



2023 Passport TrailSport

*Investor Presentation  
December 2022*

## **Caution with Respect to Forward-Looking Statements:**

*These slides may contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 that involve a number of risks and uncertainties. Certain such forward-looking statements can be identified by the use of forward-looking terminology such as "believes," "expects," "may," "will," "should," "seeks," "scheduled," or "anticipates" or similar expressions or the negative thereof or other variations thereof or comparable terminology, or by discussions of strategy, plans or intentions. Such forward-looking statements are necessarily dependent on assumptions, data, or methods that may be incorrect or imprecise and that may be incapable of being realized. Factors such as declines in the financial condition or performance of Honda or AHFC or the sales of Honda or Acura products, changes in general business and economic conditions, and fluctuations in interest rates and currency exchange rates, among others, could cause actual results and other matters to differ materially from those in such forward-looking statements.*

## **Use and Definition of Non-GAAP Financial Measure:**

*This presentation includes the following financial measure defined as a non-GAAP financial measure by the SEC: Income before income taxes excluding valuation adjustments and reclassifications. This measure has limitations as an analytical tool and should not be considered as an alternative to, or more meaningful than, net income as determined in accordance with GAAP or as an indicator of our liquidity. Our presentation of this non-GAAP financial measure should also not be construed as an inference that our results will be unaffected by unusual or non-recurring items. Our computations of this non-GAAP financial measure may not be comparable to other similarly titled measures of other companies.*

*We define income before income taxes excluding valuation adjustments and reclassifications as income before income taxes excluding realized (gains)/losses on derivatives and foreign currency denominated debt, (gain)/loss on derivative instruments, and (gain)/loss on foreign currency revaluation of debt. Management believes income before income taxes excluding valuation adjustments and reclassifications is useful because it allows management to evaluate our operating performance and compare the results of our operations from period to period and against our peers without regard to fluctuations in performance resulting from currency related charges and interest rate swaps.*

*A reconciliation of our net income as determined in accordance with GAAP to income before taxes excluding valuation adjustments and reclassifications is provided in Appendix A to these slides.*

## **Accounting Standards:**

### **Honda Motor Co., Ltd.**

*Financial information is prepared in conformity with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).*

### **American Honda Finance Corporation**

*Financial information is prepared in conformity with U.S. generally accepted accounting principles.*

*This information is presented as of December 14, 2022 and does not purport to be accurate as of any other date. We undertake no obligation to update this information.*

*This presentation does not constitute an offer to sell or a solicitation of an offer to purchase any securities. Any offer or sale of securities will be made only by means of an offering memorandum and related documents.*

## **Foreign Currency Translation:**

*The financial data in these slides is presented on a consolidated basis unless otherwise noted. Upon consolidation, the assets and liabilities are translated at year-end exchange rates, and the revenues and expenses are translated at the average rates of exchange during the respective years. Foreign currency denominated debt is translated at year-end exchange rates, and the foreign currency transaction gains and losses are recognized through earnings.*

