

Q1 2021 Earnings Review

April 28, 2021



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, 2020, 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.

Effective January 1, 2021, we adopted Accounting Standards Update (“ASU”) 2019-12, which allows for the simplification of accounting for income taxes. As a result, return on equity, net income, distributions, leverage, and equity have been updated in the prior comparator periods to reflect the update.

Key Takeaways

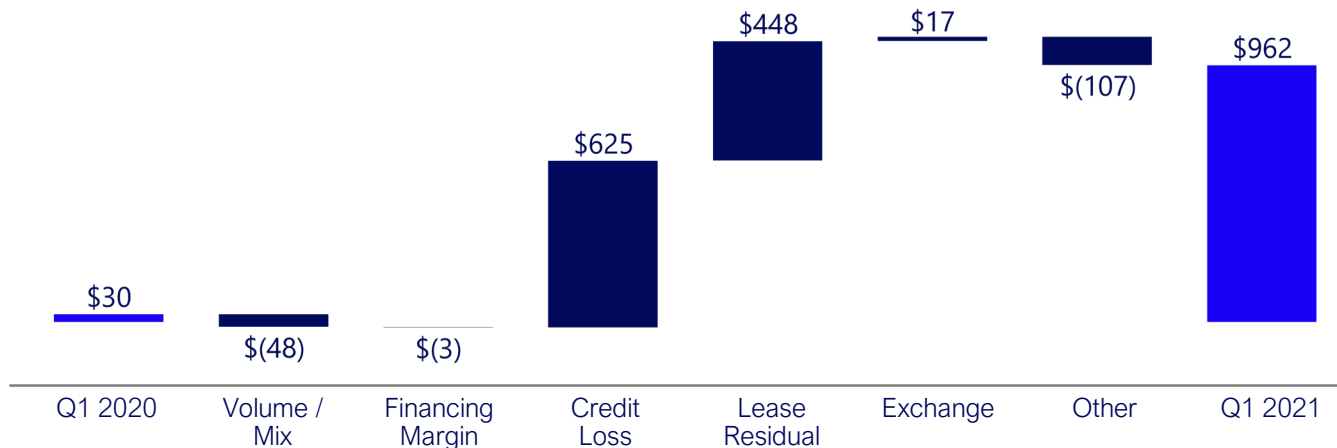
- Strong Q1 EBT of \$962M
- Balance sheet remains strong with liquidity at \$34B; continue to access diverse funding sources
- Portfolio performing well – charge-offs and loss-to-receivables (“LTR”) ratio remain significantly below year-ago levels, reflecting historically low losses. Credit loss reserve reduced reflecting expectation of lower lifetime COVID-related losses
- Off-lease auction values remain at record-high levels; lease share below industry average through Q1
- Effective January 1, 2021, we adopted ASU 2019-12, which reduces our U.S. tax allocation, increasing net income, ROE, and reducing leverage in Q1 and will support additional distributions to Ford; plan to manage leverage in line with target range

Key Metrics

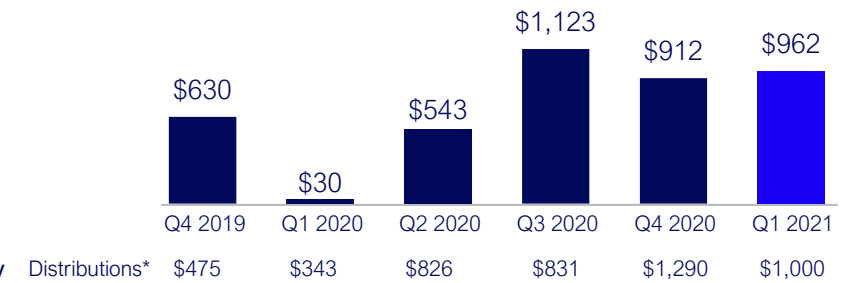
Q1 Headlines

- EBT of \$962M, up \$932M, reflecting non-recurrence of increase in credit loss reserves due to COVID-19 and strong auction performance
- Portfolio performing well – loss-to-receivables (“LTR”) remains low, reflecting historically low losses; auction values, at record-high levels, improved significantly from a year ago
- Balance sheet and liquidity remain strong

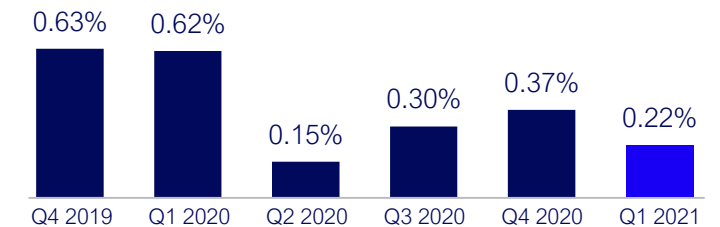
Q1 EBT YoY (\$M)



