



Ford Credit Q4 & Full Year 2020 Earnings Review

February 4, 2021



Information Regarding This Presentation

Forward-Looking Statements

This presentation includes forward-looking statements. 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. For a discussion of these risks, uncertainties, and other factors, please see the “Cautionary Note on Forward-Looking Statements” at the end of this presentation and “Item 1A. Risk Factors” in our most recent Annual Report on Form 10-K, as updated by additional factors in subsequent filings with the United States Securities and Exchange Commission.

GAAP And Non-GAAP Financial Measures

This presentation includes financial measures calculated in accordance with Generally Accepted Accounting Principles (“GAAP”) and non-GAAP financial measures. The non-GAAP financial measures are intended to be considered supplemental information to their comparable GAAP financial measures. The non-GAAP financial measures are defined and reconciled to the most comparable GAAP financial measures in the Appendix to this presentation.

Additional Information

Calculated results may not sum due to rounding. N / M denotes “Not Meaningful.” All variances are year-over-year unless otherwise noted.

Key Takeaways

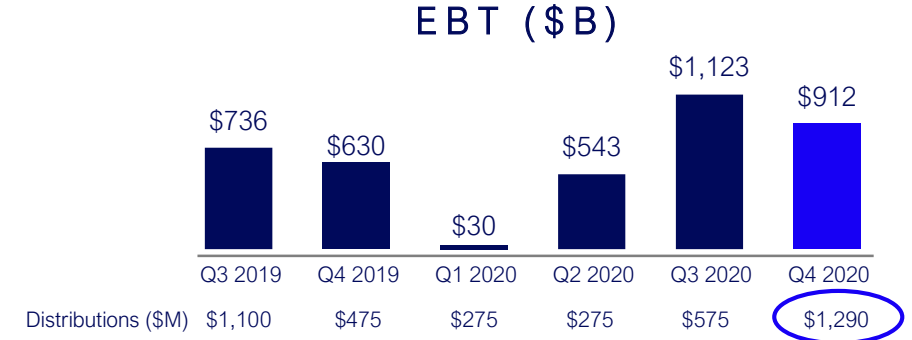
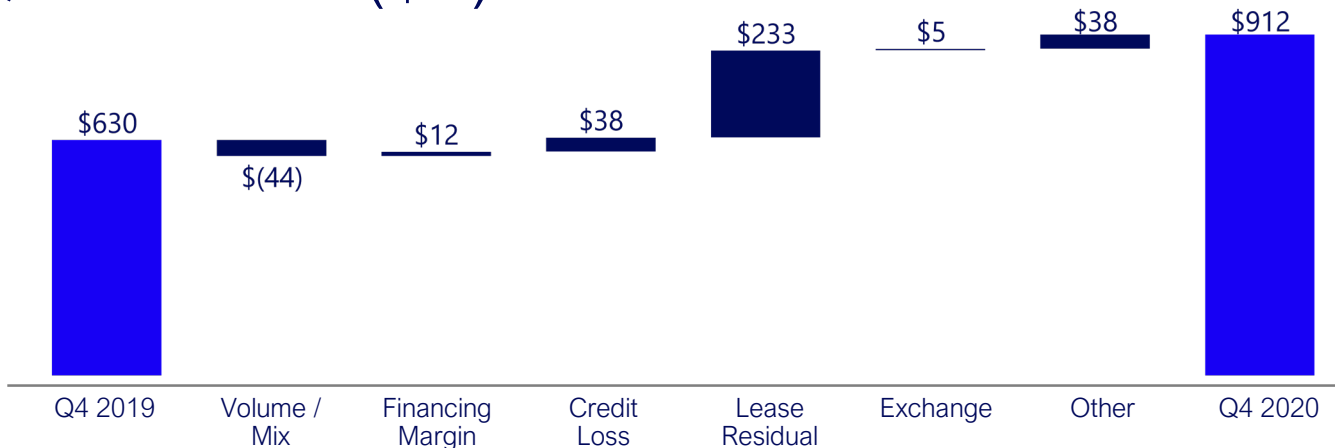
- Strong Q4 EBT of \$912M, best Q4 ever
- Balance sheet remains strong with liquidity at \$35B; continue to access diverse funding sources
- Portfolio performing well – charge-offs and loss-to-receivables (LTR) ratio remain significantly below year-ago levels. Credit loss reserve reflects lifetime losses at about the same level as Q3
- Off-lease auction values remain strong and lease share below industry average through Q4

Key Metrics

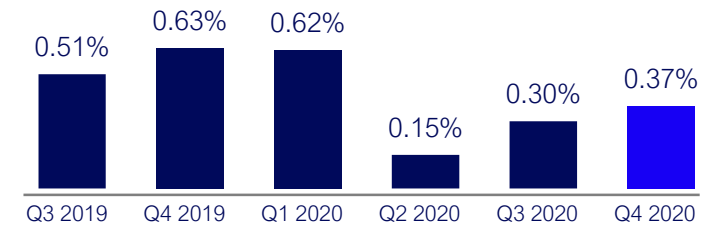
Headlines

- Q4 EBT of \$912M is up \$282M, reflecting strong auction performance
- Portfolio performing well – loss-to-receivables (LTR) remains low and below year-ago levels; auction values improved significantly from a year ago
- Balance sheet and liquidity remain strong

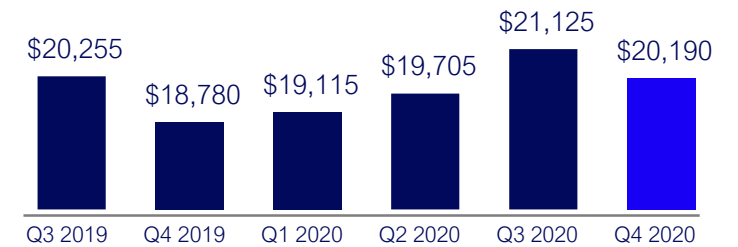
Q4 EBT YoY (\$B)



U.S. Retail LTR Ratios (%)



