

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2025

OR

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

For the transition period from _____ to _____

Commission File Number 001-36111

AMERICAN HONDA FINANCE CORPORATION

(Exact name of registrant as specified in its charter)

California

(State or other jurisdiction of incorporation or organization)

1919 Torrance Blvd., Torrance, California

(Address of principal executive offices)

95-3472715

(IRS Employer Identification No.)

90501

(Zip Code)

(310) 972-2288

(Registrant's telephone number, including area code)

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

Title of each class	Trading symbol(s)	Name of exchange on which registered
0.750% Medium-Term Notes, Series A Due November 25, 2026	HMC/26A	New York Stock Exchange
3.500% Medium-Term Notes, Series A Due April 24, 2026	HMC/26F	New York Stock Exchange
Floating Rate Medium-Term Notes, Series A Due April 29, 2026	HMC/26G	New York Stock Exchange
Floating Rate Medium-Term Notes, Series A Due May 29, 2026	HMC/26I	New York Stock Exchange
1.500% Medium-Term Notes, Series A Due October 19, 2027	HMC/27A	New York Stock Exchange
3.750% Medium-Term Notes, Series A Due October 25, 2027	HMC/27B	New York Stock Exchange
Floating Rate Medium-Term Notes, Series A Due May 28, 2027	HMC/27F	New York Stock Exchange
0.300% Medium-Term Notes, Series A Due July 7, 2028	HMC/28A	New York Stock Exchange
2.850% Medium-Term Notes, Series A Due June 27, 2028	HMC/28G	New York Stock Exchange
3.300% Medium-Term Notes, Series A Due March 21, 2029	HMC/29C	New York Stock Exchange
5.600% Medium-Term Notes, Series A Due September 6, 2030	HMC/30A	New York Stock Exchange
3.650% Medium-Term Notes, Series A Due April 23, 2031	HMC/31B	New York Stock Exchange
3.500% Medium-Term Notes, Series A Due June 27, 2031	HMC/31D	New York Stock Exchange
5.050% Medium-Term Notes, Series A Due August 20, 2031	HMC/31E	New York Stock Exchange
3.950% Medium-Term Notes, Series A Due March 19, 2032	HMC/32	New York Stock Exchange

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

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

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

Large accelerated filer ☐

Accelerated filer ☐

Non-accelerated filer ☒

Smaller reporting company ☐

Emerging growth company ☐

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

☐ Yes ☒ No

As of October 31, 2025, the number of outstanding shares of common stock of the registrant was 13,660,000 all of which shares were held by American Honda Motor Co., Inc. None of the shares are publicly traded.

REDUCED DISCLOSURE FORMAT

American Honda Finance Corporation, a wholly-owned subsidiary of American Honda Motor Co., Inc., which in turn is a wholly-owned subsidiary of Honda Motor Co., Ltd., meets the requirements set forth in General Instruction H(1)(a) and (b) of Form 10-Q and is therefore filing this Form 10-Q with the reduced disclosure format.

AMERICAN HONDA FINANCE CORPORATION
QUARTERLY REPORT ON FORM 10-Q
For the quarter ended September 30, 2025

Table of Contents

	<u>Page</u>
<u>PART I – FINANCIAL INFORMATION</u>	
<u>Item 1.</u> <u>Financial Statements</u>	<u>1</u>
<u>Consolidated Balance Sheets</u>	<u>1</u>
<u>Consolidated Statements of Income</u>	<u>2</u>
<u>Consolidated Statements of Comprehensive Income</u>	<u>2</u>
<u>Consolidated Statements of Changes in Equity</u>	<u>3</u>
<u>Consolidated Statements of Cash Flows</u>	<u>4</u>
<u>Notes to Consolidated Financial Statements</u>	<u>6</u>
<u>Note 1 – Summary of Business and Significant Accounting Policies</u>	<u>6</u>
<u>Note 2 – Finance Receivables</u>	<u>7</u>
<u>Note 3 – Investment in Operating Leases</u>	<u>12</u>
<u>Note 4 – Debt</u>	<u>14</u>
<u>Note 5 – Derivative Instruments</u>	<u>16</u>
<u>Note 6 – Transactions Involving Related Parties</u>	<u>17</u>
<u>Note 7 – Income Taxes</u>	<u>19</u>
<u>Note 8 – Commitments and Contingencies</u>	<u>20</u>
<u>Note 9 – Securitizations and Variable Interest Entities</u>	<u>21</u>
<u>Note 10 – Other Assets</u>	<u>22</u>
<u>Note 11 – Other Liabilities</u>	<u>22</u>
<u>Note 12 – Fair Value Measurements</u>	<u>22</u>
<u>Note 13 – Segment and Geographic Information</u>	<u>26</u>
<u>Item 2.</u> <u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>30</u>
<u>Overview</u>	<u>30</u>
<u>Results of Operations</u>	<u>31</u>
<u>Financial Condition</u>	<u>38</u>
<u>Liquidity and Capital Resources</u>	<u>44</u>
<u>Derivatives</u>	<u>49</u>
<u>Off-Balance Sheet Arrangements</u>	<u>49</u>
<u>New Accounting Standards</u>	<u>49</u>
<u>Critical Accounting Estimates</u>	<u>50</u>
<u>Item 3.</u> <u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>50</u>
<u>Item 4.</u> <u>Controls and Procedures</u>	<u>51</u>
<u>PART II – OTHER INFORMATION</u>	<u>52</u>
<u>Item 1.</u> <u>Legal Proceedings</u>	<u>52</u>
<u>Item 1A.</u> <u>Risk Factors</u>	<u>52</u>
<u>Item 2.</u> <u>Unregistered Sale of Equity Securities and Use of Proceeds</u>	<u>52</u>
<u>Item 3.</u> <u>Defaults Upon Senior Securities</u>	<u>52</u>
<u>Item 4.</u> <u>Mine Safety Disclosures</u>	<u>52</u>
<u>Item 5.</u> <u>Other Information</u>	<u>52</u>
<u>Item 6.</u> <u>Exhibits</u>	<u>53</u>
<u>Exhibit Index</u>	
<u>Signature</u>	

Cautionary Statement Regarding Forward-Looking Statements

Certain statements included herein constitute “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. In addition, all information included herein with respect to projected or future results of operations, cash flows, financial condition, financial performance, or other financial or statistical matters constitute forward-looking statements. 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. The following factors, among others, could cause actual results and other matters to differ materially from those in such forward-looking statements:

- duration and severity of supply chain disruptions on the production of new vehicles and other products and related impact on dealer inventory levels;
- declines in the financial condition or performance of Honda Motor Co., Ltd. and subsidiaries or the sales of Honda or Acura products;
- risks with HMC’s current business alliances and joint ventures and any future potential business alliances, joint ventures, or business combinations;
- changes in economic and general business conditions, both domestically and internationally, including, but not limited to, inflationary pressures, changes in interest rates, changes in international trade policy, declining consumer sentiment and market uncertainty;
- the impact of tariffs enacted or proposed by the U.S. government applicable to the automotive industry or countries in which HMC operates and retaliatory actions by foreign countries;
- fluctuations in interest rates and currency exchange rates;
- failure of our customers, dealers or counterparties to meet the terms of any contracts with us, or otherwise fail to perform as agreed;
- our inability to recover the estimated residual value of leased vehicles at the end of their lease terms;
- changes, volatility or disruption in our funding sources or access to the capital markets;
- changes in the ownership and structure of our parent entity;
- changes in our, or Honda Motor Co., Ltd.’s, credit ratings;
- increases in competition from other financial institutions seeking to increase their share of financing of Honda and Acura products;
- impact of pandemics, epidemics, and other public health crises, and efforts to contain them, on our operations, liquidity and financial condition;
- changes in laws and regulations, including the result of financial services legislation, and related costs;
- changes in accounting standards;
- failure or interruption in our operations; and
- security breaches or cyber-attacks.

Additional information regarding these and other risks and uncertainties to which our business is subject is contained in our Annual Report on Form 10-K for the fiscal year ended March 31, 2025 filed with the Securities and Exchange Commission (SEC) on June 18, 2025. Readers of this Quarterly Report should review the information contained in that report, and in any subsequent reports that we file with the SEC as such risks and uncertainties may be amended, supplemented or superseded from time to time. We do not intend, and undertake no obligation to, update any forward-looking information to reflect actual results or future events or circumstances, except as required by applicable law.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

**AMERICAN HONDA FINANCE CORPORATION
AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (UNAUDITED)**
(U.S. dollars in millions, except share data)

	September 30, 2025	March 31, 2025
Assets		
Cash and cash equivalents	\$ 3,186	\$ 4,052
Finance receivables, net of allowance for credit losses of \$430 and \$396	54,101	52,516
Investment in operating leases, net	32,173	30,596
Due from Parent and affiliated companies	100	146
Income taxes receivable	434	—
Other assets	1,263	1,270
Derivative instruments	797	389
Total assets	<u>\$ 92,054</u>	<u>\$ 88,969</u>
Liabilities and Equity		
Debt	\$ 65,950	\$ 62,547
Due to Parent and affiliated companies	137	181
Income taxes payable	94	505
Deferred income taxes	5,642	5,302
Other liabilities	1,682	1,635
Derivative instruments	780	1,120
Total liabilities	<u>74,285</u>	<u>71,290</u>
Commitments and contingencies (Note 8)		
Shareholder's equity:		
Common stock, \$100 par value. Authorized 15,000,000 shares; issued and outstanding 13,660,000 shares as of September 30, 2025 and March 31, 2025	1,366	1,366
Retained earnings	15,484	15,448
Accumulated other comprehensive loss	(170)	(209)
Total shareholder's equity	<u>16,680</u>	<u>16,605</u>
Noncontrolling interest in subsidiary	1,089	1,074
Total equity	<u>17,769</u>	<u>17,679</u>
Total liabilities and equity	<u>\$ 92,054</u>	<u>\$ 88,969</u>

The following table presents the assets and liabilities of consolidated variable interest entities. These assets and liabilities are included in the consolidated balance sheets presented above. Refer to Note 9 for additional information.

	September 30, 2025	March 31, 2025
Finance receivables, net	\$ 14,939	\$ 12,969
Other assets	729	755
Total assets	<u>\$ 15,668</u>	<u>\$ 13,724</u>
Secured debt	\$ 14,202	\$ 12,384
Other liabilities	24	22
Total liabilities	<u>\$ 14,226</u>	<u>\$ 12,406</u>

See accompanying *Notes to Consolidated Financial Statements (Unaudited)*.

**AMERICAN HONDA FINANCE CORPORATION
AND SUBSIDIARIES**
CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)
(U.S. dollars in millions)

	Three months ended September 30,		Six months ended September 30,	
	2025	2024	2025	2024
Revenues:				
Retail	\$ 786	\$ 684	\$ 1,548	\$ 1,314
Dealer	71	76	140	148
Operating leases	1,803	1,585	3,570	3,126
Total revenues	2,660	2,345	5,258	4,588
Leased vehicle expenses	1,209	1,082	2,389	2,139
Interest expense	704	613	1,380	1,167
Net revenues	747	650	1,489	1,282
Other income, net	49	40	92	80
Total net revenues	796	690	1,581	1,362
Expenses:				
General and administrative expenses	224	144	360	276
Provision for credit losses	86	87	189	158
Early termination loss on operating leases	80	37	127	55
(Gain)/Loss on derivative instruments	139	(288)	(605)	(200)
(Gain)/Loss on foreign currency revaluation of debt	(79)	283	652	259
Total expenses	450	263	723	548
Income before income taxes	346	427	858	814
Income tax expense	75	111	212	231
Net income	271	316	646	583
Less: Net income attributable to noncontrolling interest	20	18	48	35
Net income attributable to American Honda Finance Corporation	<u>\$ 251</u>	<u>\$ 298</u>	<u>\$ 598</u>	<u>\$ 548</u>

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)
(U.S. dollars in millions)

	Three months ended September 30,		Six months ended September 30,	
	2025	2024	2025	2024
Net income	\$ 271	\$ 316	\$ 646	\$ 583
Other comprehensive income, net of tax:				
Foreign currency translation adjustment	(54)	24	74	—
Comprehensive income	217	340	720	583
Less: Comprehensive income (loss) attributable to noncontrolling interest	(6)	29	83	35
Comprehensive income attributable to American Honda Finance Corporation	<u>\$ 223</u>	<u>\$ 311</u>	<u>\$ 637</u>	<u>\$ 548</u>

See accompanying *Notes to Consolidated Financial Statements (Unaudited)*.

**AMERICAN HONDA FINANCE CORPORATION
AND SUBSIDIARIES**
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)
(U.S. dollars in millions)

	Total	Retained earnings	Accumulated other comprehensive income (loss)	Common stock	Noncontrolling interest
Balance at March 31, 2024	\$ 18,623	\$ 16,254	\$ (137)	\$ 1,366	\$ 1,140
Net income	267	250	—	—	17
Other comprehensive loss	(24)	—	(13)	—	(11)
Balance at June 30, 2024	\$ 18,866	\$ 16,504	\$ (150)	\$ 1,366	\$ 1,146
Net income	316	298	—	—	18
Other comprehensive income	24	—	13	—	11
Dividends declared	(604)	(536)	—	—	(68)
Balance at September 30, 2024	<u>\$ 18,602</u>	<u>\$ 16,266</u>	<u>\$ (137)</u>	<u>\$ 1,366</u>	<u>\$ 1,107</u>
Balance at March 31, 2025	\$ 17,679	\$ 15,448	\$ (209)	\$ 1,366	\$ 1,074
Net income	375	347	—	—	28
Other comprehensive income	128	—	67	—	61
Balance at June 30, 2025	\$ 18,182	\$ 15,795	\$ (142)	\$ 1,366	\$ 1,163
Net income	271	251	—	—	20
Other comprehensive loss	(54)	—	(28)	—	(26)
Dividends declared	(630)	(562)	—	—	(68)
Balance at September 30, 2025	<u>\$ 17,769</u>	<u>\$ 15,484</u>	<u>\$ (170)</u>	<u>\$ 1,366</u>	<u>\$ 1,089</u>

See accompanying *Notes to Consolidated Financial Statements (Unaudited)*.

**AMERICAN HONDA FINANCE CORPORATION
AND SUBSIDIARIES**
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(U.S. dollars in millions)

	Six months ended September 30,	
	2025	2024
Cash flows from operating activities:		
Net income	\$ 646	\$ 583
Adjustments to reconcile net income to net cash provided by operating activities:		
Debt and derivative instrument valuation adjustments	(100)	13
Provision for credit losses	189	158
Early termination loss on operating leases	127	55
Depreciation on leased vehicles	2,349	2,126
Accretion of unearned subsidy income	(679)	(523)
Amortization of deferred dealer participation and other deferred costs	225	204
Gain on disposition of leased vehicles	(33)	(52)
Deferred income taxes	460	(44)
Changes in operating assets and liabilities:		
Income taxes receivable/payable	(754)	130
Other assets	(7)	(49)
Accrued interest/discounts on debt	40	81
Other liabilities	106	23
Due to/from Parent and affiliated companies	(22)	(78)
Net cash provided by operating activities	2,547	2,627
Cash flows from investing activities:		
Finance receivables acquired	(14,641)	(14,725)
Principal collected on finance receivables	12,774	10,734
Net change in wholesale loans	(80)	(155)
Purchase of operating lease vehicles	(8,323)	(9,327)
Disposal of operating lease vehicles	4,245	5,480
Cash received for unearned subsidy income	644	909
Other investing activities, net	(2)	(2)
Net cash used in investing activities	(5,383)	(7,086)

Statement continues on the next page.

**AMERICAN HONDA FINANCE CORPORATION
AND SUBSIDIARIES**
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(U.S. dollars in millions)

	Six months ended September 30,	
	2025	2024
Cash flows from financing activities:		
Proceeds from issuance of commercial paper	\$ 14,594	\$ 15,391
Paydown of commercial paper	(16,205)	(15,183)
Proceeds from issuance of short-term debt	600	1,099
Paydown of short-term debt	(1,850)	(600)
Proceeds from issuance of related party debt	1,000	—
Paydown of related party debt	(2,800)	—
Proceeds from issuance of medium-term notes and other debt	10,125	7,062
Paydown of medium-term notes and other debt	(4,700)	(3,865)
Proceeds from issuance of secured debt	5,953	4,358
Paydown of secured debt	(4,159)	(2,932)
Dividends paid	(630)	(604)
Net cash provided by financing activities	1,928	4,726
Effect of exchange rate changes on cash and cash equivalents	7	(1)
Net (decrease)/increase in cash and cash equivalents	(901)	266
Cash and cash equivalents and restricted cash at beginning of period	4,767	2,385
Cash and cash equivalents and restricted cash at end of period	<u>\$ 3,866</u>	<u>\$ 2,651</u>
Supplemental disclosures of cash flow information:		
Interest paid	\$ 1,331	\$ 1,079
Income taxes paid	\$ 518	\$ 140

The following table provides a reconciliation of cash and cash equivalents and restricted cash from the Consolidated Balance Sheets to the Consolidated Statements of Cash Flows.

