

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 10-K**

(Mark One)

- Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

**For the fiscal year ended December 31, 2025**

or

- Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_

**Commission file number 1-6368**

**Ford Motor Credit Company LLC**

*(Exact name of registrant as specified in its charter)*

**Delaware**  
*(State of organization)*

**38-1612444**  
*(I.R.S. employer identification no.)*

**One American Road  
Dearborn, Michigan**  
*(Address of principal executive offices)*

**48126**  
*(Zip code)*

**(313) 322-3000**  
*(Registrant's telephone number, including area code)*

**Securities registered pursuant to Section 12(b) of the Act:**

<u>Title of each class</u>	<u>Trading Symbol</u>	<u>Name of each Exchange on which registered</u>
2.386% Notes due February 17, 2026*	F/26AB	New York Stock Exchange
6.860% Notes due June 5, 2026*	F/26A	New York Stock Exchange
3.350% Notes due Nine Months or More from the Date of Issue due August 20, 2026	F/26N	New York Stock Exchange
4.867% Notes due August 3, 2027*	F/27A	New York Stock Exchange
6.125% Notes due May 15, 2028*	F/28B	New York Stock Exchange
3.622% Notes due July 27, 2028*	F/28H	New York Stock Exchange
5.625% Notes due Oct. 9, 2028*	F/28D	New York Stock Exchange
4.165% Notes due November 21, 2028*	F/28E	New York Stock Exchange
5.125% Notes due February 20, 2029*	F/29B	New York Stock Exchange
3.778% Notes due September 16, 2029*	F/29E	New York Stock Exchange
4.445% Notes due February 14, 2030*	F/30D	New York Stock Exchange
5.780% Notes due April 30, 2030*	F/30A	New York Stock Exchange
4.066% Notes due August 21, 2030*	F/30F	New York Stock Exchange
6.184% Notes due August 29, 2031*	F/30C	New York Stock Exchange
4.448% Notes due September 16, 2032*	F/32A	New York Stock Exchange

\*Issued under Euro Medium Term Notes due Nine Months or More from The Date of Issue Program

**Securities registered pursuant to Section 12(g) of the Act:** None.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.  Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.  Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.  Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).  Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer       Accelerated filer       Non-accelerated Filer       Smaller reporting company   
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).  
 Yes  No

All of the limited liability company interests in the registrant ("Shares") are held by an affiliate of the registrant. None of the Shares are publicly traded.

#### REDUCED DISCLOSURE FORMAT

**The registrant meets the conditions set forth in General Instruction I(1)(a) and (b) of Form 10-K and is therefore filing this Form with the reduced disclosure format.**

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[Exhibit Index](#) begins on page [65](#)

**FORD MOTOR CREDIT COMPANY LLC**  
**ANNUAL REPORT ON FORM 10-K**  
**For the Year Ended December 31, 2025**

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## PART I

### ITEM 1. *Business.*

#### Overview

Ford Motor Credit Company LLC was incorporated in Delaware in 1959 and converted to a limited liability company in 2007. We are an indirect, wholly owned subsidiary of Ford Motor Company (“Ford”). Our principal executive offices are located at One American Road, Dearborn, Michigan 48126, and our telephone number is (313) 322-3000.

Our annual reports on Form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K filed with the Securities and Exchange Commission (“SEC”) pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), are available free of charge through our website located at <https://www.ford.com/finance/investor-center/>. These reports can also be found on the SEC’s website located at [www.sec.gov](http://www.sec.gov).

Ford’s Integrated Sustainability and Financial report, which details the performance and progress of Ford and its wholly owned subsidiaries, including Ford Credit, toward their sustainability and corporate responsibility goals, is available at <http://sustainability.ford.com>.

The foregoing information regarding our websites and their content is for convenience only and is not deemed to be incorporated by reference into this Annual Report on Form 10-K for the year ended December 31, 2025 (“2025 Form 10-K Report” or “Report”) nor filed with the SEC.

*Products and Services.* We offer a wide variety of automotive financing products to and through automotive dealers throughout the world. The predominant share of our business consists of financing Ford and Lincoln vehicles and supporting the dealers of those brands. We earn our revenue primarily from:

- Payments made under retail installment sale and finance lease (retail financing) and operating lease contracts that we originate and purchase;
- Interest rate supplements and other support payments from Ford and affiliated companies; and
- Payments made under dealer financing programs.

As a result of our financing activities, we have a large portfolio of finance receivables and operating leases which we classify into two portfolios – “consumer” and “non-consumer.”

Finance receivables and operating leases in the consumer portfolio include products offered to individuals and businesses that finance the acquisition of Ford and Lincoln vehicles from dealers for personal and commercial use. Retail financing includes retail installment sale contracts for new and used vehicles and finance leases (comprised of sales-type and direct financing leases) for new vehicles to retail and commercial customers, including leasing companies, government entities, daily rental companies, and fleet customers.

Finance receivables in the non-consumer portfolio include products offered to automotive dealers and receivables related to Ford and its affiliates. We make wholesale loans to dealers to finance the purchase of vehicle inventory, also known as floorplan financing, as well as loans to dealers to finance working capital and improvements to dealership facilities, finance the purchase of dealership real estate, and finance other dealer vehicle programs. We also purchase receivables from Ford and its affiliates, primarily related to the sale of parts and accessories to dealers and certain used vehicles from daily rental fleet companies. In addition, we provide financing to Ford for vehicles that Ford leases to its employees.

We also service the finance receivables and operating leases we originate and purchase, make loans to Ford affiliates, and provide insurance services related to our financing programs.

## *Item 1. Business (Continued)*

*Geographic Scope of Operations and Segment Information.* We conduct our financing operations directly and indirectly through our subsidiaries and affiliates. We offer substantially similar products and services throughout many different regions, subject to local legal restrictions and market conditions. We segment our business based on geographic regions: the United States and Canada, Europe, and All Other. Items excluded in assessing segment performance because they are managed at the corporate level, i.e., market valuation adjustments to derivatives and exchange-rate fluctuations on foreign currency-denominated transactions, are reflected in Unallocated Other. For additional financial information regarding our operations by business segment and operations by geographic region, see Note 13 of our Notes to the Financial Statements.

### *United States and Canada Segment*

Our United States and Canada segment represented 83% and 82% of total net receivables at year-end 2024 and 2025, respectively. Our United States operations accounted for 89% and 86% of the United States and Canada segment total net receivables at year-end 2024 and 2025, respectively.

Under the Ford Credit, Lincoln Automotive Financial Services, and Ford Pro FinSimple brand names, we provide financing services to and through dealers of Ford and Lincoln vehicles for personal and commercial use. Operations in some markets may also include joint ventures with local financial institutions and other third parties. In addition, other private label operations and alternative business arrangements exist in some markets.

### *Europe Segment*

The Europe segment represented 14% and 15% of total net receivables at year-end 2024 and 2025, respectively. Our operations in Europe are managed primarily through a United Kingdom-based subsidiary, FCE Bank plc ("FCE"), and a Germany-based subsidiary, Ford Bank GmbH ("Ford Bank"), providing a variety of retail and dealer financing. FCE operates in the United Kingdom, and has active branches in France, Spain, and Ireland, as well as an operating subsidiary in Italy. The United Kingdom and Germany are our largest markets in Europe, representing 62% and 61% of Europe segment net receivables at year-end 2024 and 2025, respectively. Customers and dealers in Italy, France, and Spain were 35% and 36% of Europe segment net receivables year-end 2024 and 2025, respectively. FCE, through its Worldwide Trade Financing division, provides wholesale finance for vehicles and parts in about 50 countries. Typically, this includes direct markets where there is no National Sales Company but also in other markets where there is not a traditional Ford Credit financing solution. This represented 1% and 2% of Europe segment net receivables at year-end 2024 and 2025, respectively. In addition, other private label operations and alternative business arrangements exist in some markets. Affiliates in Switzerland, the Czech Republic, and Hungary are in various stages of liquidation.

### *All Other Segment*

Our All Other segment includes operations in Mexico, China, and a joint venture in South Africa. We have ceased our operations in Brazil, Argentina, and India. This segment represented 3% of total net receivables at both year-end 2024 and 2025. In addition, other private label operations and alternative business arrangements exist in some markets.

### *Dependence on Ford*

The predominant share of our business consists of financing Ford and Lincoln vehicles and supporting Ford and Lincoln dealers. Any extended reduction or suspension of Ford's production or sale of vehicles due to a decline in consumer demand, work stoppage, governmental action, negative publicity, or other event, or significant changes to marketing programs sponsored by Ford, would have an adverse effect on our business. Additional information about Ford's business, operations, production, sales, and risks can be found in Ford's Annual Report on Form 10-K for the year ended December 31, 2025 ("Ford's 2025 Form 10-K Report"), filed separately with the SEC.

Ford has sponsored special financing programs available only through Ford Credit. Under these programs, Ford makes interest supplements or other support payments to Ford Credit. These programs increase our financing volume and share of financing sales and operating leases of Ford and Lincoln vehicles. Similar programs may be offered in the future. For additional information regarding interest supplements and other support costs received from affiliated companies, see Notes 4 and 5 of our Notes to the Financial Statements.

### *Competition*

The automotive financing business is highly competitive, due in part to credit aggregation systems that permit dealers to send credit applications to multiple finance sources to evaluate financing options offered by these finance sources. Our principal competitors are:

- Banks
- Independent finance companies
- Credit unions
- Leasing companies
- Other automobile manufacturers' affiliated finance companies

We compete mainly on the basis of service and financing rate programs, including those sponsored by Ford. A key foundation of our service is providing broad and consistent purchasing policies for retail financing and operating lease contracts, and consistent support for dealer financing requirements across economic cycles. These policies have helped us build strong relationships with Ford's dealer network that enhance our competitiveness. Our ability to provide competitive financing rates depends on effectively and efficiently originating, purchasing, funding, and servicing our receivables, and efficiently accessing the capital markets. We routinely monitor the capital markets and develop funding plans to optimize our competitive position. Ford-sponsored special financing programs available only through us give us a competitive advantage in providing financing to Ford dealers and their customers.

### *Seasonal Variations*

As a finance company, we own and manage a large portfolio of receivables that are generated throughout the year and are collected over a number of years, primarily in fixed monthly payments. As a result, our overall financing revenues do not exhibit seasonal variations.

## **Consumer Financing**

### *Overview and Purchasing Process*

We provide financing services to customers for personal and commercial use through automotive dealers that have established relationships with us. Our primary business consists of originating and purchasing retail financing and operating lease contracts for new and used vehicles from Ford and Lincoln dealers. We report in our financial statements the receivables from customers under retail financing contracts as finance receivables. We report in our financial statements most of our retail leases as net investment in operating leases with the capitalized cost of the vehicles recorded as depreciable assets.