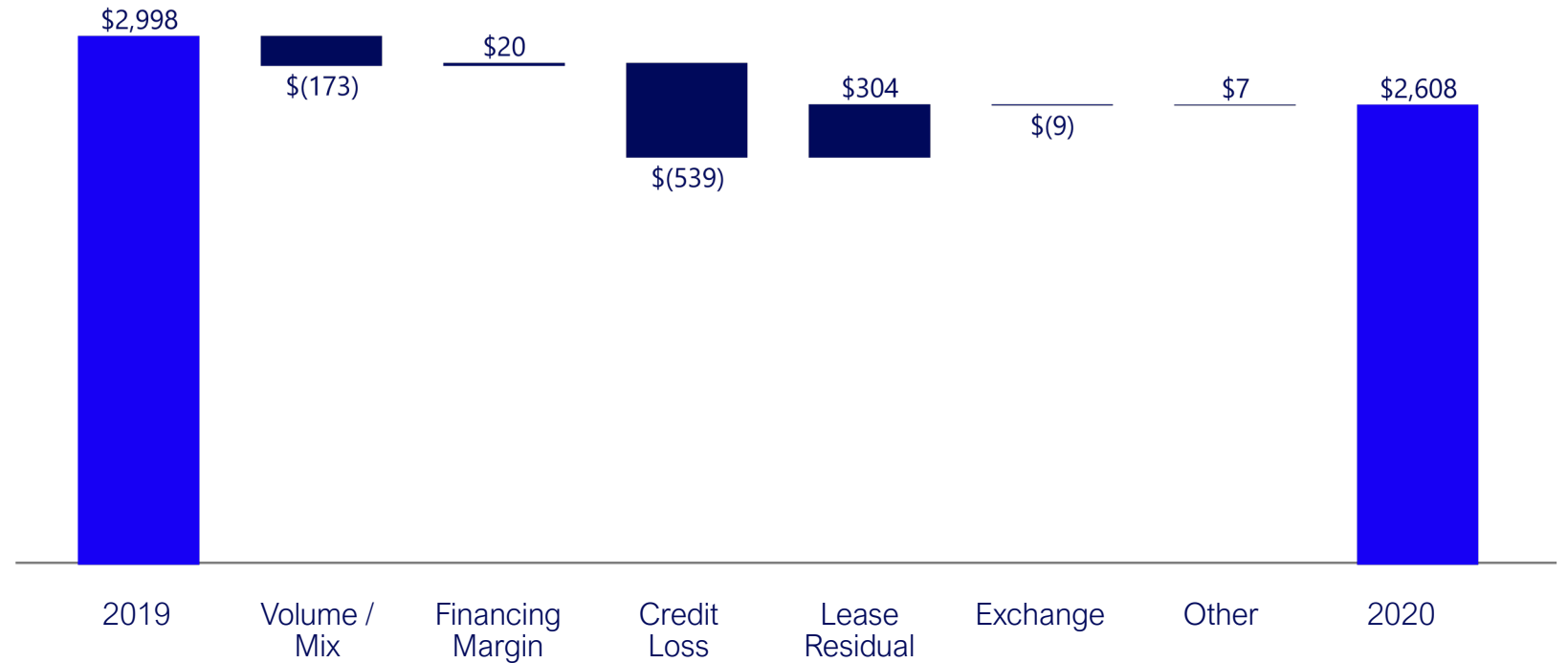
Auction Values (Per Unit)*



* U.S. 36-month off-lease auction values at Q4 2020 mix

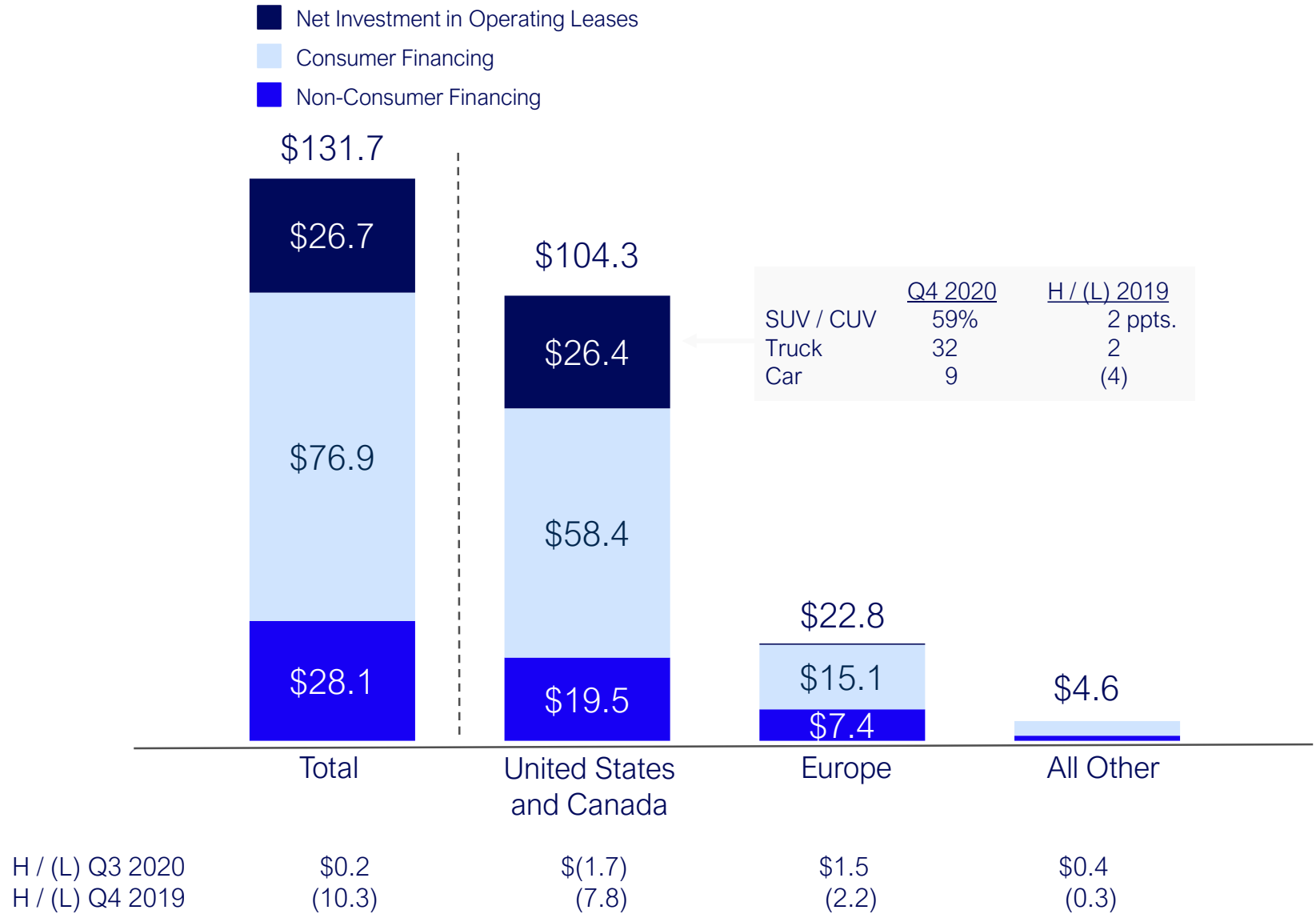
FY 2020 EBT YoY Bridge (\$M)

- FY EBT at \$2.6B, down 13% YoY
- Volume & mix primarily driven by lower receivables
- Credit loss primarily reflects estimates of the impact of COVID-19 in future periods
- Lease residual performance driven by improved auction values



