

# ABS Investor Presentation

July 2022



2022 Ford F-150  
Lightning



| Ford Credit



# 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 Annual Report on Form 10-K for the year ended December 31, 2021, as updated by subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.

## **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. Visit [ford.com](https://ford.com) for vehicle information.

## **REPORTING CHANGES**

The Ford Credit section of this presentation no longer includes non-GAAP measures of financial performance and all references to managed receivables and managed leverage have been removed.

# Agenda

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[www.ford.com/finance/investor-center](http://www.ford.com/finance/investor-center)

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# Corporate

Q1 2022

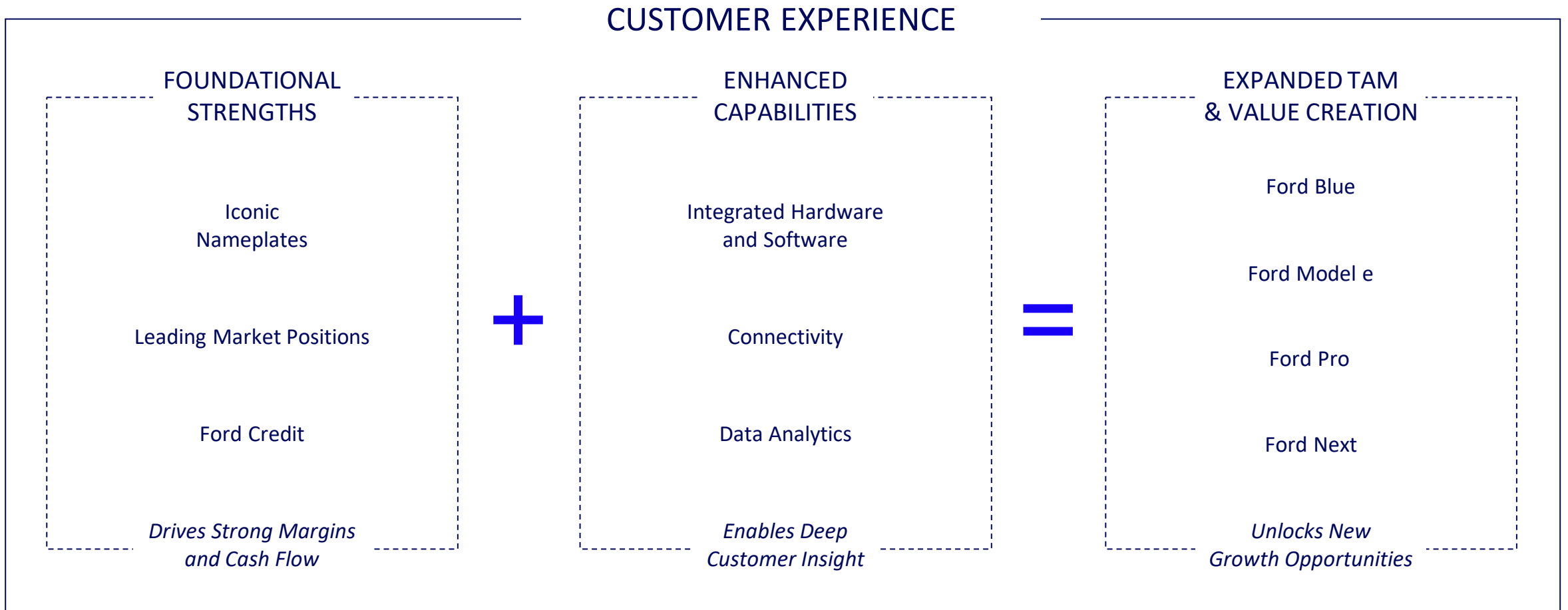


**F-150**  
**LIGHTNING**  
**STRIKES**



# Ford+ Investment Thesis

Disruptive Technology Allows Us to Leverage Foundational Strengths to Build New Capabilities – Enriching Customer Experiences and Deepening Loyalty



# Executing Our Investment Thesis To Deliver Ford+

FOUNDATIONAL  
STRENGTHS



ENHANCED  
CAPABILITIES



EXPANDED TAM  
& VALUE CREATION

## Iconic Nameplates



IMG launch of next-generation Ranger underway; unveiled the next-generation Ranger Raptor derivative in February (pictured)

## Integrated Hardware & Software



Over 25,000 vehicles with BlueCruise activated to date, with 2.4M miles driven hands free in the U.S.

## Lincoln



Lincoln Star concept evolves Quiet Flight DNA and showcases a captivating, dynamic new face – revealing the brand's vision for EVs

## Ford Credit



FinSimple launched same-day approval and pre-arranged financing options for smaller commercial customers

## Connectivity



Delivered almost 1M Power-Ups in Q1, including BlueCruise hands-free driving and Apple CarPlay EV Routing

## Ford Pro



FORDLive provided customers approx. 66,000 more days of uptime for their vehicles in Q1



# Advancing The Ford+ Plan

To deliver Ford+, we are restructuring our organization to scale EVs, strengthen operations and unlock value in our enterprise

## Ford Blue



- + Inspire customers to pursue their dreams and passions in life with iconic Ford vehicles and experiences, and serve as the engine that supports and powers our future
- + World-class engineering, purchasing & manufacturing
- + High-quality manufacturing | Lean cost structure | Low capital intensity
- + Customer loyalty through iconic lifestyle brands & incredible experiences

## Ford Model e



- + Delight customers with truly incredible electric and connected vehicles and services, and build the future as our center of innovation and growth
- + Connected, always-on experiences powered by software
- + Emerging technologies | New talent
- + New shopping & ownership experiences

## Ford Pro



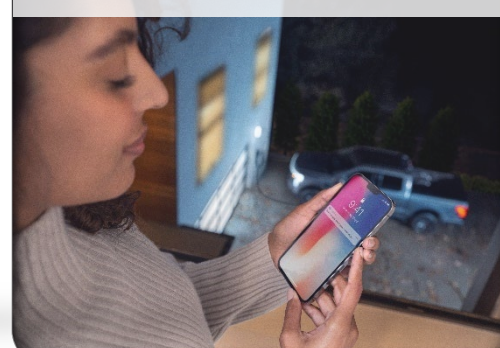
- + Accelerate productivity and sustainability for commercial customers with a trusted platform of connected vehicles, software and services

## Ford Next



- + Deliver shared, sustainable mobility and services to our customers with driven and AV fleets

## Ford Credit



- + Serve people with trusted mobility financing products and services that turn dreams into reality for work, for play, for life

# Executing Our Investment Thesis To Deliver Ford+

Disruptive Technology Allows Us to Leverage Foundational Strengths to Build New Capabilities – Enriching Customer Experiences and Deepening Loyalty

## CUSTOMER EXPERIENCE

### EXPANDED TAM & VALUE CREATION

#### **Electric**

Commercial Vehicles  
and Services

Connected Services

Autonomous /  
Mobility

*Unlocks New  
Growth Opportunities*



- Launched F-150 Lightning and began fulfilling customer orders
- Continuing to break constraints to deliver an EV capacity of 600K by the end of 2023
- Announced plan to produce 2M+ EVs per year by the end of 2026; 1/3 of global production
- Europe to launch 3 new electric passenger vehicles and 4 new electric commercial vehicles by the end of 2024, with plans to sell more than 600K EVs per year by the end of 2026
- Non-binding MoU with SK On Co., Ltd. and Koç Holding to create one of Europe's largest commercial vehicle battery production sites in Turkey
- Non-binding MoU with Lake Resources to secure approximately 25,000 tons of lithium per year
- Construction preparation at the BlueOval City site in Tennessee



# First Quarter Financial Results

Revenue

**\$34.5B**

Down \$1.8B

Adj. EBIT

**\$2.3B**

Down \$1.6B

Adj. EBIT Margin

**6.7%**

Down 4.1 pts

Adj. FCF

**\$(0.6)B**

Down \$0.2B

Adj. EPS

**\$0.38**

Down \$0.32



2022 Bronco Sport

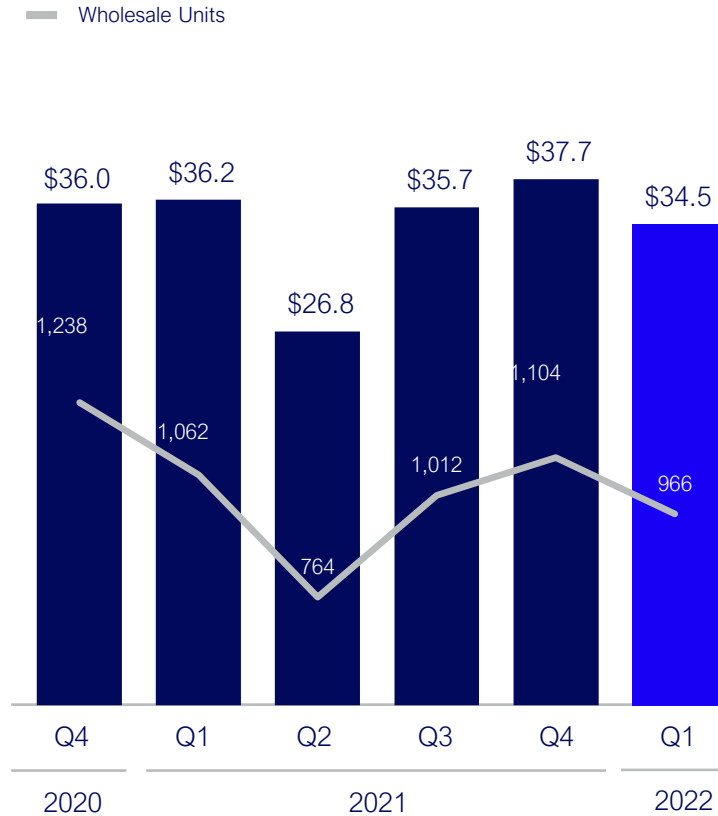


# Company

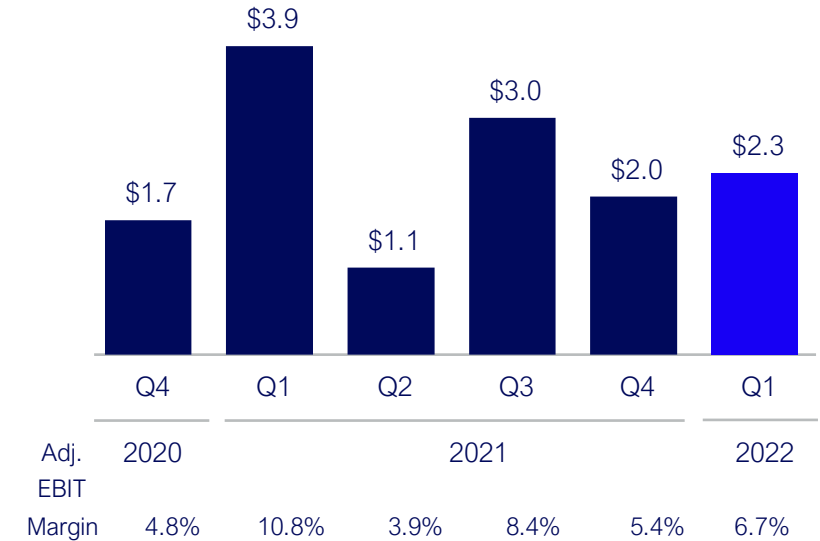
## Q1 Revenue And Adjusted EBIT

- Q1 wholesale is down 9%, driven by supply chain constraints
- Revenue down 5%, driven by lower volume, weaker currencies and unfavorable mix, offset partially by higher net pricing
- Adjusted EBIT down \$1.6B, driven by inflationary increases in commodity prices, lower volume and mix, offset partially by higher net pricing

Wholesale Units (000)  
& Revenue (\$B)



Adjusted EBIT (\$B)  
& EBIT Margin (%)

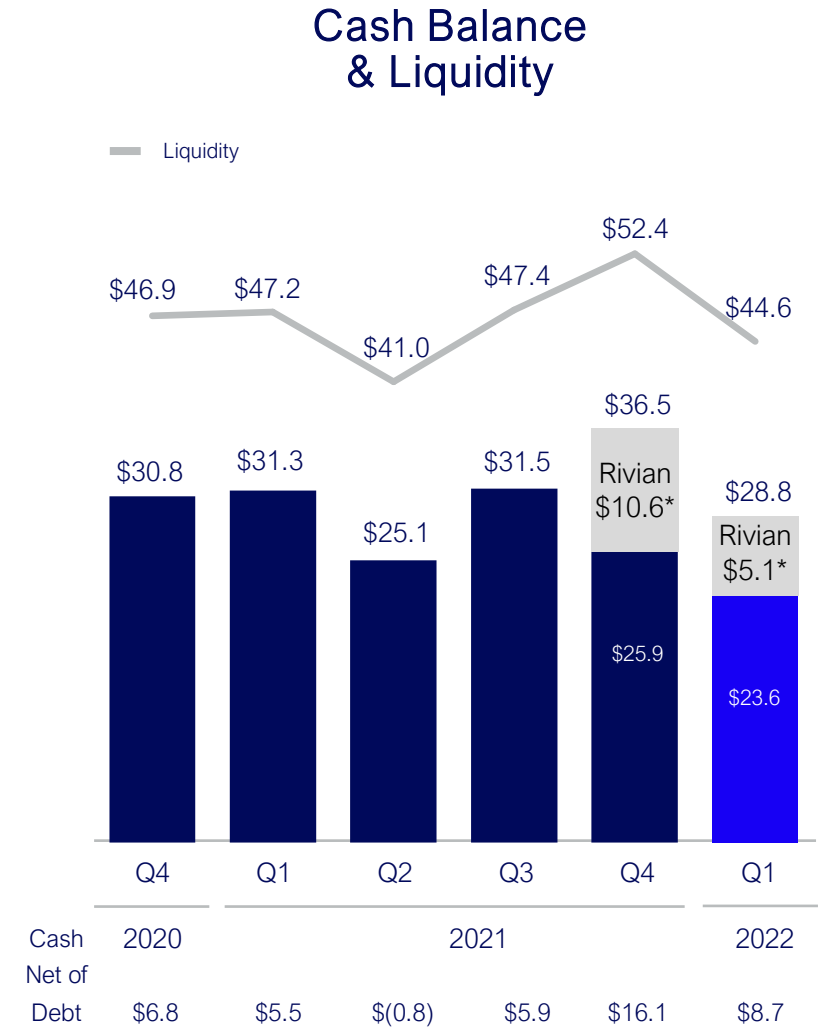
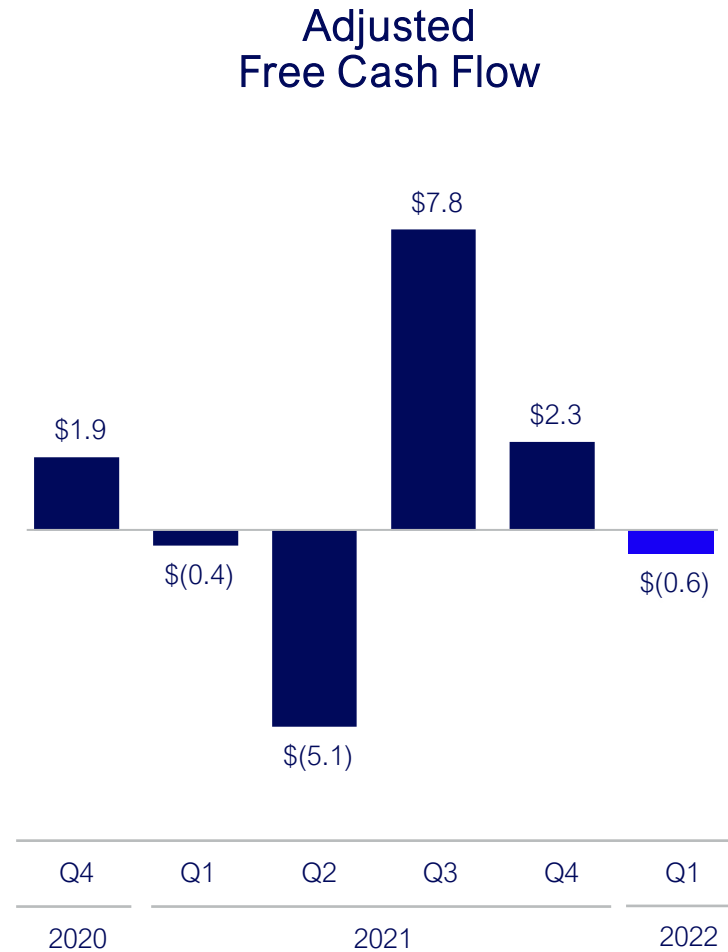




# Company

## Q1 Cash Flow, Cash Balance And Liquidity (\$B)

- Q1 Adjusted FCF of \$(0.6)B, driven by unfavorable timing differences and negative working capital due to higher inventory levels
- Strong cash and liquidity available to invest in growth



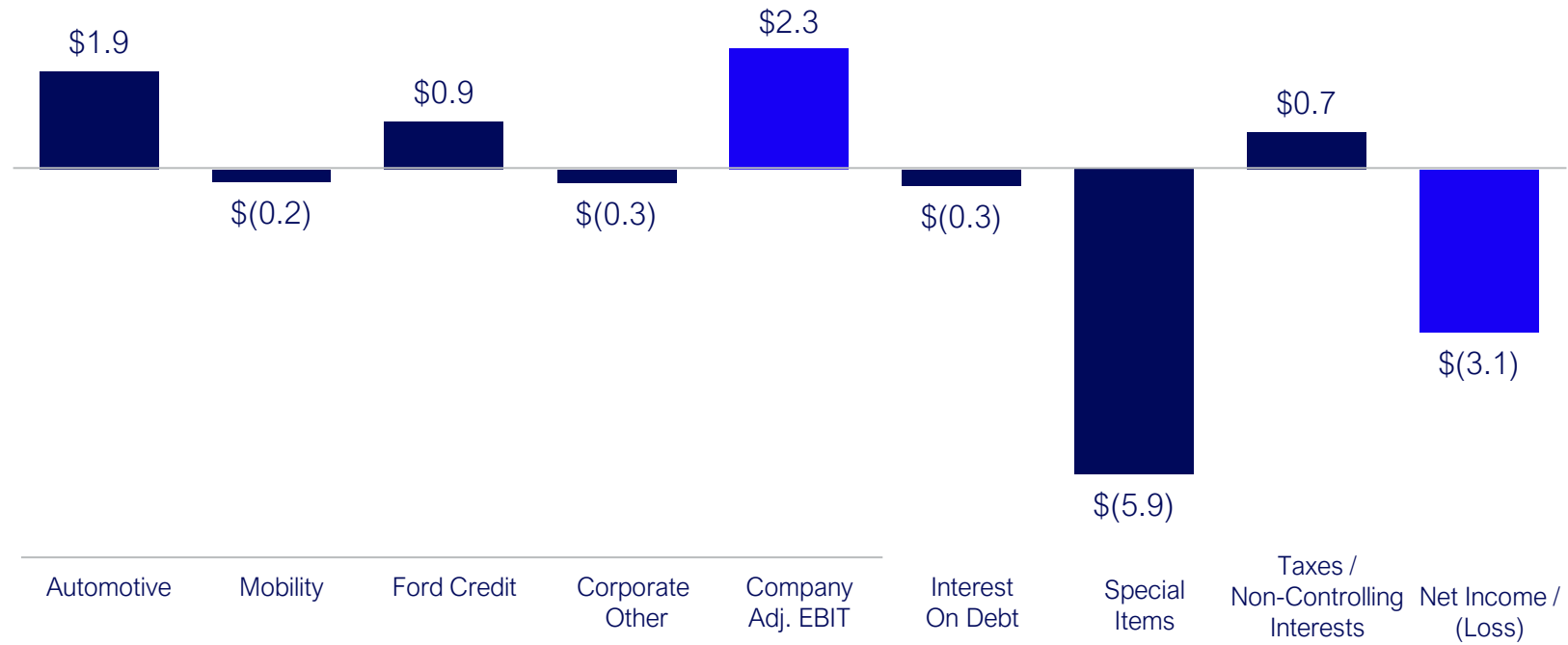
\* At December 31, 2021 and March 31, 2022, Rivian common shares were valued at \$103.69 and \$50.24, respectively, per share. Our investment is marked to market on a recurring basis and gains and losses could be material in any period. At April 26, 2022, Rivian common shares were valued at \$30.68 per share

# Company

## Q1 2022 Results

(\$B)

- Company Adjusted EBIT driven by Automotive and Ford Credit results
- Special Items include a \$5.4B mark-to-market loss on our Rivian investment



B / (W)

	Automotive	Mobility	Ford Credit	Corporate Other	Company Adj. EBIT	Interest On Debt	Special Items	Taxes / Non-Controlling Interests	Net Income / (Loss)
Q1 2021	\$(1.5)	\$(0.0)	\$(0.0)	\$(0.0)	\$(1.6)	\$0.2	\$(6.4)	\$1.4	\$(6.4)
Q4 2021	0.3	0.1	(0.1)	0.1	0.3	0.1	(15.5)	(0.3)	(15.4)





2022 Ford F-150  
Lightning



2022 Ford E-Transit



2022 Ford Mach-E



- Ford is committed to investing in electrification and sustainability to create a better world for generations to come
  - Current electric vehicle (EV) portfolio consists of Mach-E and recently launched F-150 Lightning and E-Transit
  - \$50 billion in planned global EV investments from 2022 through 2026
  - Expected EV capacity of 600K by end of 2023 and production of more than 2 million EVs annually by end of 2026
  - EV sales expected to be 50% of Ford's global sales and 100% of Lincoln sales by 2030
  - Carbon neutral by 2050
- Ford is committed to ESG within the capital markets as well
  - Introduced our Sustainable Financing Framework in November 2021
    - Achieved highest-possible 'Advanced' rating from Vigeo Eiris, which is globally recognized for ESG initiatives
    - The first framework to cover both the Auto OEM and its captive finance company
  - Issued \$2.5 billion inaugural Green Bond in November 2021, the largest Green Bond issuance by a U.S. corporate
  - Aligned \$17.2 billion of revolving corporate credit lines to sustainability-linked KPIs including scope 1, 2 and 3 emissions



# Ford Credit Update



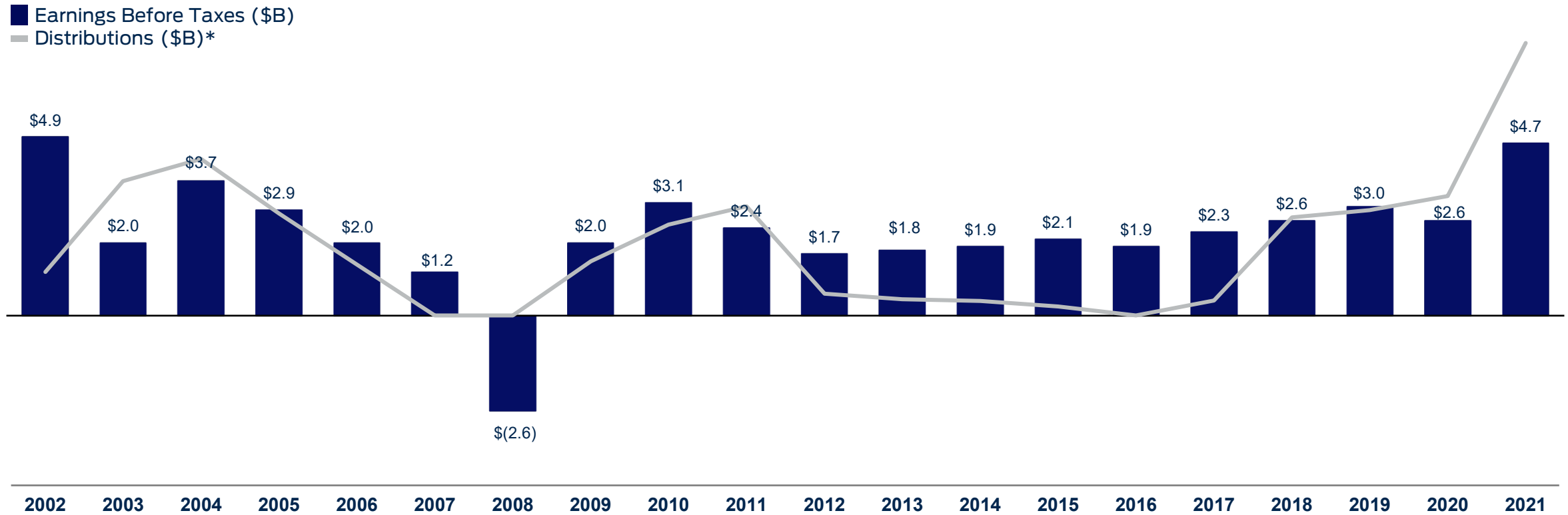
2022 Ford Maverick  
Hybrid XLT



| Ford Credit



# Ford Credit -- A Strategic Asset



Over The Last 20 Years, Ford Credit Generated  
\$46 Billion In Earnings Before Taxes And \$39 Billion In Distributions

\* Distributions for the year 2020 have been updated, as a result of our adoption of ASU 2019-12, Simplifying the Accounting for Income Taxes. Distributions for years prior to 2020 have not been updated in this chart.

