

# Q3 2024 Earnings Review

October 28, 2024



Credit



2025 Ford  
Maverick

# 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, 2023, as updated by subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.

## **ADDITIONAL INFORMATION**

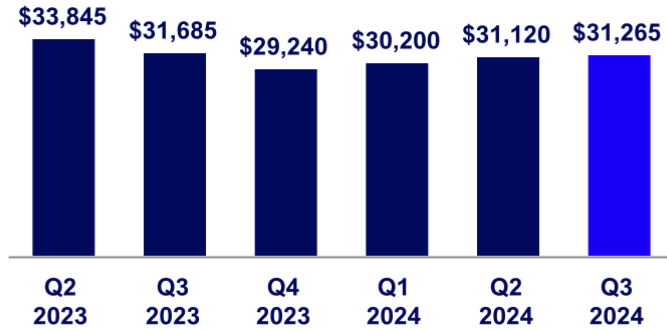
Calculated results may not sum due to rounding. All variances are year-over-year unless otherwise noted.

# Key Metrics

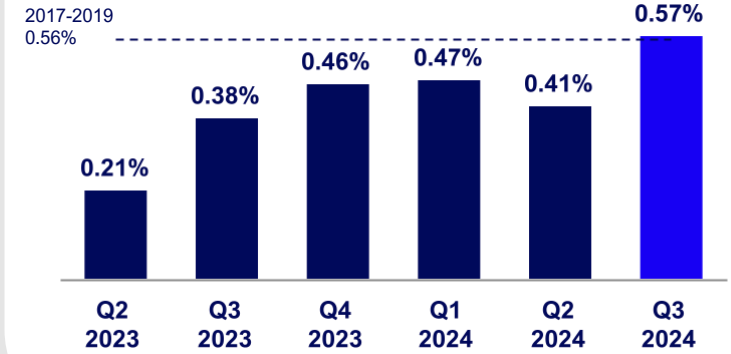
Best-in-class finance company

- EBT of \$544M:
  - + Financing margin improvement
  - + Higher receivables
  - Auction values down 1%
- High-quality book with FICO scores > 750
- Low EV residual risk

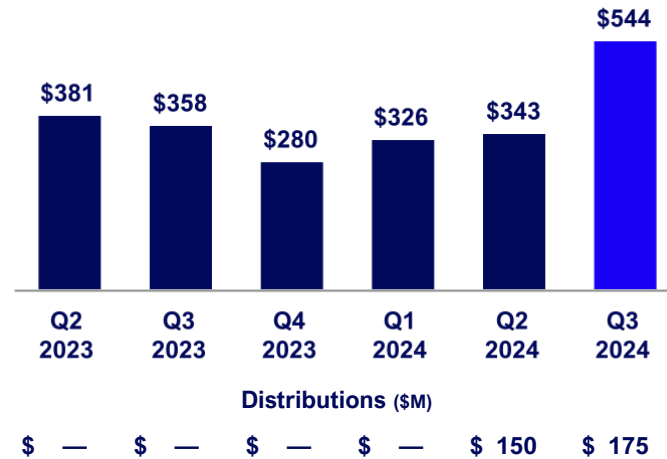
## Auction Values\* (Per Unit)



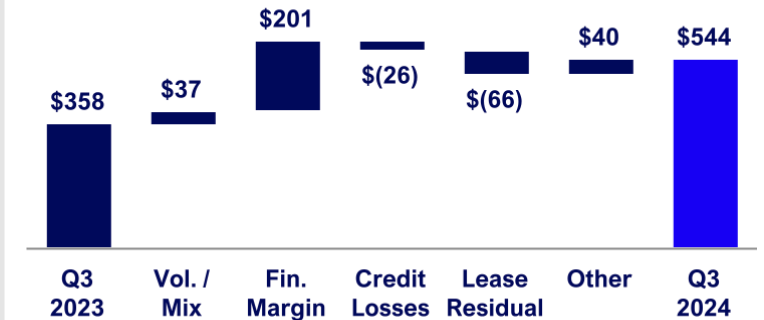
## U.S. Retail Loss-to-Receivables (“LTR”) Ratio (%)