	September 30,	
	2025	2024
Cash and cash equivalents	\$ 3,186	\$ 1,898
Restricted cash included in other assets ⁽¹⁾	680	753
Total	<u>\$ 3,866</u>	<u>\$ 2,651</u>

(1) Restricted cash balances relate to securitization arrangements (Note 9).

See accompanying *Notes to Consolidated Financial Statements (Unaudited)*.

**AMERICAN HONDA FINANCE CORPORATION
AND SUBSIDIARIES**

Notes to Consolidated Financial Statements (Unaudited)

Note 1. Summary of Business and Significant Accounting Policies

Organizational Structure

American Honda Finance Corporation (AHFC) is a wholly-owned subsidiary of American Honda Motor Co., Inc. (AHM or the Parent). Honda Canada Finance Inc. (HCFI) is a majority-owned subsidiary of AHFC. Noncontrolling interest in HCFI is held by Honda Canada Inc. (HCI), an affiliate of AHFC. AHM is a wholly-owned subsidiary and HCI is an indirect wholly-owned subsidiary of Honda Motor Co., Ltd. (HMC). AHM and HCI are the sole authorized distributors of Honda and Acura products, including motor vehicles, other products, and parts and accessories in the United States and Canada.

Unless otherwise indicated by the context, all references to the “Company”, “we”, “us”, and “our” in this report include AHFC and its consolidated subsidiaries, and references to “AHFC” refer solely to American Honda Finance Corporation (excluding AHFC’s subsidiaries).

Basis of Presentation

The unaudited consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (GAAP) for interim information, and instructions to the Quarterly Report on Form 10-Q and Rule 10-01 of Regulation S-X. In the opinion of management, these unaudited interim financial statements include all adjustments, consisting of normal recurring adjustments, necessary for a fair statement of the results for the interim periods presented. Results for interim periods should not be considered indicative of results for the full year or for any other interim period. These unaudited interim financial statements should be read in conjunction with the Company’s audited consolidated financial statements, significant accounting policies, and the other notes to the consolidated financial statements for the fiscal year ended March 31, 2025 included in the Company’s Annual Report on Form 10-K, which was filed with the Securities and Exchange Commission (SEC) on June 18, 2025. All significant intercompany balances and transactions have been eliminated upon consolidation.

Recently Issued Accounting Standards

In December 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. The amendments are intended to enhance the transparency and decision-usefulness of income tax disclosures, including jurisdictional information, by requiring consistent categories and greater disaggregation of information in the rate reconciliation and income taxes paid disclosures. The amendments also eliminate certain disclosure requirements related to uncertain tax positions and unrecognized deferred tax liabilities. The amendments are effective for the Company for fiscal years beginning April 1, 2025. Aside from the additional disclosure requirements, the adoption of the amendments is not expected to materially impact the Company's consolidated financial statements.

In November 2024, the FASB issued ASU 2024-03, *Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*. The amendments address investor requests for more transparent information. The primary goal is to improve the decision-usefulness of expense information on public business entities’ income statements through the disaggregation of relevant expense captions in the notes to the financial statements. The amendments are effective for the Company for fiscal years beginning April 1, 2027 and for interim periods beginning April 1, 2028. The Company is currently assessing the impact of this standard on the consolidated financial statements.

All other ASUs issued but not adopted were assessed and determined to be not applicable or are not expected to have a material impact on the Company's consolidated financial statements or financial statement disclosures.

**AMERICAN HONDA FINANCE CORPORATION
AND SUBSIDIARIES**

Notes to Consolidated Financial Statements (Unaudited)

Note 2. Finance Receivables

Finance receivables consisted of the following:

	September 30, 2025		
	Retail	Dealer	Total
(U.S. dollars in millions)			
Finance receivables	\$ 50,129	\$ 4,544	\$ 54,673
Allowance for credit losses	(421)	(9)	(430)
Deferred dealer participation and other deferred costs	657	—	657
Unearned subsidy income	(799)	—	(799)
Finance receivables, net	<u>\$ 49,566</u>	<u>\$ 4,535</u>	<u>\$ 54,101</u>

	March 31, 2025		
	Retail	Dealer	Total
(U.S. dollars in millions)			
Finance receivables	\$ 48,698	\$ 4,344	\$ 53,042
Allowance for credit losses	(387)	(9)	(396)
Deferred dealer participation and other deferred costs	616	—	616
Unearned subsidy income	(746)	—	(746)
Finance receivables, net	<u>\$ 48,181</u>	<u>\$ 4,335</u>	<u>\$ 52,516</u>

Finance receivables include retail loans with a net carrying amount of \$15.0 billion and \$13.0 billion as of September 30, 2025 and March 31, 2025, respectively, which have been transferred to bankruptcy-remote Special Purpose Entities (SPEs) and are considered to be legally isolated but do not qualify for sale accounting treatment. These retail loans are restricted and serve as collateral for the payment of the related secured debt obligations. Refer to Note 9 for additional information.

**AMERICAN HONDA FINANCE CORPORATION
AND SUBSIDIARIES**

Notes to Consolidated Financial Statements (Unaudited)

Allowance for Credit Losses

The following is a summary of the activity in the allowance for credit losses of finance receivables:

	Three and six months ended September 30, 2025		
	Retail	Dealer	Total
	(U.S. dollars in millions)		
Beginning balance as of July 1, 2025	\$ 426	\$ 9	\$ 435
Provision	86	—	86
Charge-offs	(129)	—	(129)
Recoveries	39	—	39
Effect of translation adjustment	(1)	—	(1)
Ending balance as of September 30, 2025	<u>\$ 421</u>	<u>\$ 9</u>	<u>\$ 430</u>
Beginning balance as of April 1, 2025	\$ 387	\$ 9	\$ 396
Provision	189	—	189
Charge-offs	(231)	—	(231)
Recoveries	76	—	76
Effect of translation adjustment	—	—	—
Ending balance as of September 30, 2025	<u>\$ 421</u>	<u>\$ 9</u>	<u>\$ 430</u>
	Three and six months ended September 30, 2024		
	Retail	Dealer	Total
	(U.S. dollars in millions)		
Beginning balance as of July 1, 2024	\$ 383	\$ 8	\$ 391
Provision	87	—	87
Charge-offs	(97)	—	(97)
Recoveries	31	—	31
Effect of translation adjustment	—	—	—
Ending balance as of September 30, 2024	<u>\$ 404</u>	<u>\$ 8</u>	<u>\$ 412</u>
Beginning balance as of April 1, 2024	\$ 345	\$ 8	\$ 353
Provision	158	—	158
Charge-offs	(176)	—	(176)
Recoveries	77	—	77
Effect of translation adjustment	—	—	—
Ending balance as of September 30, 2024	<u>\$ 404</u>	<u>\$ 8</u>	<u>\$ 412</u>

The allowance increased during the six months ended September 30, 2025 primarily due to the expected credit losses recognized on the high volume of retail loan acquisitions during the period and the increase to the estimate of expected credit losses attributable to the increasing trend of delinquencies and net charge offs.

**AMERICAN HONDA FINANCE CORPORATION
AND SUBSIDIARIES**

Notes to Consolidated Financial Statements (Unaudited)

Delinquencies

Collection experience provides an indication of the credit quality of finance receivables. For retail loans, delinquencies are a good predictor of charge-offs in the near term. The likelihood of accounts charging off is significantly higher once an account becomes 60 days delinquent. Retail loans are considered delinquent if more than 10% of a scheduled payment is contractually past due on a cumulative basis. Dealer loans are considered delinquent when any payment is contractually past due. The following is an aging analysis of past due finance receivables:

	30 – 59 days past due	60 – 89 days past due	90 days or greater past due	Total past due	Current or less than 30 days past due	Total finance receivables
(U.S. dollars in millions)						
September 30, 2025						
Retail loans:						
New automobile	\$ 384	\$ 101	\$ 24	\$ 509	\$ 39,220	\$ 39,729
Used and certified automobile	175	53	12	240	8,388	8,628
Motorcycle and other	22	10	5	37	1,593	1,630
Total retail loans	581	164	41	786	49,201	49,987
Dealer loans:						
Wholesale flooring	—	—	1	1	3,085	3,086
Commercial loans	—	—	—	—	1,458	1,458
Total dealer loans	—	—	1	1	4,543	4,544
Total finance receivables	\$ 581	\$ 164	\$ 42	\$ 787	\$ 53,744	\$ 54,531

March 31, 2025

Retail loans:						
New automobile	\$ 331	\$ 73	\$ 20	\$ 424	\$ 38,105	\$ 38,529
Used and certified automobile	155	38	10	203	8,291	8,494
Motorcycle and other	18	7	4	29	1,516	1,545
Total retail loans	504	118	34	656	47,912	48,568
Dealer loans:						
Wholesale flooring	—	—	1	1	3,005	3,006
Commercial loans	—	—	—	—	1,338	1,338
Total dealer loans	—	—	1	1	4,343	4,344
Total finance receivables	\$ 504	\$ 118	\$ 35	\$ 657	\$ 52,255	\$ 52,912

Credit Quality Indicators

Credit losses are an expected cost of extending credit. The majority of our credit risk is with consumer financing and to a lesser extent with dealer financing. Exposure to credit risk in retail loans is managed through regular monitoring and periodic adjusting of underwriting standards, pricing of contracts for expected losses, and focusing collection efforts to minimize losses. Exposure to credit risk for dealers is managed through ongoing review of their financial condition and payment performance.

Retail Loan Segment

The Company utilizes proprietary credit scoring systems to evaluate the credit risk of applicants and assign internal credit grades at origination. Factors used to develop a customer's credit grade include the terms of the contract, the loan-to-value ratio, the customer's debt ratios, and credit bureau attributes such as the number of trade lines, utilization ratio, and number of credit inquiries. Different scorecards are utilized depending on the type of product financed. The Company regularly reviews and analyzes the performance of the consumer-financing portfolio to ensure the effectiveness of its underwriting guidelines, purchasing criteria and scorecard predictability of customers. Internal credit grades are determined only at the time of origination and are not reassessed during the life of the contract. The following describes the internal credit grade ratings.

**AMERICAN HONDA FINANCE CORPORATION
AND SUBSIDIARIES**

Notes to Consolidated Financial Statements (Unaudited)

A - Borrowers classified as very low credit risks. Based on their application and credit bureau report, they have the ability to pay and have shown a willingness to pay. Generally, A credit borrowers have an extensive credit history, an excellent payment record and extensive financial resources.

B - Borrowers classified as relatively low credit risks. Based on their application and credit bureau report, they have the ability to pay and have shown a willingness to pay. Generally, B credit borrowers may have one or more conditions that could reduce the internal credit score, such as a shorter credit history or a minor credit weakness.

C - Borrowers classified as moderate credit risks. Based on their application and credit bureau report, they may have limited financial resources, limited credit history, or a weakness in credit history.

D - Borrowers classified as relatively higher credit risks. Based on their application and credit bureau report, they may have very limited financial resources, very limited or no credit history, or a poor credit history.

Others - Borrowers, including businesses, without credit bureau reports.

The following table summarizes the amortized cost of retail loans by internal credit grade:

	Retail loans by vintage fiscal year							
	2026	2025	2024	2023	2022	Prior	Total	
	(U.S. dollars in millions)							
September 30, 2025								
Credit grade A	\$ 7,598	\$ 11,748	\$ 7,401	\$ 2,717	\$ 1,161	\$ 608	\$ 31,233	
Credit grade B	2,061	3,240	2,367	1,067	452	244	9,431	
Credit grade C	1,525	2,388	1,601	672	312	179	6,677	
Credit grade D	469	728	402	146	73	61	1,879	
Others	175	288	176	69	38	21	767	
Total retail loans	\$ 11,828	\$ 18,392	\$ 11,947	\$ 4,671	\$ 2,036	\$ 1,113	\$ 49,987	
Gross charge-offs for the six months ended September 30, 2025	\$ 5	\$ 103	\$ 75	\$ 30	\$ 11	\$ 7	\$ 231	

	Retail loans by vintage fiscal year						
	2025	2024	2023	2022	2021	Prior	Total
	(U.S. dollars in millions)						
<u>March 31, 2025</u>							
Credit grade A	\$ 14,245	\$ 9,403	\$ 3,620	\$ 1,838	\$ 1,140	\$ 136	\$ 30,382
Credit grade B	3,800	2,919	1,365	639	371	73	9,167
Credit grade C	2,830	2,006	869	439	259	66	6,469
Credit grade D	879	516	190	103	73	38	1,799
Others	351	221	89	54	25	11	751
Total retail loans	<u>\$ 22,105</u>	<u>\$ 15,065</u>	<u>\$ 6,133</u>	<u>\$ 3,073</u>	<u>\$ 1,868</u>	<u>\$ 324</u>	<u>\$ 48,568</u>
Gross charge-offs for the fiscal year ended March 31, 2025	\$ 62	\$ 188	\$ 88	\$ 38	\$ 18	\$ 12	\$ 406

Dealer Loan Segment

The Company utilizes an internal risk rating system to evaluate dealer credit risk. Dealerships are assigned an internal risk rating based on an assessment of their financial condition and other factors. Factors including liquidity, financial strength, management effectiveness, and operating efficiency are evaluated when assessing their financial condition. Financing limits and interest rates are based upon these risk ratings. Monitoring activities including financial reviews and inventory inspections are performed more frequently for dealerships with weaker risk ratings. The financial conditions of dealerships are reviewed at least annually and their risk ratings are updated accordingly.

**AMERICAN HONDA FINANCE CORPORATION
AND SUBSIDIARIES**

Notes to Consolidated Financial Statements (Unaudited)

Dealerships have been divided into the following groups:

Group I - Dealerships in the strongest internal risk rating tier

Group II - Dealerships with internal risk ratings below the strongest tier

Group III - Dealerships with impaired loans

The following table summarizes the amortized cost of dealer loans by risk rating groups:

	Commercial loans by vintage fiscal year						Revolving loans	Wholesale Flooring	Total
	2026	2025	2024	2023	2022	Prior			
	(U.S. dollars in millions)								
September 30, 2025									
Group I	\$ 10	\$ 146	\$ 86	\$ 51	\$ 8	\$ 127	\$ 885	\$ 1,846	\$ 3,159
Group II	7	23	77	2	5	31	—	1,239	1,384
Group III	—	—	—	—	—	—	—	1	1
Total dealer loans	<u>\$ 17</u>	<u>\$ 169</u>	<u>\$ 163</u>	<u>\$ 53</u>	<u>\$ 13</u>	<u>\$ 158</u>	<u>\$ 885</u>	<u>\$ 3,086</u>	<u>\$ 4,544</u>
Gross charge-offs for the six months ended September 30, 2025	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

	Commercial loans by vintage fiscal year							Revolving loans	Wholesale Flooring	Total
	2025	2024	2023	2022	2021	Prior				
	(U.S. dollars in millions)									
March 31, 2025										
Group I	\$ 149	\$ 110	\$ 52	\$ 13	\$ 86	\$ 53	\$ 762	\$ 1,764	\$ 2,989	
Group II	23	56	3	—	6	25	—	1,241	1,354	
Group III	—	—	—	—	—	—	—	1	1	
Total dealer loans	\$ 172	\$ 166	\$ 55	\$ 13	\$ 92	\$ 78	\$ 762	\$ 3,006	\$ 4,344	
Gross charge-offs for the fiscal year ended March 31, 2025	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	

Loan Modifications

The contractual terms of loans may be modified when borrowers are experiencing financial difficulties in an effort to mitigate losses. There were no dealer loans that were modified for dealers experiencing financial difficulties during the six months ended September 30, 2025. Payment deferrals are granted on retail loans, however the delays in payments are considered insignificant since the number of deferred payments are limited and interest continues to accrue during the deferral period. In certain situations, the Company may grant term extensions on retail loans in the United States. Term extensions extend the maturity date of the loan which reduces the monthly payments over the remaining extended term of the loan. Term extensions do not change the contractual interest rates or reduce the outstanding principal balances. During the six months ended September 30, 2025, term extensions were not material to the Company's consolidated financial statements. Retail loans may also be modified in reorganization proceedings pursuant to the U.S. Bankruptcy Code, which may include interest rate adjustments, term extensions, and principal forgiveness. Retail loans modified under bankruptcy protection were not material to the Company's consolidated financial statements during the six months ended September 30, 2025.

**AMERICAN HONDA FINANCE CORPORATION
AND SUBSIDIARIES**

Notes to Consolidated Financial Statements (Unaudited)

Note 3. Investment in Operating Leases

Investment in operating leases consisted of the following:

	September 30, 2025	March 31, 2025
	(U.S. dollars in millions)	
Operating lease vehicles ⁽¹⁾	\$ 39,671	\$ 37,647
Accumulated depreciation	(6,307)	(5,770)
Deferred dealer participation and initial direct costs	127	123
Unearned subsidy income	(1,172)	(1,291)
Estimated early termination losses	(146)	(113)
Investment in operating leases, net	<u>\$ 32,173</u>	<u>\$ 30,596</u>

(1) Net of investment tax credits. Refer to Note 7 for additional information.

