

GM FINANCIAL DE MEXICO, S.A. DE C.V.
 SOCIEDAD FINANCIERA DE OBJETO MULTIPLE, E.R.
 Avenida Eugenio Garza Lagüera 933 Valle Oriente, San Pedro Garza García N.L. 66269
BALANCE GENERAL AL 31 DE DICIEMBRE DE 2016 Y 2015

(Cifras en pesos)

A C T I V O				P A S I V O			
	2016	2015		2016	2015		
DISPONIBILIDADES	\$ 1,908,163,853	\$ 1,488,176,556	PASIVOS BURSATILES	\$ 1,186,142,500	\$ 1,403,429,319		
CUENTAS DE MARGEN			PRESTAMOS BANCARIOS Y DE OTROS ORGANISMOS				
INVERSIONES EN VALORES			De corto plazo	23,894,104,397	14,988,253,513		
Títulos para negociar	-	-	De largo plazo	14,848,777,636	9,638,604,815		
Títulos disponibles para la venta	-	-		38,742,882,032	24,626,858,328		
Títulos conservados a vencimiento	-	-	COLATERALES VENDIDOS				
DEUDORES POR REPORTEO (SALDO DEUDOR)	2,405,629,552	1,541,614,669	Reportos (Saldo acreedor)	-	-		
DERIVADOS			Derivados	-	-		
Con fines de negociación	331,896,558	9,839,172	Otros colaterales vendidos	-	-		
Con fines de cobertura	-	-	DERIVADOS				
AJUSTE DE VALUACION POR COBERTURA DE			Con fines de negociación	-	4,469,539		
ACTIVOS FINANCIEROS			Con fines de cobertura	-	-		
CARTERA DE CREDITO VIGENTE			AJUSTES DE VALUACION POR COBERTURA DE				
Créditos comerciales			PASIVOS FINANCIEROS				
Actividad Empresarial	19,463,306,882	15,270,559,329	OBLIGACIONES EN OPERACIONES DE				
Entidades financieras	-	-	BURSATILIZACION	-	-		
Entidades gubernamentales	-	-	OTRAS CUENTAS POR PAGAR				
Créditos al consumo	33,634,660,714	20,120,335,616	Impuestos a la utilidad por pagar	101,433,183	189,801,060		
Créditos a la vivienda	-	-	Participación de los trabajadores en las utilidades por pagar	-	-		
TOTAL CARTERA DE CREDITO VIGENTE	53,097,967,596	35,390,894,945	Aportaciones para futuros aumentos de capital pendientes de formalizar en asamblea de accionistas	-	-		
CARTERA DE CREDITO VENCIDA			Acreedores por liquidación de operaciones	-	-		
Créditos comerciales	-	-	Acreedores por cuentas de margen	-	-		
Actividad Empresarial o comercial	64,523,794	48,177,152	Acreedores por colaterales recibidos en efectivo	-	-		
Entidades financieras	-	-	Acreedores diversos y otras cuentas por pagar	10,114,394,358	5,469,504,786		
Entidades gubernamentales	-	-		10,215,827,542	5,659,305,846		
Créditos al consumo	472,516,863	267,757,168	OBLIGACIONES SUBORDINADAS EN CIRCULACION	-	-		
Créditos a la vivienda	-	-	IMPUESTOS Y PTU DIFERIDOS (NETO)	-	-		
TOTAL CARTERA DE CREDITO VENCIDA	537,040,658	315,934,320	CREDITOS DIFERIDOS Y COBROS ANTICIPADOS	2,890,064,696	981,990,957		
CARTERA DE CREDITO	53,635,008,254	35,706,829,265	TOTAL PASIVO	53,034,916,770	32,676,053,989		
(-) MENOS:			CAPITAL CONTABLE				
ESTIMACION PREVENTIVA PARA RIESGOS CREDITICIOS	(1,174,130,256)	(714,125,945)	CAPITAL CONTRIBUIDO				
CARTERA DE CREDITO (NETO)	52,460,877,997	34,992,703,320	Capital social	85,986,339	85,986,339		
DERECHOS DE COBRO ADQUIRIDOS	-	-	Aportaciones para futuros aumentos de capital acordados en asamblea de accionistas	-	-		
(-) MENOS:			Prima en venta de acciones	-	-		
ESTIMACION POR IRRECUPERABILIDAD O DIFICIL COBRO	-	-	Obligaciones subordinadas en circulación	85,986,339	85,986,339		
DERECHOS DE COBRO (NETO)	-	-	CAPITAL GANADO				
TOTAL DE CARTERA DE CREDITO (NETO)	52,460,877,997	34,992,703,320	Reservas de capital	25,915,938	25,915,938		
BENEFICIOS POR RECIBIR EN OPERACIONES DE BURSATILIZACION			Resultado de ejercicios anteriores	6,807,311,281	6,053,679,207		
OTRAS CUENTAS POR COBRAR (NETO)	464,030,686	284,256,262	Resultado por valuación de títulos disponibles para la venta	-	-		
BIENES ADJUDICADOS	57,000	99,642	Resultado por valuación de instrumentos de cobertura de flujos de efectivo	-	-		
INMUEBLES, MOBILIARIO Y EQUIPO (NETO)	1,282,682,736	147,039,121	Resultado por tenencia de activos no monetarios	1,062,871,617	753,330,233		
INVERSIONES PERMANENTES	-	-	Resultado neto	7,896,098,836	6,832,925,378		
ACTIVOS DE LARGA DURACION DIPONIBLES PARA LA VENTA			TOTAL CAPITAL CONTABLE	7,982,085,175	6,918,911,717		
IMPUESTOS DIFERIDOS (NETO)	867,165,998	371,398,759	TOTAL PASIVO Y CAPITAL CONTABLE	\$ 61,017,001,945	\$ 39,594,965,706		
OTROS ACTIVOS			CUENTAS DE ORDEN				
Cargos diferidos, pagos anticipados e intangibles	1,296,497,565	759,838,205		\$ -	\$ -		
Otros activos	-	-	Avales otorgados	-	-		
TOTAL ACTIVO	\$ 61,017,001,945	\$ 39,594,965,706	Activos y pasivos contingentes	-	-		
			Compromisos crediticios	4,381,318,674	4,488,799,536		
			Bienes en fideicomiso o mandato	-	-		
			Bienes en administración	-	-		
			Colaterales recibidos por la entidad	2,405,629,552	1,541,614,669		
			Colaterales recibidos y vendidos por la entidad	-	-		
			Intereses devengados no cobrados derivados de cartera de crédito vencida	38,091,533	17,130,385		
			Rentas devengadas no cobradas derivadas de operaciones de arrendamiento	384,041	-		
			Otras cuentas de registro	-	-		

* El saldo historico del capital social al 31 de diciembre de \$50,000,000 de pesos*

El presente balance general, se formuló de conformidad con los Criterios de Contabilidad para las Instituciones de Crédito, emitidos por la Comisión Nacional Bancaria y de Valores, con fundamento en lo dispuesto por los Artículos 99, 101 y 102 de la Ley de Instituciones de Crédito, de observancia general y obligatoria, aplicados de manera consistente, encontrándose reflejadas las operaciones efectuadas por la institución hasta la fecha arriba mencionada, las cuales se realizaron y valoraron con apego a sanas prácticas bancarias y a las disposiciones legales y administrativas aplicables.

El presente balance general fue aprobado por el consejo de administración bajo la responsabilidad de los directivos que lo suscriben.

Las notas aclaratorias que se acompañan, forman parte integrante de este estado financiero.

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ESTADO DE RESULTADOS
DEL 1o. DE ENERO AL 31 DICIEMBRE DE 2016 Y 2015

(Cifras en pesos)

	2016	2015
Ingresos por intereses	\$ 4,913,256,763	\$ 3,374,638,657
Gastos por intereses	<u>1,925,489,286</u>	<u>1,025,669,757</u>
MARGEN FINANCIERO	2,987,767,477	2,348,968,900
Estimación preventiva para riesgos crediticios	<u>851,005,008</u>	<u>481,891,155</u>
MARGEN FINANCIERO AJUSTADO POR RIESGOS CREDITICIOS	2,136,762,469	1,867,077,745
Comisiones y tarifas cobradas	521,318,639	425,780,586
Comisiones y tarifas pagadas	761,992,214	548,660,741
Resultado por intermediación	322,155,981	757,531
Resultado por arrendamiento operativo	75,507,740	10,043,747
Otros ingresos (egresos) de la operación	124,438,909	90,006,694
Gastos de administración y promoción	<u>1,027,185,579</u>	<u>818,119,897</u>
	(745,756,524)	(840,192,080)
RESULTADO DE LA OPERACIÓN	1,391,005,945	1,026,885,665
Participación en el resultado de subsidiarias no consolidadas y asociadas	<u>-</u>	<u>-</u>
RESULTADO ANTES DE IMPUESTOS A LA UTILIDAD	1,391,005,945	1,026,885,665
Impuestos a la utilidad causados	823,901,566	399,080,979
Impuestos a la utilidad diferidos (netos)	<u>(495,767,238)</u>	<u>(125,525,547)</u>
	328,134,328	273,555,432
RESULTADO ANTES DE OPERACIONES DISCONTINUADAS	1,062,871,617	753,330,233
Operaciones Discontinuas	<u>-</u>	<u>-</u>
RESULTADO NETO	<u>\$ 1,062,871,617</u>	<u>\$ 753,330,233</u>

“El presente estado de resultados se formuló de conformidad con los Criterios de Contabilidad para las Instituciones de Crédito, emitidos por la Comisión Nacional Bancaria y de Valores, con fundamento en lo dispuesto por los Artículos 99, 101 y 102 de la Ley de Instituciones de Crédito, de observancia general y obligatoria, aplicados de manera consistente, encontrándose reflejados todos los ingresos y egresos derivados de las operaciones efectuadas por la institución durante el período arriba mencionado, las cuales se realizaron y valoraron con apego a sanas prácticas bancarias y a las disposiciones legales y administrativas aplicables.

El presente estado de resultados fue aprobado por el consejo de administración bajo la responsabilidad de los directivos que lo suscriben.”

Las notas aclaratorias que se acompañan, forman parte integrante de este estado financiero.

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Frederick George Livingood
Director General

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ESTADO DE FLUJOS DE EFECTIVO

DEL 1o. DE ENERO AL 31 DEDICIEMBRE DE 2016 Y 2015

(Cifras en pesos)

	2016	2015
Resultado neto	\$ 1,062,871,617	\$ 753,330,233
Ajustes por partidas que no implican flujo de efectivo:		
Perdidas por deterioro o efecto por reversión del deterioro asociado a actividades de inversión	-	-
Depreciaciones de inmuebles, mobiliario y equipo	165,454,820	35,493,688
Amortizaciones de activos intangibles	-	-
Provisiones	8,486,303	21,068,276
Impuestos a la utilidad causados y diferidos	328,134,328	273,555,432
Participación en el resultado de subsidiarias no consolidadas y asociadas	-	-
Operaciones discontinuadas	-	-
	<u>\$ 502,075,451</u>	<u>\$ 330,117,396</u>
Actividades de operación		
Cambios en cuentas de margen	\$ -	\$ -
Cambio en inversiones en valores	-	-
Cambio en deudores por reporto	(864,014,883)	(37,535,031)
Cambo en derivados (activo)	(322,057,386)	(2,363,368)
Cambio en cartera de credito (neta)	(17,468,174,676)	(9,118,632,132)
Cambio en derecho de cobro adquiridos (neto)	-	-
Cambios en beneficios por recibir en operaciones de bursatilización	-	-
Cambio en bienes adjudicados (neto)	42,642	(99,642)
Cambios en otros activos operativos (neto)	(2,819,123,347)	(825,710,030)
Cambios en pasivos bursatiles	(217,286,819)	300,934,152
Cambios en préstamos interbancarios y de otros organismos	14,116,023,704	7,916,771,237
Cambios en colaterales vendidos	-	-
Cambio en derivados (pasivo)	(4,469,539)	(20,468,327)
Cambio en obligaciones en operaciones de bursatilización	-	-
Cambio en obligaciones subordinadas con características de pasivo	-	-
Cambio en otros pasivos operativos	6,456,410,971	1,632,218,892
Cambio en instrumentos de cobertura (de partidas cubiertas relacionadas con actividades de operación)	-	-
Cobro de impuestos a la utilidad (devoluciones)	-	-
Pago de impuestos a la utilidad	-	-
Flujos netos de efectivo de actividades de operación	<u>\$ (1,122,649,332)</u>	<u>\$ (154,884,249)</u>
Actividades de inversión		
Cobros por disposición de inmuebles, mobiliario y equipo	\$ 6,876,336	\$ 6,487,496
Pagos por adquisición de inmuebles, mobiliario y equipo	(29,186,774)	(25,541,125)
Cobros por disposición de subsidiarias, asociadas y acuerdos con control conjunto	-	-
Pagos por adquisición de subsidiarias, asociadas y acuerdos con control conjunto	-	-
Cobros por disposición de otras inversiones permanentes	-	-
Pagos por disposición de otras inversiones permanentes	-	-
Cobros de dividendos en efectivo	-	-
Pago por adquisición de activos intangibles	-	-
Cobros por disposición de activos de larga duración disponibles para la venta	-	-
Cobros por disposición de otros activos de larga duración	-	-
Pagos por disposición de otros activos de larga duración	-	-
Cobros asociados a instrumentos de cobertura (de partidas cubiertas relacionadas con actividades de inversión)	-	-
Pagos asociados a instrumentos de cobertura (de partidas cubiertas relacionadas con actividades de inversión)	-	-
Flujos netos de efectivo de actividades de inversión	<u>\$ (22,310,438)</u>	<u>\$ (19,053,629)</u>
Actividades de financiamiento		
Cobros por emisiones de acciones	\$ -	\$ -
Pagos por reembolsos de capital social	-	-
Pagos de dividendos en efectivo	-	(600,000,000)
Pagos asociados a la recompra de acciones propias	-	-
Cobros por la emisión de obligaciones subordinadas con características de capital	-	-
Pagos asociados a obligaciones subordinadas con características de capital	-	-
Flujos netos de efectivo de actividades de financiamiento	<u>\$ -</u>	<u>\$ (600,000,000)</u>
Incremento o disminución neta de efectivo	\$ 419,987,297	\$ 309,509,751
Ajustes al flujo de efectivo por variaciones en el tipo de cambio y en los niveles de inflación	-	-
Efectivo y equivalentes al inicio del periodo	1,488,176,556	1,178,666,805
Efectivo y equivalentes al final del periodo	<u>\$ 1,908,163,853</u>	<u>\$ 1,488,176,556</u>

"El presente estado de flujos de efectivo se formuló de conformidad con los Criterios de Contabilidad para las Instituciones de Crédito, emitidos por la Comisión Nacional Bancaria y de Valores, con fundamento en lo dispuesto por los Artículos 99, 101 y 102 de la Ley de Instituciones de Crédito, de observancia general y obligatoria, aplicados de manera consistente, encontrándose reflejadas las entradas de efectivo y salidas de efectivo derivadas de las operaciones efectuadas por la institución durante el período arriba mencionado, las cuales se realizaron y valoraron con apego a sanas prácticas bancarias y a las disposiciones legales y administrativas aplicables.

El presente estado de flujos de efectivo fue aprobado por el consejo de administración bajo la responsabilidad de los directivos que lo suscriben."

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 ESTADO DE VARIACIONES EN EL CAPITAL CONTABLE DEL 1o. DE ENERO DEL 2016 AL 31 DE DICIEMBRE DE 2016

(Cifras en pesos)

Concepto	Capital Contribuido				Capital Ganado							Total capital Contable
	Capital social	Aportaciones para futuros aumentos de capital acordados en asamblea de accionistas	Prima en venta de acciones	Obligaciones subordinadas en circulación	Reservas de capital	Resultado de ejercicios anteriores	Resultado por valuación de títulos disponibles para la venta	Resultado por valuación de instrumentos de cobertura de flujos de efectivo	Efecto Acumulado por conversión	Resultado por tenencia de de activos no monetarios	Resultado neto	
Saldo al 31 de diciembre de 2015	85,986,339	-	-	-	25,915,938	6,053,679,207	-	-	-	-	753,330,233	6,918,911,717
MOVIMIENTOS INHERENTES A LAS DECISIONES DE LOS ACCIONISTAS												
Suscripción de acciones												
Capitalización de utilidades											-	-
Constitución de reservas												
Traspaso del resultado neto al resultado de ejercicios anteriores						753,330,233					(753,330,233)	-
Pago de dividendos												-
Otros						301,841						301,841
Total	-	-	-	-	-	753,632,074	-	-	-	-	(753,330,233)	301,841
MOVIMIENTOS INHERENTES AL RECONOCIMIENTO DE LA UTILIDAD INTEGRAL												
Resultado neto											1,062,871,617	1,062,871,617
Resultado por valuación de títulos disponibles para la venta												
Resultado por valuación de instrumentos de cobertura de flujos de efectivo												-
Resultado por tenencia de activos no monetarios												
Otros							0					-
Total	-	-	-	-	-	-	-	-	-	-	1,062,871,617	1,062,871,617
Saldo final al 31 de diciembre de 2016	85,986,339	-	-	-	25,915,938	6,807,311,281	-	-	-	-	1,062,871,617	7,982,085,175

"El presente estado de variaciones en el capital contable se formuló de conformidad con los Criterios de Contabilidad para las Instituciones de Crédito, emitidos por la Comisión Nacional Bancaria y de Valores, con fundamento en lo dispuesto por los Artículos 99, 101 y 102 de la Ley de Instituciones de Crédito, de observancia general y obligatoria, aplicados de manera consistente, encontrándose reflejados todos los movimientos en las cuentas de capital contable derivados de las operaciones efectuadas por la institución durante el período arriba mencionado, las cuales se realizaron y valoraron con apego a sanas prácticas bancarias y a las disposiciones legales y administrativas aplicables.

El presente estado de variaciones en el capital contable fue aprobado por el consejo de administración bajo la responsabilidad de los directivos que lo suscriben."

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NOTAS A LOS ESTADOS FINANCIEROS
AL 31 DE DICIEMBRE DE 2016
(Cifras en miles de pesos)

1.- CARTERA DE CREDITO

La cartera de crédito está representada por créditos comerciales y de consumo en moneda nacional. El monto de la cartera de crédito al 31 de diciembre de 2016, asciende a \$53,635,008 el cual se integra de la siguiente forma:

Cartera de consumo vigente sin restricción	\$ 15,363,111
Cartera de consumo vigente restringida	18,271,550
Total cartera de consumo vigente	<u>\$ 33,634,661</u>

Cartera comercial vigente sin restricción	\$8,329,683
Cartera comercial vigente restringida	11,133,624
Total cartera comercial vigente	<u>\$ 19,463,307</u>

Total cartera vigente:	<u>\$53,097,968</u>
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Cartera de consumo vencida sin restricción	\$ 404,252
Cartera de consumo vencida restringida	68,265
Total cartera de consumo vencida	<u>\$472,517</u>

Cartera comercial vencida sin restricción	\$ 52,408
Cartera comercial vencida restringida	12,116
Total cartera comercial vencida	<u>\$ 64,524</u>

Total cartera vencida:	<u>\$537,041</u>
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La cartera de crédito vencida se integra de créditos de consumo y comerciales en moneda nacional con pagos periódicos parciales de principal e intereses que presentan 90 ó más días vencidos. De acuerdo a su antigüedad, los saldos de cartera vencida se integran como sigue:

90 a 180 días	\$261,721
Mayor a 180 días	210,796
Cartera de consumo vencida	<u>\$472,517</u>

90 a 180 días	\$ 35,734
Mayor a 180 días	28,790
Cartera comercial vencida	<u>\$ 64,524</u>

Total cartera vencida	<u>\$537,041</u>
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Derivado de las operaciones de financiamiento de la compañía a las que se refiere la nota 9, existen activos restringidos dentro del rubro de cartera de crédito por un monto que asciende a: \$29,485,555.

La cartera de crédito vigente al cierre de diciembre cuenta con una reestructura, la cual se desglosa a continuación:

Cartera de consumo vigente	\$ 33,634,661
Cartera comercial vigente	\$19,443,967
Cartera comercial vigente reestructurada	19,340
Total cartera comercial vigente	<u>\$ 19,463,307</u>
Total cartera vigente:	<u>\$ 53,097,968</u>

Esta reestructura se debió a prorroga en el plazo del crédito y cambio en la tasa de interés. Las políticas y procedimientos para realizar las reestructuras de cartera de crédito se detallan en el punto 13 de estas notas.