Q4 2020 Net Receivables Mix (\$B)

- Receivables declined \$10B YoY, primarily reflecting lower wholesale receivables
- Operating lease portfolio was 20% of total net receivables



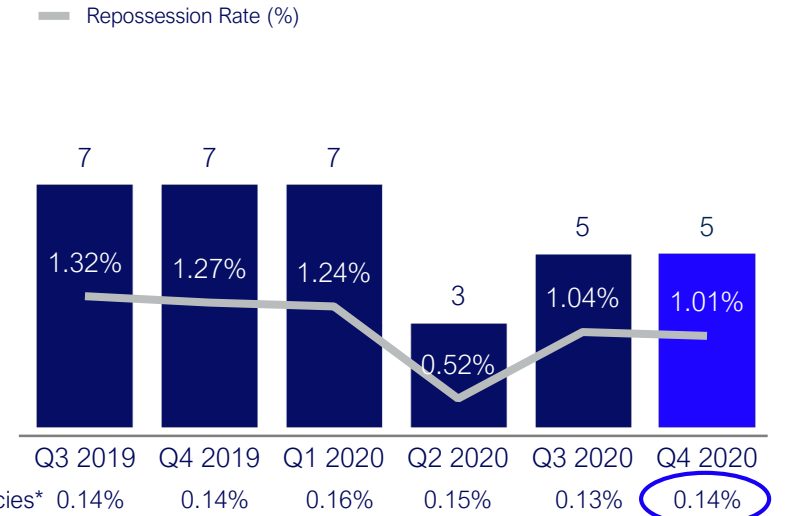
U.S. Origination Metrics And Credit Loss Drivers

- Disciplined and consistent underwriting practices
- Portfolio quality evidenced by FICO scores and consistent risk mix
- Repossessions, charge-offs and LTR remain low and significantly below year-ago levels
- Longer term contract mix continued at normal levels

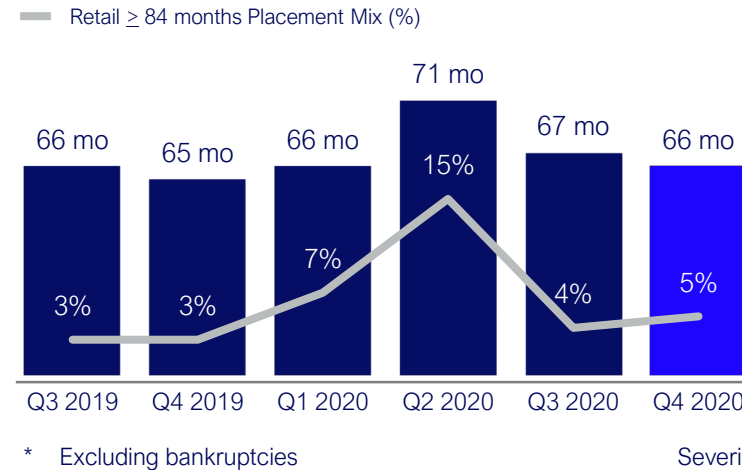
Retail & Lease FICO and Higher Risk Mix (%)



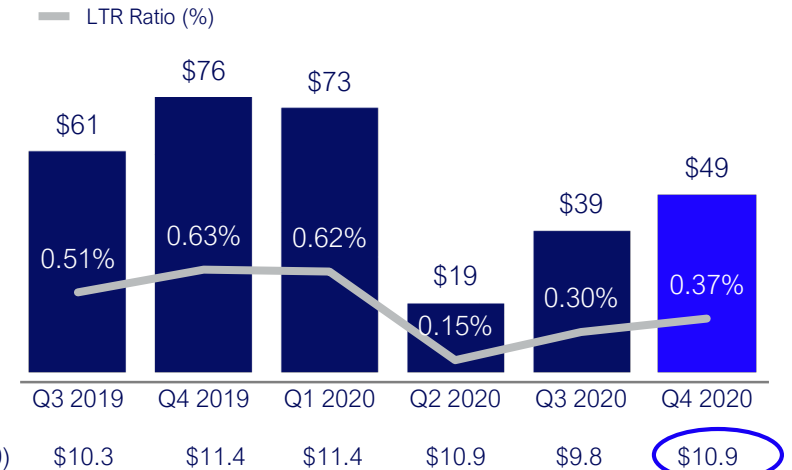
Retail Repossessions (000) and Repossession Rate (%)



Retail Contract Terms



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



* Excluding bankruptcies

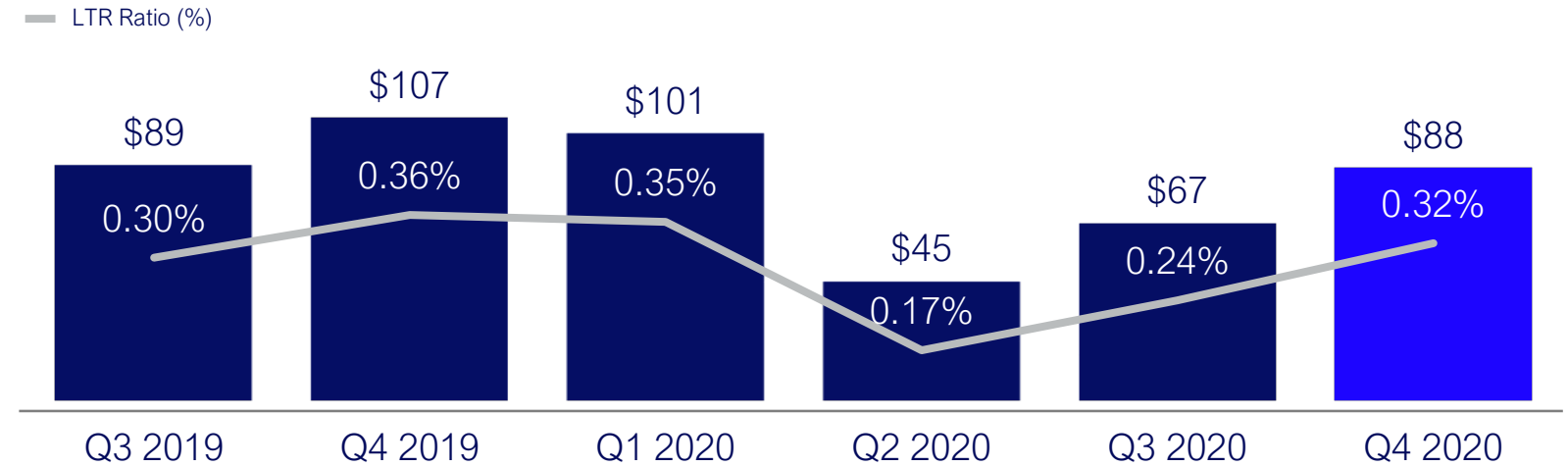
Severity (000)