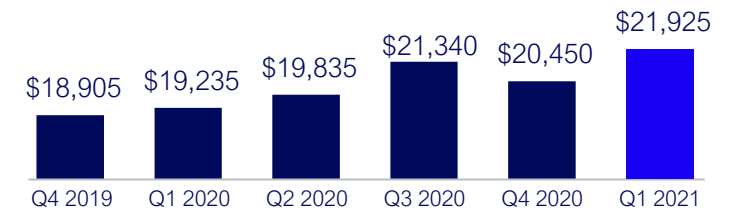
EBT (\$M)



U.S. Retail LTR Ratios (%)



Auction Values (Per Unit)**

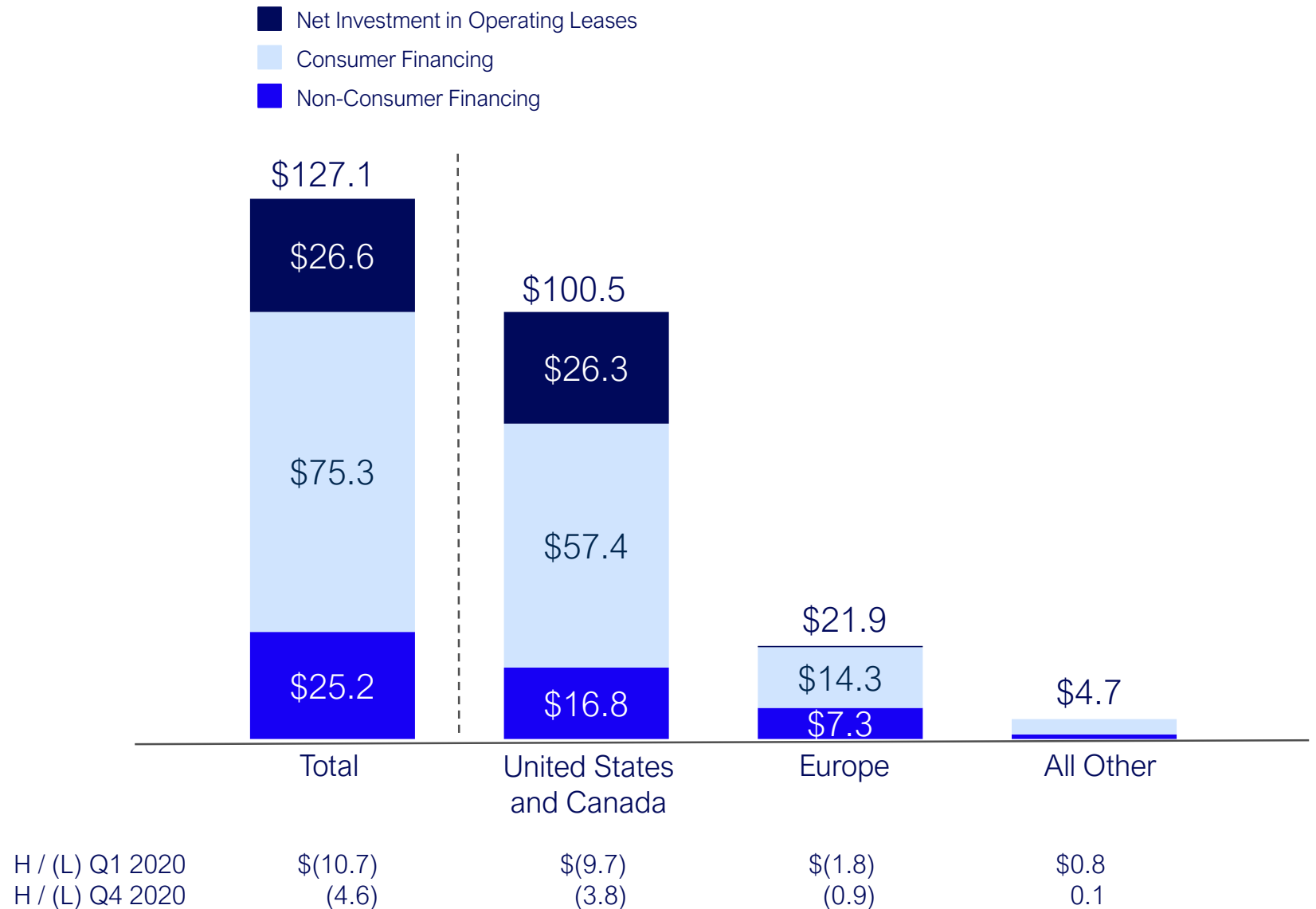


* Prior period amounts have been updated as a result of our adoption of ASU 2019-12, Simplifying the Accounting for Income Taxes

** U.S. 36-month off-lease auction values at Q1 2021 mix

Q1 2021 Net Receivables Mix (\$B)