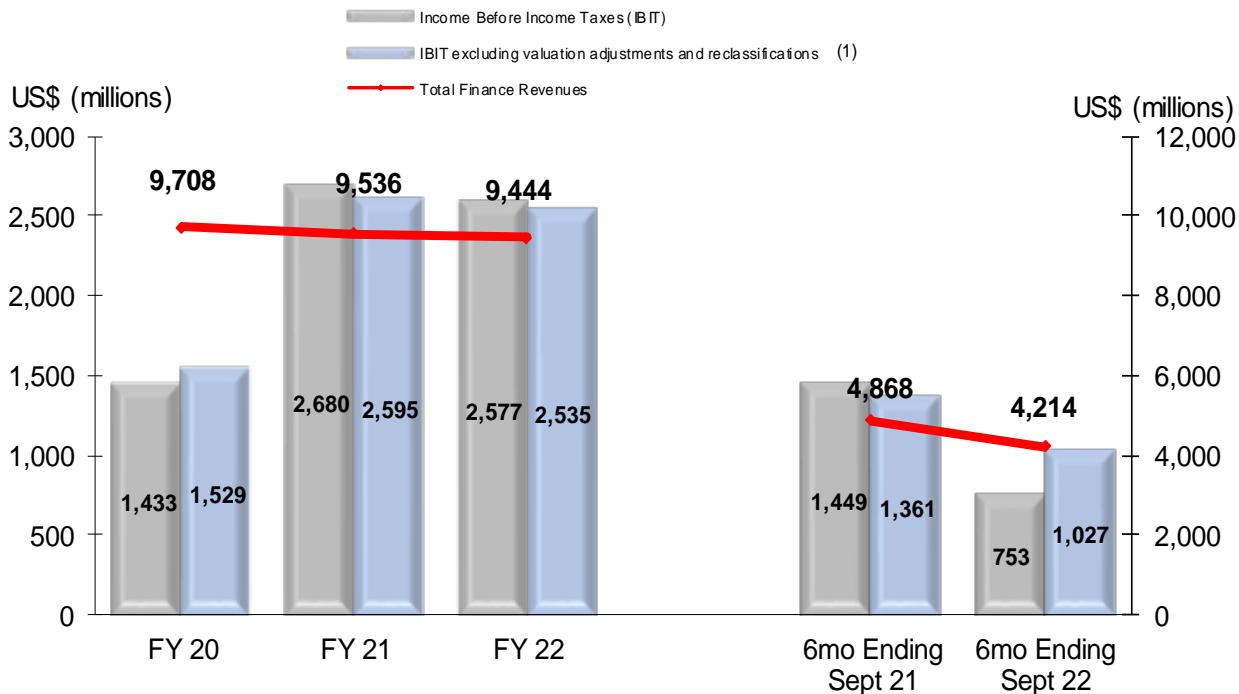


Financial  
Services



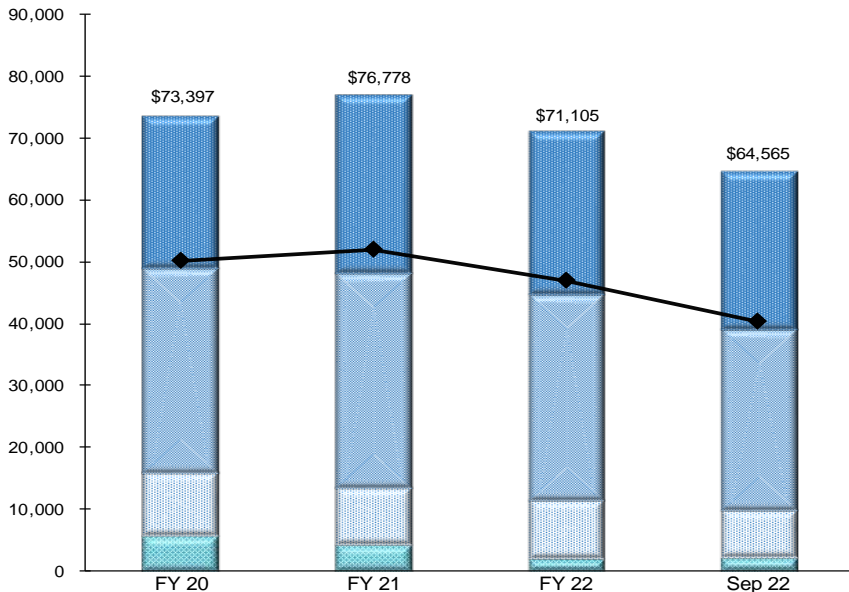
Financial  
Services





(1) For a reconciliation of IBIT excluding valuation adjustments and reclassifications see Appendix A

US\$ (millions)



Retail	\$24,309	\$28,573	\$26,387	\$25,333
Lease	\$33,350	\$34,905	\$33,330	\$29,476
Securitized Assets	\$10,138	\$9,223	\$9,327	\$7,658
Dealer	\$5,600	\$4,077	\$2,061	\$2,098
Debt	\$50,132	\$51,927	\$46,939	\$40,359

As of Sep 30, 2022:

Retail Loans:

includes ABS assets, approx. 51% of outstanding receivables

Leases:

includes ABS assets, approx. 46% of outstanding receivables

Securitized Assets:

