompany transactions and accounts have been eliminated in consolidation.

The consolidated financial statements, including the notes thereto, are condensed and do not include all disclosures required by generally accepted accounting principles (GAAP) in the U.S. These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements that are included in our Annual Report on Form 10–K for the fiscal year ended December 31, 2018, as filed with the Securities and Exchange Commission (SEC) on February 6, 2019 (2018 Form 10–K). Except as otherwise specified, dollar amounts presented within tables are stated in millions.

The condensed consolidated financial statements at March 31, 2019, and for the three months ended March 31, 2019 and 2018, are unaudited and, in management's opinion, include all adjustments, which consist of normal recurring adjustments and transactions or events discretely impacting the interim periods, considered necessary by management to fairly state our results of operations. The results for interim periods are not necessarily indicative of results for a full year. The condensed consolidated balance sheet at December 31, 2018 was derived from audited annual financial statements.

Segment Information We are the wholly-owned captive finance subsidiary of General Motors Company (GM). 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 North America Segment includes operations in the U.S. and Canada. Our International Segment includes operations in Brazil, Chile, Colombia, Mexico and Peru, as well as our equity investments in joint ventures in China.

Recently Adopted Accounting Standards

Effective January 1, 2019, we adopted ASU 2016-02, "Leases" (ASU 2016-02) using the optional transition method, resulting in the recognition of right of use assets for $129 million, included in other assets, and lease obligations for $144 million, included in other liabilities on our condensed consolidated balance sheet related to our existing operating leases at January 1, 2019. We elected to apply the package of practical expedients permitted under the transition guidance in the new standard, which allowed us to carry forward our historical lease classification. The accounting for finance leases and leases where we are lessor remained substantially unchanged. The application of ASU 2016-02 had no impact on our condensed consolidated statement of income or condensed consolidated statement of cash flows.

The following table summarizes our minimum commitments under noncancelable operating leases having initial terms in excess of one year as of December 31, 2018:

	Years Ending December 31,						
	2019	2020	2021	2022	2023	Thereafter	Total
Minimum commitments	$ 27	$ 26	$ 25	$ 23	$ 19	$ 47	$ 167

Refer to Note 9 for information on our operating leases as of March 31, 2019.

As lessor, we have investments in leased vehicles recorded as operating leases. Leased vehicles consist of automobiles leased to 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.

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 lease 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 inception of the lease.

We estimate the expected residual value based on third party data which considers various data points and assumptions including 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 net book value 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 book value of the lease asset group, an immediate impairment write-down is recognized if the difference is deemed not recoverable.

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 certain interest payments on commercial loans.

We purchase certain program vehicles from GM subsidiaries. We simultaneously lease these vehicles to those subsidiaries for use primarily in their vehicle-sharing arrangements. We account for these leases as direct-finance leases, sales-type leases or loans depending on the origin of the asset, all of which are included in our finance receivables, net.

We periodically purchase finance receivables from other GM subsidiaries for vehicles sold to rental car companies and for vehicles sold to certain dealerships. During the three months ended March 31, 2019, we purchased $194 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	**March 31, 2019**	**December 31, 2018**
Commercial finance receivables, net due from dealers consolidated by GM[(a)]	$ 430	$ 445
Finance receivables from GM subsidiaries[(a)]	$ 121	$ 134
Subvention receivable[(b)]	$ 639	$ 727
Commercial loan funding payable[(c)]	$ 57	$ 61

	Three Months Ended March 31,	
Income Statement Data	**2019**	**2018**
Interest subvention earned on retail finance receivables[(d)]	$ 131	$ 112
Interest subvention earned on commercial finance receivables[(d)]	$ 17	$ 18
Leased vehicle subvention earned[(e)]	$ 835	$ 798

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(a) Included in finance receivables, net.
(b) Included in related party receivables. We received subvention payments from GM of $1.1 billion and $0.6 billion for the three months ended March 31, 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.

In April 2019, GM renewed the 364-day, $2.0 billion facility (the GM Revolving 364-Day Credit Facility) for an additional 364-day term. This facility has been allocated for exclusive access by us since April 2018. At March 31, 2019, we had no amounts borrowed under any of the GM 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 these tax liabilities. Amounts owed to GM for income taxes are accrued and recorded as a related party payable. At March 31, 2019 and December 31, 2018, there are no related party taxes payable to GM.

Note 3. Finance Receivables

	March 31, 2019	December 31, 2018
Retail finance receivables		
Retail finance receivables, collectively evaluated for impairment, net of fees	$ 39,452	$ 38,354
Retail finance receivables, individually evaluated for impairment, net of fees	2,333	2,348
Total retail finance receivables, net of fees[(a)]	41,785	40,702
Less: allowance for loan losses - collective	(538)	(523)
Less: allowance for loan losses - specific	(324)	(321)
Total retail finance receivables, net	40,923	39,858
Commercial finance receivables		
Commercial finance receivables, collectively evaluated for impairment, net of fees	12,334	12,680
Commercial finance receivables, individually evaluated for impairment, net of fees	34	41
Total commercial finance receivables, net of fees[(b)]	12,368	12,721
Less: allowance for loan losses - collective	(60)	(63)
Less: allowance for loan losses - specific	(2)	(4)
Total commercial finance receivables, net	12,306	12,654
Total finance receivables, net	$ 53,229	$ 52,512
Fair value utilizing Level 2 inputs	$ 12,306	$ 12,654
Fair value utilizing Level 3 inputs	$ 40,951	$ 39,564

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(a) Net of unearned income, unamortized premiums and discounts, and deferred fees and costs of $29 million and $53 million at March 31, 2019 and December 31, 2018.

