FORD CREDIT

Q1 Earnings Review

April 28, 2020

BUILT TO LEND A HAND | BUILT Ford PROUD

Key Takeaways

- **Q1 2020 EBT of $30M is down $771M YoY. Strong portfolio performance in Q1 offset by higher credit loss reserves, lower values of off-lease vehicles awaiting sale and anticipated lease defaults**

- **Strong balance sheet is inherently liquid; smaller size reflects auto sales decline**

- **Liquidity of $28 billion is above target, with access to diverse funding sources to provide financing in the future**

- **Continued disciplined and consistent underwriting practices**

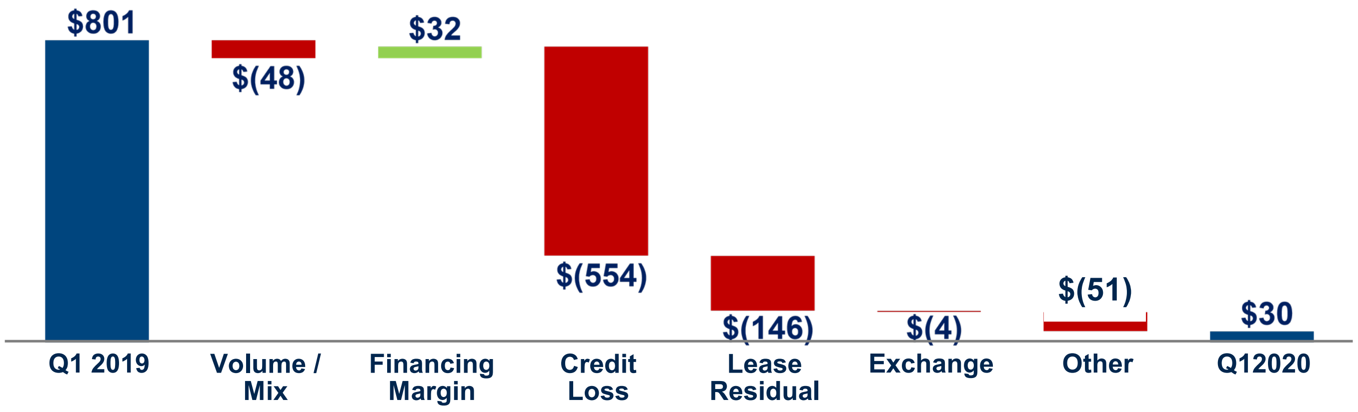
- **Delinquencies, charge-offs and loss-to-receivables (LTR) ratio remained low in Q1. Lease share remained below industry average, and off-lease auction values performed better than expected**

COVID-19 Response

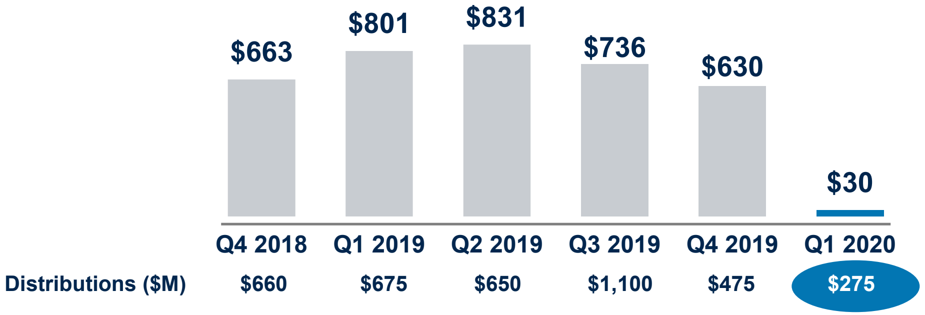
- **Ford Credit has taken significant action to safeguard our employees, customers, and dealers**
- **Employee health and safety remain the top priority, and nearly 100% of the workforce is working remotely, including effectively originating business and serving customers**
- **For existing customers, payment deferrals, due date changes, and lease-end extensions are available for peace of mind (through April 26 about 10% of contracts have been extended); for new customers Ford Credit is offering attractive retail programs, including interest-free financing**
- **Ford Credit is working closely with dealers on retail programs to support their sales, cash flow assistance such as payment deferrals, and accelerated rollout of additional online shopping, financing and buying tools through dealer websites**

Key Metrics

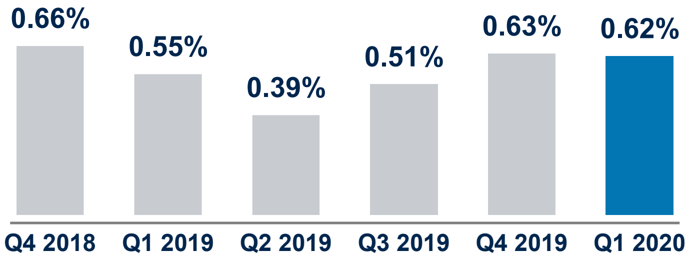
EBT YoY Bridge ($M)



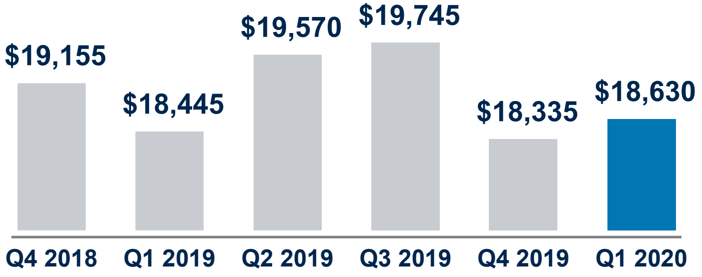
EBT ($M)