\$10.3 \$11.4 \$11.4 \$10.9 \$9.8 **\$10.9**

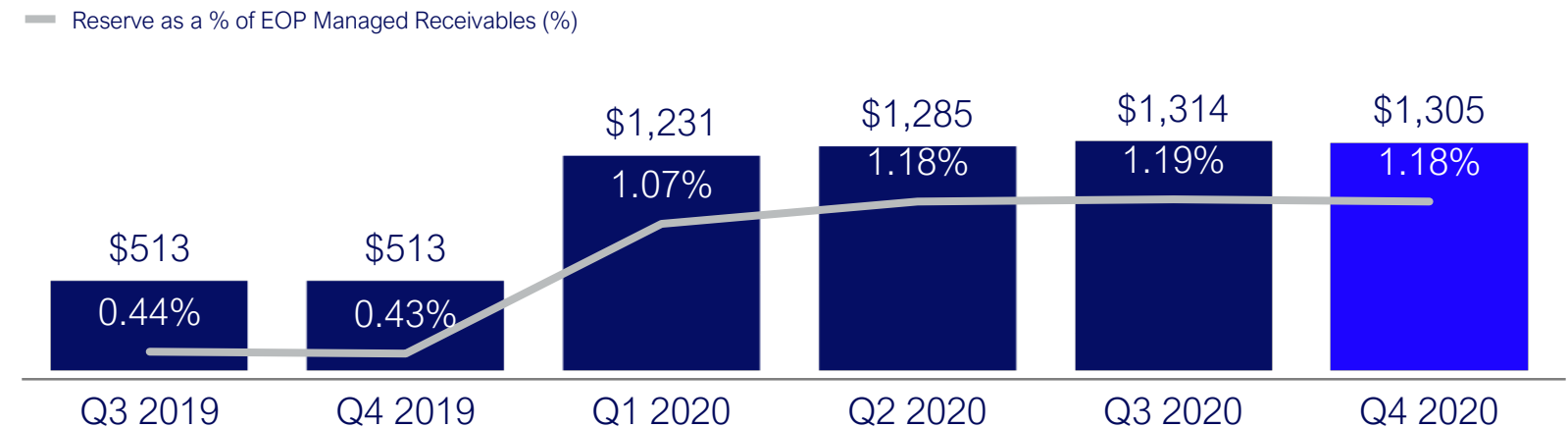
Worldwide Credit Loss Metrics

- Worldwide credit loss metrics remain strong and below year ago levels
- Credit loss reserve reflects lifetime losses at about the same level as Q3

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



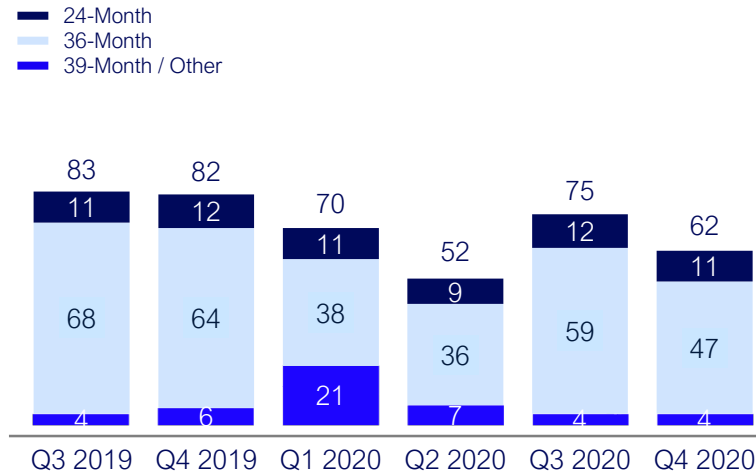
Credit Loss Reserve (\$M) and Reserve as a % of EOP Managed Receivables



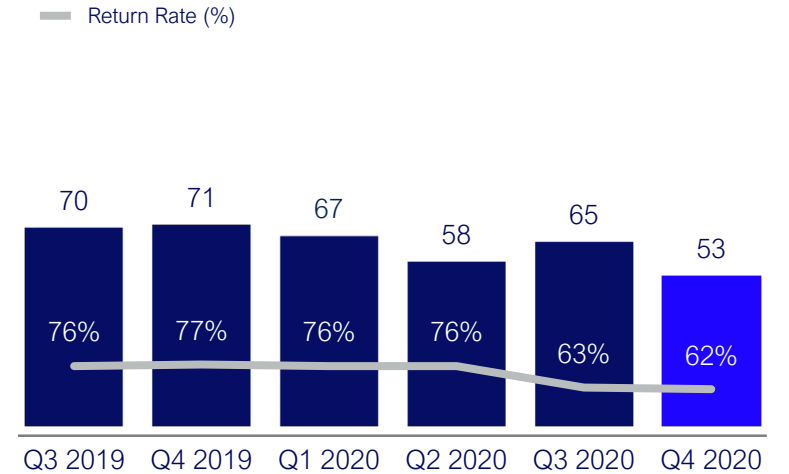
U.S. Lease Metrics

- Lease placement volume and share down YoY
- Lower lease return volume and return rate reflect auction values
- Auction values up 8% YoY; FY auction values up 3% YoY
- Planning for 2021 FY auction values to be lower

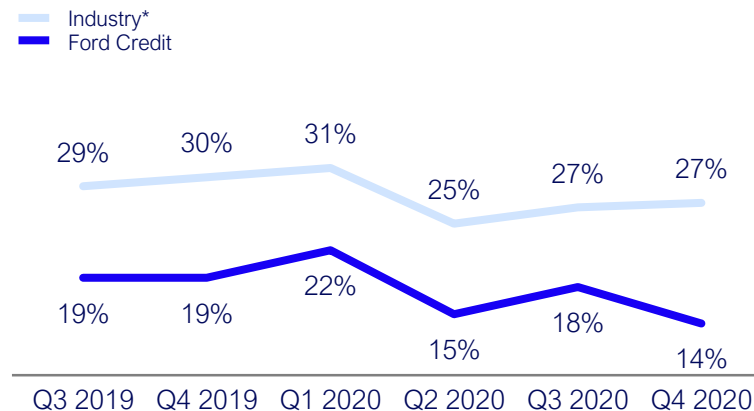
Lease Placement Volume (000)