(b) Net of dealer cash management balances of $1,083 million and $922 million at March 31, 2019 and December 31, 2018.

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

	Three Months Ended March 31,	
	2019	2018
Allowance for retail loan losses beginning balance	$ 844	$ 889
Provision for loan losses	178	135
Charge-offs	(307)	(295)
Recoveries	145	123
Foreign currency translation	2	6
Allowance for retail loan losses ending balance	$ 862	$ 858

GENERAL MOTORS FINANCIAL COMPANY, INC.

NOTES TO CONDENSED 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. We review the 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 such 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 is a consolidated summary of the contractual amounts of delinquent retail finance receivables, which is not significantly different than the recorded investment for such receivables:

	March 31, 2019		March 31, 2018	
	Amount	Percent of Contractual Amount Due	Amount	Percent of Contractual Amount Due
31 - 60 days	$ 1,048	2.5%	$ 1,265	3.7%
Greater than 60 days	412	1.0	605	1.7
Total finance receivables more than 30 days delinquent	1,460	3.5	1,870	5.4
In repossession	47	0.1	53	0.2
Total finance receivables more than 30 days delinquent or in repossession	$ 1,507	3.6%	$ 1,923	5.6%

At March 31, 2019 and December 31, 2018, the accrual of finance charge income had been suspended on retail finance receivables with contractual amounts due of $745 million and $888 million.

Impaired Retail Finance Receivables - TDRs Retail finance receivables that become classified as troubled debt restructurings (TDRs) are separately assessed for impairment. A specific allowance is estimated based on the present value of the expected future cash flows of the receivable discounted at the loan's original effective interest rate. 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 non-accrual; 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.

The outstanding recorded investment for retail finance receivables that are considered to be TDRs and the related allowance is presented below:

	March 31, 2019	December 31, 2018
Outstanding recorded investment	$ 2,333	$ 2,348
Less: allowance for loan losses	(324)	(321)
Outstanding recorded investment, net of allowance	$ 2,009	$ 2,027
Unpaid principal balance	$ 2,364	$ 2,379

Additional information about loans classified as TDRs is presented below:

	Three Months Ended March 31,	
	2019	2018
Average outstanding recorded investment	$ 2,341	$ 2,214
Finance charge income recognized	$ 68	$ 64
Number of loans classified as TDRs during the period	16,532	13,336
Recorded investment of loans classified as TDRs during the period	$ 308	$ 251

The unpaid principal balance, net of recoveries, of loans charged off during the reporting period within 12 months of being modified as a TDR was insignificant for the three months ended March 31, 2019 and 2018.

Commercial Credit Quality Our commercial finance receivables consist of dealer financings, primarily for 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. Dealers in Group VI are subject to additional 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:

	March 31, 2019		December 31, 2018	
	Amount	Percent	Amount	Percent
Group I - Dealers with superior financial metrics	$ 2,075	16.8%	$ 2,192	17.2%
Group II - Dealers with strong financial metrics	4,897	39.6	4,500	35.4
Group III - Dealers with fair financial metrics	3,737	30.2	4,292	33.7
Group IV - Dealers with weak financial metrics	1,167	9.4	1,205	9.5
Group V - Dealers warranting special mention due to elevated risks	423	3.4	449	3.5
Group VI - Dealers with loans classified as substandard, doubtful or impaired	69	0.6	83	0.7
Balance at end of period	$ 12,368	100.0%	$ 12,721	100.0%

At March 31, 2019 and December 31, 2018, substantially all of our commercial finance receivables were current with respect to payment status. Commercial finance receivables on non-accrual status were insignificant, and none were classified as TDRs. Activity in the allowance for commercial loan losses was insignificant for the three months ended March 31, 2019 and 2018.

Note 4. Leased Vehicles

	March 31, 2019	December 31, 2018
Leased vehicles	$ 64,585	$ 64,928
Manufacturer subvention	(9,925)	(9,934)
Net capitalized cost	54,660	54,994
Less: accumulated depreciation	(11,608)	(11,435)
Leased vehicles, net	$ 43,052	$ 43,559

The following table summarizes lease payments due to us as lessor under operating leases at March 31, 2019:

	Years Ending December 31,					
	2019	2020	2021	2022	2023	Total
Lease payments under operating leases	$ 5,220	$ 4,740	$ 2,143	$ 306	$ 15	$ 12,424

Note 5. 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.

There have been no significant ownership changes in our joint ventures since December 31, 2018. The following table presents certain aggregated operating data of our joint ventures:

	Three Months Ended March 31,	
Summarized Operating Data	2019	2018
Finance charge income	$ 350	$ 307
Provision for loan losses	$ 6	$ 3
Interest expense	$ 152	$ 124
Income before income taxes	$ 170	$ 198
Net income	$ 127	$ 148

At March 31, 2019 and December 31, 2018, we had undistributed earnings of $543 million and $498 million related to our non-consolidated affiliates.