U.S. Retail LTR Ratios* (%)



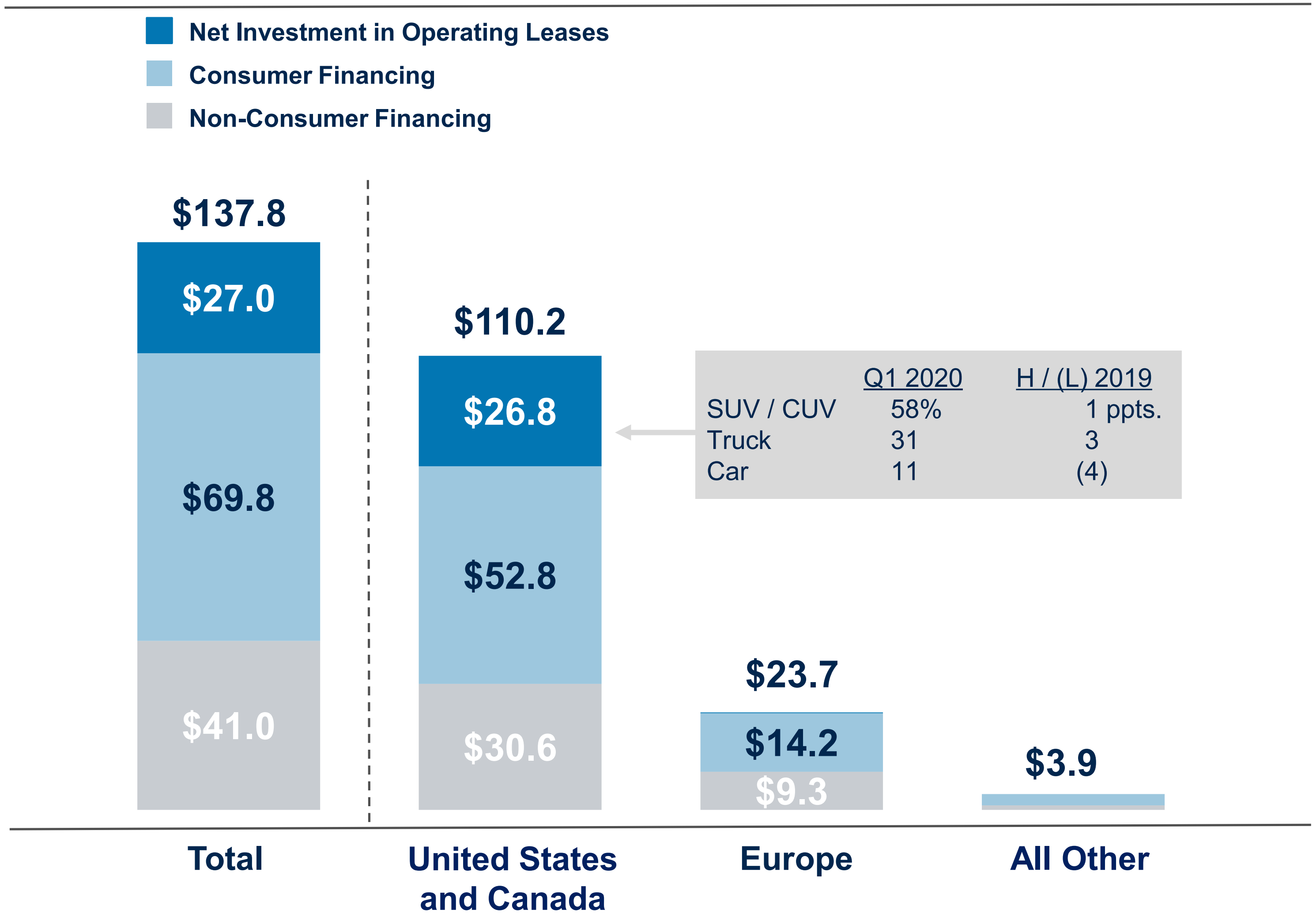
Auction Values (Per Unit)**



- Q1 2020 EBT of $30M is down $771M YoY. Strong portfolio performance in Q1 offset by higher credit loss reserves, lower values of off-lease vehicles awaiting sale and anticipated lease defaults
- Q1 LTR remains low and auction values up 1%; we now expect full year 2020 auction values to be down more than the 5% that we forecasted in February
- Balance sheet and liquidity remain strong

* LTR = Loss-to-Receivables
** U.S. 36-month off-lease auction values at Q1 2020 mix

Q1 2020 Net Receivables Mix ($B)



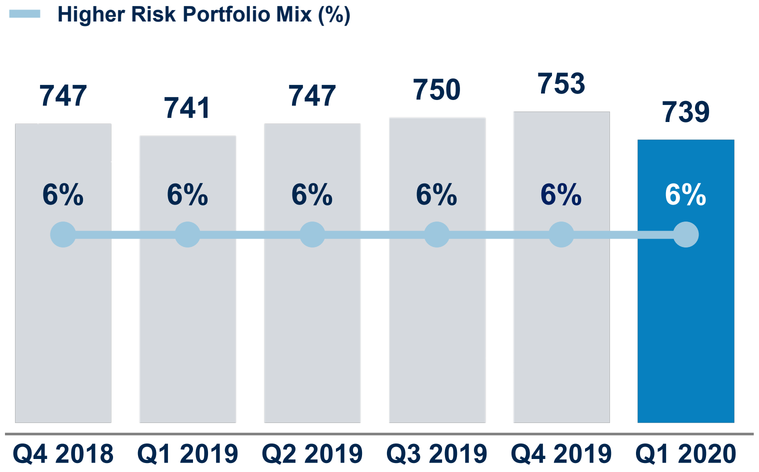
	Q1 2020	H / (L) 2019
SUV / CUV	58%	1 ppts.
Truck	31	3
Car	11	(4)