- Receivables declined \$11B YoY, primarily reflecting lower wholesale receivables
- Operating lease portfolio was 21% of total net receivables



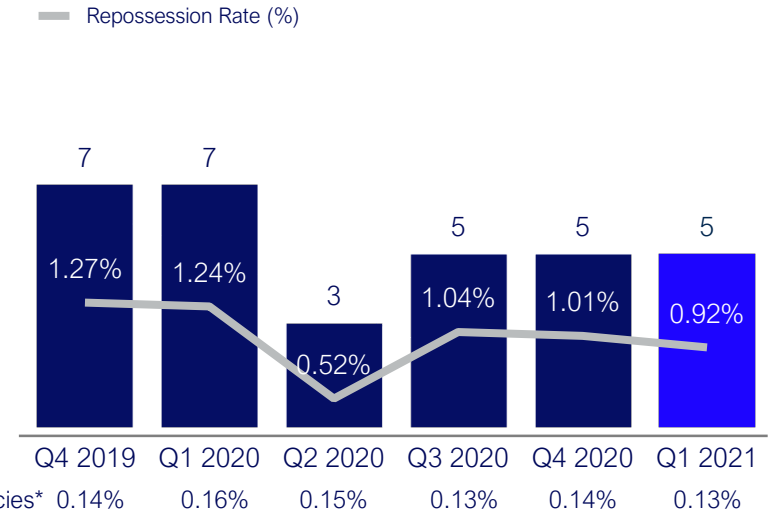
U.S. Origination Metrics And Credit Loss Drivers

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

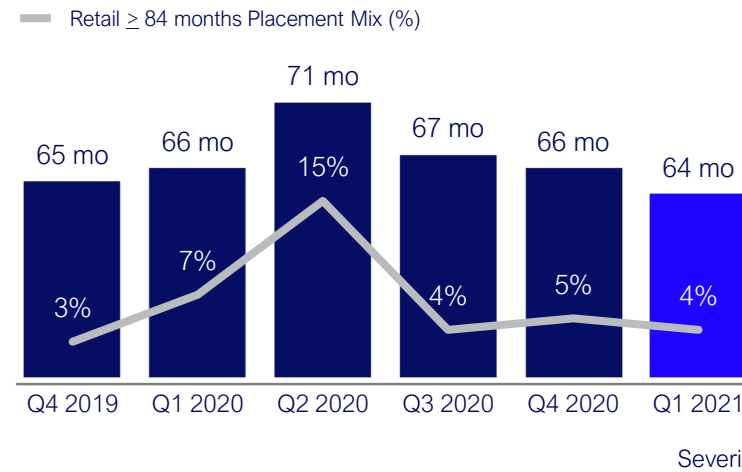
Retail & Lease FICO and Higher Risk Mix (%)



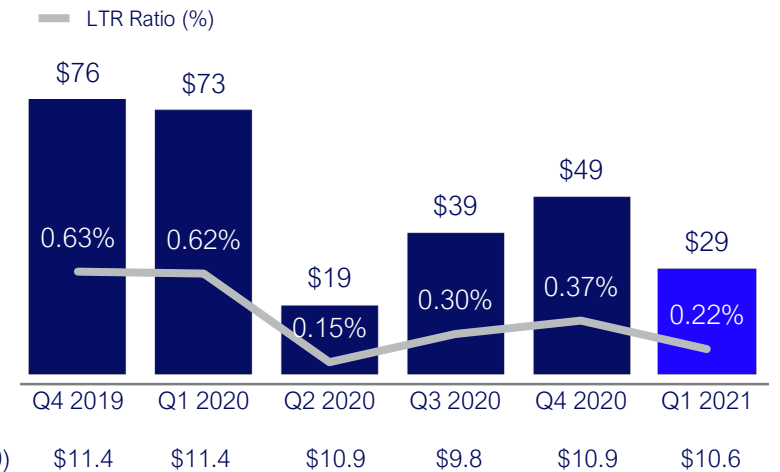
Retail Repossessions (000) and Repossession Rate (%)