Note 6. Debt

	March 31, 2019		December 31, 2018	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Secured debt				
Revolving credit facilities	$ 2,305	$ 2,311	$ 3,410	$ 3,413
Securitization notes payable	39,320	39,427	39,425	39,422
Total secured debt	41,625	41,738	42,835	42,835
Unsecured debt				
Senior notes	44,890	45,249	42,611	42,015
Credit facilities	1,869	1,865	2,157	2,151
Other unsecured debt	3,747	3,752	3,385	3,390
Total unsecured debt	50,506	50,866	48,153	47,556
Total secured and unsecured debt	$ 92,131	$ 92,604	$ 90,988	$ 90,391
Fair value utilizing Level 2 inputs		$ 90,615		$ 88,305
Fair value utilizing Level 3 inputs		$ 1,989		$ 2,086

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 7 for further discussion.

During the three months ended March 31, 2019, we entered into new credit facilities or renewed credit facilities with a total net additional borrowing capacity of $75 million, and we issued $4.6 billion in aggregate principal amount of securitization notes payable with an initial weighted average interest rate of 3.16% and legal final maturity dates ranging from 2023 to 2025.

Unsecured Debt During the three months ended March 31, 2019, we issued $3.9 billion in aggregate principal amount of senior notes with a weighted average interest rate of 4.22% and maturity dates ranging from 2021 to 2029.

In April 2019, we issued $1.3 billion in senior notes with an interest rate of 3.55% due in 2022.

The principal amount outstanding of our commercial paper in the U.S. was $1.5 billion and $1.2 billion at March 31, 2019 and December 31, 2018.

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

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 March 31, 2019, we were in compliance with these debt covenants.

Note 7. Variable Interest Entities

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

	March 31, 2019	December 31, 2018
Restricted cash[(a)]	$ 2,682	$ 2,380
Finance receivables, net of fees	$ 32,065	$ 32,626
Lease related assets	$ 20,313	$ 21,781
Secured debt	$ 41,355	$ 42,504

(a) Included in other assets.

These amounts are related to securitization and credit facilities held by consolidated VIEs. Our continuing involvement with these VIEs consists of servicing assets held by the entities and holding residual interests in the entities. We have determined that we are the primary beneficiary of each VIE because we hold both (i) the power to direct the activities of the VIEs that most significantly impact the VIEs' economic performance and (ii) the obligation to absorb losses from and the right to receive benefits of the VIEs that could potentially be significant to the VIEs. We are not required, and do not currently intend, to provide any additional financial support to these VIEs. Liabilities recognized as a result of consolidating these entities generally do not represent claims against us or our other subsidiaries and assets recognized generally are for the benefit of these entities' operations and cannot be used to satisfy our or our other subsidiaries' obligations.

Note 8. 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 the use of 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 amounts of fair value of our derivative instruments and the associated notional amounts:

	March 31, 2019			December 31, 2018		
	Notional	Fair Value of Assets[a]	Fair Value of Liabilities[a]	Notional	Fair Value of Assets[a]	Fair Value of Liabilities[a]
Derivatives designated as hedges						
Fair value hedges						
Interest rate swaps	$ 13,039	$ 135	$ 127	$ 9,533	$ 42	$ 231
Foreign currency swaps	1,797	18	72	1,829	37	60
Cash flow hedges						
Interest rate swaps	599	4	—	768	8	—
Foreign currency swaps	3,298	35	96	2,075	43	58
Derivatives not designated as hedges						
Interest rate contracts	96,296	233	428	99,666	372	520
Total[b]	$ 115,029	$ 425	$ 723	$ 113,871	$ 502	$ 869

(a) *The gross amounts of the fair value 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 March 31, 2019 and December 31, 2018, the fair value of assets and liabilities available for offset was $283 million and $320 million. At March 31, 2019 and December 31, 2018, we held $42 million and $30 million and posted $284 million and $451 million of collateral available for netting.*

The following amounts were recorded in the condensed 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[a]	
	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
Unsecured debt	$ 20,200	$ 17,923	$ 281	$ 459

(a) *Includes $228 million and $247 million at March 31, 2019 and December 31, 2018 of adjustments remaining on hedged items for which hedge accounting has been discontinued.*

GENERAL MOTORS FINANCIAL COMPANY, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

The table below presents the effect of our derivative financial instruments in the condensed consolidated statements of income:

	Income (Losses) Recognized In Income			
	Three Months Ended March 31, 2019		Three Months Ended March 31, 2018	
	Interest Expense[a]	Operating Expenses[b]	Interest Expense[a]	Operating Expenses[b]
Fair value hedges				
Hedged items - interest rate swaps	$ (210)	$ —	$ 208	$ —
Interest rate swaps	181	—	(210)	—
Hedged items - foreign currency swaps	—	32	—	—
Foreign currency swaps	(16)	(31)	—	—
Cash flow hedges				
Interest rate swaps	3	—	4	—
Foreign currency swaps	(18)	(33)	(9)	24
Derivatives not designated as hedges				
Interest rate contracts	(5)	—	6	—
Foreign currency swaps	—	—	(7)	22
Total	$ (65)	$ (32)	$ (8)	$ 46