Los intereses generados por tipo de crédito al cierre de diciembre 2016, se integran como sigue:

Cartera de crédito al consumo	\$ 3,647,853
Cartera de crédito comercial	<u>943,731</u>
	<u>\$ 4,591,584</u>

Las comisiones reconocidas como ingresos al cierre de diciembre de 2016 por créditos al consumo ascienden a \$521,319.

2.- PORCENTAJE DE CONCENTRACIÓN Y PRINCIPALES CARACTERÍSTICAS DE LA CARTERA POR REGIÓN

La concentración de la cartera por región al cierre del periodo se muestra a continuación:

Región	Saldo	Porcentaje
Ciudad de México y Area Metropolitana	14,595,770	27.21%
Noreste	10,618,441	19.80%
Occidente	6,532,901	12.18%
Centro	5,890,594	10.98%
Sur	4,995,353	9.32%
Oriente	4,599,401	8.58%
Noroeste	3,789,988	7.07%
Sureste	<u>2,612,560</u>	<u>4.86%</u>
Total:	<u>53,635,008</u>	<u>100.00%</u>

3.- ESTIMACIÓN DE RESERVA PREVENTIVA

A continuación se establece la metodología para determinar esta estimación:

Reserva de cartera consumo – La reserva de la cartera de consumo se determina con base en los artículos 90 y 91 de la Circular Única de Bancos (CUB). Las reservas de la cartera de consumo no revolvente, se determinan evaluando la probabilidad de incumplimiento, la severidad de la pérdida y la exposición al incumplimiento, crédito por crédito, considerando los datos históricos de dicha cartera.

Reserva de cartera comercial – La reserva de la cartera comercial se determina con base al artículo 110 de la Circular Única de Bancos (CUB). Hasta 2013, para calificar la cartera comercial y reconocer la reserva respectiva, se utilizaba la metodología establecida en las Disposiciones, que consideraba la situación financiera, el entorno económico, la fuente e historial de pago, la calidad de la información y las garantías. Dicha calificación se realizaba individualmente excepto por los créditos a cargo de un mismo deudor cuyo saldo era menor a un importe equivalente a 4, 000,000 de UDIS, los cuales eran evaluados de forma paramétrica atendiendo a los meses transcurridos a partir del primer incumplimiento y asignando porcentajes de reserva diferentes según se tratara de cartera reestructurada o no reestructurada.

El 24 de junio de 2013, la Comisión emitió cambios a las Disposiciones en materia de calificación de cartera crediticia comercial aplicables al ejercicio 2014, adicionando los anexos 21 y 22 al artículo 110 de la Circular Única de Bancos (CUB), los cuales señalan que para la determinación de la calificación de cartera, se debe de considerar la probabilidad de incumplimiento, severidad de la pérdida y exposición al incumplimiento. Así mismo la probabilidad de incumplimiento se determina mediante la evaluación del puntaje crediticio total para créditos a cargo de Personas Morales y Personas Físicas con Actividad Empresarial, haciendo la separación de aquellos con ingresos netos o ventas netas anuales menores al equivalente en moneda nacional a 14 millones de Unidades de Inversión (UDIS) de conformidad con los anexos mencionados.

En función del porcentaje requerido de estimación preventiva para la cartera, se determina el grado de riesgo asignado, como se muestra a continuación:

	Cartera de consumo	Cartera comercial
Grados de riesgo		
A-1	0 a 2.0	0 a 0.9
A-2	2.01 a 3.0	0.901 a 1.5
B-1	3.01 a 4.0	1.501 a 2.0
B-2	4.01 a 5.0	2.001 a 2.50
B-3	5.01 a 6.0	2.501 a 5.0
C-1	6.01 a 8.0	5.001 a 10.0
C-2	8.01 a 15.0	10.001 a 15.5
D	15.01 a 35.0	15.501 a 45.0
E	35.01 a 100.0	Mayor a 45.0

Los intereses devengados no cobrados, considerados como cartera vencida, se reservan en su totalidad al momento del traspaso a dicha cartera.

Los créditos castigados se cancelan contra la estimación preventiva cuando se determina la imposibilidad práctica de recuperación.

Cualquier recuperación derivada de los créditos previamente castigados, se reconoce en los resultados del ejercicio.

A continuación se muestran los resultados de la calificación de la cartera crediticia al cierre del periodo:

CALIFICACIÓN DE LA CARTERA CREDITICIA AL 31 DE DICIEMBRE DE 2016

(Cifras en miles de pesos)

	IMPORTE CARTERA CREDITICA	RESERVAS PREVENTIVAS NECESARIAS			
		CARTERA COMERCIAL	CARTERA DE CONSUMO	CARTERA HIPOTECARIA DE VIVIENDA	TOTAL RESERVAS PREVENTIVAS
EXCEPTUADA CALIFICADA	\$ -				
Riesgo A	49,651,106	\$ 122,943	\$ 412,980	\$ -	\$ 535,923
Riesgo B	2,319,811	\$ 26,431	50,665	0	77,096
Riesgo C	615,905	\$ 4,840	46,680	0	51,520
Riesgo D	445,610	\$ 49,477	71,865	0	121,342
Riesgo E	602,576	\$ 2	388,247	0	388,249
TOTAL	\$ 53,635,008	\$ 203,693	\$ 970,437	\$ -	\$ 1,174,130
Menos:					
RESERVAS CONSTITUIDAS					\$ 1,174,130
EXCESO					\$ 0

Las cifras para la calificación y constitución de las reservas preventivas, son las correspondientes al día último del mes a que se refiere el balance general al 31 de diciembre de 2016. La Compañía utiliza para la calificación de la cartera crediticia la metodología establecida por la CNBV.

4.- ARRENDAMIENTO OPERATIVO

El importe de ingresos por arrendamiento operativo al cierre del periodo ascendió a \$226,647.

5.- DISPONIBILIDADES

El rubro de disponibilidades al cierre del periodo se integra como se muestra a continuación:

Tipo de Disponibilidad	
Depósitos en Entidades Financieras	\$ 194,296
Otras disponibilidades	1,713,868
Total	\$ 1,908,164

6.- OPERACIONES CON VALORES Y DERIVADAS

Al cierre del periodo la Compañía tenía celebrados contratos de derivados para hacer frente a las fluctuaciones en las tasas de interés relacionadas con algunos de los instrumentos de deuda. Las operaciones celebradas con fines de cobertura de tasa tienen vencimientos entre el 2016 y el 2022.

Las operaciones celebradas por la Compañía con instrumentos financieros derivados corresponden principalmente a contratos de Swaps y Opciones de tasa de interés, ambos tienen como subyacente la tasa THIE a 28 días. La Compañía reconoce contablemente estas operaciones en instrumentos financieros derivados como de negociación.

Al 31 de diciembre de 2016 el saldo en instrumentos financieros derivados en su parte activa es de \$331,897 y en su parte pasiva \$0, y se integra como se muestra a continuación:

	Dic-16		
	Monto nominal	Posición activa	Posición Pasiva
Opciones de tasas	4,759,363	42,540	-
Swaps de tasas	18,998,238	289,357	-
Total negociación	23,757,601	331,897	-

De acuerdo a lo anterior, el resultado por valuación de instrumentos de cobertura de flujos de efectivo dentro del rubro de resultado por intermediación asciende a un ingreso de \$322,155.

Estos instrumentos financieros derivados son supervisados desde su contratación, y analizados por el área destinada al seguimiento y comparación de los valores razonables. El área de Reporteo Financiero y Derivados con base en los Estados Unidos de Norte América, funge como la parte responsable de la integridad de la información, valuación de precios a través de un proveedor Internacional, así como de realizar las verificaciones de las valuaciones de dichos precios. Periódicamente, se informa al consejo de administración respecto de la realización de las operaciones con instrumentos financieros derivados, lo cual consta en los estados financieros que se aprueban en las Sesiones de Consejo.

7.-BIENES ADJUDICADOS

El proceso de adjudicación de vehículos a favor de GM Financiera de México sucede dentro de un proceso de cobranza judicial seguido ante una autoridad competente. El proceso de valoración del bien sujeto a adjudicarse se lleva a cabo por un perito que se encuentra certificado y adscrito al juzgado donde se está llevando a cabo el juicio. Para definir el valor del vehículo, el perito puede tomar en cuenta las siguientes consideraciones, el valor comparado con bienes similares nuevos que se encuentren en el mercado y/o cotizar los valores de reposición nuevos que existen en el mercado sobre bienes similares. Al cierre del ejercicio el saldo de los bienes adjudicados asciende a \$57.

8.-PASIVOS BURSÁTILES

La Compañía cuenta con un programa de certificados bursátiles de corto plazo y largo plazo el cual fué autorizado por la Comisión Nacional Bancaria y de Valores (CNBV) el 27 de octubre de 2016 hasta por un monto total de \$7,000,000, donde el saldo insoluto de principal de los certificados bursátiles de corto plazo no podrá exceder de \$3,000,000. El programa tiene vigencia de cinco años a partir de la fecha de autorización.

El rubro de pasivos bursátiles se integra por emisiones de certificados bursátiles, al amparo de programas autorizados por la CNBV.

Al 31 de diciembre de 2016, el saldo de certificados bursátiles de corto plazo en circulación asciende a \$1,180,000 los cuales devengan intereses a tasas de mercado basadas en la Tasa de Interés Interbancaria de Equilibrio (THIE) a 28 días. Al cierre del periodo, el interés devengado fue de \$6,143 y la tasa de interés del 5.84%.

El valor de los certificados bursátiles de corto plazo se aproxima a su valor razonable debido a la naturaleza de su vencimiento.

9.- PRESTAMOS BANCARIOS Y DE OTROS ORGANISMOS

a. De corto plazo

Préstamos quirografarios con instituciones de banca múltiple, algunos de los cuales pueden estar garantizados total e incondicionalmente por la Tenedora, los cuales devengan intereses a tasas de mercado basadas en la Tasa de Interés Interbancaria de Equilibrio (TIIE) a 28 o 91 días.	\$15,295,000
Intereses devengados por pagar	158,615
	<hr/>
	15,453,615
Más porción circulante del pasivo a largo plazo	8,440,489
	<hr/>
	<u>\$23,894,104</u>

b. De largo plazo

Préstamos no garantizados con instituciones de banca de desarrollo, los cuales devengan intereses a una tasa basada en la Tasa de Interés Interbancaria de Equilibrio (TIIE) a 28 días más 185 puntos base. Al cierre del periodo, las tasas de interés devengada fue del 7.45%.	2,500,000
Préstamo con colateral, garantizado con activos crediticios, el cual devenga intereses a una tasa basada en la TIIE a 28 días más 129 puntos base. Al cierre del periodo la tasa que devengó este préstamo fue del 6.72%.	3,500,000
Préstamo con colateral, garantizado con activos crediticios, el cual devenga intereses a una tasa basada en la TIIE a 28 días más 95 puntos base. Al cierre del periodo, la tasa que devengó este préstamo fue del 6.49%.	8,497,479
Préstamo garantizado con activos crediticios, el cual devenga intereses a una tasa basada en la TIIE a 28 días más 90 puntos base. Al cierre del periodo, la tasa que devengó este préstamo fue del 6.73%.	5,995,075
Préstamo garantizado con activos crediticios, el cual al cierre del periodo, la tasa que devengó fue del 6.42%.	2,796,713
	<hr/>
Pasivo a largo plazo	23,289,267
Menos porción circulante del pasivo a largo plazo	8,440,489
	<hr/>
	<u>\$ 14,848,778</u>

El valor contable de los préstamos bancarios de corto plazo a cargo de la Compañía se aproxima a su valor razonable, y no se tienen intenciones de pagarlos anticipadamente. La Compañía está obligada a mantener saldos de efectivo en garantía de los préstamos garantizados con activos crediticios. Dicho efectivo genera intereses a favor de la Compañía a una tasa de interés de mercado. Al cierre del periodo, dicho efectivo restringido generó ingresos por \$51,153 los cuales se incluyen en el rubro otros ingresos de la operación.

c. Los vencimientos de la porción a largo plazo de este pasivo al 31 de diciembre de 2016, son:

2018	5,880,277
2019	7,174,051
2020	1,695,225
2021	93,955
2022	5,270
	<hr/>
	\$14,848,778

Se han contratado instrumentos financieros derivados para cubrir los riesgos de tasa de interés de algunos de estos préstamos.

Al cierre del periodo, la Compañía mantiene una capacidad disponible, aún no dispuesta, tanto en sus líneas de crédito revolventes como para monetización de cartera, por un monto de \$1,015,734.

Al cierre del periodo, hemos aportado, en calidad de fideicomitentes, cierto porcentaje de nuestra cartera a efecto de celebrar los siguientes contratos de fideicomiso:

- (i) Contrato de Fideicomiso Maestro Irrevocable número F/804, celebrado el 24 de septiembre de 2008 entre el Emisor, en su carácter de fideicomitente, Banco Invex, S.A., Institución de Banca Múltiple, Invex Grupo Financiero, Fiduciario, en su carácter de fiduciario, y Monex Casa de Bolsa, S.A. de C.V., Monex Grupo Financiero, como representante común de los tenedores. En términos generales, en virtud de dicho fideicomiso se implementó un mecanismo para bursatilizar ciertas cuentas por cobrar aportadas al patrimonio de dicho Fideicomiso F/804 por el Emisor.
- (ii) Contrato de Fideicomiso Irrevocable número F/00251, celebrado el 14 de octubre de 2005 entre el Emisor, en su carácter de fideicomitente y fideicomisario en segundo lugar, y CIBanco, S.A., Institución de Banca Múltiple (antes The Bank of New York Mellon, S.A., Institución de Banca Múltiple), como fiduciario. En términos generales, en virtud del Fideicomiso F/00251 se estableció un mecanismo para (i) el financiamiento de ciertos créditos cedidos por el Emisor al patrimonio de dicho fideicomiso, y (ii) la emisión del pagaré pagadero a la orden del fideicomisario en primer lugar, solamente con los recursos del patrimonio del mismo.
- (iii) Contrato de Fideicomiso Irrevocable número F/242896, celebrado el 31 de agosto de 2007 entre el Emisor, en su carácter de fideicomitente y fideicomisario en segundo lugar, y HSBC México, S.A., Institución de Banca Múltiple, Grupo Financiero HSBC, División Fiduciaria, como fiduciario. Dicho fideicomiso fue modificado en virtud de un convenio de sustitución fiduciaria, de fecha 6 de febrero de 2013 en el cual HSBC México, S.A., Institución de Banca Múltiple, Grupo Financiero HSBC, División Fiduciaria fue sustituido por Banco Invex, S.A., Institución de Banca Múltiple, Invex Grupo Financiero, Fiduciario como fiduciario del mismo y dicho a fideicomiso le fue reasignado como número de identificación, el F/1380. En virtud de dicho fideicomiso se estableció un mecanismo para que el fideicomisario en primer lugar pudiera invertir en pagarés emitidos por el fiduciario mediante (i) la cesión y aportación de créditos cedidos por el Emisor al patrimonio de dicho fideicomiso, así como de todos los derechos y obligaciones previstos en los contratos de intercambio de tasas de interés, en su caso, por parte del fideicomitente al fiduciario de conformidad con ciertos contratos de cesión correspondientes, y (ii) el fondeo por parte del fideicomisario en primer lugar y la emisión por parte del fiduciario del pagaré pagadero a la orden del fideicomisario en primer lugar, con recurso limitado únicamente al patrimonio del fideicomiso aquí descrito.
- (iv) Contrato de Fideicomiso Irrevocable número F/2965, celebrado el 31 de marzo de 2016 entre el Emisor, en su carácter de fideicomitente y fideicomisario en segundo lugar, y Banco Monex, S.A., Institución de Banca Múltiple, Monex Grupo Financiero, como fiduciario. En términos generales, en virtud del fideicomiso aquí descrito se implementó un mecanismo para proporcionar financiamiento al Emisor y que la misma adquiera ciertos créditos por parte del fideicomisario en primer lugar, en los términos establecidos en dicho fideicomiso.

Manifestamos que para los fideicomisos anteriormente enlistados no es aplicable la consolidación a los activos totales de la Emisora en virtud de que los mismos se mantuvieron dentro de los Estados Financieros de la compañía.

10.- OPERACIONES DE BURSATILIZACIÓN

Con el propósito de diversificar sus fuentes de financiamiento, la compañía ha celebrado en forma privada estructuras financieras mediante las cuales ha monetizado parte de su cartera de crédito de consumo y comercial a favor de instituciones de crédito con presencia en la República Mexicana y en el Extranjero las cuales son sin baja de activos financieros. Dichas transacciones se han realizado desde el 14 de octubre de 2005. El saldo de principal vigente al cierre del ejercicio de las estructuras financieras asciende a \$20,789,266 y los intereses por pagar derivados de dichos préstamos ascienden a \$94,697 en un vencimiento mensual. La tasa de interés promedio que aplicaron en el período fue de 6.62%.

11.- SALDOS CON PARTES RELACIONADAS

Los saldos con partes relacionadas al 31 de diciembre, se integran como sigue:

Cuentas por cobrar:

General Motors de México, S. de R.L. de C.V.	Incentivos y comisiones	\$354,096
General Motors Financial Company Inc.	Servicios administrativos	18

Cuentas por pagar:

General Motors de México, S. de R.L. de C.V.	Inventario en tránsito	\$5,754,238
General Motors Financial International B.V.	Préstamo Intercompañía	3,639,609
Servicios GMAC, S.A. de C.V.	Préstamo Intercompañía	100,297
		<u>\$9,494,144</u>

La compañía cuenta con una línea de crédito comprometida con General Motors Financial Company Inc., que asciende a \$10,000,000.

12.- CAPITAL CONTABLE

En asamblea general de accionistas con fecha de 25 de junio de 2015 se acordó pagar un dividendo en efectivo por \$600 mil pesos por cada una de las 1,000 acciones en circulación representativas del capital social de la compañía, con cargo al resultado de ejercicios anteriores.

13.- IMPUESTOS A LA UTILIDAD

El impuesto a la utilidad causado se determina mediante la aplicación de la legislación fiscal vigente sobre los ingresos gravables y deducciones autorizadas del ejercicio. El impuesto anual determinado se presenta como un pasivo a corto plazo neto de los anticipos efectuados durante el año, o como un activo en el caso de que los anticipos sean superiores al impuesto anual determinado.

El impuesto a la utilidad diferido se determina aplicando el método de activos y pasivos. Bajo este método, a todas las diferencias que surgen entre los valores contables y fiscales de los activos y pasivos, se les aplica la tasa del impuesto sobre la renta (ISR), vigente a la fecha de los estados financieros, o bien, aquellas tasas aprobadas a esa fecha y que estarán vigentes al momento en que se estima que los activos y pasivos por impuesto a la utilidad diferido se recuperarán o se liquidarán. La Compañía evalúa periódicamente la recuperabilidad de los activos por impuesto diferido, creando en su caso, una estimación sobre aquellos montos en los que no existe una alta probabilidad de recuperación.

El impuesto causado y diferido es reconocido como un gasto en los resultados del ejercicio, excepto cuando haya surgido de una transacción o suceso que se reconoce fuera del resultado del ejercicio como otro resultado integral o una partida reconocida directamente en el capital contable.

14.-INDICADORES FINANCIEROS

A continuación se enlistan los principales indicadores financieros al cierre del periodo:

Índice de Morosidad: 1.00%

Índice de Cobertura de Cartera de Crédito Vencida: 218.63%

Eficiencia Operativa: 2.01%

Retorno sobre Capital: 18.01%

Retorno sobre Activos: 2.47%

Índice de Capitalización: 13.08%

Liquidez: Activos Líquidos / Pasivos Líquidos: 17.20%

MIN: Margen financiero del trimestre ajustado por riesgos crediticios anualizado / Activos productivos promedio: 3.92%

15.- PRINCIPALES POLITICAS CONTABLES

Las políticas contables que sigue la Entidad están de acuerdo con los criterios contables establecidos por la Comisión, los cuales se incluyen en las “Disposiciones de Carácter General Aplicables a los Almacenes Generales de Depósito, Casas de Cambio, Uniones de Crédito, Sociedades Financieras de Objeto Múltiple Reguladas” (las “Disposiciones”), las cuales requieren que la Administración efectúe ciertas estimaciones y utilice ciertos supuestos para determinar la valuación de algunas de las partidas incluidas en los estados financieros y efectuar las revelaciones que se requieran en los mismos. Aun cuando pueden llegar a diferir de su efecto final, la Administración considera que las estimaciones y supuestos utilizados fueron los adecuados en las circunstancias actuales.