In general, we purchase from dealers retail financing and operating lease contracts that meet our purchase standards. These contracts primarily relate to the purchase or lease of new vehicles, but some are for used vehicles. Dealers typically submit customer applications electronically. We automatically obtain information on the applicant including a credit bureau score, if available. We use a proprietary scoring system that measures credit quality using information from sources including the credit application, proposed contract terms, credit bureau data, and other information. After a proprietary risk score is generated, we decide whether to purchase a contract using a decision process based on a judgmental evaluation of the applicant, the credit application, the proposed contract terms, credit bureau information (e.g., FICO score), proprietary risk score, and other information. Our evaluation emphasizes the applicant's ability to pay and creditworthiness focusing on payment, affordability, applicant credit history, collateral, and stability as key considerations. Purchase decisions are made within a framework of Ford Credit's purchase quality and risk factor guidelines. Credit applications are typically evaluated first by our electronic decisioning process, which may approve or reject applications, and in some cases provide an alternative funding structure.

### *Retail Financing*

The amount we pay for a retail installment sale contract is based on a negotiated vehicle purchase price agreed to between the dealer and the retail customer, less vehicle trade-in allowance or down payment from the customer and special marketing cash payments offered by Ford Credit and Ford, plus any additional products, such as insurance and extended service plans, that are included in the contract. The net purchase price owed by the customer typically is paid over a specified number of months with interest at a fixed rate.

*Item 1. Business (Continued)*

We offer a variety of retail installment sale financing products. The average original term of our retail installment sale contracts in the United States was 65 months for contracts purchased in both 2024 and 2025. A small portion of our retail installment sale contracts have non-uniform payment periods and payment amounts to accommodate special cash flow situations.

In most markets, we hold a security interest in the vehicles purchased through retail installment sale contracts. This security interest provides us certain rights and protections. As a result, if our collection efforts fail to bring a delinquent customer's payments current, we generally can repossess the customer's vehicle, after satisfying local legal requirements, and sell it at auction. The customer typically remains liable for any deficiency between net auction proceeds and the defaulted contract obligations, including any repossession-related expenses. We generally require retail customers to carry fire, theft, and collision insurance on financed vehicles.

We offer vehicle-financing programs to retail and commercial customers including leasing companies, government entities, daily rental companies, and fleet customers through sales-type and direct financing leases. These financings primarily include lease plans for terms of 24 to 60 months. We hold a security interest in financed vehicles in almost all instances. At the end of the finance term, a lease customer may be required to pay any shortfall between the fair market value and the specified end of term value of the vehicle. If the fair market value of the vehicle at the end of the finance term exceeds the specified end of term value, the lease customer may be paid the excess amount. These financings are included in our consumer segment and reported as retail financing. We also offer a retail balloon product under which the retail customer may finance a vehicle with an installment sale contract with a series of monthly payments followed by paying the amount remaining in a single balloon payment. The customer can satisfy the balloon payment obligation by payment in full of the amount owed, by refinancing the amount owed, or by returning the vehicle and paying any contractually agreed additional charges for excess mileage or excess wear and use. We generally sell vehicles returned to us to Ford and non-Ford dealers through auctions.

*Net Investment in Operating Leases*

We offer leasing plans to retail customers through our dealers. Our highest volume retail-leasing plan is called Red Carpet Lease, which is offered in the United States and Canada through dealers of Ford and Lincoln brands. Under these plans, dealers originate the leases and offer them to us for purchase. Upon our purchase of a lease, we take ownership of the lease and title to the leased vehicle from the dealer. After we purchase a lease from a dealer, the dealer generally has no further obligation to us in connection with the lease. The customer is responsible for properly maintaining the vehicle and is obligated to pay for excess wear and use as well as excess mileage, if any. At the end of the lease, the customer has the option to purchase the vehicle for the price specified in the lease contract, if applicable, or otherwise must return the vehicle to the dealer. If the customer returns the vehicle, we may elect to sell it to the dealer. We generally sell vehicles returned to us to Ford and non-Ford dealers through auctions.

The amount we pay to a dealer for a lease, also called the acquisition cost, is based on the negotiated vehicle price agreed to between the dealer and the retail customer, less any vehicle trade-in allowance or down payment from the customer and special marketing cash payments offered by Ford Credit and Ford, plus any additional products, such as insurance and extended service plans, that are included in the contract. The customer makes monthly lease payments based on the purchase price less the contractual residual value of the vehicle, plus lease charges. Some of our lease programs, such as our Red Carpet Lease Advance Payment Plan, provide certain pricing advantages to customers who make all or some monthly payments at lease inception or purchase refundable higher mileage allowances. We generally require lease customers to carry fire, theft, liability, and collision insurance on leased vehicles. In the case of a contract default and repossession, the customer typically remains liable for any deficiency between net auction proceeds and the defaulted contract obligations, including any repossession-related expenses.

In the United States, operating lease terms for new vehicles range primarily from 24 to 48 months. The average original lease term for contracts purchased was 35 months and 37 months for 2024 and 2025, respectively.

## Non-Consumer Financing

### Overview

We extend credit to franchised dealers selling Ford and Lincoln vehicles primarily in the form of approved lines of credit to purchase new and used vehicles. Each lending request is evaluated, taking into consideration the borrower's financial condition, supporting security, and numerous other financial and qualitative factors. Generally, receivables are secured by the related vehicle or the related property and may also be secured by other dealer assets. Asset verification processes are in place and generally include physical audits of vehicle inventories with increased audit frequency for higher-risk dealers.

### Dealer Financing

*Wholesale Financing.* We offer a wholesale financing program for qualifying dealers to finance new and used vehicles held in inventory (also known as floorplan financing). We generally finance the vehicle's wholesale invoice price for new vehicles and up to 100% of the dealer's purchase price for used vehicles. Dealers generally pay a floating interest rate on wholesale loans. In the United States, the average new wholesale receivable, excluding the time the vehicle was in transit from the assembly plant to the dealership, was outstanding for 76 days in 2025 compared with 73 days in 2024. Our wholesale financing program includes financing of large multi-brand dealer groups.

When a dealer uses our wholesale financing program to purchase vehicles, we obtain a security interest in the vehicles and, in many instances, other assets of the dealer. In the United States and Canada, our wholly owned subsidiary, The American Road Insurance Company ("TARIC"), generally provides insurance for vehicle damage and theft of vehicles held in dealer inventory that are financed or serviced by us.

*Dealer Loans.* We make loans to dealers to finance the purchase of dealership real estate, make improvements to dealership facilities, and provide working capital. These loans are typically secured by mortgages on dealership real estate and/or by security interests in other dealership assets. In addition, these loans are generally supported by personal guarantees from the individual owners of the dealership.

*Other Dealer Financing.* We also provide financing to qualified dealers for vehicles to be utilized for service replacement and retail rental use. In addition, we provide financing to qualified daily rental companies for new and used vehicles used in their operations.

### Other Financing

We also purchase receivables from Ford and its affiliates, primarily related to the sale of parts and accessories to dealers and certain used vehicles from daily rental fleet companies. In addition, we provide financing to Ford for vehicles that Ford leases to its employees. These receivables are excluded from our credit quality reporting since the performance of this group of receivables is generally guaranteed by Ford.

## Marketing and Special Programs

We market our financing products and services to automotive dealers and customers. We demonstrate to dealers the value of a business relationship with us by supporting them to achieve their sales and loyalty objectives. We advocate for exceptional customer experiences, assisting with training and support that drives a consistent sales process. Our marketing strategy is based on our belief that we can better assist customers and dealers by being a responsible lender who understands their wants and needs. We are knowledgeable automotive and financial professionals offering dealers personal attention and interaction. We demonstrate our commitment to dealer relationships by offering marketing support materials, performance consulting, and performance reporting and analysis. We aspire to provide a full range of automotive financing products coupled with consistent and personalized support to help dealers achieve their goals. We promote increased dealer transactions using a number of programs globally, such as incentives, bonuses, contests, and selected program and rate adjustments.

*Item 1. Business (Continued)*

We promote our retail financing products primarily through credit offers to prospective customers, point-of-sale information, and ongoing communications with existing customers. Our communications to these customers promote the advantages of our financing products, the availability of special plans and programs, and the benefits of affiliated products, such as extended warranties, service plans, insurance coverage, gap protection, and excess wear and use waivers. We also emphasize the quality of our customer service and the ease of making payments and transacting business with us. Through our website ([www.ford.com/finance](http://www.ford.com/finance)) and our Ford Credit Mobile application, we offer industry-leading account management services that allow customers to explore financing options, seamlessly set up and manage loan and lease payments, proactively stay up-to-date on their accounts, and request support all via self-service.

We also market our non-consumer financing services with a specialized group of employees who make direct sales calls on dealers and, often at the request of such dealers, on potential high-volume commercial customers. This group also uses various materials to explain our flexible programs and services specifically directed at the needs of commercial and fleet vehicle customers.

## **Servicing**

### *Consumer Financing*

After we purchase retail financing contracts and operating leases, we manage the contracts during their contract terms. This management process is called servicing. We service the finance receivables and operating leases we originate and purchase. Our servicing duties include the following:

- Applying monthly payments from customers;
- Maintaining a security interest in the financed vehicle;
- Providing billing statements to customers;
- Responding to customer inquiries;
- Releasing our security interest on paid-off finance contracts;
- Contacting delinquent customers for payment;
- Arranging for the repossession of vehicles; and
- Selling repossessed and returned vehicles.

*Customer Payment Operations.* Customers may make payments through electronic payment services, a direct debit program, a telephonic payment system, or by mailing checks to a bank for deposit in a lockbox account.

*Collections.* We design our collection strategies and procedures to keep accounts current and to collect on delinquent accounts. We employ a combination of proprietary and non-proprietary tools to assess the probability and severity of default for all of our finance receivables and operating leases and implement our collection efforts based on our determination of the credit risk associated with each customer. As each customer develops a payment history, we use an internally developed behavioral scoring model to assist in determining the best collection strategies. Based on data from this scoring model, contracts are categorized by collection risk. In the United States, our centralized collection operations are supported by auto-dialing technology and proprietary collection and workflow operating systems. Through our auto-dialer program and our monitoring and call log systems, we target our efforts on contacting customers about missed payments and developing satisfactory solutions to bring accounts current.

*Supplier Operations.* We engage vendors to perform some of our servicing processes. These processes include depositing monthly payments from customers, monitoring, processing, and storing documents and certificates of title that reflect the perfection of security interests and ownership in financed and leased vehicles, imaging of contracts and electronic data file maintenance, storing and processing paper and electronic contracts, generating and sending billing statements and other written communications to customers, providing telephonic payment systems for retail customers, handling of some inbound and outbound collections calls, bankrupt account handling, and recovering deficiencies for selected accounts.

*Payment Extensions.* A payment extension defers one or more past due payments and moves the scheduled maturity date by the number of months extended. Our guidelines for offering a payment extension generally require that the customer's payment problem is temporary, the customer has an income source for making the next payment, and the customer has made at least one payment since the contract's origination. Payment extensions are reviewed regularly by our servicing managers. When allowed by state law, we usually collect a fee on extensions.

## Item 1. Business (Continued)

**Repossessions and Off-Lease Vehicles.** We view repossession of a financed or leased vehicle as a final step that we undertake only after all other collection efforts have failed. Our United States and Canada systems also employ a web-based network of outside contractors who support the repossession process. In all of our markets, we sell repossessed vehicles and apply the proceeds to the amount owed on the customer's account. We continue to attempt collection of any deficient amounts until the account is paid in full, we obtain mutually satisfactory payment arrangements with the debtor, or we determine that the account is uncollectible. Repossessed vehicles are reported in *Other assets* on our balance sheets at the lower of their carrying value or values that approximate expected net auction proceeds.

