FORD CREDIT

2Q Earnings Review

July 25, 2018

2Q 2018 Highlights

- **Strong quarterly results across all segments**
- **Receivables grew globally YoY led by retail financing**
- **Credit loss metrics remain strong**
- **Auction values trending better than expectations**

Key Metrics

	SECOND QUARTER			YEAR TO DATE		
	2017	2018	H / (L)	2017	2018	H / (L)
Net Receivables (Bils)	$ 135	$ 143	6 %	$ 135	$ 143	6 %
Managed Receivables* (Bils)	$ 142	$ 151	7 %	$ 142	$ 151	7 %
Loss-to-Receivables** (LTR)	46 bps	36 bps	(10) bps	50 bps	43 bps	(7) bps
Auction Values***	$17,440	$18,190	4 %	$17,285	$17,770	3 %
Earnings Before Taxes (EBT) (Mils)	$ 619	$ 645	$ 26	$ 1,100	$ 1,286	$ 186
ROE (Pct)	13 %	12 %	(1) ppts	12 %	15 %	3 ppts

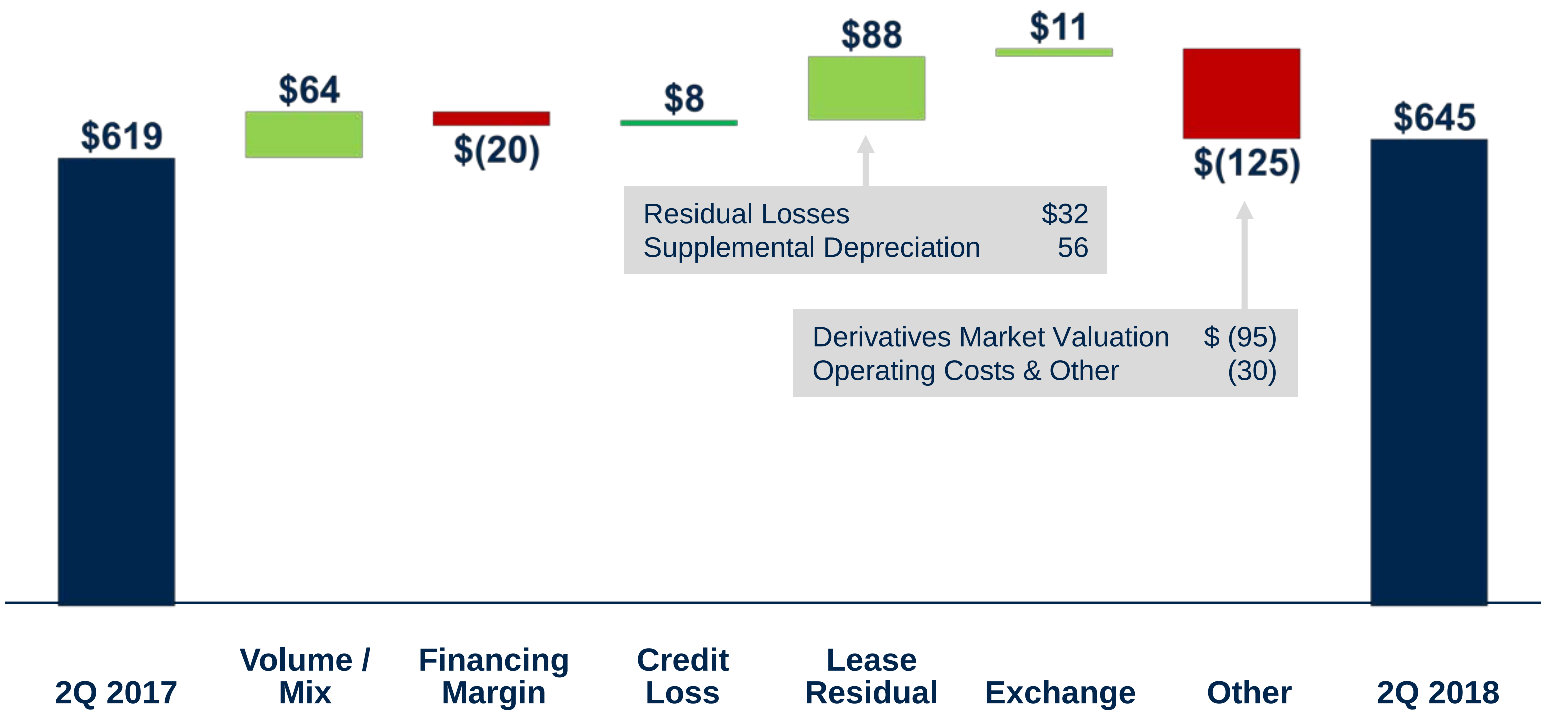
Other Balance Sheet Metrics

	2017	2018	H / (L)
Debt (Bils)	$ 129	$ 137	6 %
Liquidity (Bils)	$ 29	$ 27	(4.0) %
Financial Statement Leverage (to 1)	9.3	8.9	(0.4)
Managed Leverage* (to 1)	8.8	8.3	(0.5)

- Strong 2Q EBT
- Receivables up globally YoY led by retail financing
- Continuing to maintain receivables around present level and deliver strong distributions to Ford
- U.S. consumer credit metrics healthy with improved LTR
- Balance sheet and liquidity strong; managed leverage within target range of 8:1 to 9:1

* See Appendix for reconciliation to GAAP and definitions
** U.S. retail and lease
*** U.S. 36-month off-lease at 2Q 2018 mix

2Q 2018 EBT YoY (Mils)