# Ford Credit

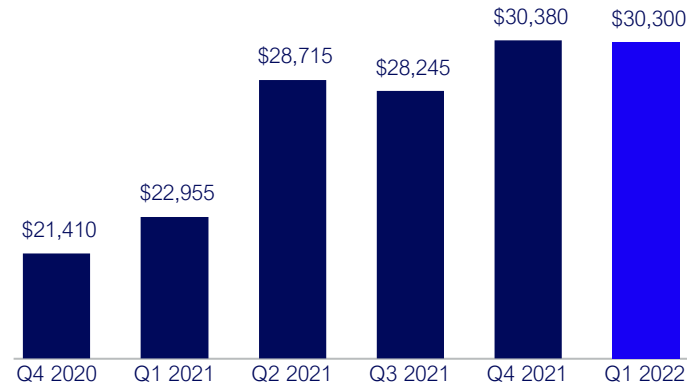
## Key Metrics

Best-in-class finance company

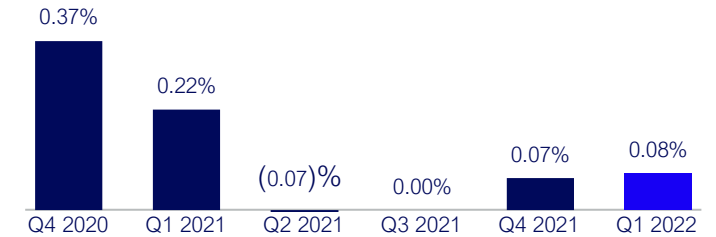


- FordPro FinSimple continues to expand services to commercial customers:
  - Credit line growth of 20% YoY in North America
  - Launched same-day approval and prearranged financing options for smaller commercial customers
- Expect strong auction values to continue amid supply constraints

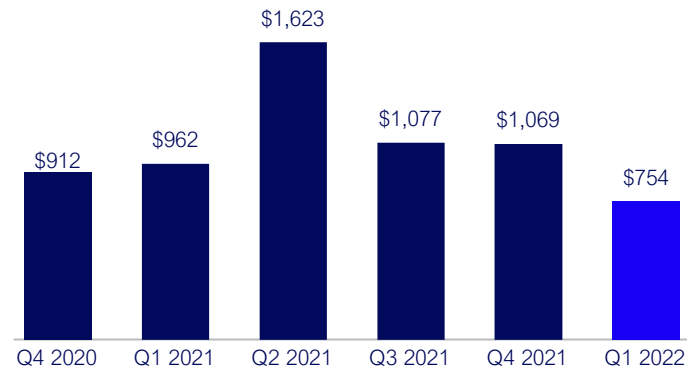
Auction Values (Per Unit) \*



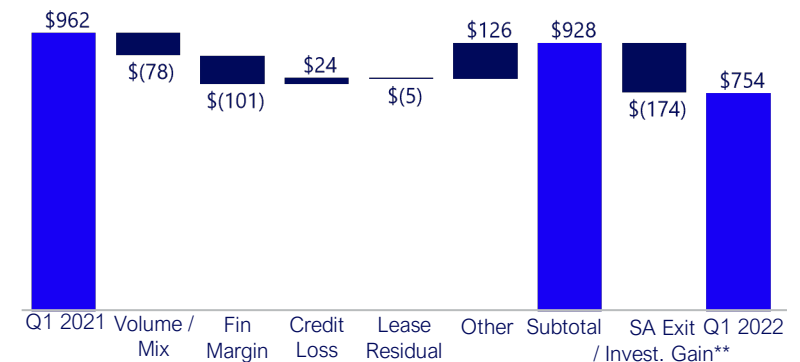
U.S. Retail LTR Ratio (%)



EBT (\$M)



Q1 EBT YoY (\$M)



Distributions

\$1,290   \$1,000   \$4,000   \$1,500   \$1000   \$1,000

\* U.S. 36-month off-lease auction values at Q1 2022 mix

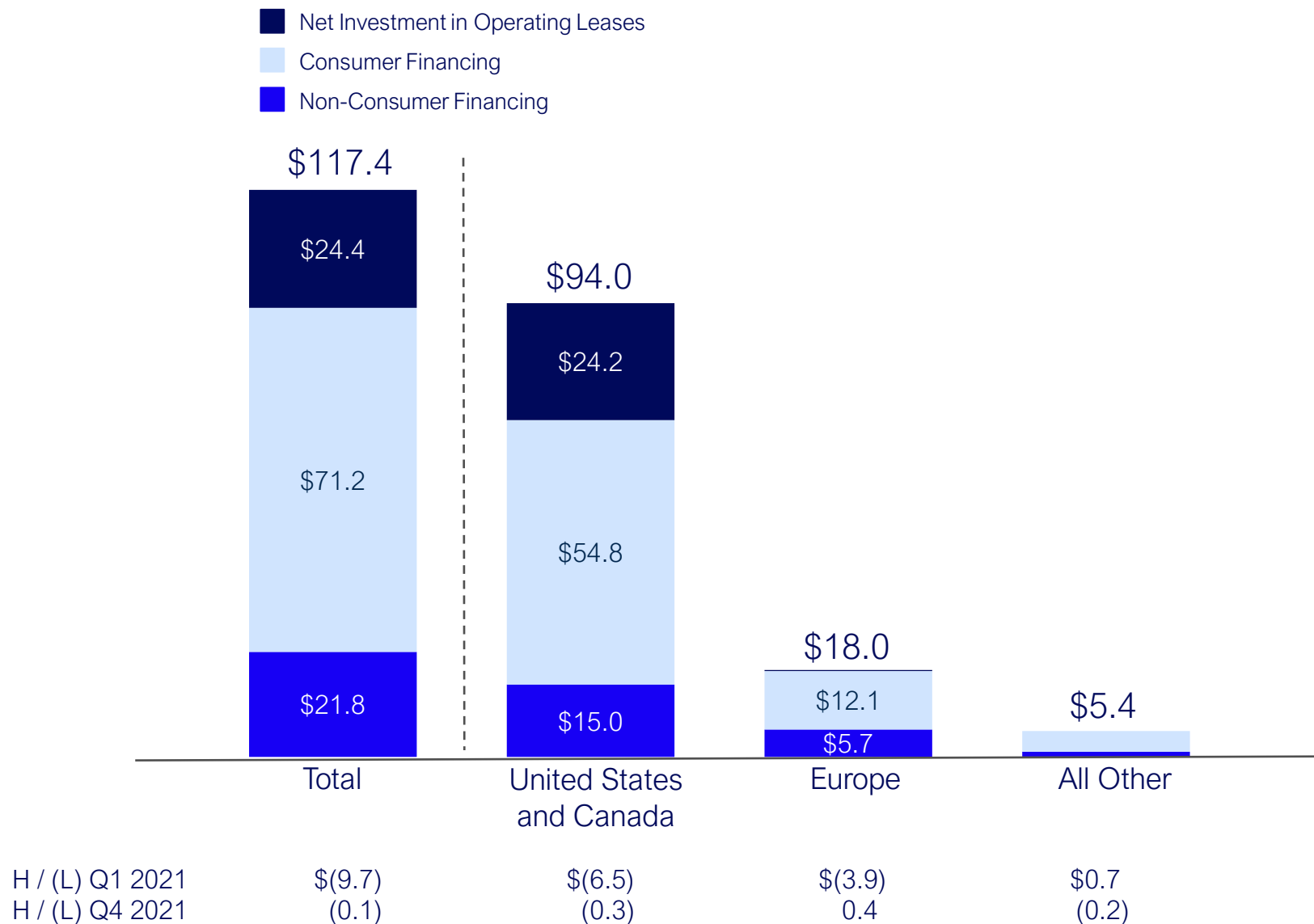
\*\* Includes \$(75)M eliminated in consolidation with Ford



# Q1 2022 Net Receivables Mix (\$B)



- Receivables declined \$9.7B YoY, resulting from lower volume due to supply constraints
- Operating lease portfolio was 21% of total net receivables



# U.S. Origination Metrics And Credit Loss Drivers

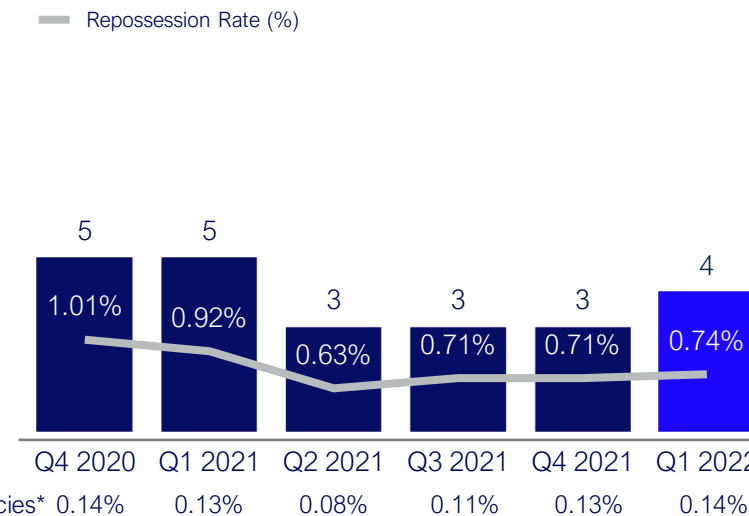
- Disciplined and consistent underwriting practices
- Portfolio quality evidenced by FICO scores and consistent risk mix
- Repossessions, net charge-offs and LTR Ratio remain low
- LTR Ratio reflects low losses and strong net recoveries during the period



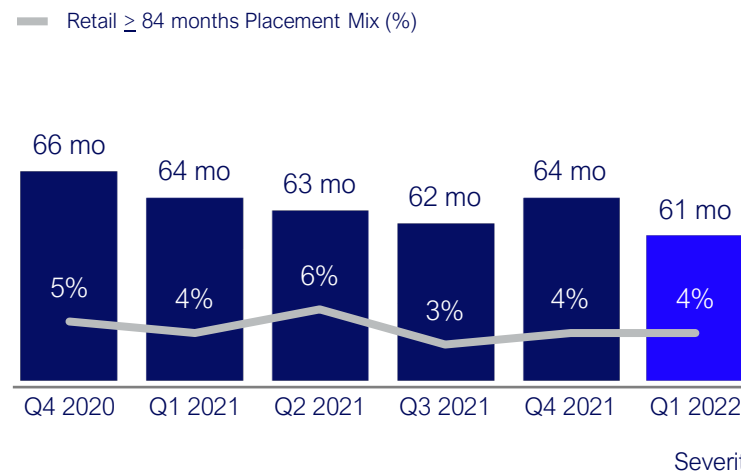
## Retail & Lease FICO and Higher Risk Mix (%)



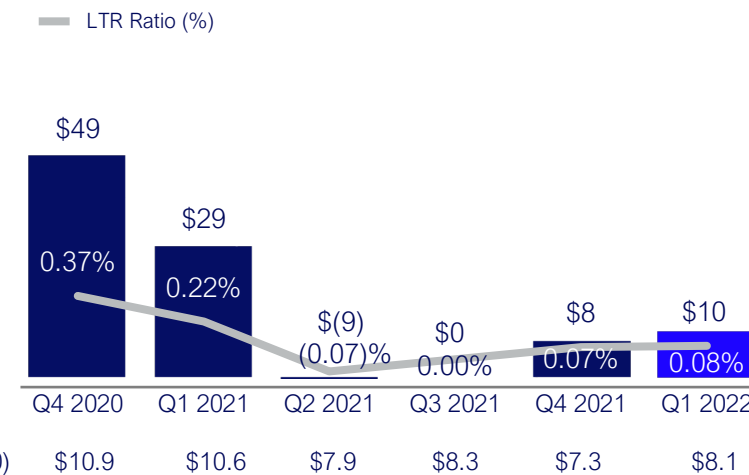
## Retail Repossessions (000) and Repossession Rate (%)



## Retail Contract Terms



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



\* Excluding bankruptcies



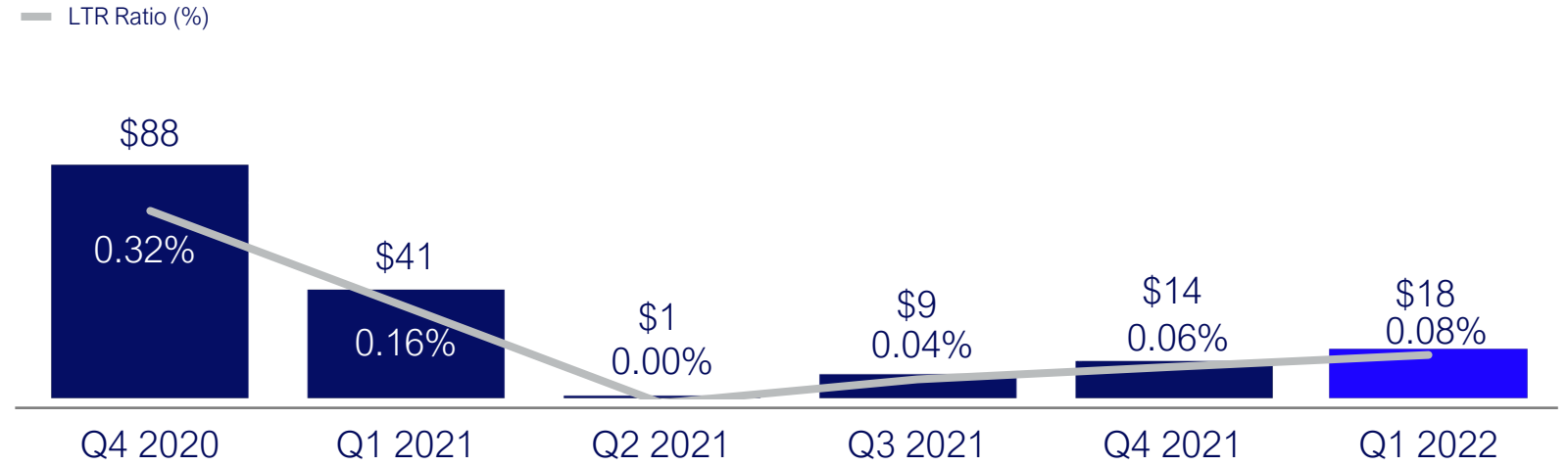
# Ford Credit

## Worldwide Credit Loss Metrics

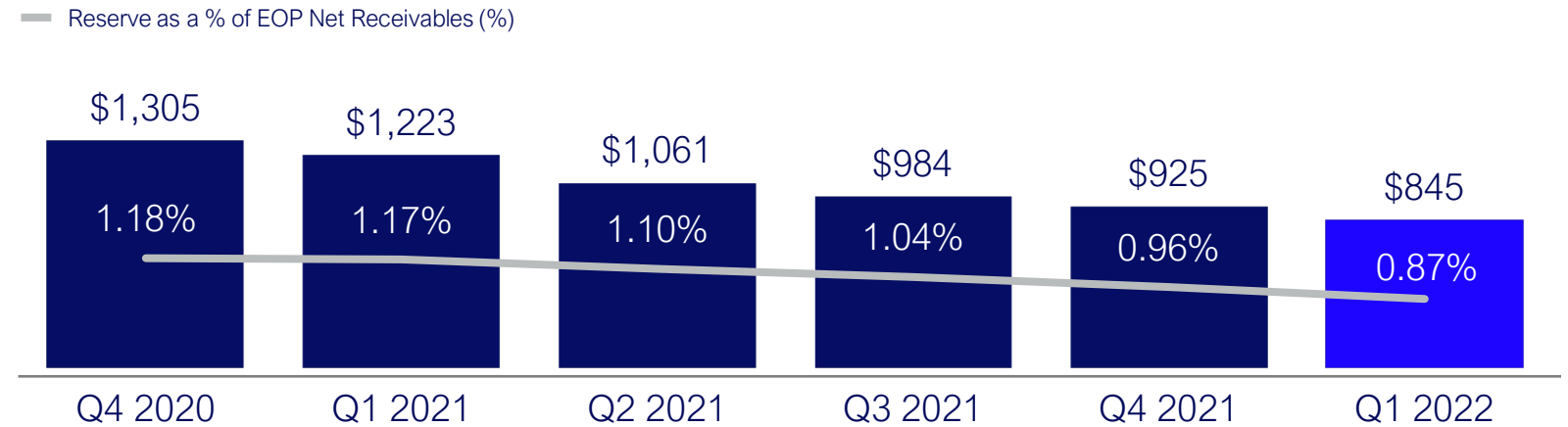


- Worldwide credit loss metrics remain strong and below year ago levels, reflecting continued low losses
- Credit loss reserve declined, reflecting expectation of lower lifetime losses

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



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

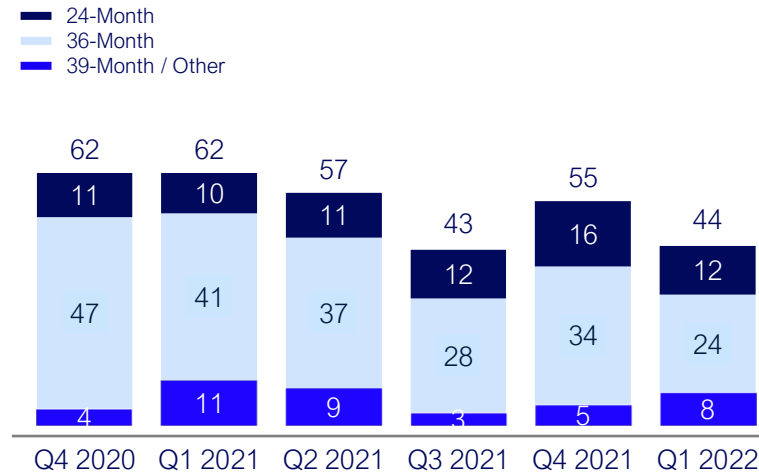


# Ford Credit U.S. Lease Metrics

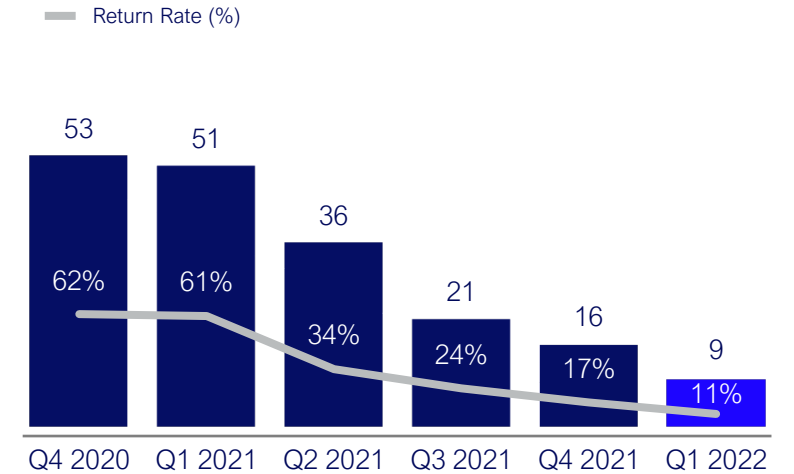


- Auction values up 32% YoY, reflecting continued strong demand for used vehicles and impact of supply constraints on new vehicle production
- Lower lease return volume and return rate reflect higher auction values
- Lease share continues to be below industry

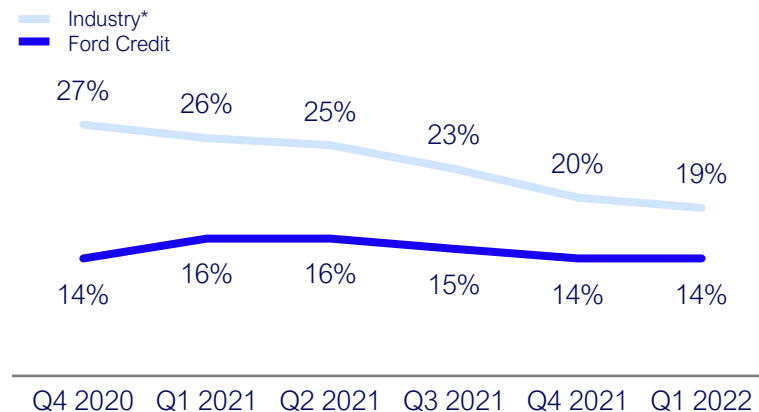
### Lease Placement Volume (000)



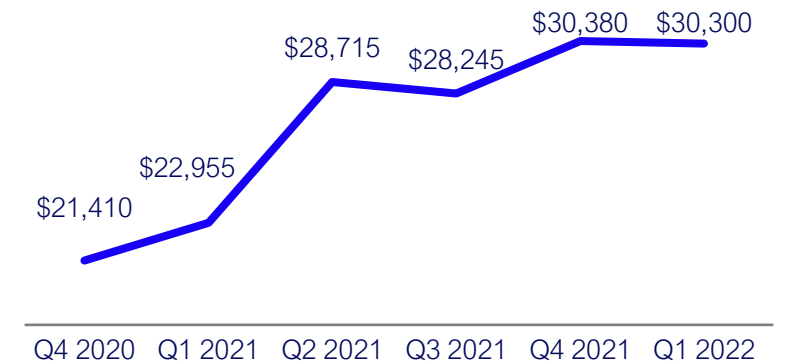
### Lease Return Volume (000) and Return Rates (%)



### Lease Share of Retail Sales (%)



### Off-Lease Auction Values (36-month, at Q1 2022 Mix)



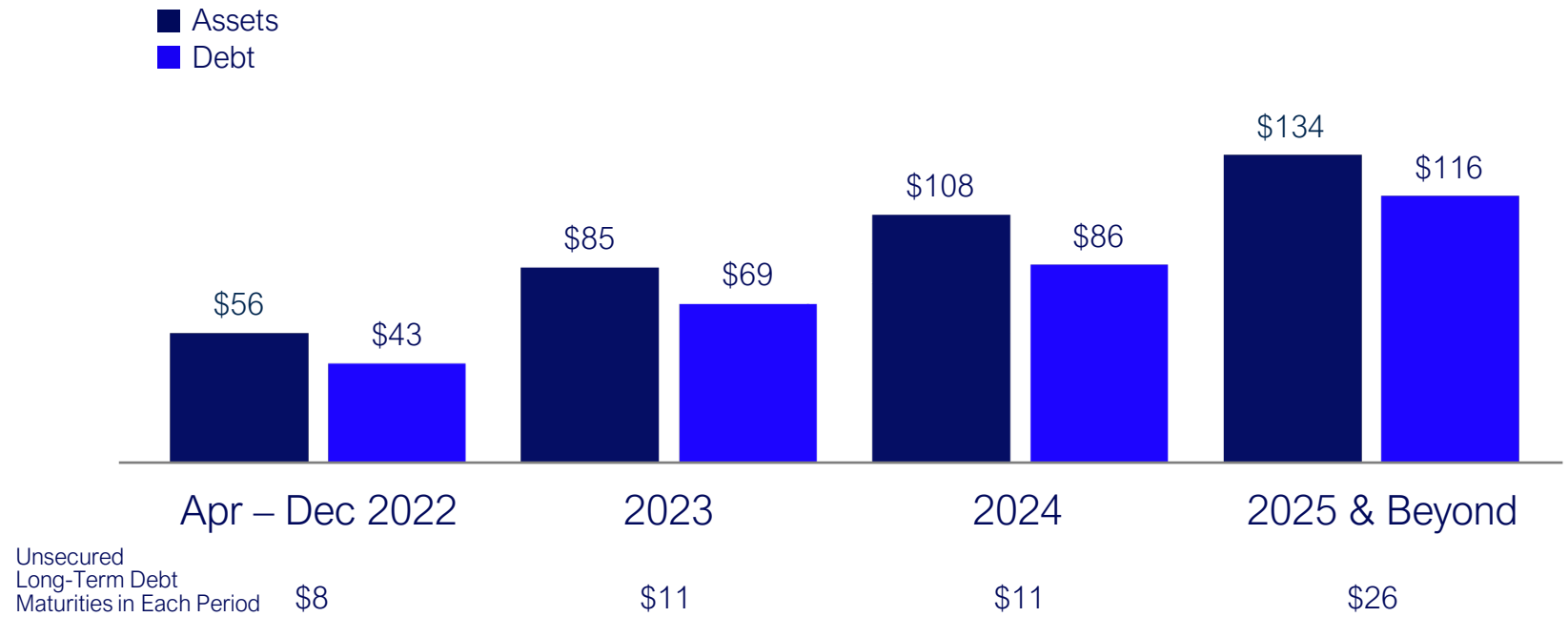
\* Source: J.D. Power PIN



# Ford Credit

## Cumulative Maturities At March 31, 2022\* (\$B)

- Strong balance sheet is inherently liquid with cumulative debt maturities having a longer tenor than asset maturities
- \$72B of \$134B assets are unencumbered



\* See Appendix for assets and debt definitions

# Funding Structure – Total Net Receivables (\$B)

- Well capitalized with a strong balance sheet; \$28B in net liquidity
- Funding is diversified across platforms and markets
- Financial Statement Leverage is within the target range of 9:1 to 10:1

	2021 Dec 31	2022 Mar 31
Term Unsecured Debt	\$ 59.4	\$ 55.1
Term Asset-Backed Securities	45.4	47.1
Ford Interest Advantage / Retail Deposits	12.9	13.3
Other	(0.2)	1.7
Equity	12.4	12.1
Adjustments for Cash	(12.4)	(11.9)
Total Net Receivables	<u>\$ 117.5</u>	<u>\$ 117.4</u>
Securitized Funding as Pct of Total Debt	38.5%	40.8%
Net Liquidity	\$ 32.0	\$ 28.4
Financial Statement Leverage	9.5	9.5

# Ford Credit

## Public Term Funding Plan (\$B)



- Completed \$10B of public issuance in 2022
- Strong balance sheet and substantial liquidity provide funding flexibility

	2020 Actual	2021 Actual	2022 Forecast*	Through June 30
Unsecured	\$ 14	\$ 5	\$ 8 - 11	\$ 4
Securitizations**	13	9	6 - 9	6
Total	<u>\$ 27</u>	<u>\$ 14</u>	<u>\$ 14 - 20</u>	<u>\$ 10</u>

\* As of April 27, 2022

\*\* Includes Rule 144A offerings



# North America Securitization Programs

Ford Credit has a long history in securitization with a publicly-registered securitization program for retail contracts that began in 1989. In recent history, Ford Credit has typically offered various asset-backed securities as summarized in the table below.

Program	Ticker	Asset Class	Structure	Typical AAA Term	Typical Offering Type
FCAOT	FORDO	US Retail	Amortizing	2a-7 to 3.2yr	Public
FCALT	FORDL	US Lease	Amortizing	2a-7 to 2.2yr	Public
FordREV	FORDR	US Retail	Revolving	5yr	144A
FCFMOTA	FORDF	US Wholesale	Revolving	3yr and 5yr	Public/144A
FAST	FAST	Canadian Retail	Amortizing	0.4 to 3.1yr	144A (US)

# 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, or raw materials can disrupt Ford’s production of vehicles;
- Ford’s long-term competitiveness depends on the successful execution of Ford+;
- 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, vehicles, and services could be affected by cyber incidents, ransomware attacks, 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, capacity limitations, 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, digital and physical services, and mobility services are subject to market acceptance and face significant competition from existing and new entrants in the automotive, mobility, and digital services industries;
- Ford’s near-term 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;
- Inflationary pressure and fluctuations in commodity prices, foreign currency exchange rates, interest rates, and market value of Ford or Ford Credit’s investments, including marketable securities, 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 and Ford Credit could experience unusual or significant litigation, governmental investigations, or adverse publicity arising out of alleged defects in products, services, 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 Annual Report on Form 10-K for the year ended December 31, 2021, as updated by subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.

# U.S. Retail/Lease Origination and Servicing Strategy





# Origination Process

- Dealers submit credit applications and proposed financing terms electronically to Ford Credit
- Ford Credit obtains a credit report for the applicant(s) and uses its proprietary origination system to complete compliance and other checks, including fraud alerts and ID variations
- Credit decisions are made electronically or by an analyst and returned electronically to dealers
- The origination process is not governed by strict limits and is judgment-based, using well-established purchasing guidelines and control processes to support consistent credit decisions
- Purchase quality guidelines set portfolio targets for lower and marginal quality contracts
- Risk factor guidelines are applicable to specific application attributes including affordability measures such as payment-to-income and debt-to-income ratios, LTV, FICO® score and term
  - For less creditworthy applicants or if there is a discrepancy in the information provided by the applicant, the credit analyst may verify the identity, employment, income, residency and other applicant information using Ford Credit's procedures before making a decision
- Credit analysts' decisions are reviewed regularly to ensure they are consistent with origination standards and credit approval authority
- Risk management portfolio performance is analyzed quarterly

# Origination Scoring Models

- Ford Credit's origination scoring models were developed internally based on Ford Credit's portfolio databases of millions of contracts originated over several decades. The model development process identifies key variables used to assign the applicant a proprietary risk score based on the probability of the applicant paying the amounts due under their contract
- In October 2018, Ford Credit began redeveloping certain of its origination scoring models for consumer credit applicants using advanced statistical tools to improve data interactions and evaluate and create more predictive variables. Those redeveloped models can sometimes place greater emphasis on newly created variables with relatively less emphasis on traditional variables such as an applicant's FICO® score, which in turn enhance the model's ability to assess risk and more accurately assign a proprietary risk score
- Ford Credit regularly reviews its models to confirm the business significance and statistical predictability of the variables
  - Origination scoring model performance review
  - Scorecard Cycle Plan Committee review
- New origination scoring models are developed on a regular cycle plan
- Adjustments may be made to improve the performance of the origination scoring models between development cycles to react quickly to portfolio performance shifts and macroeconomic conditions. Adjustments may include:
  - Uniformly changing the overall credit risk scores
  - Modifying the weight of selected variables
- Launch dates for the most recently redeveloped origination scoring models are as follows:

U.S. Scoring Models	Redevelopment Date
Consumer	January 2018, May 2022*
Commercial	January 2019
Commercial Line of Credit	April 2022

\* For certain FICO segments

# Behavioral Scoring Models

- Ford Credit uses proprietary behavioral scoring models to assess the probability of payment default for each receivable on its payment due date
- These models assess the risk of a customer defaulting using a number of variables, including origination characteristics, customer account history, payment patterns, expected net losses and periodically updated credit bureau information
- Output of the behavioral scoring models is a proprietary score (probability of default) that determines:
  - How soon a customer will be contacted after a payment becomes delinquent
  - How often the customer will be contacted during the delinquency
  - How long the account will remain in early stage collections before it is transferred to late stage
- New behavioral scoring models are developed on a regular cycle plan
- Ford Credit regularly reviews the behavioral scoring models to confirm the continued statistical predictability of the variables. Adjustments may be made to improve the performance of the behavioral scoring models between development cycles
- Completed launch dates of the most recently redeveloped behavioral scoring models are as follows:

U.S. Scoring Models	Redeveloped Date
Consumer	July 2021
Commercial	January 2019



# U.S. Retail Securitization

July 2022



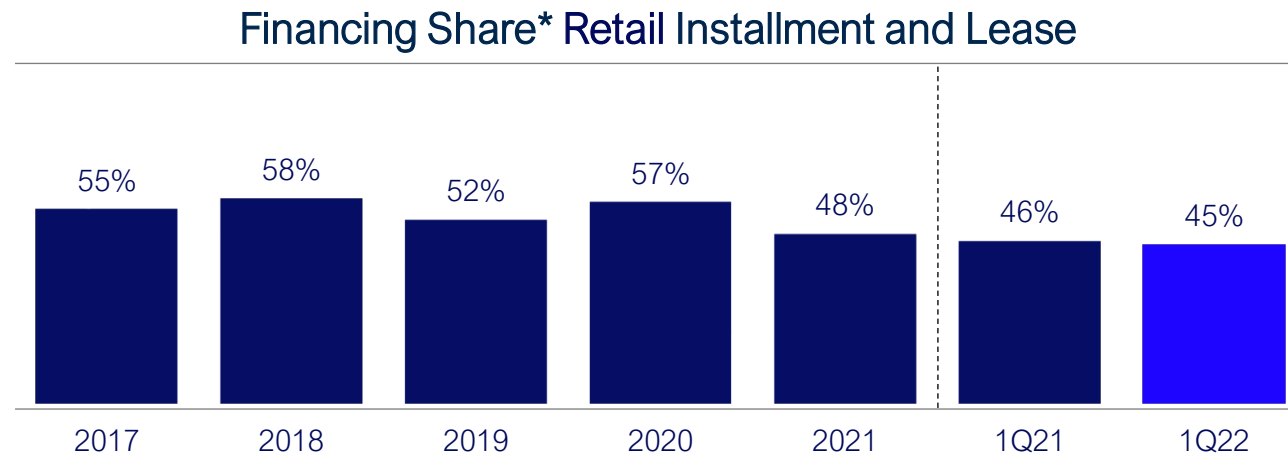
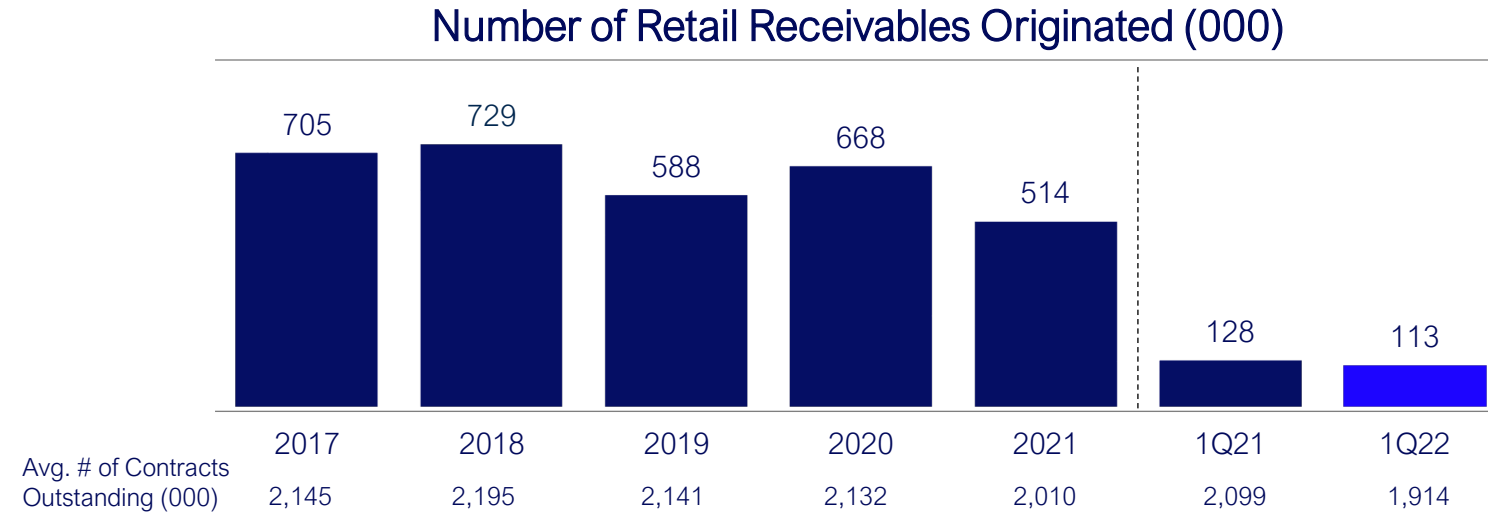
# Overview