(a) *Total interest expense was $947 million and $732 million for the three months ended March 31, 2019 and 2018.*
(b) *Activity is offset by translation activity also recorded in operating expenses related to foreign currency-denominated loans. Total operating expense was $370 million and $365 million for the three months ended March 31, 2019 and 2018.*

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

	Gains (Losses) Recognized In Accumulated Other Comprehensive Loss	
	Three Months Ended March 31,	
	2019	2018
Fair value hedges		
Foreign currency swaps	$ (11)	$ —
Cash flow hedges		
Interest rate contracts	—	4
Foreign currency contracts	(52)	18
Total	$ (63)	$ 22

	(Gains) Losses Reclassified From Accumulated Other Comprehensive Loss Into Income[a][b]	
	Three Months Ended March 31,	
	2019	2018
Fair value hedges		
Foreign currency swaps	$ 11	$ —
Cash flow hedges		
Interest rate contracts	(2)	(3)
Foreign currency contracts	39	(18)
Total	$ 48	$ (21)

(a) *All amounts reclassified from accumulated other comprehensive loss were recorded to interest expense.*
(b) *During the next twelve months, we estimate $5 million will be reclassified into pretax earnings from derivatives designated for hedge accounting.*

Note 9. Commitments and Contingencies

Operating Leases Our portfolio of leases consists primarily of real estate office space. 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 $5 million for the three months ended March 31, 2019. At March 31, 2019, operating lease right of use assets, included in other assets, were $123 million and operating lease liabilities, included in other liabilities, were $138 million. As of March 31, 2019, our undiscounted future lease obligations related to operating leases having initial terms in excess of one year are $20 million for the nine months ended December 31, 2019 and $26 million, $26 million, $24 million, $19 million and $46 million for the years 2020, 2021, 2022, 2023 and thereafter. The weighted average discount rate is 4.8% and the weighted average remaining lease term is 6.6 years as of March 31, 2019. Imputed interest for operating leases and variable lease costs were insignificant for the three months ended March 31, 2019.

Guarantees of Indebtedness At March 31, 2019 and December 31, 2018, we guaranteed approximately $1.1 billion in aggregate principal amount of Euro Medium Term Notes issued by General Motors Financial International B.V., our former subsidiary, pursuant to our Euro Medium Term Note Programme. Subject to the terms and conditions of a letter agreement with BNP Paribas in connection with the sale of certain of our European Operations, BNP Paribas will reimburse us for any amount that we may pay under any such guarantees.

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 March 31, 2019, we estimated our reasonably possible legal exposure for unfavorable outcomes is up to $66 million, and have accrued $23 million.

In 2014 and 2015, we were served with investigative subpoenas from various state attorneys general and other governmental offices to produce documents and data relating to our automobile loan and lease business and securitization of loans and leases. We believe that we have cooperated fully with all reasonable requests for information. We are currently unable to estimate any reasonably possible loss or range of loss that may result from these investigations.

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 $13 million as of March 31, 2019.

Note 10. Shareholders' Equity

	March 31, 2019	December 31, 2018
Common Stock		
Number of shares authorized	10,000,000	10,000,000
Number of shares issued and outstanding	5,050,000	5,050,000

	March 31, 2019	December 31, 2018
Preferred Stock		
Number of shares authorized	250,000,000	250,000,000
Number of shares issued and outstanding		
Fixed-to-Floating Rate Cumulative Perpetual Preferred Stock, Series A (Series A Preferred Stock)	1,000,000	1,000,000
Fixed-to-Floating Rate Cumulative Perpetual Preferred Stock, Series B (Series B Preferred Stock)	500,000	500,000

During the three months ended March 31, 2019, we paid dividends of $29 million to holders of record of our Series A Preferred Stock, and $17 million to holders of record of our Series B Preferred Stock. During the three months ended March 31, 2018, we paid dividends of $30 million to holders of record of our Series A Preferred Stock.

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

	Three Months Ended March 31,	
	2019	2018
Unrealized (loss) gain on hedges		
Beginning balance	$ 9	$ 16
Change in value of hedges, net of tax	(15)	1
Ending balance	(6)	17
Defined benefit plans		
Beginning balance	1	1
Unrealized gain on subsidiary pension, net of tax	—	—
Ending balance	1	1
Foreign currency translation adjustment		
Beginning balance	(1,076)	(785)
Translation gain, net of tax	57	59
Ending balance	(1,019)	(726)
Total accumulated other comprehensive loss	$ (1,024)	$ (708)

Note 11. Income Taxes

For interim income tax reporting we estimate our annual effective tax rate and apply it to our year-to-date ordinary income. Tax jurisdictions with a projected or year-to-date loss for which a tax benefit cannot be realized are excluded from the annualized effective tax rate. The tax effects of unusual or infrequently occurring items, including changes in judgment about valuation allowances and effects of changes in tax laws or rates, are reported in the interim period in which they occur.

During the three months ended March 31, 2019 and 2018, income tax expense of $88 million and $74 million primarily resulted from tax expense attributable to entities included in our effective tax rate calculation.

We are included in GM's consolidated U.S. federal income tax return and for 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.