- EBT up $26M YoY
- Volume and mix higher due to global receivables growth
- Higher auction values drove lease residual improvement
- Unfavorable derivatives market valuation reflects a non-recurrence of positive valuation a year ago

2Q 2018 EBT By Segment

	2Q		YTD	
	2018	H / (L) 2017	2018	H / (L) 2017
Results (Mils)				
Americas segment	$ 548	$ 83	$ 1,063	$ 240
Europe segment	103	29	214	63
Asia Pacific segment	27	9	73	27
Total segments	$ 678	$ 121	$ 1,350	$ 330
Unallocated other*	(33)	(95)	(64)	(144)
Earnings before taxes	$ 645	$ 26	$ 1,286	$ 186
(Provision for) / Benefit from income taxes	(166)	7	(106)	215
Net income	$ 479	$ 33	$ 1,180	$ 401
Contract placement volumes (000)	545	32	1,059	38

- EBT higher YoY in all segments

* See Appendix for definitions

Americas Financing Shares And Contract Placement Volume

	2Q		YTD	
	2017	2018	2017	2018
Financing Shares (%)				
Retail Installment and Lease Share of Ford Retail Sales (excl. Fleet)				
United States	50 %	57 %	54 %	59 %
Canada	76	79	75	75
Wholesale Share				
United States	76 %	76 %	76 %	76 %
Canada	63	59	61	60
Contract Placement Volume - New and Used Retail / Lease (000)				
United States	258	299	522	571
Canada	51	51	87	84
Mexico	9	7	19	17
Total Americas Segment	318	357	628	672

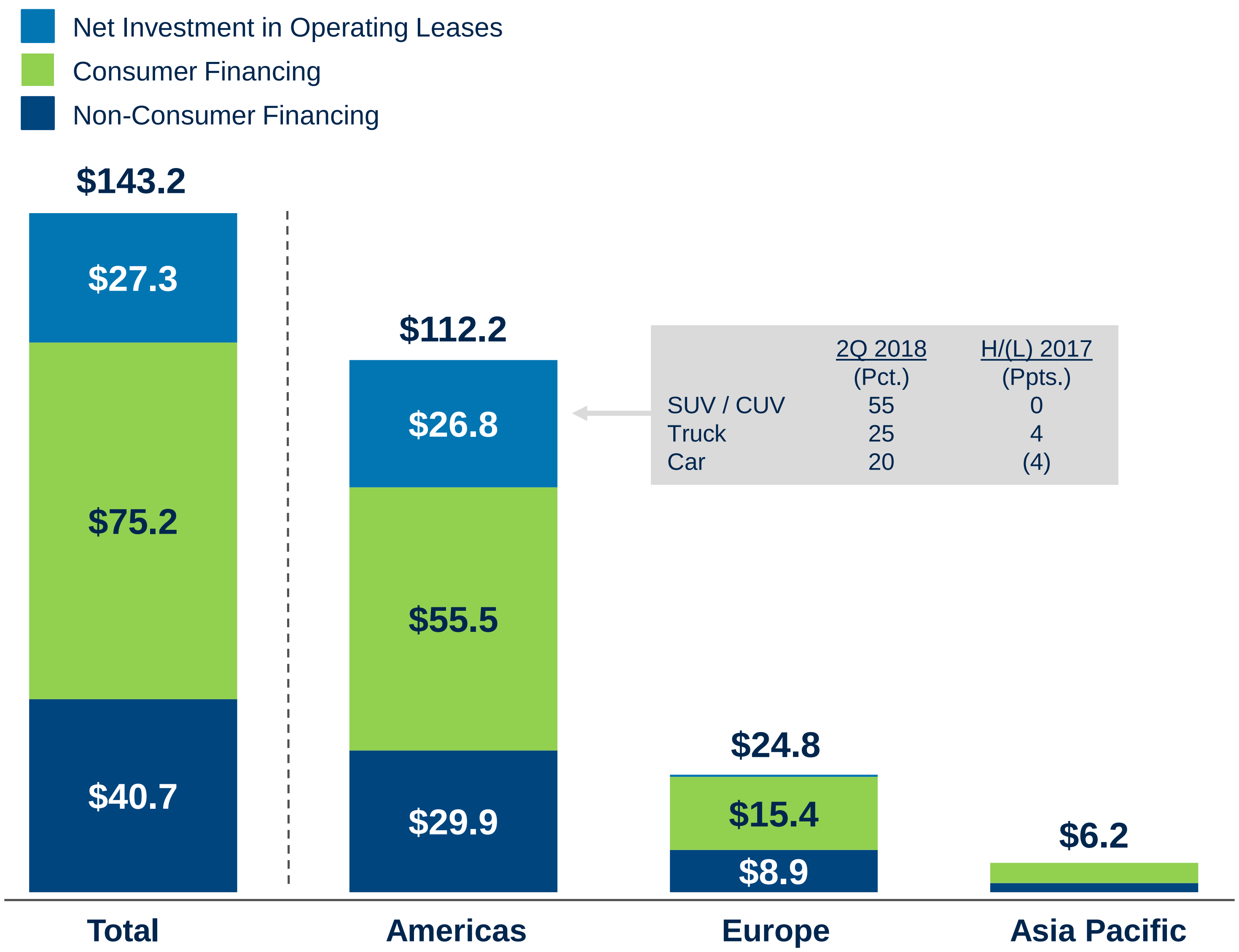
Europe Financing Shares And Contract Placement Volume