De acuerdo con el criterio contable A-1 “Esquema básico del conjunto de criterios contables aplicables a Instituciones de Crédito” de la Comisión, la contabilidad de las Sofomes se ajustará a las normas de información financiera aplicables en México (NIF), definidas por el Consejo Mexicano de Normas de Información Financiera, A.C. (CINIF), excepto cuando a juicio de la Comisión sea necesario aplicar una normatividad o un criterio contable específico, tomando en consideración que las Sofomes realizan operaciones especializadas.

A continuación se describen las principales políticas contables seguidas por la Entidad:

a. Cambios contables –

A partir del 1 de enero de 2016, la Sociedad adoptó las siguientes mejoras a las NIF:

Mejoras a las NIF 2016 – Se emitieron las siguientes mejoras que provocaron cambios contables:

Asimismo, se adoptaron las siguientes normas que no generan cambios contables:

NIF C-7, Inversiones en asociadas, negocios conjuntos y otras inversiones permanentes - Se establece que en caso de aportaciones en especie, éstas deben reconocerse al valor razonable que fue negociado entre los propietarios o accionistas, a menos que sean consecuencia de la capitalización de una deuda, en cuyo caso,

Asimismo, se adoptaron las siguientes normas que no generan cambios contables:

NIF C-3, Cuentas por cobrar - Se hacen precisiones al alcance de la norma para homologar varios conceptos relacionados al tema de instrumentos financieros

Al 31 de diciembre de 2016, la Sociedad no tuvo efectos de estas nuevas normas en su información financiera.

b. Reconocimiento de los efectos de la inflación - La inflación acumulada de los tres ejercicios anuales anteriores al 31 de diciembre de 2016, 2015 y 2014, es 9.57%, 11.68% y 11.80%, respectivamente; por lo tanto, el entorno económico califica como no inflacionario en ambos ejercicios y, consecuentemente, no se reconocen los efectos de la inflación en los estados financieros adjuntos. Los porcentajes de inflación por los años que terminaron el 31 de diciembre de 2016, 2015 y 2014 fueron 3.36%, 2.13% y 4.08%, respectivamente.

c. Disponibilidades - Este rubro se integra principalmente por depósitos en compañías financieras efectuados en el país, representados por efectivo e inversiones a corto plazo, de gran liquidez, fácilmente convertibles en efectivo. Se valúan a valor nominal y en el caso de moneda extranjera se valúa a su valor razonable con base en el tipo de cambio emitido por Banco de México al cierre del ejercicio. La cobranza procedente de la cartera cedida en garantía, se reconoce como una disponibilidad restringida. Los rendimientos que generan los depósitos se reconocen en los resultados del ejercicio conforme se devengan.

d. Instrumentos financieros derivados - La Entidad obtiene financiamientos bajo diferentes condiciones; cuando estos son a tasa variable, con la finalidad de reducir su exposición a riesgos de volatilidad en tasas de interés, pueden ser contratados algunos instrumentos financieros derivados tales como Swaps que convierten su perfil de pago de intereses de tasa variable a tasa fija, así como opciones Caps de tasa de interés. La negociación con instrumentos derivados se realiza sólo con instituciones de reconocida solvencia y se han establecido límites de contraparte para cada institución. La política de la Entidad es la de no realizar operaciones con instrumentos financieros derivados con propósitos de especulación.

La Entidad reconoce todos los activos o pasivos que surgen de las operaciones con instrumentos financieros derivados en el balance general a valor razonable, independientemente del propósito de su tenencia. La Entidad decidió dar el tratamiento contable de negociación a sus instrumentos financieros derivados, por lo que las ganancias o pérdidas resultantes de la valuación a valor razonable son reconocidas inmediatamente en los resultados del período. El valor razonable se determina con base en precios de mercados reconocidos o provistos por contrapartes y determinados con base en técnicas de valuación aceptadas en el ámbito financiero.

e. Cartera de crédito - Representa el saldo de los montos efectivamente entregados a los acreditados más los intereses devengados no cobrados. La estimación preventiva para riesgos crediticios se presenta deduciendo de los saldos de cartera.

El saldo insoluto de los créditos se registra como cartera vencida cuando cumpla con las siguientes características:

1. Créditos con pago único de principal e intereses al vencimiento presenten 30 o más días naturales de vencidos;
2. Créditos con pagos periódicos parciales de principal e intereses presentan 90 o más días naturales de vencidos;
3. Cuando se tiene evidencia de que el cliente ha sido declarado en concurso mercantil.

Los intereses se reconocen como ingresos en el momento en que se devengan. La acumulación de intereses se suspende al momento en que el crédito se traspasa a cartera vencida, y a partir de ese momento se controlan en cuentas de orden.

Los intereses ordinarios devengados durante el periodo en que el crédito se consideró cartera vencida se reconocen como ingresos en el momento en que se cobran.

La Entidad aplica anualmente contra la estimación preventiva para riesgos crediticios los créditos que considera incobrables de la cartera vencida y con antigüedad mayor a un año.

La cartera que ha sido otorgada como garantía de los préstamos obtenidos por la Entidad, es designada como cartera restringida.

La cartera bursátil está siendo administrada por la Entidad debido a que corresponde a cartera cedida con recurso.

f. Estimación preventiva para riesgos crediticios - Se mantiene una estimación para riesgos crediticios, la cual a juicio de la Administración, es suficiente para cubrir cualquier pérdida que pudiera surgir tanto de los préstamos incluidos en su cartera de créditos, como de otros riesgos crediticios. A continuación se establece la metodología para determinar esta estimación.

Reserva de cartera consumo – Las reservas de la cartera de consumo no revolvente, se determinan evaluando la probabilidad de incumplimiento, la severidad de la pérdida y la exposición al incumplimiento, crédito por crédito, considerando los datos históricos de dicha cartera.

Reserva de cartera comercial – La reserva de la cartera comercial se determina con base al artículo 110 de la Circular Única de Bancos (CUB). Hasta 2013, para calificar la cartera comercial y reconocer la reserva respectiva, se utilizaba la metodología establecida en las Disposiciones, que consideraba la situación financiera, el entorno económico, la fuente e historial de pago, la calidad de la información y las garantías. Dicha calificación se realizaba individualmente excepto por los créditos a cargo de un mismo deudor cuyo saldo era menor a un importe equivalente a 4 millones de Unidades de Inversión (UDIS), los cuales eran evaluados de forma paramétrica atendiendo a los meses transcurridos a partir del primer incumplimiento y asignando porcentajes de reserva diferentes según se tratara de cartera reestructurada o no reestructurada.

El 24 de junio de 2013, la Comisión emitió cambios a las Disposiciones en materia de calificación de cartera crediticia comercial aplicables al ejercicio 2013, adicionando los anexos 21 y 22 al artículo 110 de la Circular Única de Bancos (CUB), los cuales señalan que para la determinación de la calificación de cartera, se debe de considerar la probabilidad de incumplimiento, severidad de la pérdida y exposición al incumplimiento, considerando lo señalado más adelante en esta sección.

Las reservas de la cartera comercial se determinan mediante la evaluación del puntaje crediticio total para créditos a cargo de Personas Morales y Personas Físicas con Actividad Empresarial, haciendo la separación de aquellos con ingresos netos o ventas netas anuales menores al equivalente en moneda nacional a 14 millones de UDIS de conformidad con los anexos mencionados.

El porcentaje requerido de estimación preventiva para la cartera, se determina en función del grado de riesgo asignado, como se muestra a continuación:

Grados de riesgo	Cartera de consumo	Cartera comercial
A-1	0 a 2.0	0 a 0.9
A-2	2.01 a 3.0	0.901 a 1.5
B-1	3.01 a 4.0	1.501 a 2.0
B-2	4.01 a 5.0	2.001 a 2.50
B-3	5.01 a 6.0	2.501 a 5.0
C-1	6.01 a 8.0	5.001 a 10.0
C-2	8.01 a 15.0	10.001 a 15.5
D	15.01 a 35.0	15.501 a 45.0
E	35.01 a 100.0	Mayor a 45.0

Los intereses devengados no cobrados, considerados como cartera vencida, se reservan en su totalidad al momento del traspaso a dicha cartera.

Los créditos calificados como irrecuperables se cancelan contra la estimación preventiva cuando se determina la imposibilidad práctica de recuperación. Adicionalmente, por los créditos comerciales que se encuentren en cartera vencida y reservados en su totalidad, la Administración evalúa periódicamente si éstos deben ser aplicados contra la estimación preventiva.

Cualquier recuperación derivada de los créditos previamente castigados, se reconoce en los resultados del ejercicio.

Durante 2016, 2015 y 2014 se constituyeron reservas por \$851,005, \$481,891 y \$326,466, respectivamente, mismas que fueron registradas en el rubro de estimación preventiva para riesgos crediticios en el estado de resultados.

Descripción General de las Metodologías Regulatorias establecidas por la Comisión - Las metodologías regulatorias para calificar la cartera de consumo y la cartera comercial establecen que la reserva de dichas carteras se determina con en base en la estimación de la pérdida esperada regulatoria de los créditos para los siguientes doce meses.

Dichas metodologías estipulan que en la estimación de dicha pérdida esperada se evalúan la probabilidad de incumplimiento, la severidad de la pérdida y la exposición al incumplimiento, y que el resultado de la multiplicación de estos tres factores es la estimación de la pérdida esperada que es igual al monto de reservas que se requieren constituir para enfrentar el riesgo de crédito.

Dependiendo del tipo de cartera, la probabilidad de incumplimiento, la severidad de la pérdida y la exposición al incumplimiento en las metodologías regulatorias se determinan considerando lo siguiente:

– Probabilidad de Incumplimiento:

Consumo no revolvente - toma en cuenta la morosidad actual, los pagos que se realizan respecto al saldo de los últimos exigibles, las veces que se paga el valor original del bien, el tipo de crédito, el plazo remanente, entre otros.

Comercial - considerando según el tipo de acreditado, los factores de experiencia de pago, experiencia de pago INFONAVIT, evaluación de las agencias calificadoras, riesgo financiero, riesgo socio-económico, fortaleza financiera, riesgo país y de la industria, posicionamiento del mercado, transparencia y estándares y gobierno corporativo y competencia de la administración.

– Severidad de la Pérdida:

Consumo no revolvente - de acuerdo con el número de pagos incumplidos.

Comercial - considerando garantías reales financieras y no financieras y garantías personales.

– Exposición al Incumplimiento:

Consumo no revolvente - considera el saldo del crédito a la fecha de la calificación.

Comercial - para créditos revocables se considera el saldo del crédito a la fecha de la calificación. Para créditos irrevocables se toma en cuenta el nivel actual de utilización de la línea para estimar en cuanto aumentaría el uso de dicha línea en caso de incumplimiento.

g. Concentración de riesgo crediticio - Los instrumentos financieros que potencialmente exponen al riesgo de crédito a la Entidad, consisten en cuentas por cobrar a clientes. Para reducir el riesgo de crédito, la Entidad realiza evaluaciones en forma periódica respecto a la situación financiera de sus clientes y les requiere garantías específicas. La Entidad considera que su concentración de riesgos de crédito es mínima dado el gran número de clientes y su dispersión geográfica. Adicionalmente, la Entidad considera que su riesgo de crédito potencial está adecuadamente cubierto con la estimación preventiva para riesgos crediticios que ha constituido para tal fin.

h. Mobiliario y equipo, neto - Las adiciones de mobiliario y equipo, así como los gastos de instalación, se registran a su costo de adquisición. Los saldos que provienen de adquisiciones realizadas entre el 1 de enero de 1997 y hasta el 31 de diciembre de 2007 se actualizaron aplicando factores derivados del INPC hasta esa fecha. La depreciación se calcula conforme al método de línea recta con base en la vida útil remanente de los activos, como sigue:

	%
Equipo de transporte	33.33
Equipo de oficina	20.00
Equipo de cómputo	33.33
Mejoras a locales arrendados	20.00
Automóviles otorgados en arrendamiento operativo	20.00

i. Intereses y comisiones cobradas y pagadas - Los ingresos y gastos financieros provenientes de las inversiones, créditos recibidos y comisiones, se reconocen en resultados conforme se devengan, incluyendo los derivados de contratos de menudeo con mensualidades vencidas, tal como lo indica el inciso e) de esta nota. Los intereses moratorios se registran en resultados hasta el momento en que se cobran.

Las comisiones cobradas por el otorgamiento inicial de créditos se registran como un crédito diferido, el cual se reconoce conforme se devenga en los resultados del ejercicio como un ingreso por intereses, durante la vida del crédito.

Las comisiones pagadas por la colocación de contratos de menudeo se registran dentro del rubro de Pagos anticipados y otros, y se amortizan en resultados conforme se devengan, en el rubro de Comisiones pagadas.

j. Transacciones en moneda extranjera - Las operaciones en moneda extranjera se registran al tipo de cambio vigente en la fecha de la operación. Los activos y pasivos en moneda extranjera se valúan en moneda nacional al tipo de cambio vigente a la fecha de los estados financieros, las fluctuaciones cambiarias se registran en los resultados.

k. Bienes adjudicados - A través de peritos son considerados los precios de mercado sobre bienes similares en condiciones de uso normal y las condiciones de mercado que han imperado en bienes similares dentro del propio mercado por lo que el valor de bienes adjudicados se reconocen a su costo o valor razonable deducido de los costos y gastos estrictamente indispensables que se eroguen en su adjudicación, el que sea menor. El perito determina el valor y lo presenta ante el juzgado basado en el estudio que realizó observando ciertas consideraciones como el valor de bienes similares nuevos que imperan en el mercado, se validan los valores de reposición nuevos que existen en el mercado sobre bienes similares, y dada la inmaterialidad en cifras y en volumen durante el año consideramos que otras revelaciones requeridas se consideran poco importantes. El monto de bienes adjudicados en 2016, 2015 y 2014 ascendió a \$57, \$100 y \$0 respectivamente.

l. Provisiones - Se reconocen cuando se tiene una obligación presente como resultado de un evento pasado, que probablemente resulte en la salida de recursos económicos y que pueda ser estimada razonablemente.

m. Impuestos a la utilidad - El impuesto sobre la renta (ISR) se registra en los resultados del año en que se causan. Para reconocer el impuesto diferido se determina si, con base en proyecciones financieras, la Entidad causará ISR y reconoce el impuesto diferido que corresponde. El impuesto diferido se reconoce aplicando la tasa correspondiente a las diferencias temporales que resultan de la comparación de los valores contables y fiscales de los activos y pasivos, y en su caso, se incluyen los beneficios de las pérdidas fiscales por amortizar y de algunos créditos fiscales. El impuesto diferido activo se registra sólo cuando existe alta probabilidad de que pueda recuperarse.

n. Ingresos por intereses - Los ingresos por intereses se reconocen cuando es probable que los beneficios económicos fluyan hacia la Entidad y el importe de los ingresos pueda ser valuado confiablemente. Los ingresos por intereses se registran sobre una base periódica, con referencia al saldo insoluto y a la tasa de interés efectiva aplicable, la cual es la tasa que exactamente descuenta los flujos de efectivo estimados a recibir a lo largo de la vida esperada del activo financiero y lo iguala con el importe neto en libros del activo financiero en su reconocimiento inicial.

o. Cuentas de orden - Representan los intereses devengados no cobrados de la cartera vencida, en tanto los créditos relativos se mantengan en dicha cartera, el monto de las líneas de crédito autorizadas por la Entidad y no utilizados por el cliente y a partir del 2016 las rentas devengadas no pagadas con mayor antigüedad a 30 días.

En las cuentas de orden se registran activos o compromisos que no forman parte del balance general de la Entidad ya que no se adquieren los derechos de los mismos o dichos compromisos no se reconocen como pasivo de la Entidad en tanto dichas eventualidades no se materialicen, respectivamente. Los importes acumulados en las cuentas de orden solo han sido sujetos a pruebas de auditoría cuando de su información se deriva un registro contable.

GM FINANCIAL DE MÉXICO, S.A. DE C. V.
 SOCIEDAD FINANCIERA DE OBJETO MULTIPLE, E.R.
 (Millones de pesos al 31 de diciembre de 2016)

INFORME DE COMENTARIOS Y ANALISIS DE LA ADMINISTRACION

A) RESULTADOS DE OPERACIÓN TRIMESTRAL

Ingresos por intereses

Los rendimientos generados por financiamientos otorgados a mayoreo y menudeo, se describen y analizan a continuación:

Conceptos	Periodos		Variaciones	
	31-dic-15	31-dic-16	Dec 15 / Dec 16	
Ingresos por intereses comercial	\$787	\$943	\$156	19.82%
Ingresos por intereses al consumo	\$2,361	\$3,648	\$1,287	54.51%
Otros ingresos por intereses	\$227	\$322	\$95	41.85%
Ingresos por intereses	\$3,375	\$4,913	\$1,538	45.57%

El aumento del 45.57% al cuarto trimestre de 2016 en relación al cuarto trimestre de 2015 se debe principalmente a que los ingresos por intereses al consumo tuvieron un aumento del 54.51% en gran medida por el incremento de volumen de unidades financiadas durante el 2016.

Gastos por intereses

Los gastos por intereses por préstamos de bancos y de otros organismos, se comparan y analizan a continuación:

Conceptos	Periodos		Variaciones	
	31-dic-15	31-dic-16	Dec 15 / Dec 16	
Gastos por intereses	\$1,026	\$1,925	\$899	87.62%
Gastos por intereses	\$1,026	\$1,925	\$899	87.62%

Los gastos por intereses mostraron un incremento neto del 87.62% al cuarto trimestre de 2016 con respecto al cuarto trimestre de 2015. Esto se debe principalmente al incremento del balance de la deuda con respecto al mismo periodo de 2015 para soportar el crecimiento de activos, principalmente de crédito al consumo.

Resultado por posición monetaria

El resultado por posición monetaria representa el efecto de la inflación, medido en términos de la UDI, sobre el neto de activos y pasivos monetarios al inicio de cada mes. La pérdida se genera por tener más activos que pasivos. A partir de 2008 la NIF B-10 de los efectos de la inflación en la información financiera, establece que ante el cambio de un entorno económico inflacionario a uno no inflacionario, no deben reconocerse los efectos de la inflación del periodo.

Margen Financiero

El margen financiero en términos nominales presenta un incremento neto del 27.20%, derivado principalmente de un incremento de los ingresos por intereses de \$1,538 millones combinado con un incremento en los gastos por intereses de \$899 millones.

Conceptos	Periodos		Variaciones	
	31-dic-15	31-dic-16	Dec 15 / Dec 16	
Ingresos por Intereses	\$3,375	\$4,913	\$1,538	45.57%
Gastos por Intereses	\$1,026	\$1,925	\$899	87.62%
Margen Financiero	\$2,349	\$2,988	\$639	27.20%

Estimación Preventiva para Riesgos Crediticios

La estimación preventiva se compara a continuación:

Conceptos	Periodos		Variación	
	31-dic-15	31-dic-16	Dec 15 / Dec 16	
Reserva para Riesgos Crediticios	\$482	\$851	\$369	76.56%
Reserva para Riesgos Crediticios	\$482	\$851	\$369	76.56%

La estimación preventiva para riesgos crediticios presenta un incremento neto del 76.56% de los cuales \$350 millones corresponden a un incremento en reserva de la cartera de consumo con respecto al trimestre del año anterior, un decremento en la reserva de cartera comercial de \$94 millones con respecto al trimestre del año anterior y un incremento en castigos de cartera de consumo en \$113 millones con respecto al año anterior.

A continuación se muestran los resultados de la calificación de la cartera crediticia al cierre del periodo:

CALIFICACIÓN DE LA CARTERA CREDITICIA AL 31 DE DICIEMBRE DE 2016					
	IMPORTE CARTERA CREDITICA	RESERVAS PREVENTIVAS NECESARIAS			
		CARTERA COMERCIAL	CARTERA DE CONSUMO	CARTERA HIPOTECARIA DE VIVIENDA	TOTAL RESERVAS PREVENTIVAS
EXCEPTUADA CALIFICADA	\$ -				
Riesgo A	49,651	\$ 123	\$ 413	\$ -	\$ 536
Riesgo B	2,321	26	51	0	77
Riesgo C	616	5	47	0	52
Riesgo D	446	49	72	0	121
Riesgo E	603	-	388	0	388
TOTAL	\$ 53,637	\$ 203	\$ 971	\$ -	\$ 1,174
Menos:					
RESERVAS CONSTITUIDAS					\$ 1,174
EXCESO					\$ -

Comisiones y tarifas

Las comisiones y tarifas se describen y comparan a continuación:

Conceptos	Periodos		Variaciones	
	31-dic-15	31-dic-16	Dec 15 / Dec 16	
Comisiones y Tarifas cobradas	\$426	\$521	\$95	22.30%
Comisiones y Tarifas Pagadas	\$549	\$762	\$213	38.80%
Comisiones y tarifas netas	(\$123)	(\$241)	(\$118)	95.93%

Las comisiones cobradas presentan incremento de 22.30% en el ejercicio de 2016 con respecto al 2015. En tanto las comisiones pagadas tuvieron un incremento al cuarto trimestre de 2016 de \$213 millones respecto al 2015 lo cual representa un 38.80%, esto debido al incremento en la cartera de consumo.