	Total	United States and Canada	Europe	All Other
H/(L) Q1 2019	$(9.1)	$(5.6)	$(2.7)	$(0.8)
H/(L) Q4 2019	(4.2)	(3.3)	(1.3)	0.4

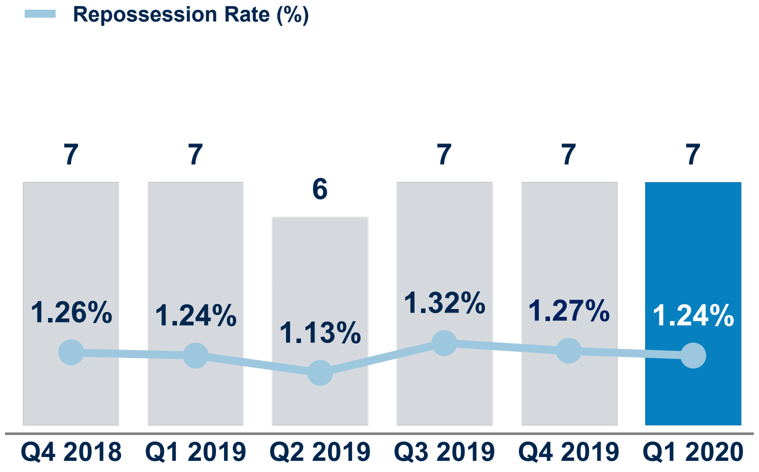
- **Operating lease portfolio was 20% of total net receivables**
- **Receivables declined $9 billion YoY and $4 billion from Q4 2019 reflecting lower Ford sales**
- **Expect receivables to decline further**

U.S. Origination Metrics & Credit Loss Drivers

Retail & Lease FICO and Higher Risk Mix (%)

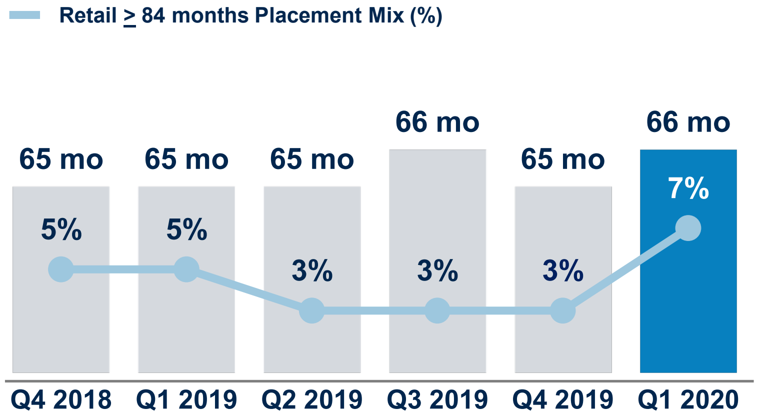


Retail Repossessions (000) and Repossession Rate (%)

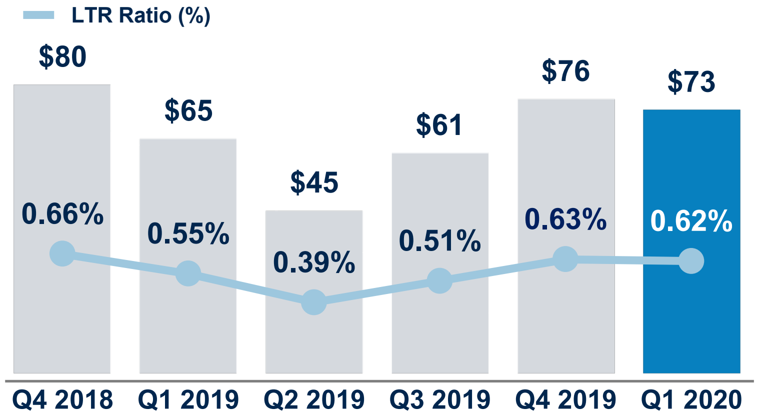


	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020
60+ Day Delinquencies*	0.13%	0.13%	0.11%	0.14%	0.14%	0.16%