- Ford Credit has been originating retail installment sales contracts since 1959 and securitizing its retail contracts since 1988
- Ford Credit has had an active publicly-registered securitization program for retail contracts since 1989 and has issued asset-backed securities in more than 85 transactions under this program
- Ford Credit offers retail asset-backed securities through various channels:
  - Publicly-registered transactions
  - Rule 144A transactions
  - Other private transactions
- Collateral composition has trended in line with the industry and Ford Credit's strategy
  - Securitized pools selected randomly from Ford Credit's eligible portfolio
  - Receivables with original terms up to 84 months have been included in widely-distributed retail transactions since 2020
- Structural elements have remained consistent – minimal adjustments over the past 15 years

# U.S. Retail Securitization U.S. Originations and Share



- Ford Credit provides support for Ford and Lincoln dealers and customers through all business cycles
- Originations volume down in 2021 and continues to be low in 1Q22, primarily reflecting the non-recurrence of 2020 COVID-19 related incentive programs and lower Ford sales and incentives due to the chip shortage



\* Retail Installment and lease share of Ford/Lincoln retail sales (excludes fleet sales)

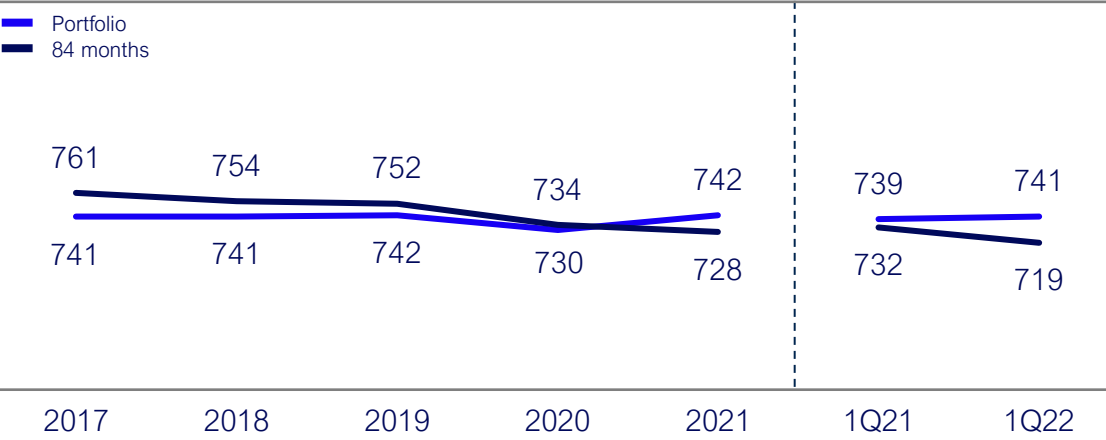


# U.S. Retail Securitization

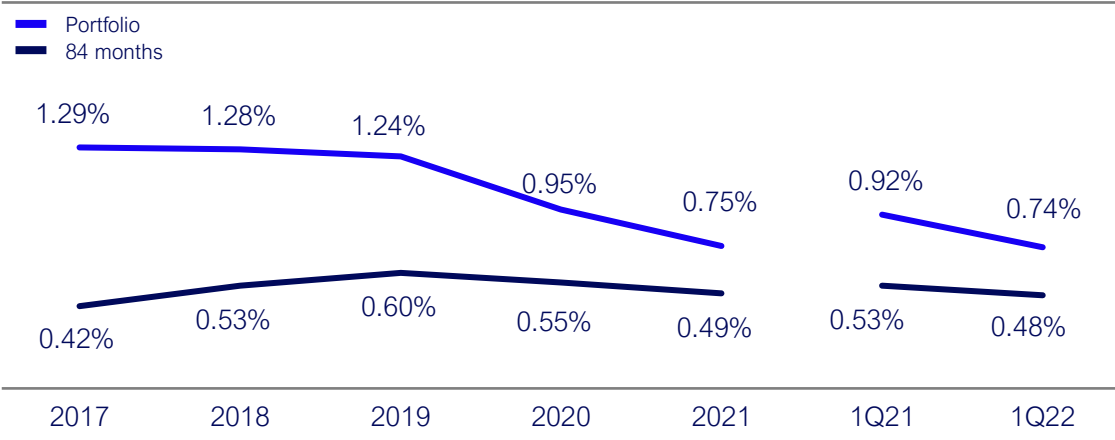
## Portfolio Credit Metrics



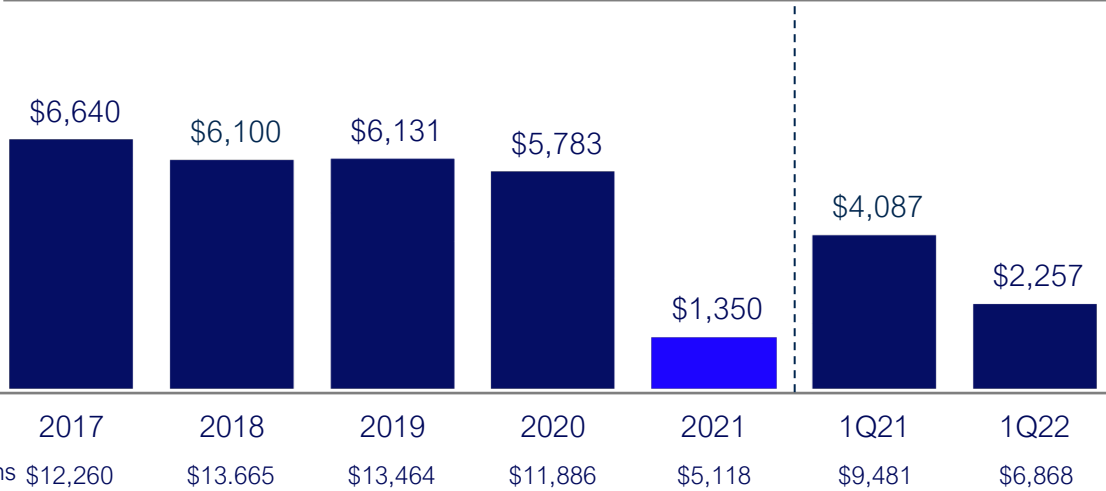
Weighted Average FICO® at Origination\*



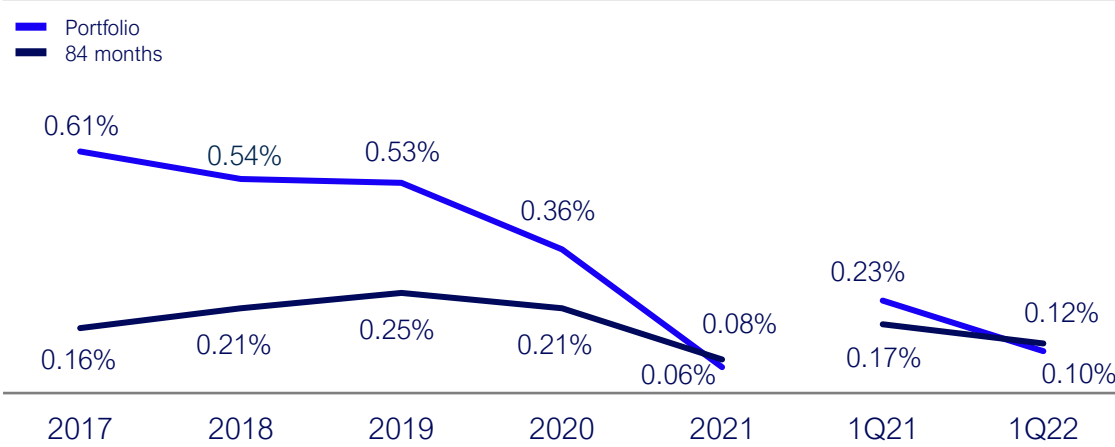
Repossessions as a % of the Average Number of Contracts Outstanding



Average Net Loss on Charged-Off Contracts



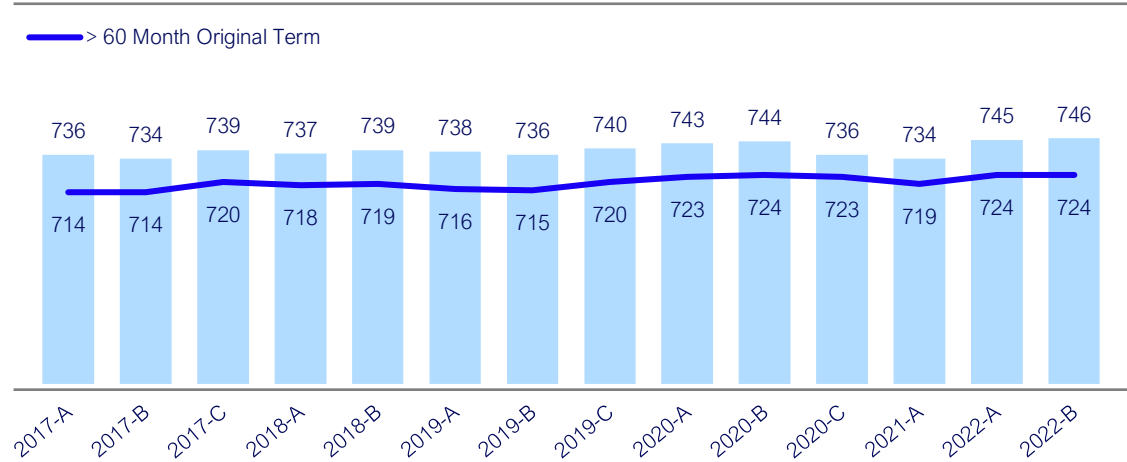
Net Losses as a % of the Average Portfolio Outstanding



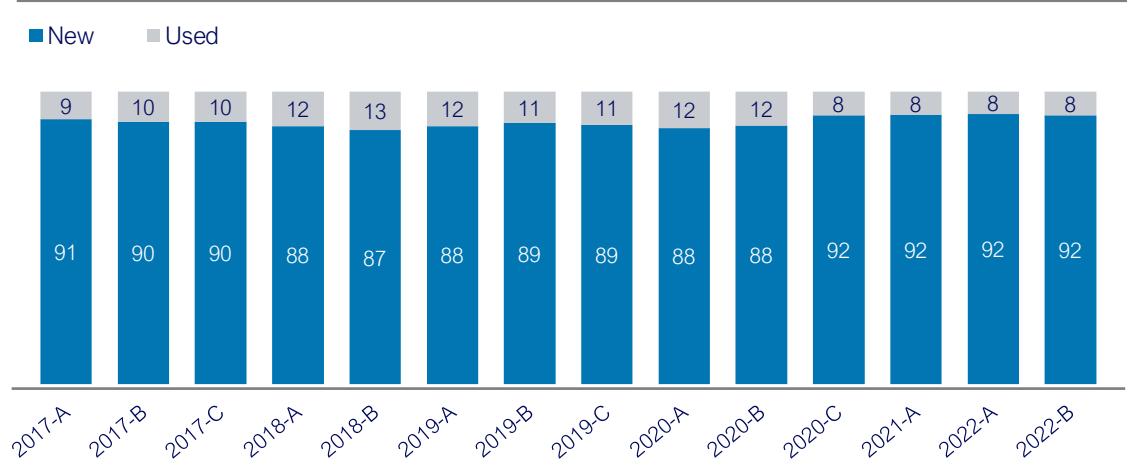


# Securitization Pool Metrics

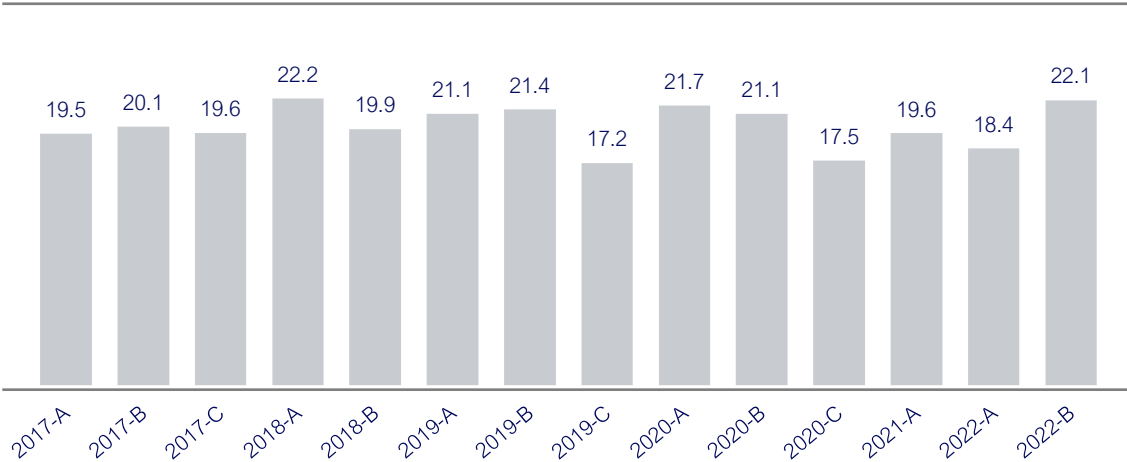
Weighted Average FICO at Origination



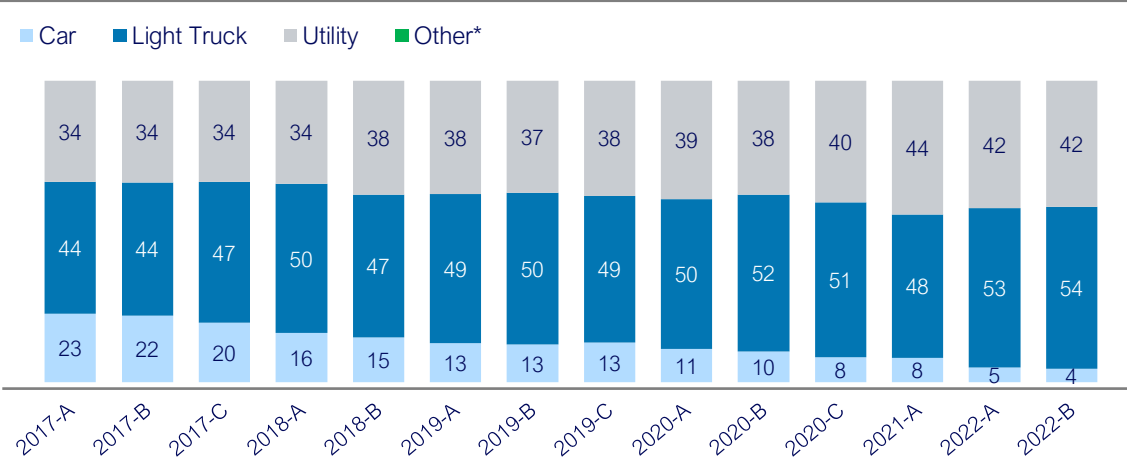
New / Used (%)



Commercial Use (%)



Car / Light Truck / Utility (%)

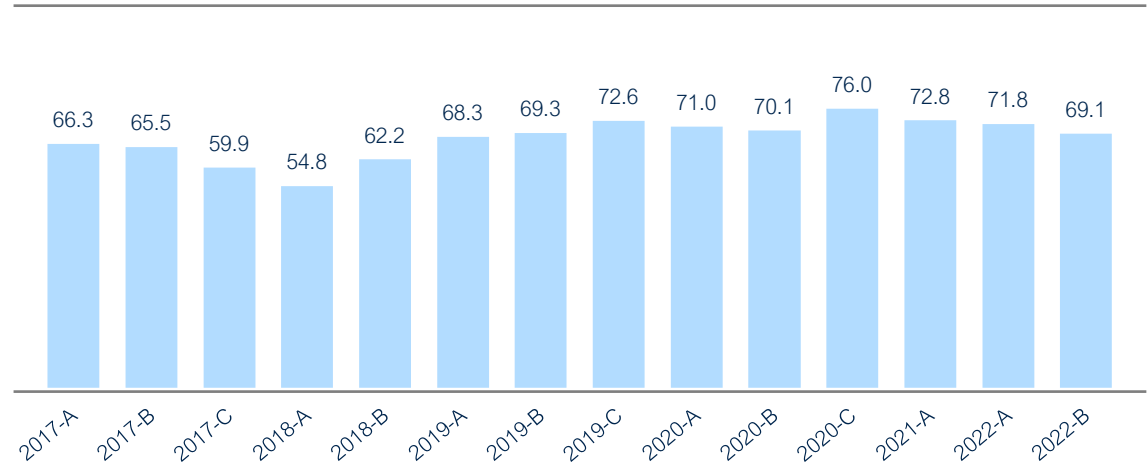


\* Primarily non-Ford, Lincoln and Mercury vehicles, which Ford Credit does not categorize

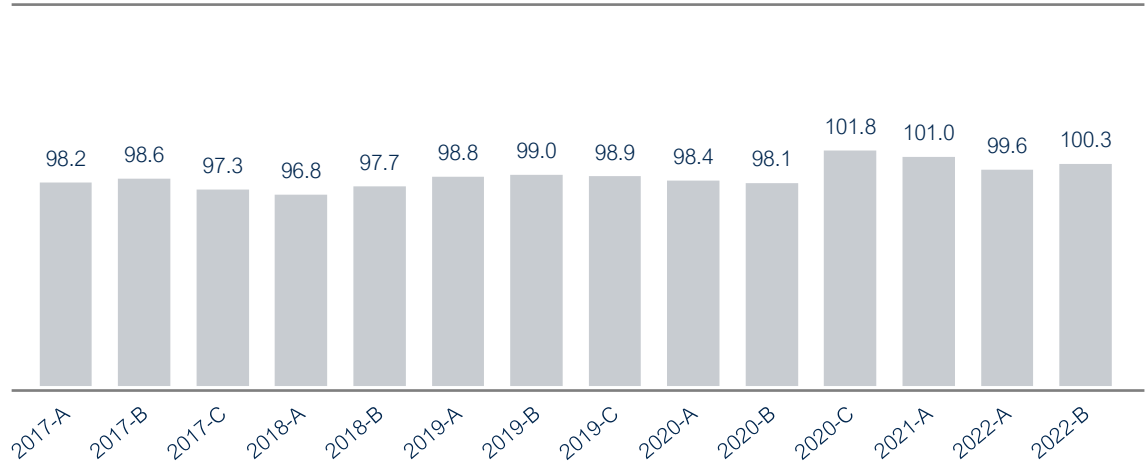


# Securitization Pool Metrics (Cont'd)

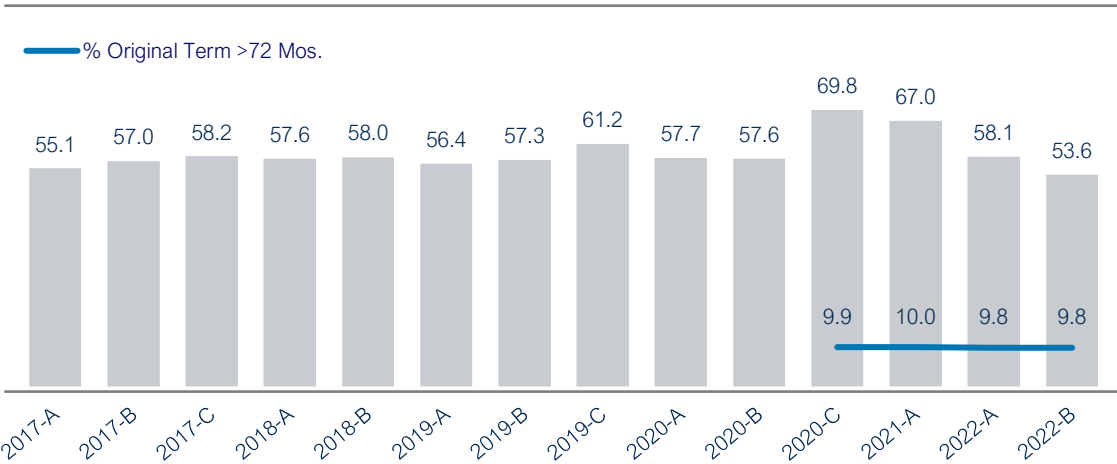
Subvened-APR Receivables (%)



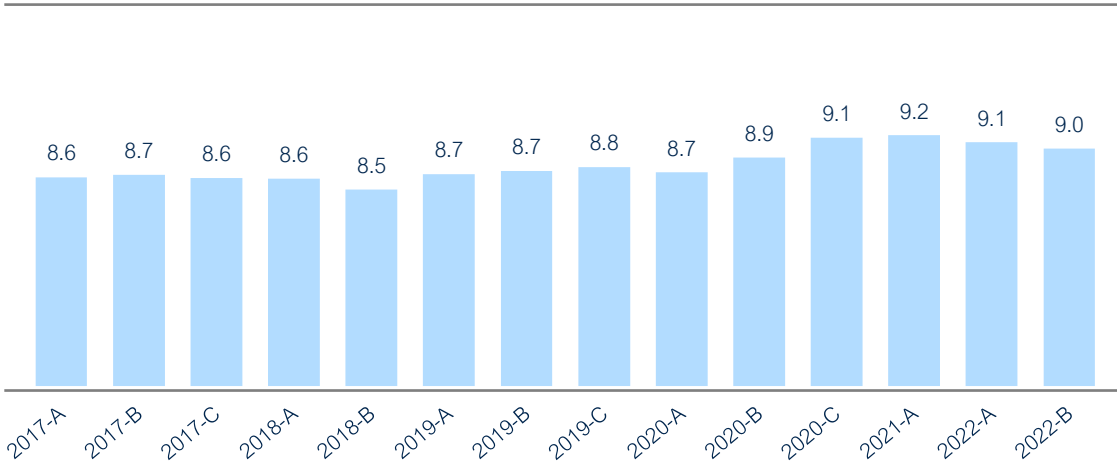
Weighted Average Loan-to-Value (%)



Original Term > 60 Mos. by Principal Balance (%)



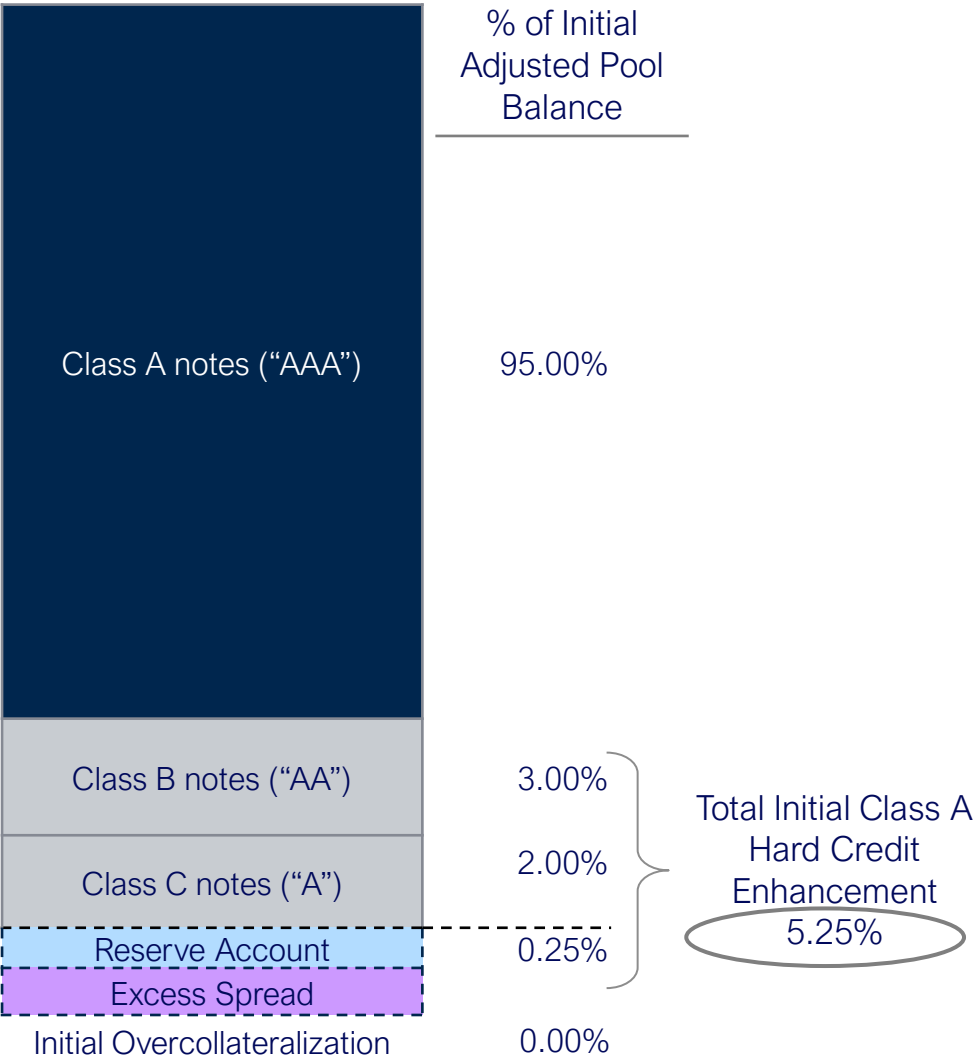
Weighted Average Payment-to-Income (%)