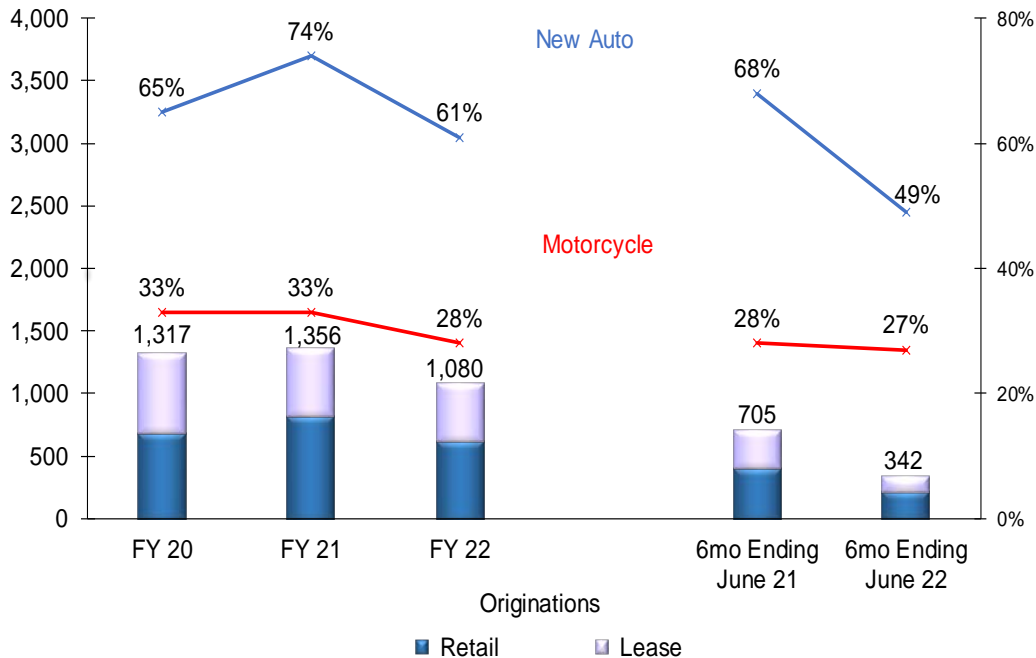
are Retail Loans (AHFC & HCFI) and Leases (HCFI)

Dealer Loans:

Flooring 29% of the Honda/Acura Auto dealers  
Flooring 97% of the Honda/Acura Motorcycle dealers

Lease includes both direct finance leases and operating leases and excludes securitized assets.  
Retail excludes securitized assets

# AHFC CFS Originations, Penetration & Outstanding



Outstanding	FY 20	FY 21	FY 22	6mo Ending June 21	6mo Ending June 22
	3,974	4,017	3,704	3,975	3,406



	<u>Fiscal Year Ending</u>			<u>6mo Ending</u>	
	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>	<u>Sep 21</u>	<u>Sep 22</u>
Delinquency (60 or more days) <sup>(1),(2)</sup>	0.23%	0.14%	0.24%	0.22%	0.35%
Allowance for Credit Losses <sup>(1)</sup>	0.92%	0.68%	0.55%	0.61%	0.63%
Charge-Offs (Net of Recoveries) <sup>(1),(3)</sup>	0.57%	0.29%	0.13%	0.07%	0.22%

(1) Ending and average receivable balances exclude the allowance for credit losses, unearned subvention income related to our incentive financing programs and deferred origination costs. Average receivable balances are calculated based on the average of each month's ending receivables balance for that fiscal year.

(2) For the purposes of determining whether a contract is delinquent, payment is generally considered to have been made, in the case of (i) dealer loans, upon receipt of 100% of the payment when due and (ii) consumer finance receivables, upon receipt of 90% of the sum of the current monthly payment plus any overdue monthly payments. Delinquent amounts presented are the aggregated principal balances of delinquent finance receivables. Payments that were granted deferrals are not considered delinquent during the deferral period.

(3) Percentages of the three months ended September 30, 2022 and 2021 have been annualized.

# AHFC Funding Sources

(US Operations Only)

- SEC Unsecured Global MTN Program (USD, EUR, GBP)

\$30 Bil



- SEC ABS Shelf

\$18 Bil



- Commercial Paper

\$7 Bil



- Bilateral Term Loans





# AHFC Available Liquidity

(US Operations Only)