Retail Contract Terms



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

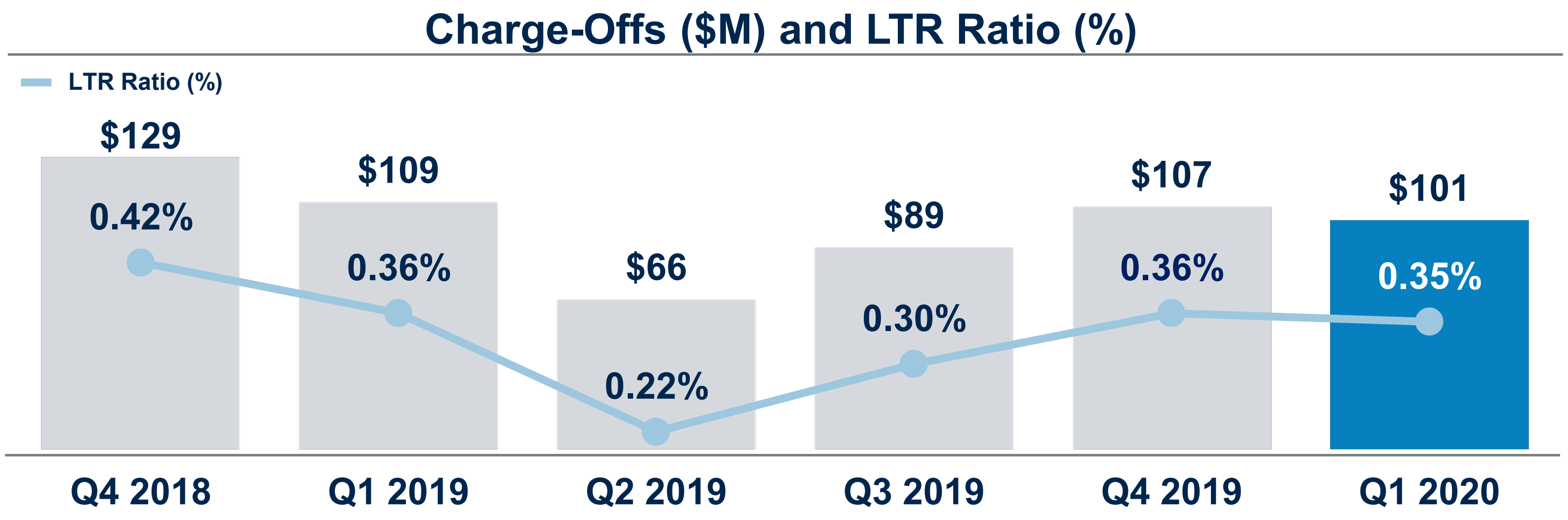


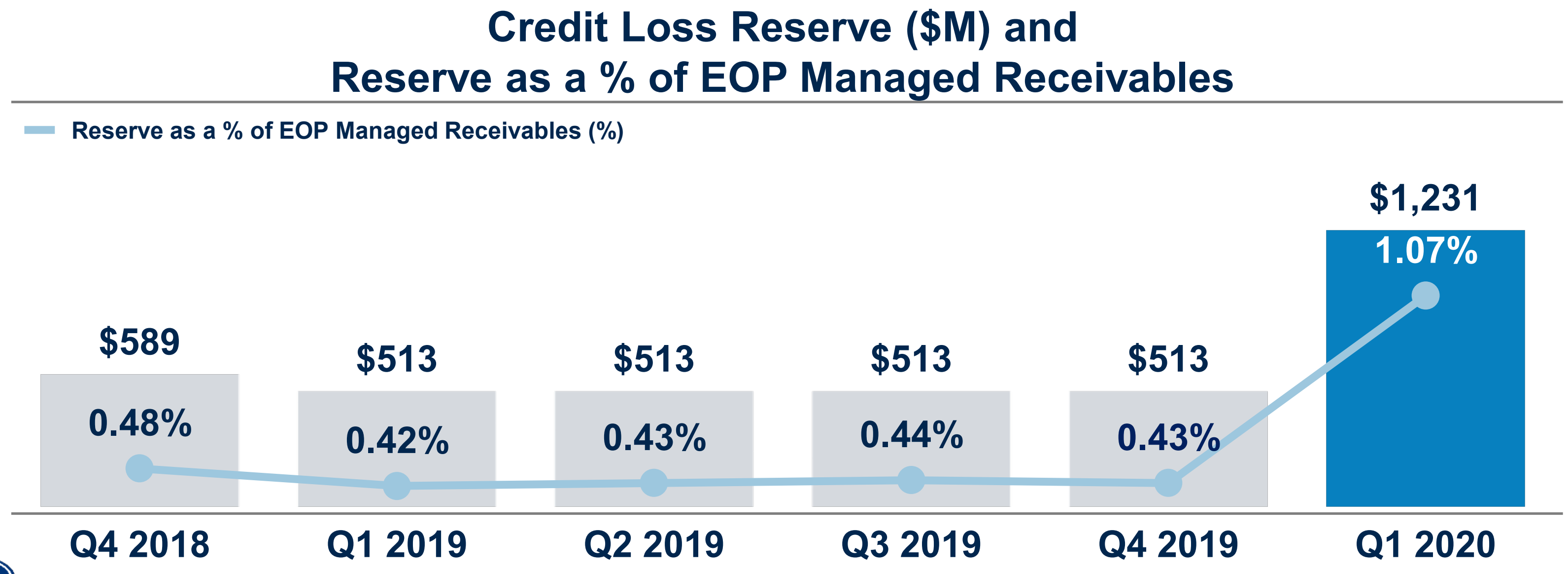
	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020
Severity (000)	$10.6	$10.9	$10.4	$10.3	$11.4	$11.4

- Disciplined and consistent underwriting practices
- Portfolio quality evidenced by FICO scores and consistent risk mix
- Delinquencies and repossessions remained low
- Extended-term contracts increased as a result of 84-month "Built to Lend a Hand" campaign
- Charge-offs and LTR remained low in Q1