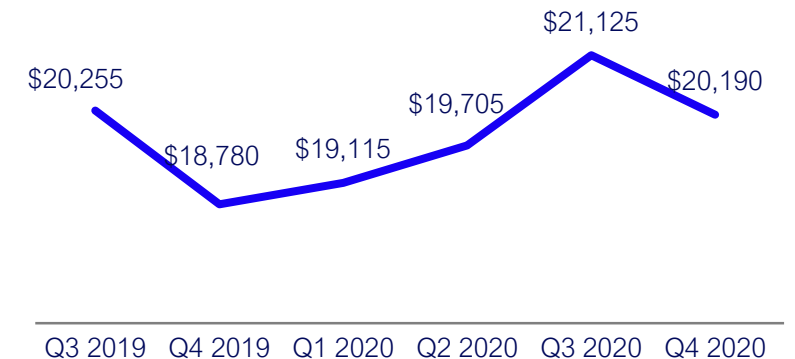
Lease Return Volume (000) and Return Rates (%)



Lease Share of Retail Sales (%)



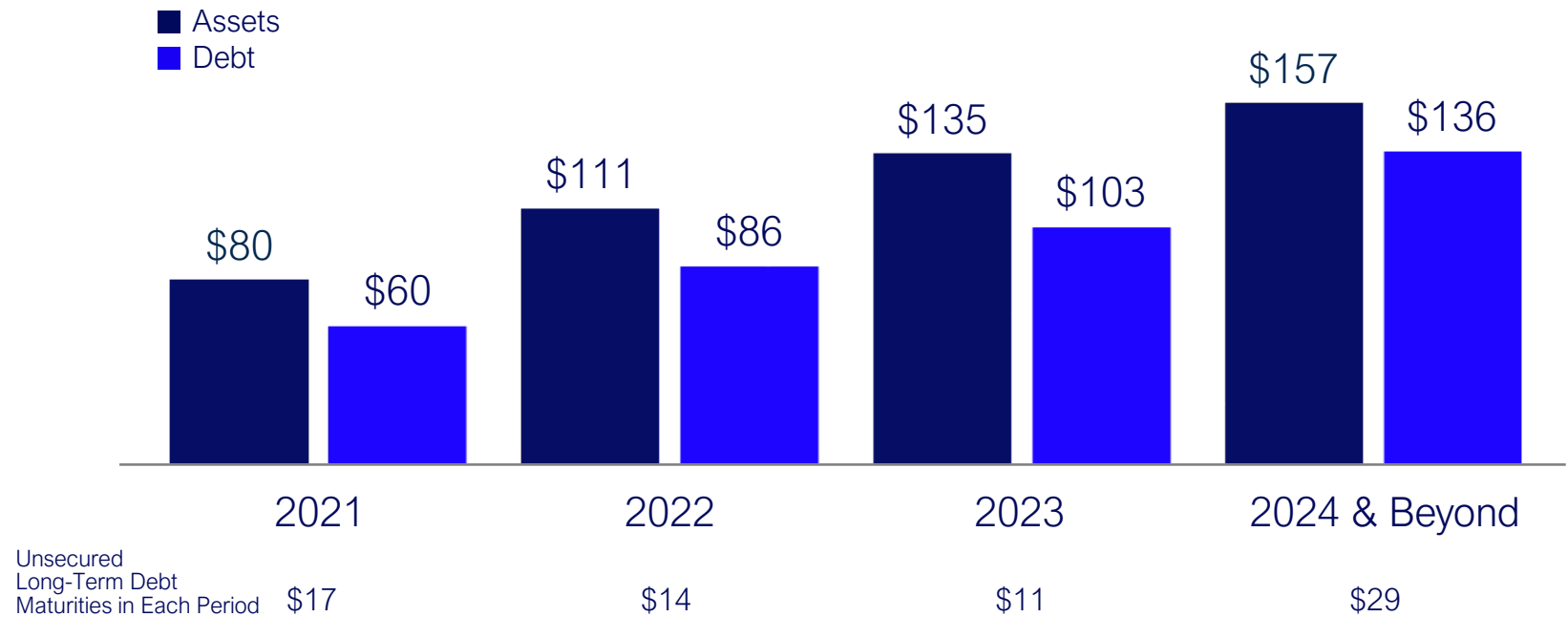
Off-Lease Auction Values (36-month, at Q4 2020 Mix)



* Source: J.D. Power PIN

Cumulative Maturities At December 31, 2020* (\$B)

- Strong balance sheet is inherently liquid with cumulative debt maturities having a longer tenor than asset maturities
- As of December 31, 2020 \$81B of \$157B assets are unencumbered



* See Appendix for assets and debt definitions

Funding Structure – Managed Receivables* (\$B)

- Well capitalized with a strong balance sheet; \$35B in net liquidity
- Funding is diversified across platforms and markets

	2019 <u>Dec 31</u>	2020 <u>Dec 31</u>
Term Debt (incl. Bank Borrowings)	\$ 73	\$ 77
Term Asset-Backed Securities	57	55
Commercial Paper	4	0
Ford Interest Advantage / Deposits	7	6
Other	9	7
Equity	14	14
Adjustments for Cash	(12)	(18)
	<u>\$ 152</u>	<u>\$ 141</u>
Securitized Funding as Pct of Managed Receivables	38%	39%
Net Liquidity	\$ 33	\$ 35

* See Appendix for definitions and reconciliation to GAAP

Public Term Funding Plan*

(\$B)

- Completed \$27B of public issuance in 2020
- Strong balance sheet and substantial liquidity provide funding flexibility

	<u>2019 Actual</u>	<u>2020 Actual</u>	<u>2021 Forecast</u>	<u>Through Feb 3</u>
Unsecured	\$ 17	\$ 14	\$ 7 - 11	\$ -
Securitized ^{**}	14	13	11 - 14	1
Total	<u>\$ 31</u>	<u>\$ 27</u>	<u>\$ 18 - 25</u>	<u>\$ 1</u>

* 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 is highly dependent on its suppliers to deliver components in accordance with Ford’s production schedule, and a shortage of key components, such as semiconductors, can disrupt Ford’s production of vehicles;
- Ford’s long-term competitiveness depends on the successful execution of its Plan;
- 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 and other disruptions;
- 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 and face significant competition from existing and new entrants in the automotive and mobility industries;
- 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;
- Industry sales volume in any of Ford’s 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 Ford or Ford Credit’s 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;
- 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 consumers’ heightened expectations to safeguard their 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 most recent Annual Report on Form 10-K, as updated by additional factors in subsequent filings with the United States Securities and Exchange Commission.