Gastos de Administración

La integración y análisis de los gastos de administración se muestran a continuación:

Conceptos	Periodos		Variación	
	31-dic-15	31-dic-16	Dec 15 / Dec 16	
Remuneraciones	\$250	\$279	\$29	11.60%
Honorarios	\$249	\$388	\$139	55.82%
Rentas	\$14	\$15	\$1	7.14%
Gastos de Promoción	\$16	\$19	\$3	18.75%
Impuestos y derechos diversos	\$12	\$33	\$21	100.00%
Otros gastos	\$262	\$279	\$17	6.49%
Depreciación	\$15	\$14	(\$1)	-6.67%
Gastos de administración	\$818	\$1,027	\$209	25.55%

Los gastos de administración reflejan un incremento de 25.67% al cuarto trimestre de 2016 en relación con el cuarto trimestre de 2015, este aumento es atribuido principalmente a incremento en cargo corporativo y en remuneraciones.

Impuestos Causados y Diferidos

La comparación y análisis de los impuestos causados se muestran en la siguiente tabla:

Conceptos	Periodos		Variación	
	31-dic-15	31-dic-16	Dec 15 / Dec 16	
Impuesto Causado	\$399	\$824	\$425	106.52%
Impuesto Diferido	(\$126)	(\$496)	(\$370)	293.65%
Impuestos	\$273	\$328	\$55	20.15%

El impuesto a la utilidad causado se determina mediante la aplicación de la legislación fiscal vigente sobre los ingresos gravables y deducciones autorizadas del ejercicio. El impuesto anual determinado se presenta como un pasivo a corto plazo neto de los anticipos efectuados durante el año, o como un activo en el caso de que los anticipos sean superiores al impuesto anual determinado.

El impuesto a la utilidad diferido se determina aplicando el método de activos y pasivos. Bajo este método, a todas las diferencias que surgen entre los valores contables y fiscales de los activos y pasivos, se les aplica la tasa del impuesto sobre la renta (ISR), vigente a la fecha de los estados financieros, o bien, aquellas tasas aprobadas a esa fecha y que estarán vigentes al momento en que se estima que los activos y pasivos por impuesto a la utilidad diferido se recuperarán o se liquidarán. La Compañía evalúa periódicamente la recuperabilidad de los activos por impuesto diferido, creando en su caso, una estimación sobre aquellos montos en los que no existe una alta probabilidad de recuperación.

El impuesto causado y diferido es reconocido como un gasto en los resultados del ejercicio, excepto cuando haya surgido de una transacción o suceso que se reconoce fuera del resultado del ejercicio como otro resultado integral o una partida reconocida directamente en el capital contable.

B) SITUACION FINANCIERA, LIQUIDEZ Y RECURSOS DE CAPITAL
(Cifras en millones de pesos)

Los principales requerimientos de liquidez y recursos de capital de GM Financiamiento de México son para el otorgamiento de créditos para la adquisición de vehículos y otros productos a la red de Concesionarios de General Motors de México y a otros distribuidores de otras armadoras que tengan firmado un contrato de Plan Piso con GM Financiamiento de México, así como a cualquier persona física o moral que desee adquirir un automóvil nuevo o usado. Las fuentes de liquidez de GM Financiamiento de México, además de las inherentes al negocio, están conformadas por líneas de crédito revolventes con bancos con presencia en el territorio nacional, tanto mexicanos como extranjeros, a corto y largo plazo, Certificados Bursátiles de Corto Plazo y monetización de una parte de la cartera de crédito bajo diferentes fideicomisos:

a. De corto plazo

Préstamos quirografarios con instituciones de banca múltiple, algunos de los cuales, pueden estar garantizados total e incondicionalmente por la Tenedora, los cuales devengan intereses a tasas de mercado basadas en la Tasa de Interés Interbancaria de Equilibrio (TIIE) a 28 o 91 días.	\$15,295
Emisiones de Certificados Bursátiles de Corto Plazo	1,180
Intereses devengados por pagar	165
	16,640
Más porción circulante del pasivo a largo plazo	8,440
	\$25,080

b. De largo plazo

Préstamos no garantizados con instituciones de banca de desarrollo, los cuales devengan intereses a una tasa basada en la Tasa de Interés Interbancaria de Equilibrio (TIIE) a 28 días más 185 puntos base. Al cierre del periodo, las tasas de interés promedio devengada fue del 7.45%.	2,500
Préstamo con colateral, garantizado con activos crediticios, el cual devenga intereses a una tasa basada en la TIIE a 28 días más un promedio de 129 puntos base. Al cierre del periodo la tasa de interés promedio que devengó este préstamo fue del 6.72%.	3,500
Préstamo con colateral, garantizado con activos crediticios, el cual devenga intereses a una tasa basada en la TIIE a 28 días más 95 puntos base. Al cierre del periodo, la tasa que devengó	8,497

este préstamo fue del 6.49%.

Préstamo garantizado con activos crediticios, el cual devenga intereses a una tasa basada en la TIIIE a 28 días más 90 puntos base. Al cierre del periodo, la tasa que devengó este préstamo fue del 6.73%.

	5,995
Préstamo garantizado con activos crediticios, el cual al cierre del periodo, la tasa que devengó fue del 6.42%	<u>2,796</u>
Pasivo a largo plazo	23,288
Menos - Porción circulante	<u>8,440</u>
	<u>\$14,848</u>

El valor contable de los préstamos bancarios de corto plazo a cargo de la Compañía se aproxima a su valor razonable, y no se tienen intenciones de pagarlos anticipadamente. En relación a algunos préstamos de largo plazo con colateral, la Compañía puede estar obligada a mantener saldos de efectivo en garantía de estas operaciones. Dicho efectivo genera intereses a favor de la Compañía a una tasa de interés de mercado. Al cierre del periodo, dicho efectivo restringido generó ingresos por \$51 millones los cuales se incluyen en el rubro Otros ingresos de la operación.

c. Los vencimientos de la porción a largo plazo de este pasivo al 31 de diciembre de 2016, son:

2018	5,880
2019	7,174
2020	1,695
2021	94
2022	5
	<u>\$14,848</u>

Se han contratado instrumentos financieros derivados para cubrir los riesgos de tasa de interés de algunos de estos préstamos.

Al cierre del periodo la Compañía mantiene una capacidad disponible, aun no dispuesta, tanto en sus líneas de crédito revolvente como para monetización de cartera, por un monto de \$1,016.

Al cierre del periodo, hemos aportado, en calidad de fideicomitentes, cierto porcentaje de nuestra cartera a efecto de celebrar los siguientes contratos de fideicomiso:

- (i) Contrato de Fideicomiso Maestro Irrevocable número F/804, celebrado el 24 de septiembre de 2008 entre el Emisor, en su carácter de fideicomitente, Banco Invex, S.A., Institución de Banca Múltiple, Invex Grupo Financiero, Fiduciario, en su carácter de fiduciario, y Monex Casa de Bolsa, S.A. de C.V., Monex Grupo Financiero, como representante común de los tenedores. En términos generales, en virtud de dicho fideicomiso se implementó un mecanismo para bursatilizar ciertas cuentas por cobrar aportadas al patrimonio de dicho Fideicomiso F/804 por el Emisor.

- (ii) Contrato de Fideicomiso Irrevocable número F/00251, celebrado el 14 de octubre de 2005 entre el Emisor, en su carácter de fideicomitente y fideicomisario en segundo lugar, y CIBanco, S.A., Institución de Banca Múltiple (antes The Bank of New York Mellon, S.A., Institución de Banca Múltiple), como fiduciario. En términos generales, en virtud del Fideicomiso F/00251 se estableció un mecanismo para (i) el financiamiento de ciertos créditos cedidos por el Emisor al patrimonio de dicho fideicomiso, y (ii) la emisión del pagaré pagadero a la orden del fideicomisario en primer lugar, solamente con los recursos del patrimonio del mismo.
- (iii) Contrato de Fideicomiso Irrevocable número F/242896, celebrado el 31 de agosto de 2007 entre el Emisor, en su carácter de fideicomitente y fideicomisario en segundo lugar, y HSBC México, S.A., Institución de Banca Múltiple, Grupo Financiero HSBC, División Fiduciaria, como fiduciario. Dicho fideicomiso fue modificado en virtud de un convenio de sustitución fiduciaria, de fecha 6 de febrero de 2013 en el cual HSBC México, S.A., Institución de Banca Múltiple, Grupo Financiero HSBC, División Fiduciaria fue sustituido por Banco Invex, S.A., Institución de Banca Múltiple, Invex Grupo Financiero, Fiduciario como fiduciario del mismo y dicho a fideicomiso le fue reasignado como número de identificación, el F/1380. En virtud de dicho fideicomiso se estableció un mecanismo para que el fideicomisario en primer lugar pudiera invertir en pagarés emitidos por el fiduciario mediante (i) la cesión y aportación de créditos cedidos por el Emisor al patrimonio de dicho fideicomiso, así como de todos los derechos y obligaciones previstos en los contratos de intercambio de tasas de interés, en su caso, por parte del fideicomitente al fiduciario de conformidad con ciertos contratos de cesión correspondientes, y (ii) el fondeo por parte del fideicomisario en primer lugar y la emisión por parte del fiduciario del pagaré pagadero a la orden del fideicomisario en primer lugar, con recurso limitado únicamente al patrimonio del fideicomiso aquí descrito.
- (iv) Contrato de Fideicomiso Irrevocable número F/2965, celebrado el 31 de marzo de 2016 entre el Emisor, en su carácter de fideicomitente y fideicomisario en segundo lugar, y Banco Monex, S.A., Institución de Banca Múltiple, Monex Grupo Financiero, como fiduciario. En términos generales, en virtud del fideicomiso aquí descrito se implementó un mecanismo para proporcionar financiamiento al Emisor y que la misma adquiriera ciertos créditos por parte del fideicomisario en primer lugar, en los términos establecidos en dicho fideicomiso.

Manifiestamos que para los fideicomisos anteriormente enlistados no es aplicable la consolidación a los activos totales de la Emisora en virtud de que los mismos se mantuvieron dentro de los Estados Financieros de la compañía.

ENDEUDAMIENTO Y PERFIL DE DEUDA CONTRATADA

Los créditos contratados por GM Financiera de México comprenden dos tipos de pasivos: a corto y a largo plazo. Los pasivos con un plazo de 1 a 360 días se clasifican como deuda a corto plazo, en tanto que los pasivos a largo plazo son aquellos que exceden este plazo. Para este análisis los pasivos a corto plazo a cada una de las fechas indicadas incluyen la parte circulante de la deuda a largo plazo.

Conceptos	Periodos		Variación	
	31-dic-15	31-dic-16	Dec 15 / Dec 16	
Corto plazo	\$14,988	\$23,894	\$8,906	59.42%
Largo plazo	\$9,639	\$14,849	\$5,210	54.05%
Pasivos/Deuda	\$24,627	\$38,743	\$14,116	57.32%

TESORERÍA

El efectivo con que cuenta GM Financial de México es invertido en el mercado financiero en instrumentos de deuda de mínimo riesgo y plazos dentro de lo establecido en sus políticas y de acuerdo a sus requerimientos de liquidez.

A continuación se enlistan las principales políticas del departamento de Tesorería GM Financial de México:

El fondeo diario, así como todas las actividades del departamento de Tesorería, son supervisados constantemente por la Tesorería de Operaciones Internacionales (IO) en Charlotte, North Carolina y Detroit, Michigan en los Estados Unidos de Norteamérica.

En conjunto, la Compañía y GMF IO, establecen límites de endeudamiento generales, con cada uno de los acreedores con quienes puede tener firmado un contrato y/o título de crédito, de acuerdo a la relación comercial que se mantiene con cada uno de ellos en México de igual forma como establecen en cualquier otro país en los que General Motors Financial Company Inc. opera. Todas las líneas, inversiones y productos financieros contratados por la Compañía son aprobadas en conjunto.

Con la finalidad de fortalecer la liquidez de la compañía, se mantiene una reserva de efectivo, misma que se invierte exclusivamente a la vista con instituciones con las que se mantiene un contrato de inversión.

La Compañía y GMF IO, realizan periódicamente un análisis del plazo de los pasivos, con la finalidad de evitar un descalce con los activos. De igual forma se ha establecido un marco de diversas métricas de liquidez con la finalidad de monitorear de forma constante que el desempeño de indicadores como concentración de pasivos, diversificación de fuentes de fondeo y liquidez, entre otros, se mantenga siempre en los niveles óptimos.

CRÉDITOS Y ADEUDOS FISCALES, INVERSIONES EN CAPITAL, INVESTIGACIÓN Y DESARROLLO DE PRODUCTOS

GM Financial de México (i) no presenta créditos o adeudos fiscales pendientes de liquidar, (ii) tampoco mantiene inversiones relevantes en capital, y (iii) no ha realizado inversiones en proyectos de investigación y desarrollo de productos.

C) DESCRIPCIÓN DEL SISTEMA DE CONTROL INTERNO

Las políticas de General Motors Financial Company Inc. y los controles internos de cada departamento están diseñados para asegurar el cumplimiento de las regulaciones aplicables en cada país en donde opera.

GM Financiamiento de México cuenta con un departamento de control interno, el cual tiene a su cargo vigilar, a través de pruebas aleatorias, un buen funcionamiento en cuestión de procesos operativos y elaboración de Estados Financieros con el fin de obtener una certeza razonable en cuanto al ambiente de control que prevalece en la misma.

Por otro lado, GM Financiamiento de México cuenta con los procedimientos y manuales que describen la autoridad, responsabilidad, así como métodos para supervisar y dar cumplimiento a las políticas y procedimientos, incluyendo la función de auditoría interna.

Adicionalmente, GMF cuenta con el soporte de auditores externos y auditores internos corporativos de GMF a nivel internacional, que validan una seguridad razonable a los controles internos de la compañía.

INFORMACIÓN FINANCIERA
TRIMESTRAL DE GENERAL MOTORS
FINANCIAL COMPANY, INC.

GENERAL MOTORS FINANCIAL COMPANY, INC.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholder of

General Motors Financial Company, Inc.:

We have audited the accompanying consolidated balance sheets of General Motors Financial Company, Inc. and subsidiaries (the "Company") as of December 31, 2016 and 2015, and the related consolidated statements of income and comprehensive income, shareholder's equity, and cash flows for each of the three years in the period ended December 31, 2016. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, 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. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of General Motors Financial Company, Inc. and subsidiaries at December 31, 2016 and 2015, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2016, in conformity with accounting principles generally accepted in the United States of America.

/s/ Deloitte & Touche LLP
Fort Worth, Texas
February 7, 2017

GENERAL MOTORS FINANCIAL COMPANY, INC.

Item 8. Financial Statements and Supplementary Data

CONSOLIDATED BALANCE SHEETS
(dollars in millions)

	December 31, 2016	December 31, 2015
ASSETS		
Cash and cash equivalents	\$ 3,201	\$ 3,061
Finance receivables, net (Note 4; Note 9 VIEs)	43,190	36,781
Leased vehicles, net (Note 5; Note 9 VIEs)	34,526	20,172
Goodwill (Note 6)	1,196	1,189
Equity in net assets of non-consolidated affiliates (Note 7)	944	986
Property and equipment, net of accumulated depreciation of \$127 and \$91	279	219
Deferred income taxes (Note 14)	274	231
Related party receivables (Note 2)	510	573
Other assets (Note 9 VIEs)	3,645	2,692
Total assets	\$ 87,765	\$ 65,904
LIABILITIES AND SHAREHOLDER'S EQUITY		
Liabilities		
Secured debt (Note 8; Note 9 VIEs)	\$ 39,270	\$ 30,689
Unsecured debt (Note 8)	34,606	23,657
Accounts payable and accrued expenses	1,474	1,218
Deferred income	2,365	1,454
Deferred income taxes (Note 14)	220	129
Related party payables (Note 2)	400	362
Other liabilities	737	343
Total liabilities	79,072	57,852
Commitments and contingencies (Note 11)		
Shareholder's equity		
Common stock, \$1.00 par value per share, 1,000 shares authorized and 505 shares issued	—	—
Additional paid-in capital	6,505	6,484
Accumulated other comprehensive loss (Note 17)	(1,238)	(1,104)
Retained earnings	3,426	2,672
Total shareholder's equity	8,693	8,052
Total liabilities and shareholder's equity	\$ 87,765	\$ 65,904

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

GENERAL MOTORS FINANCIAL COMPANY, INC.

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(in millions)

	Years Ended December 31,		
	2016	2015	2014
Revenue			
Finance charge income	\$ 3,329	\$ 3,381	\$ 3,475
Leased vehicle income	5,925	2,807	1,090
Other income	304	266	289
Total revenue	9,558	6,454	4,854
Costs and expenses			
Salaries and benefits	853	726	614
Other operating expenses	637	567	548
Total operating expenses	1,490	1,293	1,162
Leased vehicle expenses	4,529	2,200	847
Provision for loan losses	669	624	604
Interest expense	2,108	1,616	1,426
Total costs and expenses	8,796	5,733	4,039
Equity income (Note 7)	151	116	—
Income before income taxes	913	837	815
Income tax provision (Note 14)	159	191	278
Net income	754	646	537
Other comprehensive loss, net of tax			
Unrealized gain on cash flow hedges, net of income tax expense of \$11	17	—	—
Defined benefit plans, net of income tax benefit of \$3, \$1 and \$5	(7)	(2)	(14)
Foreign currency translation adjustment, net of income tax expense (benefit) of \$17, \$(1) and \$(1)	(144)	(669)	(430)
Other comprehensive loss, net of tax	(134)	(671)	(444)
Comprehensive income (loss)	\$ 620	\$ (25)	\$ 93

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

GENERAL MOTORS FINANCIAL COMPANY, INC.

