

FORD CREDIT

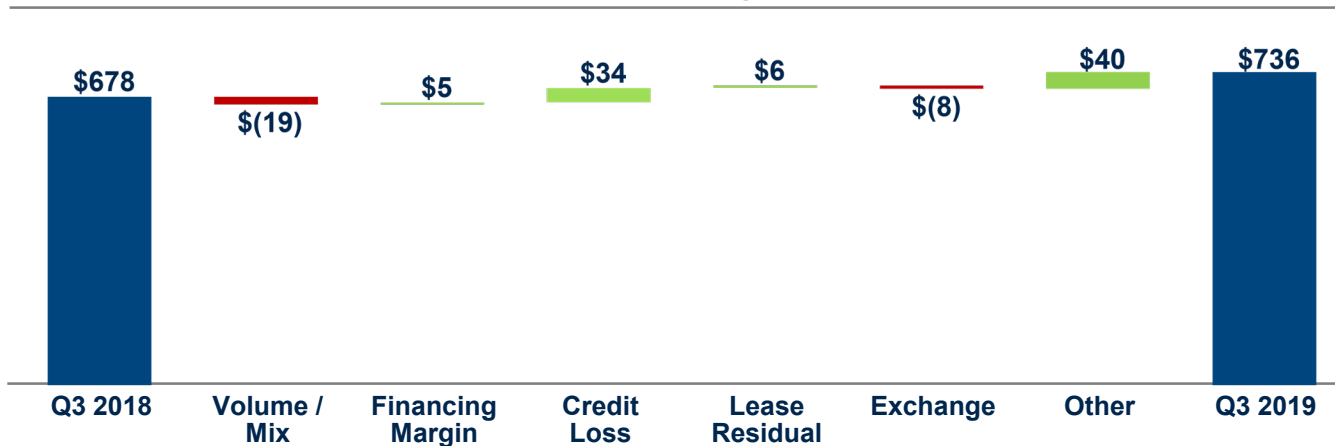
Q3 2019 Earnings Review

October 23, 2019

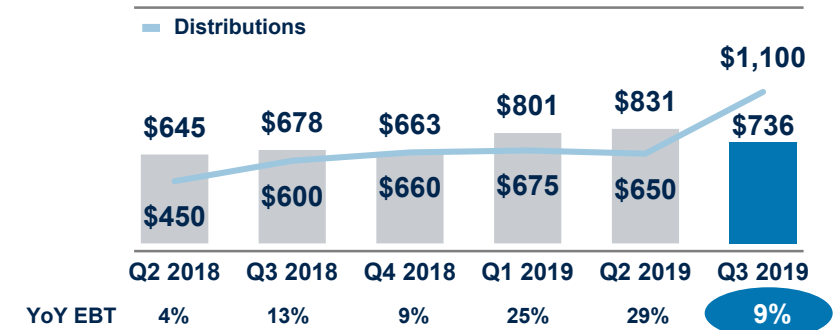


Key Metrics

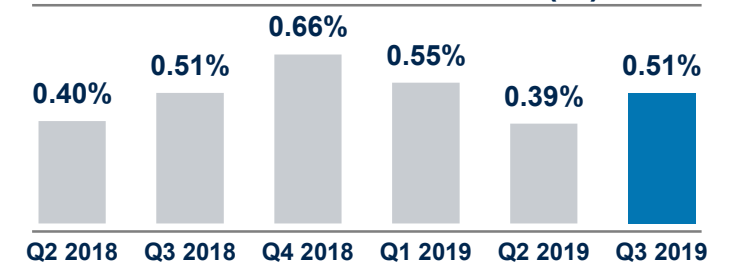
EBT YoY Bridge (\$M)



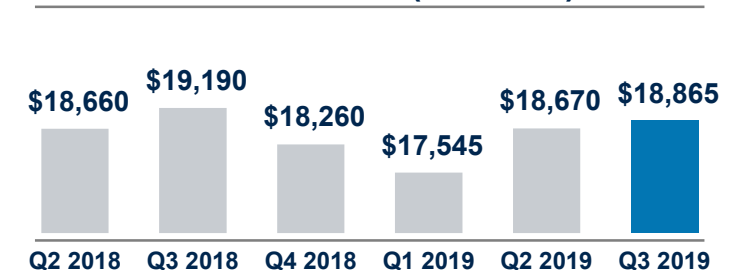
EBT (\$M) and Distributions (\$M)



U.S. Retail LTR Ratios* (%)