We manage the sale of returned leased vehicles and repossessed vehicles. We inspect and recondition the vehicle to maximize the net auction value of the vehicle. Vehicles are predominantly sold through an online auction, closed auctions in which only Ford and Lincoln dealers may participate, or at open auctions in which any licensed dealer can participate.

### *Non-Consumer Financing*

In the United States and Canada, we require dealers to submit monthly financial statements that we monitor for potential credit deterioration. We assign an evaluation rating to each dealer, which, among other things, determines the frequency of physical audits of vehicle inventory. We electronically audit vehicle inventory utilizing integrated systems allowing us to access information from Ford reported sales. We monitor dealer inventory financing payoffs to detect deviations from typical repayment patterns and take appropriate actions. If a dealer fails to make principal or interest payments when due and remediation steps are unsuccessful, we will classify the dealer as "status" and may take one or more of the following actions: demand payment of all or a portion of the related receivables; suspend the dealer's credit lines; place Ford Credit employees or security personnel at the dealership; secure the dealer's inventory; require certified funds for all vehicles sold by the dealer; initiate legal actions to exercise rights under the floorplan financing agreement; or increase the dealer's floorplan interest rate. If a loss appears imminent, we will attempt to redistribute new vehicle inventory, liquidate all remaining collateral, enforce any third-party guarantees, and charge off any remaining amounts as uncollectible.

We also provide financing to fleet purchasers, leasing companies, daily rental companies, and other commercial customers. We generally review our exposure under these credit arrangements at least annually.

In addition, we may service wholesale receivables that have been sold to third parties or wholesale receivables that are originated by a third party.

Outside of the United States and Canada, non-consumer financing is managed by the respective regional offices, executed within the local markets, and similar risk management principles are applied.

### **Insurance**

We conduct insurance underwriting operations primarily through TARIC in the United States and Canada. TARIC offers a variety of products and services, including:

- Physical damage insurance coverage for Ford Credit financed vehicles at dealer locations;
- Physical damage insurance coverage for non-affiliated company financed vehicles, serviced by Ford Credit, at dealer locations;
- Contractual liability insurance on extended service contracts for Ford and its affiliates; and
- Commercial automobile insurance for Ford and third parties and general liability insurance and surety bonds for Ford in the United States.

TARIC invests premiums, other revenue, and its capital and surplus to fund future claims, and has established investment guidelines and strategies to reflect its risk tolerance, regulatory requirements, and rating agency considerations, among other factors. TARIC is rated by A.M. Best Company on its financial strength and issuer credit rating. Since 2012, TARIC's rating has been "A" (Excellent) for its financial strength and "a" (Excellent) on its issuer credit rating and has a "stable" outlook.

We also offer various Ford-branded insurance products throughout the world underwritten by non-affiliated insurance companies from which we receive fee income, but the underwriting risk remains with the non-affiliated insurance companies. Premiums from our insurance business generated 1% of our total revenue in both 2024 and 2025.

## **Human Capital Resources**

### *People Strategy and Governance*

We strive to create an employee experience that enables an inclusive environment of excellence, focus, and collaboration among team members, allowing us to deliver short- and long-term business success. Our ultimate parent, Ford Motor Company, maintains an Executive People Forum consisting of the Chief Executive Officer and top leadership team that meets monthly with a specific focus on people and organizational topics that will enable and accelerate delivery of the Ford+ plan. Key topic areas include Compensation & Retention; Organization Design; Talent Planning & Development; and Inclusion and Culture.

Ford's Board of Directors and Board committees provide important oversight on human capital matters, including items discussed at the Executive People Forum. The Compensation, Talent and Culture Committee maintains responsibility to review, discuss, and set strategic direction for various people-related business strategies, including: compensation and benefit programs, leadership succession planning, inclusive culture, and talent development programs. The Sustainability, Innovation and Policy Committee is responsible for discussing and advising management on maintaining and improving sustainability strategies, the implementation of which creates value consistent with the long-term preservation and enhancement of shareholder value and social wellbeing, including human rights, working conditions, and responsible sourcing. Collective recommendations to the Board and its committees are an important part of how we proactively manage our human capital and create an employee experience that allows employees and our organization to thrive.

### *Employee Health and Safety*

Nothing is more important than the health, safety, and wellbeing of our employees, and we consistently strive to achieve world-class levels of safety, through the application of sound policies and best practices. We maintain a robust safety culture designed to reduce workplace injuries, supported by effective communication, reporting, and external benchmarking.

### *Building a Diverse and Inclusive Workplace*

At Ford and Ford Credit, we are committed to supporting and sustaining a respectful, inclusive, and safe workplace for all employees. We believe this empowers every person to do their best work and ultimately achieve the Ford+ plan. We actively recruit and hire the best talent and are proud that our workforce is made up of people with different backgrounds, perspectives, and experiences so we can deliver the best products and services for our customers around the world.

We offer 10 global Employee Resource Groups ("ERGs") that represent various dimensions of our employee population, including race, ethnicity, gender, religion, LGBTQ+, disability, veterans, and generation with chapters throughout the world. All ERGs are open to all employees and are instrumental in providing a voice to our global workforce, while also providing valuable insights into the employee experience and product and service development.

Ford and Ford Credit work to strengthen collaboration across their organizations by embedding inclusion in the leadership behaviors that support the Ford operating system. We also leverage the benefit of diversity by listening to the voices of our employees and stakeholders, which strengthens our workplace, systems, and offerings and ultimately drives value for the business.

### *Talent Attraction, Growth and Capability Assessment*

Talent attraction at Ford and Ford Credit is evolving with the transformation of our business. We are sourcing and attracting candidates from multiple industries, including financial services, technology, product, sales, and finance, and regions of the world.

From a capability perspective, we leverage best practices in assessments and talent management to strengthen our current capabilities and future pipeline while reinforcing a culture of excellence, focus, and collaboration. The performance management process is reviewed regularly to ensure we set clear expectations, measure individual performance, and reward appropriately. Our process includes a semi-annual review of each individual's performance to objectives and demonstration of expected behaviors of excellence, focus, and collaboration.

## *Item 1. Business (Continued)*

Finally, the extent to which our people leaders are equipped to drive our transformation plays a vital role in our strategy, and we are committed to helping our leaders strengthen their capabilities with dedicated traditional and non-traditional learning opportunities. Our leadership strategy equips our leaders with the capabilities to deliver business results and grow the talent needed to meet our organizational needs.

### *Competitive Benefit Programs*

We provide employees with a competitive, comprehensive and flexible set of benefits and resources to support their financial, social, mental/emotional, physical, and professional health. Our comprehensive global benefits programs are designed to attract and retain top talent worldwide. These programs include a wide range of resources and solutions to educate, empower, and support individual and organizational goals while being tailored to local regulations and employee needs across our diverse global workforce. This comprehensive approach is integral to our total rewards strategy, addressing business and employee challenges through a multi-channel approach that provides diverse populations and global regions with flexible options to meet their specific goals.

We use data-driven insights gathered through surveys, focus groups, and claims data to understand employee challenges and prioritize our programs and resources. Our benefits are regularly reviewed and adjusted to remain competitive within our respective markets and reflect evolving employee expectations. We are committed to creating an environment where employees and People Leaders respect and value each other as we deliver Ford+.

### *Employee Sentiment Strategy*

We gather feedback from our employees through a variety of channels throughout the year. Our approach is designed to capture sentiment and make it actionable for managers, leadership, and for the teams designing the tools, processes, and policies that impact the employee experience. We use a mix of annual and real-time surveys designed to understand employee sentiment in areas such as: people leader effectiveness, job satisfaction, inclusion, wellbeing, overall satisfaction, strategy and execution, and Ford Operating System behaviors.

A critical element of measuring sentiment is ensuring the data gets to those who are best positioned to use it to drive improvements in the employee experience. We design dashboards and tools for managers to view the results from their teams, help them to generate meaningful insights, and convert those insights into guided actions. We share the results with senior executives to identify broader trends and themes, and to inform larger strategic decisions across the Company.

### *Employment Data*

We employed approximately 6,000 individuals worldwide at year-end 2024 and 2025. Most of our employees are salaried and are not represented by a union.

## Governmental Regulations

As a finance company, we are highly regulated by the governmental authorities in the locations where we operate.

### *United States*

Within the United States, our operations are subject to regulation and supervision under various federal, state, and local laws.

*Federal Regulation.* We are subject to federal regulation, including the Truth-in-Lending Act, the Consumer Leasing Act, the Equal Credit Opportunity Act, and the Fair Credit Reporting Act. These laws require us to provide certain disclosures to prospective purchasers and lessees in consumer retail financing and operating lease transactions and prohibit discriminatory credit practices. The principal disclosures required under the Truth-in-Lending Act for retail financing transactions include the terms of repayment, the amount financed, the total finance charge, and the annual percentage rate. For operating lease transactions, under the Consumer Leasing Act, we are required to disclose the amount due at lease inception, the terms for payment, and information about lease charges, insurance, excess mileage, wear and use charges, and liability on early termination. The Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants and customers on a variety of factors, including race, color, sex, age, or marital status. Pursuant to the Equal Credit Opportunity Act, creditors are required to make certain disclosures regarding consumer rights and advise consumers whose credit applications are not approved of the reasons for being denied. In addition, any of the credit scoring systems we use during the application process or other processes must comply with the requirements for such systems under the Equal Credit Opportunity Act. The Fair Credit Reporting Act requires us to provide certain information to consumers whose credit applications are not approved on the basis of a consumer credit report obtained from a national credit bureau and sets forth requirements related to identity theft, privacy, and accuracy in credit reporting. In addition, under the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act"), it is unlawful for us to engage in any unfair, deceptive, or abusive act or practice. We are also subject to the Servicemembers Civil Relief Act that provides additional protections for certain customers in the military such as prohibiting us from charging interest in excess of 6% on transactions with those customers, limiting our ability to collect future payments from those operating lease customers who terminate their lease early, and limiting our use of self-help repossession of the vehicle for those customers. We are subject to other federal regulation, including the Gramm-Leach-Bliley Act, which requires us to maintain confidentiality and safeguard certain consumer data in our possession and to communicate periodically with consumers on privacy matters. In addition, the Consumer Financial Protection Bureau ("CFPB") has broad rule-making and enforcement authority for a wide range of consumer financial protection laws that regulate consumer finance businesses, such as Ford Credit's financing business. For additional discussion of the CFPB, see "Item 1A. Risk Factors."

We are also subject to regulation in our funding and securitization activities, including requirements under federal securities laws and specific rules and requirements for asset-backed securities ("ABS"). Derivative activities are regulated under the Commodities Exchange Act and Dodd-Frank Act. These regulations also impose operational and reporting requirements for these funding transactions.