CONSOLIDATED STATEMENTS OF SHAREHOLDER'S EQUITY
(dollars in millions)

	Years Ended December 31,		
	2016	2015	2014
Common stock shares			
Balance at the beginning of period	505	505	502
Common stock issued	—	—	3
Balance at the end of period	505	505	505
Common stock amount			
Balance at the beginning of period	\$ —	\$ —	\$ —
Common stock issued	—	—	—
Balance at the end of period	\$ —	\$ —	\$ —
Additional paid-in capital			
Balance at the beginning of period	\$ 6,484	\$ 5,799	\$ 4,785
Stock-based compensation expense	21	35	18
Capital contributions from related party	—	649	996
Differences between tax payments due under consolidated return and separate return basis	—	1	—
Balance at the end of period	\$ 6,505	\$ 6,484	\$ 5,799
Accumulated other comprehensive loss			
Balance at the beginning of period	\$ (1,104)	\$ (433)	\$ 11
Other comprehensive loss, net of tax	(134)	(671)	(444)
Balance at the end of period	\$ (1,238)	\$ (1,104)	\$ (433)
Retained earnings			
Balance at the beginning of period	\$ 2,672	\$ 2,026	\$ 1,489
Net income	754	646	537
Balance at the end of period	\$ 3,426	\$ 2,672	\$ 2,026

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,		
	2016	2015	2014
Cash flows from operating activities			
Net income	\$ 754	\$ 646	\$ 537
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	4,839	2,403	992
Accretion and amortization of loan and leasing fees	(1,172)	(609)	(363)
Amortization of carrying value adjustment	(29)	(149)	(234)
Undistributed earnings of non-consolidated affiliates, net	(22)	(116)	—
Provision for loan losses	669	624	604
Deferred income taxes	42	132	(83)
Stock-based compensation expense	25	36	19
Other operating activities	1	(37)	182
Changes in assets and liabilities, net of assets and liabilities acquired:			
Other assets	(443)	(375)	(85)
Accounts payable and accrued expenses	214	282	133
Taxes payable	(2)	(20)	(63)
Related party taxes payable	—	(636)	(7)
Related party payables	5	(13)	5
Net cash provided by operating activities	4,881	2,168	1,637
Cash flows from investing activities			
Purchases of retail finance receivables, net	(17,796)	(17,517)	(14,749)
Principal collections and recoveries on retail finance receivables	13,172	11,726	10,860
Net funding of commercial finance receivables	(2,981)	(1,017)	(1,898)
Purchases of leased vehicles, net	(19,612)	(15,337)	(4,882)
Proceeds from termination of leased vehicles	2,557	1,096	533
Acquisition of international operations	—	(1,049)	(46)
Disposition of equity interest	—	125	—
Purchases of property and equipment	(107)	(90)	(52)
Other investing activities	(7)	30	(2)
Net cash used in investing activities	(24,774)	(22,033)	(10,236)
Cash flows from financing activities			
Net change in debt (original maturities less than three months)	780	1,147	470
Borrowings and issuance of secured debt	29,421	22,385	21,080
Payments on secured debt	(20,266)	(15,178)	(16,890)
Borrowings and issuance of unsecured debt	13,282	12,977	7,174
Payments on unsecured debt	(2,837)	(1,709)	(1,889)
Borrowings on related party line of credit	418	—	—
Payments on related party line of credit	(418)	—	—

Capital contributions	—	649	996
Debt issuance costs	(146)	(155)	(127)
Other	—	1	—
Net cash provided by financing activities	20,234	20,117	10,814
Net increase in cash, cash equivalents and restricted cash	341	252	2,215
Effect of foreign exchange rate changes on cash, cash equivalents and restricted cash	(41)	(295)	(201)
Cash, cash equivalents and restricted cash at beginning of period	5,002	5,045	3,031
Cash, cash equivalents and restricted cash at end of period	\$ 5,302	\$ 5,002	\$ 5,045

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

	December 31, 2016	December 31, 2015
Cash and cash equivalents	\$ 3,201	\$ 3,061
Restricted cash included in other assets	2,101	1,941
Total cash, cash equivalents and restricted cash as presented in the consolidated statements of cash flows	\$ 5,302	\$ 5,002

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

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GENERAL MOTORS FINANCIAL COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

History and OperationsWe were formed on August 1, 1986 and have been a wholly-owned subsidiary of GM since October 2010. We acquired Ally Financial's auto finance and financial services operations in Europe and Latin America in 2013. Additionally, on January 2, 2015, we acquired an equity interest in SAIC-GMAC, a joint venture that conducts business in China, from Ally Financial.

Basis of PresentationThe consolidated financial statements include our accounts and the accounts of our wholly-owned subsidiaries, including certain special-purpose financing entities 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 U.S. GAAP 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. These estimates include, among other things, the determination of the allowance for loan losses on finance receivables, estimated residual value of leased vehicles, goodwill and income taxes.

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.

Net Presentation of Cash Flows on Commercial Finance Receivables and Related DebtOur 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 in less than 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 are reflected on the consolidated statements of cash flows as "Net funding of commercial finance receivables."

We have revolving debt agreements to finance our commercial lending activities. The revolving period of these agreements ranges from 6 to 24 months; however, 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 else the equivalent amount in new receivables must be added to the borrowing base. Despite the revolving term exceeding 90 days, the actual 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 revolving debt agreements are reflected on the consolidated statements of cash flows as "Net change in debt (original maturities less than three months)."

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

Retail Finance Receivables and the Allowance for Loan Losses Our retail finance receivables portfolio consists of smaller-balance, homogeneous loans which 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, delinquent status 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 their prior credit usage, structure of the loan and other information. The output of the scorecards rank-order consumers from those that are most likely to pay to those that are least likely to pay. 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. These pools are collectively evaluated for impairment based on a statistical calculation, which is supplemented by management judgment. 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 probable losses inherent in our finance receivables.

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GENERAL MOTORS FINANCIAL COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

We use a combination of forecasting methodologies to determine the allowance for loan losses, including roll rate modeling and static pool modeling techniques. A roll rate model is generally used to project near term losses and static pool models are generally used to project losses over the remaining life. Probable losses are estimated for groups of accounts aggregated by past-due status and origination month. Generally, loss experience over the last 10 years is evaluated. Recent performance is more heavily weighted when determining the allowance to result in an estimate that is more reflective of the current internal and external environments. Factors that are considered when estimating the allowance include historical delinquency migration to loss, probability of default ("PD") and loss given default ("LGD"). PD and LGD are specifically estimated for each monthly vintage (i.e., group of originations) in cases where vintage models are used. PD is estimated based on expectations that are aligned with internal credit scores. LGD is projected based on historical trends experienced over the last 10 years, weighted toward more recent performance in order to consider recent market supply and demand factors that impact wholesale used vehicle pricing. While forecasted probable losses are quantitatively derived, we assess the recent internal operating and external environments and may qualitatively adjust certain assumptions to result in an allowance that is more reflective of losses that are expected to occur in the current environment.

We also use historical charge-off experience to determine a loss confirmation period ("LCP"). The LCP is a key assumption within our models and represents the average amount of time between when a loss event first occurs to when the receivable is charged-off. This LCP is the basis of our allowance and is applied to the forecasted probable credit losses to determine the amount of losses we believe exist at the balance sheet date.

We believe these factors are relevant in estimating incurred 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 economic environment.

Assumptions regarding credit losses and LCPs 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 assumption or LCP 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.

Finance receivables that are considered impaired, including troubled debt restructurings ("TDRs") are individually evaluated for impairment. In assessing the risk of individually impaired loans such as TDRs, among the factors we consider are the financial condition of the borrower, geography, collateral performance, historical loss experience, and industry-specific information that management believes is relevant in determining the occurrence of a loss event and measuring impairment. These factors are based on an evaluation of historical and current information, and involve subjective assessment and interpretation.

Commercial Finance Receivables and the Allowance for Loan LossesOur 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. Provisions for loan losses are charged to operations in amounts sufficient to maintain the allowance for loan losses at levels considered adequate to cover probable credit losses inherent in the commercial finance receivables. For the International Segment, we established the allowance for loan losses based on historical loss experience. Since we began offering commercial lending in the North America Segment in 2012, we have performed an analysis of the experience of comparable commercial lenders in order to estimate probable credit losses inherent in our portfolio. The commercial finance receivables are aggregated into loan-risk pools, which are determined based on our internally-developed risk rating system. Based upon our risk ratings, we also determine if any specific dealer loan is considered impaired. If impaired loans are identified, specific reserves are established, as appropriate, and the loan is segregated for separate monitoring.

Charge-off PolicyOur policy is to charge off a retail account in the month in which the account becomes 120 days contractually delinquent if we have not yet recorded a repossession charge-off. In the North America Segment, we charge off accounts in repossession when the automobile is repossessed and legally available for disposition. In the International Segment, we charge off accounts when the repossession process is started.

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.

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GENERAL MOTORS FINANCIAL COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

Troubled Debt RestructuringsIn evaluating whether a loan modification constitutes a TDR, our policy for retail loans is that both of the following must exist: (i) the modification constitutes a concession; and (ii) the debtor is 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 would also be considered TDRs. Retail finance receivables that become classified as TDRs are separately assessed for impairment. A specific allowance is estimated based on the present value of expected cash flows of the receivable discounted at the loan's original effective interest rate.

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.

Variable Interest Entities – Securitizations and Credit FacilitiesWe finance 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 or lease-related assets to special purpose finance subsidiaries. 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.

In our securitizations, we transfer finance receivables or 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 consist 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 or the right to receive benefits from the VIEs which could be significant to the VIEs. Accordingly, we are the primary beneficiary of the VIEs and the finance receivables, leasing 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 4](#) - "Finance Receivables," [Note 8](#) - "Debt" and [Note 9](#) - "Variable Interest Entities" to our consolidated financial statements 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 and other assets 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 probable loan losses inherent in 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 additions are 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 operations. Maintenance, repairs and minor replacements are charged to operations as incurred; major replacements and improvements are capitalized.

Leased Vehicles Leased vehicles consist of automobiles leased to customers and are carried at amortized cost less manufacturer subvention payments, which are received up front. Depreciation expense is recorded on a straight-line basis over the term of the lease agreement. Manufacturer subvention is recognized on a straight-line basis as a reduction to depreciation expense. Leased vehicles are depreciated to the estimated residual value at the end of the lease term. Under the accounting for impairment or disposal of long-lived assets, residual values of operating leases are evaluated individually for impairment when indicators of impairment exist. When indicators of impairment exist and aggregate future cash flows from the operating lease, including the expected realizable fair value of the leased asset at the end of the lease, are less than the book value of the lease, an immediate impairment

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GENERAL MOTORS FINANCIAL COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

write-down is recognized if the difference is deemed not recoverable. Otherwise, reductions in the expected residual value result in additional 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.

GoodwillThe excess of the purchase price of the merger with GM over the fair value of the net assets acquired was recorded as goodwill, and was attributed to the North America reporting unit, which was our only reporting unit at that time. With the acquisition of the international operations, we added two additional reporting units: Latin America and Europe. The excess of the purchase price of the acquisition of the international operations over the fair value of the net assets acquired was all attributed to the Latin America reporting unit. We performed our annual goodwill impairment testing as of October 1, 2016 for each reporting unit.

For the North America reporting unit, which represents 92% of our goodwill balance, we determined the fair value with consideration to valuations under the income approach, weighted 75%, and the market approach, weighted 25%. The income approach evaluates the cash flow of the reporting unit over a specified time, discounted at an appropriate market rate to arrive at an indication of the most probable selling price. Factors contributing to the determination of the reporting unit's operating performance were historical performance and management's estimates of future performance. The market approach considers trading prices of securities issued by comparable companies as multiples of historical earnings and forecast earnings. The results of the first step of the impairment test indicated that the fair value exceeded the carrying value; therefore, it was not necessary to perform the second step analysis.

If actual market conditions are less favorable than those we and the industry have projected, or if events occur or circumstances change that would reduce the fair value of our goodwill below the amount reflected in the balance sheet, we may be required to conduct an interim test and possibly recognize impairment charges, which could be material, in future periods.

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.

Interest Rate Swap AgreementsWe 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 effective portion of changes in the fair value of the hedge in accumulated other comprehensive income/loss. When the hedged cash flows affect earnings, we reclassify these amounts to interest expense. Any ineffective portion of a cash flow hedge is recorded to interest expense immediately.

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 derivative (excluding accrued interest) is also recorded in interest expense.

Interest Rate Cap and Floor AgreementsWe 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 special purpose finance subsidiaries do not qualify for hedge accounting, changes in the fair value of interest rate cap and floor agreements purchased by the special purpose finance subsidiaries and interest rate cap and floor agreements sold by us are recorded in interest expense.

Interest rate risk management contracts 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 contracts that have become favorable to us. We manage the credit risk of such contracts by using highly rated counterparties, establishing risk limits and monitoring the credit ratings of the counterparties.

We maintain a policy of requiring that all derivative contracts be governed by an International Swaps and Derivatives Association Master Agreement. We enter into arrangements with individual counterparties that we believe are creditworthy and

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GENERAL MOTORS FINANCIAL COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

generally settle on a net basis. In addition, we perform a quarterly assessment of our counterparty credit risk, including a review of credit ratings, credit default swap rates and potential nonperformance of the counterparty.

Foreign Currency Swaps 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.

We designate certain 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 other operating expenses or interest expense. Any ineffective portion of a cash flow hedge is recorded to interest expense immediately.

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 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 (benefit).

Revenue Recognition Finance charge income related to retail finance receivables is recognized using the effective interest method. Fees and commissions received 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 sold, charged off or paid in full. Accrual of finance charge income is suspended on accounts that are more than 60 days delinquent, accounts in bankruptcy and accounts in repossession. Payments received on non-accrual loans are first applied to any fees due, then to any interest due and, finally, any remaining amounts received are recorded to principal. Interest accrual 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.

Finance charge income related to commercial finance receivables is recognized using the effective interest method. Accrual of finance charge income 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 about the full collectability of contractually agreed upon principal and interest exist. Payments received on non-accrual loans are first applied to principal. Interest accrual resumes once an account has received payments bringing the delinquency status fully current and collection of contractual principal and interest is reasonably expected (including amounts previously charged off).

Operating lease rental income for leased vehicles is recognized on a straight-line basis over the lease term. Net deferred origination fees or costs are amortized on a straight-line basis over the term of the lease agreement.

GENERAL MOTORS FINANCIAL COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

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](#) - "Parent Company Stock-Based Compensation" to our consolidated financial statements for further information.

Recently Adopted Accounting Standards In November 2016 the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update 2016-18, "Statement of Cash Flows (Topic 230): Restricted Cash" (ASU 2016-18), which clarifies the presentation of restricted cash and restricted cash equivalents in the statements of cash flows. Under ASU 2016-18 restricted cash and restricted cash equivalents are included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts presented on the statements of cash flows. We adopted ASU 2016-18 during the three months ended December 31, 2016 on a retrospective basis. As a result net cash provided by operating activities decreased by \$271 million in 2015 and increased by an insignificant amount in 2014. Net cash used in investing activities decreased by \$264 million and \$232 million in 2015 and 2014 and beginning-of-period cash, cash equivalents and restricted cash increased by \$1.9 billion, \$2.1 billion and \$2.0 billion as of December 31, 2016, 2015 and 2014.

Recently Issued Accounting Standards Not Yet Adopted In May 2014 the FASB issued ASU 2014-09, "Revenue from Contracts with Customers" (ASU 2014-09), which requires us to recognize revenue when a customer obtains control rather than when we have transferred substantially all risks and rewards of a good or service and requires expanded disclosures. ASU 2014-09 is effective for annual reporting periods beginning on or after December 15, 2017 with early adoption permitted for reporting periods beginning on or after December 15, 2016. The adoption of ASU 2014-09 will not have a significant impact on our consolidated financial statements.

In February 2016 the FASB issued ASU 2016-02, "Leases" (ASU 2016-02), which requires the lessee to recognize most leases on the balance sheet thereby resulting in the recognition of lease assets and liabilities for those leases currently classified as operating leases. The accounting for lessors is largely unchanged. ASU 2016-02 is effective for annual reporting periods beginning after December 15, 2018 with early adoption permitted. While we are currently assessing the impact ASU 2016-02 will have on our consolidated financial statements, we expect the primary impact to our consolidated financial position upon adoption will be the recognition, on a discounted basis, of our minimum commitments under noncancelable operating leases on our consolidated balance sheets resulting in the recording of right of use assets and lease obligations. Our current minimum commitments under noncancelable operating leases are disclosed in [Note 11](#).

In June 2016 the FASB issued 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 expected losses. Under this new model an entity would recognize an impairment allowance equal to its current estimate of credit losses on financial assets measured at amortized cost. ASU 2016-13 is effective for us beginning January 1, 2020 with early adoption permitted January 1, 2019. Credit losses under the new model will consider relevant information about past events, current conditions and reasonable and supportable forecasts, resulting in recognition of lifetime expected credit losses upon loan origination as compared to our current accounting that recognizes credit losses as incurred. Adoption of ASU 2016-13 will increase the allowance for credit losses with the cumulative effect upon adoption resulting in a negative adjustment to retained earnings. We are currently evaluating new processes to calculate credit losses in accordance with ASU 2016-13 that, once completed, will determine the impact on our consolidated financial statements which at the date of adoption will increase the allowance for credit losses with a resulting negative adjustment to retained earnings.

Note 2. Related Party Transactions

We offer loan and lease finance products through GM-franchised dealers to customers purchasing new and certain used vehicles manufactured by GM 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 payments to us to cover certain interest payments on commercial loans. We also provide funding under lines of credit to GM, which are included in our net funding of commercial finance receivables on the consolidated statements of cash flows. During 2016, we advanced \$456 million under a new line of credit to GM subsidiary Adam Opel AG, which was repaid with interest during 2016.

GENERAL MOTORS FINANCIAL COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

We have related party payables due to GM, primarily for commercial finance receivables originated but not yet funded. These payables typically settle within 30 days. The following tables present related party transactions:

Balance Sheet Data	December 31, 2016		December 31, 2015	
Commercial finance receivables, net due from dealers consolidated by GM ^(a)	\$	401	\$	229
Advances drawn on lines of credit due from GM ^(b)	\$	137	\$	190
Subvention receivable ^(c)	\$	373	\$	383
Commercial loan funding payable ^(d)	\$	389	\$	351

Income Statement Data	Years Ended December 31,					
	2016		2015		2014	
Interest subvention earned on retail finance receivables and leases ^(e)	\$	443	\$	313	\$	248
Interest subvention earned on commercial finance receivables ^(e)	\$	169	\$	175	\$	195
Leased vehicle subvention earned ^(f)	\$	2,238	\$	1,001	\$	311

Included in finance receivables, net.

Included in related party receivables.

(c) Included in related party receivables. We received subvention payments from GM of \$4.4 billion, \$3.6 billion and \$1.2 billion during 2016, 2015 and 2014.

Included in related party payables.

Included in finance charge income.

Included as a reduction to leased vehicle expenses.

Under our 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 and that GM will use its commercially reasonable efforts to ensure that we will continue to be designated as a subsidiary borrower of up to \$4.0 billion under GM's corporate revolving credit facilities, which were amended in May 2016. These amendments increased GM's borrowing capacity on its corporate revolving credit facilities from \$12.5 billion to \$14.5 billion. We have the ability to borrow up to \$1.0 billion under GM's three-year, \$4.0 billion unsecured revolving credit facility and \$3.0 billion under GM's five-year, \$10.5 billion unsecured revolving credit facility, subject to available capacity. GM also agreed to certain provisions in the Support Agreement intended to ensure that we maintain adequate access to liquidity. Pursuant to these provisions, GM provided us with a \$1.0 billion junior subordinated unsecured intercompany revolving credit facility (the "Junior Subordinated Revolving Credit Facility"). In September 2016, we borrowed \$415 million on the Junior Revolving Credit Facility,

which we repaid with interest in December 2016.

Since October 1, 2010, we have been included in GM's consolidated U.S. federal income tax returns. For taxable income we recognize in any period beginning on or after October 1, 2010, we are obligated to pay GM for our share of the consolidated U.S. federal and certain state tax liabilities. Amounts owed to GM for income taxes are accrued and recorded as a related party payable. At December 31, 2016 and December 31, 2015, there are no related party taxes payable to GM due to our taxable loss position.

Note 3. Acquisition of Equity Interest

On January 2, 2015, we completed the acquisition of Ally Financial's 40% equity interest in SAIC-GMAC. The aggregate purchase price was \$1.0 billion. Also on January 2, 2015, we sold a 5% equity interest in SAIC-GMAC to SAIC FC, a current shareholder of SAIC-GMAC, for proceeds of \$125 million. As a result of these transactions, we own a 35% equity interest in SAIC-GMAC. We account for our ownership interest in SAIC-GMAC using the equity method of accounting. The difference between the carrying amount of our investment and our share of the underlying net assets of SAIC-GMAC at the time of acquisition was \$371 million, which was primarily related to goodwill. We determined the acquisition date fair values of the identifiable assets acquired and liabilities assumed in accordance with ASC 805, "Business Combinations" ("ASC 805").

GENERAL MOTORS FINANCIAL COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

Income resulting from the equity investment in SAIC-GMAC is included in our results beginning January 2, 2015. Equity income from SAIC-GMAC recorded during 2016 and 2015 was \$151 million and \$116 million. If the acquisition had occurred on January 1, 2014, our unaudited pro forma net income for 2014 would have increased by \$107 million to \$644 million.

Note 4. Finance Receivables

	December 31, 2016	December 31, 2015
Retail finance receivables		
Retail finance receivables, collectively evaluated for impairment, net of fees ^(a)	\$ 30,989	\$ 27,512
Retail finance receivables, individually evaluated for impairment, net of fees	1,921	1,612
Total retail finance receivables ^(b)	32,910	29,124
Less: allowance for loan losses - collective	(517)	(515)
Less: allowance for loan losses - specific	(276)	(220)
Total retail finance receivables, net	32,117	28,389
Commercial finance receivables		
Commercial finance receivables, collectively evaluated for impairment, net of fees	11,053	8,357
Commercial finance receivables, individually evaluated for impairment, net of fees	70	82
Total commercial finance receivables	11,123	8,439
Less: allowance for loan losses - collective	(43)	(38)
Less: allowance for loan losses - specific	(7)	(9)
Total commercial finance receivables, net	11,073	8,392
Total finance receivables, net	\$ 43,190	\$ 36,781
Fair value of finance receivables	\$ 43,140	\$ 36,937

(a) Includes \$1.3 billion and \$1.1 billion of direct-financing leases at December 31, 2016 and 2015.