Operating lease revenue consisted of the following:

	Three months ended September 30,		Six months ended September 30,	
	2025	2024	2025	2024
	(U.S. dollars in millions)			
Lease payments	\$ 1,589	\$ 1,411	\$ 3,142	\$ 2,801
Subsidy income and dealer rate participation, net	196	153	395	292
Reimbursed lessor costs	18	21	33	33
Total operating lease revenue, net	<u>\$ 1,803</u>	<u>\$ 1,585</u>	<u>\$ 3,570</u>	<u>\$ 3,126</u>

Leased vehicle expenses consisted of the following:

	Three months ended September 30,		Six months ended September 30,	
	2025	2024	2025	2024
	(U.S. dollars in millions)			
Depreciation expense	\$ 1,185	\$ 1,068	\$ 2,349	\$ 2,126
Initial direct costs and other lessor costs	38	36	73	65
Gain on disposition of leased vehicles ⁽¹⁾	(14)	(22)	(33)	(52)
Total leased vehicle expenses, net	<u>\$ 1,209</u>	<u>\$ 1,082</u>	<u>\$ 2,389</u>	<u>\$ 2,139</u>

(1) Included in the gain on disposition of leased vehicles are end of term charges of less than \$1 million and \$2 million for the three months ended September 30, 2025 and 2024, respectively, and \$1 million and \$6 million for the six months ended September 30, 2025 and 2024, respectively.

**AMERICAN HONDA FINANCE CORPORATION
AND SUBSIDIARIES**

Notes to Consolidated Financial Statements (Unaudited)

Contractual operating lease payments due as of September 30, 2025 are summarized below. Based on the Company's experience, it is expected that a portion of the Company's operating leases will terminate prior to the scheduled lease term. The summary below should not be regarded as a forecast of future cash collections.

Twelve-month periods ending September 30,	(U.S. dollars in millions)
2026	\$ 5,812
2027	4,131
2028	1,655
2029	326
2030	59
Total	<u>\$ 11,983</u>

The Company recognized early termination losses on operating leases of \$80 million and \$37 million during the three months ended September 30, 2025 and 2024, respectively, and \$127 million and \$55 million during the six months ended September 30, 2025 and 2024, respectively. Net realized losses totaled \$56 million and \$31 million during the three months ended September 30, 2025 and 2024, respectively, and \$94 million and \$41 million during the six months ended September 30, 2025 and 2024, respectively.

The general allowance for uncollectible operating lease receivables was recorded through a reduction to revenue of \$10 million and \$6 million for the three months ended September 30, 2025 and 2024, respectively, and \$19 million and \$12 million for the six months ended September 30, 2025 and 2024, respectively.

No impairment losses due to declines in estimated residual values were recognized during both the three and six months ended September 30, 2025 and 2024.

**AMERICAN HONDA FINANCE CORPORATION
AND SUBSIDIARIES**

Notes to Consolidated Financial Statements (Unaudited)

Note 4. Debt

The Company issues debt in various currencies with floating or fixed interest rates. Outstanding debt, net of discounts and fees, weighted average contractual interest rates and range of contractual interest rates were as follows:

			Weighted average contractual interest rate ⁽¹⁾		Contractual interest rate ranges	
	September 30, 2025	March 31, 2025	September 30, 2025	March 31, 2025	September 30, 2025	March 31, 2025
	(U.S. dollars in millions)					
Unsecured debt:						
Commercial paper	\$ 4,443	\$ 6,022	4.34 %	4.36 %	2.63 - 4.71%	2.73 - 4.70%
Related party debt	—	1,800	— %	4.59 %	— - —%	4.59 - 4.60%
Bank loans	1,881	2,100	3.91 %	4.56 %	3.42 - 4.90%	3.59 - 5.27%
Public MTN Program	42,018	37,153	4.10 %	4.02 %	0.30 - 5.85%	0.30 - 5.85%
Other debt	3,406	3,088	3.53 %	3.53 %	1.34 - 5.73%	1.34 - 5.73%
Total unsecured debt	51,748	50,163				
Secured debt	14,202	12,384	4.62 %	4.77 %	3.43 - 5.67%	0.88 - 5.87%
Total debt	\$ 65,950	\$ 62,547				

(1) Weighted average contractual interest rates for commercial paper are bond equivalent yields. Contractual interest rates approximate effective yields. Weighted average contractual interest rate of short-term debt was 4.41% and 4.54% as of September 30, 2025 and March 31, 2025, respectively.

As of September 30, 2025, the outstanding principal balance of long-term debt with floating interest rates totaled \$14.3 billion, long-term debt with fixed interest rates totaled \$46.1 billion, and short-term debt with floating or fixed interest rates totaled \$5.7 billion. As of March 31, 2025, the outstanding principal balance of long-term debt with floating interest rates totaled \$9.7 billion, long-term debt with fixed interest rates totaled \$42.7 billion, and short-term debt with floating or fixed interest rates totaled \$10.1 billion.

Commercial Paper

As of September 30, 2025 and March 31, 2025, the Company had commercial paper programs that provide the Company with available funds of up to \$8.8 billion and \$8.7 billion, respectively, at prevailing market interest rates for terms up to one year. The commercial paper programs are supported by the Keep Well Agreements with HMC described in Note 6.

Outstanding commercial paper averaged \$6.0 billion and \$5.6 billion during the six months ended September 30, 2025 and 2024, respectively. The maximum balance outstanding at any month-end during the six months ended September 30, 2025 and 2024 was \$7.3 billion and \$6.1 billion, respectively.

Related Party Debt

From time to time, AHFC issues fixed rate short-term debt to AHM to fund AHFC's general corporate operations. The Company incurred interest expense on related party debt totaling \$8 million for the three months ended September 30, 2025 and \$28 million for the six months ended September 30, 2025.

Bank Loans

Outstanding bank loans at September 30, 2025 were long-term, with floating interest rates, and denominated in U.S. dollars or Canadian dollars. Outstanding bank loans have prepayment options. No outstanding bank loans as of September 30, 2025 were supported by the Keep Well Agreements with HMC described in Note 6. Outstanding bank loans contain certain covenants, including limitations on liens, mergers, consolidations and asset sales.

**AMERICAN HONDA FINANCE CORPORATION
AND SUBSIDIARIES**

Notes to Consolidated Financial Statements (Unaudited)

Public Medium-Term Note (Public MTN) Program (the Public MTN Program)

In August 2025, AHFC renewed its Public MTN Program by filing a registration statement with the SEC under which it may issue from time to time up to \$45.0 billion aggregate principal amount of Public MTNs pursuant to the Public MTN Program. The aggregate principal amount of Public MTNs offered under the Public MTN Program may be increased from time to time. Notes outstanding under the Public MTN Program as of September 30, 2025 were short-term and long-term, with either fixed or floating interest rates, and denominated in U.S. dollars, Euro or Sterling. Notes under this program are issued pursuant to an indenture which contains certain covenants, including negative pledge provisions and limitations on mergers, consolidations and asset sales.

The Public MTN Program is supported by the Keep Well Agreement with HMC described in Note 6.

Other Debt

The outstanding balances as of September 30, 2025 consisted of private placement debt issued by HCFI which are long-term, with either fixed or floating interest rates, and denominated in Canadian dollars. Private placement debt is supported by the Keep Well Agreement with HMC described in Note 6. The notes are issued pursuant to the terms of an indenture which contain certain covenants, including negative pledge provisions.

Secured Debt (Asset-Backed Securities)

The Company issues secured debt through financing transactions that are secured by assets held by issuing SPEs. Secured debt outstanding as of September 30, 2025 were long-term and short-term with either fixed or floating interest rates, and denominated in U.S. dollars or Canadian dollars. Repayment of the secured debt is dependent on the performance of the underlying retail loans. Refer to Note 9 for additional information on the Company's secured financing transactions.

Credit Agreements

Syndicated Bank Credit Facilities

AHFC maintains a \$7.0 billion syndicated bank credit facility that includes a \$3.5 billion credit agreement, which expires on February 20, 2026, a \$2.1 billion credit agreement, which expires on February 25, 2026, and a \$1.4 billion credit agreement, which expires on February 25, 2028. As of September 30, 2025 and since its inception, no amounts were drawn upon under the AHFC credit agreements. AHFC intends to renew or replace these credit agreements prior to or on their respective expiration dates.

HCFI maintains a \$1.4 billion syndicated bank credit facility that includes a \$718 million credit agreement, which expires on March 25, 2026 and a \$718 million credit agreement, which expires on March 25, 2027. As of September 30, 2025, no amounts were drawn upon under the HCFI credit agreements. HCFI intends to renew or replace the credit agreements prior to or on the expiration dates.

The credit agreements contain customary covenants, including limitations on liens, mergers, consolidations and asset sales and affiliate transactions. Loans, if any, under the credit agreements will be supported by the Keep Well Agreement described in Note 6.

Other Credit Agreements

AHFC maintains other committed lines of credit that allow the Company access to an additional \$1.0 billion in unsecured funding with two banks. The credit agreements contain customary covenants, including limitations on liens, mergers, consolidations and asset sales. As of September 30, 2025 and since its inception, no amounts were drawn upon under these agreements. These agreements expire in September 2026. The Company intends to renew or replace these credit agreements prior to or on their respective expiration dates.

**AMERICAN HONDA FINANCE CORPORATION
AND SUBSIDIARIES**

Notes to Consolidated Financial Statements (Unaudited)

Note 5. Derivative Instruments

The notional balances and fair values of the Company's derivatives are presented below. The derivative instruments are presented on a gross basis in the Company's consolidated balance sheets. Refer to Note 12 regarding the valuation of derivative instruments.

	September 30, 2025			March 31, 2025		
	Notional balances	Assets	Liabilities	Notional balances	Assets	Liabilities
(U.S. dollars in millions)						
Interest rate swaps	\$ 78,101	\$ 292	\$ 592	\$ 73,058	\$ 338	\$ 676
Cross currency swaps	10,408	505	188	8,225	51	444
Gross derivative assets/liabilities		797	780		389	1,120
Collateral posted/held		37	—		43	—
Counterparty netting adjustment		(533)	(533)		(429)	(429)
Net derivative assets/liabilities		<u>\$ 301</u>	<u>\$ 247</u>		<u>\$ 3</u>	<u>\$ 691</u>

The income statement impact of derivative instruments is presented below. There were no derivative instruments designated as part of a hedge accounting relationship during the periods presented.

	Three months ended September 30,		Six months ended September 30,	
	2025	2024	2025	2024
(U.S. dollars in millions)				
Interest rate swaps	\$ 28	\$ (34)	\$ 46	\$ (33)
Cross currency swaps	(167)	322	559	233
Total gain/(loss) on derivative instruments	<u>\$ (139)</u>	<u>\$ 288</u>	<u>\$ 605</u>	<u>\$ 200</u>

The fair value of derivative instruments is subject to fluctuations in market interest rates and foreign currency exchange rates. Since the Company has elected not to apply hedge accounting, the volatility in the changes in fair value of these derivative instruments is recognized in earnings. All periodic interest settlements of derivative instruments are presented within cash flows from operating activities in the consolidated statements of cash flows. The final notional exchange of cross currency swaps are presented within cash flows from financing activities along with the paydowns of the related foreign currency denominated debt.

These derivative instruments also contain an element of credit risk in the event the counterparties are unable to meet the terms of the agreements. However, the Company minimizes the risk exposure by limiting the counterparties to major financial institutions that meet established credit guidelines. In the event of default, all counterparties are subject to legally enforceable master netting agreements. In Canada, HCFI is a party to credit support annexes that require posting of cash collateral to mitigate counterparty credit risk on derivative positions. Posted collateral is recognized in other assets and held collateral is recognized in other liabilities.

**AMERICAN HONDA FINANCE CORPORATION
AND SUBSIDIARIES**

Notes to Consolidated Financial Statements (Unaudited)

Note 6. Transactions Involving Related Parties

The following tables summarize the income statement and balance sheet impact of transactions with the Parent and affiliated companies:

Income Statement	Three months ended September 30,		Six months ended September 30,	
	2025	2024	2025	2024
(U.S. dollars in millions)				
Revenue:				
Subsidy income	\$ 335	\$ 270	\$ 673	\$ 519
Interest expense:				
Related party debt	8	—	28	—
General and administrative expenses:				
Support Compensation Agreement fees	24	21	47	41
Benefit plan expenses	1	2	3	3
Shared services	20	20	39	39
Lease expense	1	1	2	2

Balance Sheet	September 30, 2025	March 31, 2025
	(U.S. dollars in millions)	
Assets:		
Finance receivables, net:		
Unearned subsidy income	\$ (780)	\$ (731)
Investment in operating leases, net:		
Unearned subsidy income	(1,170)	(1,290)
Due from Parent and affiliated companies	100	146
Liabilities:		
Debt:		
Related party debt	—	1,800
Due to Parent and affiliated companies	137	181
Accrued interest expense:		
Related party debt	—	11
Other liabilities:		
Accrued benefit expenses	67	65
Operating lease liabilities	7	8

Support Agreements

HMC and AHFC are parties to a Keep Well Agreement, effective as of September 9, 2005. This Keep Well Agreement provides that HMC will (1) maintain (directly or indirectly) at least 80% ownership in AHFC's voting stock and not pledge (directly or indirectly), or in any way encumber or otherwise dispose of, any such stock of AHFC that it is required to hold (or permit any of HMC's subsidiaries to do so), (2) cause AHFC to have a positive consolidated tangible net worth with tangible net worth defined as (a) stockholder's equity less (b) any intangible assets, determined on a consolidated basis in accordance with GAAP, and (3) ensure that AHFC has sufficient liquidity to meet its payment obligations for debt HMC has confirmed in writing is covered by this Keep Well Agreement, in accordance with its terms, or where necessary make available to AHFC, or HMC shall procure for AHFC, sufficient funds to enable AHFC to meet such obligations in accordance with such terms. This Keep Well Agreement is not a guarantee by HMC.

**AMERICAN HONDA FINANCE CORPORATION
AND SUBSIDIARIES**

Notes to Consolidated Financial Statements (Unaudited)

HMC and HCFI are parties to a Keep Well Agreement effective as of September 26, 2005. This Keep Well Agreement provides that HMC will (1) maintain (directly or indirectly) at least 80% ownership in HCFI's voting stock and not pledge (directly or indirectly), or in any way encumber or otherwise dispose of, any such stock of HCFI that it is required to hold (or permit any of HMC's subsidiaries to do so), (2) cause HCFI to have a positive consolidated tangible net worth with tangible net worth defined as (a) stockholder's equity less (b) any intangible assets, determined on a consolidated basis in accordance with generally accepted accounting principles in Canada, and (3) ensure that HCFI has sufficient liquidity to meet its payment obligations for debt HMC has confirmed in writing is covered by this Keep Well Agreement, in accordance with its terms, or where necessary make available to HCFI, or HMC shall procure for HCFI, sufficient funds to enable HCFI to meet such obligations in accordance with such terms. This Keep Well Agreement is not a guarantee by HMC.

Debt programs supported by the Keep Well Agreements consist of the Company's commercial paper programs, Public MTN Program, and HCFI's private placement debt and loans, if any, under AHFC's and HCFI's syndicated bank credit facilities. In connection with the above agreements, AHFC and HCFI have entered into separate Support Compensation Agreements, where each has agreed to pay HMC a quarterly fee based on the amount of outstanding debt that benefit from the Keep Well Agreements. Support Compensation Agreement fees are recognized in general and administrative expenses.

Incentive Financing Programs

The Company receives subsidy payments from AHM and HCI, which supplement the revenues on financing products offered under incentive programs. Subsidy payments received on retail loans and leases are deferred and recognized as revenue over the term of the related contracts. The unearned balance is recognized as reductions to the carrying value of finance receivables and investment in operating leases. Subsidy payments on dealer loans are received as earned.

Related Party Debt

AHFC issues fixed rate short-term debt to AHM to fund AHFC's general corporate operations. Interest rates are based on prevailing rates of debt with comparable terms. Refer to Note 4 for additional information.

Shared Services

The Company shares certain common expenditures with AHM and HCI, including information technology services and facilities. The allocated costs for shared services are included in general and administrative expenses.

Benefit Plans

The Company participates in various employee benefit plans that are sponsored by AHM and HCI. The allocated benefit plan expenses are included in general and administrative expenses.

Income taxes

The Company's U.S. income taxes are recognized on a modified separate return basis pursuant to an intercompany income tax allocation agreement with AHM. Income tax related items are not included in the tables above. Refer to Note 7 for additional information.

Other

The majority of the amounts due from the Parent and affiliated companies at September 30, 2025 and March 31, 2025 were related to incentive financing program subsidies. The majority of the amounts due to the Parent and affiliated companies at September 30, 2025 and March 31, 2025 were related to wholesale flooring payable to the Parent. These receivable and payable accounts are non-interest-bearing and short-term in nature and are expected to be settled in the normal course of business.