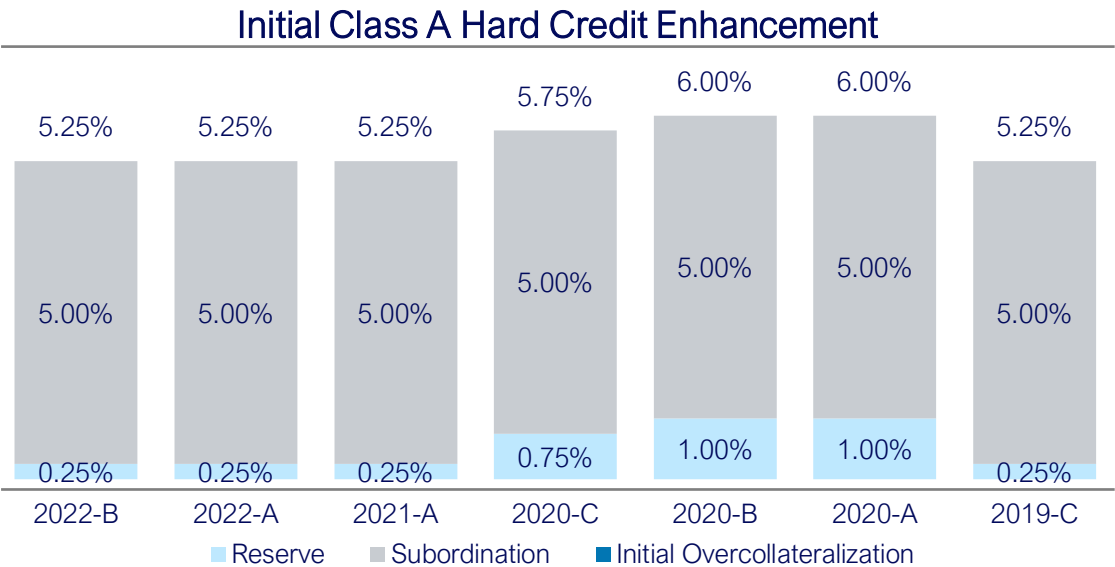




# Structure Overview

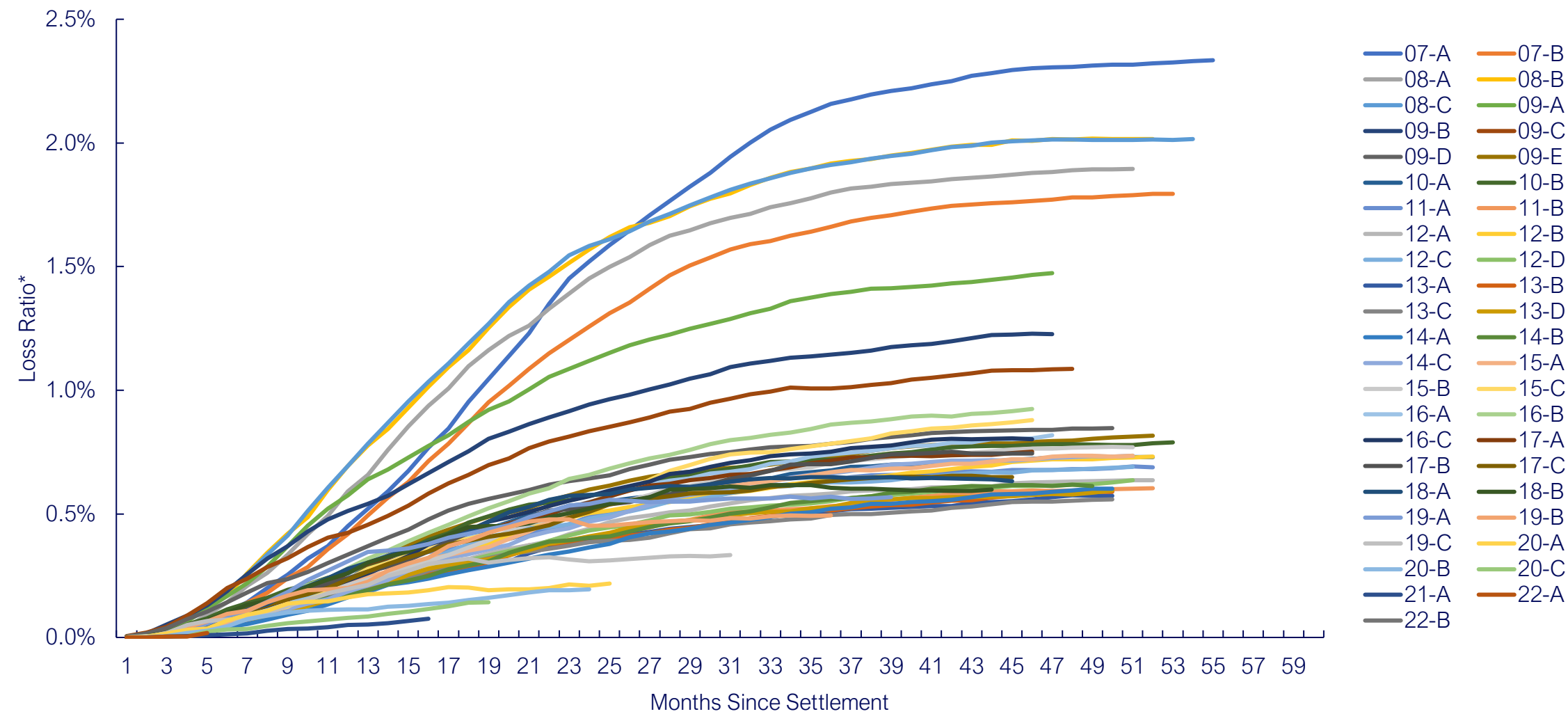


- Senior/subordinate, sequential pay structure
- Credit enhancement largely consistent over the life of the program:
  - Subordination of junior notes
  - Cash reserve
  - Excess spread (used to build target overcollateralization)
- Overcollateralization (OC) builds to a target amount
  - Available funds pay the Class A1 notes in full ("turbo") and target OC amount is reached before any funds are released to the residual interest
- Target OC is the sum of:
  - Yield supplemental overcollateralization (YSOC)
  - 2.0% of initial adjusted pool balance
  - Excess of 1.5% of current pool balance over reserve account





# Retail Pool Performance: Cumulative Net Losses



\* Data reflected through the May 2022 collection period

# U.S. Revolving Extended Variable-Utilization Securitization (Ford REV)





# Overview

- Since May 2014, Ford Credit has offered 16 Revolving Extended Variable Utilization (FordREV) transactions
  - At present, over \$12B in outstanding notes
  - Features a 5-year revolving period (2018-REV1 has a 7-year tenor) and subsequent soft-bullet maturity
  - 2022-REV1 is the most recent issuance, with Class A notes of \$1B
  - Seven FordREV transactions have already been redeemed, each at its the expected final payment date
- FordREV notes consist of a AAA-rated senior tranche and three subordinated classes of notes\*
- FordREV notes are backed by U.S. retail auto receivables originated by Ford Credit – comparable to the receivables in its U.S. publicly-registered retail securitization program
  - During the revolving period, monthly collections are deposited in an accumulation account and are available to purchase additional receivables
  - FordREV notes may be backed by a combination of receivables and cash
  - Pool concentration limits safeguard the quality of the collateral backing the notes
- The notes are expected to be redeemed in full at the end of the revolving period
  - Step-up or make-whole amounts may otherwise be payable

\* The third and most subordinated class of note (the Class D Note) was first offered in April 2021 as part of 2021-REV1; all prior FordREV transactions offered two subordinated classes of notes

# Initial Pool Comparison

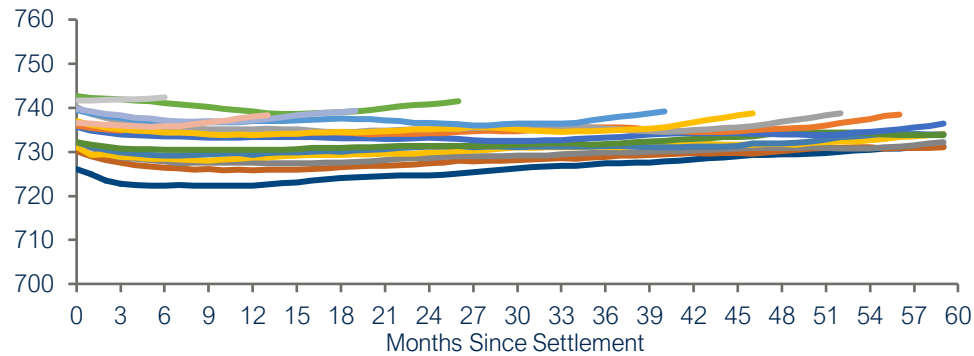
	2022-REV1	2021-REV2	2021-REV1	2020-REV2	2020-REV1	2019-REV1	2018-REV2	2018-REV1
Aggregate Principal Balance	\$ 1,255,079,725	\$1,202,236,910	\$1,202,369,995	\$1,703,555,858	\$1,837,350,385	\$1,483,752,776	\$1,343,549,401	\$2,449,902,152
Number of Receivables	40,215	40,944	39,243	54,553	66,019	51,344	50,063	90,622
Average Principal Balance	\$ 31,209	\$ 29,363	\$ 30,639	\$ 31,228	\$ 27,831	\$ 28,898	\$ 26,837	\$ 27,034
WA APR*	2.60%	2.89%	2.61%	2.16%	3.00%	3.38%	3.63%	3.20%
WA Original Term (mos.)*	65	66	67	67	66	65	65	66
WA Remaining Term (mos.)*	54	54	57	59	56	58	56	58
WA Seasoning (mos.)*	11	11	10	8	10	8	9	8
% Original Term > 60 mos.	53.54%	59.91%	64.79%	69.56%	59.16%	57.31%	56.86%	60.27%
% Original Term > 72 mos.	7.82%	7.87%	7.96%	7.96%	0.00%	0.00%	0.00%	0.00%
% Original Term = 84 mos.	4.81%	4.47%	4.11%	3.56%	0.00%	0.00%	0.00%	0.00%
WA FICO® Score*	746	742	736	740	743	739	737	740
% Commercial Use	20.45%	18.94%	20.78%	16.89%	20.87%	20.11%	22.45%	20.02%
% Car	4.70%	6.00%	8.06%	9.10%	11.52%	13.69%	16.14%	18.27%
% Light Truck	52.84%	47.93%	47.33%	51.65%	50.46%	47.79%	49.47%	48.22%
% Utility	42.46%	46.07%	44.61%	39.25%	38.02%	38.53%	34.39%	33.51%
% New	92.81%	91.43%	92.39%	91.75%	89.19%	87.90%	87.98%	90.44%
% Used	7.19%	8.57%	7.61%	8.25%	10.81%	12.10%	12.02%	9.56%
% State Concentration (top 3)	16.94% - TX	16.62% - TX	15.35% - TX	16.43% - TX	17.95% - TX	17.63% - TX	16.97% - TX	15.91% - TX
	10.48% - CA	10.40% - CA	10.90% - CA	9.03% - CA	9.98% - CA	8.05% - CA	10.21% - CA	10.39% - CA
	7.80% - FL	7.80% - FL	7.83% - FL	7.75% - FL	7.49% - FL	7.83% - FL	7.79% - FL	8.06% - FL

\* Weighted averages are weighted by the principal balance of each receivable on the cutoff date for the initial receivables

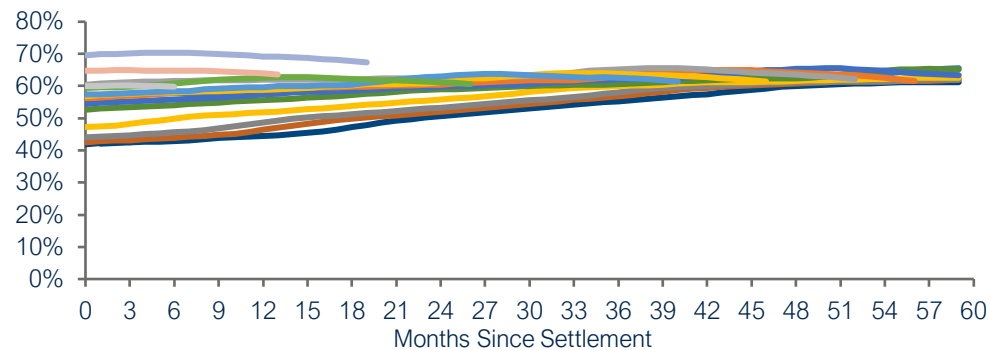
# Key Collateral Attributes

- Trends in Ford Credit's originations and amortization of sold receivables gradually affect the key collateral attributes of FordREV transactions as additional receivables are purchased by the trust

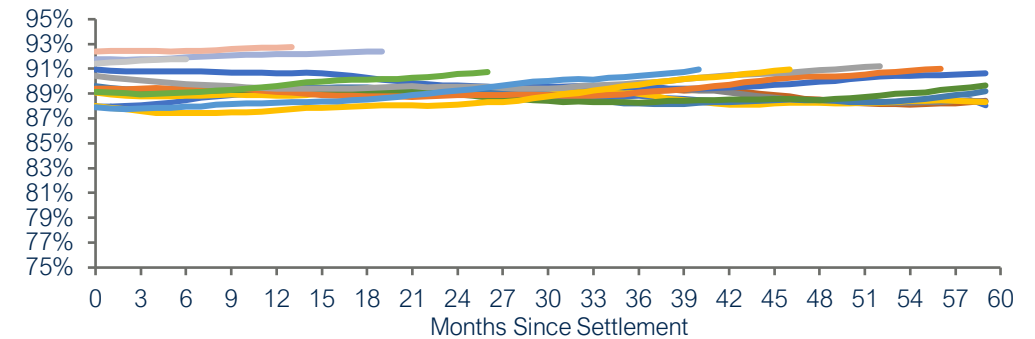
## Weighted Average FICO at Origination\*



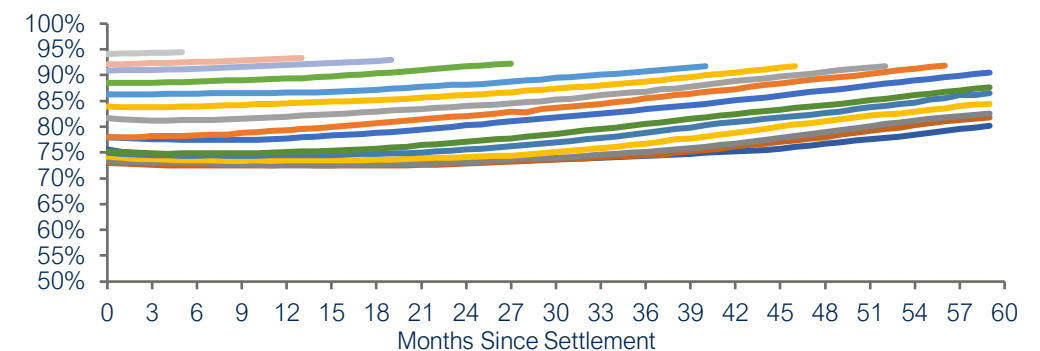
## Original Term > 60 Months\*



## New Vehicle Concentration\*



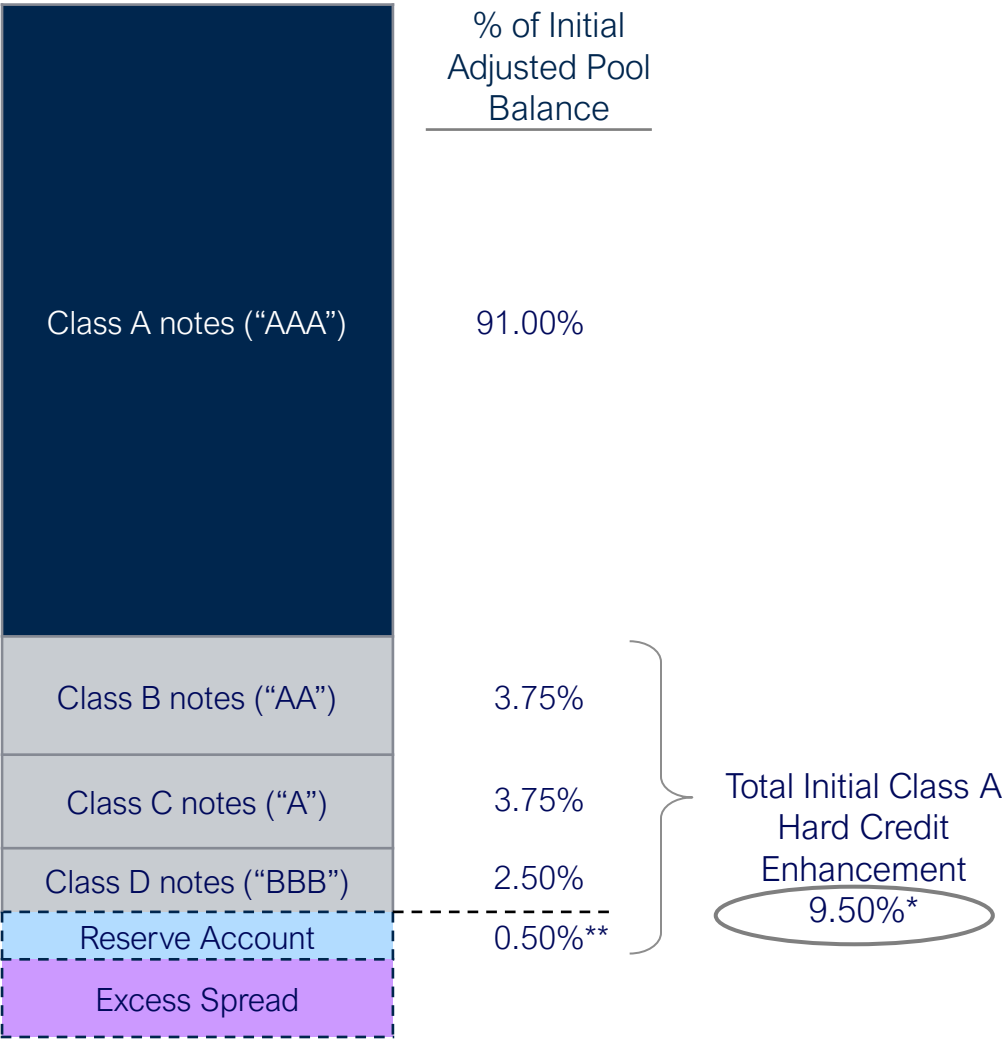
## Light Truck & Utility Vehicles\*



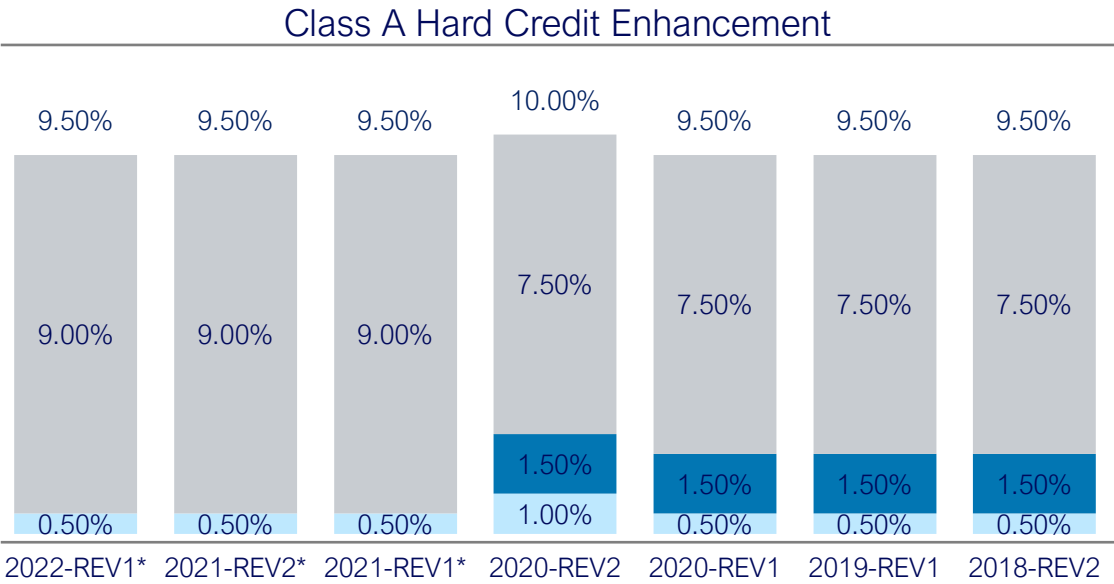
2014-REV1 2014-REV2 2015-REV1 2015-REV2 2016-REV1 2016-REV2 2017-REV1 2017-REV2  
 2018-REV1 2018-REV2 2019-REV1 2020-REV1 2020-REV2 2021-REV1 2021-REV2 2022-REV1

\* Entire pool as of the cutoff date for the collection period, including ineligible receivables, if any; data reflected through the May 2022 collection period

# Structure Overview



- Credit enhancement largely consistent over the life of the program
  - The subordinate Class D tranche was first offered in April 2021 as part of 2021-REV1
  - 2020-REV2, the first transaction after the start of the pandemic, included an increased reserve
- Servicer may substitute collateral with cash
  - Adjusted pool balance may not be less than 50% of the principal amount of the notes without triggering an amortization event



\* Inclusive of credit enhancement provided by the Class D note that is collateralized on an adjusted pool basis only

\*\* Decreases to 0.25% during the amortization period through priority of payments



# Pool Composition Test

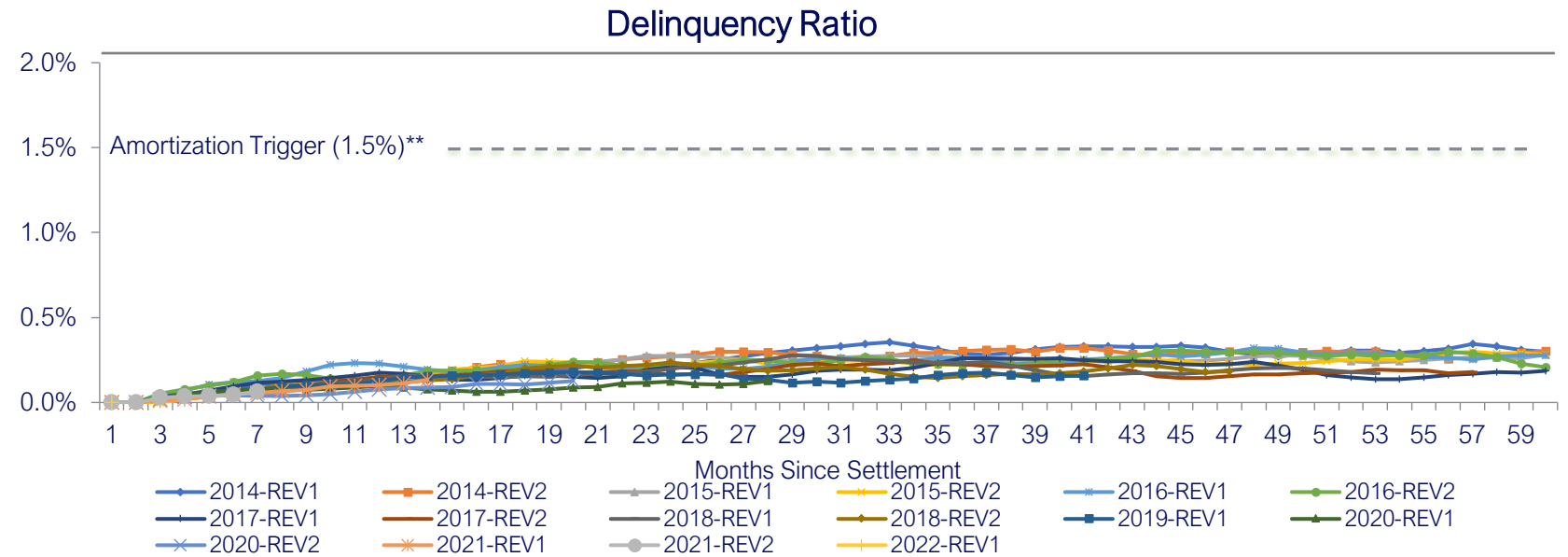
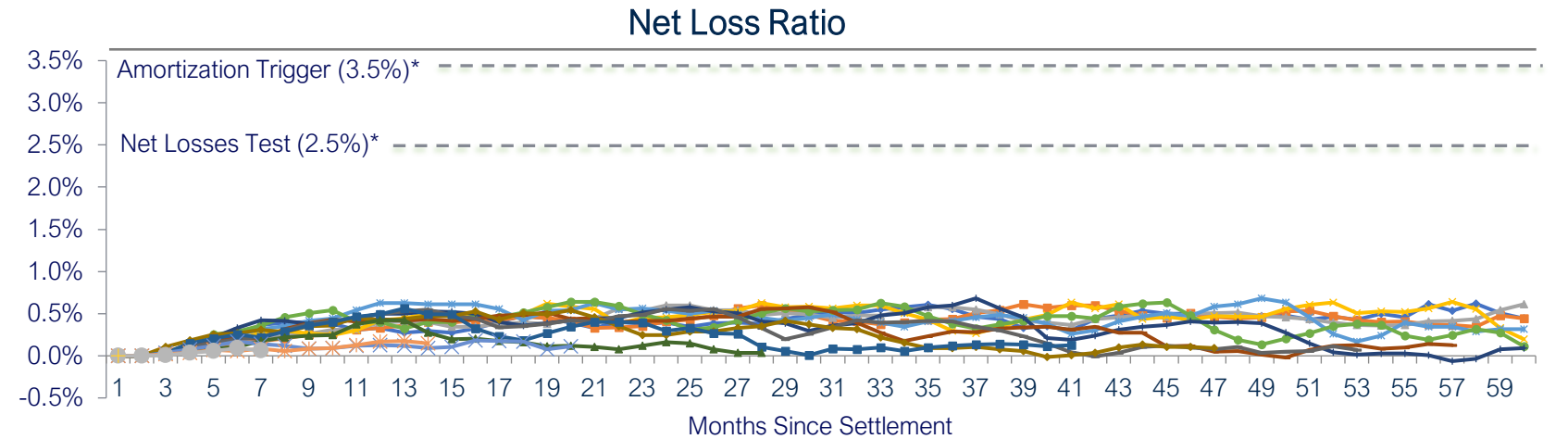
- Ford Credit aims to securitize its portfolio of receivables consistently across its FordREV and U.S. public retail transactions
  - Pool composition tests have been subject to occasional modification in the context of new transactions
- Pool composition tests are applied to the entire pool when the trust purchases or sells receivables, and mitigate the risk of adverse changes in the composition of receivables over time
- Two levels of pool composition tests impact the amount of credit enhancement
  - Failure of any more stringent “floor credit enhancement composition test” results in increased credit enhancement
  - Failure of any “pool composition test” requires the Servicer to identify ineligible receivables so that the remaining receivables satisfy the tests – providing dollar-for-dollar credit enhancement for ineligible receivables

	Floor Credit Enhancement Composition Tests*	Pool Composition Tests*
Weighted Average FICO score at origination	≥ 715	≥ 700
Receivables with original term >60 mos.	≤ 75%	≤ 80%
Receivables with original term >72 mos.	≤ 10%	≤ 12%
Receivables for used vehicles	≤ 15%	≤ 20%
Receivables for used vehicles with original term >60 mos.	≤ 10%	≤ 11%
Receivables for new vehicles with original term >60 mos. and with no FICO score	≤ 6%	≤ 7%
Receivables with consumer obligors with no FICO score	Not applicable	≤ 2%
Receivables with commercial obligors with no FICO score	Not applicable	≤ 23.5%
Receivables for used vehicle with obligors with FICO score <625	≤ 2.5%	≤ 4%

\* Floor Credit Enhance and Pool Composition Tests as included in 2022-REV1

# Net Loss & Delinquency Ratios

- Prior REV transactions have demonstrated consistent loss and delinquency performance
- Yield Supplemental Discount Rate increases if net losses test is exceeded
- Amortization triggers based on both net losses and delinquencies



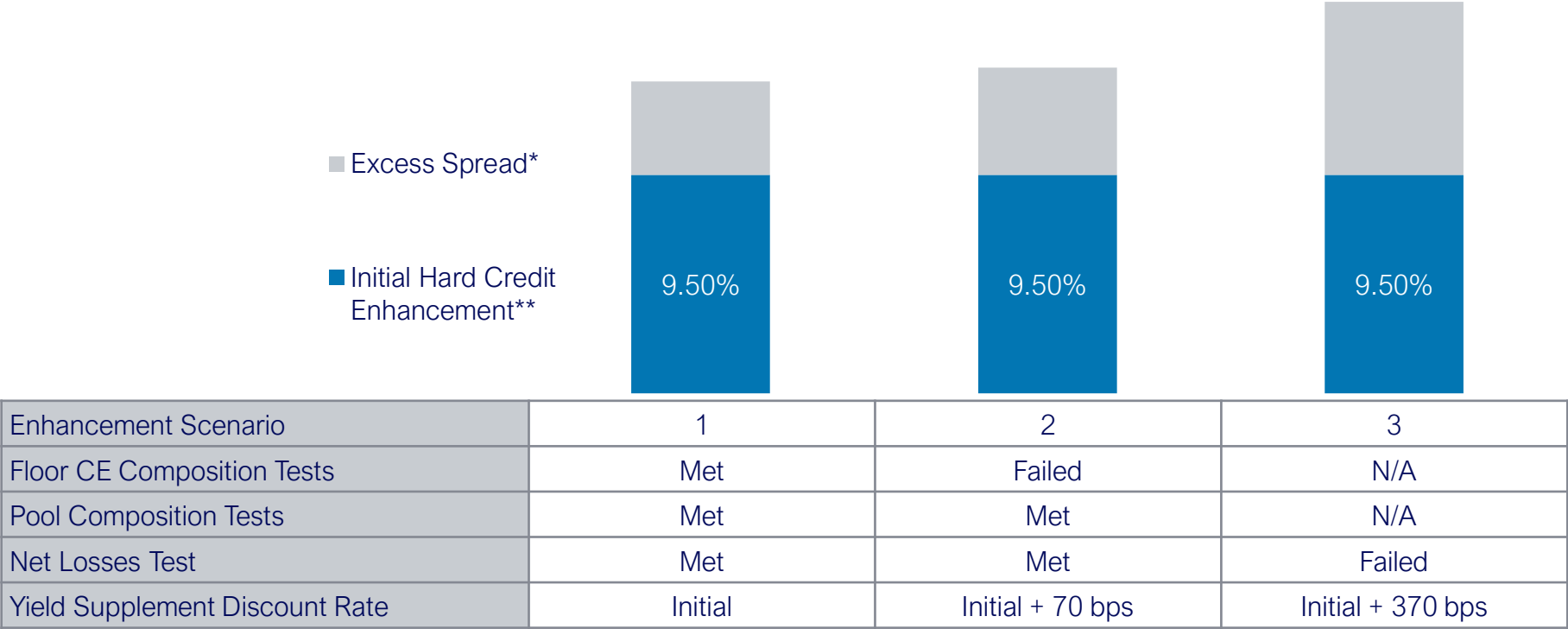
\* 3-month rolling average annualized net losses as a percentage of pool balance