## EBT (\$M)



## Q3 EBT YoY (\$M)

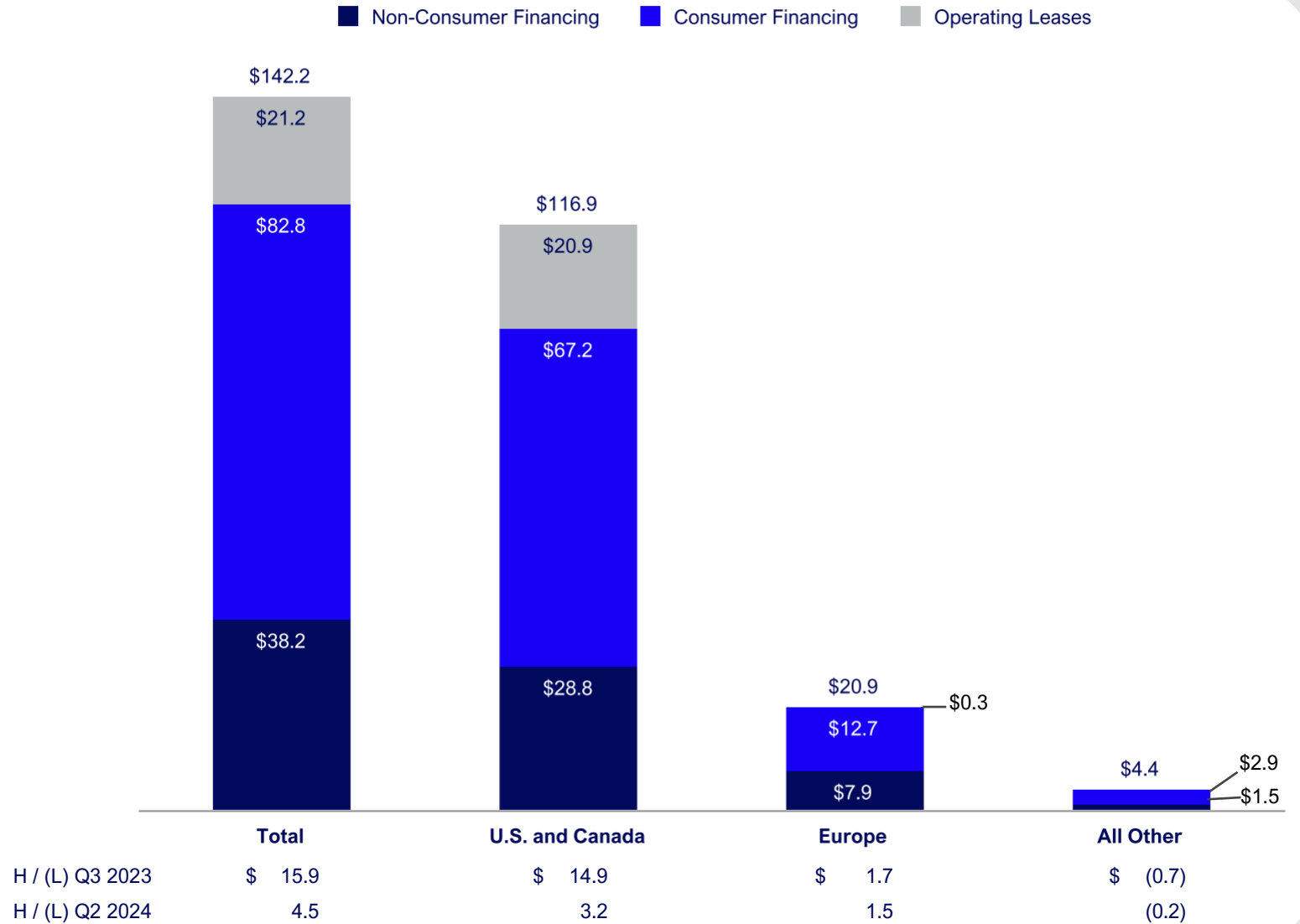


\* U.S. 36-month off-lease auction values at Q3 2024 mix



## Q3 2024 Net Receivables Mix (\$B)

- Total Net Receivables increased \$15.9B YoY and \$4.5B sequentially
- Consumer Financing increased \$8.1B YoY and Non-Consumer Financing increased \$6.9B YoY
- Operating lease portfolio was 15% of Total Net Receivables, down 1 Ppt. YoY and flat sequentially