Auction Values (Per Unit)**



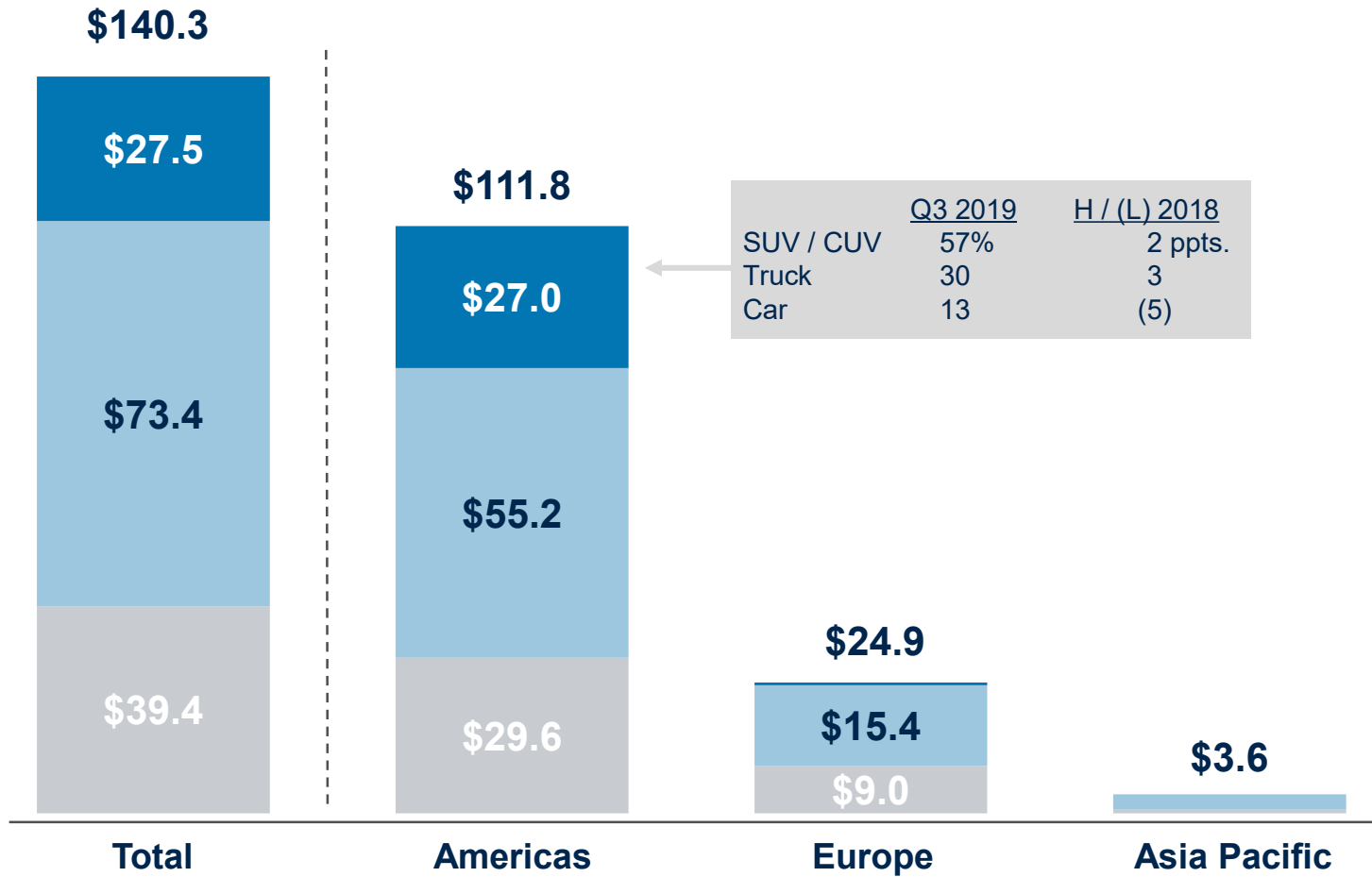
- Continued strong EBT, up 9% YoY
- Healthy U.S. consumer credit metrics with LTR flat YoY
- Auction performance slightly better than expectations; now expect FY auction values to be down about 2% YoY
- Balance sheet and liquidity remain strong; managed leverage within target range of 8:1 to 9:1

* LTR = Loss-to-Receiveables

** U.S. 36-month off-lease auction values at Q3 2019 mix

Q3 2019 Net Receivables Mix (\$B)

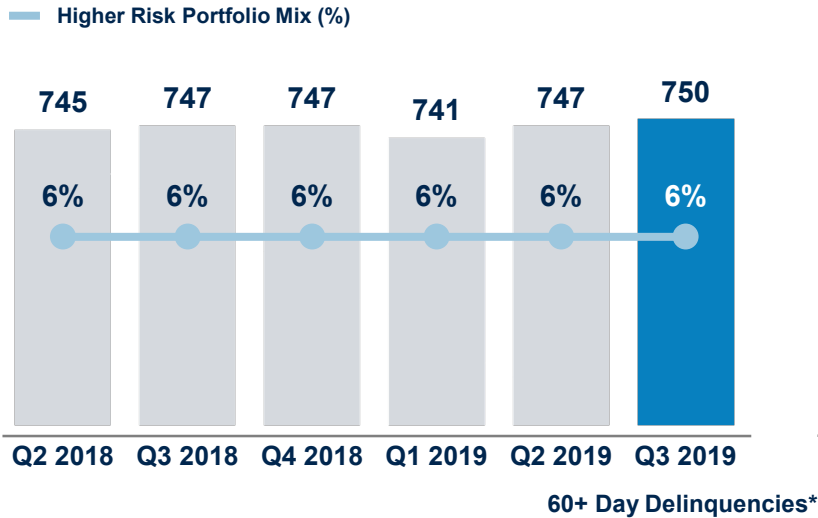
- Net Investment in Operating Leases
- Consumer Financing
- Non-Consumer Financing