\*\* 3-month rolling average aggregate principal balance of receivables that are 61 days or more delinquent as a percentage of pool balance



# Credit Enhancement Levels

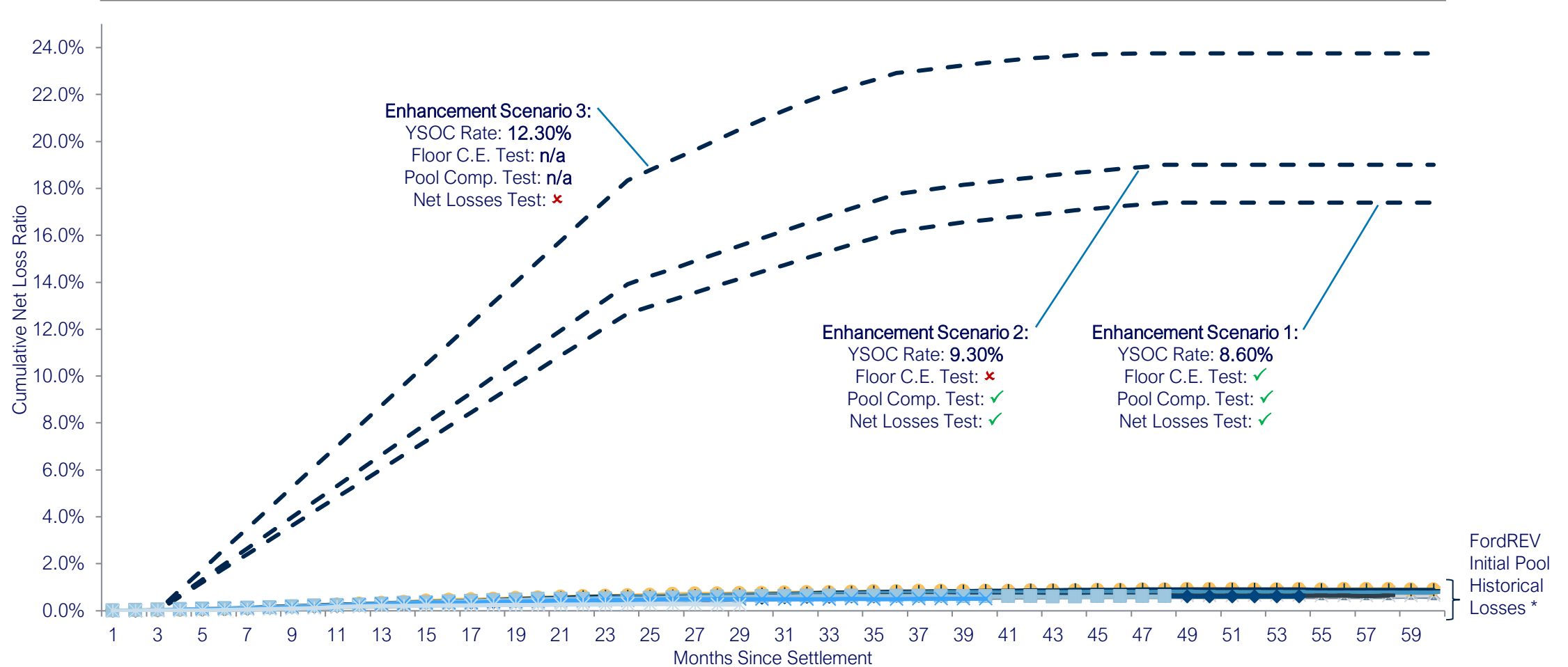
- Upon each monthly receivables purchase, one of three levels of credit enhancement is established based upon the entire pool’s composition and compliance with a “net losses test”
  - Achieved by varying the discount rate for yield supplement overcollateralization
  - Total hard credit enhancement reflective of most recent 5-year REV transaction



\* Annual excess spread including yield supplement  
\*\* Initial hard credit enhancement (overcollateralization + subordination that is collateralized on an adjusted pool basis + reserve) as a % of adjusted pool balance

# Credit Enhancement Levels

Approximate 2022-REV1 Break-Even Losses Compared With Historical Pool Losses



## Break-Even Analysis Assumptions

- (1) Loss timing curve of 30% / 40% / 20% / 10% per year
- (2) 1.30% ABS
- (3) 3-month recovery & charge off delay and 50% loss severity

\* Includes all REV transactions since program launch in 2014 with information reflected through the June 2022 collection period

# Amortization Events

- Amortization period will begin if any of the following events occur:
  - On any payment date during the revolving period (a) the trust fails to pay interest due on the notes within five days of the payment date, (b) the required amount is not in the reserve account, (c) the required amount is not in the negative carry account, or (d) the required amount is not in the accumulation account
  - Notes are not paid in full on the expected final payment date
  - Three-month rolling average annualized net losses as a percentage of aggregate principal balance of receivables exceeds 3.50%
  - Three-month rolling average percentage of aggregate principal balance of receivables that are 61 days or more delinquent exceeds 1.50%
  - Adjusted pool balance is less than 50% of the principal amount of the notes
  - A servicer termination event occurs and is continuing
  - An event of default occurs and is continuing, in which case notes will be accelerated
- During amortization, no amounts are paid to the residual interest
  - Available funds are used to pay trust expenses, interest, principal until paid in full, and any make-whole or step-up amounts due
  - The trust will not purchase additional receivables



# Note Redemption, Step-Up And Make-Whole

- Note Redemption
  - Note redemption period begins six months prior to the expected final payment date
  - Note redemption achieved through sale of trust assets to the depositor, another Ford Credit special purpose entity, or a third party if sale proceeds are sufficient to fully repay the notes
- Step-up Amounts
  - If notes are not paid in full by the expected final payment date, step-up amounts will be payable
  - Step-up amounts will accrue on each class of notes at a rate equal to the interest rate for the class less 0.01%
- Make-whole Payments
  - Make-whole payments will be payable on each principal payment made prior to the note redemption period due to:
    - » An amortization event resulting from the failure to fund the negative carry account to the required amount or the adjusted pool balance declining to less than 50% of note balance, or
    - » The trust's exercise of its option to redeem the notes after the first anniversary but prior to the note redemption period
  - Make-whole payments will be equal to the excess of (a) the present value of (i) the amount of all future interest payments that would otherwise accrue on the principal payment until the sixth payment date prior to the expected final payment date and (ii) the principal payment, discounted from the sixth payment date prior to the expected final payment date to the payment date monthly on a 30/360 basis at 0.25% plus the higher of (1) zero and (2) the current maturity matched U.S. Treasury rate over (b) the principal payment

# Collateral Performance Reporting

- Reporting available at <https://www.ford.com/finance/investor-center/asset-backed-securitization>
- Monthly Investor Reports
  - Summary pool stratifications on the entire pool after giving effect to purchases or sales
  - Receivables purchase/sale date and balance
  - Collateral composition test results and amortization event compliance
  - Updated yield supplement overcollateralization schedule
  - Reporting includes detail of receivables having received a payment extension during the collection period
- Quarterly Supplements
  - Summary stratifications for each quarterly vintage of additional receivables sold to the trust
  - Static pool performance, consistent with U.S. publicly-registered retail securitization program (i.e., prepayments, delinquencies, cumulative net losses), for the initial pool and separately for each quarterly vintage of additional receivables sold to the trust
  - Quarterly Statistical Information on the managed portfolio

# U.S. Lease Securitization

July 2022



# Overview

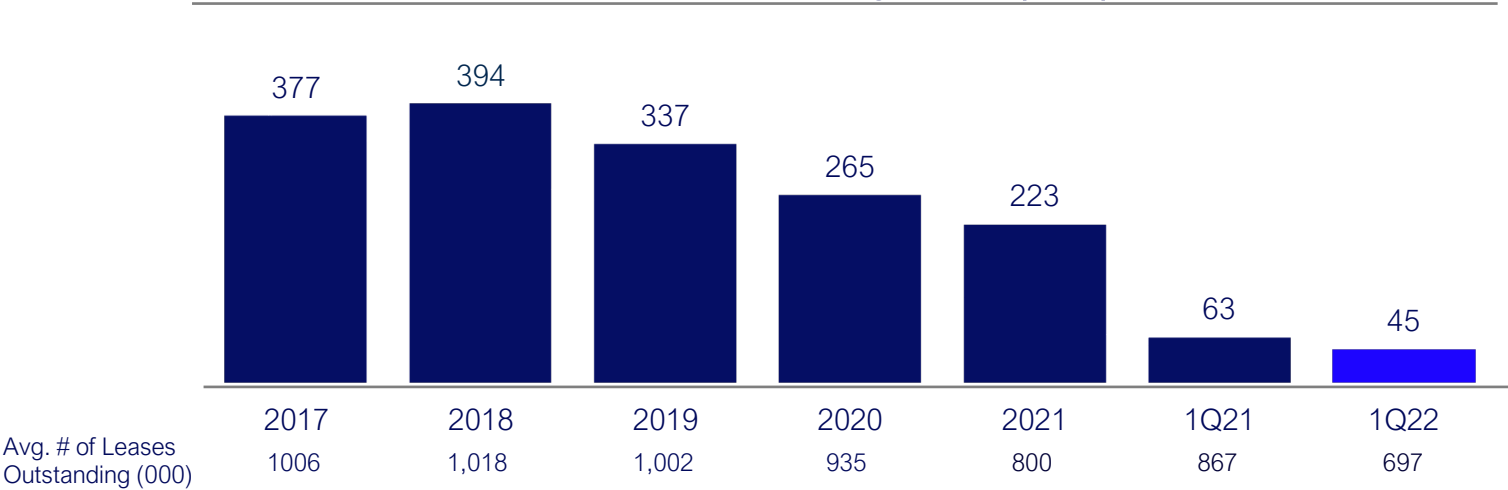
- Ford Credit has been in the business of leasing vehicles since 1975 and securitizing its lease contracts since 1995
- Ford Credit's current lease securitization platform was established in 2006, and more than 35 lease securitization transactions have been completed
- Ford Credit offers lease asset-backed securities through various channels:
  - Publicly-registered transactions
  - Rule 144A transactions
  - Other private transactions
- Collateral composition has trended in line with the industry and Ford Credit's strategy – we securitize what we originate
- Structural elements, such as priority of payments, have remained consistent over time

# U.S. Lease Securitization Business Update

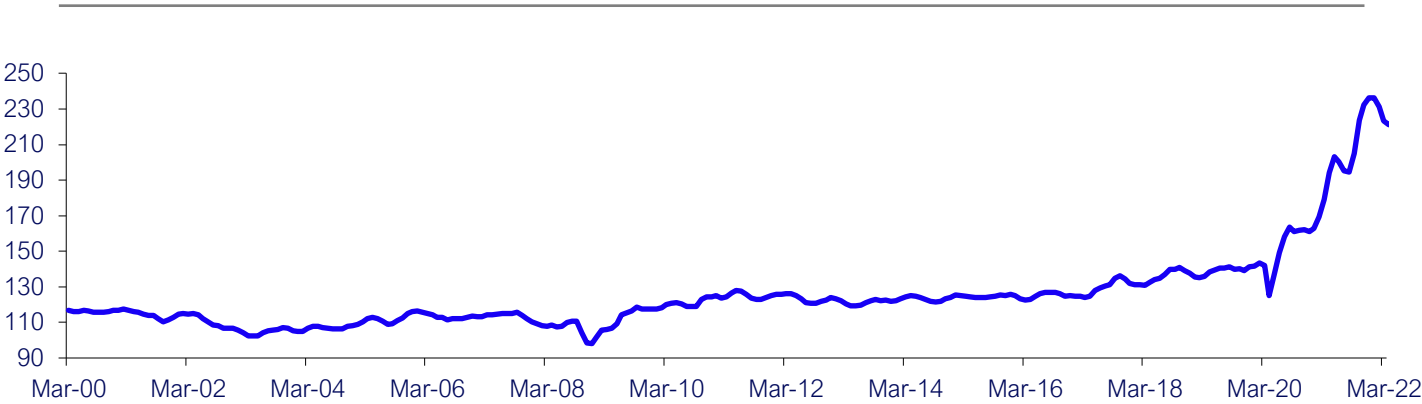


- Lease Share continues to be below industry
- Ford Credit works with Ford and Lincoln to set guidelines around leasing share, term, model mix and other factors to support brand value and sales
- Lower lease return volume and return rate reflect higher auction values

Number of Leases Originated (000)



Manheim Used Vehicle Value Index

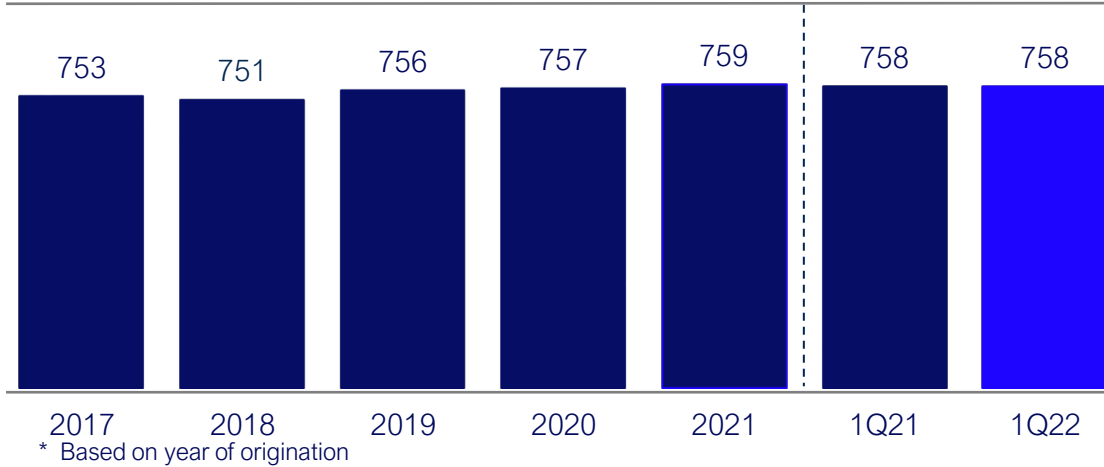


Source: Manheim Consulting, July 2022 (June 2000 = 116.8, June 2022 = 219.9)

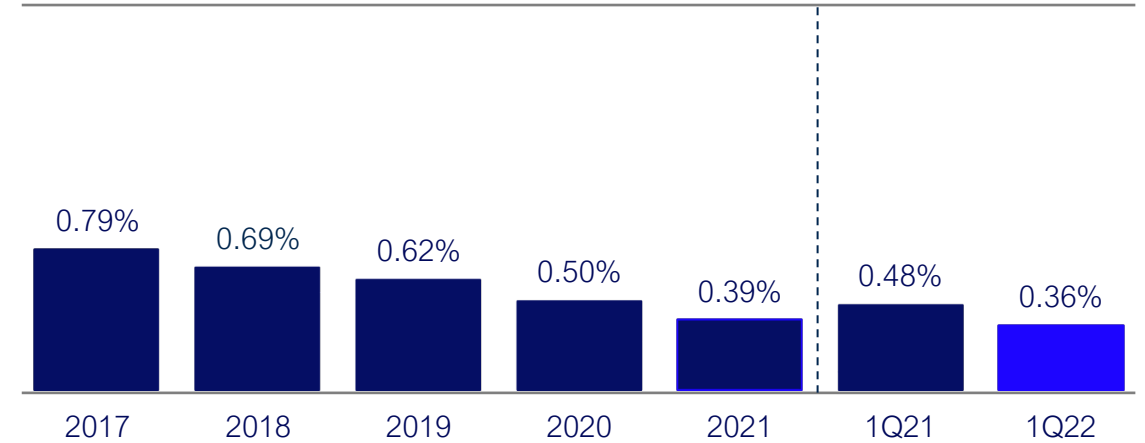


# Ford Credit Portfolio Credit Metrics

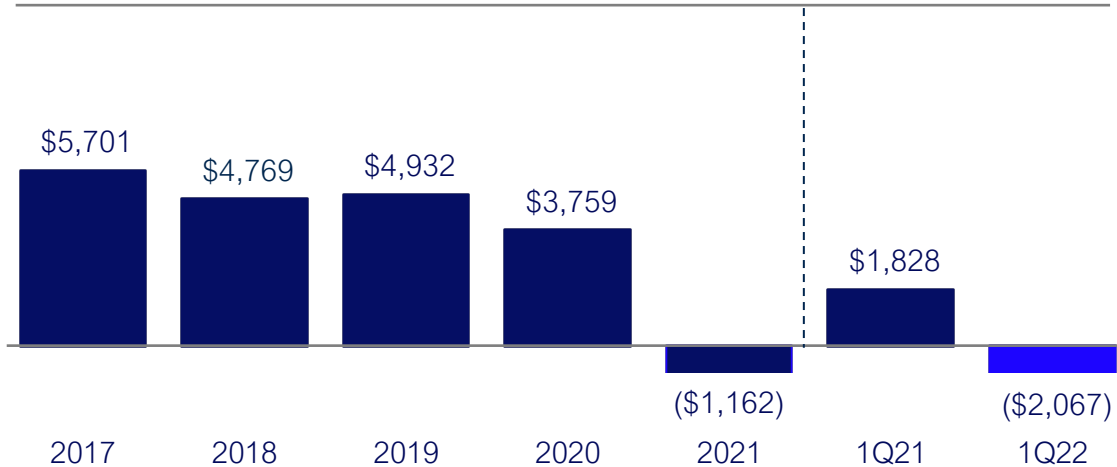
Weighted Average FICO® at Origination\*



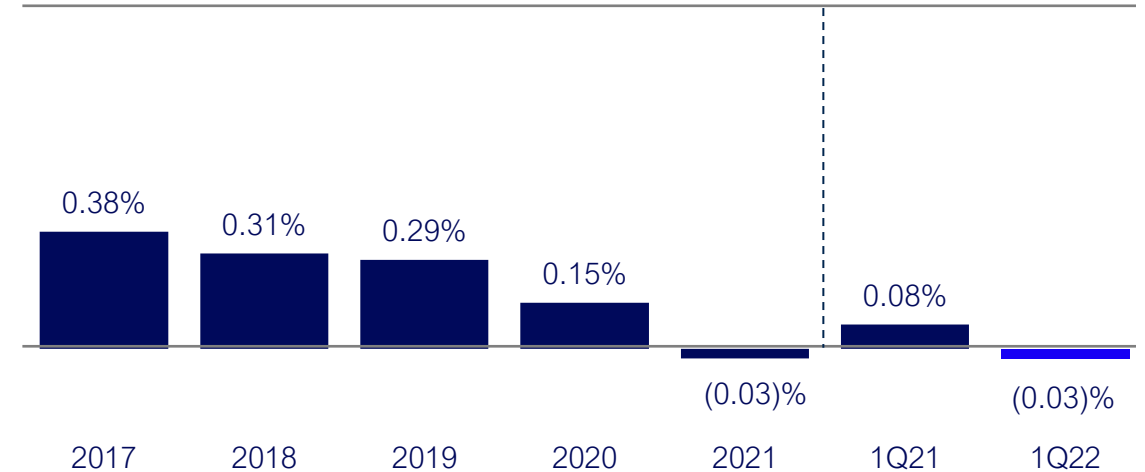
Repossessions as a % of the Average Number of Leases Outstanding



Average Net Loss/(Gain) on Charged-Off Leases



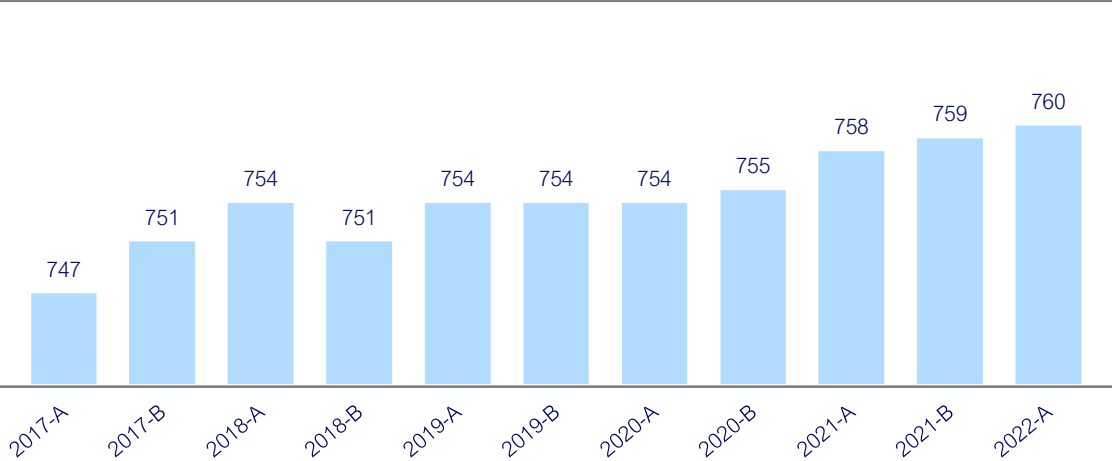
Net Losses as a % of the Average Portfolio Outstanding



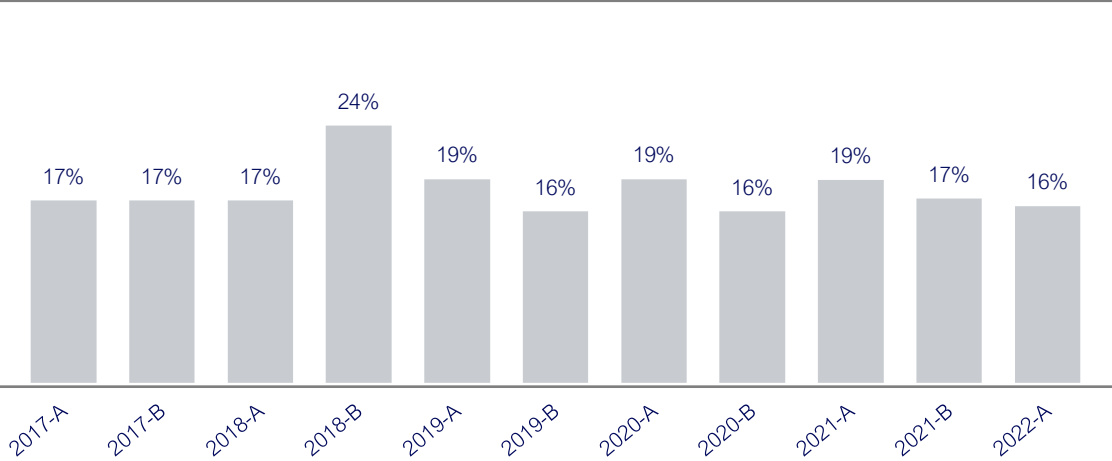


# Securitization Pool Metrics

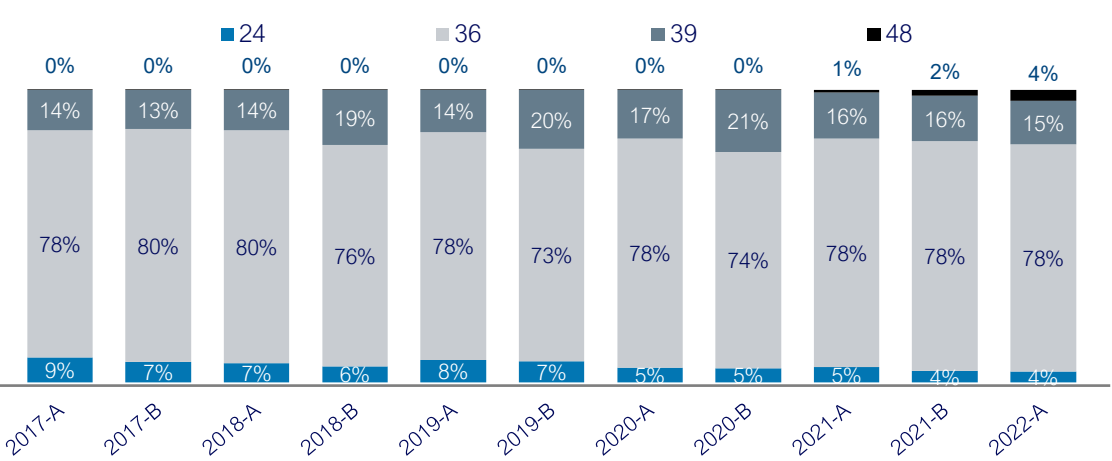
Weighted Average FICO at Origination



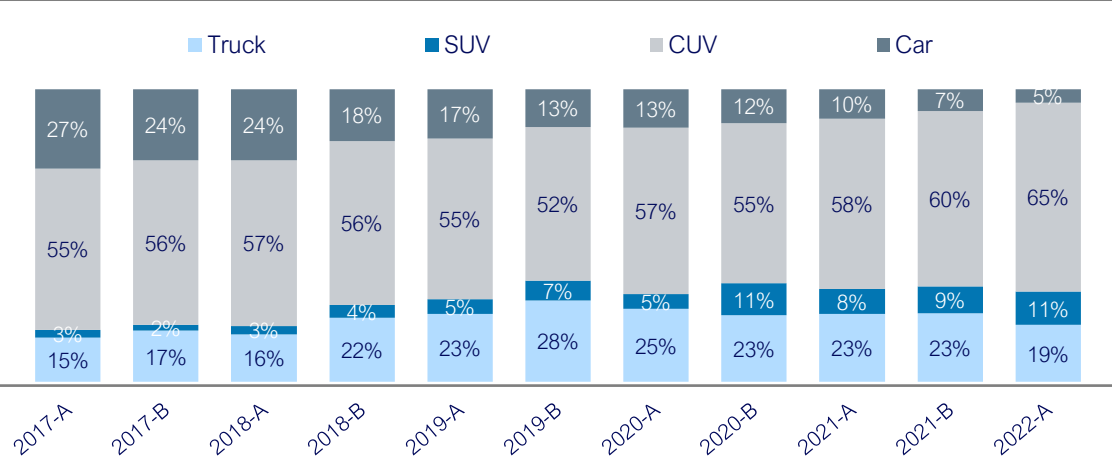
Maximum 3-Month Residual Concentration



Original Term as % of Securitization Value



Vehicle Type as % of Securitization Value\*

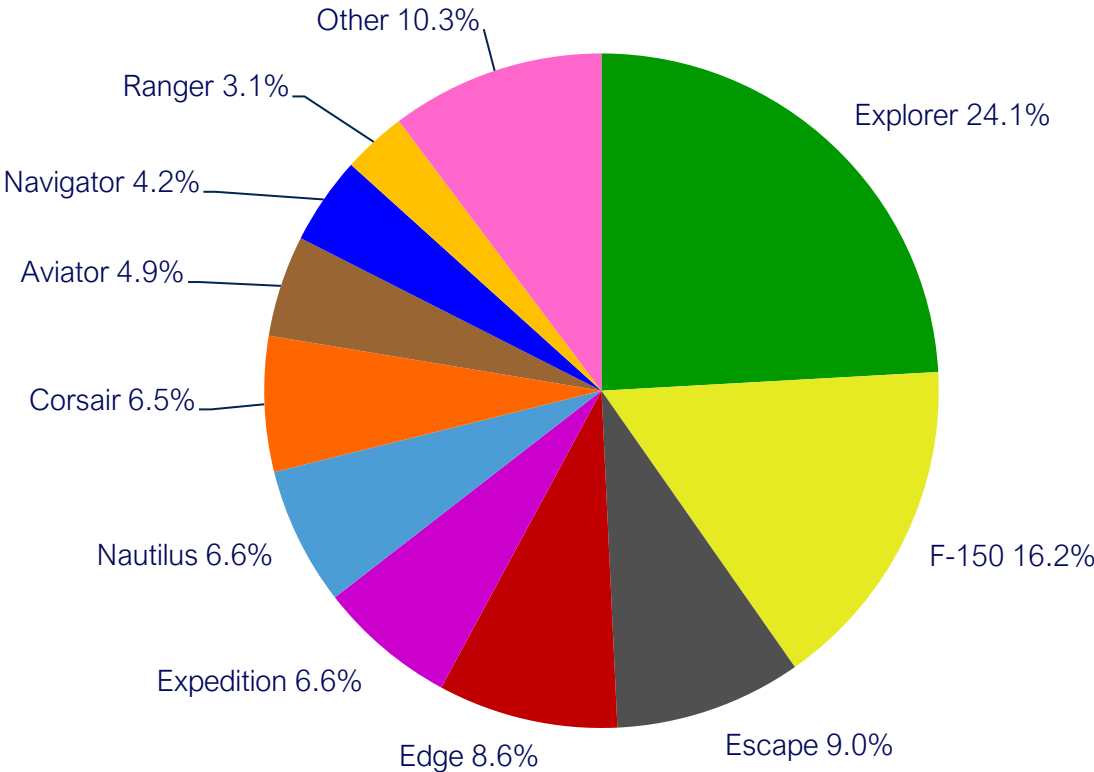


\* For transactions prior to 2017-B, reflects classification of 2011 and newer model year Explorers and 2013 and newer model year Escapes as CUVs rather than SUVs