AHFC leases its premises from AHM and HCFI leases its premises from HCI.

**AMERICAN HONDA FINANCE CORPORATION
AND SUBSIDIARIES**

Notes to Consolidated Financial Statements (Unaudited)

AHFC declared cash dividends to its parent, AHM of \$562 million and \$536 million in July 2025 and 2024, respectively.

HCFI declared cash dividends to AHFC of \$74 million in both July 2025 and 2024. HCFI declared cash dividends to HCI of \$68 million in both July 2025 and 2024.

Note 7. Income Taxes

On August 16, 2022, the Inflation Reduction Act of 2022 (IRA) was enacted into law. The IRA includes tax provisions for a corporate alternative minimum tax (CAMT) of 15% on adjusted financial statement income of corporations with profits greater than \$1.0 billion, effective for taxable years beginning after December 31, 2022, in addition to a tax credit for qualified commercial clean vehicles (QCCV) that applies to vehicles acquired after December 31, 2022. At September 30, 2025, based on proposed guidance and regulations issued to date, the Company does not expect to incur CAMT liability for fiscal year 2026 and expects to generate QCCV tax credits during fiscal year 2026 based on the tax laws as of the reporting date. The Company accounts for the QCCV tax credits using the deferral method. QCCV tax credits are initially deferred as reductions to the acquisition cost of the related operating lease assets and subsequently recognized over the lease terms as reductions to depreciation expense. QCCV tax credits totaling \$231 million were deferred during the six months ended September 30, 2025. The Company will continue to evaluate the effects of IRA as additional guidance and regulations are issued.

During fiscal years 2024 and 2025, several countries, including Japan and Canada, enacted tax laws to adopt various aspects of the Organization for Economic Cooperation and Development (OECD) Global Anti-Base Erosion Model Rules (GloBE Rules). The GloBE Rules are designed to ensure large multinational enterprises (MNEs) pay a minimum level of tax ("Minimum Tax") on income in each of the jurisdictions in which they operate. These rules generally apply to MNE groups with annual revenue of €750 million or more. The Company is in the scope of the GloBE Rules, effective as of April 1, 2024, as a result of our affiliation with HMC. On June 20, 2024, Canada, where the Company's Canadian subsidiary HCFI is incorporated, enacted the Global Minimum Tax Act, implementing the Income Inclusion Rule and Qualified Domestic Minimum Top-up tax under the GloBE Rules, effective from April 1, 2024. Since HCFI is expected to have an effective tax rate that exceeds the 15% minimum rate, the Company has no related current tax expense associated with the Minimum Tax as of September 30, 2025. To date, the U.S., where we have the majority of our operations and conduct business, has not enacted laws to adopt the GloBE Rules. Based on preliminary analysis, we do not expect a material tax impact as a result of the GloBE Rules. The Company will continue to monitor legislative developments and changes in business for potential impacts of the GloBE Rules on future periods.

On July 4, 2025, the One Big Beautiful Bill Act of 2025 (OBBBA) was enacted into law in the U.S. Key tax provisions of the OBBBA include the permanent restoration of 100 percent bonus depreciation, the termination of the QCCV tax credit for vehicles acquired after September 30, 2025, the immediate expensing of domestic research costs, and changes to various international tax rules. The Company analyzed the impacts of the OBBBA related to 100 percent bonus depreciation and remeasured domestic federal deferred taxes at the date of enactment. Deferred tax liability as of the date of enactment increased by \$680 million due to the restoration of 100 percent bonus depreciation. The increase in deferred tax liability is fully offset, primarily by a decrease in income taxes payable, such that there is no impact to total income tax expense. The Company has evaluated other provisions of the OBBBA and does not expect a material effect on the fiscal year 2026 financial statements.

The Company's effective tax rate was 21.7% and 26.0% for the three months ended September 30, 2025 and 2024, respectively and 24.7% and 28.4% for the six months ended September 30, 2025 and 2024, respectively. The decrease in the effective tax rate for the three and six months ended September 30, 2025 was primarily due to tax benefits recognized upon receipt of a tax refund by the Company's U.S. Parent and the remeasurement of deferred taxes due to state tax law changes. The Company's effective tax rates for the three and six months ended September 30, 2025 differ from the U.S. federal statutory tax rate primarily as a result of U.S. state taxes.

The Company does not provide for income taxes on its share of the undistributed earnings of HCFI which are intended to be indefinitely reinvested outside the United States. At September 30, 2025, \$1.0 billion of accumulated undistributed earnings of HCFI were intended to be so reinvested. If the undistributed earnings as of September 30, 2025 were to be distributed, the tax liability associated with these earnings would be \$99 million, inclusive of currency translation adjustments.

As of September 30, 2025, the Company is subject to examination for U.S. federal returns filed for the taxable years ended March 31, 2016 through 2024, and for various U.S. state returns filed for the taxable years ended March 31, 2014 through 2024. The Company's Canadian subsidiary, HCFI, is subject to examination for federal and provincial returns filed for the taxable years ended March 31, 2018 through 2025. The Company believes appropriate provision has been made for all outstanding issues for all open years.

**AMERICAN HONDA FINANCE CORPORATION
AND SUBSIDIARIES**

Notes to Consolidated Financial Statements (Unaudited)

Note 8. Commitments and Contingencies

Operating Leases

The Company leases certain premises and equipment through operating leases. AHFC leases its premises and equipment from AHM and third parties, and HCFI leases its premises from HCI.

Many of the Company's leases contain renewal options, and generally have no residual value guarantees or material covenants. When it is reasonably certain that the Company will exercise the option to renew a lease, the Company will include the renewal option in the evaluation of the lease term. The Company has elected not to recognize right-of-use assets or lease liabilities for leases with a lease term of less than one year. As most of the Company's leases do not provide an implicit rate, the incremental borrowing rate is used in determining the present value of lease payments. The right-of-use assets in operating lease arrangements are reported in other assets on the Company's consolidated balance sheets.

Operating lease liabilities are reported in other liabilities on the Company's consolidated balance sheets. At September 30, 2025, maturities of operating lease liabilities were as follows:

Twelve-month periods ending September 30,	(U.S. dollars in millions)
2026	\$ 10
2027	10
2028	9
2029	7
2030	7
Thereafter	13
Total undiscounted future lease obligations	56
Less: imputed interest	(5)
Operating lease liabilities	<u>\$ 51</u>

Lease expense under operating leases was \$3 million for both the three months ended September 30, 2025 and 2024, and \$5 million for both the six months ended September 30, 2025, and 2024. Lease expense is included within general and administrative expenses.

As of September 30, 2025, the weighted average remaining lease term for operating leases was 6.2 years and the weighted average remaining discount rate for operating leases was 3%.

Revolving Lines of Credit to Dealerships

The Company extends commercial revolving lines of credit to dealerships to support their business activities including facilities refurbishment and general working capital requirements. The amounts borrowed are generally secured by the assets of the borrowing entity. The unused balance of commercial revolving lines of credit was \$804 million as of September 30, 2025. The Company also has commitments to finance the construction of automobile dealership facilities. The remaining unfunded balance for these construction loans was \$2 million as of September 30, 2025.

**AMERICAN HONDA FINANCE CORPORATION
AND SUBSIDIARIES**

Notes to Consolidated Financial Statements (Unaudited)

Legal Proceedings and Regulatory Matters

The Company establishes accruals for legal and regulatory claims when payments associated with the claims become probable and the costs can be reasonably estimated. When able, the Company will determine estimates of reasonably possible loss or range of loss, whether in excess of any related accrued liability or where there is no accrued liability. Given the inherent uncertainty associated with legal and regulatory matters, the actual costs of resolving such claims and associated costs of defense may be substantially higher or lower than the amounts for which accruals have been established.

The Company is involved, in the ordinary course of business, in various legal proceedings including claims of individual customers and purported class action lawsuits. Certain of these actions are similar to suits filed against other financial institutions and captive finance companies concerning business practices and policies. In October 2025, the Company agreed to settle a legal action for approximately \$130 million related to the financing of add-on products for which accruals have been established. The Company is also subject to regulation, supervision, and licensing under various federal, state, provincial, and local statutes, ordinances and regulations which involve governmental reviews and inquiries from time to time. Based on available information and established accruals, management does not believe it is reasonably possible that the results of these proceedings, in the aggregate, will have a material adverse effect on the Company's consolidated financial statements.

Note 9. Securitizations and Variable Interest Entities (VIE)

The Company utilizes SPEs for its asset-backed securitizations and these SPEs are considered VIEs, which are required to be consolidated by their primary beneficiary. The Company is considered to be the primary beneficiary of these SPEs due to (i) the power to direct the activities of the SPEs that most significantly impact the SPEs' economic performance through the Company's role as servicer, and (ii) the obligation to absorb losses or the right to receive residual returns that could potentially be significant to the SPEs through the subordinated certificates and residual interest retained. The secured debt issued by the SPEs to third-party investors along with the assets of the SPEs are included in the Company's consolidated financial statements.

During the six months ended September 30, 2025 and 2024, the Company issued secured debt through asset-backed securitizations, which were accounted for as secured financing transactions totaling \$6.0 billion and \$4.4 billion, respectively. The secured debt was secured by assets with an initial balance of \$6.5 billion and \$4.7 billion, respectively.

The table below presents the carrying amounts of assets and liabilities of consolidated SPEs as they are reported in the Company's consolidated balance sheets. All amounts exclude intercompany balances, which have been eliminated upon consolidation. Investors in secured debt issued by a SPE only have recourse to the assets of such SPE and do not have recourse to the assets of AHFC, HCFI, or its other subsidiaries or to other SPEs. The assets of SPEs are the only source of funds for repayment on the secured debt.

	September 30, 2025				
	Assets			Liabilities	
	(U.S. dollars in millions)				
	Securitized assets	Restricted cash ⁽¹⁾	Other	Secured debt	Other
Retail loan securitizations	\$ 14,939	\$ 680	\$ 49	\$ 14,202	\$ 24
	March 31, 2025				
	Assets			Liabilities	
	(U.S. dollars in millions)				
	Securitized assets	Restricted cash ⁽¹⁾	Other	Secured debt	Other
Retail loan securitizations	\$ 12,969	\$ 715	\$ 40	\$ 12,384	\$ 22

(1) Included with other assets in the Company's consolidated balance sheets (Note 10).

**AMERICAN HONDA FINANCE CORPORATION
AND SUBSIDIARIES**

Notes to Consolidated Financial Statements (Unaudited)

In their role as servicers, AHFC and HCFI collect payments on the underlying securitized assets on behalf of the SPEs. Cash collected during a calendar month is required to be remitted to the SPEs in the following month. AHFC and HCFI are not restricted from using the cash collected for their general purposes prior to the remittance to the SPEs. As of September 30, 2025 and March 31, 2025, AHFC and HCFI had combined cash collections of \$767 million and \$688 million, respectively, which were required to be remitted to the SPEs.

Note 10. Other Assets

Other assets consisted of the following:

	September 30, 2025	March 31, 2025
	(U.S. dollars in millions)	
Accrued interest and fees on finance receivables	\$ 195	\$ 186
Accrued lease payments and fees on operating leases	84	72
Vehicles held for disposition	147	133
Restricted cash	680	715
Operating lease right-of-use assets	43	46
Other miscellaneous assets	114	118
Total	<u>\$ 1,263</u>	<u>\$ 1,270</u>

Note 11. Other Liabilities

Other liabilities consisted of the following:

	September 30, 2025	March 31, 2025
	(U.S. dollars in millions)	
Dealer payables	\$ 203	\$ 295
Accrued interest expense	472	439
Accounts payable and accrued expenses	356	330
Lease security deposits	45	44
Unearned income, operating leases	308	288
Operating lease liabilities	51	55
Uncertain tax positions	101	114
Other liabilities	146	70
Total	<u>\$ 1,682</u>	<u>\$ 1,635</u>

Note 12. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are those other than quoted prices included within Level 1 that are observable for the asset or liability. Level 3 inputs are unobservable inputs for the asset or liability. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Nonperformance risk is also required to be reflected in the fair value measurement, including an entity's own credit standing when measuring the fair value of a liability.

**AMERICAN HONDA FINANCE CORPORATION
AND SUBSIDIARIES**

Notes to Consolidated Financial Statements (Unaudited)

Recurring Fair Value Measurements

The following tables summarize the fair value hierarchy of assets and liabilities measured at fair value on a recurring basis:

September 30, 2025				
	Level 1	Level 2	Level 3	Total
(U.S. dollars in millions)				
Assets:				
Derivative instruments:				
Interest rate swaps	\$ —	\$ 292	\$ —	\$ 292
Cross currency swaps	—	505	—	505
Total assets	<u>\$ —</u>	<u>\$ 797</u>	<u>\$ —</u>	<u>\$ 797</u>
Liabilities:				
Derivative instruments:				
Interest rate swaps	\$ —	\$ 592	\$ —	\$ 592
Cross currency swaps	—	188	—	188
Total liabilities	<u>\$ —</u>	<u>\$ 780</u>	<u>\$ —</u>	<u>\$ 780</u>

March 31, 2025				
	Level 1	Level 2	Level 3	Total
(U.S. dollars in millions)				
Assets:				
Derivative instruments:				
Interest rate swaps	\$ —	\$ 338	\$ —	\$ 338
Cross currency swaps	—	51	—	51
Total assets	<u>\$ —</u>	<u>\$ 389</u>	<u>\$ —</u>	<u>\$ 389</u>
Liabilities:				
Derivative instruments:				
Interest rate swaps	\$ —	\$ 676	\$ —	\$ 676
Cross currency swaps	—	444	—	444
Total liabilities	<u>\$ —</u>	<u>\$ 1,120</u>	<u>\$ —</u>	<u>\$ 1,120</u>

The valuation techniques used in measuring assets and liabilities at fair value on a recurring basis are described below:

Derivative Instruments

The Company's derivatives are transacted in over-the-counter markets and quoted market prices are not readily available. The Company uses third-party developed valuation models to value derivative instruments. These models estimate fair values using discounted cash flow modeling techniques, which utilize the contractual terms of the derivative instruments and market-based inputs, including interest rates and foreign exchange rates. Discount rates incorporate counterparty and HMC specific credit default spreads to reflect nonperformance risk.

The Company's derivative instruments are classified as Level 2 since all significant inputs are observable and do not require management judgment. There were no transfers between fair value hierarchy levels during the six months ended September 30, 2025 and 2024. Refer to Note 5 for additional information on derivative instruments.

Notes to Consolidated Financial Statements (Unaudited)

The following tables summarize nonrecurring fair value measurements recognized for assets still held at the end of the reporting periods presented:

	Level 1	Level 2	Level 3	Total	Lower-of-cost or fair value adjustment
	(U.S. dollars in millions)				
<u>September 30, 2025</u>					
Vehicles held for disposition	\$ —	\$ —	\$ 134	\$ 134	\$ 53
<u>September 30, 2024</u>					
Vehicles held for disposition	\$ —	\$ —	\$ 164	\$ 164	\$ 57

Vehicles Held for Disposition

Vehicles held for disposition consist of returned and repossessed vehicles. They are valued at the lower of their carrying value or estimated fair value, less estimated disposition costs. The fair value is based on current average selling prices of like vehicles at wholesale used vehicle auctions.

**AMERICAN HONDA FINANCE CORPORATION
AND SUBSIDIARIES**

Notes to Consolidated Financial Statements (Unaudited)

Fair Value of Financial Instruments

The following tables summarize the carrying values and fair values of the Company's financial instruments except for those measured at fair value on a recurring basis. Certain financial instruments and all nonfinancial assets and liabilities are excluded from fair value disclosure requirements including the Company's investment in operating leases. The carrying values of cash and cash equivalents, restricted cash, and short-term investments approximate fair values due to the short-term nature and limited credit risk of the instruments.

		September 30, 2025			
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
(U.S. dollars in millions)					
Assets:					
Dealer loans, net	\$ 4,535	—	—	\$ 4,149	\$ 4,149
Retail loans, net	49,566	—	—	49,847	49,847
Liabilities:					
Commercial paper	\$ 4,443	—	\$ 4,444		\$ 4,444
Bank loans	1,881	—	1,886	—	1,886
Medium-term note program	42,018	—	42,044	—	42,044
Other debt	3,406	—	3,473	—	3,473
Secured debt	14,202	—	14,333	—	14,333

	March 31, 2025				
	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
(U.S. dollars in millions)					
Assets:					
Dealer loans, net	\$ 4,335	—	—	\$ 3,940	\$ 3,940
Retail loans, net	48,181	—	—	48,102	48,102
Liabilities:					
Commercial paper	\$ 6,022	—	\$ 6,023	—	\$ 6,023
Related party debt	1,800		1,800		1,800
Bank loans	2,100	—	2,099	—	2,099
Medium-term note program	37,153	—	36,795	—	36,795
Other debt	3,088	—	3,130	—	3,130
Secured debt	12,384	—	12,472	—	12,472

Fair value information presented in the tables above is based on information available at September 30, 2025 and March 31, 2025. Although the Company is not aware of any factors that would significantly affect the estimated fair value amounts, such amounts have not been updated since those dates, and therefore, the current estimates of fair value at dates subsequent to those dates may differ significantly from the amounts presented herein.