*State Regulation - Licensing.* In most states, a consumer credit regulatory agency regulates and enforces laws relating to finance companies. Rules and regulations generally provide for licensing of finance companies, limitations on the amount, duration, and charges, including interest rates, that can be included in finance contracts, requirements as to the form and content of finance contracts and other documentation, and restrictions on collection practices and creditors' rights. We must renew these licenses periodically. In certain states, we are subject to periodic examination by state regulatory authorities.

*State Regulation - Repossessions.* To mitigate our credit losses, sometimes we repossess a financed or leased vehicle. Repossessions are subject to prescribed legal procedures, including peaceful repossession, one or more customer notifications, a prescribed waiting period prior to disposition of the repossessed vehicle, and return of personal items to the customer. Some states provide the customer with reinstatement rights that require us to return a repossessed vehicle to the customer in certain circumstances. Our ability to repossess and sell a repossessed vehicle is restricted if a customer declares bankruptcy.

### International

In some countries outside the United States, some of our subsidiaries, including FCE and Ford Bank, are regulated and/or licensed banking institutions and are required, among other things, to maintain minimum capital and liquidity. FCE is authorized by the U.K. Prudential Regulation Authority ("PRA") and regulated by the U.K. Financial Conduct Authority and the PRA to carry on a range of regulated activities within the United Kingdom. Ford Bank is authorized by the European Central Bank and regulated by both the German Bundesbank and the German Federal Supervisory Authority. In many locations where we operate, governmental authorities require us to obtain equivalent licenses or appropriate permissions to conduct our business.

### Regulatory Compliance Status

Based on our compliance management processes and procedures, we believe that we maintain all material licenses and permits required for our current operations and are in material compliance with all laws and regulations applicable to us and our operations. Failure to satisfy those legal and regulatory requirements could have a material adverse effect on our operations, financial condition, reputation, and/or liquidity. Further, the adoption of new laws or regulations, or the revision of existing laws and regulations, could have a material adverse effect on our operations, financial condition, and/or liquidity.

We actively monitor proposed changes to relevant legal and regulatory requirements in order to maintain our compliance. Through our governmental relations efforts, we also attempt to participate in the legislative and administrative rule-making process on regulatory initiatives that impact finance companies.

For additional information on new or increased credit regulations, consumer or data protection regulations, or other regulations, refer to "Item 1A. Risk Factors."

### Certain Agreements with Ford and Affiliates

We and Ford are parties to a Third Amended and Restated Relationship Agreement (the "Relationship Agreement") relating to our long-standing business practices with Ford. A copy of the Relationship Agreement was filed as an exhibit to our [Quarterly Report on Form 10-Q for the quarter ended March 31, 2022](#), and is incorporated by reference herein as an exhibit. Pursuant to the Relationship Agreement, if our financial statement leverage for a calendar quarter were to be higher than 12.5 to 1 (as reported in our most recent quarterly report on Form 10-Q or annual report on Form 10-K), we can require Ford to make or cause to be made a capital contribution to us in an amount sufficient to have caused such financial statement leverage to have been 12.5 to 1. No capital contributions have been made to us pursuant to the Relationship Agreement.

In addition to the foregoing, the other principal terms of the Relationship Agreement include the following:

- Any extension of credit from us to Ford or any of Ford's automotive affiliates will be on arm's length terms and will be enforced by us in a commercially reasonable manner;
- We will not guarantee more than \$500 million of the indebtedness of, make any investments in, or purchase any real property or manufacturing equipment classified as an automotive asset from Ford or any of Ford's automotive affiliates;
- We will not be required by Ford or any of Ford's automotive affiliates to accept credit or residual risk beyond what we would be willing to accept acting in a prudent and commercially reasonable manner (taking into consideration any interest rate supplements or residual value support payments, guarantees, or other subsidies that are provided to us by Ford or any of Ford's automotive affiliates); and
- We and Ford are separate, legally distinct companies, and we will continue to maintain separate books and accounts. We will prevent our assets from being commingled with Ford's assets, and hold ourselves out as a separate and distinct company from Ford and Ford's automotive affiliates.

We also have an agreement to maintain FCE's net worth in excess of \$500 million. No payments have been made to FCE pursuant to the agreement during the 2001 through 2025 periods.

More information about agreements between us and Ford and other affiliates is contained in our Notes to the Financial Statements, "Business - Overview," "Business - Consumer Financing - Retail Financing," "Business - Non-Consumer Financing - Other Financing," and the description of Ford's business in Ford's 2025 Form 10-K Report.

## ITEM 1A. Risk Factors.

We have listed below the material risk factors applicable to Ford or Ford Credit grouped into the following categories: Operational Risks; Macroeconomic, Market, and Strategic Risks; Financial Risks; and Legal and Regulatory Risks. Some of the risks and contingencies discussed herein may have previously occurred. These risk factors are not representations as to whether or not such matters have occurred in the past and instead reflect our opinions on material factors that may materially and adversely affect our business in the future. We have a global business, and conditions in our industry and the regions where we operate and sell our products and services may change quickly. Accordingly, institutional stability is crucial to businesses like Ford and Ford Credit as we make hiring and investment decisions, as well as to the smooth functioning of financial markets on which we depend. Rapid policy change in our home market, the United States, is creating uncertainty in Ford and Ford Credit's operations and business outlook, and may remain a source of volatility in the future.

### Operational Risks

***Ford's long-term success depends on delivering the Ford+ plan, including improving cost competitiveness.*** Ford previously announced its plan for growth and value creation – Ford+. Ford+ is Ford's plan to thrive at the intersection of great vehicles, iconic brands, and innovative software and service, building Ford into a higher growth, higher margin, more capital efficient, and more durable company. The Ford+ plan is designed to leverage Ford's foundational strengths with enhanced capabilities – enriching customer experiences and deepening loyalty. As Ford progresses this transformation of its business, it must integrate its strategic initiatives into a cohesive business model, modernize its systems, processes, and technologies, and balance competing priorities, or it will not be successful. To facilitate this transformation, Ford is making substantial investments, recruiting new talent, and modernizing and optimizing its business model, management and IT systems, and organization. Ford's strategy involves providing customers freedom of choice to select the powertrain that best suits their needs and maintaining manufacturing flexibility at Ford to meet shifting customer demand. Accordingly, maintaining discipline in its capital allocation continues to be important, as a strong core business and a balance sheet that provides the flexibility to invest in these opportunities are critical to the success of the Ford+ plan. If Ford is unable to optimize its capital allocation among vehicles (and propulsion systems among its vehicles), services, technology, and other calls on capital, make sufficient and timely progress to become competitive on cost and quality and ensure that progress is sustainable, or it is otherwise not successful in executing Ford+ (or is delayed for reasons outside of its control), Ford may not be able to realize the full benefits of its plan, which could have an adverse effect on its financial condition or results of operations. Furthermore, if Ford fails to make progress on its plan at the pace that shareholders expect, it may lead to an increase in shareholder activism, which may disrupt the conduct of Ford's business and divert management's attention and resources. As described elsewhere herein, global political instability and volatility in government regulations and unpredictable trade policy (including tariffs) in the United States and around the world limit Ford's ability to conduct effective long-term planning and make capital allocation decisions.

***Ford's products have been and could continue to 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 products and services and reduce the costs associated therewith could continue to have an adverse effect on its business.*** Government safety standards require manufacturers to remedy defects related to vehicle safety through safety recall campaigns, and a manufacturer is obligated to recall vehicles if it determines that the vehicles do not comply with a safety standard. Ford may also be obligated to remedy defects or potentially recall its products due to defective components provided to it by its suppliers, arising from their quality issues or otherwise.

The National Highway Traffic Safety Administration's ("NHTSA") enforcement strategy has resulted in significant civil penalties being levied and the use of consent orders, including at Ford, requiring direct oversight by NHTSA of certain manufacturers' safety processes, a strategy that could continue. For example, as part of a consent order Ford entered into with NHTSA in 2024, Ford has retained an independent third party selected by NHTSA to assess Ford's adherence to the consent order and the National Traffic and Motor Vehicle Safety Act of 1966 (the "Safety Act") over the term of the consent order and to report on Ford's progress to NHTSA. Should Ford or government safety regulators determine that a safety or other defect or a noncompliance exists with respect to certain of Ford's products prior to the start of production, the launch of such product could be delayed until such defect is remedied. The cost of recall and customer satisfaction actions to remedy defects in vehicles that have been sold could be substantial, particularly if the actions relate to global platforms or involve defects that are identified years after production. For example, NHTSA and the automotive industry are currently engaged in a study of the safety of approximately 56 million Takata desiccated airbag inflators in the United States. Of these, approximately 3.5 million of the inflators are in Ford vehicles. In addition, NHTSA is considering action related to 52 million vehicles containing inflators from ARC Automotive and Delphi Automotive in the United States. Ford has 2.5 million vehicles within this population. Should NHTSA determine that these inflators contain a safety defect, Ford and other manufacturers could potentially face significant incremental recall costs. Further, to the extent recall and customer satisfaction actions relate to defective components Ford receives from suppliers, Ford's ability to recover from the suppliers may be limited by the suppliers' financial condition.

*Item 1A. Risk Factors (Continued)*

Ford is also subject to environmental regulatory compliance requirements, and in many jurisdictions (including the United States), is required to report on and correct certain emissions-related defects. Similarly, where required by regulation, Ford is obligated to honor certain warranties on emissions-related components, which can impose additional obligations beyond its standard warranties and increase its costs.

Ford accrues the estimated cost of both base warranty coverages and field service actions at the time a vehicle is sold, and it reevaluates the adequacy of its accruals on a regular basis. In addition, from time to time, Ford issues extended warranties at its expense, the estimated cost of which is accrued at the time of issuance. The impact of such accruals will be reflected in Ford's results of operations for the period in which the accrual is made, which could cause variability in Ford's financial performance, while the cash flow impact may be reflected in a later period or periods. For additional information regarding warranty and field service action costs, including Ford's process for establishing its reserves, see "Critical Accounting Estimates" in Item 7 and Note 24 of the Notes to the Financial Statements in Ford's 2025 Form 10-K Report. If warranty costs are greater than anticipated as a result of increased vehicle and component complexity, the adoption of new technologies, the time it takes to improve the quality of Ford's products and services (or if such efforts are unsuccessful), implementation of additional remedies in the event the initial one is ineffective or parts are unavailable, or otherwise (including as a result of higher repair costs driven by inflation or other economic factors), such costs could continue to have an adverse effect on Ford's financial condition or results of operations.

Furthermore, launch delays, recall actions, and increased warranty costs have generated negative publicity and adversely affected and could continue to adversely affect Ford's reputation or the public perception and market acceptance of Ford's products and services as discussed elsewhere herein. In an effort to improve quality, Ford has slowed down and may continue to slow down launches, which may result in lost sales, revenue, and profits, and could have an adverse effect on its financial condition, or results of operations. From time to time, Ford's inventory levels may be higher due to a number of different factors, including as a result of vehicles on hold for quality control, which may cause Ford to incur additional costs associated with those vehicles, e.g., repair costs for weather-related damage.