Retail Contract Terms



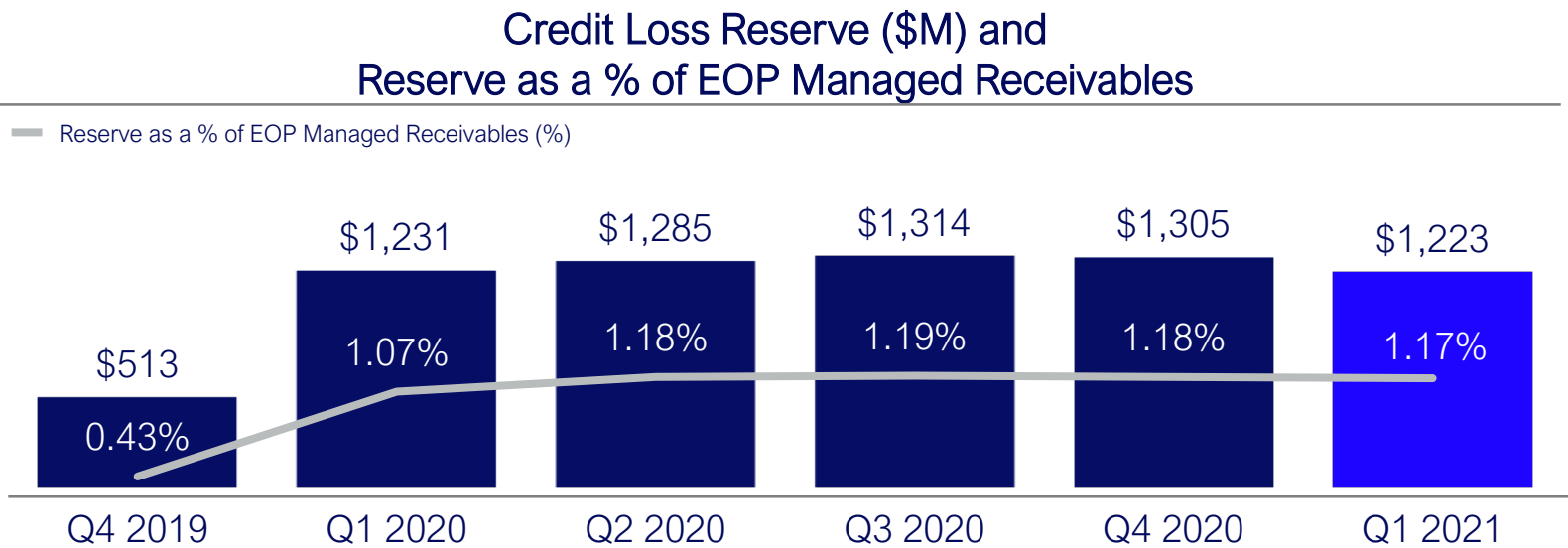
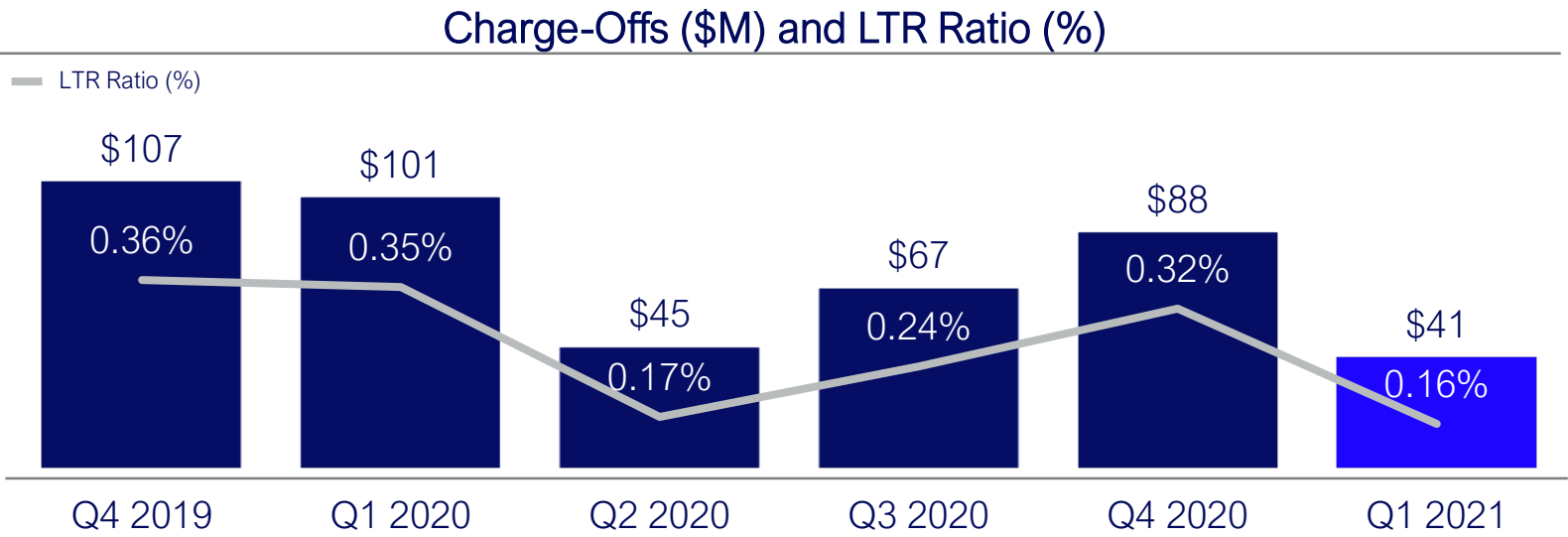
Retail Charge-Offs (\$M) and LTR Ratio (%)