**AMERICAN HONDA FINANCE CORPORATION
AND SUBSIDIARIES**

Notes to Consolidated Financial Statements (Unaudited)

Note 13. Segment and Geographic Information

The Company's reportable segments are based on the two geographic regions where the Company operates: the United States and Canada. The Company provides financing to purchasers, lessees and authorized independent dealers of Honda and Acura products. The financing products and services offered throughout the United States and Canada are substantially similar.

The Company's chief operating decision maker (CODM) is the President of AHFC. The measure of segment profit or loss the CODM uses to assess segment performance and allocate resources is income before income taxes and the effect of valuation adjustments on derivative instruments and revaluations of foreign currency denominated debt. Since the Company does not elect to apply hedge accounting, the impact to earnings resulting from these valuation adjustments as reported under GAAP is not representative of segment performance as evaluated by the CODM. Realized gains and losses on derivative instruments, net of realized gains and losses on foreign currency denominated debt, are included in the measure of segment profit or loss when evaluating segment performance. No adjustments are made to segment performance to allocate any revenues or expenses. Segment revenues from the various financing products are reported on the same basis as GAAP consolidated results. The CODM uses segment profit and loss to assess forecast to actual variances, monitor trends, and to make strategic operating decisions.

Financial information for the three and six months ended September 30, 2025 and 2024 is summarized in the following tables:

	United States	Canada	Total
	(U.S. dollars in millions)		
Three months ended September 30, 2025			
Revenues:			
Retail	\$ 704	\$ 82	\$ 786
Dealer	66	5	71
Operating leases	1,600	203	1,803
Total revenues	2,370	290	2,660
Leased vehicle expenses	1,062	147	1,209
Interest expense	647	57	704
Realized (gains)/losses on derivatives and foreign currency denominated debt	70	6	76
Net revenues	591	80	671
Other income, net	43	6	49
Total net revenues	634	86	720
Expenses:			
General and administrative expenses	210	14	224
Provision for credit losses	71	15	86
Early termination loss on operating leases	80	—	80
Income before income taxes and valuation adjustments	\$ 273	\$ 57	\$ 330
Reconciliation to consolidated income before income taxes:			
Gain/(loss) on derivative instruments			(139)
Gain/(loss) on foreign currency revaluation of debt			79
Less: Realized (gains)/losses included in segment profit			76
Consolidated income before income taxes			\$ 346
Income tax expense	\$ 60	\$ 15	\$ 75

**AMERICAN HONDA FINANCE CORPORATION
AND SUBSIDIARIES**

Notes to Consolidated Financial Statements (Unaudited)

	United States	Canada	Total
	(U.S. dollars in millions)		

Six months ended September 30, 2025

Revenues:			
Retail	\$ 1,388	\$ 160	\$ 1,548
Dealer	130	10	140
Operating leases	3,162	408	3,570
Total revenues	4,680	578	5,258
Leased vehicle expenses	2,095	294	2,389
Interest expense	1,269	111	1,380
Realized (gains)/losses on derivatives and foreign currency denominated debt	135	12	147
Net revenues	1,181	161	1,342
Other income, net	81	11	92
Total net revenues	1,262	172	1,434
Expenses:			
General and administrative expenses	332	28	360
Provision for credit losses	169	20	189
Early termination loss on operating leases	126	1	127
Income before income taxes and valuation adjustments	\$ 635	\$ 123	\$ 758
Reconciliation to consolidated income before income taxes:			
Gain/(loss) on derivative instruments			605
Gain/(loss) on foreign currency revaluation of debt			(652)
Less: Realized (gains)/losses included in segment profit			147
Consolidated income before income taxes			\$ 858
Income tax expense	\$ 176	\$ 36	\$ 212

September 30, 2025

Finance receivables, net	\$ 48,636	\$ 5,465	\$ 54,101
Investment in operating leases, net	28,747	3,426	32,173
Total assets	82,886	9,168	92,054

**AMERICAN HONDA FINANCE CORPORATION
AND SUBSIDIARIES**

Notes to Consolidated Financial Statements (Unaudited)

	United States	Canada	Total
	(U.S. dollars in millions)		

Three months ended September 30, 2024

Revenues:			
Retail	\$ 614	\$ 70	\$ 684
Dealer	70	6	76
Operating leases	1,376	209	1,585
Total revenues	2,060	285	2,345
Leased vehicle expenses	926	156	1,082
Interest expense	550	63	613
Realized (gains)/losses on derivatives and foreign currency denominated debt	34	(6)	28
Net revenues	550	72	622
Other income, net	36	4	40
Total net revenues	586	76	662
Expenses:			
General and administrative expenses	130	14	144
Provision for credit losses	84	3	87
Early termination loss on operating leases	37	—	37
Income before income taxes and valuation adjustments	\$ 335	\$ 59	\$ 394
Reconciliation to consolidated income before income taxes:			
Gain/(loss) on derivative instruments			288
Gain/(loss) on foreign currency revaluation of debt			(283)
Less: Realized (gains)/losses included in segment profit			28
Consolidated income before income taxes			427
Income tax expense	\$ 97	\$ 14	\$ 111

**AMERICAN HONDA FINANCE CORPORATION
AND SUBSIDIARIES**

Notes to Consolidated Financial Statements (Unaudited)

	United States	Canada	Total
	(U.S. dollars in millions)		

Six months ended September 30, 2024

Revenues:			
Retail	\$ 1,181	\$ 133	\$ 1,314
Dealer	135	13	148
Operating leases	2,705	421	3,126
Total revenues	4,021	567	4,588
Leased vehicle expenses	1,823	316	2,139
Interest expense	1,042	125	1,167
Realized (gains)/losses on derivatives and foreign currency denominated debt	60	(15)	45
Net revenues	1,096	141	1,237
Other income, net	72	8	80
Total net revenues	1,168	149	1,317
Expenses:			
General and administrative expenses	248	28	276
Provision for credit losses	151	7	158
Early termination loss on operating leases	55	—	55
Income before income taxes and valuation adjustments	\$ 714	\$ 114	\$ 828
Reconciliation to consolidated income before income taxes:			
Gain/(loss) on derivative instruments			200
Gain/(loss) on foreign currency revaluation of debt			(259)
Less: Realized (gains)/losses included in segment profit			45
Consolidated income before income taxes			\$ 814
Income tax expense	\$ 204	\$ 27	\$ 231

September 30, 2024

Finance receivables, net	\$ 45,809	\$ 5,128	\$ 50,937
Investment in operating leases, net	25,149	3,498	28,647
Total assets	74,841	8,941	83,782

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

Overview

Our primary focus, in collaboration with AHM and HCI, is to provide support for the sale of Honda and Acura products and maintain customer and dealer satisfaction and loyalty. To deliver this support effectively, we seek to maintain competitive cost of funds, efficient operations, and effective risk and compliance management. The primary factors influencing our results of operations, cash flows, and financial condition include the volume of Honda and Acura sales and the portion of those sales that we finance, our cost of funds, competition from other financial institutions, consumer credit defaults, and used motor vehicle prices.

A substantial portion of our consumer financing business is acquired through incentive financing programs sponsored by AHM and HCI. The volume of these incentive financing programs and the allocation of those programs between retail loans and leases may vary from fiscal period to fiscal period depending upon the respective marketing strategies of AHM and HCI. AHM and HCI's marketing strategies are based in part on their business planning and control, in which we do not participate. Therefore, we cannot predict the level of incentive financing programs AHM and HCI may sponsor in the future. Our consumer financing acquisition volumes are substantially dependent on the extent to which incentive financing programs are offered. Increases in incentive financing programs generally increase our financing penetration rates, which typically results in increased financing acquisition volumes for us. The amount of subsidy payments we receive from AHM and HCI is dependent on the terms of the incentive financing programs and the interest rate environment. Subsidy payments are received upon acquisition and recognized in revenue throughout the life of the loan or lease; therefore, a significant change in the level of incentive financing programs in a fiscal period typically only has a limited impact on our results of operations for that period. The amount of subsidy income we recognize in a fiscal period is dependent on the cumulative level of subsidized contracts outstanding that were acquired through incentive financing programs.

We seek to maintain high quality consumer and dealer account portfolios, which we support with strong underwriting standards, risk-based pricing, and effective collection practices. Our cost of funds is facilitated by the diversity of our funding sources, and effective interest rate and foreign currency exchange risk management. We manage expenses to support our profitability, including adjusting staffing needs based upon our business volumes and centralizing certain functions. Additionally, we use risk and compliance management practices to optimize credit and residual value risk levels and maintain compliance with our pricing, underwriting and servicing policies at the United States, Canadian, state and provincial levels.

References in this report to our "fiscal year 2026" and "fiscal year 2025" refer to our fiscal year ending March 31, 2026 and our fiscal year ended March 31, 2025, respectively.

Results of Operations

We assess the performance of our operations based on the two geographic regions where we operate: the United States and Canada. The measure of profit or loss used to assess the performance of our United States and Canada segments is income before income taxes and the effect of valuation adjustments on derivative instruments and revaluations of foreign currency denominated debt. For additional information regarding our segments, see Note 13—Segment and Geographic Information of *Notes to Consolidated Financial Statements (Unaudited)*. The following tables and related discussion are presented based on the measure used to assess the performance of our United States and Canada segments.

Operating Environment Overview

Despite a decline in total consumer financing acquisition volumes and consumer financing penetration rates in the United States, acquisition volumes benefited from strong new automobile sales volumes resulting in continued growth in our financing assets during the first six months of fiscal year 2026.

Benchmark interest rates have generally declined since the first quarter of fiscal year 2025 and the effective interest rate on our debt has generally declined since the third quarter of fiscal year 2025. Returns on our consumer financing assets continued to increase, however, as older vintages with lower returns mature.

The trend in delinquencies and charge-offs continued to increase which may be attributable to the negative effects of higher monthly loan and lease payments caused by higher transaction prices, inflationary pressures, high interest rates, and other factors affecting consumers' ability to perform on their obligations. Our leased vehicle values remained strong with return rates near historically low levels. The lower volume of lease maturities due to the decline in lease acquisitions during fiscal year 2023 may also be contributing to elevated values of our leased vehicles.

There remains significant uncertainty surrounding tariffs and trade policies amid the revisions to and suspension of tariffs by the Trump Administration and the various retaliatory measures taken or threatened by foreign countries. On July 4, 2025, the One Big Beautiful Bill Act was enacted into law. See Note 7—Income Taxes of *Notes to Consolidated Financial Statements (Unaudited)* for more information.

Segment Results—Comparison of the Three months ended September 30, 2025 and 2024

Results of operations for the United States segment and the Canada segment are summarized below:

	United States Segment				Canada Segment				Total Segments	
	Three months ended September 30,		Difference		Three months ended September 30,		Difference		Three months ended September 30,	
	2025	2024	Amount	%	2025	2024	Amount	%	2025	2024
(U.S. dollars in millions)										
Revenues:										
Retail	\$ 704	\$ 614	\$ 90	15 %	\$ 82	\$ 70	\$ 12	17 %	\$ 786	\$ 684
Dealer	66	70	(4)	(6)%	5	6	(1)	(17)%	71	76
Operating leases	1,600	1,376	224	16 %	203	209	(6)	(3)%	1,803	1,585
Total revenues	2,370	2,060	310	15 %	290	285	5	2 %	2,660	2,345
Leased vehicle expenses	1,062	926	136	15 %	147	156	(9)	(6)%	1,209	1,082
Interest expense	647	550	97	18 %	57	63	(6)	(10)%	704	613
Realized losses/(gains) on derivatives and foreign currency debt	70	34	36	106 %	6	(6)	12	(200)%	76	28
Net revenues	591	550	41	7 %	80	72	8	11 %	671	622
Other income	43	36	7	19 %	6	4	2	50 %	49	40
Total net revenues	634	586	48	8 %	86	76	10	13 %	720	662
Expenses:										
General and administrative expenses	210	130	80	62 %	14	14	—	— %	224	144
Provision for credit losses	71	84	(13)	(15)%	15	3	12	n/m	86	87
Early termination loss on operating leases	80	37	43	116 %	—	—	—	— %	80	37
Income before income taxes and valuation adjustments	<u>\$ 273</u>	<u>\$ 335</u>	<u>\$ (62)</u>	(19)%	<u>\$ 57</u>	<u>\$ 59</u>	<u>\$ (2)</u>	(3)%	<u>\$ 330</u>	<u>\$ 394</u>

n/m = not meaningful

The following table summarizes average outstanding asset balances, units, and yields and average outstanding debt and interest rates.

	United States Segment				Canada Segment			
	Three months ended September 30,		Difference		Three months ended September 30,		Difference	
	2025	2024	Amount	%	2025	2024	Amount	%
(U.S. dollars in millions except as noted, units in thousands) ⁽¹⁾								
Retail loans:								
Average outstanding balance	\$44,958	\$41,628	\$ 3,330	8 %	\$5,165	\$4,646	\$ 519	11 %
Average outstanding units	2,281	2,187	94	4 %	301	284	17	6 %
Effective yield	6.3 %	5.9 %			6.4 %	6.0 %		
Dealer loans:								
Average outstanding balance	\$4,184	\$3,844	\$ 340	9 %	\$ 371	\$ 373	\$ (2)	(1)%
Effective yield	6.4 %	7.2 %			5.1 %	6.6 %		
Operating leases:								
Average outstanding balance	\$28,568	\$24,618	\$ 3,950	16 %	\$3,474	\$3,490	\$ (16)	— %
Average outstanding units	938	842	96	11 %	150	166	(16)	(10)%
Average monthly revenue ⁽²⁾	\$ 569	\$ 545	\$ 24	4 %	\$ 450	\$ 419	\$ 31	7 %
Average monthly depreciation ^{(2),(3)}	\$ 381	\$ 375	\$ 6	2 %	\$ 333	\$ 319	\$ 14	4 %
Debt:								
Average outstanding balance	\$59,227	\$49,132	\$10,095	21 %	\$6,194	\$5,671	\$ 523	9 %
Effective interest rate	4.4 %	4.5 %			3.7 %	4.5 %		

(1) Average outstanding balances and units based on month end amounts during respective periods. Effective yields and interest rates based on average outstanding month end balances.

(2) U.S. dollars per unit. Average monthly revenue and depreciation based on average outstanding month end units.

(3) Excludes gains on disposition of leased vehicles.

United States Segment

Revenues

- Revenue from retail loans increased due to higher average outstanding balances and higher yields.
- Revenue from dealer loans decreased due to lower yields, which was partially offset by higher average outstanding balances.
- Operating lease revenue increased due to higher average outstanding units and the increase in average revenue per unit.

Leased vehicle expenses

Leased vehicle expenses increased due to higher average outstanding units and the increase in average depreciation expense per unit.

Interest expense

Interest expense increased due to higher average outstanding debt which was partially offset by lower average interest rates. See “— *Liquidity and Capital Resources*” below for more information.

Realized (gains)/losses on derivatives and foreign currency debt

Net realized losses during the second quarter of fiscal year 2026 consisted of losses on pay float interest rate swaps of \$63 million and losses on cross currency interest rate swaps of \$72 million, which were partially offset by gains on pay fixed interest rate swaps of \$65 million.

General and administrative expenses

General and administrative expenses increased primarily due to accruals recognized during the second quarter of fiscal year 2026 for a legal action related to the financing of add-on products.

Provision for credit losses

Provision for credit losses decreased primarily due to the decrease in our estimate of expected credit losses on our retail loans reflecting the decline in retail originations during the second quarter of fiscal year 2026. See “—*Financial Condition—Credit Risk*” below for more information.

Early termination loss on operating leases

Early termination losses on operating leases increased due to increases in realized losses and the larger increase to our estimate of early termination losses. See “—*Financial Condition—Credit Risk*” below for more information.

Canada Segment

Revenues

- Revenue from retail loans increased due to higher average outstanding balances and higher yields.
- Revenue from dealer loans decreased primarily due to lower yields.
- Operating lease revenue decreased primarily due to lower average outstanding units and the effect of foreign currency translation adjustments.

Leased vehicle expenses

Leased vehicle expenses decreased due to lower average outstanding units and the effect of foreign currency translation adjustments.

Interest expense

Interest expense decreased due to lower average interest rates which were partially offset by higher average outstanding debt. See “—*Liquidity and Capital Resources*” below for more information.

Realized (gains)/losses on derivative instruments

Net realized losses on interest rate swaps during the second quarter of fiscal year 2026 were attributable to realized losses on pay fixed interest rate swaps of \$3 million and realized losses on pay float interest rate swaps of \$3 million.

Provision for credit losses

Provision for credit losses increased due to the increase in provision for retail loans as a result of higher expected losses due to an increase in the trend of delinquencies and charge-offs. See “—*Financial Condition—Credit Risk*” below for more information.