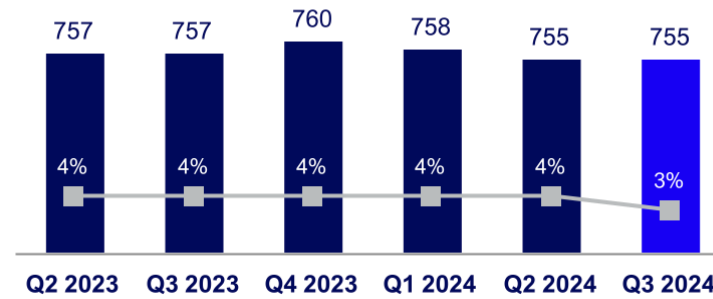


# U.S. Origination Metrics And Credit Loss Drivers

- Disciplined and consistent underwriting practices
- Portfolio quality remains robust evidenced by strong FICO scores and consistent low Higher Risk Portfolio Mix
- Retail Net Charge-Offs and LTR Ratio higher YoY reflecting:
  - Higher severity due to higher average amount financed
  - Increased repossession rates
  - QoQ growth further impacted by seasonality

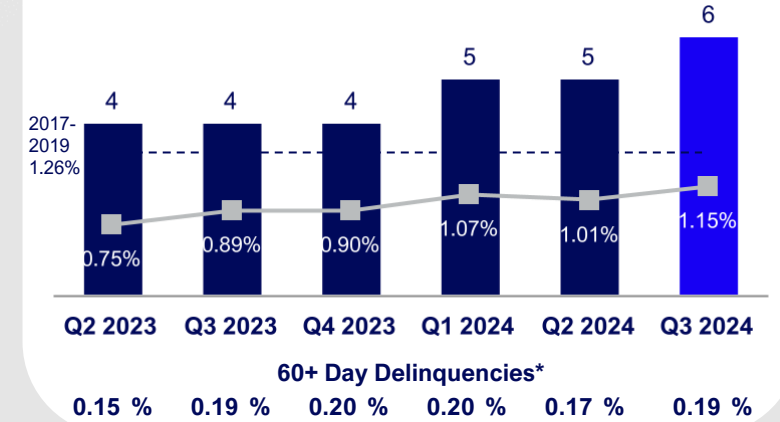
## Retail & Lease FICO and Higher Risk Mix (%)

— Higher Risk Portfolio Mix (%)



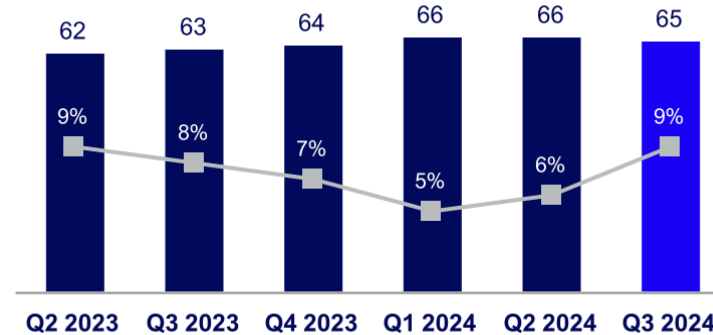
## Retail Repossessions (000) and Repossession Rate (%)

— Repossession Rate (%)



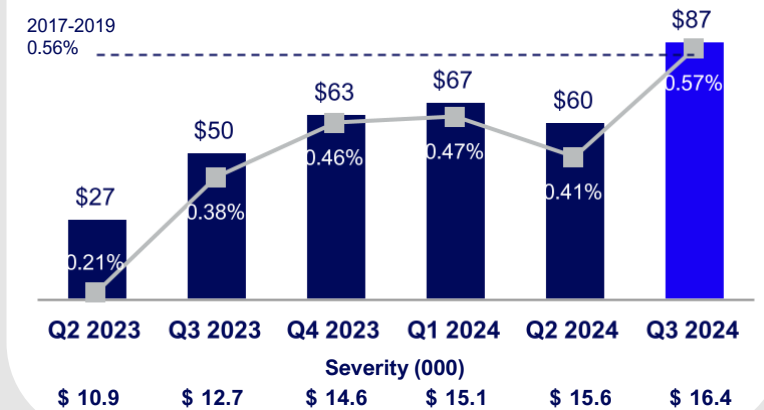
## Retail Contract Terms (months)