	2Q		YTD	
	2017	2018	2017	2018
Financing Shares (incl. Fleet) (%)				
Retail Installment and Lease Share of Total Ford Sales				
U.K.	35 %	37 %	35 %	37 %
Germany	46	54	47	51
Total Europe Segment	37	39	36	37
Wholesale Share				
U.K.	100 %	100 %	100 %	100 %
Germany	93	91	94	93
Total Europe Segment	98	97	98	98
Contract Placement Volume - New and Used Retail / Lease (000)				
U.K.	40	39	99	85
Germany	40	48	79	87
All Other	55	61	108	123
Total Europe Segment	135	148	286	295

Asia Pacific Financing Shares And Contract Placement Volume

	2Q		YTD	
	2017	2018	2017	2018
Financing Shares (incl. Fleet) (%)				
Retail Installment Share of Total Ford Sales				
China	28 %	31 %	26 %	33 %
India	10	9	10	9
Wholesale Share				
China	63 %	59 %	57 %	60 %
India	36	37	35	38
Contract Placement Volume - New and Used Retail (000)				
China	58	38	103	88
India	2	2	4	4
Total Asia Pacific Segment	60	40	107	92

2Q 2018 Net Receivables Mix (Bils)



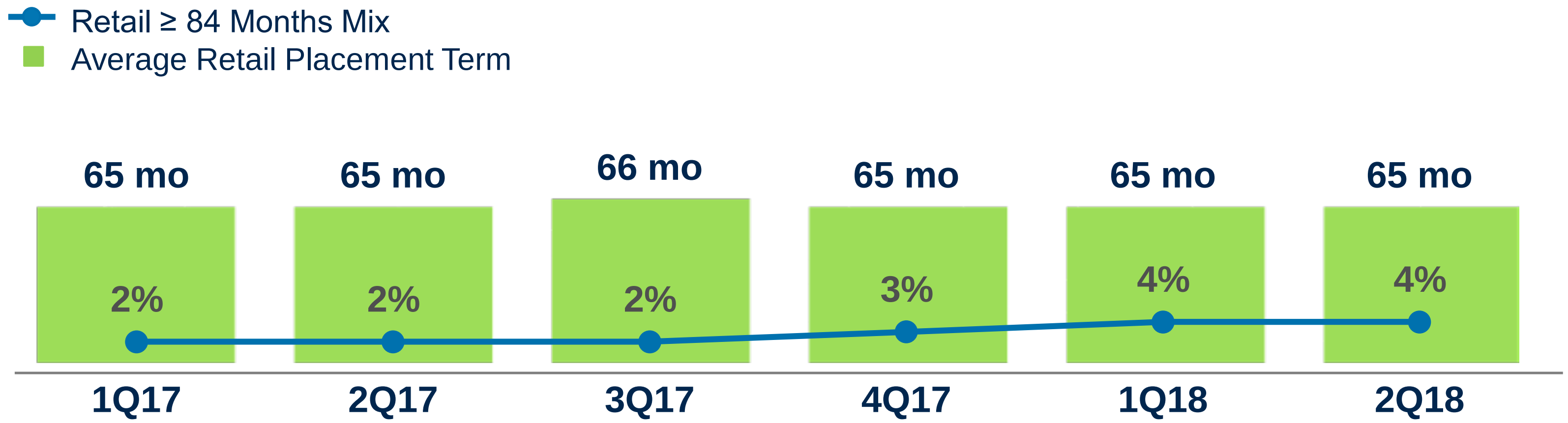
	2Q 2018 (Pct.)	H/(L) 2017 (Ppts.)
SUV / CUV	55	0
Truck	25	4
Car	20	(4)

- Prudent management of lease mix
- Operating lease portfolio was 19% of total net receivables
- U.S. and Canada represent 98% of operating lease portfolio

U.S. Origination Metrics

Retail and Lease FICO and Higher Risk Mix (Pct)

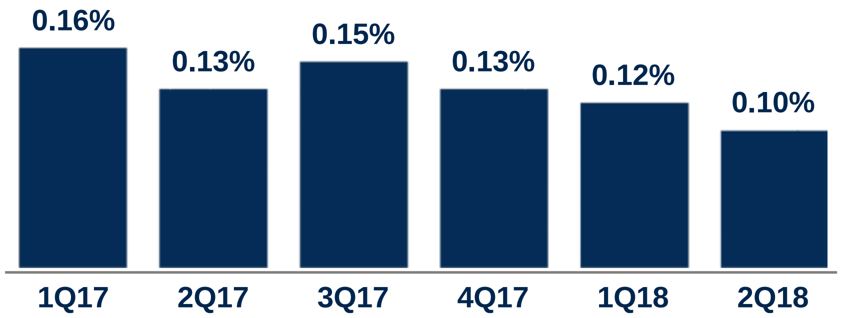
Retail Contract Terms



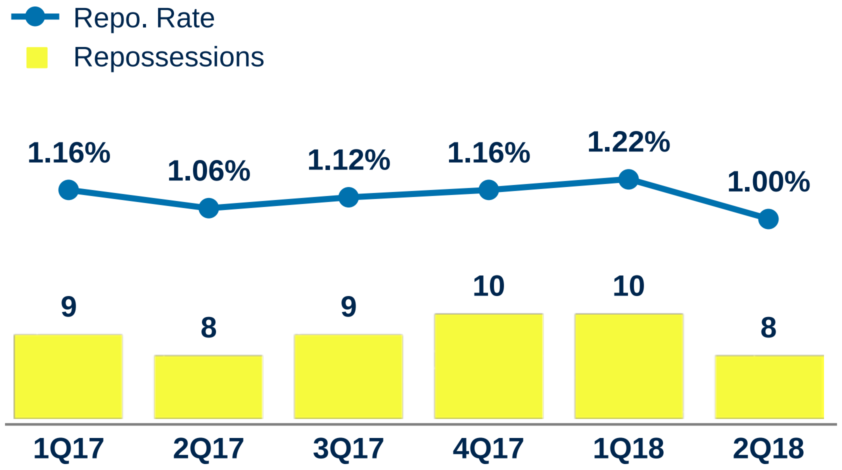
- Disciplined and consistent underwriting practices
- Portfolio quality evidenced by FICO scores and steady risk mix
- Extended-term contracts relatively small part of our business