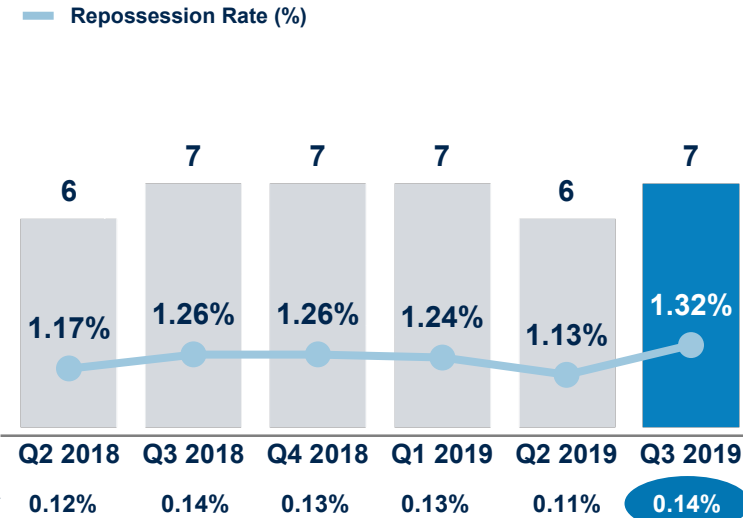
- Operating lease portfolio was 20% of total net receivables
- U.S. and Canada represent 98% of operating lease portfolio

U.S. Origination Metrics and Credit Loss Drivers

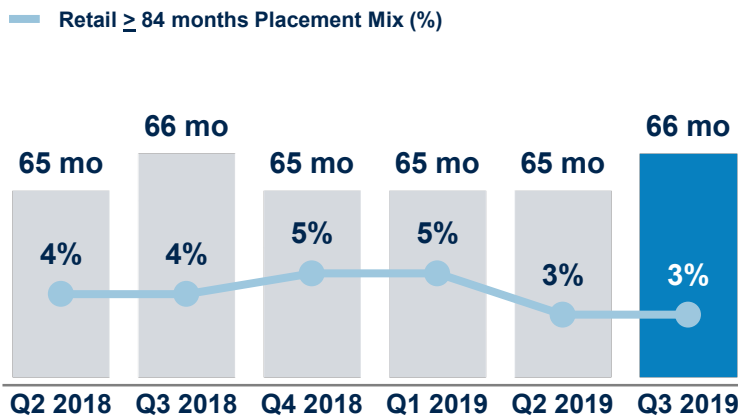
Retail & Lease FICO and Higher Risk Mix (%)



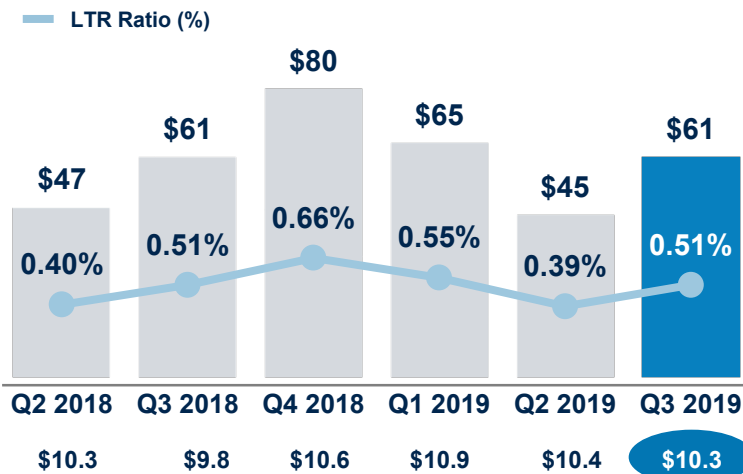
Retail Repossessions (000) and Repossession Rate (%)



Retail Contract Terms



Retail Charge-Offs (\$M) and LTR Ratio (%)