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EBT By Segment* (\$M)

	Q4		Full Year	
	2020	H / (L) 2019	2020	H / (L) 2019
<u>Results</u>				
United States and Canada segment	\$ 842	\$ 271	\$ 2,241	\$ (124)
Europe segment	41	(6)	196	(156)
All Other segment	(0)	(28)	38	(105)
Total segments	\$ 883	\$ 237	\$ 2,475	\$ (385)
Unallocated other	29	45	133	(5)
Earnings before taxes	\$ 912	\$ 282	\$ 2,608	\$ (390)
Taxes	(275)	(86)	(684)	86
Net income	\$ 637	\$ 196	\$ 1,924	\$ (304)
Distributions	\$ 1,290	\$ 815	\$ 2,415	\$ (485)

* See Appendix for definitions

Financing Shares And Contract Placement Volume

	Q4		Full Year	
	2019	2020	2019	2020
<u>Share of Ford Sales*</u>				
United States	50 %	40 %	51 %	56 %
Canada	79	94	66	74
U.K.	40	34	39	40
Germany	47	42	47	41
China	36	42	35	39
<u>Wholesale Share</u>				
United States	75 %	74 %	75 %	74 %
Canada	55	24	57	40
U.K.	100	100	100	100
Germany	93	91	93	92
China	59	64	60	62
<u>Contract Placement Volume - New and Used (000)</u>				
United States	255	194	952	954
Canada	35	36	141	137
U.K.	28	21	139	101
Germany	39	31	165	107
China	28	42	108	119

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



Financing Shares And Contract Placement Volume

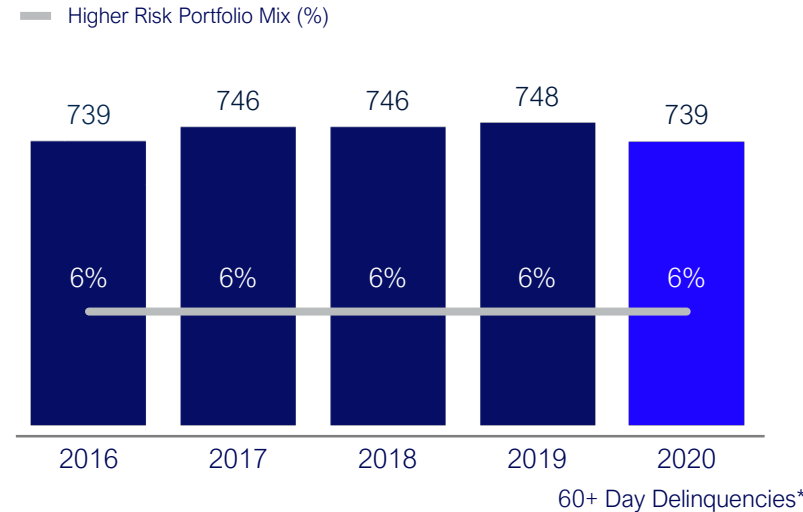
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<u>Share of Ford Sales*</u>					
United States	56 %	55 %	58 %	51 %	56 %
Canada	75	77	75	66	74
U.K.	38	35	37	39	40
Germany	47	48	48	47	41
China	19	28	35	35	39
<u>Wholesale Share</u>					
United States	76 %	76 %	76 %	75 %	74 %
Canada	61	61	59	57	40
U.K.	100	100	100	100	100
Germany	93	94	93	93	92
China	58	57	63	60	62
<u>Contract Placement Volume - New and Used (000)</u>					
United States	1,159	1,119	1,151	952	954
Canada	181	183	168	141	137
U.K.	201	174	150	139	101
Germany	149	155	160	165	107
China	192	256	170	108	119

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

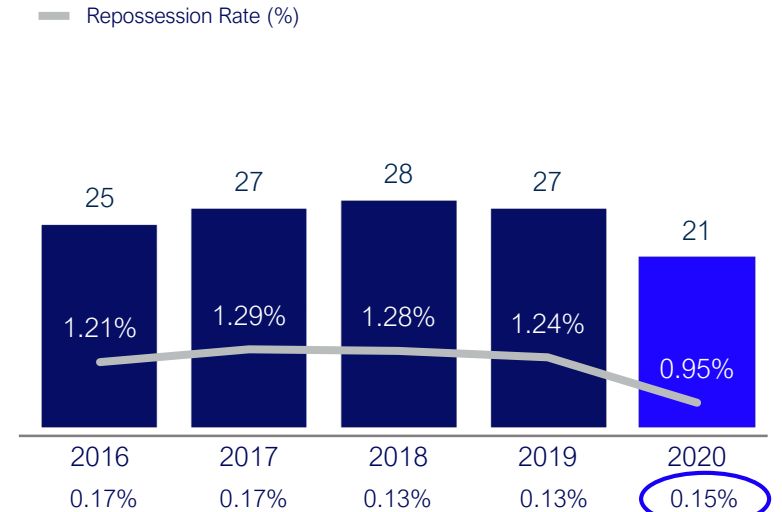
U.S. Origination Metrics And Credit Loss Drivers

- Disciplined and consistent underwriting practices
- Portfolio quality evidenced by FICO scores and consistent risk mix
- Repossessions, charge-offs and LTR remain low and significantly below year-ago levels
- Extended-term contracts relatively small part of our business
- Longer term contracts increased as a result of 84-month “Built to Lend a Hand” campaign in Q2; Q3 and Q4 returned to historical levels

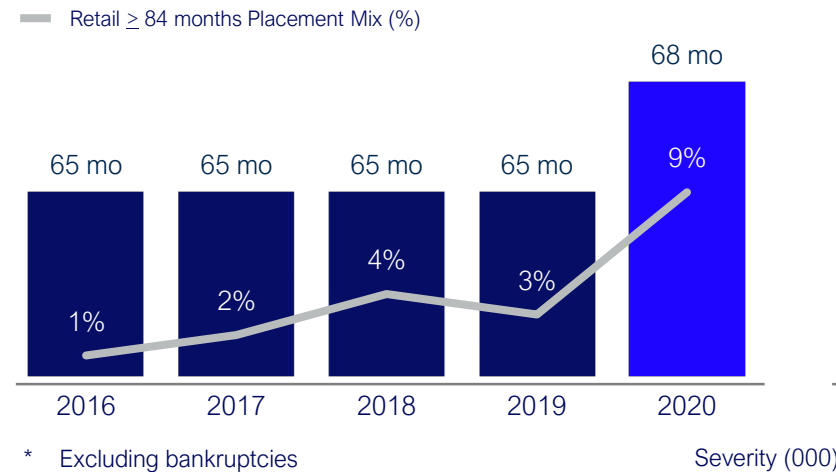
Retail & Lease FICO and Higher Risk Mix (%)



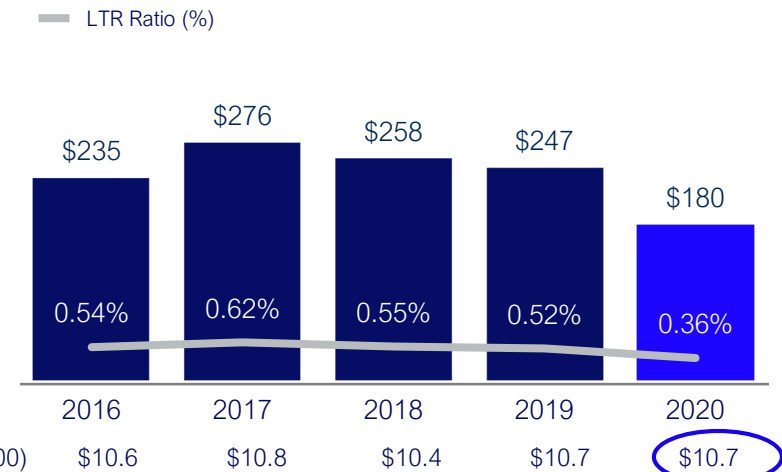
Retail Repossessions (000) and Repossession Rate (%)