Early termination loss on operating leases

We recognized early termination losses on operating leases of less than \$1 million during both the second quarter of fiscal years 2026 and 2025, respectively. See “—*Financial Condition—Credit Risk*” below for more information.

Income tax expense

The consolidated effective tax rate was 21.7% for the second quarter of fiscal year 2026 compared to 26.0% for the same period in fiscal year 2025. The decrease in the effective tax rate was primarily due to tax benefits recognized upon receipt of a tax refund by the Company's U.S. Parent. The Company's effective tax rate for the three months ended September 30, 2025 differs from the U.S. federal statutory tax rate primarily as a result of U.S. state taxes. For additional information regarding income taxes, see Note 7—Income Taxes of *Notes to Consolidated Financial Statements (Unaudited)*.

Segment Results—Comparison of the Six months ended September 30, 2025 and 2024

Results of operations for the United States segment and the Canada segment are summarized below:

	United States Segment				Canada Segment				Total Segments	
	Six months ended September 30,		Difference		Six months ended September 30,		Difference		Six months ended September 30,	
	2025	2024	Amount	%	2025	2024	Amount	%	2025	2024
(U.S. dollars in millions)										
Revenues:										
Retail	\$ 1,388	\$ 1,181	\$ 207	18 %	\$ 160	\$ 133	\$ 27	20 %	\$ 1,548	\$ 1,314
Dealer	130	135	(5)	(4)%	10	13	(3)	(23)%	140	148
Operating leases	3,162	2,705	457	17 %	408	421	(13)	(3)%	3,570	3,126
Total revenues	4,680	4,021	659	16 %	578	567	11	2 %	5,258	4,588
Leased vehicle expenses	2,095	1,823	272	15 %	294	316	(22)	(7)%	2,389	2,139
Interest expense	1,269	1,042	227	22 %	111	125	(14)	(11)%	1,380	1,167
Realized losses/(gains) on derivatives and foreign currency debt	135	60	75	125 %	12	(15)	27	(180)%	147	45
Net revenues	1,181	1,096	85	8 %	161	141	20	14 %	1,342	1,237
Other income	81	72	9	13 %	11	8	3	38 %	92	80
Total net revenues	1,262	1,168	94	8 %	172	149	23	15 %	1,434	1,317
Expenses:										
General and administrative expenses	332	248	84	34 %	28	28	—	— %	360	276
Provision for credit losses	169	151	18	12 %	20	7	13	186 %	189	158
Early termination loss on operating leases	126	55	71	129 %	1	—	1	— %	127	55
Income before income taxes and valuation adjustments	<u>\$ 635</u>	<u>\$ 714</u>	<u>\$ (79)</u>	(11)%	<u>\$ 123</u>	<u>\$ 114</u>	<u>\$ 9</u>	8 %	<u>\$ 758</u>	<u>\$ 828</u>

n/m = not meaningful

The following table summarizes average outstanding asset balances, units, and yields and average outstanding debt and interest rates.

	United States Segment				Canada Segment			
	Six months ended September 30,		Difference		Six months ended September 30,		Difference	
	2025	2024	Amount	%	2025	2024	Amount	%
(U.S. dollars in millions except as noted, units in thousands) ⁽¹⁾								
Retail loans:								
Average outstanding balance	\$44,749	\$40,778	\$ 3,971	10 %	\$5,038	\$4,564	\$ 474	10 %
Average outstanding units	2,284	2,155	129	6 %	299	283	16	6 %
Effective yield	6.2 %	5.8 %			6.3 %	5.8 %		
Dealer loans:								
Average outstanding balance	\$4,094	\$3,757	\$ 337	9 %	\$ 382	\$ 376	\$ 6	2 %
Effective yield	6.4 %	7.2 %			5.1 %	6.9 %		
Operating leases:								
Average outstanding balance	\$28,218	\$24,322	\$ 3,896	16 %	\$3,441	\$3,512	\$ (71)	(2)%
Average outstanding units	926	844	82	10 %	152	169	(17)	(10)%
Average monthly revenue ⁽²⁾	\$ 569	\$ 534	\$ 35	7 %	\$ 447	\$ 414	\$ 33	8 %
Average monthly depreciation ^{(2),(3)}	\$ 382	\$ 369	\$ 13	4 %	\$ 330	\$ 317	\$ 13	4 %
Debt:								
Average outstanding balance	\$58,247	\$47,896	\$10,351	22 %	\$6,071	\$5,593	\$ 478	9 %
Effective interest rate	4.4 %	4.4 %			3.6 %	4.5 %		

(1) Average outstanding balances and units based on month end amounts during respective periods. Effective yields and interest rates based on average outstanding month end balances.

(2) U.S. dollars per unit. Average monthly revenue and depreciation based on average outstanding month end units.

(3) Excludes gains on disposition of leased vehicles.

United States Segment

Revenues

- Revenue from retail loans increased due to higher average outstanding balances and higher yields.
- Revenue from dealer loans decreased due to lower yields, which was partially offset by higher average outstanding balances.
- Operating lease revenue increased due to higher average outstanding units and the increase in average revenue per unit.

Leased vehicle expenses

Leased vehicle expenses increased due to higher average outstanding units and higher average depreciation expense per unit.

Interest expense

Interest expense increased primarily due to higher average outstanding debt. See “—*Liquidity and Capital Resources*” below for more information.

Realized (gains)/losses on derivatives and foreign currency debt

Net realized losses during the first six months of fiscal year 2026 consisted of losses on pay float interest rate swaps of \$128 million and losses on cross currency interest rate swaps of \$131 million, which were partially offset by gains on pay fixed interest rate swaps of \$124 million.

General and administrative expenses

General and administrative expenses increased primarily due to accruals recognized during the first six months of fiscal year 2026 for a legal action related to the financing of add-on products.

Provision for credit losses

Provision for credit losses increased primarily due to the larger increase in our estimate of expected credit losses on our retail loans reflecting the increasing trend of delinquencies and net charge-offs. See “—*Financial Condition—Credit Risk*” below for more information.

Early termination loss on operating leases

Early termination losses on operating leases increased due to increases in realized losses and the larger increase to our estimate of early termination losses. See “—*Financial Condition—Credit Risk*” below for more information.

Canada Segment

Revenues

- Revenue from retail loans increased due to higher average outstanding balances and higher yields.
- Revenue from dealer loans decreased primarily due to lower yields.
- Operating lease revenue decreased primarily due to lower average outstanding units and the effect of foreign currency translation adjustments.

Leased vehicle expenses

Leased vehicle expenses decreased due to lower average outstanding units and the effect of foreign currency translation adjustments.

Interest expense

Interest expense decreased due to lower average interest rates which were partially offset by higher average outstanding debt. See “—*Liquidity and Capital Resources*” below for more information.

Realized (gains)/losses on derivative instruments

Net realized losses on interest rate swaps during the first six months of fiscal year 2026 were attributable to realized losses on pay fixed interest rate swaps of \$7 million and realized losses on pay float interest rate swaps of \$5 million.

Provision for credit losses

Provision for credit losses increased due to the increase in provision for retail loans as a result of higher expected losses due to an increase in the trend of delinquencies and charge-offs. See “—*Financial Condition—Credit Risk*” below for more information.

Early termination loss on operating leases

We recognized early termination losses on operating leases of \$1 million during the six months of fiscal year 2026 and less than \$1 million during the six months of fiscal year 2025. See “—*Financial Condition—Credit Risk*” below for more information.

Income tax expense

The consolidated effective tax rate was 24.7% for the first six months of fiscal year 2026 compared to 28.4% for the same period in fiscal year 2025. The decrease in the effective tax rate was primarily due to tax benefits recognized upon receipt of a tax refund by the Company's U.S. Parent and the remeasurement of deferred taxes due to state tax law changes. The Company's effective tax rate for the six months ended September 30, 2025 differs from the U.S. federal statutory tax rate primarily as a result of U.S. state taxes. For additional information regarding income taxes, see Note 7—Income Taxes of *Notes to Consolidated Financial Statements (Unaudited)*.

Financial Condition

Consumer Financing

Consumer Financing Acquisition Volumes

The following table summarizes the number of retail loans and leases we acquired and the number of such loans and leases acquired through incentive financing programs sponsored by AHM and HCI:

	Three months ended September 30,				Six months ended September 30,			
	2025		2024		2025		2024	
	Acquired	Sponsored ⁽²⁾	Acquired	Sponsored ⁽²⁾	Acquired	Sponsored ⁽²⁾	Acquired	Sponsored ⁽²⁾
(Units ⁽¹⁾ in thousands)								
United States Segment								
Retail loans:								
New automobile	121	66	150	107	271	171	298	204
Used automobile	29	4	38	11	62	17	76	23
Motorcycle and other	19	7	22	9	42	14	48	19
Total retail loans	169	77	210	127	375	202	422	246
Leases	91	66	114	110	193	136	225	219
Canada Segment								
Retail loans	21	9	25	13	52	31	49	26
Leases	11	8	11	10	26	22	23	19
Consolidated								
Retail loans	190	86	235	140	427	233	471	272
Leases	102	74	125	120	219	158	248	238

- (1) A unit represents one retail loan or lease contract, as noted, that was originated in the United States and acquired by AHFC or its subsidiaries, or that was originated in Canada and acquired by HCFI, in each case during the period shown.
- (2) Represents the number of retail loans and leases acquired through incentive financing programs sponsored by AHM and/or HCI and only those contracts with subsidy payments. Excludes contracts where contractual rates met or exceeded AHFC's yield requirements and subsidy payments were not required.

Consumer Financing Penetration Rates

The following table summarizes the percentage of AHM and/or HCI sales of new automobiles and motorcycles that were financed with either retail loans or leases that we acquired:

	Three months ended September 30,		Six months ended September 30,	
	2025	2024	2025	2024
United States Segment				
New automobile	59%	72%	62%	72%
Motorcycle	39%	43%	41%	43%
Canada Segment				
New automobile	66%	74%	75%	75%
Motorcycle	29%	32%	31%	33%
Consolidated				
New automobile	60%	72%	63%	73%
Motorcycle	38%	42%	40%	41%

Consumer Financing Asset Balances

The following table summarizes our outstanding retail loan and lease asset balances and units:

	September 30, 2025	March 31, 2025	September 30, 2025	March 31, 2025
	(U.S. dollars in millions)		(Units ⁽¹⁾ in thousands)	
<u>United States Segment</u>				
Retail loans:				
New automobile	\$ 35,529	\$ 34,738	1,653	1,658
Used automobile	7,454	7,404	404	410
Motorcycle and other	1,478	1,412	209	205
Total retail loans	<u>\$ 44,461</u>	<u>\$ 43,554</u>	<u>2,266</u>	<u>2,273</u>
Investment in operating leases	\$ 28,747	\$ 27,316	947	899
Securitized retail loans ⁽²⁾	\$ 14,125	\$ 12,350	835	768
<u>Canada Segment</u>				
Retail loans	\$ 5,105	\$ 4,627	300	293
Investment in operating leases	\$ 3,426	\$ 3,280	148	155
Securitized retail loans ⁽²⁾	\$ 814	\$ 619	65	56
<u>Consolidated</u>				
Retail loans	\$ 49,566	\$ 48,181	2,566	2,566
Investment in operating leases	\$ 32,173	\$ 30,596	1,095	1,054
Securitized retail loans ⁽²⁾	\$ 14,939	\$ 12,969	900	824

(1) A unit represents one retail loan or lease contract, as noted, that was outstanding as of the date shown.

(2) Securitized retail loans represent the portion of total managed assets that have been sold in securitization transactions but continue to be recognized on our balance sheet.

In the United States segment, retail loan acquisition volumes decreased by 11% and lease acquisition volumes decreased by 14% during the first six months of fiscal year 2026 compared to the same period in fiscal year 2025 due to the decrease in sponsored program volumes. The decline in the penetration rate was attributable to increased competition from other financial institutions and the allocation of incentive support. Despite the decline in consumer financing penetration rates, acquisition volumes benefited from strong new automobile sales volumes during the first six months of fiscal year 2026.

In the Canada segment, retail loan acquisition volumes increased by 6% and lease acquisition volumes increased by 13% during the first six months of fiscal year 2026 compared to the same period in fiscal year 2025 primarily due to the increase in sponsored program volumes.

Dealer Financing

Wholesale Flooring Financing Penetration Rates

The following table summarizes the number of dealerships with wholesale flooring financing agreements as a percentage of total Honda and Acura dealerships in the United States and/or Canada, as applicable:

	September 30, 2025	March 31, 2025
United States Segment		
Automobile	29 %	29 %
Motorcycle	98 %	98 %
Other	17 %	17 %
Canada Segment		
Automobile	29 %	29 %
Motorcycle	95 %	95 %
Other	95 %	94 %
Consolidated		
Automobile	29 %	29 %
Motorcycle	97 %	98 %
Other	20 %	20 %

Wholesale Flooring Financing Percentage of Sales

The following table summarizes the percentage of AHM unit sales in the United States and/or HCI unit sales in Canada, as applicable, that we financed through wholesale flooring loans with dealerships:

	Three months ended September 30,		Six months ended September 30,	
	2025	2024	2025	2024
United States Segment				
Automobile	22%	22%	23%	22%
Motorcycle	98%	98%	98%	98%
Other	6%	9%	6%	10%
Canada Segment				
Automobile	24%	24%	24%	24%
Motorcycle	92%	89%	88%	88%
Other	97%	96%	94%	95%
Consolidated				
Automobile	22%	22%	24%	22%
Motorcycle	98%	97%	97%	97%
Other	13%	15%	13%	16%

Dealer Financing Asset Balances

The following table summarizes our outstanding dealer financing asset balances and units:

	September 30, 2025	March 31, 2025	September 30, 2025	March 31, 2025
	(U.S. dollars in millions)		(Units ⁽¹⁾ in thousands)	
<u>United States Segment</u>				
Wholesale flooring loans:				
Automobile	\$ 2,122	\$ 2,057	64	60
Motorcycle	610	555	70	62
Other	28	32	12	19
Total wholesale flooring loans	<u>\$ 2,760</u>	<u>\$ 2,644</u>	<u>146</u>	<u>141</u>
Commercial loans	\$ 1,414	\$ 1,295		
<u>Canada Segment</u>				
Wholesale flooring loans	\$ 323	\$ 359	33	42
Commercial loans	\$ 38	\$ 37		
<u>Consolidated</u>				
Wholesale flooring loans	\$ 3,083	\$ 3,003	179	183
Commercial loans	\$ 1,452	\$ 1,332		

(1) A unit represents one automobile, motorcycle, power equipment, or marine engine, as applicable, financed through a wholesale flooring loan that was outstanding as of the date shown.

Credit Risk

Credit losses are an expected cost of extending credit. The majority of our credit risk is in consumer financing and to a lesser extent in dealer financing. Credit risk of our portfolio of consumer finance receivables can be affected by general economic conditions. Adverse changes, such as a rise in unemployment or an increase in inflationary pressures, can increase the likelihood of defaults. Declines in used vehicle prices can reduce the amount of recoveries on repossessed collateral. We manage our exposure to credit risk in retail loans by monitoring and adjusting our underwriting standards, which affect the level of credit risk that we assume, pricing contracts for expected losses and focusing collection efforts to minimize losses. We manage our exposure to credit risk for dealers through ongoing reviews of their financial condition and payment performance.

We are also exposed to credit risk on our portfolio of operating lease assets. We expect a portion of our operating leases to terminate prior to their scheduled maturities when lessees default on their contractual obligations. Losses are generally realized upon the disposition of the repossessed operating lease vehicles. The factors affecting credit risk on our operating leases and our management of the risk are similar to that of our consumer finance receivables.

Credit risk on dealer loans is affected primarily by the financial strength of the dealers within the portfolio, the value of collateral securing the financings, and economic and market factors that could affect the creditworthiness of dealers. We manage our exposure to credit risk in dealer financing by performing comprehensive reviews of dealers prior to establishing financing arrangements and monitoring the payment performance and creditworthiness of these dealers on an ongoing basis. In the event of default by a dealer, we seek all available legal remedies pursuant to related dealer agreements, guarantees, security interests on collateral, or liens on dealership assets. Additionally, we have agreements with AHM and HCI that provide for their repurchase of new, unused, undamaged and unregistered vehicles or equipment that have been repossessed from dealers who defaulted under the terms of their respective wholesale flooring agreements.

The allowance for credit losses is management's estimate of lifetime expected credit losses on the amortized cost basis of finance receivables. Additional information regarding credit losses is provided in the discussion of "—Critical Accounting Estimates—Allowance for Credit Losses and Estimated Early Termination Losses on Operating Lease Assets" below.