Note 12. Segment Reporting

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:

	Three Months Ended March 31, 2019		
	North America	International	Total
Total revenue	$ 3,306	$ 314	$ 3,620
Operating expenses	276	94	370
Leased vehicle expenses	1,803	11	1,814
Provision for loan losses	139	36	175
Interest expense	823	124	947
Equity income	—	45	45
Income before income taxes	$ 265	$ 94	$ 359

	Three Months Ended March 31, 2018		
	North America	International	Total
Total revenue	$ 3,085	$ 326	$ 3,411
Operating expenses	271	94	365
Leased vehicle expenses	1,778	9	1,787
Provision for loan losses	97	39	136
Interest expense	597	135	732
Equity income	—	52	52
Income before income taxes	$ 342	$ 101	$ 443

	March 31, 2019			December 31, 2018		
	North America	International	Total	North America	International	Total
Finance receivables, net	$ 46,608	$ 6,621	$ 53,229	$ 45,711	$ 6,801	$ 52,512
Leased vehicles, net	$ 42,887	$ 165	$ 43,052	$ 43,396	$ 163	$ 43,559
Total assets	$ 101,824	$ 9,421	$ 111,245	$ 100,176	$ 9,744	$ 109,920

Note 13. 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. Total assets of our regulated international banks and finance companies were approximately $7.5 billion and $7.9 billion at March 31, 2019 and December 31, 2018.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-looking statements in this Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) are not guarantees of future performance and may involve risks and uncertainties that could cause actual results to differ materially from those projected. Refer to the "Forward-Looking Statements" section of this MD&A and the "Risk Factors" section of our 2018 Form 10-K for a discussion of these risks and uncertainties.

Basis of Presentation

This MD&A should be read in conjunction with the accompanying condensed consolidated financial statements and notes thereto and the audited consolidated financial statements and notes thereto included in our 2018 Form 10-K.

Except as otherwise specified, dollar amounts presented within tables are stated in millions. Average balances are calculated using daily balances, where available. Otherwise, average balances are calculated using monthly balances.

Results of Operations

Earnings before taxes for the three months ended March 31, 2019 decreased to $359 million from $443 million for the three months ended March 31, 2018 due primarily to the following:

- Retail finance charge income increased $74 million due primarily to an increase in the average balance of the consumer finance receivables portfolio, partially offset by a decrease in effective yield as the portfolio shifts to lower yielding prime loan assets.
- Commercial finance charge income increased $47 million due to an increase in the average balance of the commercial finance receivables portfolio as well as increased interest rates on the portfolio.
- Leased vehicle income net of leased vehicle expenses increased $35 million due to growth in the lease portfolio and increased volume of lease terminations, partially offset by decreased gains on terminated leased vehicles sold at auction.
- Interest expense increased $97 million due to an increase in the average balance of debt outstanding, and $118 million due to an increase in the effective rate of interest on debt.

Return on average equity is widely used to measure earnings in relation to invested capital. Our return on average equity was 12.9% for the four quarters ended March 31, 2019 and 2018.

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 15.6% for the four quarters ended March 31, 2019 from 15.3% for the four quarters ended March 31, 2018.

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

	Four Quarters Ended	
	March 31, 2019	March 31, 2018
Net income attributable to common shareholder	$ 1,397	$ 798
Plus: loss from discontinued operations, net of tax	—	447
Net income from continuing operations attributable to common shareholder	1,397	1,245
Average equity	11,395	9,866
Less: average preferred equity	1,250	530
Average common equity	10,145	9,336
Less: average goodwill	1,189	1,199
Average tangible common equity	$ 8,956	$ 8,137
Return on average equity	12.9%	12.9%
Return on average tangible common equity	15.6%	15.3%

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.

Three Months Ended March 31, 2019 compared to Three Months Ended March 31, 2018

Average Earning Assets	Three Months Ended March 31,		2019 vs. 2018 Change	
	2019	2018	Amount	Percentage
Average retail finance receivables	$ 41,591	$ 33,471	$ 8,120	24.3 %
Average commercial finance receivables	12,167	10,068	2,099	20.8 %
Average finance receivables	53,758	43,539	10,219	23.5 %
Average leased vehicles, net	43,394	43,177	217	0.5 %
Average earning assets	$ 97,152	$ 86,716	$ 10,436	12.0 %
Retail finance receivables purchased	$ 7,162	$ 5,078	$ 2,084	41.0 %
Leased vehicles purchased	$ 5,210	$ 5,712	$ (502)	(8.8)%

Average retail finance receivables increased due to a higher volume of new loan originations in excess of principal collections and payoffs. Our retail penetration of GM's retail sales in the U.S. increased to 52.8% for the three months ended March 31, 2019 from 44.5% for the three months ended March 31, 2018 due primarily to further alignment with GM and greater dealer engagement. Average commercial finance receivables increased due primarily to an increase in our GM-franchised dealer commercial lending relationships. Leased vehicles purchased during the three months ended March 31, 2019 decreased primarily as a result of a change in GM's retail sales mix.