— Retail ≥ 84 Months Placement Mix (%)



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

— LTR Ratio (%)



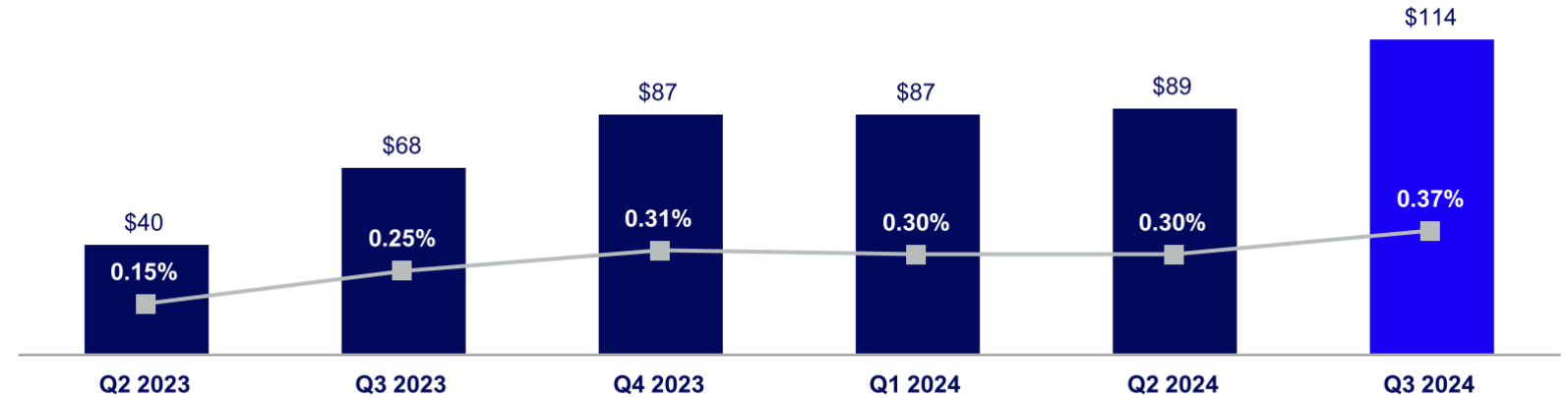
\* Excluding bankruptcies

# Worldwide Credit Loss Metrics

- Worldwide credit loss metrics remain strong
- Credit Loss Reserve lower YoY, reflecting improvement in macroeconomic outlook

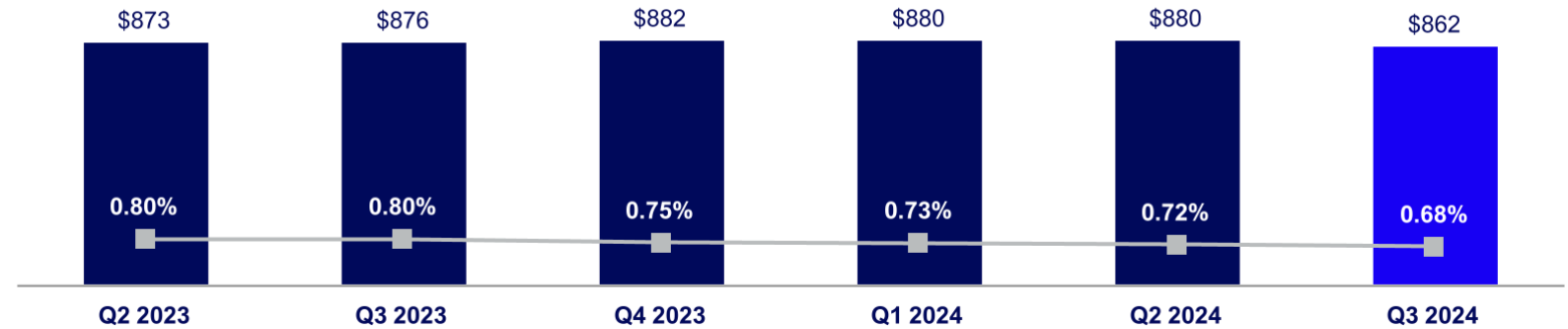
### Net Charge-Offs (\$M) and LTR Ratio (%)