* Excluding bankruptcies

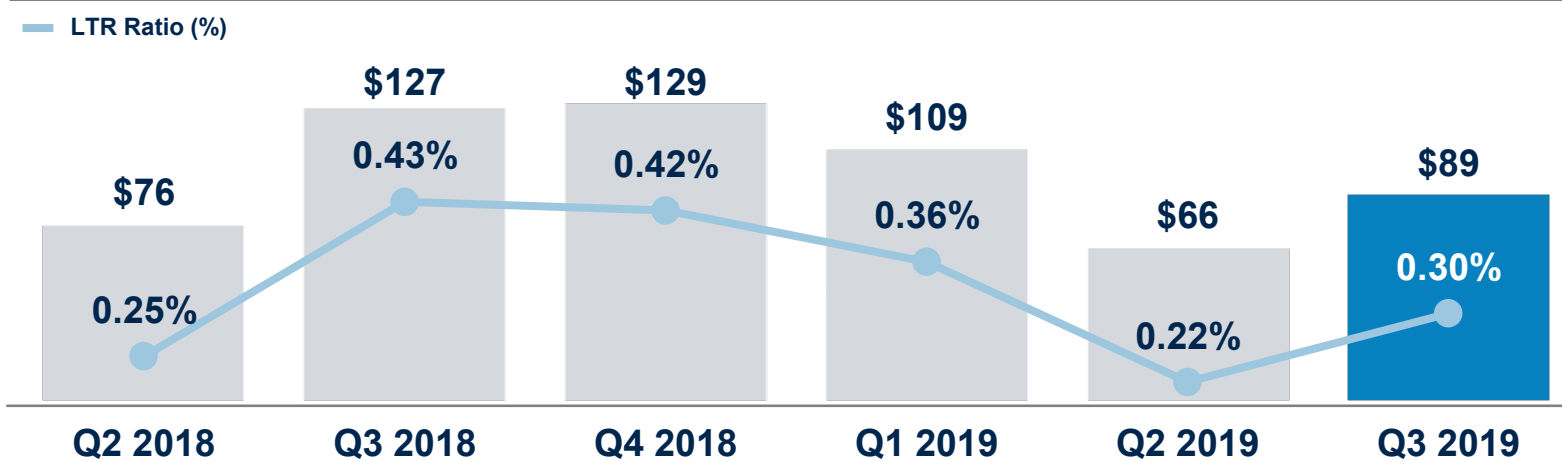
Severity (000)

\$10.3 \$9.8 \$10.6 \$10.9 \$10.4 **\$10.3**

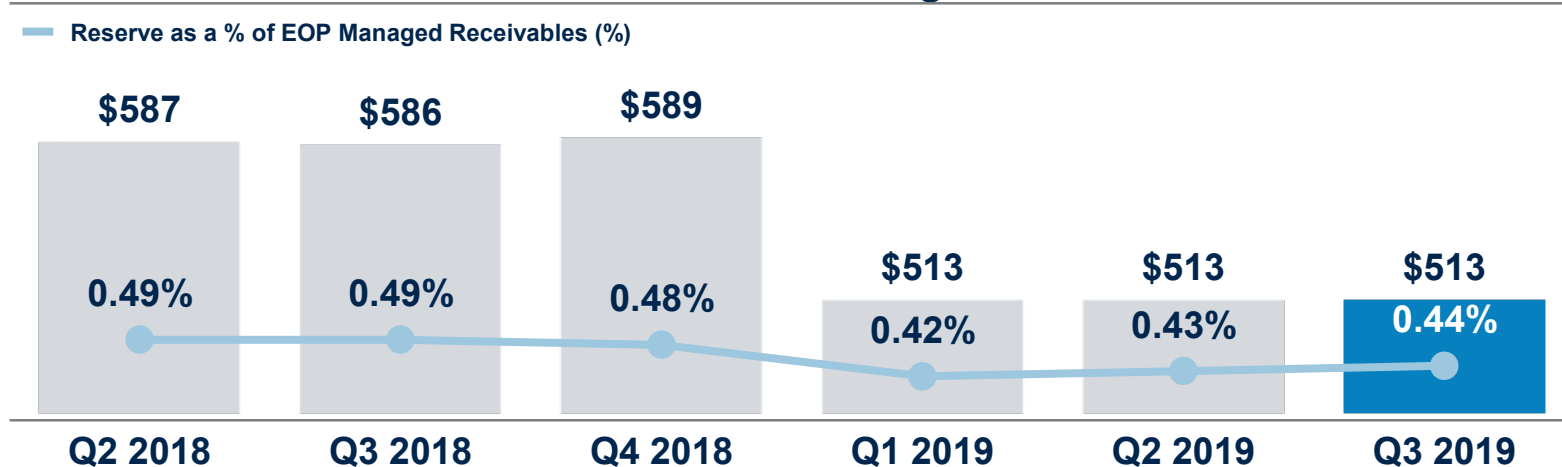
- Disciplined and consistent underwriting practices
- Portfolio quality evidenced by FICO scores and consistent risk mix
- Delinquencies and repossessions remained low
- Extended-term contracts relatively small part of our business
- Strong loss metrics reflect healthy consumer credit conditions

Worldwide Credit Loss Metrics

Charge-Offs (\$M) and LTR Ratio (%)