U.S. Retail And Lease Credit Loss Drivers

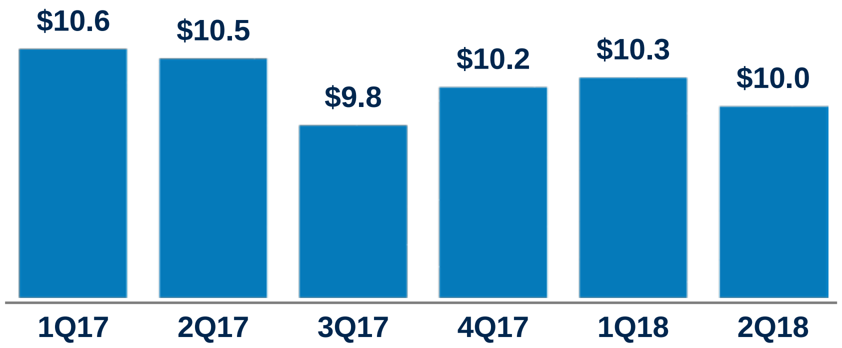
Over-60-Day Delinquencies (excl. Bankruptcies)



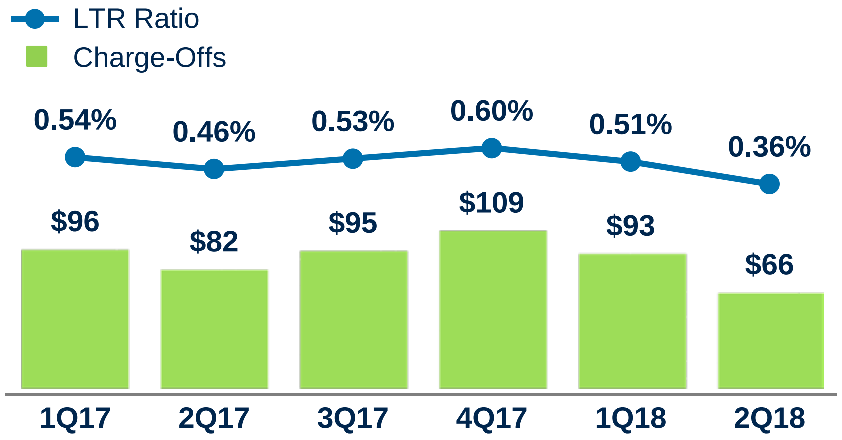
Repossessions (000) and Repo. Rate (Pct)



Severity (000)