The following table presents information with respect to our allowance for credit losses and credit loss experience of our finance receivables and losses related to lessee defaults on our operating leases:

	United States Segment		Canada Segment		Consolidated	
	As of or for the three months ended September 30,					
	2025	2024	2025	2024	2025	2024
	(U.S. dollars in millions)					
Finance receivables:						
Allowance for credit losses at beginning of period	\$ 420	\$ 376	\$ 15	\$ 15	\$ 435	\$ 391
Provision for credit losses	71	84	15	3	86	87
Charge-offs, net of recoveries	(86)	(63)	(4)	(3)	(90)	(66)
Effect of translation adjustment	—	—	(1)	—	(1)	—
Allowance for credit losses at end of period	<u>\$ 405</u>	<u>\$ 397</u>	<u>\$ 25</u>	<u>\$ 15</u>	<u>\$ 430</u>	<u>\$ 412</u>
Charge-offs as a percentage of average receivable balance ^{(1), (3)}	0.70 %	0.56 %	0.32 %	0.32 %	0.66 %	0.53 %
Operating leases:						
Early termination loss on operating leases	\$ 80	\$ 37	\$ —	\$ —	\$ 80	\$ 37

	United States Segment		Canada Segment		Consolidated	
	As of or for the six months ended September 30,					
	2025	2024	2025	2024	2025	2024
	(U.S. dollars in millions)					
Finance receivables:						
Allowance for credit losses at beginning of period	\$ 383	\$ 339	\$ 13	\$ 14	\$ 396	\$ 353
Provision for credit losses	169	151	20	7	189	158
Charge-offs, net of recoveries	(147)	(93)	(8)	(6)	(155)	(99)
Effect of translation adjustment	—	—	—	—	—	—
Allowance for credit losses at end of period	<u>\$ 405</u>	<u>\$ 397</u>	<u>\$ 25</u>	<u>\$ 15</u>	<u>\$ 430</u>	<u>\$ 412</u>
Charge-offs as a percentage of average receivable balance ^{(1), (3)}	0.60 %	0.42 %	0.30 %	0.27 %	0.57 %	0.41 %
Allowance as a percentage of ending receivable balance ⁽¹⁾	0.82 %	0.86 %	0.46 %	0.28 %	0.79 %	0.80 %
Delinquencies (60 or more days past due):						
Delinquent amount ⁽²⁾	\$ 195	\$ 176	\$ 9	\$ 7	\$ 204	\$ 183
As a percentage of ending receivable balance ^{(1), (2)}	0.40 %	0.38 %	0.17 %	0.14 %	0.37 %	0.36 %
Operating leases:						
Early termination loss on operating leases	\$ 126	\$ 55	\$ 1	\$ —	\$ 127	\$ 55

- (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 for both the six months ended September 30, 2025 and 2024 have been annualized.

In the United States segment, we recognized a provision for credit losses on our finance receivables of \$169 million and \$151 million during the first six months of fiscal year 2026 and 2025, respectively. The increase in the provision for credit losses was primarily due to the larger increase to our estimate of expected credit losses on our retail loans reflecting the increasing trend of delinquencies and net charge-offs. The increase in net charge-offs was due to the increase in the volume of retail loans with longer terms which typically have higher loan-to-value ratios, and as a result, higher loss severities. We recognized early termination losses on operating leases of \$126 million and \$55 million during the first six months of fiscal year 2026 and 2025, respectively. Early termination losses on operating leases increased due to the increases in realized losses, and the larger increase to our estimate of early termination losses. The increase in operating lease delinquencies contributed to the increase in our estimate of early termination losses.

In the Canada segment, we recognized a provision for credit losses on our finance receivable of \$20 million and \$7 million during the first six months of fiscal year 2026 and 2025, respectively. Provision for credit losses increased due to the increase in provision for retail loans as a result of higher expected losses due to an increase in the trend of delinquencies and charge-offs. We recognized early termination losses on operating leases of \$1 million and less than \$1 million during the first six months of fiscal year 2026 and fiscal year 2025, respectively.

Lease Residual Value Risk

Contractual residual values of lease vehicles are determined at lease inception based on our expectations of used vehicle values at the end of their lease term. Lease customers have the option at the end of the lease term to return the vehicle to the dealer or to buy the vehicle at the contractual residual value (or if purchased prior to lease maturity, for the outstanding contractual balance). Returned lease vehicles can be purchased by the grounding dealer at the contractual residual value (or if purchased prior to lease maturity, for the outstanding contractual balance) or a market based price. Returned lease vehicles that are not purchased by the grounding dealers are sold through online and physical auctions. We are exposed to a risk of loss on the disposition of returned lease vehicles if the market values of leased vehicles at the end of their lease terms are less than their contractual residual values.

Operating lease vehicles are depreciated on a straight-line basis over the lease term to the lower of contract residual values or estimated end of term residual values. Adjustments to estimated end of term residual values are made prospectively on a straight-line basis over the remaining lease term. A review for impairment of our operating lease assets is performed whenever events or changes in circumstances indicate that their carrying values may not be recoverable. If impairment conditions are met, impairment losses are measured as to the amounts by which carrying amounts exceed their fair values. We did not recognize impairment losses due to declines in estimated residual values during the first six months of fiscal year 2026. Additional information regarding lease residual values is provided in the discussion of “—Critical Accounting Estimates—Estimated End of Term Residual Values” below.

The following table summarizes our number of lease terminations and the method of disposition:

	Three months ended September 30,		Six months ended September 30,	
	2025	2024	2025	2024
(Units ⁽¹⁾ in thousands)				
United States Segment				
Termination units:				
Sales at outstanding contractual balances ⁽²⁾	63	96	132	216
Sales through auctions and dealer direct programs ⁽³⁾	1	4	2	6
Total termination units	64	100	134	222
Canada Segment				
Termination units:				
Sales at outstanding contractual balances ⁽²⁾	16	18	33	35
Sales through auctions and dealer direct programs ⁽³⁾	—	—	—	—
Total termination units	16	18	33	35
Consolidated				
Termination units:				
Sales at outstanding contractual balances ⁽²⁾	79	114	165	251
Sales through auctions and dealer direct programs ⁽³⁾	1	4	2	6
Total termination units	80	118	167	257

- (1) A unit represents one terminated lease by their method of disposition during the period shown. Unit counts do not include leases that were terminated due to lessee defaults.
- (2) Includes vehicles purchased by lessees or dealers for the contractual residual value at lease maturity or the outstanding contractual balance if purchased prior to lease maturity.
- (3) Includes vehicles sold through online auctions and market based pricing options under our dealer direct programs or through physical auctions.

Liquidity and Capital Resources

Our liquidity strategy is to fund current and future obligations through our cash flows from operations and our diversified funding programs in a cost and risk effective manner. Our cash flows are generally impacted by cash requirements related to the volume of finance receivable and operating lease acquisitions, various operating and funding costs, and dividend payments, which are largely funded through payments received on our assets and our funding sources outlined below. As noted, the levels of incentive financing sponsored by AHM and HCI can impact our financial results and liquidity from period to period. Increases or decreases in incentive financing programs typically increase or decrease our financing penetration rates, respectively, which result in increased or decreased acquisition volumes and increased or decreased liquidity needs, respectively. At acquisition, we receive the subsidy payments, which reduce the cost of consumer loan and lease contracts acquired, and we recognize such payments as revenue over the term of the loan or lease.

In an effort to minimize liquidity risk and interest rate risk and the resulting negative effects on our margins, results of operations and cash flows, our funding strategy incorporates investor diversification and the utilization of multiple funding sources including commercial paper, medium-term notes, bank loans and asset-backed securities and loans. From time to time, AHFC also issues fixed rate short-term debt to AHM to fund general corporate operations. We incorporate a funding strategy that takes into consideration factors such as the interest rate environment, domestic and foreign capital market conditions, maturity profiles, and economic conditions. We believe that our funding sources, combined with cash provided by operating and investing activities, will provide sufficient liquidity for us to meet our debt service and working capital requirements over the next twelve months.

The summary of outstanding debt presented in the tables and discussion below in this section “—*Liquidity and Capital Resources*” as of September 30, 2025 and March 31, 2025 includes foreign currency denominated debt, which was translated into U.S. dollars using the relevant exchange rates as of September 30, 2025 and March 31, 2025, as applicable. Additionally, the amounts in this section that are presented in “C\$” (Canadian dollar) were converted into U.S. dollars solely for the convenience based on the exchange rate on September 30, 2025. These translations should not be construed as representations that the converted amounts actually represent such U.S. dollar amounts or that they could be converted into U.S. dollars at the rates indicated.

Summary of Outstanding Debt

The table below presents a summary of our outstanding debt by various funding sources:

	September 30, 2025	March 31, 2025	Weighted average contractual interest rate ⁽¹⁾	
			September 30, 2025	March 31, 2025
(U.S. dollars in millions)				
<u>United States Segment</u>				
Unsecured debt:				
Commercial paper	\$ 3,867	\$ 4,836	4.53 %	4.64 %
Related party debt	—	1,800	— %	4.59 %
Bank loans	500	1,250	4.90 %	5.15 %
Public MTN Program	42,018	37,153	4.10 %	4.02 %
Total unsecured debt	\$ 46,385	\$ 45,039		
Secured debt	13,444	11,816	4.69 %	4.81 %
Total debt	<u>\$ 59,829</u>	<u>\$ 56,855</u>		
<u>Canada Segment</u>				
Unsecured debt:				
Commercial paper	\$ 576	\$ 1,186	3.06 %	3.20 %
Bank loans	1,381	850	3.55 %	3.70 %
Other debt	3,406	3,088	3.53 %	3.53 %
Total unsecured debt	5,363	5,124		
Secured debt	758	568	3.50 %	3.88 %
Total debt	<u>\$ 6,121</u>	<u>\$ 5,692</u>		
<u>Consolidated</u>				
Unsecured debt:				
Commercial paper	\$ 4,443	\$ 6,022	4.34 %	4.36 %
Related party debt	—	1,800	— %	4.59 %
Bank loans	1,881	2,100	3.91 %	4.56 %
Public MTN Program	42,018	37,153	4.10 %	4.02 %
Other debt	3,406	3,088	3.53 %	3.53 %
Total unsecured debt	51,748	50,163		
Secured debt	14,202	12,384	4.62 %	4.77 %
Total debt	<u>\$ 65,950</u>	<u>\$ 62,547</u>		

(1) Weighted average contractual interest rates for commercial paper are bond equivalent yields. Contractual interest rates approximate effective yields.

Commercial Paper

As of September 30, 2025, we had commercial paper programs in the United States of \$7.0 billion and in Canada of C\$2.5 billion (\$1.8 billion). Interest rates on the commercial paper are fixed at the time of issuance. During the six months ended September 30, 2025, consolidated commercial paper month-end outstanding principal balances ranged from \$4.4 billion to \$7.3 billion.

Related Party Debt

From time to time, AHFC issues fixed rate debt to AHM to fund AHFC's general corporate operations. Interest rates are based on prevailing rates of debt with comparable terms. Generally, the term of related party debt is less than 185 days.

Bank Loans

During the six months ended September 30, 2025, AHFC entered into a \$500 million fixed rate term loan agreement. HCFI entered into a 2-year floating rate loan for C\$350 million (\$251 million), a 4-year floating rate loan for C\$350 million (\$251 million) and a 4-year floating rate loan for C\$150 million (\$108 million). As of September 30, 2025, we had bank loans denominated in U.S. dollars and Canadian dollars with floating interest rates, in principal amounts ranging from \$108 million to \$500 million. As of September 30, 2025, the remaining maturities of all bank loans outstanding ranged from 80 days to approximately 4.0 years. The weighted average remaining maturities of all bank loans was 1.8 years as of September 30, 2025.

Our bank loans contain customary restrictive covenants, including limitations on liens, mergers, consolidations and asset sales, and a financial covenant that requires us to maintain positive consolidated tangible net worth. In addition to other customary events of default, the bank loans include cross-default provisions and provisions for default if HMC does not maintain ownership, whether directly or indirectly, of at least 80% of the outstanding capital stock of AHFC or HCFI, as applicable. All of these covenants and events of default are subject to important limitations and exceptions under the agreements governing the bank loans. As of September 30, 2025, management believes that AHFC and HCFI were in compliance with all covenants contained in our bank loan agreements.

Public Medium-Term Note (Public MTN) Program (the Public MTN Program)

AHFC is a well-known seasoned issuer under SEC rules and issues Public MTNs pursuant to a registration statement on Form S-3 filed with the SEC. In August 2025, AHFC renewed its Public MTN Program by filing a registration statement with the SEC under which it may issue from time to time up to \$45.0 billion aggregate principal amount of Public MTNs, which includes the issuance of foreign currency denominated notes into international markets. The aggregate principal amount of Public MTNs offered under the Public MTN Program may be increased from time to time.

The Public MTNs may have original maturities of 9 months or more from the date of issue, may be interest bearing with either fixed or floating interest rates, or may be discounted notes. During the six months ended September 30, 2025, AHFC issued \$4.9 billion of floating rate notes ranging from 12 months to 3 years in both USD and EUR. Additionally, AHFC also issued \$4.5 billion of fixed rate notes ranging from 2 years to 7 years in USD and EUR. The weighted average remaining maturities of all Public MTNs was 2.6 years as of September 30, 2025.

The Public MTNs are issued pursuant to an indenture, which requires AHFC to comply with certain covenants, including negative pledge provisions and restrictions on AHFC's ability to merge, consolidate or transfer substantially all of its assets or the assets of its subsidiaries, and includes customary events of default. As of September 30, 2025, management believes that AHFC was in compliance with all covenants under the indenture.

The table below presents a summary of outstanding debt issued under our Public MTN Program by currency:

	September 30, 2025	March 31, 2025
	(U.S. dollars in millions)	
U.S. dollar	\$ 31,237	\$ 29,196
Euro	8,836	6,090
Sterling	1,945	1,867
Total	<u>\$ 42,018</u>	<u>\$ 37,153</u>

Other Debt

HCFI issues privately placed Canadian dollar denominated notes, with either fixed or floating interest rates. During the six months ended September 30, 2025, HCFI issued C\$1.1 billion (\$754 million) of fixed rate notes. As of September 30, 2025, the remaining maturities of all of HCFI's Canadian notes outstanding ranged from 168 days to approximately 5.0 years. The weighted average remaining maturities of these notes was 2.7 years as of September 30, 2025.

The notes are issued pursuant to the terms of an indenture, which requires HCFI to comply with certain covenants, including negative pledge provisions, and includes customary events of default. As of September 30, 2025, management believes that HCFI was in compliance with all covenants contained in the privately placed notes.

Secured Debt

Asset-Backed Securities and Loans

We enter into securitization transactions for funding purposes. Our securitization transactions involve transferring pools of retail loans and operating leases to bankruptcy-remote special purpose entities (SPEs). The SPEs are established to accommodate securitization structures, which have the limited purpose of acquiring assets, issuing asset-backed securities or loans, and making payments on the secured debt. Assets transferred to SPEs are considered legally isolated from us and the claims of our creditors. We continue to service the retail loans and operating leases transferred to the SPEs. Investors in the secured debt issued by a SPE only have recourse to the assets of such SPE and do not have recourse to the assets of AHFC, HCFI, or our other subsidiaries or to other SPEs. The assets of SPEs are the only source of funds for repayment on the secured debt.

Our securitizations are structured to provide credit enhancements to investors in the secured debt issued by the SPEs. Credit enhancements can include the following:

- *Subordinated certificates*— securities issued by SPEs that are retained by us and are subordinated in priority of payment to the secured debt.
- *Overcollateralization*— securitized asset balances that exceed the balance of secured debt issued by SPEs.
- *Excess interest*— excess interest collections to be used to cover losses on defaulted loans.
- *Reserve funds*— restricted cash accounts held by the SPEs to cover shortfalls in payments of interest and principal required to be paid on the secured debt.
- *Yield supplement accounts*— restricted cash accounts held by SPEs to supplement interest payments on secured debt.

The risk retention regulations in Regulation RR of the Securities Exchange Act of 1934, as amended (Exchange Act), require the sponsor to retain an economic interest in the credit risk of the securitized assets, either directly or through one or more majority-owned affiliates. Standard risk retention options allow the sponsor to retain either an eligible vertical interest, an eligible horizontal residual interest, or a combination of both. AHFC has satisfied this obligation by retaining an eligible vertical interest of an amount equal to at least 5% of the principal amount of each class of note and certificate issued for the securitization transactions that were subject to this rule but may choose to use other structures in the future.

We are required to consolidate the SPEs in our financial statements, which results in the securitizations being accounted for as on-balance sheet secured financings. The securitized assets remain on our consolidated balance sheet along with the secured debt issued by the SPEs.

During the six months ended September 30, 2025, we issued secured debt through asset-backed securitizations totaling \$6.0 billion, which were secured by assets with an initial balance of \$6.5 billion. There were no outstanding operating lease securitizations as of September 30, 2025.

Credit Agreements

Syndicated Bank Credit Facilities

AHFC maintains a \$7.0 billion syndicated bank credit facility that includes a \$3.5 billion 364-day credit agreement, which expires on February 20, 2026, a \$2.1 billion credit agreement, which expires on February 25, 2026, and a \$1.4 billion credit agreement, which expires on February 25, 2028. As of September 30, 2025, no amounts were drawn upon under the AHFC credit agreements. AHFC intends to renew or replace these credit agreements prior to or on their respective expiration dates.