* Excluding bankruptcies

Worldwide Credit Loss Metrics

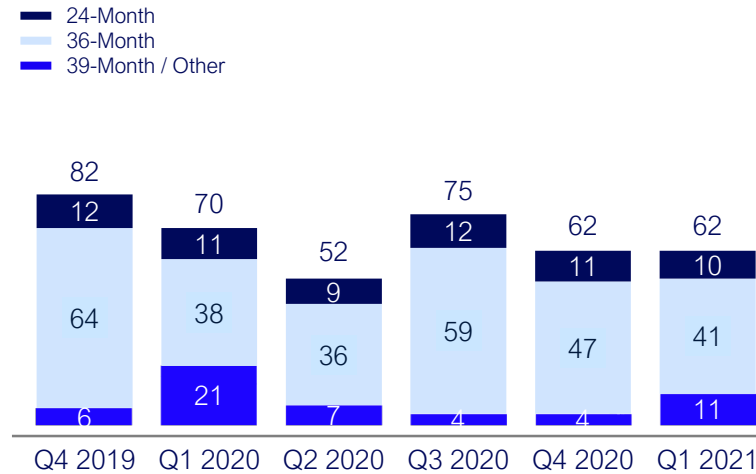
- Worldwide credit loss metrics remain strong and below year ago levels, reflecting historically low losses
- Credit loss reserve reflects lifetime losses lower than Q4 2020; credit loss reserve reduced reflecting expectation of lower lifetime COVID-related losses



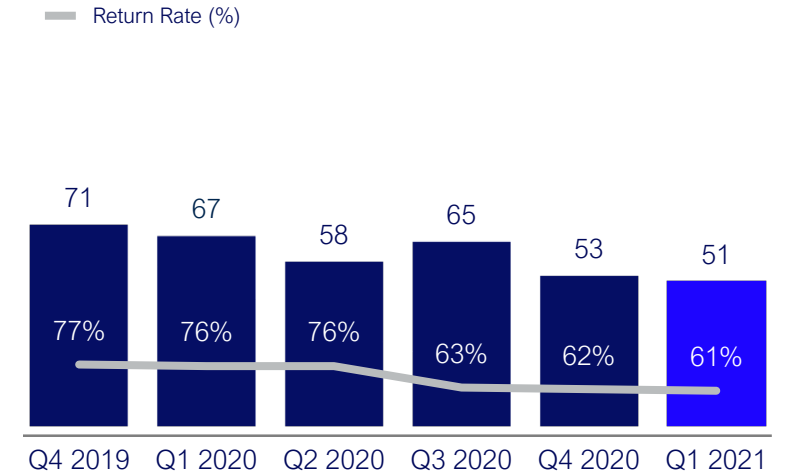
U.S. Lease Metrics

- Lease placement volume and share down YoY
- Lower lease return volume and return rate reflect auction values
- Auction values up 14% YoY
- Now planning for 2021 FY auction values to remain at historically high levels and to be higher YoY

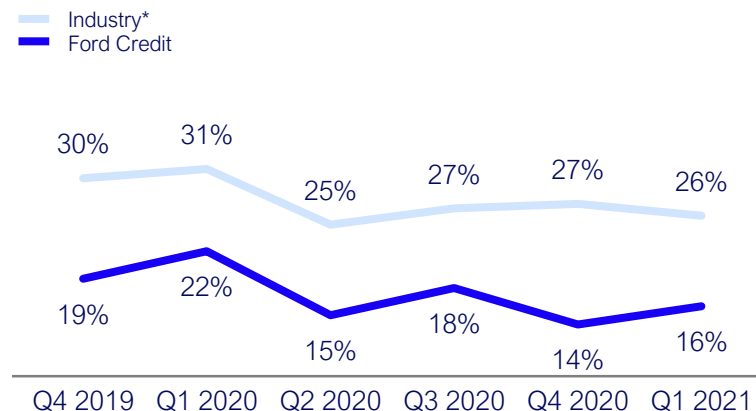
Lease Placement Volume (000)



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



Lease Share of Retail Sales (%)