(b) Net of unearned income, unamortized premiums and discounts, and deferred fees and costs of \$191 million and \$179 million at December 31, 2016 and 2015.

We estimate the fair value of retail finance receivables using observable and unobservable Level 3 inputs within a cash flow model. The inputs reflect assumptions regarding expected prepayments, deferrals, delinquencies, recoveries and charge-offs of the loans within the portfolio. The cash flow model produces an estimated amortization schedule of the finance receivables. The projected cash flows are then discounted to derive the fair value of the portfolio. Macroeconomic factors could affect the credit performance of the portfolio and, therefore, could potentially affect the assumptions used in our cash flow model. A substantial majority of our commercial finance receivables have variable interest rates and maturities of one year or less. Therefore, the carrying amount, a Level 2 input, is considered to be a reasonable estimate of fair value.

Retail Finance Receivables	Years ended December 31,		
	2016	2015	2014
Retail finance receivables beginning balance	\$ 29,124	\$ 25,623	\$ 23,130
Purchases of retail finance receivables	18,054	17,537	15,085
Principal collections and other	(12,633)	(10,968)	(10,234)
Charge-offs	(1,171)	(996)	(914)

Foreign currency translation	(464)	(2,072)	(1,444)
Retail finance receivables ending balance	<u>\$ 32,910</u>	<u>\$ 29,124</u>	<u>\$ 25,623</u>

GENERAL MOTORS FINANCIAL COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

A summary of the activity in the allowance for retail loan losses is as follows:

	Years ended December 31,		
	2016	2015	2014
Allowance for retail loan losses beginning balance	\$ 735	\$ 655	\$ 497
Provision for loan losses	666	612	613
Charge-offs	(1,171)	(996)	(914)
Recoveries	559	486	470
Foreign currency translation	4	(22)	(11)
Allowance for retail loan losses ending balance	<u>\$ 793</u>	<u>\$ 735</u>	<u>\$ 655</u>

Retail Credit Quality We use proprietary scoring systems in the underwriting process that measure the credit quality of the receivables using several factors, such as credit bureau information, consumer credit risk scores (e.g. FICO score), and contract characteristics. We also consider other factors, such as employment history, financial stability and capacity to pay. At the time of loan origination, substantially all of our International Segment customers have the equivalent of prime credit scores. In the North America Segment, while we historically focused on consumers with lower than prime credit scores, we have expanded our prime lending programs. A summary of the credit risk profile by FICO score band or equivalent scores, determined at origination, of the retail finance receivables in the North America Segment is as follows:

	December 31, 2016		December 31, 2015	
	Amount	Percent	Amount	Percent
Prime - FICO Score 680 and greater	\$ 7,923	36.4%	\$ 4,418	24.4%
Near-prime - FICO Score 620 to 679	3,468	15.9%	2,890	15.9%
Sub-prime - FICO Score less than 620	10,395	47.7%	10,840	59.7%
Balance at end of period	<u>\$ 21,786</u>	<u>100.0%</u>	<u>\$ 18,148</u>	<u>100.0%</u>

In addition, 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.

	December 31, 2016		December 31, 2015	
	Amount	Percent of Contractual Amount Due	Amount	Percent of Contractual Amount Due
31 - 60 days	\$ 1,235	3.7%	\$ 1,237	4.2%
Greater than 60 days	542	1.7	481	1.6
Total finance receivables more than 30 days delinquent	1,777	5.4	1,718	5.8
In repossession	51	0.1	46	0.2
Total finance receivables more than 30 days delinquent or in repossession	<u>\$ 1,828</u>	<u>5.5%</u>	<u>\$ 1,764</u>	<u>6.0%</u>

At December 31, 2016 and 2015, the accrual of finance charge income had been suspended on retail finance receivables with contractual amounts due of \$807 million and \$778 million.

GENERAL MOTORS FINANCIAL COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

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.

At December 31, 2016 and 2015, the outstanding balance of retail finance receivables in the International Segment determined to be TDRs was insignificant; therefore, the following information is presented with regard to the TDRs in the North America Segment only. The outstanding recorded investment for retail finance receivables that are considered to be TDRs and the related allowance is presented below:

	December 31, 2016		December 31, 2015	
Outstanding recorded investment	\$	1,920	\$	1,612
Less: allowance for loan losses		(276)		(220)
Outstanding recorded investment, net of allowance	\$	1,644	\$	1,392
Unpaid principal balance	\$	1,967	\$	1,642

Additional information about loans classified as TDRs is presented below:

	Years Ended December 31,		
	2016	2015	2014
Average outstanding recorded investment	\$ 1,766	\$ 1,455	\$ 996
Finance charge income recognized	\$ 205	\$ 164	\$ 123
Number of loans classified as TDRs during the period	66,926	58,012	49,490
Recorded investment of loans classified as TDRs during the period	\$ 1,148	\$ 982	\$ 794

A redefault is when an account meets the requirements for evaluation under our charge-off policy. The unpaid principal balance, net of recoveries, of loans that redefaulted during the reporting period and were within 12 months of being modified as a TDR were \$26 million, \$20 million and \$25 million for 2016, 2015 and 2014.

Commercial Finance Receivables

	Years Ended December 31,		
	2016	2015	2014
Commercial finance receivables beginning balance	\$ 8,439	\$ 8,072	\$ 6,700
Net funding	3,017	984	1,889
Charge-offs	(2)	(3)	—
Foreign currency translation	(331)	(614)	(517)
Commercial finance receivables ending balance	\$ 11,123	\$ 8,439	\$ 8,072

Commercial Credit Quality We extend wholesale credit to dealers primarily in the form of approved lines of credit to purchase new vehicles as well as used vehicles. Each commercial lending request is evaluated, taking into consideration the borrower's financial condition and the underlying collateral for the loan. We use proprietary models to assign each dealer a risk rating. These models use historical performance data to identify key factors about a dealer that we consider significant in predicting a dealer's ability to meet its

financial obligations. We also consider numerous other financial and qualitative factors including, but not limited to, capitalization and leverage, liquidity and cash flow, profitability and credit history.

We regularly review our models to confirm the continued business significance and statistical predictability of the factors and update the models to incorporate new factors or other information that improves statistical predictability. In addition, we verify the existence of the assets collateralizing the receivables by physical audits of vehicle inventories, which are performed with increased frequency for higher risk dealers (i.e., Groups III, IV, V and VI). We perform a credit review of each dealer at least

GENERAL MOTORS FINANCIAL COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

annually and adjust the dealer's risk rating, if necessary. Dealers in Group VI are subject to additional funding restrictions including suspension of lines of credit and liquidation of assets.

Performance of our commercial finance receivables is evaluated based on our internal dealer risk rating analysis, as payment for wholesale receivables is generally not required until the dealer has sold or leased the vehicle inventory. All receivables from the same dealer customer share the same risk rating. A summary of the credit risk profile by dealer risk rating of the commercial finance receivables is as follows:

	December 31, 2016		December 31, 2015	
	Amount	Percent	Amount	Percent
Group I - Dealers with superior financial metrics	\$ 1,596	14.3%	\$ 1,299	15.4%
Group II - Dealers with strong financial metrics	3,445	31.0	2,648	31.4
Group III - Dealers with fair financial metrics	4,039	36.3	2,703	32.0
Group IV - Dealers with weak financial metrics	1,231	11.1	1,100	13.0
Group V - Dealers warranting special mention due to potential weaknesses	642	5.8	505	6.0
Group VI - Dealers with loans classified as substandard, doubtful or impaired	170	1.5	184	2.2
Balance at end of period	<u>\$ 11,123</u>	<u>100.0%</u>	<u>\$ 8,439</u>	<u>100.0%</u>

At December 31, 2016 and 2015, substantially all of our commercial finance receivables were current with respect to payment status and none were classified as TDRs. Activity in the allowance for commercial loan losses was insignificant for 2016, 2015 and 2014.

Note 5. Leased Vehicles

	December 31, 2016	December 31, 2015
Leased vehicles	\$ 48,581	\$ 27,587
Manufacturer subvention	(7,706)	(4,582)
	40,875	23,005
Less: accumulated depreciation	(6,349)	(2,833)
Leased vehicles, net	<u>\$ 34,526</u>	<u>\$ 20,172</u>

A summary of the changes in our leased vehicles is as follows:

	Years Ended December 31,		
	2016	2015	2014
Balance at beginning of period	\$ 23,005	\$ 8,268	\$ 4,025
Leased vehicles purchased	25,377	20,199	6,169
Terminated leases	(4,095)	(1,785)	(878)

Leased vehicles returned - default	(358)	(120)	(58)
Manufacturer subvention	(3,111)	(3,169)	(844)
Foreign currency translation	57	(388)	(146)
Balance at end of period	<u>\$ 40,875</u>	<u>\$ 23,005</u>	<u>\$ 8,268</u>

The following table summarizes minimum rental payments due to us as lessor under operating leases:

	Years Ending December 31,					
	2017	2018	2019	2020	2021	Total
Minimum rental payments under operating leases	\$ 5,649	\$ 4,176	\$ 1,869	\$ 180	\$ 4	\$ 11,878

GENERAL MOTORS FINANCIAL COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

Note 6. Goodwill

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

	Years Ended December 31,								
	2016			2015			2014		
	North America	International	Total	North America	International	Total	North America	International	Total
Beginning balance	\$ 1,105	\$ 84	\$ 1,189	\$ 1,106	\$ 138	\$ 1,244	\$ 1,108	\$ 132	\$ 1,240
Acquisition	—	—	—	—	—	—	—	6	6
Foreign currency translation	—	7	7	(1)	(54)	(55)	(2)	—	(2)
Ending balance	<u>\$ 1,105</u>	<u>\$ 91</u>	<u>\$ 1,196</u>	<u>\$ 1,105</u>	<u>\$ 84</u>	<u>\$ 1,189</u>	<u>\$ 1,106</u>	<u>\$ 138</u>	<u>\$ 1,244</u>

Note 7. Equity in Net Assets of Non-consolidated Affiliates

We use the equity method to account for our equity interest in SAIC-GMAC Automotive Finance Company Limited ("SAIC-GMAC"), a joint venture that conducts auto finance operations in China. The income of SAIC-GMAC is not consolidated into our financial statements; rather, our proportionate share of the earnings is reflected as equity income.

We received cash dividends from SAIC-GMAC of \$129 million in 2016. There were no cash dividends received in 2015. At December 31, 2016 and 2015, we had undistributed earnings of \$142 million and \$121 million related to SAIC-GMAC. The following tables present summarized financial data of SAIC-GMAC:

Summarized Balance Sheet Data^(a):	December 31, 2016		December 31, 2015	
Finance receivables, net	\$	10,408	\$	9,617
Total assets	\$	11,089	\$	9,802
Debt	\$	6,681	\$	5,789
Total liabilities	\$	9,330	\$	7,973

Summarized Operating Data^(a):	Years Ended December 31,			
	2016		2015	
Finance charge income	\$	940	\$	971
Provision for loan losses	\$	18	\$	45
Interest expense	\$	257	\$	338
Income before income taxes	\$	570	\$	463
Net income	\$	428	\$	347

(This data represents that of the entire entity and not our 35% proportionate a share.
)

GENERAL MOTORS FINANCIAL COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

Note 8. Debt

	December 31, 2016		December 31, 2015	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Secured debt				
Revolving credit facilities	\$ 9,817	\$ 9,812	\$ 7,548	\$ 7,494
Securitization notes payable	29,453	29,545	23,141	23,177
Total secured debt	<u>\$ 39,270</u>	<u>\$ 39,357</u>	<u>\$ 30,689</u>	<u>\$ 30,671</u>
Unsecured debt				
Senior notes	\$ 28,577	\$ 29,182	\$ 18,973	\$ 19,045
Credit facilities	3,354	3,354	2,759	2,753
Retail customer deposits	1,895	1,902	1,260	1,262
Other unsecured debt	780	782	665	666
Total unsecured debt	<u>\$ 34,606</u>	<u>\$ 35,220</u>	<u>\$ 23,657</u>	<u>\$ 23,726</u>
Total Secured and Unsecured debt	<u>\$ 73,876</u>	<u>\$ 74,577</u>	<u>\$ 54,346</u>	<u>\$ 54,397</u>
Fair value utilizing Level 2 inputs		\$ 69,990		\$ 48,716
Fair value utilizing Level 3 inputs		\$ 4,587		\$ 5,681

The fair value of our debt measured utilizing Level 2 inputs was based on quoted market prices for identical instruments and if unavailable, quoted market prices of similar instruments. For debt that has terms of one year or less or has been priced within the last six months, the carrying amount or par value is considered to be a reasonable estimate of fair value. The fair value of our debt measured utilizing Level 3 inputs was based on the discounted future net cash flows expected to be settled using current risk-adjusted rates.

Secured Debt Most of the secured debt was issued by variable interest entities, as further discussed in [Note 9](#) - "Variable Interest Entities." This debt is repayable only from proceeds related to the underlying pledged assets.

The weighted average interest rate on secured debt was 2.09% at December 31, 2016. Issuance costs on the secured debt of \$89 million as of December 31, 2016 and \$76 million as of December 31, 2015 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 are expected to be repaid over periods ranging up to six years. During 2016, we entered into new credit facilities or renewed credit facilities with a total net additional borrowing capacity of \$4.0 billion.

Securitization notes payable at December 31, 2016 are due beginning in 2018 through 2024. During 2016, we issued securitization notes payable of \$16.9 billion with a weighted-average interest rate of 1.7%.

Unsecured Debt

Senior Notes At December 31, 2016, we had \$29.0 billion par value outstanding in senior notes that mature from 2017 through 2026 and have a weighted average interest rate of 3.33%. Issuance costs on senior notes of \$115 million as of December 31, 2016 and \$107 million as of December 31, 2015 are amortized to interest expense over the term of the notes.

During 2016, our top-tier holding company issued \$10.3 billion in senior notes comprised of \$9.6 billion of fixed rate notes with

a weighted average coupon of 3.38% and \$650 million in floating rate notes. These notes mature beginning in May 2019 through October 2026. All of these notes are guaranteed by AmeriCredit Financial Services, Inc. ("AFSI").

In May 2016, one of our European subsidiaries issued €500 million of 1.168% notes under our Euro medium term notes program. These notes are due in May 2020 and are guaranteed by our top-tier holding company and AFSI.

In November 2016, one of our European subsidiaries issued €100 million in floating rate notes under our Euro medium term notes program. These notes are due in December 2017 and are guaranteed by our top-tier holding company and AFSI.

GENERAL MOTORS FINANCIAL COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

Subsequent to December 31, 2016, our top-tier holding company issued \$2.5 billion in senior notes comprised of \$1.25 billion of 3.45% notes due in January 2022, \$750 million of 4.35% notes due in January 2027 and \$500 million of floating rate notes due in January 2022. All of these notes are guaranteed solely by AFSI.

Senior notes issued by our top-tier holding company are guaranteed solely by AFSI; none of our other subsidiaries are guarantors of our senior notes. Refer to [Note 20](#) - "Guarantor Consolidating Financial Statements" to our consolidated financial statements for further discussion.

Credit Facilities and Other Unsecured Debt We use unsecured credit facilities with banks as well as non-bank instruments as funding sources, primarily in the International Segment. During 2016, we increased net borrowing capacity on unsecured committed credit facilities by \$22 million.

The terms of advances under our unsecured credit facilities are determined and agreed to by us and the lender on the borrowing date for each advance and can have maturities up to five years. The weighted average interest rate on credit facilities and other unsecured debt was 7.50% at December 31, 2016.

Retail Customer Deposits During 2015, we began accepting deposits from retail banking customers in Germany. Following is summarized information for our deposits at December 31, 2016 and 2015:

	December 31, 2016		December 31, 2015	
	Outstanding Balance	Weighted Average Interest Rate	Outstanding Balance	Weighted Average Interest Rate
Overnight deposits	\$ 799	0.50%	\$ 555	1.00%
Term deposits - 12 months	423	0.93%	337	1.32%
Term deposits - 24 months	281	1.26%	123	1.44%
Term deposits - 36 months	392	1.48%	245	1.65%
Total deposits	\$ 1,895	0.91%	\$ 1,260	1.25%

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

	Years Ending December 31,						
	2017	2018	2019	2020	2021	Thereafter	Total
Secured debt	\$ 21,268	\$ 11,573	\$ 4,880	\$ 1,264	\$ 348	\$ —	\$ 39,333
Unsecured debt	7,328	4,167	6,351	4,650	4,750	7,791	35,037
Interest payments	1,624	1,204	799	573	376	793	5,369
	\$ 30,220	\$ 16,944	\$ 12,030	\$ 6,487	\$ 5,474	\$ 8,584	\$ 79,739

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 senior notes contain covenants including limitations on our ability to incur certain liens. At December 31, 2016, we were in compliance with these debt covenants.

GENERAL MOTORS FINANCIAL COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

Note 9. Variable Interest Entities

Securitizations and credit facilities

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

	December 31,	
	2016	2015
Restricted cash ^(a)	\$ 2,067	\$ 1,876
Finance receivables, net of fees	\$ 29,661	\$ 24,942
Lease related assets	\$ 19,341	\$ 11,684
Secured debt	\$ 38,244	\$ 29,386

(a) Included in other assets in the consolidated balance sheets.

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 subsidiaries obligations.

Other VIEs We consolidate certain operating entities that provide auto finance and financial services, which we do not control through a majority voting interest. We manage these entities and maintain a controlling financial interest in them and are exposed to the risks of ownership through contractual arrangements. The majority voting interests in these entities are indirectly wholly-owned by our parent, GM. The amounts presented below are stated prior to intercompany eliminations and include amounts related to securitizations and credit facilities held by consolidated VIEs. The following table summarizes the assets and liabilities of these VIEs:

	December 31,	
	2016	2015
Assets ^(a)	\$ 4,251	\$ 3,652
Liabilities ^(b)	\$ 3,559	\$ 2,941

(a) Comprised primarily of finance receivables, net of \$3.5 billion and \$3.2 billion at December 31, 2016 and 2015.

(b) Comprised primarily of debt of \$3.0 billion and \$2.6 billion at December 31, 2016 and) 2015.

The following table summarizes the revenue and net income of these VIEs:

	Years Ended December 31,		
	2016	2015	2014
Total revenue	\$ 210	\$ 191	\$ 192
Net income	\$ 29	\$ 29	\$ 28

Other transfers of finance receivables Under certain debt agreements, we transfer finance receivables to entities which 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, 2016 and 2015, \$1.2 billion and \$1.5 billion in finance receivables had been transferred in secured funding arrangements to third-party banks, to which \$1.1 billion and \$1.4 billion in secured debt was outstanding.

GENERAL MOTORS FINANCIAL COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

Note 10. Derivative Financial Instruments and Hedging Activities

Derivative financial instruments consist of the following:

	Level	December 31, 2016		December 31, 2015	
		Notional	Fair Value	Notional	Fair Value
Derivatives designated as hedges					
Assets					
Fair value hedges					
Interest rate swaps	2	\$ —	\$ —	\$ —	\$ —
Cash flow hedges					
Interest rate swaps	2,3	3,542	12	—	—
Foreign currency swaps	2	—	—	—	—
Total assets ^(a)		<u>\$ 3,542</u>	<u>\$ 12</u>	<u>\$ —</u>	<u>\$ —</u>
Liabilities					
Fair value hedges					
Interest rate swaps	2	\$ 7,700	\$ 276	\$ 1,000	\$ 6
Cash flow hedges					
Interest rate swaps	2,3	1,280	3	—	—
Foreign currency swaps	2	791	33	—	—
Total liabilities ^(b)		<u>\$ 9,771</u>	<u>\$ 312</u>	<u>\$ 1,000</u>	<u>\$ 6</u>
Derivatives not designated as hedges					
Assets					
Interest rate swaps	2,3	\$ 8,667	\$ 55	\$ 4,122	\$ 8
Interest rate caps and floors	2	10,469	26	6,327	19
Foreign currency swaps	2	1,576	78	1,460	48
Total assets ^(a)		<u>\$ 20,712</u>	<u>\$ 159</u>	<u>\$ 11,909</u>	<u>\$ 75</u>
Liabilities					
Interest rate swaps	2,3	\$ 8,337	\$ 36	\$ 8,041	\$ 24
Interest rate caps and floors	2	12,146	26	5,892	19
Foreign currency swaps	2	119	2	—	—
Total liabilities ^(b)		<u>\$ 20,602</u>	<u>\$ 64</u>	<u>\$ 13,933</u>	<u>\$ 43</u>

(Included in other assets in the consolidated balance sheets.