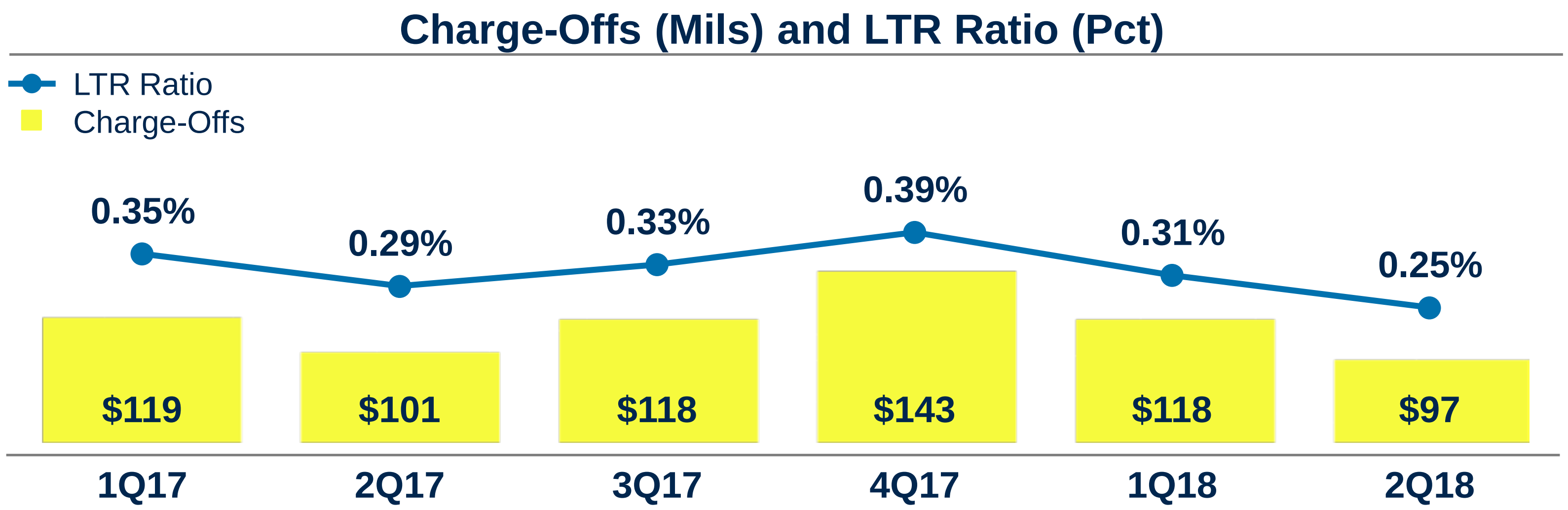


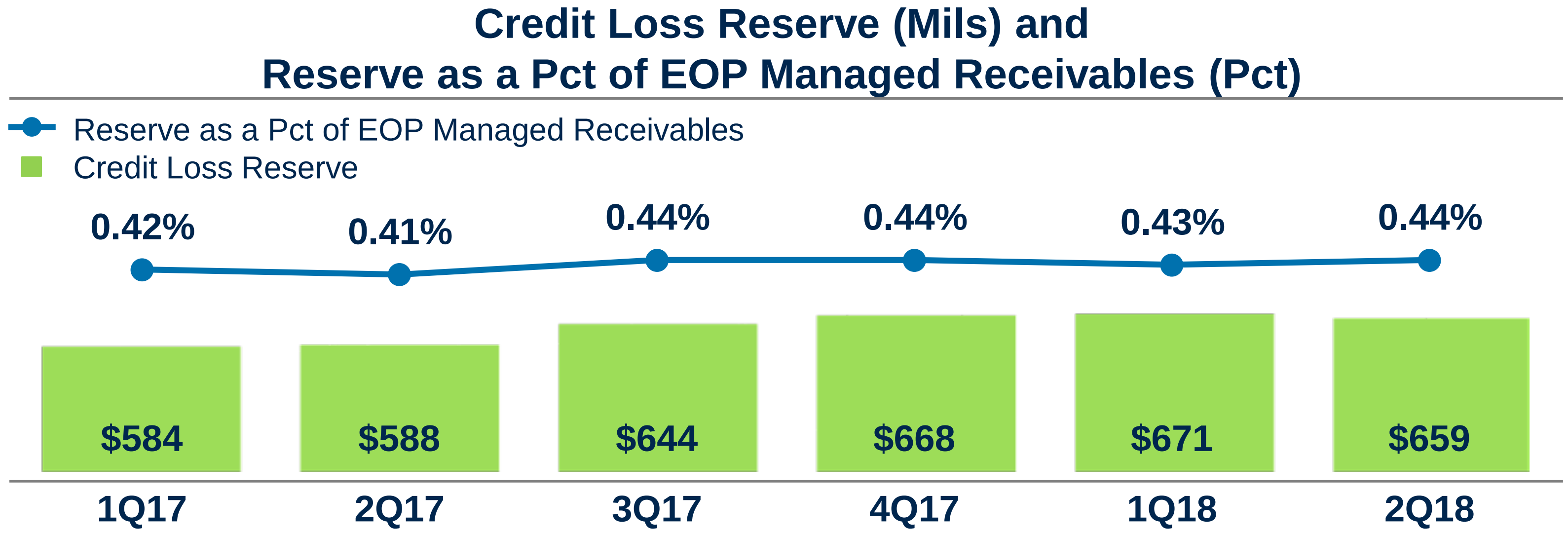
Charge-Offs (Mils) and LTR Ratio (Pct)



- Delinquencies and repossessions remained low
- Severity trended favorably YoY reflecting increased time to repossession
- Strong loss metrics reflect healthy consumer credit conditions