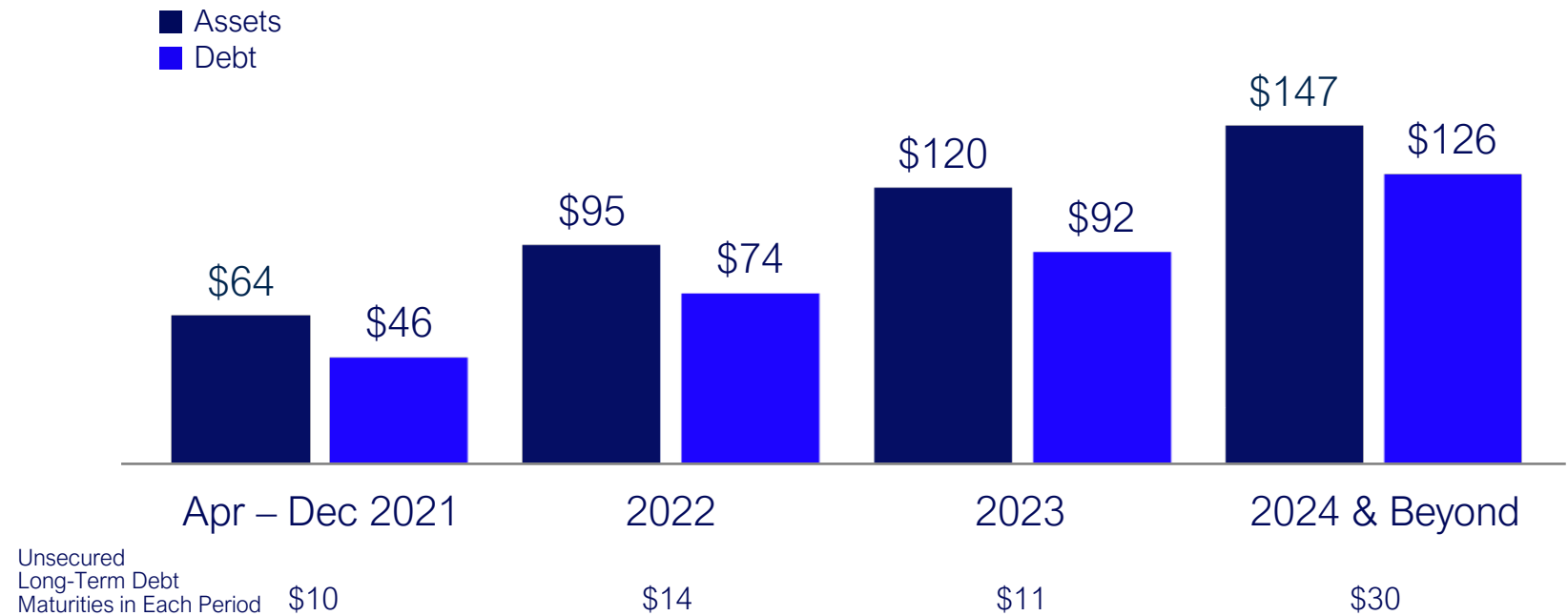
Off-Lease Auction Values (36-month, at Q1 2021 Mix)



* Source: J.D. Power PIN

Cumulative Maturities At March 31, 2021* (\$B)

- Strong balance sheet is inherently liquid with cumulative debt maturities having a longer tenor than asset maturities
- As of March 31, 2021 \$76B of \$147B assets are unencumbered



* See Appendix for assets and debt definitions

Funding Structure – Managed Receivables* (\$B)

- Well capitalized with a strong balance sheet; \$33.7B in net liquidity
- Funding is diversified across platforms and markets

	2020 Dec 31**	2021 Mar 31
Term Unsecured Debt	\$ 76.6	\$ 69.4
Term Asset-Backed Securities	54.6	50.2
Ford Interest Advantage / Deposits	6.5	7.2
Other	5.7	7.2
Equity	15.6	15.3
Adjustments for Cash	(18.5)	(14.1)
Total Managed Receivables	<u>\$ 140.5</u>	<u>\$ 135.2</u>
Securitized Funding as Pct of Managed Receivables	38.8%	37.1%
Net Liquidity	\$ 35.4	\$ 33.7

* See Appendix for definitions and reconciliation to GAAP

** Prior period amounts have been updated as a result of our adoption of ASU 2019-12, Simplifying the Accounting for Income Taxes

Public Term Funding Plan* (\$B)

- Completed \$6B of public issuance in 2021
- Strong balance sheet and substantial liquidity provide funding flexibility

	2019 Actual	2020 Actual	2021 Forecast	Through Apr 27
Unsecured	\$ 17	\$ 14	\$ 5 - 9	\$ 1
Securitizations**	14	13	7 - 10	5
Total	<u>\$ 31</u>	<u>\$ 27</u>	<u>\$ 12 - 19</u>	<u>\$ 6</u>