* Excluding bankruptcies

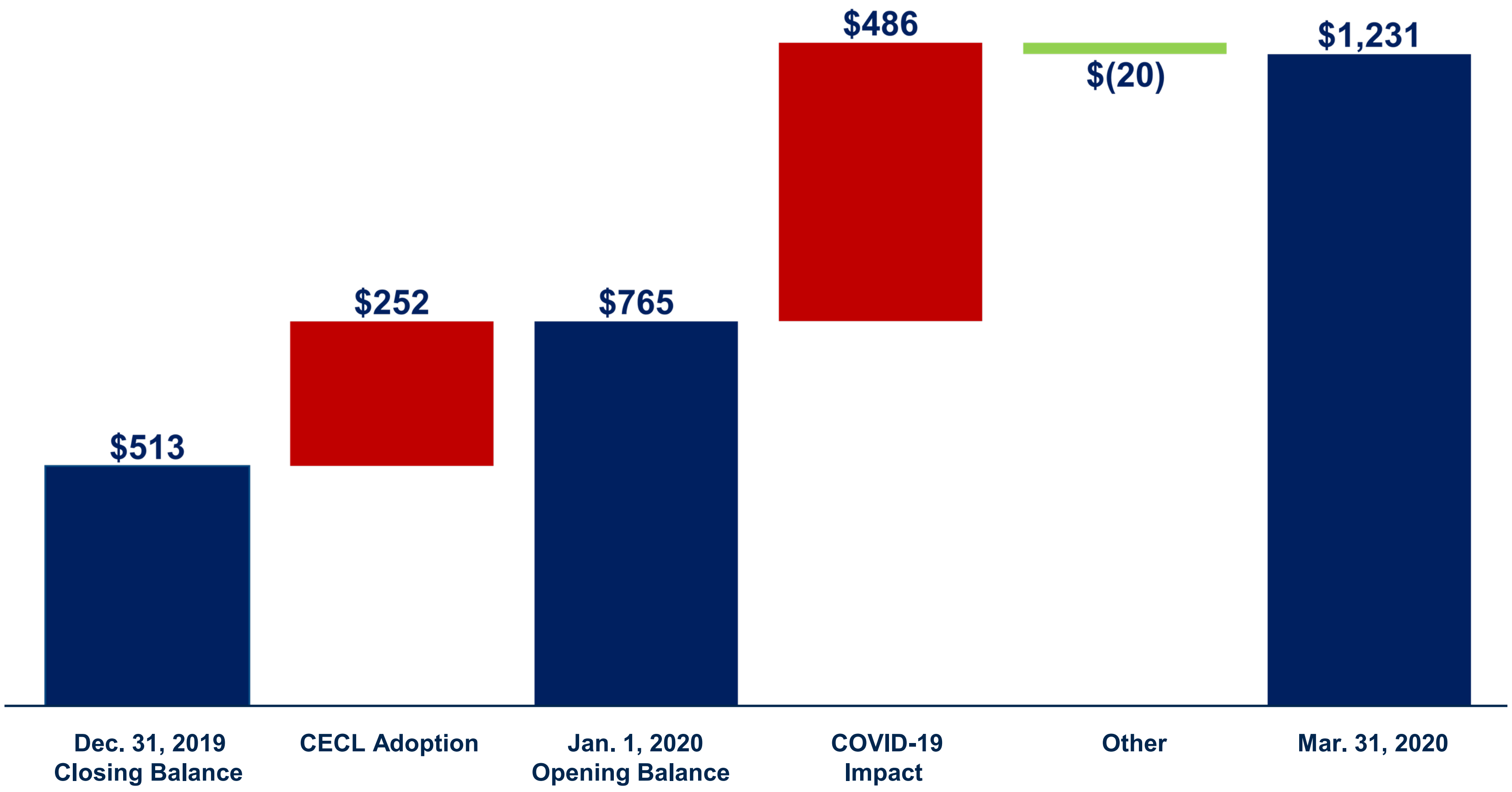
Worldwide Credit Loss Metrics





- Worldwide credit loss metrics remain strong
- Increase in credit loss reserve reflects January 1, 2020 adoption of Current Expected Credit Losses (CECL) accounting standard and estimates of the impact of COVID-19 in future periods

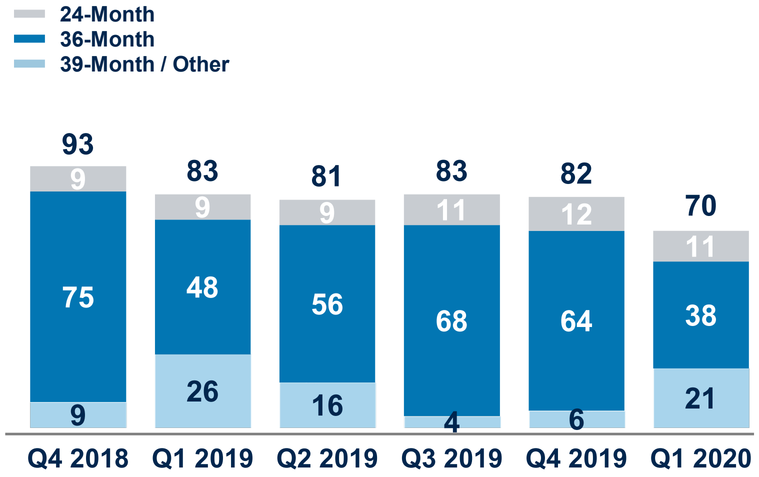
Q1 2020 Credit Loss Reserve Adjustment ($M)