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(b) Included in other liabilities in the consolidated balance sheets. Amounts accrued for interest payments in a net receivable position are included in other assets in the consolidated balance sheets.

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. The fair value for Level 3 instruments was derived using the income approach based on a discounted cash flow model, in which expected cash flows are discounted using current risk-adjusted rates. The activity for interest rate swap agreements measured at fair value on a recurring basis using significant unobservable inputs (Level 3) was insignificant for 2016, 2015 and 2014.

GENERAL MOTORS FINANCIAL COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

The following table presents information on the gains (losses) on derivative instruments included in the consolidated statements of income and comprehensive income:

	Income (Losses) Recognized In Income		
	Years Ended December 31,		
	2016	2015	2014
Fair value hedges			
Interest rate contracts ^{(a)(b)}	\$ (7)	\$ 1	\$ —
Cash flow hedges			
Interest rate contracts ^(a)	(4)	—	—
Foreign currency contracts ^(c)	39	—	—
Derivatives not designated as hedges			
Interest rate contracts ^(a)	14	(15)	(51)
Foreign currency derivatives ^{(c)(d)}	109	42	163
Total	\$ 151	\$ 28	\$ 112

	Gains (Losses) Recognized In		
	Accumulated Other Comprehensive Loss		
	Years Ended December 31,		
	2016	2015	2014
Cash flow hedges			
Interest rate contracts	\$ 4	\$ —	\$ —
Foreign currency contracts	(20)	—	—
Total	\$ (16)	\$ —	\$ —

	Gains Reclassified From		
	Accumulated Other Comprehensive Loss Into Income		
	Years Ended December 31,		
	2016	2015	2014
Cash flow hedges			
Interest rate contracts	\$ 2	\$ —	\$ —
Foreign currency contracts	31	—	—
Total	\$ 33	\$ —	\$ —

Recognized in earnings as interest expense.

(b) Includes hedge ineffectiveness which reflects the net change in the fair value of interest rate contracts of \$322 million offset by the change in fair value of hedged debt attributable to the hedged risk of \$287 million.

(Recognized in earnings as other operating expenses and interest expense.

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(d) Activity is offset by translation activity (included in other operating expenses) related to foreign currency-denominated loans.

GENERAL MOTORS FINANCIAL COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

Note 11. Commitments and Contingencies

Leases We lease space for our operating facilities and administrative offices under leases with terms up to 10 years with renewal options. Certain leases contain lease escalation clauses for real estate taxes and other operating expenses and renewal option clauses calling for increased rents. A summary of lease expense and operating lease commitments are as follows:

	Years Ended December 31,		
	2016	2015	2014
Lease expense	\$ 30	\$ 28	\$ 28

	Years Ending December 31,						
	2017	2018	2019	2020	2021	Thereafter	Total
Operating lease commitments	\$ 38	\$ 45	\$ 41	\$ 37	\$ 35	\$ 161	\$ 357

Concentrations of Credit Risk Financial instruments which 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.

Retail finance receivables in the North America Segment represent contracts with customers residing throughout the U.S. and Canada, with borrowers located in Texas accounting for 16.0% of the portfolio as of December 31, 2016. No other state accounted for more than 10% of retail finance receivables. Retail finance receivables in the International Segment represent contracts with customers residing throughout Europe and Latin America. Borrowers located in the U.K., Germany, Brazil and Mexico accounted for 25.3%, 20.6%, 20.1%, and 16.4% of the international retail finance receivables as of December 31, 2016. No other country accounted for more than 10% of retail finance receivables.

At December 31, 2016, substantially all of our commercial finance receivables represent loans to GM-franchised dealerships and their affiliates.

Guarantees of Indebtedness The payments of principal and interest on senior notes issued by our top-tier holding company, our primary Canadian operating subsidiary and a European subsidiary are guaranteed by our primary U.S. operating subsidiary, AFSI. At December 31, 2016, the par value of our senior notes was \$29.0 billion. Refer to [Note 20](#) - "Guarantor Consolidating Financial Statements" to our consolidated financial statement in this Form 10-K for further discussion.

Legal Proceedings As a retail finance company, we are subject to various customer claims and litigation seeking damages and statutory penalties, based upon, among other things, usury, disclosure inaccuracies, wrongful repossession, violations of bankruptcy stay provisions, certificate of title disputes, fraud, breach of contract and discriminatory treatment of credit applicants. Some litigation against us could take the form of class action complaints by customers and certain legal actions include claims for substantial compensatory and/or punitive damages or claims for indeterminate amounts of damages. We establish reserves for legal claims when payments associated with the claims become probable and the payments can be reasonably estimated. Given the inherent difficulty of predicting the outcome of litigation and regulatory matters, it is generally very difficult to predict what the eventual outcome will be, and when the matter will be resolved. The actual costs of resolving legal claims may be higher or lower than any amounts reserved for the claims. At December 31, 2016, we estimated our reasonably possible legal exposure for unfavorable outcomes of up to \$96 million, and have accrued \$35 million.

In July 2014, we were served with a subpoena by the U.S. Department of Justice directing us to produce certain documents relating to our and our subsidiaries' and affiliates' origination and securitization of sub-prime automobile loans since 2007 in connection with an investigation by the U.S. Department of Justice in contemplation of a civil proceeding for potential violations of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989. Among other matters, the subpoena requests information relating to the underwriting criteria used to originate these automobile loans and the representations and warranties relating to those underwriting criteria that were made in connection with the securitization of the automobile loans. We have subsequently been served with additional investigative subpoenas to produce documents from state attorneys general and other governmental offices relating to our retail auto loan business and securitization of auto loans. These investigations are ongoing and could in the future result in the imposition of damages, fines or civil or criminal claims and/or penalties. No assurance can be given that the ultimate outcome of the investigations or any resulting proceedings would not materially and adversely affect us or any of our subsidiaries and affiliates.

GENERAL MOTORS FINANCIAL COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

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 \$35 million.

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 generally vest at the end of a three-year performance period based on performance criteria determined by the 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.

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

	Year Ended December 31, 2016		
	Shares	Weighted-Average Grant Date Fair Value	Weighted-Average Remaining Contractual Term (years)
Units outstanding at January 1, 2016	2,302	\$ 34.61	1.3
Granted	1,057	\$ 31.50	
Settled	(501)	\$ 34.95	
Forfeited or expired	(31)	\$ 33.93	
Units outstanding at December 31, 2016	<u>2,827</u>	\$ 32.89	1.1
Units unvested and expected to vest at December 31, 2016	1,926	\$ 33.05	1.1
Units vested and payable at December 31, 2016	821	\$ 32.51	

The following table summarizes compensation expense recorded for stock-based incentive plans:

	Years Ended December 31,		
	2016	2015	2014
Compensation expense	\$ 48	\$ 36	\$ 19
Income tax benefit	19	13	8
Compensation expense, net of tax	<u>\$ 29</u>	<u>\$ 23</u>	<u>\$ 11</u>

At December 31, 2016, total unrecognized compensation expense for nonvested equity awards granted was \$42 million. This expense is expected to be recorded over a weighted-average period of 1.1 years. The total fair value of RSUs and PSUs vested in 2016, 2015, and 2014 was \$16 million, \$13 million and \$9 million.

In 2016, 2015, and 2014, total payments for 49,000, 254,000 and 359,000 RSUs settled in cash under stock incentive plans were

\$2 million, \$9 million and \$13 million.

GENERAL MOTORS FINANCIAL COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

Note 13. Employee Benefit Plans

We have defined contribution retirement plans covering substantially all employees in the North America Segment as well as in Brazil and the U.K. We recognized \$20 million, \$17 million and \$12 million in compensation expense for 2016, 2015, and 2014 related to these plans. Contributions to the plans were made in cash.

Certain employees in the International Segment are eligible to participate in plans that provide for pension payments upon retirement based on factors such as length of service and salary. The associated liability was \$118 million and \$109 million at December 31, 2016 and 2015. We recognized \$6 million in net periodic pension expense in each of 2016, 2015, and 2014.

Note 14. Income Taxes

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

	Years Ended December 31,		
	2016	2015	2014
U.S. income	\$ 336	\$ 362	\$ 481
Non-U.S. income	426	359	334
Income before income taxes and equity income	<u>\$ 762</u>	<u>\$ 721</u>	<u>\$ 815</u>

Income Tax Expense

	Years Ended December 31,		
	2016	2015	2014
Current income tax expense			
U.S. federal	\$ (1)	\$ 13	\$ 284
U.S. state and local	—	(5)	14
Non-U.S.	118	51	63
Total current	<u>117</u>	<u>59</u>	<u>361</u>
Deferred income tax expense			
U.S. federal	20	95	(87)
U.S. state and local	13	6	(5)
Non-U.S.	9	31	9
Total deferred	<u>42</u>	<u>132</u>	<u>(83)</u>
Total income tax provision	<u>\$ 159</u>	<u>\$ 191</u>	<u>\$ 278</u>

Provisions are made for estimated U.S. and non-U.S. income taxes, less available tax credits and deductions, which may be incurred on the remittance of our basis differences in investments in foreign subsidiaries not deemed to be indefinitely reinvested. Taxes have not been provided on basis differences in investments as a result of earnings in foreign subsidiaries which are deemed indefinitely reinvested of \$5 million and \$21 million at December 31, 2016 and 2015. Quantification of the deferred tax liability, if any, associated with indefinitely reinvested basis differences is not practicable.

The following table summarizes a reconciliation of income tax expense (benefit) compared with the amounts at the U.S. federal statutory income tax rate:

	Years Ended December 31,		
	2016	2015	2014
U.S. statutory tax rate	35.0%	35.0%	35.0 %
Non-U.S. income taxed at other than 35%	(2.6)	(3.2)	(2.2)
State and local income taxes	2.0	0.9	1.2
U.S. tax on non-U.S. earnings	(10.7)	(3.2)	7.2
Valuation allowance	7.4	7.1	(4.9)
Tax credits and incentives	(9.9)	(6.6)	(0.8)
Other	(0.3)	(3.5)	(1.5)
Effective tax rate	20.9%	26.5%	34.0 %

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, 2016 and 2015 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, 2016	December 31, 2015
Deferred tax assets		
Net operating loss carryforward - U.S. ^(a)	\$ 1,049	\$ 409
Net operating loss carryforward - Non-U.S. ^(b)	202	189
Market value difference of loan portfolio	105	166
Accruals	135	107
Tax Credits ^(c)	388	131
Other	113	113
	<u>1,992</u>	<u>1,115</u>
Total deferred tax assets before valuation allowance		
Less: valuation allowance	(166)	(104)
Total deferred tax assets	<u>1,826</u>	<u>1,011</u>
Deferred tax liabilities		
Depreciable assets	1,470	645
Deferred acquisition costs	183	116
Other	119	148
	<u>1,772</u>	<u>909</u>
Total deferred tax liabilities		
Net deferred tax asset	<u>\$ 54</u>	<u>\$ 102</u>

(a) Includes tax-effected operating losses of \$1.0 billion expiring through 2037 at December 31, 2016.

(b) Includes tax-effected operating losses of \$105 million expiring through 2037 and \$97 million that may be carried forward indefinitely at December 31, 2016.

(c) Includes tax credits of \$388 million expiring through 2037 at December 31, 2016.

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, 2016, we have \$22 million in valuation allowances against deferred tax assets in non-U.S. jurisdictions and \$144 million in valuation allowances against deferred tax assets in U.S. jurisdictions. The increase in our valuation allowance of \$62 million is primarily related to 2016 U.S. foreign tax credits of \$91 million that we do not expect to utilize within the carryforward period partially offset by the release of a \$19 million valuation allowance on deferred tax assets in Italy. During 2016 we concluded it was more likely than not that our future earnings in Italy will be sufficient to realize the deferred tax asset so a full valuation allowance is no longer needed. Accordingly we reversed the Italy valuation allowance and recorded an income tax benefit.

Uncertain Tax Positions

	Years Ended December 31,		
	2016	2015	2014
Beginning balance	\$ 61	\$ 95	\$ 130

Additions to prior years' tax positions	4	—	1
Reductions to prior years' tax positions	(6)	(7)	(12)
Additions to current year tax positions	2	1	7
Reductions in tax positions due to lapse of statutory limitations	(5)	(16)	(6)
Settlements	—	(2)	(20)
Foreign currency translation	3	(10)	(5)
Ending balance	<u>\$ 59</u>	<u>\$ 61</u>	<u>\$ 95</u>

At December 31, 2016, 2015, and 2014, there were \$38 million, \$35 million and \$71 million of net unrecognized tax benefits that, if recognized, would favorably affect the effective tax rate.

GENERAL MOTORS FINANCIAL COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

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 the related tax liability line on the consolidated balance sheets.

During 2014, we recorded income tax related interest benefit and penalties of \$12 million. The amounts recorded in 2015 and 2016 were insignificant. At December 31, 2016 and 2015 we had liabilities of \$83 million and \$75 million for income tax-related interest and penalties.

At December 31, 2016, it is not possible to reasonably estimate the expected change to the total amount of unrecognized tax benefits in the next twelve months.

Periodically, we make deposits to taxing jurisdictions which reduce our unrecognized tax benefit balance, but are not reflected in the reconciliation above. The amounts of deposits that reduce our unrecognized tax benefit liability in the consolidated balance sheets were \$15 million and \$12 million at December 31, 2016 and 2015.

Other Matters Since October 1, 2010, we have been included in GM's consolidated U.S. federal income tax returns. For taxable income we recognize in any period beginning on or after October 1, 2010, we are obligated to pay GM for our share of the consolidated U.S. federal and certain state tax liabilities. Amounts owed to GM for income taxes are accrued and recorded as a related party payable. Under our tax sharing arrangement with GM, payments related to our U.S. operations for the tax years 2010 through 2014 were deferred for four years from their original due date. During 2015, the outstanding balance was converted to and treated as a capital contribution. At December 31, 2016 and 2015, there were no related party taxes payable due to GM due to our taxable loss position.

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 2010 to 2016 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 Cash Flow Information

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

	Years Ended December 31,		
	2016	2015	2014
Interest costs (none capitalized)	\$ 1,857	\$ 1,295	\$ 1,120
Income taxes	\$ 120	\$ 84	\$ 127

Non-cash investing items consist of the following:

	Years Ended December 31,		
	2016	2015	2014
Subvention receivable from GM	\$ 373	\$ 383	\$ 189
Commercial loan funding payable to GM	\$ 389	\$ 351	\$ 427

GENERAL MOTORS FINANCIAL COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

Note 16. Segment Reporting and Geographic Information

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: the North America Segment and the International Segment. The North America Segment includes our operations in the U.S. and Canada. The International Segment includes our operations in all other countries. Our chief operating decision maker evaluates the operating results and performance of our business based on these operating segments. The management of each segment is responsible for executing our strategies.

For segment reporting purposes only, interest expense related to the senior notes has been allocated based on targeted leverage for each segment. Interest expense in excess of the targeted overall leverage is reflected in the "Corporate" column below. In addition, the interest income on intercompany loans provided to the international operations is presented in the "Corporate" column as revenue. Key operating data for our operating segments were as follows:

	Year Ended December 31, 2016				
	North America	International	Corporate	Eliminations	Total
Total revenue	\$ 7,948	\$ 1,610	\$ (1)	\$ 1	\$ 9,558
Operating expenses	891	599	—	—	1,490
Leased vehicle expenses	4,499	30	—	—	4,529
Provision for loan losses	566	103	—	—	669
Interest expense	1,481	626	—	1	2,108
Equity income	—	151	—	—	151
Income (loss) before income taxes	\$ 511	\$ 403	\$ (1)	\$ —	\$ 913

	Year Ended December 31, 2015				
	North America	International	Corporate	Eliminations	Total
Total revenue	\$ 4,777	\$ 1,677	\$ 13	\$ (13)	\$ 6,454
Operating expenses	735	558	—	—	1,293
Leased vehicle expenses	2,190	10	—	—	2,200
Provision for loan losses	466	158	—	—	624
Interest expense	833	722	74	(13)	1,616
Equity income	—	116	—	—	116
Income (loss) before income taxes	\$ 553	\$ 345	\$ (61)	\$ —	\$ 837

	Year Ended December 31, 2014				
	North America	International	Corporate	Eliminations	Total
Total revenue	\$ 2,909	\$ 1,945	\$ 56	\$ (56)	\$ 4,854
Operating expenses	542	620	—	—	1,162
Leased vehicle expenses	843	4	—	—	847

Provision for loan losses	472	132	—	—	604
Interest expense	459	954	69	(56)	1,426
Income (loss) before income taxes	\$ 593	\$ 235	\$ (13)	\$ —	\$ 815

	December 31, 2016			December 31, 2015		
	North America	International	Total	North America	International	Total
Finance receivables, net	\$ 27,617	\$ 15,573	\$ 43,190	\$ 21,558	\$ 15,223	\$ 36,781
Leased vehicles, net	\$ 34,284	\$ 242	\$ 34,526	\$ 20,086	\$ 86	\$ 20,172
Total assets	\$ 68,656	\$ 19,109	\$ 87,765	\$ 47,419	\$ 18,485	\$ 65,904

GENERAL MOTORS FINANCIAL COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

Geographic Information

	At and For the Years Ended December 31,					
	2016		2015		2014	
	Revenue	Long-Lived Assets ^(a)	Revenue	Long-Lived Assets ^(a)	Revenue	Long-Lived Assets ^(a)
U.S.	\$ 7,440	\$ 32,506	\$ 4,324	\$ 18,501	\$ 2,552	\$ 5,477
Canada	508	1,982	453	1,731	357	1,635
Brazil	652	3	757	3	964	4
Other countries ^(b)	958	314	920	156	981	116
Total consolidated	\$ 9,558	\$ 34,805	\$ 6,454	\$ 20,391	\$ 4,854	\$ 7,232

(a) Long-lived assets includes \$34.5 billion, \$20.2 billion and \$7.1 billion of vehicles on operating leases at December 31, 2016, 2015, and 2014.

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

Note 17. Accumulated Other Comprehensive Loss

	Years Ended December 31,		
	2016	2015	2014
Unrealized gain on cash flow hedges			
Beginning balance	\$ —	\$ —	\$ —
Change in value of cash flow hedges, net of tax	17	—	—
Ending balance	17	—	—
Defined benefit plans			
Beginning balance	(13)	(11)	3
Unrealized loss on subsidiary pension, net of tax	(7)	(2)	(14)
Ending balance	(20)	(13)	(11)
Foreign currency translation adjustment			
Beginning balance	(1,091)	(422)	8
Translation loss, net of tax	(144)	(669)	(430)
Ending balance	(1,235)	(1,091)	(422)
Total accumulated other comprehensive loss	\$ (1,238)	\$ (1,104)	\$ (433)

Note 18. Regulatory Capital and Other Regulatory Matters

We are required to comply with a wide variety of laws and regulations. The International Segment includes the operations of certain stand-alone entities that operate in local markets as either banks or regulated finance companies and are subject to regulatory restrictions. These regulatory restrictions, among other things, require that these entities meet certain 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. The following table lists the most recently reported minimum statutory capital requirements and the actual statutory capital for our significant regulated international banks by country:

	Minimum Capital Requirement	Actual Capital
Germany	8.6%	17.2%

Brazil

11.0%

16.9%

Total assets of our regulated international banks and finance companies were approximately \$12.6 billion and \$11.1 billion at December 31, 2016 and 2015.

GENERAL MOTORS FINANCIAL COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

Note 19. Quarterly Financial Data (unaudited)

The following tables summarize supplementary quarterly financial information:

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2016				
Total revenue	\$ 2,075	\$ 2,292	\$ 2,499	\$ 2,692
Income before income taxes	\$ 225	\$ 266	\$ 228	\$ 194
Net income	\$ 164	\$ 189	\$ 147	\$ 254
2015				
Total revenue	\$ 1,354	\$ 1,515	\$ 1,707	\$ 1,878
Income before income taxes	\$ 214	\$ 225	\$ 231	\$ 167
Net income	\$ 150	\$ 186	\$ 179	\$ 131

Note 20. Guarantor Consolidating Financial Statements

The payment of principal and interest on senior notes issued by our top-tier holding company is currently guaranteed solely by AFSI (the "Guarantor") and none of our other subsidiaries (the "Non-Guarantor Subsidiaries"). The Guarantor is a 100% owned consolidated subsidiary and is unconditionally liable for the obligations represented by the senior notes. The Guarantor's guarantee may be released only upon customary circumstances, the terms of which vary by issuance. Customary circumstances include the sale or disposition of all of the Guarantor's assets or capital stock, the achievement of investment grade rating of the senior notes and legal or covenant defeasance.