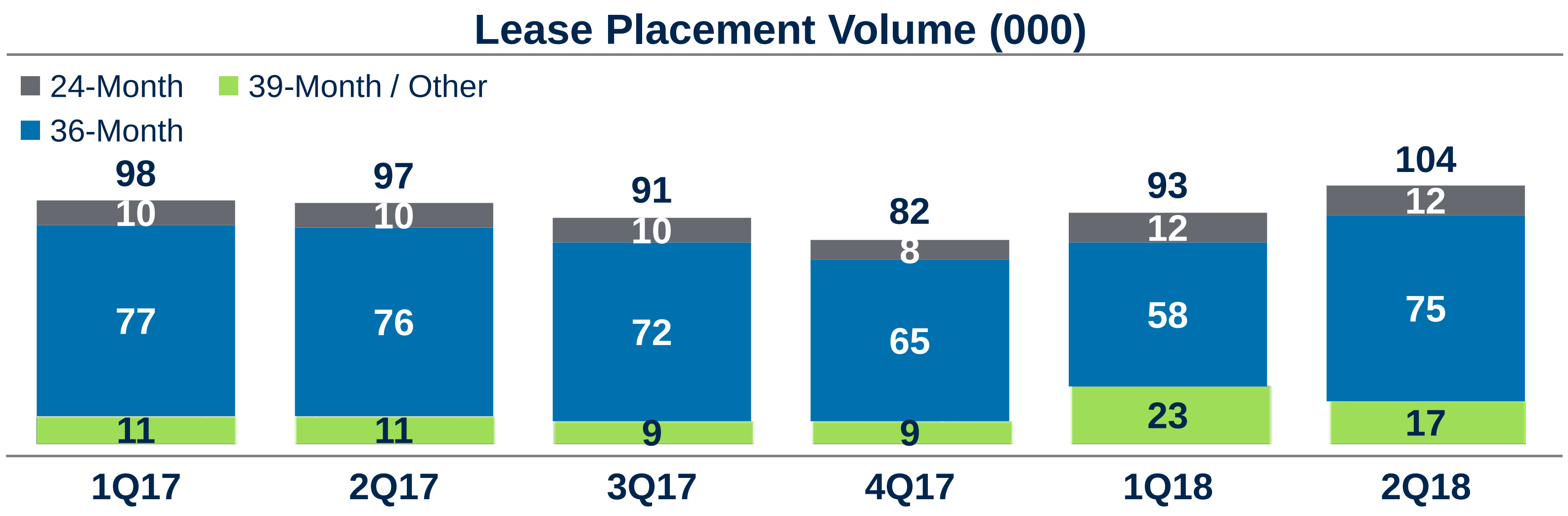
Worldwide Credit Loss Metrics

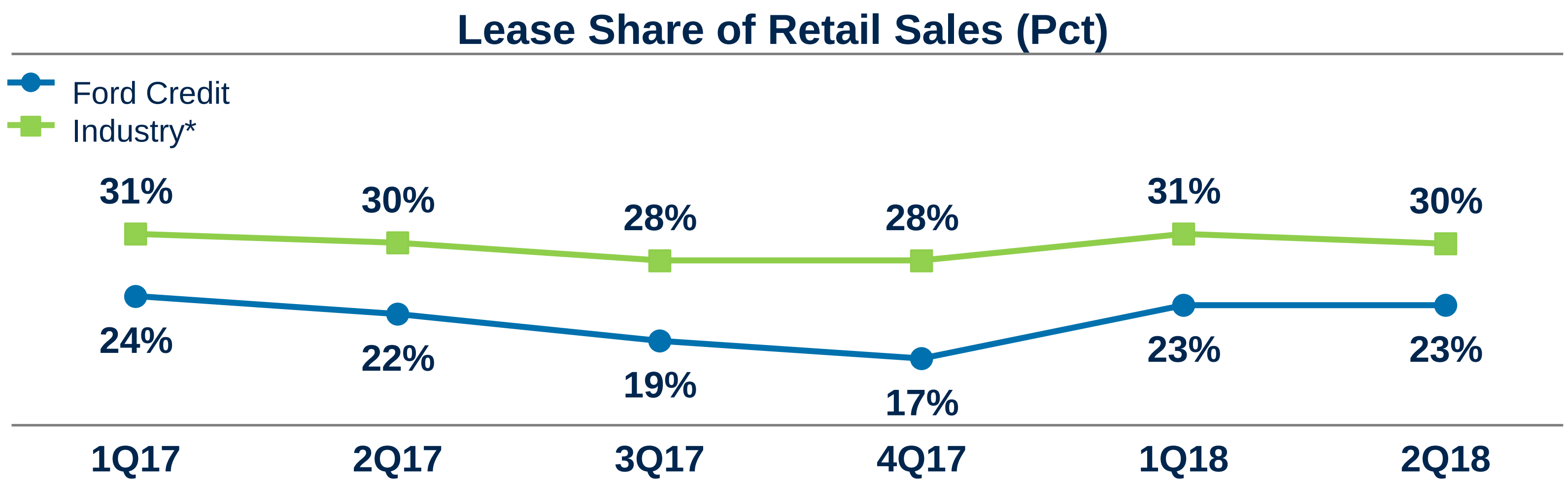




- Worldwide credit loss metrics remained strong
- Credit loss reserve based on historical losses, portfolio quality, and receivables level
- YoY increase in reserve reflects historical losses and growth in receivables