HCFI maintains a C\$2.0 billion (\$1.4 billion) syndicated bank credit facility that includes a C\$1.0 billion (\$718 million) credit agreement, which expires on March 25, 2026 and a C\$1.0 billion (\$718 million) credit agreement, which expires on March 25, 2027. As of September 30, 2025, no amounts were drawn upon under the HCFI credit agreements. HCFI intends to renew or replace the credit agreements prior to or on the expiration dates.

The credit agreements contain customary conditions to borrowing and customary restrictive covenants, including limitations on liens and limitations on mergers, consolidations and asset sales, and limitations on affiliate transactions. The credit agreements also require AHFC and HCFI to maintain a positive consolidated tangible net worth as defined in their respective credit agreements. The credit agreements, in addition to other customary events of default, include cross-default provisions and provisions for default if HMC does not maintain ownership, whether directly or indirectly, of at least 80% of the outstanding capital stock of AHFC or HCFI, as applicable. In addition, the AHFC and HCFI credit agreements contain provisions for default if HMC's obligations under the HMC-AHFC Keep Well Agreement or the HMC-HCFI Keep Well Agreement, as applicable, become invalid, voidable, or unenforceable. All of these conditions, covenants and events of default are subject to important limitations and exceptions under the agreements governing the credit agreements. As of September 30, 2025, management believes that AHFC and HCFI were in compliance with all covenants contained in the respective credit agreements.

Other Credit Agreements

AHFC maintains other committed lines of credit that allow the Company access to an additional \$1.0 billion in unsecured funding with two banks. The credit agreements contain customary covenants, including limitations on liens, mergers, consolidations and asset sales and a requirement for AHFC to maintain a positive consolidated tangible net worth. As of September 30, 2025, no amounts were drawn upon under these agreements. These agreements expire in September 2026. The Company intends to renew or replace these credit agreements prior to or on their respective expiration dates.

Keep Well Agreements

HMC has entered into separate Keep Well Agreements with AHFC and HCFI. Pursuant to the Keep Well Agreements, HMC has agreed to, among other things:

- own and hold, at all times, directly or indirectly, at least 80% of each of AHFC's and HCFI's issued and outstanding shares of voting stock and not pledge, directly or indirectly, encumber, or otherwise dispose of any such shares or permit any of HMC's subsidiaries to do so, except to HMC or wholly-owned subsidiaries of HMC;
- cause each of AHFC and HCFI to, on the last day of each of AHFC's and HCFI's respective fiscal years, have a positive consolidated tangible net worth (with "tangible net worth" meaning (a) shareholders' equity less (b) any intangible assets, as determined in accordance with GAAP with respect to AHFC and generally accepted accounting principles in Canada with respect to HCFI); and
- ensure that, at all times, each of AHFC and HCFI has sufficient liquidity and funds to meet their payment obligations under any Debt (with "Debt" defined as AHFC's or HCFI's debt, as applicable, for borrowed money that HMC has confirmed in writing is covered by the respective Keep Well Agreement) in accordance with the terms of such Debt, or where necessary, HMC will make available to AHFC or HCFI, as applicable, or HMC will procure for AHFC or HCFI, as applicable, sufficient funds to enable AHFC or HCFI, as applicable, to pay its Debt in accordance with its terms. AHFC or HCFI Debt does not include the notes issued by SPEs in connection with AHFC's or HCFI's secured financing transactions, any related party debt or any indebtedness outstanding as of September 30, 2025 under AHFC's and HCFI's bank loan agreements.

As consideration for HMC's obligations under the Keep Well Agreements, we have agreed to pay HMC a quarterly fee based on the amount of outstanding Debt pursuant to Support Compensation Agreements, dated April 1, 2019. We incurred expenses of \$24 million and \$21 million during the three months ended September 30, 2025 and 2024, respectively, and \$47 million and \$41 million during the six months ended September 30, 2025 and 2024, respectively, pursuant to these Support Compensation Agreements.

Indebtedness of Consolidated Subsidiaries

As of September 30, 2025, AHFC and its consolidated subsidiaries had \$74.2 billion of outstanding indebtedness and other liabilities, including current liabilities, of which \$21.3 billion consisted of indebtedness and liabilities of our consolidated subsidiaries. None of AHFC's consolidated subsidiaries had any outstanding preferred equity.

Material Cash Requirements

The following table summarizes our material cash requirements from contractual obligations, excluding lending commitments to dealers and derivative obligations, for the periods indicated:

	Payments due for the twelve-month periods ending September 30,						
	Total	2026	2027	2028	2029	2030	Thereafter
	(U.S. dollars in millions)						
Unsecured debt obligations ⁽¹⁾	\$ 51,869	\$ 16,577	\$ 10,147	\$ 10,209	\$ 4,880	\$ 3,210	\$ 6,846
Secured debt obligations ⁽¹⁾	14,222	7,153	4,505	2,278	276	10	—
Interest payments on debt ⁽²⁾	6,311	2,264	1,498	963	597	435	554
Total	<u>\$ 72,402</u>	<u>\$ 25,994</u>	<u>\$ 16,150</u>	<u>\$ 13,450</u>	<u>\$ 5,753</u>	<u>\$ 3,655</u>	<u>\$ 7,400</u>

- (1) Debt obligations reflect the remaining principal obligations of our outstanding debt and do not reflect unamortized debt discounts and fees. Repayment schedule of secured debt reflects payment performance assumptions on underlying receivables. Foreign currency denominated debt principal is based on exchange rates as of September 30, 2025.
- (2) Interest payments on floating rate and foreign currency denominated debt based on the applicable floating rates and/or exchange rates as of September 30, 2025.

The obligations in the above table do not include certain lending commitments to dealers since the amount and timing of future payments is uncertain. Refer to Note 8—Commitments and Contingencies of *Notes to Consolidated Financial Statements* for additional information on these commitments.

Our contractual obligations on derivative instruments are also excluded from the table above because our future cash obligations under these contracts are inherently uncertain. We recognize all derivative instruments on our consolidated balance sheets at fair value. The amounts recognized as fair value do not represent the amounts that will be ultimately paid or received upon settlement under these contracts. Refer to Note 5—Derivative Instruments of *Notes to Consolidated Financial Statements* for additional information on derivative instruments.

Derivatives

We utilize derivative instruments to mitigate exposures to fluctuations in interest rates and foreign currency exchange rates. The types of derivative instruments include interest rate swaps, basis swaps, and cross currency swaps. Interest rate and basis swap agreements are used to mitigate the effects of interest rate fluctuations of our floating rate debt relative to our fixed rate finance receivables and operating lease assets. Cross currency swap agreements are used to manage currency and interest rate risk exposure on foreign currency denominated debt. The derivative instruments contain an element of credit risk in the event the counterparties are unable to meet the terms of the agreements.

All derivative financial instruments are recorded on our consolidated balance sheets as assets or liabilities, and carried at fair value. Changes in the fair value of derivatives are recognized in our consolidated statements of income in the period of the change. Since we do not elect to apply hedge accounting, the impact to earnings resulting from these valuation adjustments as reported under GAAP is not representative of our results of operations as evaluated by management. Realized gains and losses on derivative instruments, net of realized gains and losses on foreign currency denominated debt, are included in the measure of segment profit or loss when we evaluate segment performance. Refer to Note 13—Segment and Geographic Information of *Notes to Consolidated Financial Statements (Unaudited)* for additional information about segment information and Note 5—Derivative Instruments of *Notes to Consolidated Financial Statements (Unaudited)* for additional information on derivative instruments.

Off-Balance Sheet Arrangements

We are not a party to off-balance sheet arrangements.

New Accounting Standards

Refer to Note 1—Summary of Business and Significant Accounting Policies of *Notes to Consolidated Financial Statements (Unaudited)*.

Critical Accounting Estimates

The application of certain accounting policies may require management to make estimates that affect our financial condition and results of operations. Critical accounting estimates require our most difficult, subjective, or complex judgments, often requiring us to make estimates about the effects of matters that are inherently uncertain and may change in subsequent periods, or for which the use of different estimates that could have reasonably been used in the current period would have had a material impact on the presentation of our financial condition and results of operations. Actual results could differ from these estimates which could have a material effect on our financial condition and results of operations in subsequent periods.

Allowance for Credit Losses on Retail Loans

Retail loans are evaluated on a collective basis and grouped into pools with similar risk characteristics such as origination quarter, internal credit grade at origination, product type, and original term. The allowance for retail loans is measured using econometric regression models that correlate vintage age, credit quality, economic, and other variables to historical vintage-level credit loss performance. Statistically relevant economic factors such as unemployment rates, bankruptcies, and used vehicle price indexes are applied in the analysis of the economic environment. Current and forecasted economic conditions are applied in the models to project monthly gross loss rates in terms of origination dollars for the remaining contractual life of each vintage. Recoveries are projected as a percentage of the cumulative forecasted loss dollar of each vintage. The contractual term is the estimated lifetime of retail loans and is considered to be a reasonable and supportable forecast period of future economic conditions. Economic forecasts and macroeconomic variables are obtained from a third party economic research firm that extend through the lifetime of retail loans and converge to long-run equilibrium trends. Baseline forecasts that reflect the most likely economic future is the single economic scenario applied in the models. Qualitative adjustments may also be applied if management believes the quantitative models do not reflect the best estimate of lifetime expected credit losses.

Sensitivity Analysis

We applied the baseline economic scenarios for the United States and Canada that were obtained from a third party economic research firm in our models to determine our allowance for credit losses on retail loans and estimated early termination losses on operating lease assets as of September 30, 2025. These baseline economic scenarios represent forecasts of the most likely economic future, with an equal probability of economic conditions being better or worse than forecasted. Alternative economic scenarios were also obtained from the third party economic research firm. As an example of the sensitivity of our accounting estimates, we applied upside and downside economic scenarios in our models. The peak unemployment rate over the next 24 month period under the upside and downside economic scenarios in the United States was 4.1% and 8.4%, respectively. The resulting allowance for credit losses on retail loans under the upside and downside economic scenarios was \$379 million and \$630 million, respectively.

Estimated End of Term Residual Values

Estimated end of term residual values are dependent on the expected market values of leased vehicles at the end of their lease terms and the percentage of leased vehicles expected to be returned by lessees. Factors considered in this evaluation include, among other factors, economic conditions, external market information on new and used vehicles, historical trends, and recent auction values. Estimated return rates are dependent on expected market values of leased vehicles since declines in used vehicle prices generally increase the probability of vehicles being returned to us at the end of their lease terms. We also review our investment in operating leases for impairment whenever events or changes in circumstances indicate that the carrying values may not be recoverable. If impairment conditions are met, impairment losses are measured by the amount the carrying values exceed their fair values.

Sensitivity Analysis

If future expected end of term market values for all outstanding operating leases as of September 30, 2025 were to decrease by \$100 per unit from our current estimates, the total impact would be an increase of approximately \$31 million in depreciation expense, which would be recognized over the remaining lease terms. If future return rates for all operating leases were to increase by one percentage point from our current estimates, the total impact would be an increase of approximately \$12 million in depreciation expense, which would be recognized over the remaining lease terms. This sensitivity analysis is specific to the conditions in effect as of September 30, 2025 and does not consider the effect declines in estimated end of term market values may have on return rates.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We have omitted this section pursuant to General Instruction H(2) of Form 10-Q.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our Principal Executive Officer and Principal Financial Officer have performed an evaluation of our disclosure controls and procedures, as that term is defined in Rule 13a-15(e) of the Exchange Act, as of September 30, 2025, and each has concluded that such disclosure controls and procedures are effective, at the reasonable assurance level, to ensure that information required to be disclosed in our periodic reports filed under the Exchange Act is recorded, processed, summarized and reported within the time periods specified by the SEC's rules and forms, and such information is accumulated and communicated to management, including our Principal Executive Officer and Principal Financial Officer, as appropriate to allow timely decisions regarding required disclosures. Our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Changes in Internal Control over Financial Reporting

There were no changes in the internal control over financial reporting during the quarter ended September 30, 2025, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

For information on our material legal proceedings, see Note 8—Commitments and Contingencies—Legal Proceedings and Regulatory Matters of *Notes to Consolidated Financial Statements (Unaudited)*, which is incorporated by reference herein.

Item 1A. Risk Factors

There are no material changes to the risk factors set forth under “*Item 1A. Risk Factors*” in our Annual Report on Form 10-K for the fiscal year ended March 31, 2025, which was filed with the SEC on June 18, 2025.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

We have omitted this section pursuant to General Instruction H(2) of Form 10-Q.

Item 3. Defaults Upon Senior Securities

We have omitted this section pursuant to General Instruction H(2) of Form 10-Q.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit Number	Description	Method of Filing
1.1	Fourth Amended and Restated Distribution Agreement, dated August 8, 2025, between the Company and BofA Securities, Inc., ANZ Securities, Inc., Barclays Capital Inc., BNP Paribas Securities Corp., BNY Mellon Capital Markets, LLC, Citigroup Global Markets Inc., Deutsche Bank Securities Inc., ING Financial Markets LLC, J.P. Morgan Securities LLC, Mizuho Securities USA LLC, MUFG Securities Americas Inc., SG Americas Securities, LLC, SMBC Nikko Securities America, Inc., TD Securities (USA) LLC, U.S. Bancorp Investments, Inc. and Wells Fargo Securities, LLC.	Incorporated herein by reference to the same numbered Exhibit filed with our registration statement on Form 8-K, dated August 8, 2025.
3.1	Articles of Incorporation of American Honda Finance Corporation, dated February 6, 1980, and Certificates of Amendment to the Articles of Incorporation, dated March 29, 1984, November 13, 1988, December 4, 1989, July 2, 1991, April 3, 1997, November 30, 1999, and December 17, 2003.	Incorporated herein by reference to the same numbered Exhibit filed with our registration statement on Form 10, dated June 28, 2013.
3.2	Amended and Restated Bylaws of American Honda Finance Corporation, dated April 27, 2010.	Incorporated herein by reference to the same numbered Exhibit filed with our registration statement on Form 10, dated June 28, 2013.
4.1	Form of Specimen Common Stock of American Honda Finance Corporation.	Incorporated herein by reference to the same numbered Exhibit filed with our registration statement on Form 10, dated June 28, 2013.
4.2	American Honda Finance Corporation agrees to furnish to the Securities and Exchange Commission upon request a copy of each instrument with respect to issues of long-term debt of American Honda Finance Corporation and its subsidiaries, the authorized principal amount of which does not exceed 10% of the consolidated assets of the American Honda Finance Corporation and its subsidiaries.	
4.3	Amended and Restated Issuing and Paying Agency Agreement between American Honda Finance Corporation and The Bank of New York Mellon, dated as of August 27, 2012.	Incorporated herein by reference to the same numbered Exhibit filed with our registration statement on Form 10, amendment No. 1, dated August 7, 2013.
4.4	Trust Indenture between Honda Canada Finance Inc., as issuer, and BNY Trust Company of Canada (as successor to CIBC Mellon Trust Company), as trustee, dated as of September 26, 2005, as supplemented by supplemental indentures from time to time, and the Form of Debenture.	Incorporated herein by reference to Exhibit number 4.5 filed with our registration statement on Form 10, amendment No. 1, dated August 7, 2013. Incorporated herein by reference to the same numbered Exhibit filed with our quarterly report on Form 10-Q, dated February 12, 2015.
4.5	Indenture, dated September 5, 2013, between American Honda Finance Corporation and Deutsche Bank Trust Company Americas, as trustee.	Incorporated herein by reference to Exhibit number 4.1 filed with our registration statement on Form S-3, dated September 5, 2013.
4.6	First Supplemental Indenture, dated February 8, 2018, between American Honda Finance Corporation and Deutsche Bank Trust Company Americas, as trustee.	Incorporated herein by reference to Exhibit number 4.6 filed with our quarterly report on Form 10-Q, dated February 8, 2018.
4.7	Form of Fixed Rate Medium-Term Note, Series A.	Incorporated herein by reference to Exhibit number 4.1 filed with our current report on Form 8-K, dated August 8, 2025.
4.8	Form of Floating Rate Medium-Term Note, Series A.	Incorporated herein by reference to Exhibit number 4.2 filed with our current report on Form 8-K, dated August 8, 2025.
31.1	Certification of Principal Executive Officer	Filed herewith.
31.2	Certification of Principal Financial Officer	Filed herewith.
32.1	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350	Furnished herewith.
32.2	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350	Furnished herewith.
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.	Filed herewith.
101.SCH	XBRL Taxonomy Extension Schema Document	Filed herewith.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document	Filed herewith.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document	Filed herewith.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document	Filed herewith.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document	Filed herewith.
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)	Filed herewith.

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated: November 7, 2025

AMERICAN HONDA FINANCE CORPORATION

By: /s/ Paul C. Honda

Paul C. Honda

Vice President, Treasurer, Assistant Secretary, Compliance
Officer and Director
(Principal Financial Officer and Principal Accounting Officer)