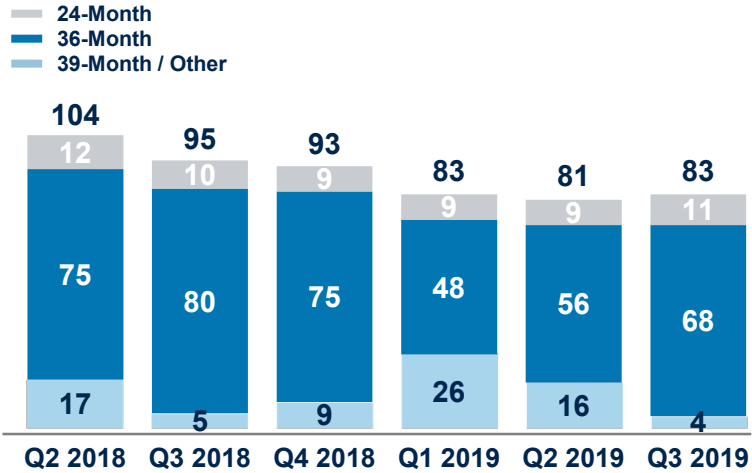
Credit Loss Reserve (\$M) and Reserve as a % of EOP Managed Receivables



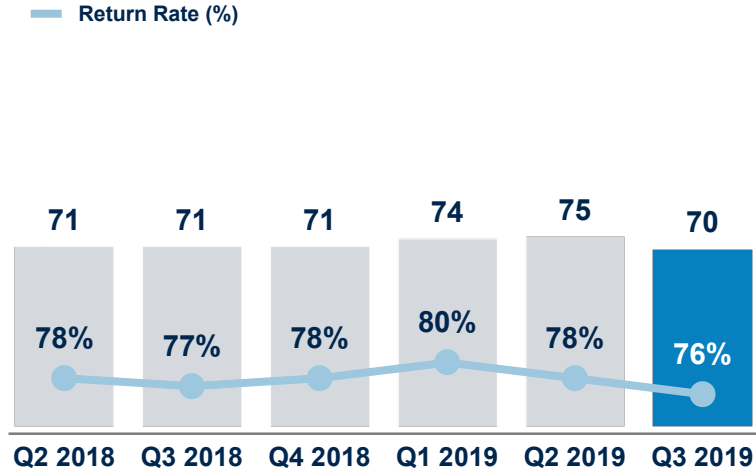
- Worldwide credit loss metrics remain strong
- Credit loss reserve based on historical losses, portfolio quality, and receivables level

U.S. Lease Metrics

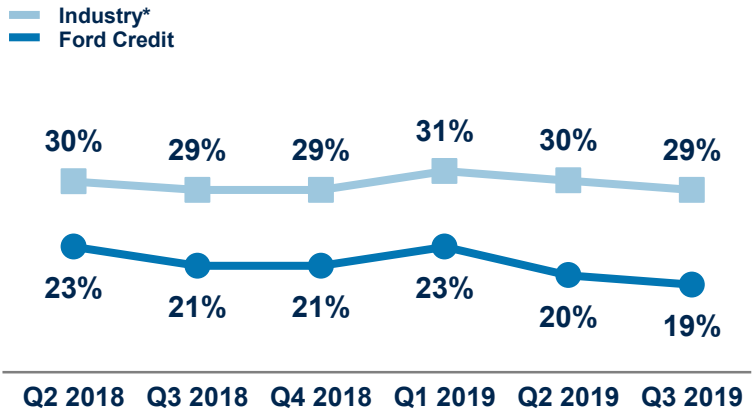
Lease Placement Volume (000)



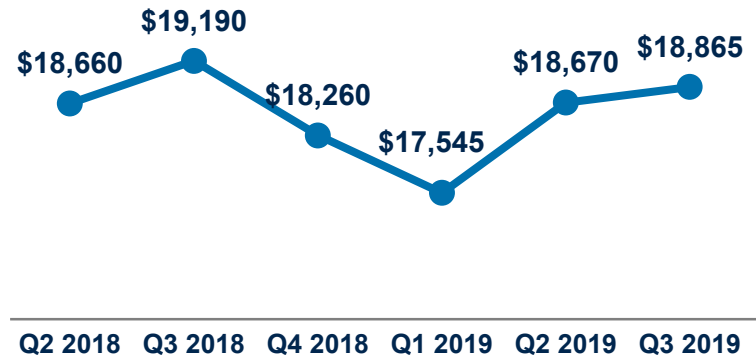
Lease Return Volume (000) and Return Rates (%)



Lease Share of Retail Sales (%)



Off-Lease Auction Values (36-month, at Q3 2019 Mix)



- Lease share below industry, reflecting Ford sales mix
- Auction performance slightly better than expectations; now expect FY auction values to be down around 2% YoY

* Source: J.D. Power PIN

Funding Structure – Managed Receivables* (\$B)