***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 timely acquire key components or raw materials has previously disrupted and may, in the future, disrupt Ford's operations.*** Ford's products contain many components that it sources globally from a complex network of suppliers, who, in turn, source components from their suppliers. If there is a shortage of a key component in Ford's supply chain or a supplier is unable to deliver a component to Ford in accordance with its specifications and at the cost contracted for, because of a production issue, a disruption at a supplier's facility (e.g., fire, explosion, equipment failure, or natural disaster), limited availability of materials, shipping problems, restrictions on transactions with certain countries or companies, implementation of tariffs, or other reason, and the component cannot be easily sourced from a different supplier, or Ford is unable to obtain a component on a timely basis, the shortage may disrupt Ford's operations or increase its costs of production and its ability to recoup lost production volume may be limited. For example, in 2025, Ford's production was disrupted by fires at one of its major aluminum suppliers, the effects of which are ongoing.

For the manufacture of its electrified products, Ford is dependent on the supply of batteries and the raw materials (e.g., lithium, cobalt, nickel) used by its suppliers to produce those batteries. Some of these resources are limited, and, as a result, Ford may be unable to acquire raw materials needed for its products in sufficient amounts that are responsibly sourced or at reasonable prices. As described in Item 7 of Ford's 2025 Form 10-K Report, and elsewhere herein, Ford has entered into and may, in the future, enter into offtake agreements and other long-term purchase contracts that obligate Ford, subject to certain conditions such as quality or minimum output, to purchase a certain percentage or minimum amount of output from certain raw materials suppliers. In the event the supplier under those agreements or any of Ford or its suppliers' raw material supply contracts is unable to deliver sufficient quantities of raw materials needed for Ford or its suppliers' production operations, e.g., if a mine does not produce at expected levels, or the raw materials do not otherwise satisfy Ford's requirements, and Ford or its suppliers are unable to find an alternative resource that satisfies Ford's technical requirements and with sufficient quantities, at reasonable prices, responsibly sourced, and in a timely manner, it could impact Ford's ability to manufacture products. Further, suppliers who fail to comply with Ford's requirements for ethical business practices could lead it to seek alternative suppliers, which may result in delayed deliveries or increased costs.

A shortage of, or Ford's inability to acquire or find adequate suppliers of, key components or raw materials as a result of disruptions in the supply chain, import and export bans or tariffs imposed by the U.S. or foreign governments, capacity constraints, limited availability, competition for those items within the automotive industry and other sectors, or otherwise can cause a significant disruption to Ford's production schedule and have a substantial adverse effect on its financial condition or results of operations. For example, China's restriction on the export of rare earth minerals, which Ford and its suppliers utilize for a number of components, has impacted (e.g., rescheduling production, changing operating patterns) and caused disruptions in Ford's production operations, increases the risk of future production disruptions, and has

increased and may further increase costs (e.g., premium freight and expedited shipping costs to make up for delays in component availability). Moreover, as the industry evolves, suppliers of traditional or electric vehicle (“EV”)-specific components may face financial distress or choose to exit certain lines of business, further narrowing Ford’s sourcing options and potentially leading to higher prices or supply shortages that could have a substantial adverse effect on Ford’s results of operations and reputation.

**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.** A work stoppage or other limitation on production has occurred, and could in the future occur, at Ford’s facilities, at a facility in its supply chain, or at one of its logistics providers for any number of reasons, including as a result of labor issues, such as shortages of available employees, disputes under existing collective bargaining agreements with labor unions or in connection with negotiation of new collective bargaining agreements, absenteeism, public health issues (e.g., COVID), stay-at-home orders, or in response to potential restructuring actions (e.g., plant closures); as a result of supplier financial distress or other production constraints, such as limited quantities of components or raw materials, quality issues, capacity limitations, or other difficulties; as a result of a natural disaster (including climate-related physical risk); social unrest; cybersecurity incidents; or for other reasons. A suspension or substantial curtailment of Ford’s manufacturing operations could have a significant adverse effect on Ford’s financial condition and results of operations. The duration of a suspension of manufacturing operations and a return to Ford’s full production schedule will vary. Ford’s Ford Blue, Ford Model e, and Ford Pro operations generally do not realize revenue while its manufacturing operations are suspended, but Ford continues to incur operating and non-operating expenses, resulting in a deterioration of its cash flow. Accordingly, any significant future disruption to Ford’s production schedule, regionally or globally, whether as a result of its own or a supplier’s suspension of operations, could have a substantial adverse effect on Ford’s financial condition, liquidity, and results of operations. Moreover, Ford’s supply and distribution chains may be disrupted by supplier or dealer bankruptcies or their permanent discontinuation of operations. In addition, broader changes in the supplier landscape, including supplier consolidation and suppliers’ decisions to no longer participate in a particular line of business pose a risk of supply shortages and/or price increases.

The limited availability of components, labor shortages, public health emergencies, and supplier operating issues have led to intermittent interruptions in Ford’s supply chain and an inconsistent production schedule at its facilities. This has exacerbated the disruption to Ford’s suppliers’ operations, which, in turn, has led to higher costs and production shortfalls. As a result of this disrupted production schedule, Ford has received and continues to receive claims from its supply base for reimbursement of costs beyond the original agreed terms. Upon receipt, Ford evaluates those claims, and, in certain circumstances, has made payments to its suppliers, and this trend may continue.

Given the worldwide scope of Ford’s supply chain and operations, Ford and its suppliers face a risk of disruption or operating inefficiencies that may increase costs due to the adverse physical effects of climate change, which are predicted to increase the frequency and severity of weather and other natural events, e.g., wildfires, extended droughts, flooding, and extreme temperatures. In addition, in the event a weather-related event, strike, international conflict, or other occurrence limits the ability of freight carriers to deliver components or other materials to Ford, or logistics providers are unable to transport Ford’s products for an extended period of time, it may increase Ford’s costs and delay or otherwise impact its production operations and its customers’ ability to receive Ford’s products.

Many components used in Ford’s products are available only from a single or limited number of suppliers and, therefore, cannot be re-sourced quickly or inexpensively to another supplier (due to long lead times, specialized tooling, rigorous validation requirements, and new contractual commitments that may be required by another supplier before ramping up to provide the components or materials, etc.). Such suppliers also could threaten to disrupt Ford’s production as leverage in negotiations. In addition, when Ford undertakes a model changeover, significant downtime at one or more of its production facilities may be required, and Ford’s ability to return to full production may be delayed if it experiences production difficulties at one of its facilities or a supplier’s facility. Moreover, as vehicles, components, and their integration become more complex, Ford may face an increased risk of a delay in production of new vehicles. Regardless of the cause, Ford’s ability to recoup lost production volume may be limited. Accordingly, as Ford has experienced in the past, and may again experience in the future, a significant disruption to Ford’s production schedule could have a substantial adverse effect on its financial condition or results of operations and may impact its strategy to comply with fuel economy standards as discussed elsewhere herein.

**Ford may not realize the anticipated benefits of existing or pending strategic alliances, joint ventures, acquisitions, divestitures, commercial relationships, or business strategies or the benefits may take longer than expected to materialize.** Ford has invested in, formed strategic alliances or entered into commercial relationships with, and announced or formed joint ventures with a number of companies, and it may expand those relationships or enter into

similar relationships with additional companies. These initiatives typically involve enormous complexity, may require a significant amount of capital, and may involve a lengthy regulatory approval process. As a result, Ford may not be able to complete anticipated transactions, the anticipated benefits of these transactions may not be realized, or the benefits may be delayed. For example, Ford may not successfully integrate an alliance or joint venture with its operations, including the implementation of its controls, systems, procedures, and policies, Ford may be unable to retain key employees, or unforeseen expenses or liabilities may arise that were not discovered during due diligence prior to an investment or entry into a strategic alliance, or a misalignment of interests may develop between Ford and the other party. Further, to the extent Ford shares ownership, control, or management with another party in a joint venture, Ford's ability to influence the joint venture may be limited, and Ford may be unable to prevent misconduct or implement its compliance or internal control systems. Moreover, negative publicity, government investigations, or litigation involving a company with which Ford has a business or supply relationship, including licensing intellectual property, may have an adverse effect on Ford's reputation. In order to secure critical materials to manufacture its products, Ford has entered into and may, in the future, enter into offtake agreements and other long-term purchase contracts with raw materials and other suppliers and make investments in certain raw material, battery, and suppliers; however, Ford may not realize the anticipated benefits of these actions and its efforts to have its suppliers, particularly those in less developed markets, adopt Ford's sustainability and other standards may be unsuccessful, which could have an adverse impact on Ford's reputation and may expose Ford to litigation or investigations as a result of its relationships with such suppliers.

In addition, the implementation of a new or different business strategy may not be successful or may lead to the disruption of Ford's existing business operations, including distracting management from current operations. For example, the new battery energy storage business Ford announced in the fourth quarter of 2025 or Ford's efforts to evaluate and implement alternative distribution models and channels for its products and services from those it has traditionally used may be challenged or may not succeed or be as successful as its historical arrangements. External factors may also impact the success of Ford's initiatives. For example, Ford's business and strategy are susceptible to tensions in U.S.-China relations and the rapid development of the Chinese electrified vehicle industry, with domestic Chinese producers exporting to some key markets in which Ford operates. In addition, as Ford implements its strategy to provide customers freedom of choice to select the powertrain that best suits their needs and maintain manufacturing flexibility to meet shifting customer demand, Ford has in the past taken, and may in the future take, actions such as adjusting its investments and spending, not fully utilizing or reducing the capacity of its existing or future plants, reducing production hours or shifts, cancelling programs or deciding to no longer produce vehicles already in production, or delaying vehicle and technology launches, and Ford has in the past and may in the future become subject to claims by suppliers or other parties, incur charges related to impairments, asset write-downs, or inventory adjustments, or lose or become obligated to repay government incentives as a result. For example, Ford has taken, and may in the future take, such actions to better match the pace of EV adoption, which has been lower than anticipated industrywide. Results of operations from new activities may be lower than anticipated or its existing activities, and, if a strategy is unsuccessful, Ford may not recoup its investments, which may be significant, in that strategy. Further, as Ford's strategy evolves in an area, Ford may be unable to utilize or redeploy its existing assets or investments in that or other areas, which may lead to impairments and other cash and non-cash charges. Moreover, Ford has in the past incurred and may in the future incur charges and continue to have financial exposure following a change in strategy, a strategic divestiture, a cessation of operations in a market, or a decision to unwind an existing venture or relationship. For example, in December 2025, Ford announced its updated EV strategy, the expected disposition of its investment in BlueOval SK, LLC, and the charges it expected to record related to those items. Failure to successfully and timely realize the anticipated benefits of the transactions or strategies described herein could have an adverse effect on Ford's financial condition or results of operations.

**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.** Ford continually reviews and evaluates its business to find opportunities to make its operations more efficient and reduce costs. In doing so, Ford has taken, and may in the future take, restructuring actions, such as strategic divestitures, unwinding an existing venture or relationship, or ceasing operations in a market, particularly for those businesses where a path to sustained profitability is not feasible in light of the capital allocation requirements or for other reasons. Ford's plans for implementing such actions may be accelerated by shifting industry dynamics and new entrants to its industries with which it must compete. These actions may include employee separations, a reduced footprint (e.g., plant closures or smaller operations at existing plants or plants that are not yet on-line), operating its plants at less than full capacity (e.g., reducing shifts), cancelling products or programs, or shifting its strategy for the deployment of technologies. Such restructuring actions have caused Ford and may in the future cause it to incur significant costs; record impairments or other charges; subject it to potential claims from employees, suppliers, dealers, other counterparties, or governmental authorities (including a reduction or clawback of incentives); disrupt its operations; distract management from current operations; or harm its reputation. Further, Ford may not realize the expected benefits of such restructuring actions (e.g., anticipated cost savings), such benefits may be

delayed, or market dynamics or other factors may have evolved such that it cannot obtain the original intended results of an action.