The consolidating financial statements present consolidating financial data for (i) General Motors Financial Company, Inc. (on a parent-only basis), (ii) the Guarantor, (iii) the combined Non-Guarantor Subsidiaries and (iv) the parent company and our subsidiaries on a consolidated basis at December 31, 2016 and December 31, 2015 and for the years ended December 31, 2016, 2015, and 2014 (after the elimination of intercompany balances and transactions).

Investments in subsidiaries are accounted for by the parent company using the equity method for purposes of this presentation. Results of operations of subsidiaries are therefore reflected in the parent company's investment accounts and earnings. The principal elimination entries set forth below eliminate investments in subsidiaries and intercompany balances and transactions.

GENERAL MOTORS FINANCIAL COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

CONSOLIDATING BALANCE SHEET

December 31, 2016

	General Motors Financial Company, Inc.	Guarantor	Non- Guarantors	Eliminations	Consolidated
ASSETS					
Cash and cash equivalents	\$ —	\$ 2,284	\$ 917	\$ —	\$ 3,201
Finance receivables, net	—	4,969	38,221	—	43,190
Leased vehicles, net	—	—	34,526	—	34,526
Goodwill	1,095	—	101	—	1,196
Equity in net assets of non-consolidated affiliates	—	—	944	—	944
Property and equipment, net	—	152	127	—	279
Deferred income taxes	502	89	274	(591)	274
Related party receivables	—	25	485	—	510
Other assets	4	643	3,167	(169)	3,645
Due from affiliates	24,548	16,065	—	(40,613)	—
Investment in affiliates	8,986	6,445	—	(15,431)	—
Total assets	\$ 35,135	\$ 30,672	\$ 78,762	\$ (56,804)	\$ 87,765
LIABILITIES AND SHAREHOLDER'S EQUITY					
Liabilities					
Secured debt	\$ —	\$ —	\$ 39,439	\$ (169)	\$ 39,270
Unsecured debt	26,076	—	8,530	—	34,606
Accounts payable and accrued expenses	302	273	899	—	1,474
Deferred income	—	—	2,365	—	2,365
Deferred income taxes	—	—	811	(591)	220
Related party payables	1	—	399	—	400
Other liabilities	63	417	257	—	737
Due to affiliates	—	24,437	16,176	(40,613)	—
Total liabilities	26,442	25,127	68,876	(41,373)	79,072
Shareholder's equity					
Common stock	—	—	698	(698)	—
Additional paid-in capital	6,505	79	5,345	(5,424)	6,505
Accumulated other comprehensive loss	(1,238)	(161)	(1,223)	1,384	(1,238)
Retained earnings	3,426	5,627	5,066	(10,693)	3,426

Total shareholder's equity	8,693	5,545	9,886	(15,431)	8,693
Total liabilities and shareholder's equity	\$ 35,135	\$ 30,672	\$ 78,762	\$ (56,804)	\$ 87,765

GENERAL MOTORS FINANCIAL COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

CONSOLIDATING BALANCE SHEET

December 31, 2015

	General Motors Financial Company, Inc.	Guarantor	Non- Guarantors	Eliminations	Consolidated
ASSETS					
Cash and cash equivalents	\$ —	\$ 2,259	\$ 802	\$ —	\$ 3,061
Finance receivables, net	—	4,808	31,973	—	36,781
Leased vehicles, net	—	—	20,172	—	20,172
Goodwill	1,095	—	94	—	1,189
Equity in net assets of non-consolidated affiliates	—	—	986	—	986
Property and equipment, net	—	41	178	—	219
Deferred income taxes	212	—	179	(160)	231
Related party receivables	—	27	546	—	573
Other assets	32	92	2,568	—	2,692
Due from affiliates	15,573	7,556	—	(23,129)	—
Investment in affiliates	8,476	6,425	—	(14,901)	—
Total assets	\$ 25,388	\$ 21,208	\$ 57,498	\$ (38,190)	\$ 65,904
LIABILITIES AND SHAREHOLDER'S EQUITY					
Liabilities					
Secured debt	\$ —	\$ —	\$ 30,689	\$ —	\$ 30,689
Unsecured debt	17,087	—	6,570	—	23,657
Accounts payable and accrued expenses	181	717	320	—	1,218
Deferred income	—	—	1,454	—	1,454
Deferred income taxes	—	289	—	(160)	129
Related party payables	—	—	362	—	362
Other liabilities	68	34	241	—	343
Due to affiliates	—	15,495	7,634	(23,129)	—
Total liabilities	17,336	16,535	47,270	(23,289)	57,852
Shareholder's equity					
Common stock	—	—	698	(698)	—
Additional paid-in capital	6,484	79	6,490	(6,569)	6,484
Accumulated other comprehensive loss	(1,104)	(175)	(1,095)	1,270	(1,104)
Retained earnings	2,672	4,769	4,135	(8,904)	2,672

Total shareholder's equity	8,052	4,673	10,228	(14,901)	8,052
Total liabilities and shareholder's equity	\$ 25,388	\$ 21,208	\$ 57,498	\$ (38,190)	\$ 65,904

GENERAL MOTORS FINANCIAL COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

CONSOLIDATING STATEMENT OF INCOME
Year Ended December 31, 2016

	General Motors Financial Company, Inc.	Guarantor	Non- Guarantors	Eliminations	Consolidated
Revenue					
Finance charge income	\$ —	\$ 432	\$ 2,897	\$ —	\$ 3,329
Leased vehicle income	—	—	5,925	—	5,925
Other income	(1)	883	97	(675)	304
Total revenue	(1)	1,315	8,919	(675)	9,558
Costs and expenses					
Salaries and benefits	—	597	256	—	853
Other operating expenses	2	200	837	(402)	637
Total operating expenses	2	797	1,093	(402)	1,490
Leased vehicle expenses	—	—	4,529	—	4,529
Provision for loan losses	—	378	291	—	669
Interest expense	557	296	1,528	(273)	2,108
Total costs and expenses	559	1,471	7,441	(675)	8,796
Equity income	994	771	151	(1,765)	151
Income before income taxes	434	615	1,629	(1,765)	913
Income tax (benefit) provision	(320)	(89)	568	—	159
Net income	<u>\$ 754</u>	<u>\$ 704</u>	<u>\$ 1,061</u>	<u>\$ (1,765)</u>	<u>\$ 754</u>
Comprehensive income	<u>\$ 620</u>	<u>\$ 718</u>	<u>\$ 933</u>	<u>\$ (1,651)</u>	<u>\$ 620</u>

GENERAL MOTORS FINANCIAL COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

CONSOLIDATING STATEMENT OF INCOME
Year Ended December 31, 2015

	General Motors Financial Company, Inc.	Guarantor	Non- Guarantors	Eliminations	Consolidated
Revenue					
Finance charge income	\$ —	\$ 403	\$ 2,978	\$ —	\$ 3,381
Leased vehicle income	—	—	2,807	—	2,807
Other income	13	505	139	(391)	266
Total revenue	13	908	5,924	(391)	6,454
Costs and expenses					
Salaries and benefits	—	332	394	—	726
Other operating expenses	64	105	649	(251)	567
Total operating expenses	64	437	1,043	(251)	1,293
Leased vehicle expenses	—	—	2,200	—	2,200
Provision for loan losses	—	398	226	—	624
Interest expense	488	18	1,250	(140)	1,616
Total costs and expenses	552	853	4,719	(391)	5,733
Equity income	941	579	116	(1,520)	116
Income before income taxes	402	634	1,321	(1,520)	837
Income tax (benefit) provision	(244)	25	410	—	191
Net income	<u>\$ 646</u>	<u>\$ 609</u>	<u>\$ 911</u>	<u>\$ (1,520)</u>	<u>\$ 646</u>
Comprehensive (loss) income	<u>\$ (25)</u>	<u>\$ 498</u>	<u>\$ 225</u>	<u>\$ (723)</u>	<u>\$ (25)</u>

GENERAL MOTORS FINANCIAL COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

CONSOLIDATING STATEMENT OF INCOME
Year Ended December 31, 2014

	General Motors Financial Company, Inc.	Guarantor	Non- Guarantors	Eliminations	Consolidated
Revenue					
Finance charge income	\$ —	\$ 194	\$ 3,281	\$ —	\$ 3,475
Leased vehicle income	—	—	1,090	—	1,090
Other income	68	432	178	(389)	289
Total revenue	68	626	4,549	(389)	4,854
Costs and expenses					
Salaries and benefits	—	249	365	—	614
Other operating expenses	159	(17)	657	(251)	548
Total operating expenses	159	232	1,022	(251)	1,162
Leased vehicle expenses	—	—	847	—	847
Provision for loan losses	—	334	270	—	604
Interest expense	232	23	1,309	(138)	1,426
Total costs and expenses	391	589	3,448	(389)	4,039
Equity income	757	523	—	(1,280)	—
Income before income taxes	434	560	1,101	(1,280)	815
Income tax (benefit) provision	(103)	12	369	—	278
Net income	<u>\$ 537</u>	<u>\$ 548</u>	<u>\$ 732</u>	<u>\$ (1,280)</u>	<u>\$ 537</u>
Comprehensive income	<u>\$ 93</u>	<u>\$ 491</u>	<u>\$ 298</u>	<u>\$ (789)</u>	<u>\$ 93</u>

GENERAL MOTORS FINANCIAL COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

**CONSOLIDATING STATEMENT OF CASH FLOWS
Year Ended December 31, 2016**

	General Motors Financial Company, Inc.	Guarantor	Non- Guarantors	Eliminations	Consolidated
Cash flows from operating activities					
Net income	\$ 754	\$ 704	\$ 1,061	\$ (1,765)	\$ 754
Adjustments to reconcile net income to net cash (used in) provided by operating activities					
Depreciation and amortization	37	26	4,776	—	4,839
Accretion and amortization of loan and leasing fees	—	17	(1,189)	—	(1,172)
Amortization of carrying value adjustment	—	(3)	(26)	—	(29)
Undistributed earnings of non-consolidated affiliates, net	(994)	(771)	(22)	1,765	(22)
Provision for loan losses	—	378	291	—	669
Deferred income taxes	(313)	(390)	745	—	42
Stock-based compensation expense	24	—	1	—	25
Other operating activities	(299)	289	11	—	1
Changes in assets and liabilities:					
Other assets	18	(347)	(114)	—	(443)
Accounts payable and accrued expenses	117	(438)	535	—	214
Taxes payable	(1)	—	(1)	—	(2)
Related party payables	—	—	5	—	5
Net cash (used in) provided by operating activities	(657)	(535)	6,073	—	4,881
Cash flows from investing activities					
Purchases of retail finance receivables, net	—	(15,847)	(20,080)	18,131	(17,796)
Principal collections and recoveries on retail finance receivables	—	1,542	11,630	—	13,172
Proceeds from transfer of retail finance receivables, net	—	13,897	4,234	(18,131)	—
Net funding of commercial finance receivables	—	(191)	(2,790)	—	(2,981)
Purchases of leased vehicles, net	—	—	(19,612)	—	(19,612)
Proceeds from termination of leased vehicles	—	—	2,557	—	2,557
Purchases of property and equipment	—	(82)	(25)	—	(107)
Other investing activities	—	(169)	(7)	169	(7)
Net change in due from affiliates	(8,966)	(8,508)	—	17,474	—
Net change in investment in affiliates	339	787	—	(1,126)	—
Net cash used in investing activities	(8,627)	(8,571)	(24,093)	16,517	(24,774)
Cash flows from financing activities					
Net change in debt (original maturities less than three months)	8	—	772	—	780

Borrowings and issuance of secured debt	—	—	29,590	(169)	29,421
Payments on secured debt	—	—	(20,266)	—	(20,266)
Borrowings and issuance of unsecured debt	10,320	—	2,962	—	13,282
Payments on unsecured debt	(1,000)	—	(1,837)	—	(2,837)
Borrowings on related party line of credit	418	—	—	—	418
Payments on related party line of credit	(418)	—	—	—	(418)
Net capital contributions	—	—	(1,126)	1,126	—
Debt issuance costs	(44)	—	(102)	—	(146)
Net change in due to affiliates	—	9,071	8,403	(17,474)	—
Net cash provided by financing activities	9,284	9,071	18,396	(16,517)	20,234
Net increase in cash, cash equivalents and restricted cash	—	(35)	376	—	341
Effect of foreign exchange rate changes on cash, cash equivalents and restricted cash	—	—	(41)	—	(41)
Cash, cash equivalents and restricted cash at beginning of period	—	2,319	2,683	—	5,002
Cash, cash equivalents and restricted cash at end of period	\$ —	\$ 2,284	\$ 3,018	\$ —	\$ 5,302

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

	General Motors Financial Company, Inc.	Guarantor	Non- Guarantors	Eliminations	Consolidated
Cash and cash equivalents	\$ —	\$ 2,284	\$ 917	\$ —	\$ 3,201
Restricted cash included in other assets	—	—	2,101	—	2,101
Total cash, cash equivalents and restricted cash as presented in the consolidating statements of cash flows	\$ —	\$ 2,284	\$ 3,018	\$ —	\$ 5,302

GENERAL MOTORS FINANCIAL COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

CONSOLIDATING STATEMENT OF CASH FLOWS
Year Ended December 31, 2015

	General Motors Financial Company, Inc.	Guarantor	Non- Guarantors	Eliminations	Consolidated
Cash flows from operating activities					
Net income	\$ 646	\$ 609	\$ 911	\$ (1,520)	\$ 646
Adjustments to reconcile net income to net cash (used in) provided by operating activities					
Depreciation and amortization	28	3	2,372	—	2,403
Accretion and amortization of loan and leasing fees	—	25	(634)	—	(609)
Amortization of carrying value adjustment	—	(14)	(135)	—	(149)
Undistributed earnings of non-consolidated affiliates, net	(941)	(579)	(116)	1,520	(116)
Provision for loan losses	—	398	226	—	624
Deferred income taxes	(189)	2	319	—	132
Stock-based compensation expense	33	—	3	—	36
Other operating activities	32	(5)	(64)	—	(37)
Changes in assets and liabilities:					
Other assets	(3)	25	(397)	—	(375)
Accounts payable and accrued expenses	100	531	(349)	—	282
Taxes payable	(12)	1	(9)	—	(20)
Related party taxes payable	(636)	—	—	—	(636)
Related party payables	1	—	(14)	—	(13)
Net cash (used in) provided by operating activities	(941)	996	2,113	—	2,168
Cash flows from investing activities					
Purchases of retail finance receivables, net	—	(13,997)	(16,981)	13,461	(17,517)
Principal collections and recoveries on retail finance receivables	—	755	10,971	—	11,726
Proceeds from transfer of retail finance receivables, net	—	10,428	3,033	(13,461)	—
Net funding of commercial finance receivables	—	6	(1,023)	—	(1,017)
Purchases of leased vehicles, net	—	—	(15,337)	—	(15,337)
Proceeds from termination of leased vehicles	—	—	1,096	—	1,096
Acquisition of international operations	(513)	(536)	—	—	(1,049)
Disposition of equity interest	—	125	—	—	125
Purchases of property and equipment	—	(21)	(69)	—	(90)
Other investing activities	—	—	30	—	30
Net change in due from affiliates	(8,819)	(5,593)	—	14,412	—
Net change in investment in affiliates	(6)	(1,893)	—	1,899	—

Net cash used in investing activities	(9,338)	(10,726)	(18,280)	16,311	(22,033)
Cash flows from financing activities					
Net change in debt (original maturities less than three months)	—	—	1,147	—	1,147
Borrowings and issuance of secured debt	—	—	22,385	—	22,385
Payments on secured debt	—	—	(15,178)	—	(15,178)
Borrowings and issuance of unsecured debt	9,687	—	3,290	—	12,977
Payments on unsecured debt	—	—	(1,709)	—	(1,709)
Net capital contributions	649	—	1,899	(1,899)	649
Debt issuance costs	(58)	—	(97)	—	(155)
Other	1	—	—	—	1
Net change in due to affiliates	—	9,766	4,646	(14,412)	—
Net cash provided by financing activities	10,279	9,766	16,383	(16,311)	20,117
Net increase in cash, cash equivalents and restricted cash	—	36	216	—	252
Effect of foreign exchange rate changes on cash, cash equivalents and restricted cash	—	—	(295)	—	(295)
Cash, cash equivalents and restricted cash at beginning of period	—	2,283	2,762	—	5,045
Cash, cash equivalents and restricted cash at end of period	\$ —	\$ 2,319	\$ 2,683	\$ —	\$ 5,002

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

	General Motors Financial Company, Inc.	Guarantor	Non- Guarantors	Eliminations	Consolidated
Cash and cash equivalents	\$ —	\$ 2,259	\$ 802	\$ —	\$ 3,061
Restricted cash included in other assets	—	60	1,881	—	1,941
Total cash, cash equivalents and restricted cash as presented in the consolidating statements of cash flows	\$ —	\$ 2,319	\$ 2,683	\$ —	\$ 5,002

GENERAL MOTORS FINANCIAL COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

**CONSOLIDATING STATEMENT OF CASH FLOWS
Year Ended December 31, 2014**

	General Motors Financial Company, Inc.	Guarantor	Non- Guarantors	Eliminations	Consolidated
Cash flows from operating activities					
Net income	\$ 537	\$ 548	\$ 732	\$ (1,280)	\$ 537
Adjustments to reconcile net income to net cash (used in) provided by operating activities					
Depreciation and amortization	14	2	976	—	992
Accretion and amortization of loan and leasing fees	—	4	(367)	—	(363)
Amortization of carrying value adjustment	—	(4)	(230)	—	(234)
Undistributed earnings of non-consolidated affiliates, net	(757)	(523)	—	1,280	—
Provision for loan losses	—	334	270	—	604
Deferred income taxes	1	127	(211)	—	(83)
Stock-based compensation expense	18	—	1	—	19
Other operating activities	137	(2)	47	—	182
Changes in assets and liabilities, net of assets and liabilities acquired:					
Other assets	(18)	(14)	(53)	—	(85)
Accounts payable and accrued expenses	36	(25)	122	—	133
Taxes payable	(3)	—	(60)	—	(63)
Related party taxes payable	(7)	—	—	—	(7)
Related party payable	—	—	5	—	5
Net cash (used in) provided by operating activities	(42)	447	1,232	—	1,637
Cash flows from investing activities					
Purchases of retail finance receivables, net	—	(8,220)	(14,321)	7,792	(14,749)
Principal collections and recoveries on retail finance receivables	—	(99)	10,959	—	10,860
Proceeds from transfer of retail finance receivables, net	—	6,369	1,423	(7,792)	—
Net funding of commercial finance receivables	—	(128)	(1,770)	—	(1,898)
Purchases of leased vehicles, net	—	—	(4,882)	—	(4,882)
Proceeds from termination of leased vehicles	—	—	533	—	533
Acquisition of international operations	(46)	—	—	—	(46)
Purchases of property and equipment	—	(20)	(32)	—	(52)
Other investing activities	—	—	(2)	—	(2)
Net change in due from affiliates	(3,149)	(443)	(400)	3,992	—
Net change in investment in affiliates	(357)	(27)	—	384	—

Net cash used in investing activities	(3,552)	(2,568)	(8,492)	4,376	(10,236)
Cash flows from financing activities					
Net change in debt (original maturities less than three months)	—	—	470	—	470
Borrowings and issuance of secured debt	—	—	21,080	—	21,080
Payments on secured debt	—	—	(16,890)	—	(16,890)
Borrowings and issuance of unsecured debt	3,500	—	3,674	—	7,174
Payments on unsecured debt	—	—	(1,889)	—	(1,889)
Net capital contribution	996	—	382	(382)	996
Debt issuance costs	(39)	—	(88)	—	(127)
Net change in due to affiliates	(863)	3,989	866	(3,992)	—
Net cash provided by financing activities	3,594	3,989	7,605	(4,374)	10,814
Net increase in cash, cash equivalents and restricted cash	—	1,868	345	2	2,215
Effect of foreign exchange rate changes on cash, cash equivalents and restricted cash	—	—	(199)	(2)	(201)
Cash, cash equivalents and restricted cash at beginning of period	—	415	2,616	—	3,031
Cash, cash equivalents and restricted cash at end of period	\$ —	\$ 2,283	\$ 2,762	\$ —	\$ 5,045