U.S. Lease Origination Metrics



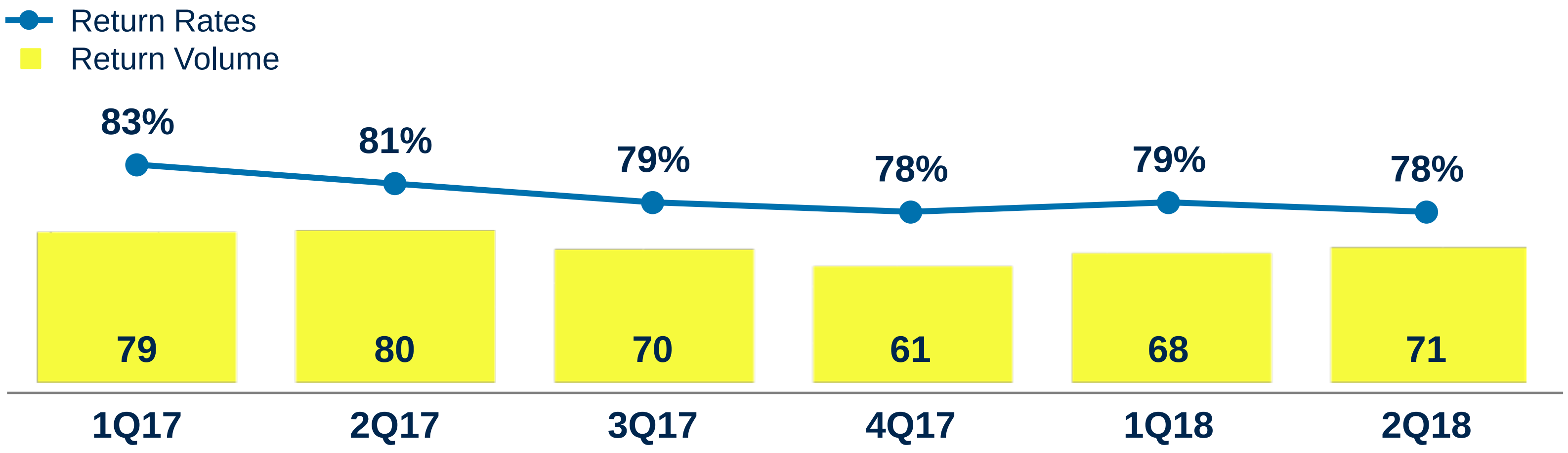


* Source: JD Power PIN

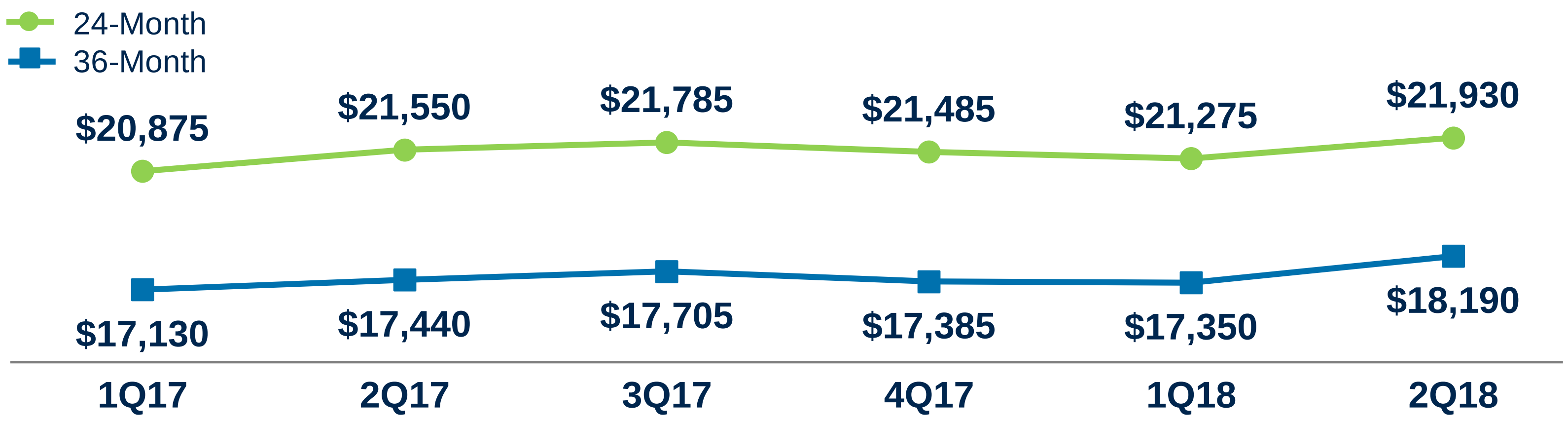
- Lease share about the same as prior year and below industry reflecting Ford sales mix

U.S. Lease Residual Performance

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



Off-Lease Auction Values (at 2Q18 Mix)



- Healthy used car market supporting lease residual and credit loss performance
- Auction values stronger than expected and higher YoY
- Now expect 2018 FY average auction values to be 1% to 2% higher at constant mix

Funding Structure – Managed Receivables*
(Bils)

	2016 Dec 31	2017 Dec 31	2018 Jun 30
Term Debt (incl. Bank Borrowings)	$ 66	$ 75	$ 72
Term Asset-Backed Securities	50	53	55
Commercial Paper	4	5	4
Ford Interest Advantage / Deposits	6	5	6
Other	9	9	10
Equity	13	16	15
Adjustments For Cash	(11)	(12)	(11)
Total Managed Receivables	$ 137	$ 151	$ 151
Securitized Funding as Pct of Managed Receivables	37%	35%	36%

- Funding is diversified across platforms and markets
- Well capitalized with strong investment grade balance sheet profile

* See Appendix for definitions and reconciliation to GAAP

Public Term Funding Plan* (Bils)

	2016 Actual	2017 Actual	2018 Forecast	2018 Through Jul 24
Unsecured -- Currency of issuance				
(USD Equivalent)				
USD	$ 9	$ 10	$ 5 - 7	$ 3
CAD	1	2	1 - 2	1
EUR / GBP	3	3	5 - 6	4
Other	1	1	1	1
Total unsecured	$ 14	$ 16	$ 13 - 16	$ 10
Securitizations	$ 13	$ 15	$ 13 - 15	$ 9
Total public	$ 28	$ 32	$ 26 - 30	$ 19

* Numbers may not sum due to rounding; see Appendix for definitions

2018 Guidance (Mils)

Key Metric	2017 FY Results	2018 FY Plan	2018 FY Outlook	2018 1H Results
EBT	$2,310	< 2017	> 2017	$1,286
Distributions	$406	~ $2,000	~ $2,500	$1,463

- Now expect 2018 EBT to be improved from 2017
- Distributions are planned to maintain leverage within target range of 8:1 to 9:1
- Now project distributions to Ford to be about $2.5 billion in 2018

Key Takeaways

- Strong second quarter EBT
- Now expect FY 2018 EBT to be improved from 2017
- Strong loss metrics reflect healthy consumer credit conditions
- Funding plan well-positioned for business cycles
- Consistent originations, servicing, and collections
- Strategic asset to Ford, supporting sales and delivering profits
- We plan to maintain Ford Credit's managed receivables around present levels. Our focus is to maintain a strong risk profile for Ford and Ford Credit, which delivers strong distributions to Ford