**Failure to develop and deploy secure digital services that appeal to customers, retain existing subscribers, and grow Ford's subscription rates could have a negative impact on Ford's business.** A growing part of Ford's business involves connectivity, digital and physical services, and integrated software services, and Ford is devoting significant resources to develop this business. Further, Ford has announced its plans and expectations for integrated services to become a larger portion of its revenue and earnings by offering new and differentiated products, retaining existing subscribers, and growing subscription rates with new customers. If Ford does not develop, deliver, and make available standardized technologies that customers can easily adopt and use, fails to generate sufficient demand for its integrated software and digital services, or if customers do not opt to activate the modems in its vehicles, which would hinder Ford's ability to offer and sell such services, Ford may not grow revenue in line with the costs it is investing or achieve profitability on its increasingly digitally-connected products. Shifting public policy regarding data privacy and the effects of artificial intelligence has caused and may in the future cause us to incur substantial costs to modify our operations or business practices, reduce consumers' willingness to engage with our offerings, or cause delays or lapses in the availability of our products or services in various jurisdictions. Ford must convince prospective users of the benefits of its subscription services and existing users of the continued value thereof. This depends in large part on Ford's ability to offer exceptional services, competitive pricing, integrated functionality, and a satisfying user experience. Further discussion of the risks associated with market acceptance of Ford's services and the evolving regulatory landscape is provided elsewhere herein.

Ford contracts with third parties to offer digital content to customers and license technologies for use in its software and digital services. This includes the right to sell, or offer subscriptions to, third-party content, as well as the right to incorporate specific content into Ford's own services; however, continuation of these third-party licensing and other arrangements, or their renewal on commercially reasonable terms, is not guaranteed or may be unavailable. Moreover, while Ford seeks to grow its share of this business, third parties may be less inclined to continue developing or licensing software for Ford's products or permit the Company to distribute their content, or such providers may offer competing products and services to the detriment of Ford's business. If Ford is unable to offer integrated software applications and digital services on competitive terms, it may reduce customer demand or increase Ford's costs to provide such applications and services, which Ford may be unable to pass on to customers. Alternatively, Ford may have to develop or license new content or technology to provide digital services, and there can be no assurance Ford would be able to develop or license such content or technology at a reasonable cost or in a timely manner, either of which could have a negative impact on its financial condition, results of operations, or reputation.

Sophisticated software integration may have issues that can unexpectedly interfere with the intended operation of hardware or other software products and services. In addition, the services Ford offers can have quality issues and may, from time to time, experience outages, service slowdowns, or errors. Moreover, the reliance of Ford's services on cloud-based systems and other digital infrastructure owned by third parties creates particular risk. Any outage, misconfiguration, or loss of data within the systems or infrastructure of these third parties could impair the performance of Ford's services from time to time. As a result, these services may not always perform as anticipated and may not meet customer expectations. There can be no assurance Ford will be able to detect and remedy all issues and defects in the hardware, software, and services it offers, or successfully deliver over-the-air ("OTA") updates. Failure to do so on a timely basis could result in widespread technical and performance issues affecting Ford's products and services. Further discussion of the risks associated with product defects, quality issues, or delays in product launches and availability is provided elsewhere herein.

Ford continues to increase the number of BlueCruise (Ford's hands-free highway driving system) enabled vehicles on the road and its growth and expansion remains an important part of Ford's strategy. Ford also faces substantial competition in that area. In addition, autonomous vehicle and driver assist technologies, including BlueCruise, continue to be scrutinized by government regulators and consumers, and actual or perceived failures or misuse of these technologies and features have led to government investigations and inquiries, including of Ford. Such negative publicity of Ford's products or those of its competitors could undermine consumer trust and negatively impact Ford's subscription rates. If Ford is unable to successfully develop and grow BlueCruise and other subscription services or build and maintain consumer trust in those offerings, it may be unable to recoup the investments it has made in those technologies and it could negatively impact Ford's reputation, financial condition, and results of operations.

While Ford continues to invest in direct-to-consumer sales methods for its connectivity, digital and physical services, and integrated software services offerings, Ford is dependent on the efforts of third-party dealers for the majority of its sales in this space. Ford has invested and will continue to invest in programs to enhance sales through dealers, including education programs for dealership employees on the benefits of Ford's services offerings and developing and making available digital marketing assets to dealers. These efforts may require a substantial investment of time and capital while

providing no assurance of incremental sales.

The actions of end users are generally beyond Ford's control and some users may engage in fraudulent or abusive activities that involve Ford's digital services. These include unauthorized use of accounts through stolen credentials, failure to pay for services accessed, or other activities that violate Ford's terms of service. While Ford has implemented security measures intended to prevent unauthorized access to its digital services and related information systems, malicious entities have and will continue to attempt to gain unauthorized access to them. If Ford's efforts to detect such violations or its actions to control these types of fraud and abuse are not effective or timely, it may have an adverse effect on its financial condition, results of operations, or reputation. Further discussion of the risks associated with operational information systems and our cybersecurity posture is provided elsewhere herein.

**Ford's ability to maintain a competitive cost structure could be affected by labor or other constraints.** The vast majority of the hourly employees in Ford's manufacturing operations in the United States and Canada are represented by unions and covered by collective bargaining agreements. These agreements provide guaranteed wage and benefit levels throughout the contract term and some degree of income security, subject to certain conditions. Ford's recent labor contracts, including those with the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America in the United States and Unifor in Canada, have resulted in significant cost increases. If Ford is unable to offset these costs, it could have a significant adverse effect on Ford's business. Some of Ford's competitors do not have such collective bargaining agreements and are not subject to the same constraints. Further, a substantial number of Ford's employees in other regions are represented by unions or government councils, and legislation or custom promoting retention of manufacturing or other employment in the state, country, or region may constrain as a practical matter Ford's ability to sell or close manufacturing or other facilities or increase the cost of doing so. These agreements in the United States, Canada, Europe, and other regions may restrict Ford's ability to close plants and divest businesses. In addition, to the extent companies in Ford's global supply chain that are not currently parties to collective bargaining agreements enter into such agreements or otherwise increase their employees' wages and benefits, any increased costs incurred by those suppliers may, in turn, increase Ford's costs.

**Ford's ability to attract, develop, grow, support, and reward talent is critical to its success and competitiveness.** Ford's success depends on its ability to continue to attract, develop, grow, support, and reward talented and diverse employees with domain expertise in engineering, software, technology, integrated services, supply chain, marketing, and finance, among other areas. While Ford has been successful in attracting talent in recent years, as with any company, the ability to continue to attract talent is important, particularly in growth areas vital to its success such as software, electrification and adjacent technologies, and integrated services. Competition for such talent is intense, which has led to an increase in compensation throughout a tight labor market, and, accordingly, may increase costs for companies. In addition to attracting talent, Ford must also retain the talent needed to deliver its business objectives. If Ford loses existing employees, is unable to attract talent with needed skills, or is unable to develop existing employees, particularly with the introduction of new technologies and Ford's focus on operational efficiency and quality, it could have a substantial adverse effect on Ford's business.

**Operational information systems, security systems, products, and services could be affected by cybersecurity incidents, ransomware attacks, and other disruptions and impact Ford, Ford Credit, their suppliers, and dealers.** Ford and Ford Credit rely on information technology networks and information systems, including in-vehicle systems and mobile devices, some of which are managed by suppliers, some of which are provided by third-party service providers, and some of which ultimately rely on other services provided by these third parties by unaffiliated service providers, to process, transmit, and store electronic information that is important to the operation of their businesses, Ford's vehicles, and the services Ford and Ford Credit offer. Despite devoting significant resources to their cybersecurity programs, Ford and Ford Credit are at risk for interruptions, outages, and compromises of: (i) operational information systems (including business, financial, accounting, product development, consumer receivables, data processing, or manufacturing processes); (ii) facility security systems; and/or (iii) in-vehicle systems or mobile devices, whether caused by a ransomware or other cybersecurity incident, security breach, or other reason (e.g., a natural disaster, fire, acts of terrorism or war, or an overburdened infrastructure system). Additionally, any outage, security breach, misconfiguration, or loss of data within networks and systems managed by or reliant on the products and services of unaffiliated third parties could lead to similar compromises. Such incidents could materially disrupt operational information systems; result in loss or unwilling publication of trade secrets or other proprietary or competitively sensitive information; compromise the privacy of personal information of consumers, employees, or others; jeopardize the security of Ford and/or Ford Credit's facilities; disrupt or degrade service or Ford and/or Ford Credit's operations; affect the performance of in-vehicle systems or services Ford offers; and/or impact the safety of Ford's vehicles. This risk exposure rises as Ford continues to develop and produce vehicles with increased connectivity. Moreover, Ford, Ford Credit, their suppliers, service providers, and dealers have been the target of cybersecurity incidents and such threats are continuing and evolving, which may cause

cybersecurity incidents to be more difficult to detect for periods of time. Ford and Ford Credit's networks and Ford's in-vehicle systems, sharing similar architectures, could also be impacted by, or a cybersecurity incident may result from, the negligence or misconduct of insiders or third parties who have access to these networks and systems. Ford and Ford Credit employ capabilities, processes, and other security measures they believe are reasonably designed to detect, reduce, and mitigate the risk of cybersecurity incidents, and have requirements for their suppliers and service providers to do the same; however, Ford and Ford Credit may not be aware of all vulnerabilities or might not accurately assess the risks of incidents, and such preventative measures cannot provide absolute security and may not be sufficient in all circumstances or mitigate all potential risks, including potential production disruption or the loss or disclosure of sensitive information. Moreover, a cybersecurity incident could harm Ford and/or Ford Credit's reputations, cause customers to lose trust in their security measures, and/or subject Ford and Ford Credit to regulatory actions or litigation, which may result in fines, penalties, judgments, or injunctions, and a cybersecurity incident involving Ford or Ford Credit, or one of their suppliers or service providers, could impact production, internal operations, business strategy, results of operations, financial condition, or Ford and Ford Credit's ability to deliver products and services to their customers.

**To facilitate access to the raw materials and other components necessary for the manufacture of electrified products, 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 ability to manufacture electrified products is dependent upon the availability of raw materials and other components necessary for the production of batteries, e.g., lithium, cobalt, nickel. As described in Item 7 of Ford's 2025 Form 10-K Report, and elsewhere herein, to facilitate its access to such raw materials, Ford has entered into and it may, in the future, enter into offtake agreements and other long-term purchase contracts. Such agreements obligate Ford, subject to certain conditions such as quality or minimum output, to purchase a certain percentage or minimum amount of output from raw material suppliers over an agreed upon period of time pursuant to agreed upon purchase price mechanisms that are typically based on the market price of the material at the time of delivery.