* See Appendix for definitions

** Includes Rule 144A offerings

Cautionary Note On Forward-Looking Statements

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

- Ford and Ford Credit’s financial condition and results of operations have been and may continue to be adversely affected by public health issues, including epidemics or pandemics such as COVID-19;
- Ford is highly dependent on its suppliers to deliver components in accordance with Ford’s production schedule, and a shortage of key components, such as semiconductors, can disrupt Ford’s production of vehicles;
- Ford’s long-term competitiveness depends on the successful execution of its Plan;
- Ford’s vehicles could be affected by defects that result in delays in new model launches, recall campaigns, or increased warranty costs;
- Ford may not realize the anticipated benefits of existing or pending strategic alliances, joint ventures, acquisitions, divestitures, or new business strategies;
- Operational systems, security systems, and vehicles could be affected by cyber incidents and other disruptions;
- Ford’s production, as well as Ford’s suppliers’ production, could be disrupted by labor issues, natural or man-made disasters, financial distress, production difficulties, or other factors;
- Ford’s ability to maintain a competitive cost structure could be affected by labor or other constraints;
- Ford’s ability to attract and retain talented, diverse, and highly skilled employees is critical to its success and competitiveness;
- Ford’s new and existing products and mobility services are subject to market acceptance and face significant competition from existing and new entrants in the automotive and mobility industries;
- Ford’s results are dependent on sales of larger, more profitable vehicles, particularly in the United States;
- With a global footprint, Ford’s results could be adversely affected by economic, geopolitical, protectionist trade policies, or other events, including tariffs;
- Industry sales volume in any of Ford’s key markets can be volatile and could decline if there is a financial crisis, recession, or significant geopolitical event;
- Ford may face increased price competition or a reduction in demand for its products resulting from industry excess capacity, currency fluctuations, competitive actions, or other factors;
- Fluctuations in commodity prices, foreign currency exchange rates, interest rates, and market value of Ford or Ford Credit’s investments can have a significant effect on results;
- Ford and Ford Credit’s access to debt, securitization, or derivative markets around the world at competitive rates or in sufficient amounts could be affected by credit rating downgrades, market volatility, market disruption, regulatory requirements, or other factors;
- Ford’s receipt of government incentives could be subject to reduction, termination, or clawback;
- Ford Credit could experience higher-than-expected credit losses, lower-than-anticipated residual values, or higher-than-expected return volumes for leased vehicles;
- Economic and demographic experience for pension and other postretirement benefit plans (e.g., discount rates or investment returns) could be worse than Ford has assumed;
- Pension and other postretirement liabilities could adversely affect Ford’s liquidity and financial condition;
- Ford could experience unusual or significant litigation, governmental investigations, or adverse publicity arising out of alleged defects in products, perceived environmental impacts, or otherwise;
- Ford may need to substantially modify its product plans to comply with safety, emissions, fuel economy, autonomous vehicle, and other regulations;
- Ford and Ford Credit could be affected by the continued development of more stringent privacy, data use, and data protection laws and regulations as well as consumers’ heightened expectations to safeguard their personal information; and
- Ford Credit could be subject to new or increased credit regulations, consumer protection regulations, or other regulations.

We cannot be certain that any expectation, forecast, or assumption made in preparing forward-looking statements will prove accurate, or that any projection will be realized. It is to be expected that there may be differences between projected and actual results. Our forward-looking statements speak only as of the date of their initial issuance, and we do not undertake any obligation to update or revise publicly any forward-looking statement, whether as a result of new information, future events, or otherwise. For additional discussion, see “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2020, as updated by subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.

Appendix

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EBT By Segment* (\$M)

	Q1	
	2021	H / (L) 2020 **
<u>Results</u>		
United States and Canada segment	\$ 996	\$ 974
Europe segment	66	49
All Other segment	(15)	(22)
Total segments	\$ 1,047	\$ 1,001
Unallocated other	(85)	(69)
Earnings before taxes	\$ 962	\$ 932
Taxes	(117)	(81)
Net income	<u>\$ 845</u>	<u>\$ 851</u>
Distributions	\$ 1,000	\$ 657

* See Appendix for definitions

** Prior period amounts have been updated as a result of our adoption of ASU 2019-12, Simplifying the Accounting for Income Taxes

Financing Shares And Contract Placement Volume

	Q1	
	2020	2021
<u>Share of Ford Sales*</u>		
United States	56 %	47 %
Canada	63	60
U.K.	44	35
Germany	44	37
China	34	41
<u>Wholesale Share</u>		
United States	74 %	72 %
Canada	47	13
U.K.	100	100
Germany	93	91
China	51	66
<u>Contract Placement Volume - New and Used (000)</u>		
United States	205	196
Canada	23	25
U.K.	30	25
Germany	29	18
China	16	32

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

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

	2020 Mar 31	2020 Dec 31	2021 Mar 31
Finance receivables, net (GAAP)	\$ 110.8	\$ 105.0	\$ 100.5
Net investment in operating leases (GAAP)	27.0	26.7	26.6
Total net receivables*	\$ 137.8	\$ 131.7	\$ 127.1
Unearned interest supplements and residual support	\$ 6.3	\$ 6.5	\$ 6.0
Allowance for credit losses	1.2	1.3	1.2
Other, primarily accumulated supplemental depreciation	1.1	1.0	0.9
Total managed receivables (Non-GAAP)	<u>\$ 146.4</u>	<u>\$ 140.5</u>	<u>\$ 135.2</u>