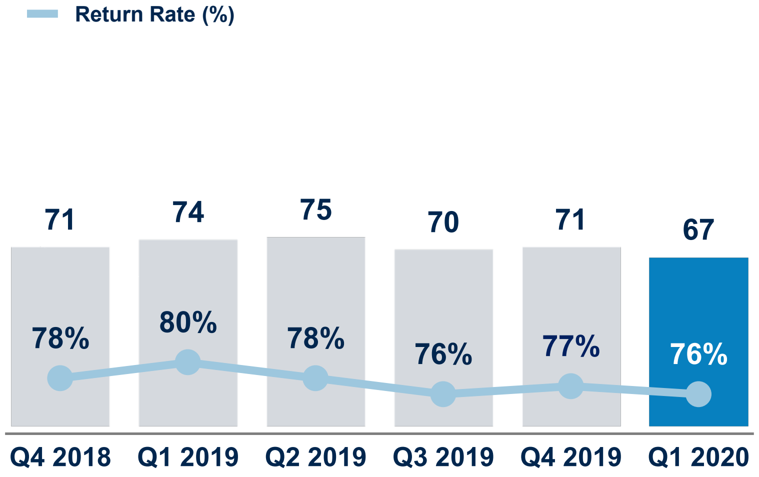
- Current Expected Credit Losses (CECL) accounting standard reflects forward-looking estimate of lifetime losses
- $252M adjustment at adoption recorded through retained earnings
- Increase in retail reserve driven by probability of default primarily reflecting outlook for increase in unemployment

U.S. Lease Metrics

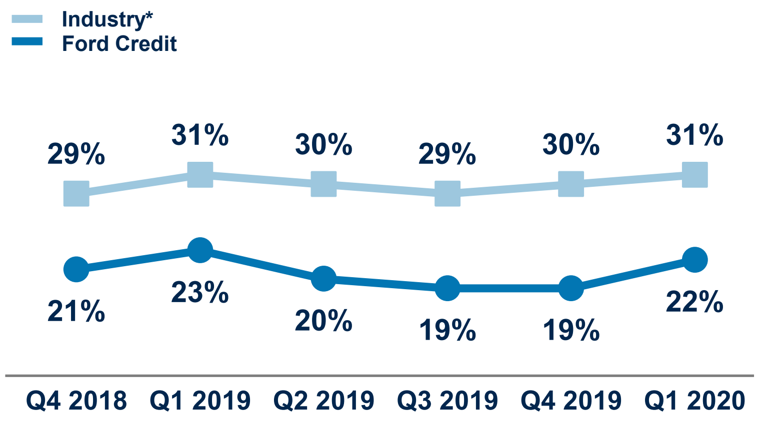
Lease Placement Volume (000)



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

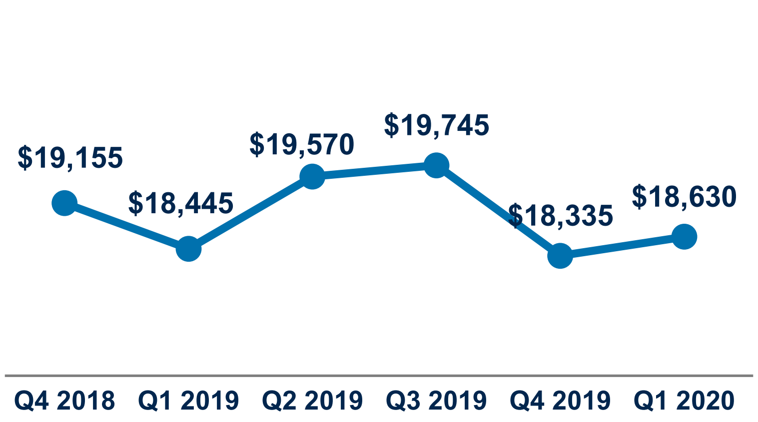


Lease Share of Retail Sales (%)



Off-Lease Auction Values

(36-month, at Q4 2019 Mix)