Unlike Ford's standard arrangements with suppliers under multi-year offtake agreements and other long-term purchase contracts, the risks associated with lower-than-expected electrified vehicle production volumes or changes in battery technology that reduce the need for certain raw materials, batteries, or their components are borne by Ford rather than its suppliers. In the event Ford does not purchase the materials or components pursuant to the terms of these agreements, Ford may nevertheless be obligated to pay the purchase price or otherwise compensate the supplier in an amount determined by the contract or reimburse the supplier for costs or losses it incurs. Ford has incurred and may continue to incur such charges. This may be the case even if the supplier finds another purchaser, as Ford may be responsible for the costs of finding the new purchaser as well as any lost revenue attributable to the replacement purchaser paying a lower price than required under the pricing mechanism in its agreement.

As a result of the competition for and limited availability of the raw materials needed for Ford's electrified vehicle business, the costs of such materials are difficult to accurately forecast as they may fluctuate during the term of the offtake agreements and other long-term purchase contracts based on market conditions. Accordingly, Ford may be subject to increases in the prices it pays for those raw materials, and its ability to recoup such costs through increased pricing to its customers may be limited. As a result, Ford's margins, results of operations, financial condition, and reputation may be adversely impacted by commitments it makes pursuant to offtake agreements and other long-term purchase contracts.

### **Macroeconomic, Market, and Strategic Risks**

**With a global footprint and supply chain, Ford's results and operations have been and could continue to be adversely affected by economic or geopolitical developments, including protectionist trade policies such as tariffs, or other events.** Because of the interconnectedness of the global economy, financial crises, economic downturns or recessions (including reduced consumer spending), pandemics, natural disasters, wars, social unrest, geopolitical crises, or other significant events in one market can have an immediate and material adverse impact on other markets where Ford operates. Unprecedented trade policy (including tariffs) in the United States and foreign governments' reactions limit Ford's ability to conduct effective long-term planning and make capital allocation decisions. The continued strain in U.S.-China relations presents unique risks to U.S. automakers, as does China's unique regulatory landscape, the level of integration with key components in Ford's global supply chain, the limited availability of various components and materials (including certain rare earth minerals and related products from China), and the rapid development of the Chinese EV industry, with Chinese electrified vehicle manufacturers exporting their products to some key markets in which Ford operates.

Changes in international trade policy can also have a substantial adverse effect on Ford's financial condition, results of operations, or business in general. To the extent governments in various regions implement or intensify restrictions or

barriers to trade, such as tariff or non-tariff barriers, export controls, currency manipulation, or policies that otherwise favor domestic companies, there can be a significant negative impact on manufacturers based in other markets. Steps taken by governments to implement local content requirements, restrict export and import activities, or apply or consider applying additional or new tariffs on automobiles, parts, and other products and materials have disrupted supply chains, imposed additional costs on Ford's business, and led to other countries attempting to retaliate by imposing tariffs or other barriers, which make Ford's products more expensive for customers, and, in turn, its products less competitive, and this trend may continue. Tariffs implemented to date in the United States and elsewhere have caused significant disruption, increased costs, and uncertainty in the automotive industry, including for Ford, other original equipment manufacturers ("OEMs"), suppliers, and dealers, as well as customers. Moreover, tariffs implemented or increased in the United States and elsewhere in the future may exacerbate these impacts. The U.S. government has implemented limited tariff relief for qualifying parties based on certain criteria, which could include prospective avoidance and retroactive relief through refunds. This relief is subject to periodic approval by the U.S. Department of Commerce and may be revised based on factors such as U.S. production and import content levels. Although Ford may be entitled to relief under these programs, and Ford may carry a receivable on its balance sheet reflecting tariffs paid but for which it expects, but have not yet received, refunds, the timing of Ford's receipt of these amounts (and whether it will ultimately receive a refund) is uncertain and is subject to changes in trade policy. Accordingly, any delay in receiving the refunds could have a negative impact on Ford's cash flow, and in the event it does not ultimately receive a refund, it could have an adverse impact on its financial condition or results of operations.

In addition, instability in the supply chain exacerbated by tariffs and other industry concerns, such as China's restriction on the export of rare earth minerals and various components, has resulted in production disruptions and increased costs and heightens the risk of future production disruptions and further cost increases. Although there is uncertainty regarding the application, scope, and duration of tariffs, those that have been implemented have had a significant adverse effect, both operationally and financially, on the overall automotive industry, Ford, and its supply chain. Any additional tariffs or other measures that are implemented in the United States and any retaliatory tariffs or other measures or restrictions that are implemented by other governments, and the potential related market impacts, should they be sustained for an extended period of time, may have a significant adverse effect.

With operations in various markets with volatile economic or political environments and its global supply chain and utilization of transportation routes and logistics providers around the world, Ford is exposed to heightened risks as a result of economic, geopolitical, or other events. This could include governmental takeover (i.e., nationalization) of Ford's manufacturing facilities or intellectual property, restrictive exchange or import controls, changes to international trade agreements, disruption of operations as a result of systemic political or economic instability, social unrest, outbreak of war or expansion of hostilities, and acts of terrorism, each of which could impact Ford's supply chain as well as its operations. These events could also have a substantial adverse effect on Ford's financial condition, results of operations, or business in general. Changes in trade policy may also restrict or limit the ability of logistics providers and customs brokers to process imports timely, which may delay or disrupt Ford's operations and increase its costs. Further, the U.S. government, other governments, and international organizations could impose additional sanctions or export controls that could restrict Ford from doing business directly or indirectly in or with certain countries or parties, which could include affiliates, disrupt its supply chain and production, and potentially impact the repatriation of earnings.

***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 Ford's reputation may be harmed based on positions it takes or if it is unable to achieve the initiatives it has announced.*** Although Ford conducts extensive market research before launching new or refreshed products and introducing new services, many factors both within and outside Ford's control affect the success of new or existing products and services in the marketplace, and it may not be able to accurately predict or identify emerging trends or preferences or the success of new products or services in the market. It takes years to design and develop a new vehicle or change an existing vehicle. Because customers' preferences may change quickly, Ford's new and existing products may not generate sales in sufficient quantities and at costs low enough to be profitable and recoup investment costs. Offering products and services that customers want and value can mitigate the risks of increasing price competition, price sensitive customers, and declining demand, but products and services that are perceived to be less desirable (whether in terms of price, quality, styling, safety, overall value, fuel efficiency, or other attributes) can exacerbate these risks. For example, if Ford is unable to differentiate its products and services from those of its competitors in a manner that appeals to customers, develop innovative new products and services, or sufficiently tailor its products and services to customers in other markets, there could be insufficient demand for Ford's products and services, which could have an adverse impact on Ford's financial condition or results of operations. Insufficient demand for Ford's products may also result in higher inventory levels, which may lead to downward pricing pressure, or reduced manufacturing efficiencies, which may reduce margins. In the event of a shortage of available products, customers may

*Item 1A. Risk Factors (Continued)*

elect to purchase from Ford's competitors and may not return to Ford in the future.

With increased consumer interconnectedness through the internet, social media, and other media, mere allegations relating to quality, safety, reliability, fuel efficiency, sustainability, corporate social responsibility, or other key attributes can negatively impact Ford's reputation or market acceptance of its products or services, even where such allegations prove to be inaccurate or unfounded. Further, Ford's ability to successfully grow through capacity expansion and investments in the areas of electrification, connectivity, digital and physical services, and software services depends on many factors, including advancements in technology, regulatory changes (e.g., new or revised government mandates and incentives), infrastructure development (e.g., a widespread vehicle charging network), and other factors that are difficult to predict, that have affected and may continue to affect significantly the future of electrified vehicles, autonomous and driver assistance technologies, digital and physical services, and software services. The automotive, software, and digital service businesses are very competitive and change rapidly. Traditional competitors are expanding their offerings, and new types of competitors (particularly in Ford's areas of strength, e.g., pickup trucks, utilities, and commercial vehicles) that may possess superior technology, may have business models with certain aspects that are more efficient, are not subject to the same level of fixed costs as Ford, and/or have the support of domestic government mandates that advantage them and hinder Ford's ability to compete, are entering the market. For example, Chinese electrified vehicle producers are exporting their products to some key markets in which Ford operates. This level of competition necessitates that Ford invest in and integrate emerging technologies into its business and increases the importance of its ability to anticipate, develop, and deliver products and services that customers desire on a timely basis, in quantities in line with demand, with the quality they expect, and at costs low enough to be profitable. Moreover, if Ford does not meet customer expectations for quickly and effectively addressing and remedying issues that may develop with or that improve its products and services, e.g., successfully delivering OTA updates, it would have an adverse effect on Ford's business.

Although Ford recently scaled back its EV investments to redeploy that capital to other areas of the business, Ford intends to continue making significant investments in electrification and software services. Ford's plans continue to include offering electrified versions of many of its vehicles as well as solely electric nameplates, although Ford has observed lower than initially anticipated industrywide EV adoption rates. Low EV adoption rates may persist, including as a result of the regulatory framework in various markets shifting away from supporting the adoption of electrified vehicles (as was the case in the United States in 2025); any negative perception of Ford's electrified vehicles or EVs in general; an inability to or delay in developing or embracing new technologies or processes; or shifts in consumer preference. As a result, there has been, and could in the future be, an adverse impact on Ford's financial condition and results of operations. Further, as discussed elsewhere herein, lower than planned market acceptance of Ford's vehicles may impact its strategy to comply with fuel economy standards in certain markets.

Ford is addressing its impact on climate change aligned with the United Nations Framework Convention on Climate Change (Paris Agreement) by working to reduce its carbon footprint over time across its vehicles, operations, and supply chain. Ford has announced interim emissions targets approved by the Science Based Targets initiative ("SBTi") and made other statements about similar initiatives. As Ford navigates a complex global environment and aligns with the normal SBTi five-year target review process, Ford is reassessing its near-term decarbonization strategy and putting great emphasis on public choice. Achievement of these initiatives will require significant investments and the implementation of new processes; however, there is no assurance that the desired outcomes will be achieved. To the extent Ford is unable to achieve these initiatives, it may harm Ford's reputation or Ford may not otherwise receive the expected return on the investment. For example, Ford is exposed to reputational risk if it does not reduce vehicle CO<sub>2</sub> emissions in line with its targets or in compliance with applicable regulations. Further, Ford's customers, investors, and other stakeholders evaluate how well Ford is progressing on its announced climate goals and aspirations, and if Ford is not on track to achieve those goals and aspirations on a timely basis, or if the expectations of Ford's customers and investors change and Ford does not adequately address their expectations, its reputation could be impacted, and customers may choose to purchase the products and services of, investors may choose to invest in, and suppliers and vendors may choose to do business with other companies. Other parties may object to the positions Ford has or is perceived to have taken and may, in the future, take or be perceived to take on sustainability, social, or other issues, or in the event Ford changes its position on such issues, which may result in a loss of customers, a boycott of products or services, litigation, investigations, information requests, or other actions that may impact not only Ford's brand and reputation but also its results of operations, financial condition, and the price of its Common Stock.