Revenue	Three Months Ended March 31,		2019 vs. 2018 Change	
	2019	2018	Amount	Percentage
Finance charge income				
Retail finance receivables	$ 816	$ 742	$ 74	10.0 %
Commercial finance receivables	$ 171	$ 124	$ 47	37.9 %
Leased vehicle income	$ 2,509	$ 2,447	$ 62	2.5 %
Other income	$ 124	$ 98	$ 26	26.5 %
Equity income	$ 45	$ 52	$ (7)	(13.5)%
Effective yield - retail finance receivables	8.0%	9.0%		
Effective yield - commercial finance receivables	5.7%	5.0%		

Finance charge income on retail finance receivables increased due to growth in the portfolio, partially offset by a decrease in effective yield. The effective yield on our retail finance receivables decreased due primarily to increased lending to borrowers with prime credit. 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 on commercial finance receivables increased due to growth in the portfolio, including an increase in the number of dealers in our floorplan program, and an increase in the effective yield resulting from rising benchmark interest rates.

The increase in other income is primarily due to an increase in investment income due to rising benchmark interest rates.

GENERAL MOTORS FINANCIAL COMPANY, INC.

Costs and Expenses	Three Months Ended March 31,		2019 vs. 2018 Change	
	2019	2018	Amount	Percentage
Operating expenses	$ 370	$ 365	$ 5	1.4%
Leased vehicle expenses	$ 1,814	$ 1,787	$ 27	1.5%
Provision for loan losses	$ 175	$ 136	$ 39	28.7%
Interest expense	$ 947	$ 732	$ 215	29.4%
Average debt outstanding	$ 92,321	$ 81,525	$ 10,796	13.2%
Effective rate of interest on debt	4.2%	3.6%		

Operating Expenses Operating expenses as an annualized percentage of average earning assets decreased to 1.5% for the three months ended March 31, 2019 from 1.7% for the three months ended March 31, 2018, due primarily to efficiency gains achieved through higher earning asset levels.

Provision for Loan Losses As an annualized percentage of average retail finance receivables, the provision for retail loan losses increased to 1.7% for the three months ended March 31, 2019 from 1.6% for the three months ended March 31, 2018, due primarily to an adjustment recorded in the three months ended March 31, 2018 for a decrease in the loss confirmation period, resulting from a shift in the credit mix of the portfolio to a larger percentage of prime loans.

Interest Expense Interest expense increased due to an increase in the average debt outstanding resulting from growth in the loan and lease portfolios as well as a higher effective rate of interest on our debt.

Taxes Our consolidated effective income tax rate was 28.0% and 18.9% of income before income taxes and equity income for the three months ended March 31, 2019 and 2018. The increase in the effective income tax rate is due primarily to a reduction in our electrical vehicle tax credit and a new inclusion for global intangible low-taxed income (GILTI) that imposes U.S. tax on certain foreign earnings in excess of a deemed return on tangible depreciable assets.

Other Comprehensive Income

Foreign Currency Translation Adjustment Foreign currency translation adjustments included in other comprehensive income were $57 million and $59 million for the three months ended March 31, 2019 and 2018. 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, particularly the Canadian Dollar and the Chinese Yuan Renminbi.

Earning Asset 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:

	March 31, 2019		December 31, 2018	
	Amount	Percent	Amount	Percent
Prime - FICO Score 680 and greater	$ 25,452	60.9%	$ 24,434	60.0%
Near-prime - FICO Score 620 to 679	6,324	15.1	6,144	15.1
Sub-prime - FICO Score less than 620	10,009	24.0	10,124	24.9
Retail finance receivables, net of fees	41,785	100.0%	40,702	100.0%
Less: allowance for loan losses	(862)		(844)	
Retail finance receivables, net	$ 40,923		$ 39,858	
Number of outstanding contracts	2,651,794		2,607,703	
Average amount of outstanding contracts (in dollars)[(a)]	$ 15,757		$ 15,608	
Allowance for loan losses as a percentage of retail finance receivables, net of fees	2.1%		2.1%	

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

Delinquency The following is a consolidated summary of the contractual amounts of delinquent retail finance receivables:

	March 31, 2019		March 31, 2018	
	Amount	Percent of Contractual Amount Due	Amount	Percent of Contractual Amount Due
31 - 60 days	$ 1,048	2.5%	$ 1,265	3.7%
Greater than 60 days	412	1.0	605	1.7
Total finance receivables more than 30 days delinquent	1,460	3.5	1,870	5.4
In repossession	47	0.1	53	0.2
Total finance receivables more than 30 days delinquent or in repossession	$ 1,507	3.6%	$ 1,923	5.6%

Delinquency continues to improve due primarily to the continued shift in credit mix to prime credit. In addition, delinquency at March 31, 2018 was elevated due to operational constraints resulting from the conversion of our loan servicing system at the beginning of calendar 2018.

TDRs Refer to Note 3 to our condensed consolidated financial statements for further discussion of TDRs.

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

	Three Months Ended March 31,	
	2019	2018
Charge-offs	$ 307	$ 295
Less: recoveries	(145)	(123)
Net charge-offs	$ 162	$ 172
Net charge-offs as an annualized percentage of average retail finance receivables	1.6%	2.1%

Net charge-offs as an annualized percentage of average retail finance receivables decreased during the three months ended March 31, 2019 from the corresponding period in 2018, due primarily to the shift in the portfolio toward prime credit quality.

GENERAL MOTORS FINANCIAL COMPANY, INC.