	2018 <u>Dec 31</u>	2019 <u>Sep 30</u>
Term Debt (incl. Bank Borrowings)	\$ 70	\$ 74
Term Asset-Backed Securities	60	55
Commercial Paper	4	4
Ford Interest Advantage / Deposits	6	7
Other	10	9
Equity	15	14
Adjustments For Cash	(10)	(14)
Total Managed Receivables	<u>\$ 155</u>	<u>\$ 149</u>
Securitized Funding as Pct of Managed Receivables	39%	37%

- Funding is diversified across platforms and markets
- Well capitalized with a strong balance sheet and ample liquidity

* See Appendix for definitions and reconciliation to GAAP

Public Term Funding Plan* (\$B)

	<u>2017 Actual</u>	<u>2018 Actual</u>	<u>2019 Forecast</u>	<u>Through Oct 22</u>
<u>Unsecured — Currency of issuance</u> <i>(USD Equivalent)</i>				
USD	\$ 10	\$ 6	\$ 9 - 10	\$ 9
CAD	2	1	1	1
EUR / GBP	3	4	4 - 5	4
Other	1	1	1	1
Total unsecured	<u>\$ 16</u>	<u>\$ 13</u>	<u>\$ 15 - 17</u>	<u>\$ 14</u>
Securitizations**	15	14	13 - 14	12
Total public	<u><u>\$ 32</u></u>	<u><u>\$ 27</u></u>	<u><u>\$ 28 - 31</u></u>	<u><u>\$ 26</u></u>

* Numbers may not sum due to rounding; see Appendix for definitions

** Includes Rule 144A offerings

Cautionary Note On Forward-Looking Statements

Statements included or incorporated by reference herein may constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on expectations, forecasts, and assumptions by our management and involve a number of risks, uncertainties, and other factors that could cause actual results to differ materially from those stated, including, without limitation:

- Ford’s long-term competitiveness depends on the successful execution of fitness actions;
- Industry sales volume, particularly in the United States, Europe, or China, can be volatile and could decline if there is a financial crisis, recession, or significant geopolitical event;
- Ford’s new and existing products and mobility services are subject to market acceptance;
- Ford’s results are dependent on sales of larger, more profitable vehicles, particularly in the United States;
- Ford may face increased price competition resulting from industry excess capacity, currency fluctuations, or other factors;
- Fluctuations in commodity prices, foreign currency exchange rates, and interest rates can have a significant effect on results;
- With a global footprint, Ford’s results could be adversely affected by economic, geopolitical, protectionist trade policies, or other events, including Brexit;
- Ford’s production, as well as Ford’s suppliers’ production, could be disrupted by labor disputes, natural or man-made disasters, financial distress, production difficulties, or other factors;
- Ford’s ability to maintain a competitive cost structure could be affected by labor or other constraints;
- Pension and other postretirement liabilities could adversely affect Ford’s liquidity and financial condition;
- Economic and demographic experience for pension and other postretirement benefit plans (e.g., discount rates or investment returns) could be worse than Ford has assumed;
- Ford’s vehicles could be affected by defects that result in delays in new model launches, recall campaigns, or increased warranty costs;
- Ford may need to substantially modify its product plans to comply with safety, emissions, fuel economy, and other regulations that may change in the future;
- Ford could experience unusual or significant litigation, governmental investigations, or adverse publicity arising out of alleged defects in products, perceived environmental impacts, or otherwise;
- Ford’s receipt of government incentives could be subject to reduction, termination, or clawback;
- Operational systems, security systems, and vehicles could be affected by cyber incidents;
- Ford and Ford Credit’s access to debt, securitization, or derivative markets around the world at competitive rates or in sufficient amounts could be affected by credit rating downgrades, market volatility, market disruption, regulatory requirements, or other factors;
- Ford Credit could experience higher-than-expected credit losses, lower-than-anticipated residual values, or higher-than-expected return volumes for leased vehicles;
- Ford Credit could face increased competition from banks, financial institutions, or other third parties seeking to increase their share of financing Ford vehicles; and
- Ford Credit could be subject to new or increased credit regulations, consumer or data protection regulations, or other regulations.

We cannot be certain that any expectation, forecast, or assumption made in preparing forward-looking statements will prove accurate, or that any projection will be realized. It is to be expected that there may be differences between projected and actual results. Our forward-looking statements speak only as of the date of their initial issuance, and we do not undertake any obligation to update or revise publicly any forward-looking statement, whether as a result of new information, future events, or otherwise. For additional discussion, see “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2018, as updated by subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.