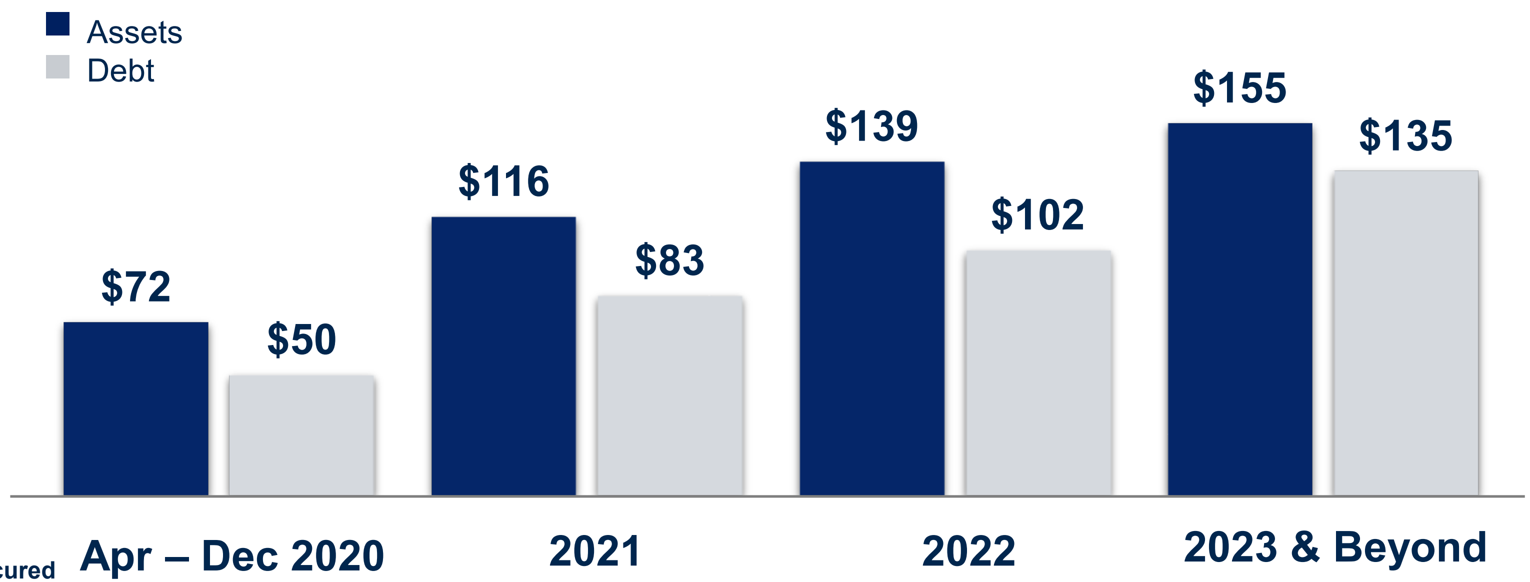
- Lease placement and lease return volume lower
- Lease share below industry, reflecting Ford sales mix
- Auction values up 1% YoY; we now expect full year 2020 auction values to be down more than the 5% that we forecasted in February

* Source: J.D. Power PIN

Ford Credit Funding Strategy

- Our strong balance sheet and substantial liquidity provide Ford Credit considerable flexibility
- Lower expected originations as a result of the impact of COVID-19 are projected to decrease the size of the balance sheet and our funding requirements in 2020
- Despite the impact of COVID-19, Ford Credit ended the first quarter at $28 billion in liquidity, exceeding target of about $25 billion; liquidity target established to withstand a severe stress environment
- Completed $6 billion of public issuance
- Expect to increase ABS mix and prudently issue unsecured debt. Even without any incremental unsecured issuance we expect to maintain liquidity around our target level for the rest of the year
- Key elements of funding strategy include:
  - Maintain liquidity around $25 billion; continue to renew and expand committed ABS capacity
  - Continue to leverage public market issuance
  - Assets and committed capacity available to increase ABS mix as needed
  - Continue to target managed leverage of 8:1 – 9:1
  - Maintain a self-liquidating balance sheet

Cumulative Maturities at March 31, 2020* ($B)



Unsecured Long-Term Debt Maturities in Each Period	Apr – Dec 2020	2021	2022	2023 & Beyond
	$10.6	$16.5	$12.8	$28.3

- Strong balance sheet is inherently liquid with cumulative debt maturities having a longer tenor than asset maturities
- As of March 31st, $80 billion (including $2.9 billion cash) of $155 billion assets are encumbered

* See Appendix for assets and debt definitions

Funding Structure – Managed Receivables* ($B)

	2019 Dec 31	2020 Mar 31
Term Debt (incl. Bank Borrowings)	$ 73	$ 72
Term Asset-Backed Securities	57	56
Commercial Paper	4	3
Ford Interest Advantage / Deposits	7	6
Other	9	6
Equity	14	14
Adjustments For Cash	(12)	(11)
Total Managed Receivables	$ 152	$ 146
Securitized Funding as Pct of Managed Receivables	38%	38%

- Funding is diversified across platforms and markets
- Well capitalized with a strong balance sheet
- Expect higher mix of ABS going forward

* See Appendix for definitions and reconciliation to GAAP

Public Term Funding Plan* ($B)

	2018 Actual	2019 Actual	2020 Forecast	Through Apr 27
Public Issuances				
Unsecured	$ 13	$ 17	$ 3 - 8	$ 3
Securitizations**	14	14	9 - 14	3
Total public	$ 27	$ 31	$ 12 - 22	$ 6

- We are able to be flexible with our public term funding plans as a result of our strong balance sheet and substantial liquidity

* 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 and Ford Credit's financial condition and results of operations have been and may continue to be adversely affected by public health issues, including epidemics or pandemics such as COVID-19;
- Ford's long-term competitiveness depends on the successful execution of global redesign and fitness actions;
- Ford's vehicles could be affected by defects that result in delays in new model launches, recall campaigns, or increased warranty costs;
- Ford may not realize the anticipated benefits of existing or pending strategic alliances, joint ventures, acquisitions, divestitures, or new business strategies;
- Operational systems, security systems, and vehicles could be affected by cyber incidents;
- Ford's production, as well as Ford's suppliers' production, could be disrupted by labor issues, 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;
- Ford's ability to attract and retain talented, diverse, and highly skilled employees is critical to its success and competitiveness;
- 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;
- With a global footprint, Ford's results could be adversely affected by economic, geopolitical, protectionist trade policies, or other events, including tariffs and Brexit;
- Industry sales volume in any of our key markets can be volatile and could decline if there is a financial crisis, recession, or significant geopolitical event;
- Ford may face increased price competition or a reduction in demand for its products resulting from industry excess capacity, currency fluctuations, competitive actions, or other factors;
- Fluctuations in commodity prices, foreign currency exchange rates, interest rates, and market value of our investments can have a significant effect on results;
- 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's receipt of government incentives could be subject to reduction, termination, or clawback;
- Ford Credit could experience higher-than-expected credit losses, lower-than-anticipated residual values, or higher-than-expected return volumes for leased vehicles;
- 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;
- Pension and other postretirement liabilities could adversely affect Ford's liquidity and financial condition;
- 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 may need to substantially modify its product plans to comply with safety, emissions, fuel economy, autonomous vehicle, and other regulations that may change in the future;
- Ford and Ford Credit could be affected by the continued development of more stringent privacy, data use, and data protection laws and regulations as well as consumer expectations for the safeguarding of personal information; and
- Ford Credit could be subject to new or increased credit regulations, consumer 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, 2019, as updated by subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.