# Pool Metrics – Model Diversification

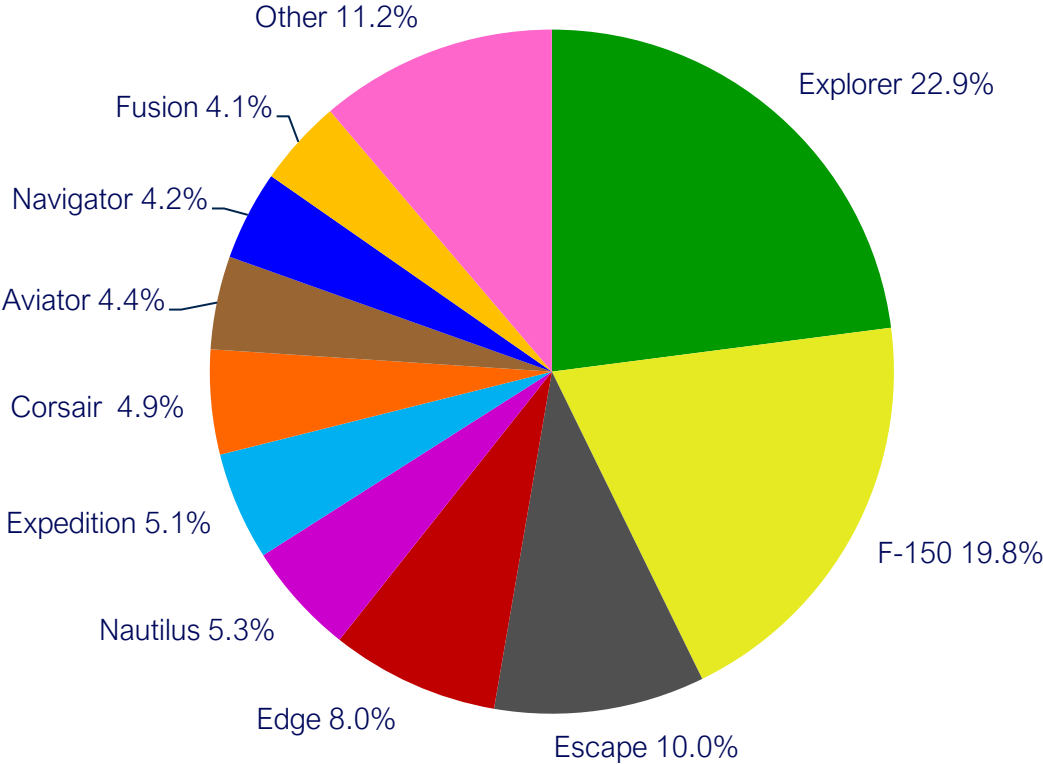
FCALT 2022-A



Model Concentrations

Top 1: 24%  
Top 3: 49%  
Top 5: 65%

FCALT 2021-B

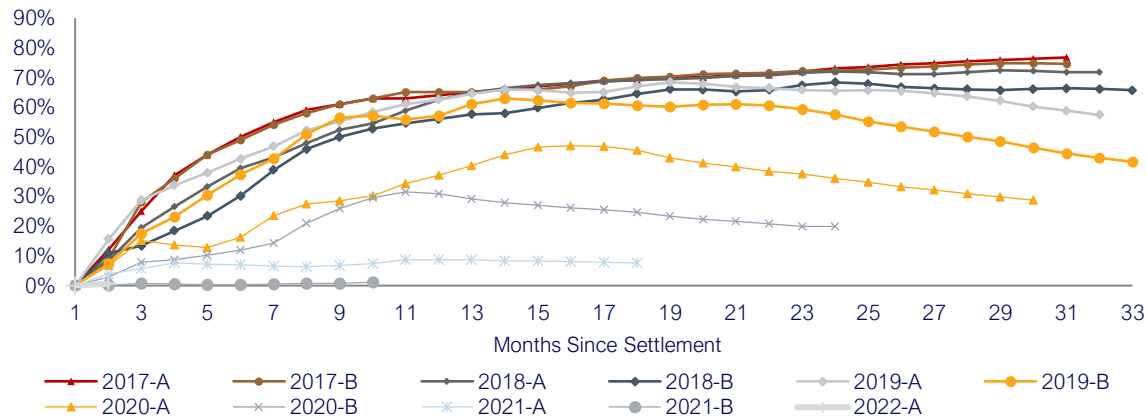


Model Concentrations

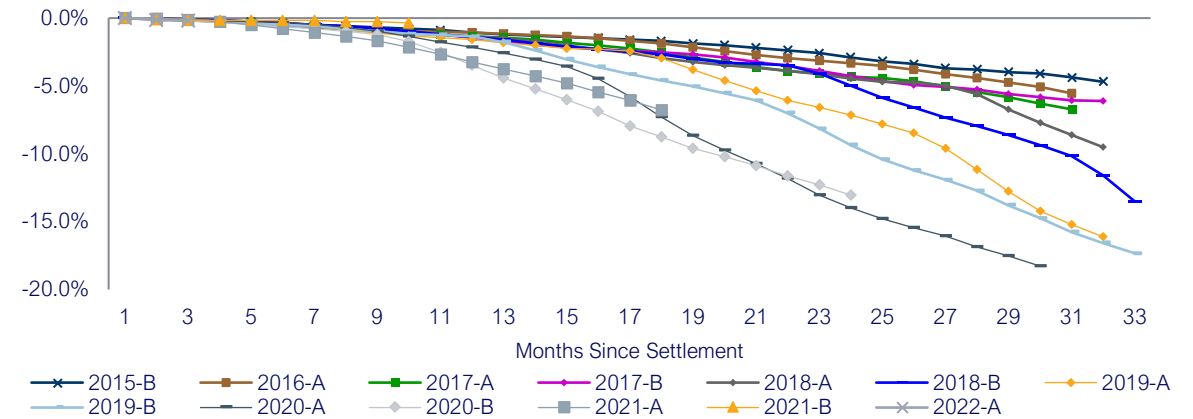
Top 1: 23%  
Top 3: 53%  
Top 5: 66%

## Securitization Pool Performance

### Cumulative Return Rate

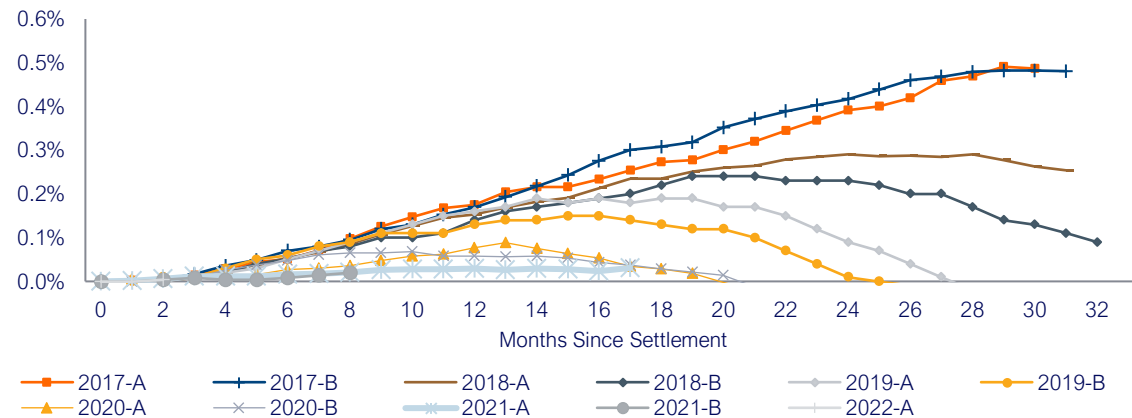


### Cumulative Residual Loss/(Gain)\*



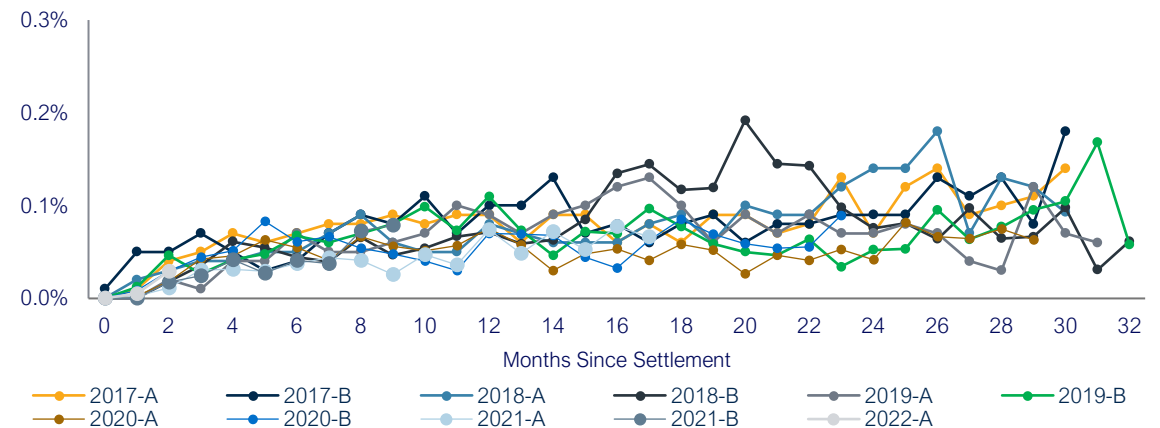
\* As a percentage of initial base residual value; includes losses/(gains) on retained and returned vehicles

### Cumulative Net Credit Losses\*



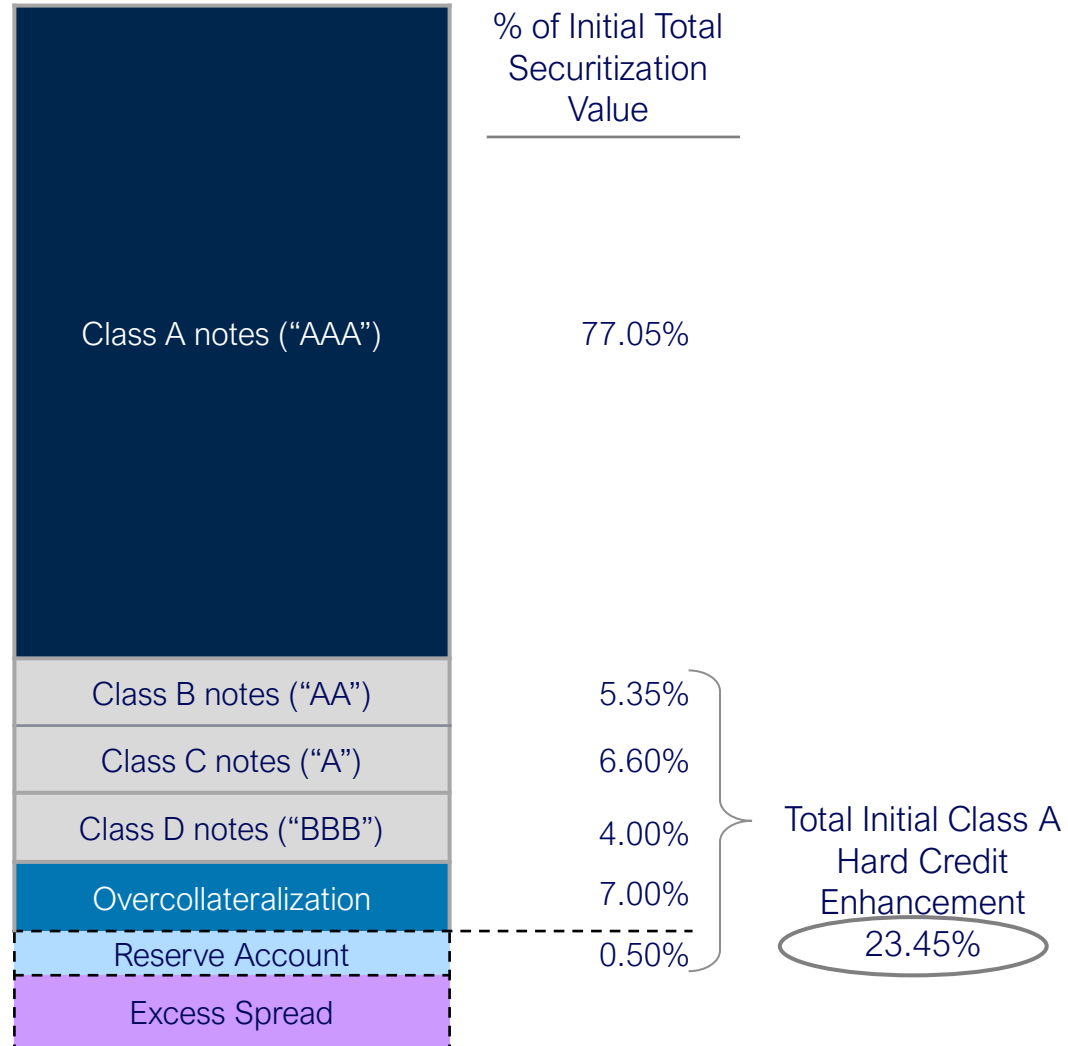
\* Total credit loss as a percent of initial total securitization value

### 61+ Day Delinquencies\*

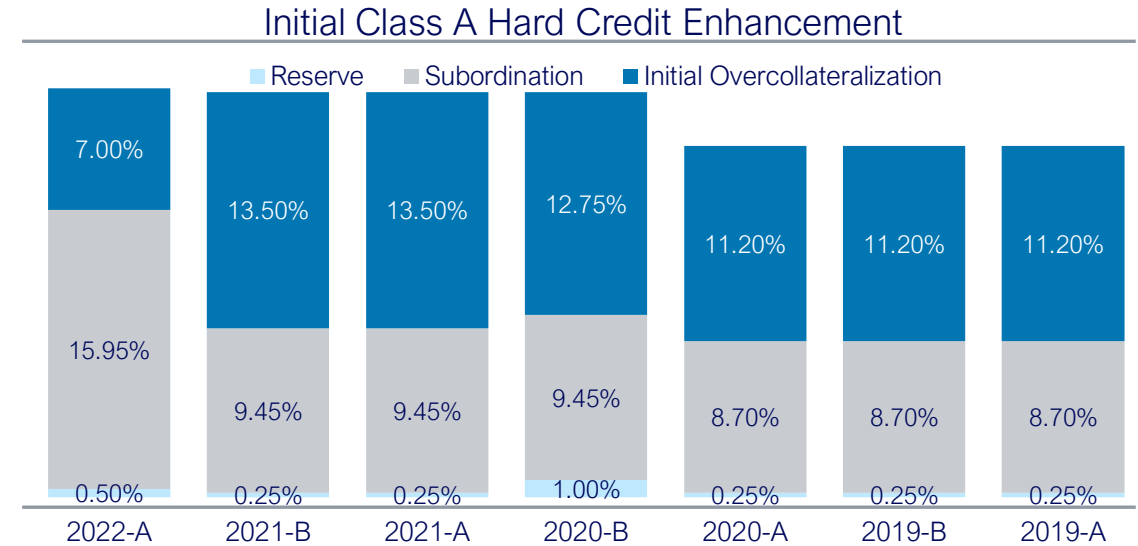


\* 61+ day delinquencies as a percent of securitization value

# U.S. Lease Securitization Structure Overview



- Senior/subordinate, sequential pay structure
- Credit enhancement in the lease securitization program includes:
  - Subordination of junior notes
  - Overcollateralization
  - Cash reserve
  - Excess spread (used to build target overcollateralization)
- Target OC is 9.50% of Initial Total Securitization Value

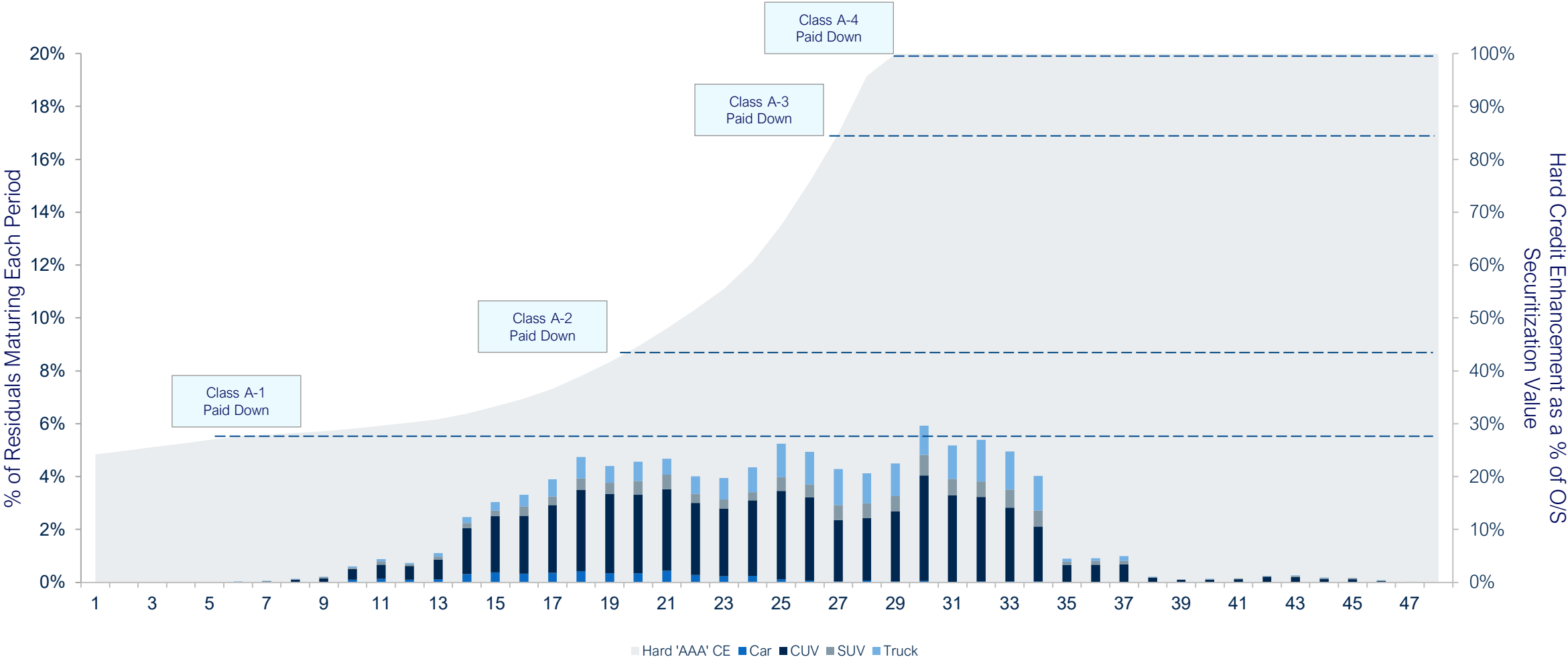






# Residual Maturity Vs. Enhancement Build

Residual Maturity by Vehicle Type Vs. Hard Credit Enhancement for Class A Notes\*



\* Hard credit enhancement consists of overcollateralization, subordination and the reserve account; assumes zero loss, zero prepays. FCALT 2022-A is shown here

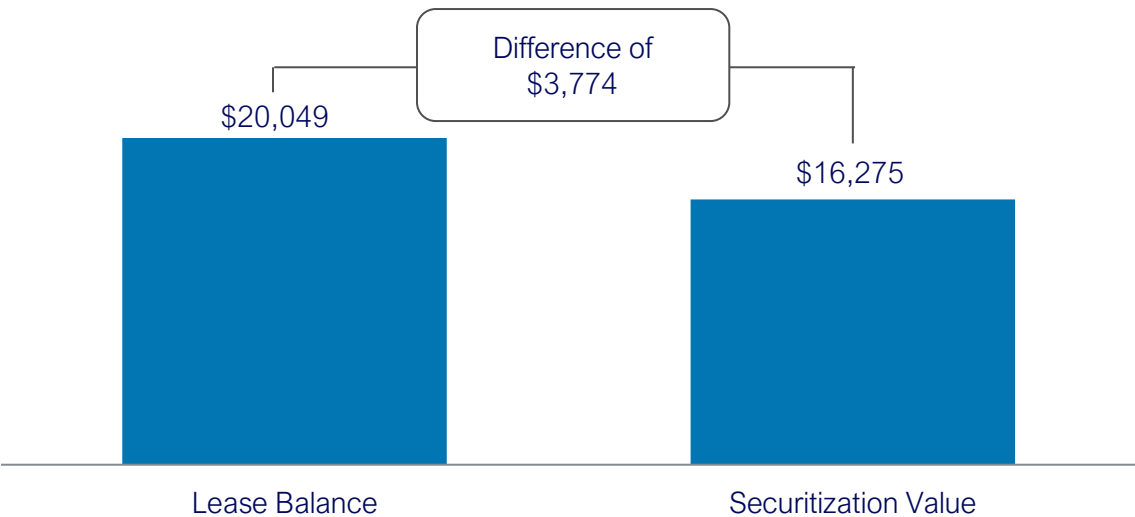
# U.S. Lease Securitization

## Significance Of Securitization Value

- For securitization transactions, securitization value is calculated for the underlying lease assets
- Securitization value is calculated using the lower of the contract residual value and the residual value set by Automotive Lease Guide (ALG)
- Securitization value cash flows are discounted using the higher of the contract lease factor and a minimum discount rate designed to create excess spread

Sample Calculation:

	Lease Balance	Securitization Value
Payments Remaining	24	24
Base Monthly Payment	\$ 200	\$ 200
Residual Value	\$ 16,000	\$ 13,000
Discount Rate	2%	5%
Present Value	\$ 20,049	\$ 16,275

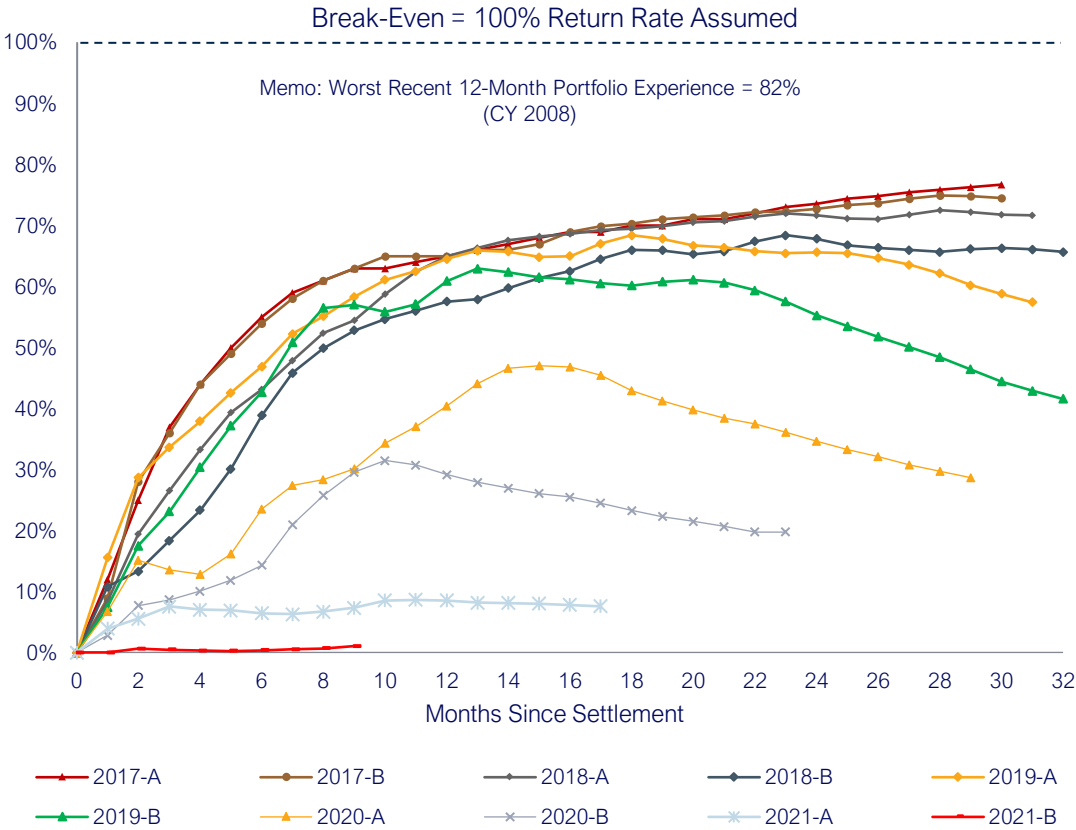




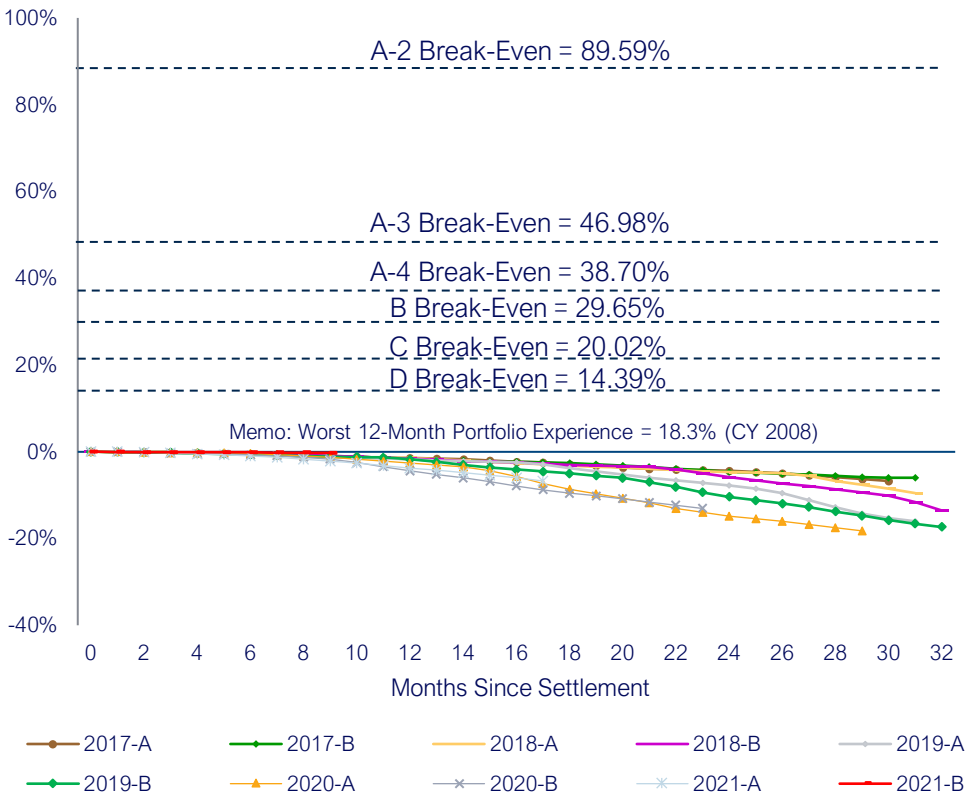
# Break-Even Analysis\*

## Break-Even for FCALT 2022-A Compared to Historical Pool Performance

Return Rate



Cumulative Residual Loss/(Gain)



\* Assumes cumulative net credit losses stress of 5%; break-evens are specific to FCALT 2022-A at inception

## Residual Value Models and Vehicle Remarketing

- Residual values, for new originations, are set quarterly for each vehicle line at various lease terms and mileage allowances
- Ford Credit uses proprietary models and leverages its relationship with Ford to establish residual values based on a number of predictive factors including MSRP, wholesale price, planned production volume, incentives, rental and fleet sales, consumer acceptance, life cycle, recent/seasonal auction trends and economic factors
- Ford Credit works with the vehicle remarketing department of Ford to manage the disposition of returned vehicles and seeks to maximize net sale proceeds, which equal gross auction proceeds less auction fees and costs for reconditioning and transporting the vehicles. Vehicles returned at lease end are sold through Accelerate, an online upstream remarketing application, and Ford-sponsored physical auctions
- Prior to transporting a vehicle to physical auction, vehicles are offered for sale to participating dealerships through Accelerate:
  - Ford Credit employs proprietary models to establish a market price for vehicles based on recent auction experience and adjusts for miles, condition, any excess wear and use, and option packages
  - Ford incentivizes U.S. Lincoln dealers to purchase returned lease vehicles through Accelerate, certify those vehicles and sell them to customers under a certified pre-owned program
- 30% of eligible vehicles were purchased through Accelerate year-to-date, through June

# U.S. Floorplan Securitization

July 2022





# Portfolio Overview

- Ford Credit has been financing dealer vehicle inventory since 1959 and securitizing floorplan receivables since 1991
- Ford's goal is to maintain a profitable network of Ford and Lincoln dealerships that deliver an innovative and engaging sales and service experience for customers. As of March 2022, in the U.S., Ford and Lincoln had approximately 3,306 dealers
- Over the past five years, Ford Credit financed 72% to 76% of U.S. Ford and Lincoln dealer new vehicle inventory
- Floorplan receivables are secured primarily by the financed vehicles, and payment is required when the vehicle is sold
- Ford Credit's floorplan portfolio has historically experienced very low losses, primarily driven by strong risk management practices and servicing:
  - Continuous dealer monitoring of financial health, payment performance, vehicle collateral status and risk-based on-site inventory audits
  - Use of proprietary risk rating assessment and behavioral scoring models
  - Proactive risk management practices which include intensifying risk management actions as dealer risk increases
  - Leveraging access to dealer information through Ford relationship