* See Appendix for definitions

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

	2020 Mar 31**	2020 Dec 31**	2021 Mar 31
<u>Leverage Calculation</u>			
Debt	\$ 136.8	\$ 137.7	\$ 126.8
Adjustments for cash	(11.3)	(18.5)	(14.1)
Adjustments for derivative accounting	(1.6)	(1.5)	(0.8)
Total adjusted debt	<u>\$ 123.9</u>	<u>\$ 117.7</u>	<u>\$ 111.9</u>
Equity	\$ 15.5	\$ 15.6	\$ 15.3
Adjustments for derivative accounting	(0.0)	0.1	0.0
Total adjusted equity	<u>\$ 15.4</u>	<u>\$ 15.7</u>	<u>\$ 15.3</u>
Financial statement leverage (to 1) (GAAP)	8.9	8.8	8.3
Managed leverage (to 1) (Non-GAAP)	8.0	7.5	7.3

* See Appendix for definitions

** Prior period amounts have been updated as a result of our adoption of ASU 2019-12, Simplifying the Accounting for Income Taxes

Liquidity Sources* (\$B)

	2020 Mar 31	2020 Dec 31	2021 Mar 31
<u>Liquidity Sources</u>			
Cash	\$ 11.3	\$ 18.5	\$ 14.1
Committed asset-backed facilities	35.9	38.1	38.2
Other unsecured credit facilities	2.8	2.5	2.5
Total liquidity sources	\$ 50.0	\$ 59.1	\$ 54.8
<u>Utilization of Liquidity</u>			
Securitization & restricted cash	\$ (3.1)	\$ (3.9)	\$ (5.4)
Committed asset-backed facilities	(18.6)	(16.7)	(11.9)
Other unsecured credit facilities	(0.5)	(0.5)	(0.6)
Total utilization of liquidity	\$ (22.2)	\$ (21.1)	\$ (17.9)
Gross liquidity	\$ 27.8	\$ 38.0	\$ 36.9
ABS capacity in excess of eligible receivables and other adjustments	0.3	(2.6)	(3.2)
Net liquidity available for use	\$ 28.1	\$ 35.4	\$ 33.7

* See Appendix for definitions

Non-GAAP Financial Measures That Supplement GAAP Measures

We use both GAAP and non-GAAP financial measures for operational and financial decision making, and to assess Company and segment business performance. The non-GAAP measures listed below are intended to be considered by users as supplemental information to their equivalent GAAP measures, to aid investors in better understanding our financial results. We believe that these non-GAAP measures provide useful perspective on underlying business results and trends, and a means to assess our period-over-period results. These non-GAAP measures should not be considered as a substitute for, or superior to measures of financial performance prepared in accordance with GAAP. These non-GAAP measures may not be the same as similarly titled measures used by other companies due to possible differences in method and in items or events being adjusted.

- Ford Credit Managed Receivables – (Most Comparable GAAP Measure: Net Finance Receivables plus Net Investment in Operating Leases) – Measure of Ford Credit's Total net receivables and Held-for-sale receivables, excluding unearned interest supplements and residual support, allowance for credit losses, and other (primarily accumulated supplemental depreciation). The measure is useful to management and investors as it closely approximates the customer's outstanding balance on the receivables, which is the basis for earning revenue.
- Ford Credit Managed Leverage (Most Comparable GAAP Measure: Financial Statement Leverage) – Ford Credit's debt-to-equity ratio adjusted (i) to exclude cash, cash equivalents, and marketable securities (other than amounts related to insurance activities), and (ii) for derivative accounting. The measure is useful to investors because it reflects the way Ford Credit manages its business. Cash, cash equivalents, and marketable securities are deducted because they generally correspond to excess debt beyond the amount required to support operations and on-balance sheet securitization transactions. Derivative accounting adjustments are made to asset, debt, and equity positions to reflect the impact of interest rate instruments used with Ford Credit's term-debt issuances and securitization transactions. Ford Credit generally repays its debt obligations as they mature, so the interim effects of changes in market interest rates are excluded in the calculation of managed leverage.

Definitions And Calculations

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

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

Assets (as shown on the Cumulative Maturities chart)

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

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

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

Debt (as shown on the Cumulative Maturities chart)

All wholesale securitization transactions are shown maturing in the next 12 months, even if the maturities extend beyond Q1 2022. Also, the chart reflects adjustments to debt maturities to match the asset-backed debt maturities with the underlying asset maturities

Debt (as shown on the Leverage chart)

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

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

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

Earnings Before Taxes ("EBT")

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

Securitization & restricted cash (as shown on the Liquidity Sources chart)

Securitization cash is cash held for the benefit of the securitization investors (for example, a reserve fund). Restricted cash 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 on the Public Term Funding Plan chart)

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

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

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

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

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

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

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