Retail Contract Terms



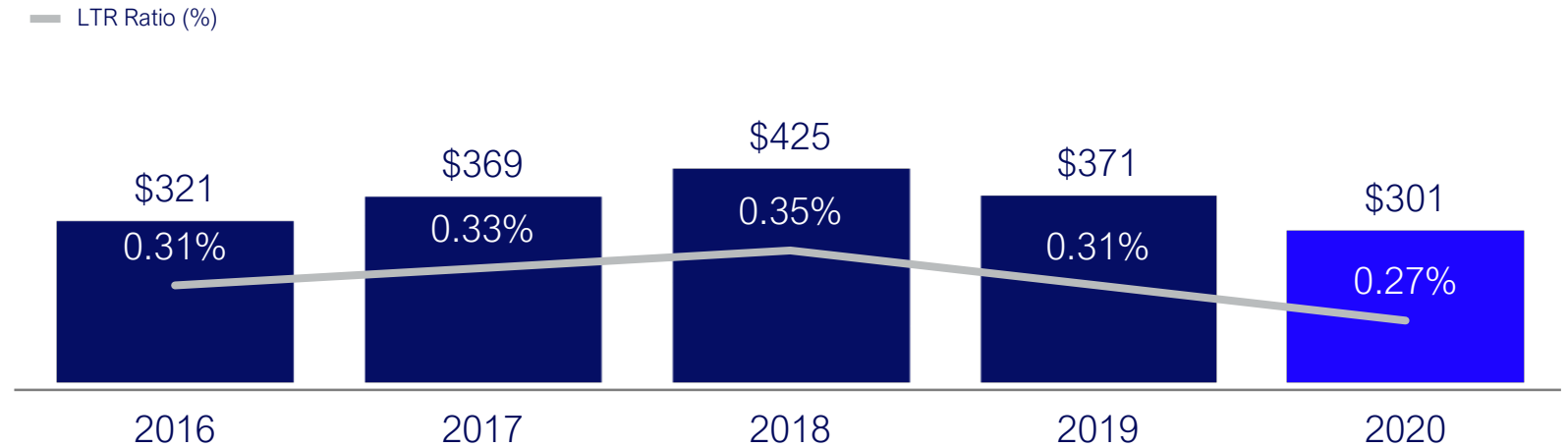
Retail Charge-Offs (\$M) and LTR Ratio (%)



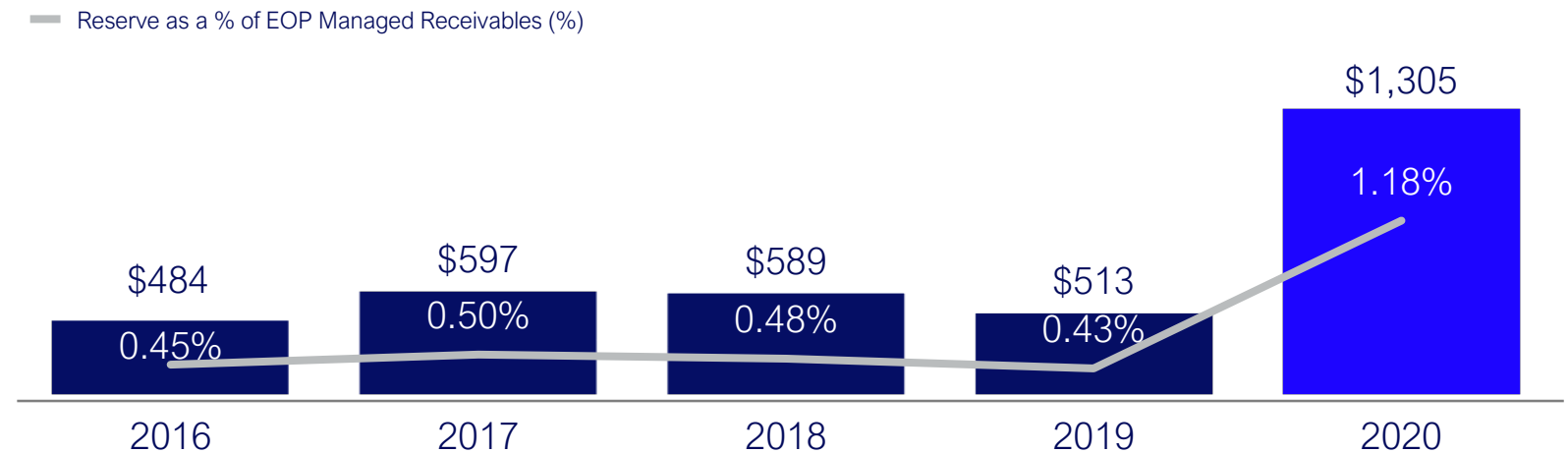
Worldwide Credit Loss Metrics

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

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



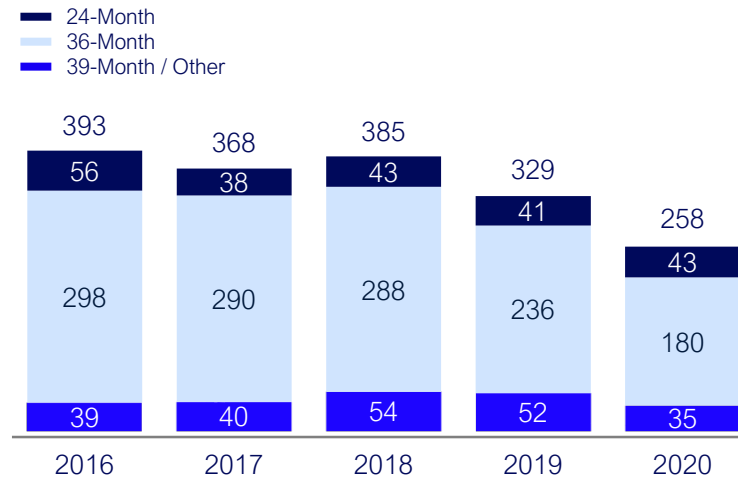
Credit Loss Reserve (\$M) and Reserve as a % of EOP Managed Receivables