# Portfolio Overview

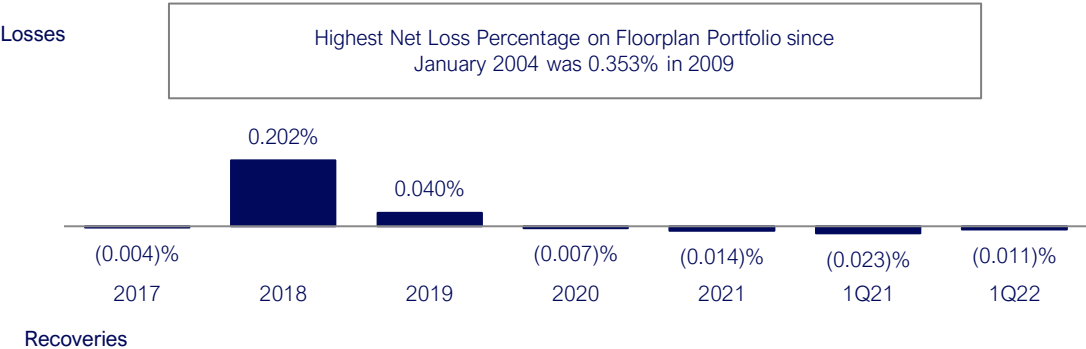
- Ford Credit's current floorplan securitization trust was established in 2001 as a master trust (similar to a revolving credit card securitization trust) and has issued more than 55 series
- Ford Credit typically offers floorplan asset-backed securities through various channels:
  - Publicly-registered transactions
  - Rule 144A transactions
  - Other private transactions

U.S. Floorplan Securitization

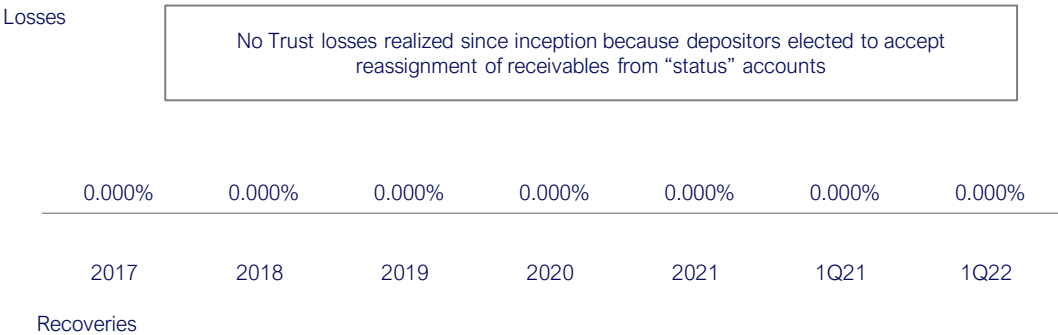
U.S. Performance Overview



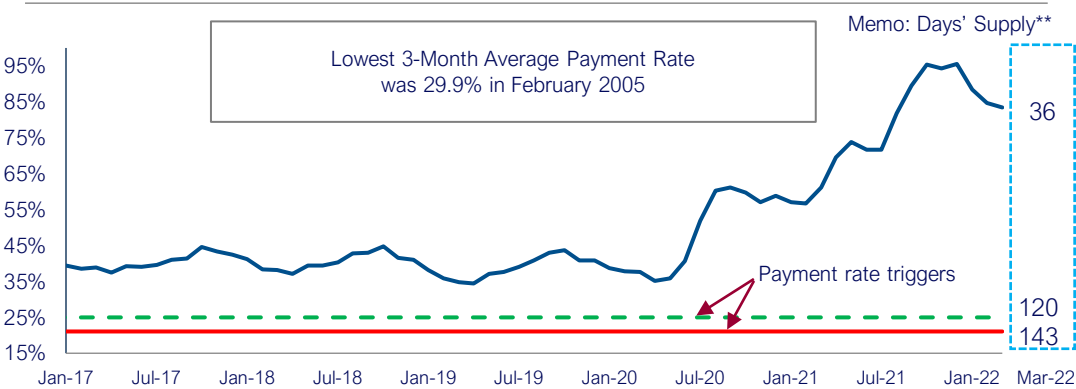
Floorplan Portfolio Net Losses/(Recoveries) as a Percent of Average Principal Balance



Trust Pool Net Losses/(Recoveries) as a Percent of Average Principal Balance



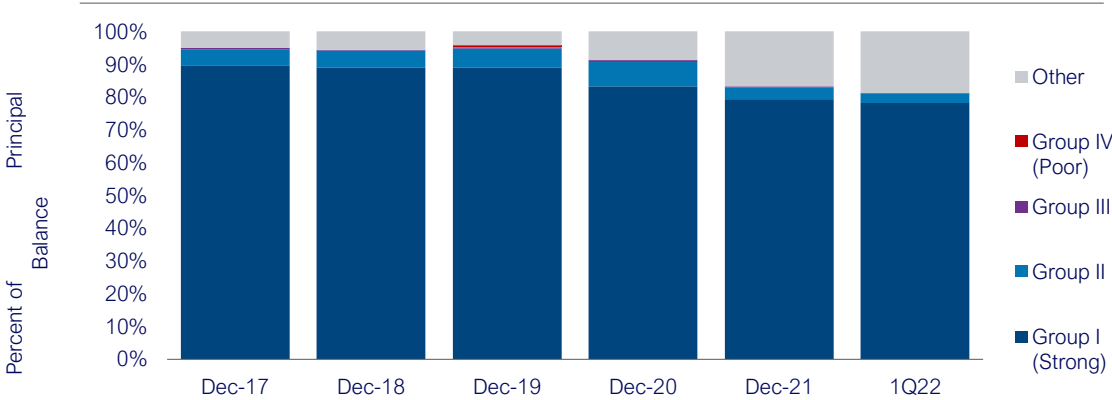
Trust Pool 3-Month Average Monthly Principal Payment Rate\*



\* The three-month average monthly principal payment rate for a month equals the average of the monthly payment rate for that month and the prior two months

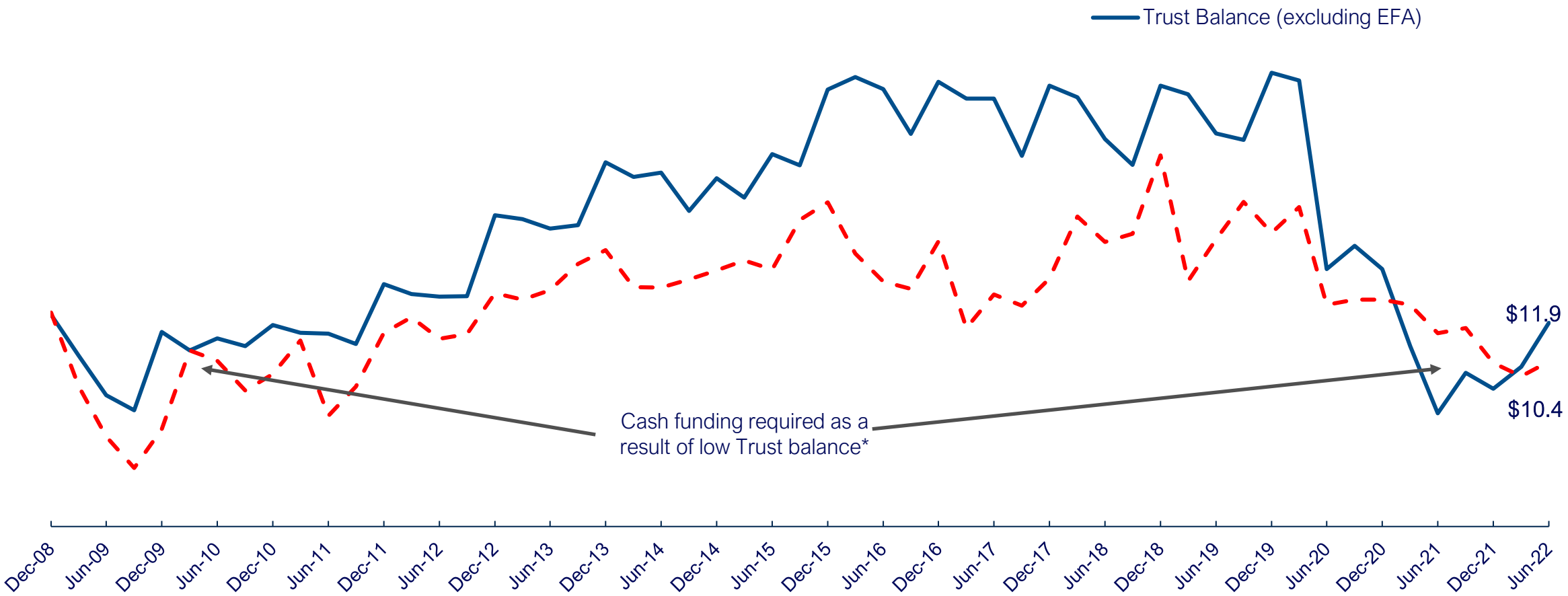
\*\* Estimated days' supply derived from payment rate

Trust Pool Dealer Risk Ratings





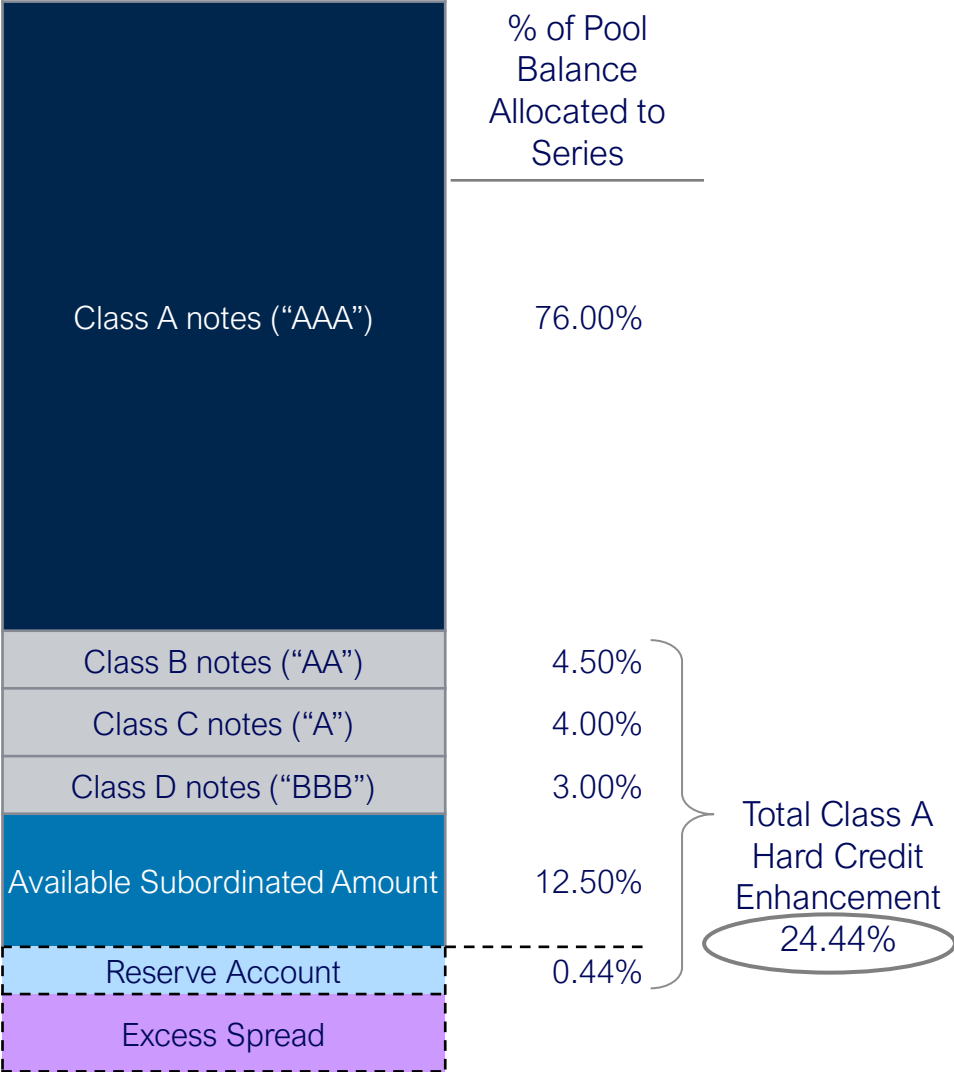
# Historical Trust Balance vs. Required Pool Balance (\$B)



\* Excess funding account (EFA) has been funded periodically when the Trust balance declines below the required pool balance (for example, as a result of plant shutdowns or manufacturer vehicle marketing incentive programs).

# U.S. Floorplan Securitization

## Structure Overview



Credit enhancement in the floorplan securitization program includes:

- Subordination of junior notes
- Available subordinated amount
- Cash reserve (0.50% of notes)
- Excess spread

Structure also provides for 1:1 incremental subordination to cover any ineligible receivables and receivables in excess of the specified concentration limits

	Concentration Limit	Incremental Subordination*
		(\$M)
- Ineligible receivables	N/A	\$ 84.0
- Dealer concentration (5% for AutoNation)	2%	0.0
- Used vehicle concentration	20%	0.0
- Fleet concentration	4%	135.4
- Medium/Heavy truck concentration	2%	74.0
- Manufacturer concentration (2% for lower-rated manufacturers)	10%	48.6
	Total:	\$ 342.0

\* As of May 31, 2022

## Key Series Triggers

- Enhancement Step-Up Trigger
  - If average monthly principal payment rate for the three preceding collection periods is less than 25%, subordination or reserve fund increases by four percentage points
  - During periods when the EFA exceeds 30%, certain Principal Collections may be used for potential shortfalls in interest or fees
- Amortization Triggers
  - Average monthly principal payment rate for the three preceding collection periods is less than 21%
  - Cash balance in the excess funding account exceeds 70% of the adjusted invested amount of all series for three consecutive months
  - Available subordinated amount is less than the required subordinated amount
  - Bankruptcy, insolvency or similar events relating to the depositor, the issuer, Ford Credit or Ford Motor Company



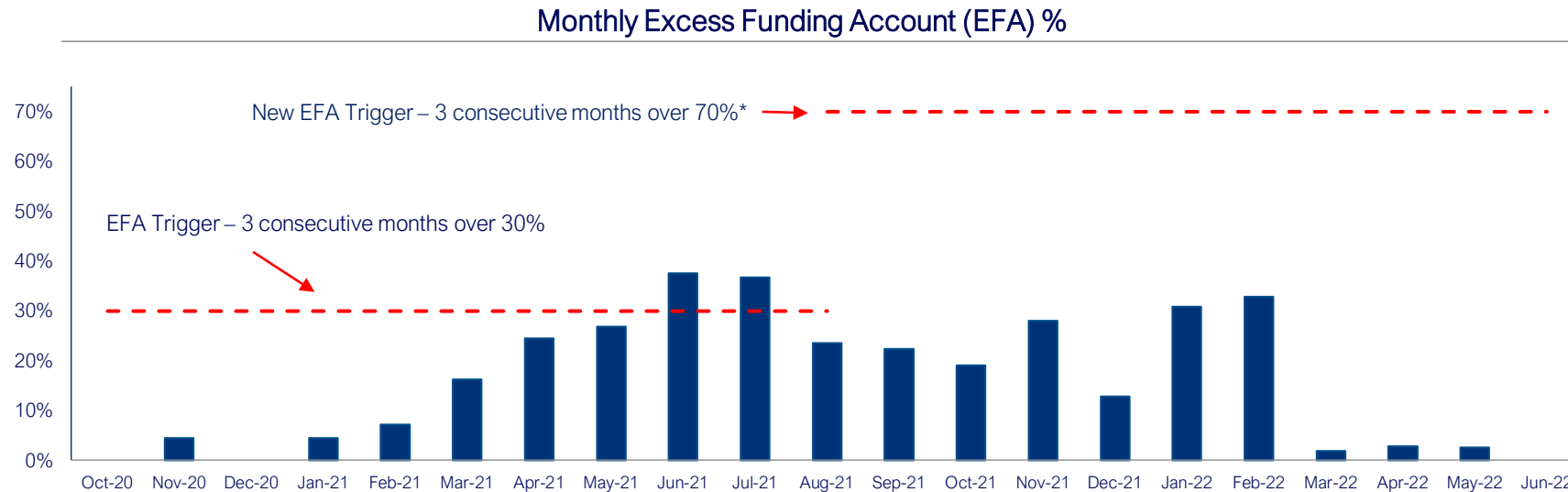
## Recent Business Environment

### 2021

- The global semi-conductor chip shortage impacted vehicle production starting in early 2021
- Production losses combined with robust sales reduced the Trust balance below the required level
- Cash in the Excess Funding Account (EFA) increased – EFA% trigger was not breached

### 2022

- Supply constraints continue to limit vehicle production
- As of 2Q, the combination of Trust balance increases and maturing debt has largely eliminated the need for cash in the EFA



\*The outstanding series were amended in August 2021 to raise the Excess Funding Account ("EFA") threshold for an amortization event from 30% for three consecutive Collections Periods to 70%. A provision was also added allowing Principal Collections to be used to pay interest and fees to cover any potential shortfalls

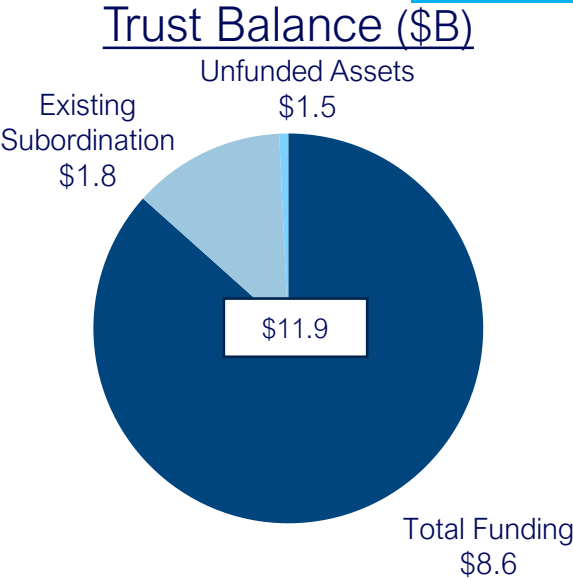
# U.S. Floorplan Securitization

## Outstanding Series\*



	Private Variable Funding Notes	144A Term Series	Public Term Series
Series	2006-1, 2014-5	2016-2	2017-3, 2018-2, 2018-4, 2019-2, 2019-3, 2019-4, 2020-1, 2020-2
Amount Outstanding (\$B)	\$0.8	\$0.8	\$7.0
Senior Hard Enhancement (AAA Notes)	25.75%	24.27%	24.35% - 25.35%
Maturity Ranges	Nov 2022 - January 2024	March 2023	Sept 2022 - Nov 2028

- Private Variable Funding Notes (VFN) are used to manage seasonal fluctuations of Trust balance and provide an additional source of liquidity
- Total VFN capacity of \$2.1 billion
- Total Trust balance of \$11.9 billion



\* As of June 30, 2022

# U.S. Floorplan Risk Management



# Underwriting and Credit Review Process

- A dealership seeking to finance its vehicle inventory with Ford Credit must submit a request for financing along with its financial and other information
- Ford Credit performs a thorough review of the dealer or dealer group including:
  - Business, legal and operations structure, including number of manufacturer franchises
  - Credit information
  - Financial statements or tax returns
  - Types of vehicles in the dealer's inventory and specialty services provided by the dealer for certain vehicles or customers, such as fleet
- Ford Credit evaluates the dealer's financial resources and the amount and types of financing requested
- The financing extended to a dealer is tailored to suit the business and operational needs of the dealer and depends on the financial strength and nature of the dealer's business
- The financed vehicles are the primary collateral for dealer floorplan loans; however, for many dealers, Ford Credit also obtains personal guarantees and secondary collateral in the form of additional dealer assets, including dealer-adjusted net worth and real estate equity
- Due to the ongoing nature of floorplan financing arrangements, Ford Credit periodically performs a credit review of each dealer, at least annually, following the similar process utilized to evaluate new dealer account originations

# Dealer Risk Rating Assessment

- Ford Credit evaluates new dealer account originations (using a proprietary scoring model), performs ongoing credit reviews of dealers and assigns risk ratings
- For purposes of securitization-related disclosure, dealer risk ratings are categorized into groups:

<u>Group</u>	<u>Description</u>
I	Strong to superior financial metrics
II	Fair to favorable financial metrics
III	Marginal to weak financial metrics
IV	Poor financial metrics, may be uncollectible
Other	Includes dealers that have no dealer risk rating because Ford Credit only provides in-transit financing or because Ford Credit is in the process of terminating the financing for such dealer

- Large sample size and significant historical experience have been analyzed to identify key indicators that predict a dealer's ability to meet financial obligations, including capitalization and leverage, liquidity and cash flow, profitability, credit history and payment performance
- Ford Credit updated its dealer risk rating model in August 2019; the model is validated regularly to ensure the integrity and performance and is updated if necessary

# U.S. Floorplan Risk Management Dealer Monitoring Strategy



## Monitor

- Payoffs
- Aged Inventory
- Over-line Report
- Financial Statements
- Double Flooring

## Monthly Accounts Rating

- Assess dealer risk and determine action plans

## Watch Report – Medium to High Risk

- Formal review of action plans and results presented to senior management (plans may include more frequent physical audits)

## Intensive Care Unit (ICU) – High Risk

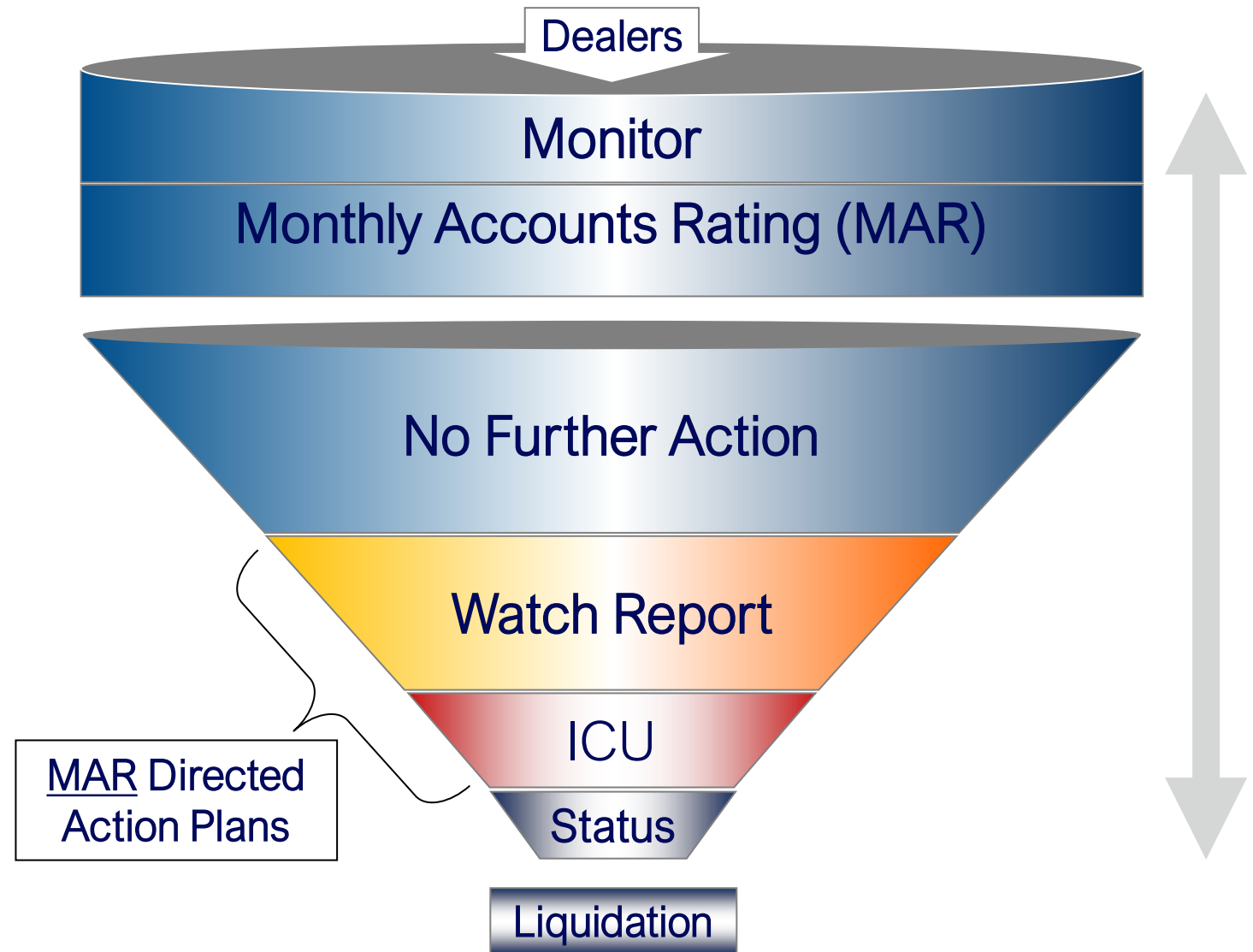
- More experienced risk team
- Increased intensity surrounding action plans and timelines

## Status

- On-site control
- Focus on asset protection

## Liquidation

- Focus on loss mitigation





# U.S. Floorplan Audits, Monitoring & Status Processes

## Inventory Audits

- A dealer's risk rating determines the frequency of on-site vehicle inventory audits
- Ford Credit engages a vendor to perform on-site vehicle inventory audits and dealers generally do not receive advance notice of an audit
- Audits are generally reconciled same day and immediate payment is required for any sold vehicle

## Dealer Monitoring

- Ford Credit has business operations employees dedicated to dealer monitoring, including dealer fraud, utilizing a robust suite of monitoring tools and models. If issues are discovered, Ford Credit may:
  - Increase audit frequency or schedule an immediate on-site audit
  - Require curtailments, or monthly principal payments on aged inventory
  - Suspend credit lines
  - Verify cash balances/perform an in-depth validation of the accuracy and completeness of the dealership financial statements
  - Meet with the owners/guarantors
  - Increase the dealer's risk rating to trigger more extensive monitoring

## Dealer Status Procedures

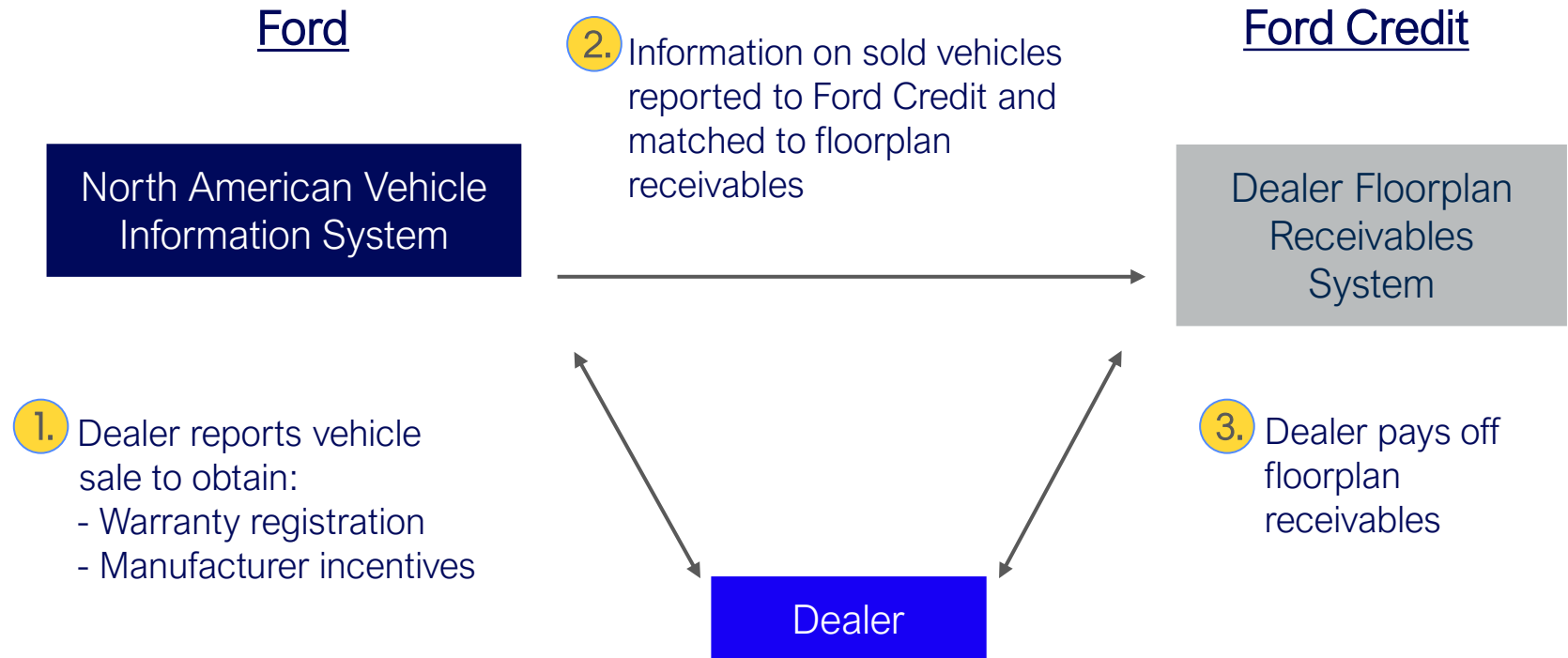
- A status is declared when a dealer does not satisfy a sold-out-of-trust condition discovered during an audit, fails to pay principal or interest payments, files bankruptcy, or other circumstances arise that warrant immediate action
- Once a status is declared, based on the particular circumstances of the classification, Ford Credit may suspend credit lines, maintain personnel on site, collect titles and keys, secure dealer inventory, issue payment demand letters, obtain liens on property of guarantors, increase the dealer's floorplan interest rate and initiate legal action
- If a status situation can not be resolved, Ford Credit will liquidate vehicles and secondary collateral to obtain the greatest value and continue collection efforts against personal/corporate guarantors