— LTR Ratio (%)



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

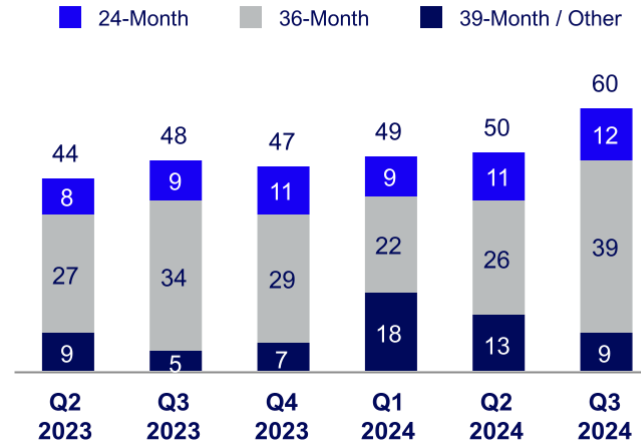
— Reserve as a % of EOP Receivables (%)



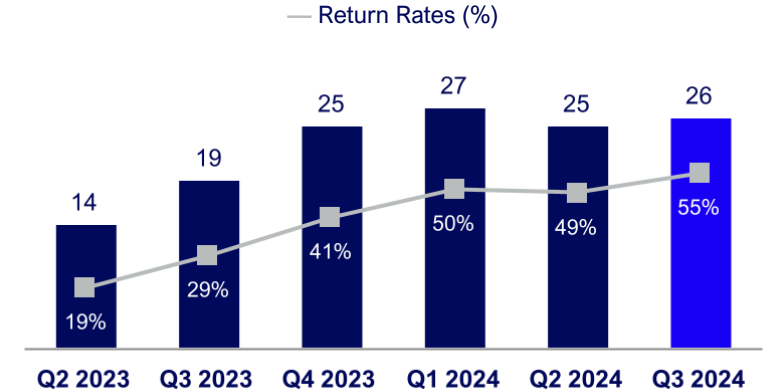
# U.S. Lease Metrics

- Aligned with expectations, lease return rates continue to increase from historical lows
- Q3 auction values decreased 1% YoY and increased 0.5% sequentially. We expect auction values to continue declining consistent with industry and third-party estimates

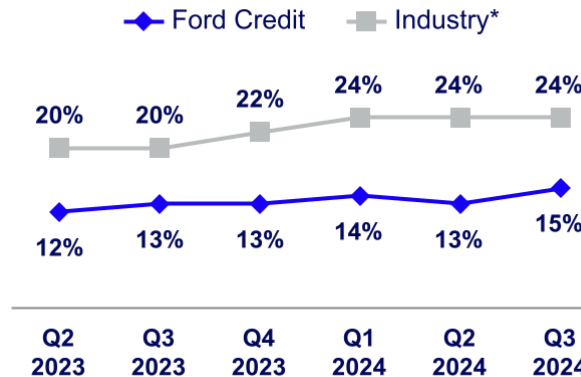
### Lease Placement Volume (000)



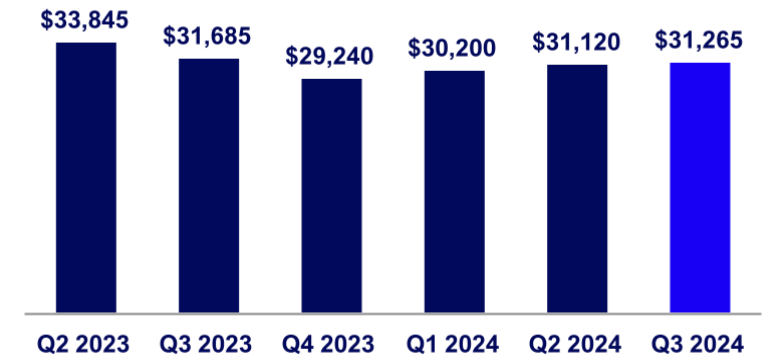
### Lease Return Volume and Return Rates (%)