FORD CREDIT

APPENDIX

Financing Shares And Contract Placement Volume	A1
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Financing Shares And Contract Placement Volume

	Q3		YTD	
	2018	2019	2018	2019
<u>Share of Ford Sales*</u>				
United States	59 %	57 %	59 %	52 %
Canada	69	57	73	63
U.K.	36	40	37	39
Germany	47	44	50	47
Total Europe Segment	38	37	37	37
China	37	35	34	34
<u>Wholesale Share</u>				
United States	76 %	76 %	76 %	76 %
Canada	57	57	59	57
U.K.	100	100	100	100
Germany	94	93	93	93
Total Europe Segment	99	98	98	98
China	64	59	61	61
<u>Contract Placement Volume - New and Used (000)</u>				
Americas Segment	356	318	1,028	821
Europe Segment	124	121	419	393
Asia Pacific Segment	47	27	139	86
Total	<u>527</u>	<u>466</u>	<u>1,586</u>	<u>1,300</u>

* United States and Canada exclude Fleet sales, other markets include Fleet

EBT By Segment

	Q3		YTD	
	2019	H / (L) 2018	2019	H / (L) 2018
Results (\$M)				
Americas Segment	\$ 584	\$ 28	\$ 1,836	\$ 217
Europe Segment	82	(7)	314	11
Asia Pacific Segment	15	2	64	(22)
Total Segments	\$ 681	\$ 23	\$ 2,214	\$ 206
Unallocated other*	55	35	154	198
Earnings before taxes	\$ 736	\$ 58	\$ 2,368	\$ 404
(Provision for) / Benefit from income taxes	(165)	(5)	(581)	(315)
Net income	\$ 571	\$ 53	\$ 1,787	\$ 89

* See Appendix for definitions

Total Net Receivables Reconciliation To Managed Receivables (\$B)

	2018 Sep 30	2018 Dec 31	2019 Mar 31	2019 Jun 30	2019 Sep 30
Finance receivables, net (GAAP)	\$ 116.0	\$ 118.8	\$ 119.3	\$ 115.7	\$ 112.8
Net investment in operating leases (GAAP)	27.6	27.4	27.6	27.7	27.5
Total net receivables*	\$ 143.6	\$ 146.3	\$ 146.9	\$ 143.4	\$ 140.3
Unearned interest supplements and residual support	6.7	6.8	6.8	6.9	6.8
Allowance for credit losses	0.6	0.6	0.5	0.5	0.5
Other, primarily accumulated supplemental depreciation	1.2	1.2	1.1	1.1	1.1
Total managed receivables (Non-GAAP)	\$ 152.1	\$ 154.9	\$ 155.3	\$ 151.9	\$ 148.7

* See Appendix for definitions; numbers may not sum due to rounding

Financial Statement Leverage Reconciliation To Managed Leverage* (\$B)

	<u>2018 Sep 30</u>	<u>2018 Dec 31</u>	<u>2019 Mar 31</u>	<u>2019 Jun 30</u>	<u>2019 Sep 30</u>
<u>Leverage Calculation</u>					
Debt	\$ 138.2	\$ 140.1	\$ 142.9	\$ 141.5	\$ 139.3
Adjustments for cash	(12.1)	(10.2)	(12.8)	(14.1)	(14.3)
Adjustments for derivative accounting	0.6	0.2	(0.1)	(0.6)	(0.8)
Total adjusted debt	<u>\$ 126.7</u>	<u>\$ 130.1</u>	<u>\$ 130.0</u>	<u>\$ 126.8</u>	<u>\$ 124.2</u>
Equity	\$ 15.2	\$ 15.0	\$ 14.9	\$ 14.9	\$ 14.2
Adjustments for derivative accounting	(0.1)	(0.2)	(0.2)	(0.1)	(0.0)
Total adjusted equity	<u>\$ 15.1</u>	<u>\$ 14.8</u>	<u>\$ 14.7</u>	<u>\$ 14.8</u>	<u>\$ 14.2</u>
Financial statement leverage (to 1) (GAAP)	9.1	9.4	9.6	9.5	9.8
Managed leverage (to 1) (Non-GAAP)	8.4	8.8	8.8	8.6	8.8

* See Appendix for definitions

Liquidity Sources* (\$B)

	<u>2018 Sep 30</u>	<u>2018 Dec 31</u>	<u>2019 Mar 31</u>	<u>2019 Jun 30</u>	<u>2019 Sep 30</u>
<u>Liquidity Sources</u>					
Cash	\$ 12.1	\$ 10.2	\$ 12.8	\$ 14.1	\$ 14.3
Committed asset-backed facilities	32.0	35.4	35.2	35.7	35.2
Other unsecured credit facilities	3.0	3.0	3.3	2.9	2.6
Ford corporate credit facility allocation	3.0	3.0	3.0	3.0	3.0
Total liquidity sources	\$ 50.1	\$ 51.6	\$ 54.3	\$ 55.7	\$ 55.1
<u>Utilization of Liquidity</u>					
Securitization cash	\$ (3.0)	\$ (3.0)	\$ (3.3)	\$ (4.0)	\$ (2.9)
Committed asset-backed facilities	(17.7)	(20.7)	(19.8)	(17.5)	(14.4)
Other unsecured credit facilities	(0.7)	(0.7)	(0.6)	(0.9)	(0.5)
Ford corporate credit facility allocation	-	-	-	-	-
Total utilization of liquidity	\$ (21.4)	\$ (24.4)	\$ (23.7)	\$ (22.4)	\$ (17.8)
Gross liquidity	\$ 28.7	\$ 27.2	\$ 30.6	\$ 33.3	\$ 37.3
Adjustments	0.3	0.1	0.4	0.3	(1.9)
Net liquidity available for use	\$ 29.0	\$ 27.3	\$ 31.0	\$ 33.6	\$ 35.4