FORD **CREDIT**

APPENDIX

EBT by Segment	A1
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EBT By Segment * ($M)

	Q1	
	2020	H / (L) 2019
Results		
United States and Canada segment	$ 22	$ (600)
Europe segment	17	(97)
All Other segment	7	(51)
Total segments	$ 46	$ (748)
Unallocated other	(16)	(23)
Earnings before taxes	$ 30	$ (771)
(Provision for) / Benefit from income taxes	(9)	189
Net income	$ 21	$ (582)
Distributions	$ 275	$ (400)

* See Appendix for definitions

Financing Shares And Contract Placement Volume

	Q1 2019	Q1 2020
Share of Ford Sales*		
United States	50 %	56 %
Canada	67	63
U.K.	37	44
Germany	50	44
China	33	34
Wholesale Share		
United States	76 %	74 %
Canada	57	55
U.K.	100	100
Germany	93	93
China	59	51
Contract Placement Volume - New and Used (000)		
United States	200	205
Canada	30	23
U.K.	41	30
Germany	42	29
China	26	16

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

Total Net Receivables Reconciliation To Managed Receivables ($B)

	2019 Mar 31	2019 Dec 31	2020 Mar 31
Finance receivables, net (GAAP)	$ 119.3	$ 114.3	$ 110.8
Net investment in operating leases (GAAP)	27.6	27.7	27.0
Total net receivables*	$ 146.9	$ 142.0	$ 137.8
Held-for-sale receivables (GAAP)	$ -	$ 1.5	$ -
Unearned interest supplements and residual support	6.8	6.7	6.3
Allowance for credit losses	0.5	0.5	1.2
Other, primarily accumulated supplemental depreciation	1.1	1.0	1.1
Total managed receivables (Non-GAAP)	$ 155.3	$ 151.7	$ 146.4

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

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

	2019 Mar 31	2019 Dec 31	2020 Mar 31
<u>Leverage Calculation</u>			
Debt	$ 142.9	$ 140.0	$ 136.8
Adjustments for cash	(12.8)	(11.7)	(11.3)
Adjustments for derivative accounting	(0.1)	(0.5)	(1.6)
Total adjusted debt	$ 130.0	$ 127.8	$ 123.9
Equity	$ 14.9	$ 14.3	$ 13.5
Adjustments for derivative accounting	(0.2)	(0.0)	(0.0)
Total adjusted equity	$ 14.7	$ 14.3	$ 13.5
Financial statement leverage (to 1) (GAAP)	9.6	9.8	10.1
Managed leverage (to 1) (Non-GAAP)	8.8	8.9	9.2

* See Appendix for definitions

Liquidity Sources* ($B)

	2019 Mar 31	2019 Dec 31	2020 Mar 31
Liquidity Sources			
Cash	$ 12.8	$ 11.7	$ 11.3
Committed asset-backed facilities	35.2	36.6	35.9
Other unsecured credit facilities	3.3	3.0	2.8
Ford corporate credit facility allocation	3.0	3.0	-
Total liquidity sources	$ 54.3	$ 54.3	$ 50.0
Utilization of Liquidity			
Securitization cash	$ (3.3)	$ (3.5)	$ (2.9)
Committed asset-backed facilities	(19.8)	(17.3)	(18.6)
Other unsecured credit facilities	(0.6)	(0.8)	(0.5)
Ford corporate credit facility allocation	-	-	-
Total utilization of liquidity	$ (23.7)	$ (21.6)	$ (22.0)
Gross liquidity	$ 30.6	$ 32.7	$ 28.0
Adjustments	0.4	0.4	0.3
Net liquidity available for use	$ 31.0	$ 33.1	$ 28.3

- Given excess liquidity, waived $3 billion allocation to corporate revolver in March
- Liquidity of $28 billion is above target of about $25 billion

* 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 and Held-for-sale 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)

- Includes asset-backed capacity in excess of eligible receivables; cash related to the Ford Credit Revolving Extended Variable-utilization program ("FordREV"), which can be accessed through future sales of receivables

Assets (as shown on the Cumulative Maturities chart)

- Includes gross finance receivables less the allowance for credit losses, investment in operating leases net of accumulated depreciation, cash and cash equivalents, and marketable securities (excluding amounts related to insurance activities). Amounts shown include the impact of expected prepayments

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 Cumulative Maturities chart)

- Includes all of the wholesale ABS term maturities of $9.2 billion in the next 12 months that otherwise contractually extend beyond Q1 2021. Retail and lease ABS are treated as amortizing to match the underlying assets

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

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)

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

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

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