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's long-term competitiveness depends on the successful execution of fitness actions;
- Industry sales volume, particularly in the United States, Europe, or China, could decline if there is a financial crisis, recession, or significant geopolitical event;
- Ford's new and existing products and mobility services are subject to market acceptance;
- Ford's results are dependent on sales of larger, more profitable vehicles, particularly in the United States;
- Ford may face increased price competition resulting from industry excess capacity, currency fluctuations, or other factors;
- Fluctuations in commodity prices, foreign currency exchange rates, and interest rates can have a significant effect on results;
- With a global footprint, Ford's results could be adversely affected by economic, geopolitical, protectionist trade policies, or other events;
- Ford's production, as well as Ford's suppliers' production, could be disrupted by labor disputes, 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;
- Pension and other postretirement liabilities could adversely affect Ford's liquidity and financial condition;
- 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;
- Ford's vehicles could be affected by defects that result in delays in new model launches, recall campaigns, or increased warranty costs;
- Safety, emissions, fuel economy, and other regulations affecting Ford may become more stringent;
- 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's receipt of government incentives could be subject to reduction, termination, or clawback;
- Operational systems, security systems, and vehicles could be affected by cyber incidents;
- 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 Credit could experience higher-than-expected credit losses, lower-than-anticipated residual values, or higher-than-expected return volumes for leased vehicles;
- Ford Credit could face increased competition from banks, financial institutions, or other third parties seeking to increase their share of financing Ford vehicles; and
- Ford Credit could be subject to new or increased credit regulations, consumer or data 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 2017 Form 10-K Report, as updated by our subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.

FORD CREDIT

Appendix

Total Net Receivables Reconciliation To Managed Receivables (Bils)

	2016 Dec 31	2017 Jun 30	2017 Dec 31	2018 Jun 30
Finance receivables, net (GAAP)	$ 103.0	$ 108.3	$ 116.0	$ 115.9
Net investment in operating leases (GAAP)	27.2	26.7	26.7	27.3
Total net receivables*	$ 130.2	$ 135.0	$ 142.7	$ 143.2
Unearned interest supplements and residual support	5.3	5.6	6.1	6.4
Allowance for credit losses	0.5	0.6	0.7	0.7
Other, primarily accumulated supplemental depreciation	0.9	1.0	1.0	1.2
Total managed receivables (Non-GAAP)	$ 136.9	$ 142.2	$ 150.5	$ 151.5

* See Appendix for definitions

Financial Statement Leverage Reconciliation To Managed Leverage* (Bils)

	2017 Jun 30	2017 Dec 31	2018 Mar 31	2018 Jun 30
Leverage Calculation				
Total debt	$ 129.3	$ 137.8	$ 142.0	$ 136.7
Adjustments for cash	(10.1)	(11.8)	(11.8)	(10.7)
Adjustments for derivative accounting	(0.2)	-	0.3	0.5
Total adjusted debt	$ 119.0	$ 126.0	$ 130.5	$ 126.5
Equity	$ 13.8	$ 15.9	$ 15.7	$ 15.3
Adjustments for derivative accounting	(0.2)	(0.1)	(0.2)	(0.2)
Total adjusted equity	$ 13.6	$ 15.8	$ 15.5	$ 15.1
Financial statement leverage (to 1) (GAAP)	9.3	8.7	9.1	8.9
Managed leverage (to 1) (Non-GAAP)	8.8	8.0	8.4	8.3

* See Appendix for definitions

Liquidity Sources* (Bils)

	2017 Jun 30	2017 Dec 31	2018 Mar 31	2018 Jun 30
Liquidity Sources				
Cash	$ 10.1	$ 11.8	$ 11.8	$ 10.7
Committed ABS facilities	32.3	33.4	33.9	32.0
Other unsecured credit facilities	2.7	3.3	3.4	2.8
Ford corporate credit facility allocation	3.0	3.0	3.0	3.0
Total liquidity sources	$ 48.1	$ 51.5	$ 52.1	$ 48.5
Utilization of Liquidity				
Securitization cash	$ (2.9)	$ (3.8)	$ (3.2)	$ (3.3)
Committed ABS facilities	(16.4)	(17.2)	(19.9)	(17.7)
Other unsecured credit facilities	(0.5)	(1.1)	(1.1)	(0.3)
Ford corporate credit facility allocation	-	-	-	-
Total utilization of liquidity	$ (19.8)	$ (22.1)	$ (24.2)	$ (21.3)
Gross liquidity	$ 28.3	$ 29.4	$ 27.9	$ 27.2
Adjustments	0.2	0.1	0.3	0.2
Net liquidity available for use	$ 28.5	$ 29.5	$ 28.2	$ 27.4

* 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.**

- **<u>Ford Credit Managed Receivables – (Most Comparable GAAP Measure: Net Finance Receivables plus Net Investment in Operating Leases)</u> – Measure of Ford Credit's Total net 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.**

- **<u>Ford Credit Managed Leverage (Most Comparable GAAP Measure: Financial Statement Leverage)</u> – Ford Credit's debt-to-equity ratio adjusted (i) to exclude cash, cash equivalents, and marketable securities (other than amounts related to insurance activities), and (ii) for derivative accounting. The measure is useful to investors because it reflects the way Ford Credit manages its business. Cash, cash equivalents, and marketable securities are deducted because they generally correspond to excess debt beyond the amount required to support operations and on-balance sheet securitization transactions. Derivative accounting adjustments are made to asset, debt, and equity positions to reflect the impact of interest rate instruments used with Ford Credit's term-debt issuances and securitization transactions. Ford Credit generally repays its debt obligations as they mature, so the interim effects of changes in market interest rates are excluded in the calculation of managed leverage.**

Definitions And Calculations

Adjustments (as shown on the Liquidity Sources chart)

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

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

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

ROE (as shown on the Key Metrics chart)

- Reflects an annualized return on equity. This metric is calculated by taking net income for the period divided by average equity for the period and annualizing the result by dividing by the number of days in the quarter and multiplying by 365

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

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

Securitization Cash (as shown on the Liquidity Sources chart)

- Securitization cash is cash held for the benefit of the securitization investors (for example, a reserve fund)

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 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

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

- Includes finance receivables (retail 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