* See Appendix for definitions

Non-GAAP Financial Measures That Supplement GAAP Measures

- We use both GAAP and non-GAAP financial measures for operational and financial decision making, and to assess Company and segment business performance. The non-GAAP measures listed below are intended to be considered by users as supplemental information to their equivalent GAAP measures, to aid investors in better understanding our financial results. We believe that these non-GAAP measures provide useful perspective on underlying business results and trends, and a means to assess our period-over-period results. These non-GAAP measures should not be considered as a substitute for, or superior to measures of financial performance prepared in accordance with GAAP. These non-GAAP measures may not be the same as similarly titled measures used by other companies due to possible differences in method and in items or events being adjusted.
- Ford Credit Managed Receivables – (Most Comparable GAAP Measure: Net Finance Receivables plus Net Investment in Operating Leases) – Measure of Ford Credit’s Total net receivables, excluding unearned interest supplements and residual support, allowance for credit losses, and other (primarily accumulated supplemental depreciation). The measure is useful to management and investors as it closely approximates the customer’s outstanding balance on the receivables, which is the basis for earning revenue.
- Ford Credit Managed Leverage (Most Comparable GAAP Measure: Financial Statement Leverage) – Ford Credit’s debt-to-equity ratio adjusted (i) to exclude cash, cash equivalents, and marketable securities (other than amounts related to insurance activities), and (ii) for derivative accounting. The measure is useful to investors because it reflects the way Ford Credit manages its business. Cash, cash equivalents, and marketable securities are deducted because they generally correspond to excess debt beyond the amount required to support operations and on-balance sheet securitization transactions. Derivative accounting adjustments are made to asset, debt, and equity positions to reflect the impact of interest rate instruments used with Ford Credit’s term-debt issuances and securitization transactions. Ford Credit generally repays its debt obligations as they mature, so the interim effects of changes in market interest rates are excluded in the calculation of managed leverage.

Definitions And Calculations

Adjustments (as shown on the Liquidity Sources chart)

- Include certain adjustments for asset-backed capacity in excess of eligible receivables and cash related to the Ford Credit Revolving Extended Variable-utilization program (“FordREV”), which can be accessed through future sales of receivables

Cash (as shown on the Funding Structure, Liquidity Sources and Leverage charts)

- *Cash and cash equivalents* and *Marketable securities* reported on Ford Credit’s balance sheet, excluding amounts related to insurance activities

Debt (as shown on the Leverage chart)

- *Debt* on Ford Credit’s balance sheet. Includes debt issued in securitizations and payable only out of collections on the underlying securitized assets and related enhancements. Ford Credit holds the right to receive the excess cash flows not needed to pay the debt issued by, and other obligations of, the securitization entities that are parties to those securitization transactions

Committed Asset-Backed Security (“ABS”) Facilities (as shown on the Liquidity Sources chart)

- Committed ABS facilities are subject to availability of sufficient assets, ability to obtain derivatives to manage interest rate risk, and exclude FCE Bank plc (“FCE”) access to the Bank of England’s Discount Window Facility

Earnings Before Taxes (EBT)

- Reflects *Income before income taxes* as reported on Ford Credit’s income statement

Securitizations (as shown on the Public Term Funding Plan chart)

- Public securitization transactions, Rule 144A offerings sponsored by Ford Motor Credit, and widely distributed offerings by Ford Credit Canada

Securitization Cash (as shown on the Liquidity Sources chart)

- Securitization cash is cash held for the benefit of the securitization investors (for example, a reserve fund)

Term Asset-Backed Securities (as shown on the Funding Structure chart)

- Obligations issued in securitization transactions that are payable only out of collections on the underlying securitized assets and related enhancements

Total Net Receivables (as shown on the Total Net Receivables Reconciliation To Managed Receivables chart)

- Includes finance receivables (retail financing and wholesale) sold for legal purposes and net investment in operating leases included in securitization transactions that do not satisfy the requirements for accounting sale treatment. These receivables and operating leases are reported on Ford Credit’s balance sheet and are available only for payment of the debt issued by, and other obligations of, the securitization entities that are parties to those securitization transactions; they are not available to pay the other obligations of Ford Credit or the claims of Ford Credit’s other creditors

Unallocated Other (as shown on the EBT By Segment chart)

- Items excluded in assessing segment performance because they are managed at the corporate level, including market valuation adjustments to derivatives and exchange-rate fluctuations on foreign currency-denominated transactions