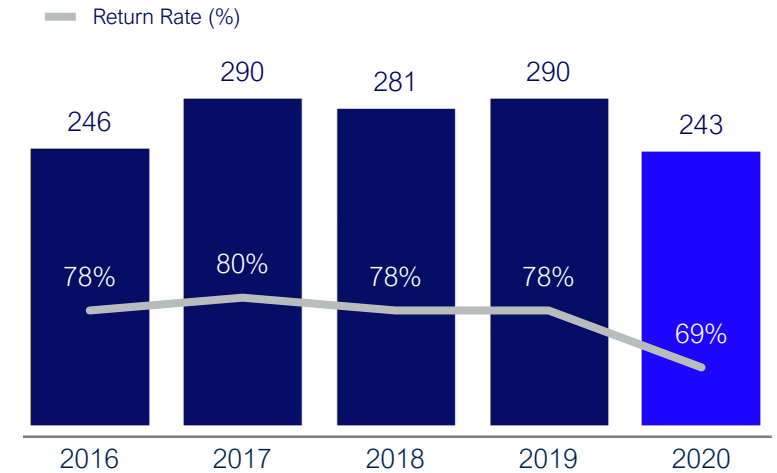
U.S. Lease Metrics

- Lease share below industry, reflecting Ford sales mix
- Auction values up 3%

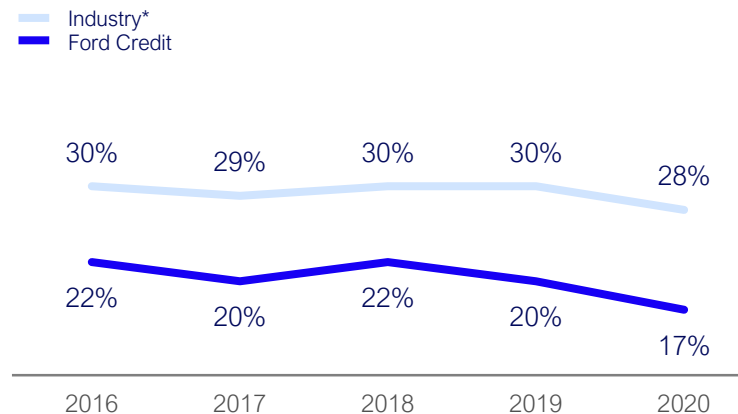
Lease Placement Volume (000)



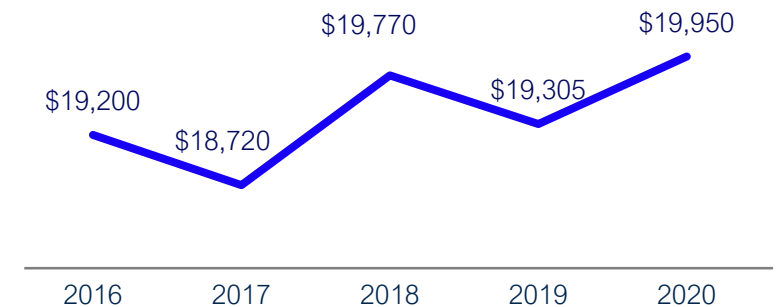
Lease Return Volume (000) and Return Rates (%)



Lease Share of Retail Sales (%)



Off-Lease Auction Values (36-month, at Q4 2020 Mix)



* Source: J.D. Power PIN

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

	2018 <u>Dec 31</u>	2019 <u>Dec 31</u>	2020 <u>Dec 31</u>
Finance receivables, net (GAAP)	\$ 118.8	\$ 114.3	\$ 105.0
Net investment in operating leases (GAAP)	27.4	27.7	26.7
Total net receivables*	<u>\$ 146.3</u>	<u>\$ 142.0</u>	<u>\$ 131.7</u>
Held-for-sale receivables (GAAP)	\$ -	\$ 1.5	\$ 0.0
Unearned interest supplements and residual support	6.8	6.7	6.5
Allowance for credit losses	0.6	0.5	1.3
Other, primarily accumulated supplemental depreciation	1.2	1.0	1.0
Total managed receivables (Non-GAAP)	<u><u>\$ 154.9</u></u>	<u><u>\$ 151.7</u></u>	<u><u>\$ 140.5</u></u>

* See Appendix for definitions

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

	2018 <u>Dec 31</u>	2019 <u>Dec 31</u>	2020 <u>Dec 31</u>
<u>Leverage Calculation</u>			
Debt	\$ 140.1	\$ 140.0	\$ 137.7
Adjustments for cash	(10.2)	(11.7)	(18.5)
Adjustments for derivative accounting	0.2	(0.5)	(1.5)
Total adjusted debt	<u>\$ 130.1</u>	<u>\$ 127.8</u>	<u>\$ 117.7</u>
Equity	\$ 15.0	\$ 14.3	\$ 14.0
Adjustments for derivative accounting	(0.2)	(0.0)	0.1
Total adjusted equity	<u>\$ 14.8</u>	<u>\$ 14.3</u>	<u>\$ 14.1</u>
Financial statement leverage (to 1) (GAAP)	9.4	9.8	9.8
Managed leverage (to 1) (Non-GAAP)	8.8	8.9	8.3

* See Appendix for definitions

Liquidity Sources* (\$B)

	2018 Dec 31	2019 Dec 31	2020 Dec 31
<u>Liquidity Sources</u>			
Cash	\$ 10.2	\$ 11.7	\$ 18.5
Committed asset-backed facilities	35.4	36.6	38.1
Other unsecured credit facilities	3.0	3.0	2.5
Ford corporate credit facility allocation	3.0	3.0	-
Total liquidity sources	<u>\$ 51.6</u>	<u>\$ 54.3</u>	<u>\$ 59.1</u>
<u>Utilization of Liquidity</u>			
Securitization & restricted cash	\$ (3.1)	\$ (3.6)	\$ (3.9)
Committed asset-backed facilities	(20.7)	(17.3)	(16.7)
Other unsecured credit facilities	(0.7)	(0.8)	(0.5)
Ford corporate credit facility allocation	-	-	-
Total utilization of liquidity	<u>\$ (24.5)</u>	<u>\$ (21.7)</u>	<u>\$ (21.1)</u>
Gross liquidity	\$ 27.1	\$ 32.6	\$ 38.0
ABS capacity in excess of eligible receivables and other adjustments	0.1	0.4	(2.6)
Net liquidity available for use	<u><u>\$ 27.2</u></u>	<u><u>\$ 33.0</u></u>	<u><u>\$ 35.4</u></u>

* 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

ABS capacity in excess of eligible receivables and other 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)

All wholesale securitization transactions are shown maturing in the next 12 months, even if the maturities extend beyond 2021. Also, the chart reflects adjustments to debt maturities to match the asset-backed debt maturities with the underlying asset maturities

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 & restricted 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). Restricted cash primarily includes cash held to meet certain local government and regulatory reserve requirements and cash held under the terms of certain contractual agreements

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