### Lease Share of Retail Sales (%)



### Auction Values\*\* (Per Unit)



\* Source: J.D. Power PIN

\*\* U.S. 36-month off-lease auction values at Q3 2024 mix

## Funding Structure (\$B)

- Well capitalized with a strong balance sheet; funding diversified across platforms and markets
- Net liquidity at \$29.6B
- Leverage is within the target range of 9:1 to 10:1

	2023 Dec. 31	2024 Sep. 30
Term Unsecured Debt	\$ 54.1	\$ 61.7
Term Asset-Backed Securities	58.0	56.3
Deposits / Ford Interest Advantage (FIA)	17.2	18.7
Other	1.4	0.1
Equity	13.4	14.0
Cash	(10.9)	(8.6)
Total Net Receivables	<u>\$ 133.2</u>	<u>\$ 142.2</u>
Securitized Funding as Pct. of Total Debt	44.9%	41.2%
Net Liquidity	\$ 25.7	\$ 29.6
Financial Statement Leverage	9.7	9.7



## Public Term Funding Plan (\$B)

- Completed \$29B of public issuance YTD in 2024
- Liquidity and diverse funding sources provide flexibility

	<u>2022 Actual</u>	<u>2023 Actual</u>	<u>2024 Forecast</u>	<u>Through Oct. 25</u>
Unsecured	\$ 6	\$ 14	\$ 16 - 19	\$ 16
Securitizations*	<u>10</u>	<u>14</u>	<u>14 - 16</u>	<u>13</u>
Total	<u><u>\$ 16</u></u>	<u><u>\$ 28</u></u>	<u><u>\$ 30 - 35</u></u>	<u><u>\$ 29</u></u>

\* Includes Rule 144A Offerings

## Liquidity Sources (\$B)

- **\$29.6B of net liquidity, up \$3.9B from year-end 2023**
- **Reflects access to public and private funding markets**

	2023 Sep. 30	2023 Dec. 31	2024 Sep. 30
<u>Liquidity Sources</u>			
Cash	\$ 11.6	\$ 10.9	\$ 8.6
Committed asset-backed facilities	42.3	42.9	44.6
Other unsecured credit facilities	2.4	2.4	1.8
Total liquidity sources	<u>\$ 56.3</u>	<u>\$ 56.2</u>	<u>\$ 55.0</u>
<u>Utilization of Liquidity</u>			
Securitization & restricted cash	\$ (2.9)	\$ (2.8)	\$ (3.1)
Committed asset-backed facilities	(25.8)	(27.5)	(22.5)
Other unsecured credit facilities	(0.7)	(0.4)	(0.1)
Total utilization of liquidity	<u>\$ (29.4)</u>	<u>\$ (30.7)</u>	<u>\$ (25.7)</u>
Available liquidity	\$ 26.9	\$ 25.5	\$ 29.3
Other adjustments	0.1	0.2	0.3
Net liquidity available for use	<u><u>\$ 27.0</u></u>	<u><u>\$ 25.7</u></u>	<u><u>\$ 29.6</u></u>