Commercial Finance Receivables	March 31, 2019	December 31, 2018
Commercial finance receivables, net of fees	$ 12,368	$ 12,721
Less: allowance for loan losses	(62)	(67)
Commercial finance receivables, net	$ 12,306	$ 12,654
Number of dealers	1,773	1,750
Average carrying amount per dealer	$ 7	$ 7
Allowance for loan losses as a percentage of commercial finance receivables, net of fees	0.5%	0.5%

There were insignificant charge-offs of commercial finance receivables during the three months ended March 31, 2019 and 2018. At March 31, 2019 and December 31, 2018, substantially all of our commercial finance receivables were current with respect to payment status and none were classified as TDRs.

Leased Vehicles At March 31, 2019 and 2018, 99.1% and 98.8% of our operating leases were current with respect to payment status.

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

	March 31, 2019			December 31, 2018		
	Residual Value	Units	Percentage of Units	Residual Value	Units	Percentage of Units
Cars	$ 4,567	347	20.5%	$ 4,884	379	22.3%
Trucks	7,134	290	17.2	7,299	296	17.4
Crossovers	15,457	939	55.7	15,057	917	53.8
SUVs	4,074	111	6.6	4,160	111	6.5
Total	$ 31,232	1,687	100.0%	$ 31,400	1,703	100.0%

Used vehicle prices for the three months ended March 31, 2019 decreased slightly compared to the same period in 2018. We expect used vehicle prices to decrease between 4% and 5% in 2019 compared to 2018, due primarily to continued increases in the industry supply of used vehicles as well as increases in our off-lease vehicles.

The following table summarizes additional information for operating leases (in thousands):

	Three Months Ended March 31,	
	2019	2018
Operating leases originated	138	149
Operating leases terminated	155	124
Operating lease vehicles returned[(a)]	117	94
Percentage of lease vehicles returned[(b)]	75%	76%

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

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

Operating leases originated decreased primarily as a result of a change in GM's retail sales mix. Operating leases terminated and operating lease vehicles returned increased due to the growth and maturity of the leased asset portfolio. The return rate can fluctuate based upon the level of used vehicle pricing compared to residual values at lease inception and growth and age of the lease portfolio.

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 of secured and unsecured debt, funding credit enhancement requirements in connection with securitizations and secured credit facilities, operating expenses and interest costs.

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.

Cash Flow During the three months ended March 31, 2019, net cash provided by operating activities increased due primarily to an increase in finance charge income and leased vehicle income, partially offset by increased interest expense.

During the three months ended March 31, 2019, net cash used in investing activities decreased due to increased collections and recoveries on retail finance receivables of $2.4 billion, an increase in proceeds received on terminated leases of $0.7 billion, a decrease in purchases of leased vehicles of $0.7 billion, and an increase in collections of commercial finance receivables of $0.4 billion, partially offset by an increase in purchases of retail finance receivables of $2.1 billion.

During the three months ended March 31, 2019, net cash provided by financing activities decreased due primarily to an increase in payments, net of borrowings of $2.0 billion.

Liquidity	March 31, 2019	December 31, 2018
Cash and cash equivalents[(a)]	$ 5,286	$ 4,883
Borrowing capacity on unpledged eligible assets	19,715	18,048
Borrowing capacity on committed unsecured lines of credit	342	290
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	$ 28,343	$ 26,221

(a) *Includes $314 million and $503 million in unrestricted cash outside of the U.S. at March 31, 2019 and December 31, 2018. This cash is considered to be indefinitely invested based on specific plans for reinvestment of these earnings.*

During the three months ended March 31, 2019, available liquidity increased due primarily to an increase in cash and additional capacity on new and renewed secured revolving credit facilities, resulting from the issuance of securitizations and unsecured debt.

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. In April 2019, GM renewed the 364-day, $2.0 billion facility (the GM Revolving 364-Day Credit Facility) for an additional 364-day term. This facility has been allocated for exclusive access by us since April 2018. At March 31, 2019, we had no borrowings outstanding under any of these facilities.

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 March 31, 2019, credit facilities consist of the following:

Facility Type	Facility Amount	Advances Outstanding
Revolving retail asset-secured facilities[a]	$ 22,539	$ 2,038
Revolving commercial asset-secured facilities[b]	3,974	267
Total secured	26,513	2,305
Unsecured committed facilities	439	97
Unsecured uncommitted facilities[c]	1,772	1,772
Total unsecured	2,211	1,869
Junior Subordinated Revolving Credit Facility	1,000	—
GM Revolving 364-Day Credit Facility	2,000	—
Total	$ 31,724	$ 4,174

(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 $128 million in advances outstanding and $681 million in unused borrowing capacity on these facilities at March 31, 2019.*

(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 March 31, 2019.*

Refer to Note 7 - "Debt" to our consolidated financial statements in our 2018 Form 10-K 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 [a]	Original Note Issuance [b]	Note Balance At March 31, 2019
2014	March 2022	$ 1,950	$ 176
2015	January 2021 - December 2023	$ 5,297	786
2016	May 2019 - September 2024	$ 11,104	3,569
2017	August 2019 - May 2025	$ 22,394	12,233
2018	June 2020 - September 2026	$ 23,005	18,233
2019	April 2023 - March 2025	$ 4,644	4,394
Total active securitizations			39,391
Debt issuance costs			(71)
Total			$ 39,320

(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 which are also variable interest entities that meet the requirements to be consolidated in our financial statements. Refer to Note 7 to our condensed consolidated financial statements for further discussion.