# U.S. Floorplan Risk Management

## Captive Finance Company Benefits



- Integrated systems enable real time controls
- Captive finance company benefits include:
  - Access to monthly dealer financial statements that allow monitoring of dealer financial strength
  - Dealer monitoring by both Ford and Ford Credit
  - Joint Ford and Ford Credit discussions with dealers on various aspects of the business
  - Comparative dealership benchmarking between dealerships of like size or in similar markets





# Appendix



2022 Bronco Everglades  
Available Summer 2022



| Ford Credit

# U.S. Floorplan Portfolio Performance

	Three Months Ended		Year ended December 31,				
	March 31,						
	2022	2021	2021	2020	2019	2018	2017
Ford Credit Portfolio { Average principal balance *	\$8,976	\$15,021	\$11,101	\$18,994	\$24,400	\$23,250	\$22,519
{ Net losses (recoveries)**	\$(0.3)	\$(0.9)	\$(1.5)	\$(1.3)	\$9.7	\$46.9	\$(0.9)
{ Net losses (recoveries)/average principal balance***	(0.011)%	(0.023)%	(0.014)%	(0.007)%	0.040%	0.202%	(0.004)%
{ Liquidations****	\$21,683	\$26,981	\$98,653	\$107,815	\$118,525	\$116,325	\$114,264
{ Net losses (recoveries)/liquidations	(0.001)%	(0.003)%	(0.002)%	(0.001)%	0.008%	0.040%	(0.001)%

\* Average principal balance is the average of the principal balances of the receivables at the beginning of each month in the period indicated

\*\* Net losses in any period are gross losses, including actual losses and estimated losses, less any recoveries, including actual recoveries and reductions in the amount of estimated losses, in each case, for the period. This loss experience takes into account financial assistance provided by Ford to dealers in limited instances. If Ford does not provide this assistance in the future, the loss experience of Ford Credit's dealer floorplan portfolio may be adversely affected. This loss experience also reflects recoveries from dealer assets other than the financed vehicles. However, because the interest of the trust in any other dealer assets will be subordinated to Ford Credit's interest in those assets, the net losses experienced by the trust may be higher

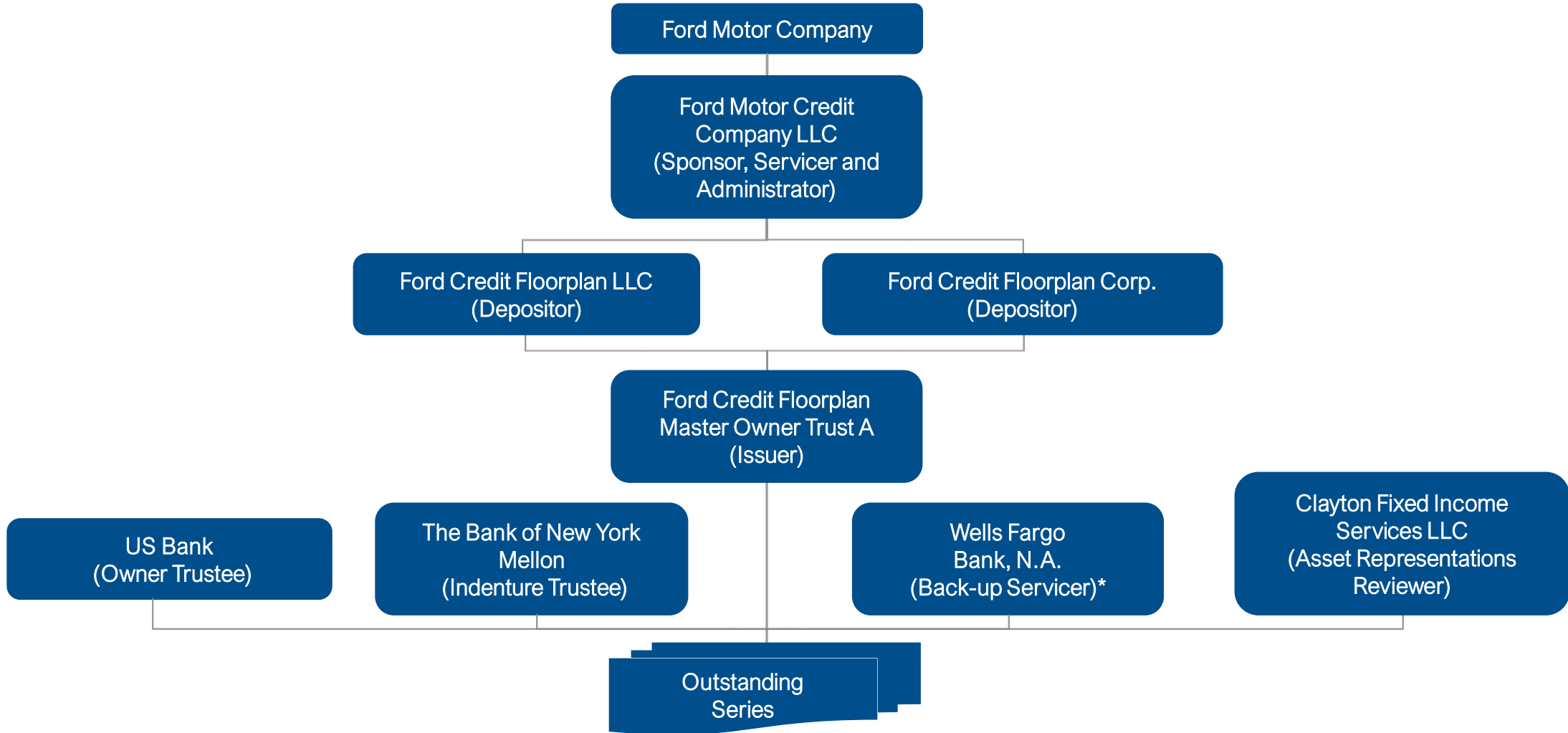
\*\*\* For non-annual periods, the percentages are annualized

\*\*\*\* Liquidations represent payments and net losses that reduce the principal balance of the receivables for the period indicated





# U.S. Floorplan Trust Legal Structure



\* The servicer may terminate the back-up servicer, without being required to appoint a successor back-up servicer, if the long-term debt ratings of Ford Credit are at least "BBB-" from Standard & Poor's and "Baa3" from Moody's

# Q1 2022 Adjusted EBIT (\$B)

	North America	South America	Europe	China	IMG	Total Auto	Total Company	
Q1 2021	\$ 2.9	\$ (0.1)	\$ 0.3	\$ (0.0)	\$ 0.2	\$ 3.4	\$ 3.9	
YoY Change:								
Volume / Mix	\$ (0.9)	\$ (0.0)	\$ (0.1)	\$ (0.1)	\$ (0.1)	\$ (1.1)	\$ (1.1)	
Net Pricing	1.1	0.2	0.3	0.0	0.1	1.7	1.7	
Cost	(1.4)	(0.1)	(0.5)	0.0	(0.0)	(1.9)	(1.9)	Material / Freight \$(0.3)
Exchange	(0.0)	(0.0)	0.0	0.0	(0.0)	(0.0)	(0.0)	Warranty (0.2)
JVs / Other	(0.2)	0.0	0.0	0.0	(0.1)	(0.2)	(0.2)	Commodities (1.2)
Total Automotive	\$ (1.4)	\$ 0.1	\$ (0.1)	\$ (0.0)	\$ (0.1)	\$ (1.5)	\$ (1.5)	Structural (0.0)
Mobility							(0.0)	Pension / OPEB (0.2)
Ford Credit							(0.0)	
Corporate Other							(0.0)	
Total Change							\$ (1.6)	
Q1 2022	\$ 1.6	\$ 0.1	\$ 0.2	\$ (0.1)	\$ 0.1	\$ 1.9	\$ 2.3	JVs \$(0.0)
								Other (0.2)

# Cash Flow And Balance Sheet (\$B)

	First Quarter	
	2021	2022
Company Adj. EBIT excl. Ford Credit	\$ 2.9	\$ 1.4
Capital spending	\$ (1.4)	\$ (1.3)
Depreciation and tooling amortization	1.2	1.3
Net Spending	\$ (0.1)	\$ (0.1)
Receivables	\$ (0.6)	\$ 0.0
Inventory	(2.2)	(2.7)
Trade payables	1.6	1.5
Changes in Working Capital	\$ (1.2)	\$ (1.2)
Ford Credit distributions	1.0	1.0
Interest on debt and cash taxes	(0.4)	(0.3)
All Other and timing differences (a)	(2.6)	(1.3)
Company Adjusted FCF	\$ (0.4)	\$ (0.6)
Global Redesign (incl. Separations)	(0.3)	(0.1)
Changes in debt	1.9	(0.3)
Funded pension contributions	(0.2)	(0.2)
Shareholder distributions	-	(0.4)
All Other (b)	(0.4)	(6.2)
Change in Cash	\$ 0.5	\$ (7.8)

	Balance Sheet	
	2021 Dec. 31	2022 Mar. 31
<u>Company Excl. Ford Credit</u>		
Company Cash Balance (c)	\$ 36.5	\$ 28.8
Liquidity (c)	52.4	44.6
Debt	(20.4)	(20.1)
Cash Net of Debt	16.1	8.7
<u>Pension Funded Status</u>		
Funded Plans	\$ 5.8	\$ 6.0
Unfunded Plans	(6.1)	(5.8)
Total Global Pension	\$ (0.3)	\$ 0.2
Total Funded Status OPEB	\$ (6.0)	\$ (6.0)

## Q1 Adjusted FCF Of \$(0.6)B, Driven By Timing Differences And Negative Working Capital

- a. Includes differences between accrual-based EBIT and associated cash flows (e.g., pension and OPEB income or expense; compensation payments; marketing incentive and warranty payments to dealers)
- b. 2022 includes the \$5.4B mark-to-market loss on our Rivian investment
- c. At December 31, 2021 and March 31, 2022, Rivian common shares were valued at \$103.69 and \$50.24, respectively, per share. Our investment is marked to market on a recurring basis and gains and losses could be material in any period. At April 26, 2022, Rivian common shares were valued at \$30.68 per share



# Appendix - Company

## Special Items (\$B)



### Global Redesign

South America

Separations and Other (not included above)

Subtotal Global Redesign

### Other Items

Mark-to-market gain / (loss) on Rivian investment

Russia suspension of operations / Asset write-off

Other

Subtotal Other Items

### Pension and OPEB Gain / (Loss)

Pension and OPEB remeasurement

Pension Settlements & Curtailments

Subtotal Pension and OPEB Gain / (Loss)

Total EBIT Special Items

Cash effect of Global Redesign (incl. separations)

### First Quarter

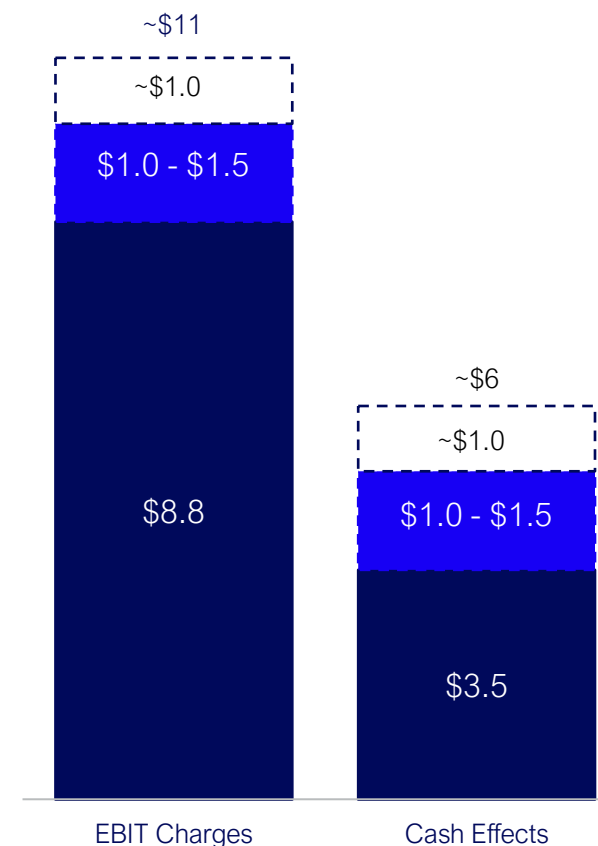
2021

2022

\$	(0.3)	\$	(0.0)
	(0.1)		(0.0)
\$	(0.4)	\$	(0.1)
\$	0.9	\$	(5.4)
	-		(0.1)
	(0.0)		(0.2)
\$	0.9	\$	(5.8)
\$	0.1	\$	0.0
	(0.0)		-
\$	0.0	\$	0.0
\$	0.5	\$	(5.9)
\$	(0.3)	\$	(0.1)

### Global Redesign

- Potential 2023 Actions and Cash Effects
- 2022 Actions and Cash Effects
- Recorded 2018 - 2021



**Total EBIT Special Items Of \$(5.9)B Driven Primarily By A Mark-To-Market Loss On Our Rivian Investment**

# Appendix - Company

## 1Q Results (\$M)



	First Quarter		
	2021	2022	2022 B / (W) 2021
North America	\$ 2,943	\$ 1,591	\$ (1,352)
South America	(73)	50	123
Europe	341	207	(134)
China	(15)	(53)	(38)
International Markets Group	201	96	(105)
Automotive	\$ 3,397	\$ 1,891	\$ (1,506)
Mobility	(207)	(242)	(35)
Ford Credit	962	928	(34)
Corporate Other	(240)	(251)	(11)
Adjusted EBIT	\$ 3,912	\$ 2,326	\$ (1,586)
Interest on Debt	(473)	(308)	165
Special Items (excl. tax)	503	(5,866)	(6,369)
Taxes	(680)	729	1,409
Less: Non-Controlling Interests	-	(9)	(9)
Net Income / (Loss) Attributable to Ford	\$ 3,262	\$ (3,110)	\$ (6,372)
Company Adjusted Free Cash Flow (\$B)	\$ (0.4)	\$ (0.6)	\$ (0.2)
Revenue (\$B)	36.2	34.5	(1.8)
Company Adjusted EBIT Margin (%)	10.8 %	6.7 %	(4.1) pts
Net Income / (Loss) Margin (%)	9.0	(9.0)	(18.0)
Adjusted ROIC (Trailing Four Quarters) (%)	6.6	7.8	1.2
Adjusted EPS	\$ 0.70	\$ 0.38	\$ (0.32)
EPS (GAAP)	0.81	(0.78)	(1.59)

# Quarterly Results (\$M)

	2021					2022
	Q1	Q2	Q3	Q4	Full Year	Q1
North America	\$ 2,943	\$ 192	\$ 2,420	\$ 1,822	\$ 7,377	\$ 1,591
South America	(73)	(86)	2	36	(121)	50
Europe	341	(284)	(52)	(159)	(154)	207
China	(15)	(123)	(39)	(150)	(327)	(53)
International Markets Group	201	204	125	92	622	96
Automotive	\$ 3,397	\$ (97)	\$ 2,456	\$ 1,641	\$ 7,397	\$ 1,891
Mobility	(207)	(210)	(271)	(342)	(1,030)	(242)
Ford Credit	962	1,623	1,077	1,055	4,717	928
Corporate Other	(240)	(263)	(269)	(312)	(1,084)	(251)
Adjusted EBIT	\$ 3,912	\$ 1,053	\$ 2,993	\$ 2,042	\$ 10,000	\$ 2,326
Interest on Debt	(473)	(453)	(439)	(438)	(1,803)	(308)
Special Items (excl. tax)	503	135	(669)	9,614	9,583	(5,866)
Taxes	(680)	(182)	(63)	1,055	130	729
Less: Non-Controlling Interests	-	(8)	(10)	(9)	(27)	(9)
Net Income / (Loss) Attributable to Ford	<u>\$ 3,262</u>	<u>\$ 561</u>	<u>\$ 1,832</u>	<u>\$ 12,282</u>	<u>\$ 17,937</u>	<u>\$ (3,110)</u>
Company Adjusted Free Cash Flow (\$B)	\$ (0.4)	\$ (5.1)	\$ 7.8	\$ 2.3	\$ 4.6	\$ (0.6)
Revenue (\$B)	36.2	26.8	35.7	37.7	136.3	34.5
Company Adjusted EBIT Margin (%)	10.8 %	3.9 %	8.4 %	5.4 %	7.3 %	6.7 %
Net Income / (Loss) Margin (%)	9.0	2.1	5.1	32.6	13.2	(9.0)
Adjusted ROIC (Trailing Four Quarters) (%)	6.6	10.3	9.7	9.8	9.8	7.8
Adjusted EPS	\$ 0.70	\$ 0.13	\$ 0.51	\$ 0.26	\$ 1.59	\$ 0.38
EPS (GAAP)	0.81	0.14	0.45	3.03	4.45	(0.78)

# Net Income / (Loss) Reconciliation To Adjusted EBIT (\$M)

	First Quarter	
	2021	2022
Net income / (loss) attributable to Ford (GAAP)	\$ 3,262	\$ (3,110)
Income / (Loss) attributable to non-controlling interests	-	(9)
Net income / (loss)	\$ 3,262	\$ (3,119)
Less: (Provision for) / Benefit from income taxes	(680)	729
Income / (Loss) before income taxes	\$ 3,942	\$ (3,848)
Less: Special items pre-tax	503	(5,866)
Income / (Loss) before special items pre-tax	\$ 3,439	\$ 2,018
Less: Interest on debt	(473)	(308)
Adjusted EBIT (Non-GAAP)	<u>\$ 3,912</u>	<u>\$ 2,326</u>
Memo:		
Revenue (\$B)	\$ 36.2	\$ 34.5
Net income / (loss) margin (GAAP) (%)	9.0 %	(9.0) %
Adjusted EBIT margin (Non-GAAP) (%)	10.8 %	6.7 %

# Net Cash Provided By / (Used In) Operating Activities Reconciliation To Company Adj. FCF (\$M)

	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
Net cash provided by / (Used in) operating activities (GAAP)	\$ 4,539	\$ 4,492	\$ 756	\$ 7,008	\$ 3,531	\$ (1,084)
Less: <u>Items Not Included in Company Adjusted Free Cash Flows</u>						
Ford Credit operating cash flows	3,010	4,998	9,638	(341)	998	(419)
Funded pension contributions	(141)	(229)	(164)	(209)	(171)	(174)
Global Redesign (including separations)	(127)	(345)	(970)	(293)	(327)	(148)
Ford Credit tax payments / (refunds) under tax sharing agreement	8	4	-	-	11	-
Other, net	(185)	64	(263)	(13)	(129)	(48)
Add: <u>Items Included in Company Adjusted Free Cash Flows</u>						
Company excluding Ford Credit capital spending	(1,520)	(1,358)	(1,504)	(1,562)	(1,759)	(1,349)
Ford Credit distributions	1,290	1,000	4,000	1,500	1,000	1,000
Settlement of derivatives	129	(25)	(133)	(42)	(55)	64
Company adjusted free cash flow (Non-GAAP)	<u>\$ 1,873</u>	<u>\$ (383)</u>	<u>\$ (5,122)</u>	<u>\$ 7,760</u>	<u>\$ 2,335</u>	<u>\$ (580)</u>

# Earnings / (Loss) Per Share Reconciliation To Adjusted Earnings / (Loss) Per Share

	First Quarter	
	2021	2022
<u>Diluted After-Tax Results (\$M)</u>		
Diluted after-tax results (GAAP)	\$ 3,262	\$ (3,110)
Less: Impact of pre-tax and tax special items	445	(4,674)
Adjusted net income – diluted (Non-GAAP)	<u>\$ 2,817</u>	<u>\$ 1,564</u>
 <u>Basic and Diluted Shares (M)</u>		
Basic shares (average shares outstanding)	3,980	4,008
Net dilutive options, unvested restricted stock units, unvested restricted stock shares, and convertible debt	36	56
Diluted shares	<u>4,016</u>	<u>4,064</u>
 Earnings / (Loss) per share – diluted (GAAP) *	\$ 0.81	\$ (0.78)
Less: Net impact of adjustments	0.11	(1.16)
Adjusted earnings per share – diluted (Non-GAAP)	<u>\$ 0.70</u>	<u>\$ 0.38</u>

\* The Q1 2022 calculation of Earnings Per Share - Diluted (GAAP) excludes 56M shares of net dilutive options, unvested restricted stock units, unvested restricted stock shares, and convertible debt due to their antidilutive effect



# 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 operating results and trends, and a means to compare 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.

- **Company Adjusted EBIT** (Most Comparable GAAP Measure: Net income / (Loss) attributable to Ford) – Earnings Before Interest and Taxes (EBIT) excludes interest on debt (excl. Ford Credit Debt), taxes and pre-tax special items. This non-GAAP measure is useful to management and investors because it focuses on underlying operating results and trends, and improves comparability of our period-over-period results. Our management ordinarily excludes special items from its review of the results of the operating segments for purposes of measuring segment profitability and allocating resources. Pre-tax special items consist of (i) pension and OPEB remeasurement gains and losses, (ii) gains and losses on investments in equity securities, (iii) significant personnel expenses, dealer-related costs, and facility-related charges stemming from our efforts to match production capacity and cost structure to market demand and changing model mix, and (iv) other items that we do not necessarily consider to be indicative of earnings from ongoing operating activities. When we provide guidance for adjusted EBIT, we do not provide guidance on a net income basis because the GAAP measure will include potentially significant special items that have not yet occurred and are difficult to predict with reasonable certainty, including gains and losses on pension and OPEB remeasurements and on investments in equity securities.
- **Company Adjusted EBIT Margin** (Most Comparable GAAP Measure: Company Net Income / (Loss) Margin) – Company Adjusted EBIT Margin is Company Adjusted EBIT divided by Company revenue. This non-GAAP measure is useful to management and investors because it allows users to evaluate our operating results aligned with industry reporting.
- **Adjusted Earnings / (Loss) Per Share** (Most Comparable GAAP Measure: Earnings / (Loss) Per Share) – Measure of Company's diluted net earnings / (loss) per share adjusted for impact of pre-tax special items (described above), tax special items and restructuring impacts in noncontrolling interests. The measure provides investors with useful information to evaluate performance of our business excluding items not indicative of earnings from ongoing operating activities. When we provide guidance for adjusted earnings / (loss) per share, we do not provide guidance on an earnings / (loss) per share basis because the GAAP measure will include potentially significant special items that have not yet occurred and are difficult to predict with reasonable certainty prior to year-end, including pension and OPEB remeasurement gains and losses.
- **Adjusted Effective Tax Rate** (Most Comparable GAAP Measure: Effective Tax Rate) – Measure of Company's tax rate excluding pre-tax special items (described above) and tax special items. The measure provides an ongoing effective rate which investors find useful for historical comparisons and for forecasting. When we provide guidance for adjusted effective tax rate, we do not provide guidance on an effective tax rate basis because the GAAP measure will include potentially significant special items that have not yet occurred and are difficult to predict with reasonable certainty prior to year-end, including pension and OPEB remeasurement gains and losses.

# Non-GAAP Financial Measures That Supplement GAAP Measures

- Company Adjusted Free Cash Flow (FCF) (Most Comparable GAAP Measure: Net Cash Provided By / (Used In) Operating Activities) – Measure of Company's operating cash flow excluding Ford Credit's operating cash flows. The measure contains elements management considers operating activities, including Company excluding Ford Credit capital spending, Ford Credit distributions to its parent, and settlement of derivatives. The measure excludes cash outflows for funded pension contributions, global redesign (including separations), and other items that are considered operating cash flows under GAAP. This measure is useful to management and investors because it is consistent with management's assessment of the Company's operating cash flow performance. When we provide guidance for Company Adjusted FCF, we do not provide guidance for net cash provided by / (used in) operating activities because the GAAP measure will include items that are difficult to quantify or predict with reasonable certainty, including cash flows related to the Company's exposures to foreign currency exchange rates and certain commodity prices (separate from any related hedges), Ford Credit's operating cash flows, and cash flows related to special items, including separation payments, each of which individually or in the aggregate could have a significant impact to our net cash provided by / (used in) our operating activities.
- Adjusted ROIC – Calculated as the sum of adjusted net operating profit / (loss) after-cash tax from the last four quarters, divided by the average invested capital over the last four quarters. This calculation provides management and investors with useful information to evaluate the Company's after-cash tax operating return on its invested capital for the period presented. Adjusted net operating profit / (loss) after-cash tax measures operating results less special items, interest on debt (excl. Ford Credit Debt), and certain pension / OPEB costs. Average invested capital is the sum of average balance sheet equity, debt (excl. Ford Credit Debt), and net pension / OPEB liability.

# Definitions And Calculations

### Wholesale Units and Revenue

- Wholesale unit volumes include all Ford and Lincoln badged units (whether produced by Ford or by an unconsolidated affiliate) that are sold to dealerships, units manufactured by Ford that are sold to other manufacturers, units distributed by Ford for other manufacturers, and local brand units produced by our China joint venture, Jiangling Motors Corporation, Ltd. (“JMC”), that are sold to dealerships, and from the second quarter of 2021, Ford badged vehicles produced in Taiwan by Lio Ho Group. Vehicles sold to daily rental car companies that are subject to a guaranteed repurchase option (i.e., rental repurchase), as well as other sales of finished vehicles for which the recognition of revenue is deferred (e.g., consignments), also are included in wholesale unit volumes. Revenue from certain vehicles in wholesale unit volumes (specifically, Ford badged vehicles produced and distributed by our unconsolidated affiliates, as well as JMC brand vehicles) are not included in our revenue

### Industry Volume and Market Share

- Industry volume and market share are based, in part, on estimated vehicle registrations; includes medium and heavy-duty trucks

### SAAR

- SAAR means seasonally adjusted annual rate

### Company Cash

- Company cash includes cash, cash equivalents, marketable securities and restricted cash (including cash held for sale); excludes Ford Credit's cash, cash equivalents, marketable securities and restricted cash

### Market Factors

- Volume and Mix – primarily measures EBIT variance from changes in wholesale unit volumes (at prior-year average contribution margin per unit) driven by changes in industry volume, market share, and dealer stocks, as well as the EBIT variance resulting from changes in product mix, including mix among vehicle lines and mix of trim levels and options within a vehicle line
- Net Pricing – primarily measures EBIT variance driven by changes in wholesale unit prices to dealers and marketing incentive programs such as rebate programs, low-rate financing offers, special lease offers and stock accrual adjustments on dealer inventory
- Market Factors exclude the impact of unconsolidated affiliate wholesale units

### Earnings Before Taxes (EBT)

- Reflects Income before income taxes

### Records

- References to Company, Automotive segment and business unit records are since at least 2009

# Definitions And Calculations

ABS capacity in excess of eligible receivables and other adjustments (as shown in the Liquidity Sources table)

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 in the Funding Structure and Liquidity Sources tables)

*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 Q1 2023. Also, the chart reflects adjustments to debt maturities to match the asset-backed debt maturities with the underlying asset maturities

Debt (as used in the Leverage calculation)

*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 in the Liquidity Sources table)

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

Leverage, Financial Statement Leverage (as shown in the Funding Structure table)

We use leverage, or the debt-to-equity ratio, to make various business decisions, including evaluating and establishing pricing for finance receivable and operating lease financing, and assessing our capital structure. We refer to our shareholder's interest as equity

Loss-To-Receivables ("LTR") Ratio (as shown in credit loss tables)

LTR ratio is calculated using net charge-offs divided by average finance receivables, excluding unearned interest supplements and the allowance for credit losses

Net Charge-Offs

Net charge-off changes are primarily driven by the number of repossessions, severity per repossession, and recoveries

Reserve as a % of EOP Receivables Ratio (as shown in the credit loss tables)

The reserve as a % of EOP receivables ratio is calculated as the credit loss reserve amount, divided by EOP finance receivables, excluding unearned interest supplements and the allowance for credit losses

# Definitions And Calculations

Securitization & restricted cash (as shown in the Liquidity Sources table)

Securitization cash is cash held for the benefit of the securitization investors (for example, a reserve fund). Restricted cash is primarily held to meet certain local government and regulatory reserve requirements and cash held under the terms of certain contractual agreements

Securitizations (as shown in the Public Term Funding Plan table)

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

Term Asset-Backed Securities (as shown in the Funding Structure table)

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 in the Funding Structure table)

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