# 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 is highly dependent on its suppliers to deliver components in accordance with Ford’s production schedule and specifications, and a shortage of or inability to acquire key components or raw materials, such as lithium, cobalt, nickel, graphite, and manganese, can disrupt Ford’s production of vehicles;
- To facilitate access to the raw materials and other components necessary for the production of electric vehicles, Ford has entered into and may, in the future, enter into multi-year commitments to raw material and other suppliers that subject Ford to risks associated with lower future demand for such items as well as costs that fluctuate and are difficult to accurately forecast;
- Ford’s long-term competitiveness depends on the successful execution of Ford+;
- Ford’s vehicles could be affected by defects that result in recall campaigns, increased warranty costs, or delays in new model launches, and the time it takes to improve the quality of Ford’s vehicles and services could continue to have an adverse effect on Ford’s business;
- Ford may not realize the anticipated benefits of existing or pending strategic alliances, joint ventures, acquisitions, divestitures, or business strategies;
- Ford may not realize the anticipated benefits of restructuring actions and such actions may cause Ford to incur significant charges, disrupt its operations, or harm its reputation;
- Operational information systems, security systems, vehicles, and services could be affected by cybersecurity incidents, ransomware attacks, and other disruptions and impact Ford and Ford Credit as well as their suppliers and dealers;
- Ford’s production, as well as Ford’s suppliers’ production, and/or the ability to deliver products to consumers could be disrupted by labor issues, public health issues, natural or man-made disasters, adverse effects of climate change, financial distress, production difficulties, capacity limitations, or other factors;
- Failure to develop and deploy secure digital services that appeal to customers could have a negative impact on Ford’s business;
- Ford’s ability to maintain a competitive cost structure could be affected by labor or other constraints;
- Ford’s ability to attract, develop, grow, and reward talent is critical to its success and competitiveness;
- Ford’s new and existing products and digital, software, and physical services are subject to market acceptance and face significant competition from existing and new entrants in the automotive and digital and software services industries, and its reputation may be harmed if it is unable to achieve the initiatives it has announced;
- Ford’s results are dependent on sales of larger, more profitable vehicles, particularly in the United States;
- With a global footprint and supply chain, Ford’s results and operations could be adversely affected by economic or geopolitical developments, including protectionist trade policies such as tariffs, or other events;
- Industry sales volume can be volatile and could decline if there is a financial crisis, recession, public health emergency, 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, particularly for electric vehicles;
- Inflationary pressure and fluctuations in commodity and energy 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;
- The impact of government incentives on Ford’s business could be significant, and 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 employee 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 and facilities to comply with safety, emissions, fuel economy, autonomous driving technology, environmental, and other regulations;
- Ford and Ford Credit could be affected by the continued development of more stringent privacy, data use, data protection, and artificial intelligence 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, 2023, as updated by subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.

# Appendix

EBT By Segment	A2
Financing Share And Contract Placement Volume	A3
Definitions And Calculations	A4





# EBT By Segment\* (\$M)

	Q3 2024		YTD	
	2024	H / (L) 2023	2024	H / (L) 2023
United States and Canada	\$ 461	\$ 204	\$ 1,022	\$ 221
Europe	149	71	309	40
All Other	21	0	51	(19)
Total	\$ 631	\$ 275	\$ 1,382	\$ 242
Unallocated other	(87)	(89)	(169)	(71)
Earnings before taxes	\$ 544	\$ 186	\$ 1,213	\$ 171
(Provision for)/Benefit from Taxes	(51)	68	(231)	46
Net income	\$ 493	\$ 254	\$ 982	\$ 217
Distributions	\$ 175	\$ 175	\$ 325	\$ 325

\* See Appendix for definition

# Financing Share And Contract Placement Volume

	Q3		YTD	
	2024	2023	2024	2023
<u>Share of Ford Sales*</u>				
United States	55 %	50 %	55 %	50 %
Canada	70	67	69	70
U.K.	31	34	31	34
Germany	42	33	41	32
China	19	34	22	38
<u>Wholesale Share</u>				
United States	71 %	71 %	71 %	71 %
U.K.	100	100	100	100
Germany	91	89	90	88
China	71	72	71	71
<u>Contract Placement Volume - New and Used (000)</u>				
United States	231	210	670	607
Canada	43	32	110	89
U.K.	20	23	57	69
Germany	18	14	52	41
China	11	25	40	73

\* United States and Canada exclude fleet sales, other markets include fleet

# Definitions And Calculations



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

## **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 Facilities** (as shown in the Liquidity Sources table)

- Committed asset-backed facilities are subject to availability of sufficient assets, ability to obtain derivatives to manage interest rate risk, and exclude FCE Bank plc 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

## **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, which can be accessed through future sales of receivables

## **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 end of period ("EOP") finance receivables, excluding unearned interest supplements and the allowance for credit losses

## **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