- Syndicated Bank Credit Facilities

\$7 Bil



- Committed Bilateral Lines of Credit

\$1 Bil

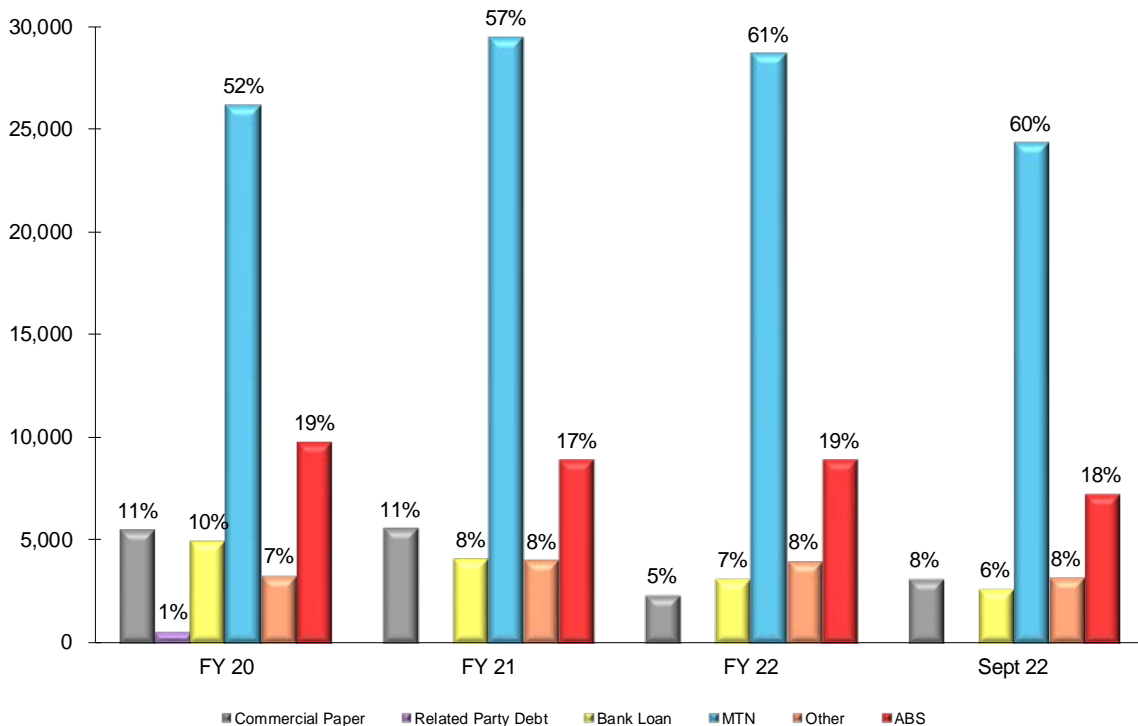


- Intercompany Loans
- Cash Reserves



# AHFC Funding Flexibility

US\$ (millions)

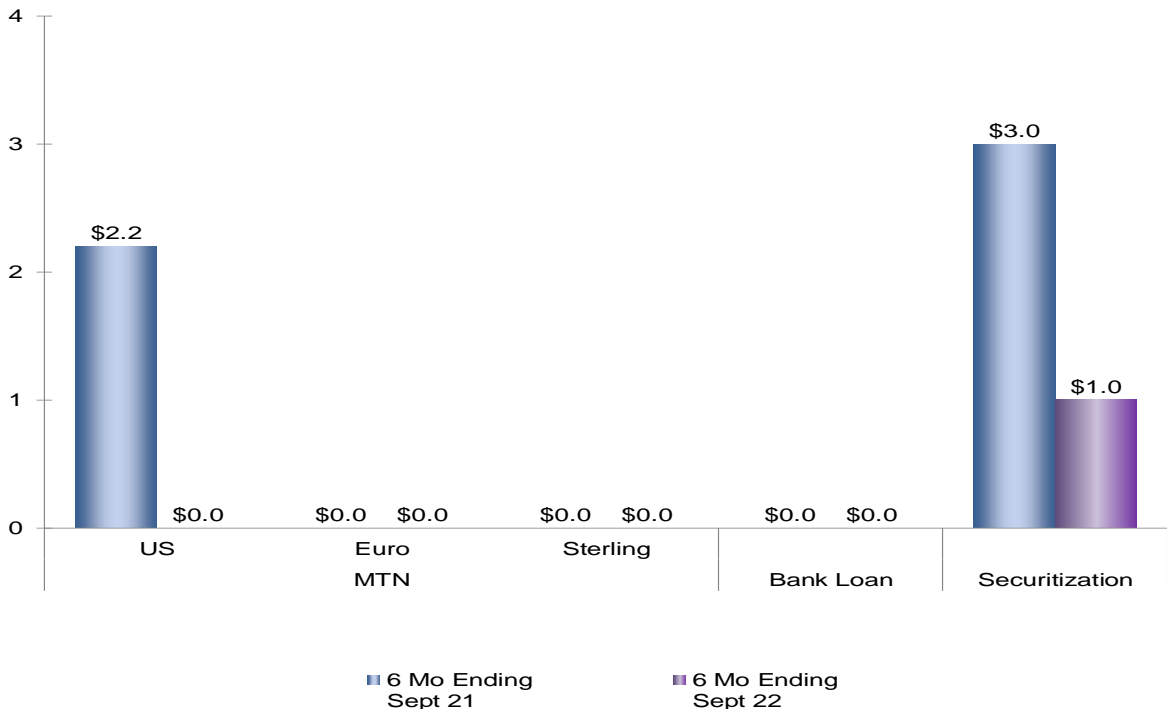


*MTN includes outstanding debt SEC, 144A & EMTN Programs*

# FYTD Debt Issuance

US\$ (billions)