Unsecured Debt We periodically access the unsecured debt capital markets through the issuance of senior unsecured notes. At March 31, 2019, the aggregate principal amount of our outstanding unsecured senior notes was $45.3 billion.

We issue other unsecured debt through commercial paper offerings and other bank and non-bank funding sources. At March 31, 2019, we had $3.7 billion of this type of unsecured debt outstanding.

Support Agreement At March 31, 2019 and December 31, 2018, our earning assets leverage ratio calculated in accordance with the terms of the Support Agreement was 8.76x and 9.05x, and the applicable leverage ratio threshold was 11.50x.

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 SEC, including our 2018 Form 10-K. 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:

- GM's ability to sell new vehicles that we finance in the markets we serve;
- the viability of GM-franchised dealers that are commercial loan customers;
- changes in the automotive industry that result in a change in demand for vehicles and related vehicle financing;
- the sufficiency, availability and cost of sources of financing, including credit facilities, securitization programs and secured and unsecured debt issuances;
- our joint ventures in China, which we cannot operate solely for our benefit and over which we have limited control;
- 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;
- the adequacy of our allowance for loan losses on our finance receivables;
- the effect, interpretation or application of new or existing laws, regulations, court decisions and accounting pronouncements;
- adverse determinations with respect to the application of existing laws, or the results of any audits from tax authorities, as well as changes in tax laws and regulations, supervision, enforcement and licensing across various jurisdictions;
- the prices at which used vehicles are sold in the wholesale auction markets;
- vehicle return rates, our ability to estimate residual value at the inception of a lease and the residual value performance on vehicles we lease;
- interest rate fluctuations and certain related derivatives exposure;
- foreign currency exchange rate fluctuations and other risks applicable to our operations outside of the U.S.;
- changes to the LIBOR calculation process and potential phasing out of LIBOR;
- our ability to effectively manage capital or liquidity consistent with evolving business or operational needs, risk management standards, and regulatory or supervisory requirements;
- changes in local, regional, national or international economic, social or political conditions;
- 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;
- 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; and
- changes in business strategy, including expansion of product lines and credit risk appetite, acquisitions and divestitures.

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.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes in our exposure to market risk since December 31, 2018. Refer to Item 7A - "Quantitative and Qualitative Disclosures About Market Risk" in our 2018 Form 10-K.

Item 4. Controls and Procedures

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 Rules 13a-15(e) or 15d-15(e) promulgated under the Exchange Act) at March 31, 2019. Based on this evaluation required by paragraph (b) of Rules 13a-15 and 15d-15, our CEO and CFO concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of March 31, 2019.

Changes in Internal Control over Financial Reporting There were no changes in our internal control over financial reporting during the quarter ended March 31, 2019 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II

Item 1. Legal Proceedings

Refer to Note 9 to our condensed consolidated financial statements for information relating to certain legal proceedings.

Item 1A. Risk Factors

There have been no material changes to the Risk Factors disclosed in our 2018 Form 10-K.

GENERAL MOTORS FINANCIAL COMPANY, INC.

Item 6. Exhibits

31.1	Section 302 Certification of the Chief Executive Officer	Filed Herewith
31.2	Section 302 Certification of the Chief Financial Officer	Filed Herewith
32	Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Furnished Herewith
4.1	Thirty–Fourth Supplemental Indenture, dated January 17, 2019, by and among General Motors Financial Company, Inc. and Wells Fargo Bank, National Association, as trustee, with respect to the 5.100% Senior Notes due 2024 and the 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.	Incorporated by Reference
101.INS	XBRL Instance Document	Filed Herewith
101.SCH	XBRL Taxonomy Extension Schema Document	Filed Herewith
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document	Filed Herewith
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document	Filed Herewith
101.LAB	XBRL Taxonomy Extension Label Linkbase Document	Filed Herewith
101.PRE	XBRL Taxonomy Presentation Linkbase Document	Filed Herewith

GENERAL MOTORS FINANCIAL COMPANY, INC.

SIGNATURES

Pursuant to the requirements 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.

General Motors Financial Company, Inc.
(Registrant)

Date: April 30, 2019 By: /S/ SUSAN B. SHEFFIELD

Susan B. Sheffield
Executive Vice President and
Chief Financial Officer

Exhibit 31.1

GENERAL MOTORS FINANCIAL COMPANY, INC.

CERTIFICATIONS

I, Daniel E. Berce, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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: April 30, 2019

/s/ Daniel E. Berce

Daniel E. Berce

President and Chief Executive Officer

Exhibit 31.2

GENERAL MOTORS FINANCIAL COMPANY, INC.

CERTIFICATIONS

I, Susan B. Sheffield, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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: April 30, 2019

/s/ Susan B. Sheffield

Susan B. Sheffield

Executive Vice President and Chief Financial Officer

Exhibit 32

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 Quarterly Report of General Motors Financial Company, Inc. (the "Company") on Form 10-Q for the quarterly period ended March 31, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the Company certifies, 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: April 30, 2019

/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