(US Operations Only)



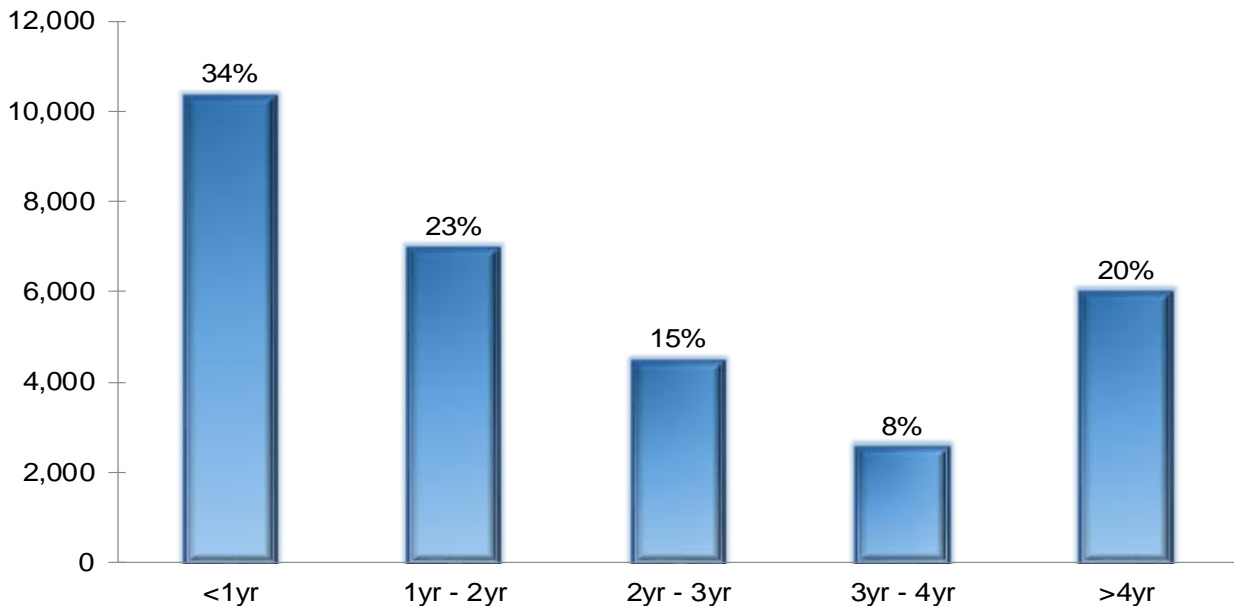
Excludes Commercial Paper and Related Party Debt

Securitization excludes retained notes and retained portion of notes for risk retention

# Unsecured Term Debt Maturity Profile

As of Sept 2022

US\$ (millions)



Excludes Commercial Paper and Related Party Debt  
Does not include unamortized discounts and fees  
Foreign debt based on exchange rates as of September 30, 2022



The table set forth below reconciles net income, calculated and presented in accordance with U.S. generally accepted accounting principles, to income before income taxes excluding valuation adjustments and reclassifications:

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>Sept 21</u>	<u>Sept 22</u>
Net income.....	\$ 1,009	\$ 2,033	\$ 1,902	\$ 1,072	\$ 554
Add:					
Income tax expense.....	424	647	675	377	199
Realized (gains)/losses on derivatives and foreign currency denominated debt.....	(102)	(286)	(143)	(94)	25
(Gain)/Loss on derivative instruments ....	305	(229)	571	128	1,126
(Gain)/Loss on foreign currency revaluation of debt.....	(107)	430	(470)	(122)	(877)
Income before income taxes excluding valuation adjustments and reclassification.....	<u>\$ 1,529</u>	<u>\$ 2,595</u>	<u>\$ 2,535</u>	<u>\$ 1,361</u>	<u>\$ 1,027</u>