Moreover, new offerings, including those related to electrified vehicles and autonomous driving technologies, may present technological challenges that could be costly to implement and overcome and have subjected Ford and may continue to subject Ford to customer claims, government investigations, and recalls of its vehicles if they do not operate as anticipated. In addition, since new technologies are subject to market acceptance, a malfunction involving any manufacturer's vehicle using autonomous or driver assist technologies may negatively impact the perception of such technologies and erode customer trust.

**Ford may face increased price competition for its products and services, including pricing pressure resulting from industry excess capacity, currency fluctuations, competitive actions, legal and policy changes, or economic or other factors, particularly for electrified vehicles.** The global automotive industry is intensely competitive, with installed manufacturing capacity generally exceeding current demand. Historically, industry overcapacity has resulted in many manufacturers offering marketing incentives on vehicles in an attempt to maintain and grow market share; these incentives historically have included a combination of subsidized financing or leasing programs, price rebates and reductions, and other incentives. As a result, Ford is not necessarily able to set its prices to offset higher marketing incentives, commodity or other cost increases, tariffs, or the impact of adverse currency fluctuations. This risk includes cost advantages foreign competitors may have because of their weaker home market currencies, which may, in turn, enable those competitors to offer their products at lower prices. Further, higher inventory levels put downward pressure on pricing, which may have an adverse effect on Ford's financial condition and results of operations.

Although it is investing in its EV strategy, Ford anticipates that the EV market will continue to evolve. To date, Ford has observed lower-than-anticipated industrywide EV adoption rates due to changes in consumer sentiment, competitive dynamics, legal and policy changes, and significant developments in vehicle pricing dynamics, among other factors that Ford continues to monitor. This environment has led Ford, and may in the future lead it, to adjust its investments, spending, production, and product and future technology launches to better match the pace of EV adoption. The trend may be further exacerbated as recent policy changes in the United States have reduced or eliminated supply- and demand-side EV incentives, which may further slow the adoption of EVs. As a result of the lower-than-anticipated adoption rates, near-term pricing pressures, and other factors, Ford has recorded and may continue to incur charges related to payments to its EV-related suppliers (battery, raw material, or otherwise), inventory adjustments, impairments, or other matters. Significant unexpected changes in the EV demand environment have led, and may in the future lead, to incremental competitive pricing actions. Battery costs remain high, which is detrimental to EVs reaching pricing parity with internal combustion engine vehicles and further exacerbates the pricing pressures on EVs. Furthermore, given its existing and continued investment in battery production, if Ford is unable to operate battery facilities at its expected capacity because EV adoption rates or the demand for such batteries is lower-than-anticipated or otherwise, Ford may be unable to recoup its investments.

Conversely, should EV adoption rates increase again in the future, the risk of excess capacity, particularly for internal combustion engine trucks and utilities, may be exacerbated. This excess capacity may further increase price competition in that segment of the market, which could have a substantial adverse effect on Ford's financial condition or results of operations.

**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, Ford Credit, and their suppliers are exposed to inflationary pressure and a variety of market risks, including the effects of changes in commodity and energy prices, foreign currency exchange rates, and interest rates. Ford and Ford Credit monitor and attempt to manage these exposures as an integral part of their overall risk management program, which recognizes the unpredictability of markets and seeks to reduce potentially adverse effects on their business. Changes in commodity and energy prices (from tariffs or otherwise), currency exchange rates, and interest rates cannot always be predicted, hedged, or offset with price increases to eliminate earnings volatility. As a result, significant changes in commodity and energy prices, foreign currency exchange rates, or interest rates as well as increased material, freight, logistics, and similar costs could have a substantial adverse effect on Ford and/or Ford Credit's financial condition or results of operations. See Item 7 and Item 7A in Ford's 2025 Form 10-K Report for additional discussion of currency, commodity and energy price, and interest rate risks. These market forces have caused Ford to incur higher material costs, which may continue, and Ford's warranty costs have increased, in part, due to inflationary cost pressures at its dealers. Moreover, due to inflationary pressure, some of Ford's suppliers have submitted claims to Ford for reimbursement of costs beyond the original agreed terms. Upon receipt, Ford evaluates those claims, and, in certain circumstances, has made payments to its suppliers, and this trend may continue. Further, despite some recent rate cuts, over the last several years interest rates have increased significantly as central banks in developed countries attempt to subdue inflation, and, as inflation risks remain elevated, there is no assurance that interest rates will ultimately return to their prior low levels. At the same time, government deficits and debt remain at high levels in many global markets. Elevated interest rates would make government debts more expensive to finance, and in that environment, businesses would face a higher cost of capital, impacting capital intensive businesses such as Ford. At Ford Credit, a high interest rate environment may impact Ford Credit's ability to source funding and offer financing at competitive rates, which could reduce its financing margin. In addition, Ford's results are impacted by fluctuations in the market value of its investments, with unrealized gains and losses that could be material in any period.

**Ford's results are dependent on sales of larger, more profitable vehicles, particularly in the United States.** A shift in consumer preferences away from larger, more profitable vehicles with internal combustion engines (including trucks and utilities) to other vehicles in Ford's portfolio that may be less profitable could result in an adverse effect on

Ford's financial condition or results of operations. Despite recent trends, if demand for electrified vehicles grows at a rate greater than Ford's plan or ability to increase its production capacity for those vehicles, lower market share and revenue, as well as facility and other asset-related charges (e.g., accelerated depreciation) associated with the production of internal combustion vehicles, may result. In addition, government regulations aimed at reducing emissions and increasing fuel efficiency (e.g., zero-emission vehicle ("ZEV") mandates and low emission zones) and other factors that accelerate the transition to EVs in various markets may increase the cost of vehicles by more than the perceived benefit to consumers and dampen margins. Moreover, governmental restrictions on the sale, purchase, or use of internal combustion engine vehicles (e.g., city access restrictions) may limit Ford's ability to sell some of its more profitable vehicles in various markets.

While a suspension or disruption of Ford's manufacturing operations at any facility could have an adverse effect on Ford's financial condition, results of operations, and cash flow, such an occurrence at one of Ford's facilities where its larger, more profitable vehicles are produced, or in the event a launch is delayed or a stop ship is initiated for those vehicles, the impact may be particularly significant.

**Industry sales volume can be volatile and could decline if there is a financial crisis, recession, public health emergency, or significant geopolitical event.** Because Ford, like other manufacturers, has a higher proportion of fixed structural costs, relatively small changes in industry sales volume can have a substantial effect on its cash flow and results of operations. Vehicle sales are affected by overall economic and market conditions (e.g., the level of interest rates and tariffs; the impact of higher-than-anticipated inflation on vehicle affordability), consumer sentiment and behavior, and other trends such as shared vehicle ownership and ridesharing services. If industry vehicle sales were to decline to levels significantly below Ford's planning assumption, the decline could have a substantial adverse effect on its financial condition, results of operations, and cash flow. For a discussion of economic trends, see Item 7 of Ford's 2025 Form 10-K Report.

## Financial Risks

**The impact of government incentives on Ford's business has been and could continue to be significant, and Ford's receipt of government incentives could be subject to reduction, termination, or clawback.** Ford receives economic benefits from national, state, and local governments in various regions of the world in the form of incentives designed to encourage manufacturers to establish, maintain, or increase investment, workforce, or production. These incentives may take various forms, including grants, forgivable loans and loan subsidies, or tax abatements or credits. The impact of these incentives can be significant in a particular market during a reporting period. A decrease in, expiration without renewal of, or other cessation or clawback of government incentives for any of Ford's operations or that impact consumers of Ford's products and services (e.g., the termination of U.S. tax credits intended to incentivize the purchase of EVs), as a result of administrative decision or otherwise, has had and could in the future have a substantial adverse impact on the operation of Ford's business, financial condition, or results of operations. Further, Ford may lose or be required to repay incentives or forgivable loans as a result of a change it makes to its business strategy, e.g., if Ford elects not to proceed with a previously planned program or project or does not create as many jobs as initially anticipated.

For example, until 2021, most of Ford's manufacturing facilities in South America were located in Brazil, where the state or federal governments historically offered significant incentives to manufacturers to encourage capital investment, increase manufacturing production, and create jobs. As a result, the performance of Ford's South American operations had been impacted favorably by government incentives to a substantial extent. The federal government in Brazil has levied assessments against Ford concerning the federal incentives it previously received, and the State of São Paulo has challenged the grant to Ford of tax incentives by the State of Bahia. In Ford's 2025 Form 10-K Report, see Note 2 of the Notes to the Financial Statements for a discussion of Ford's accounting for government incentives, and "Item 3. Legal Proceedings" for a discussion of tax proceedings in Brazil, the collateral Ford has posted related to those proceedings, and the potential requirement for Ford to post additional collateral.

Additionally, as noted above, U.S. federal tax incentives for purchasers of plug-in vehicles have changed in recent years. In 2022, Congress established these incentives and many retail and commercial vehicle purchasers were eligible for a tax credit of up to \$7,500 per vehicle, increasing market demand for plug-in vehicles. Further, to make vehicles eligible for the tax incentive for retail purchasers, Ford and other manufacturers structured battery supply chains to comply with the "foreign entity of concern" criteria, which were aimed at reducing dependence on China and companies based in or operating in China. In 2025, Congress eliminated these credits, ending the incentives for purchasers and likewise changing the business rationale to use and create battery supply chains with less control by China.

The 2025 legislation preserved the advanced manufacturing production tax credit for the domestic manufacture of batteries and battery components (first established in the 2022 legislation), but restricted the eligibility criteria going

forward, most notably by imposing criteria for “prohibited foreign entities,” which concern China and other countries. As a manufacturer that intends to engage in large-scale production of batteries in the United States for vehicles and energy storage, this tax credit influences Ford’s decisions concerning the location, scale, supply chain, and operations of its domestic battery manufacturing business. Such decisions involve substantial lead time, and it may take years before Ford can satisfy any new or changed eligibility criteria. Accordingly, the termination of or a change to such incentives could have a significant impact on Ford’s financial condition, results of operations, or the operation of its business.

**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, asset portfolios, or other factors.** Ford and Ford Credit’s ability to obtain unsecured funding at a reasonable cost is dependent on their credit ratings or their perceived creditworthiness. Further, Ford Credit’s ability to obtain securitized funding under its committed asset-backed liquidity programs and certain other asset-backed securitization transactions is subject to having a sufficient amount of assets eligible for these programs, as well as Ford Credit’s ability to obtain appropriate credit ratings for those transactions and, for certain committed programs, derivatives to manage the interest rate risk. Over time, and particularly in the event of credit rating downgrades, market volatility, market disruption, or other factors, Ford Credit may reduce the amount of receivables it purchases or originates because of funding constraints. In addition, Ford Credit may reduce the amount of receivables it purchases or originates if there is a significant decline in the demand for the types of securities it offers or Ford Credit is unable to obtain derivatives to manage the interest rate risk associated with its securitization transactions. A significant reduction in the amount of receivables Ford Credit purchases or originates would significantly reduce its ongoing results of operations and could adversely affect its ability to support the sale of Ford vehicles.

An increasing interest rate environment may have an adverse effect on borrowing costs for Ford Credit, making it more expensive to fund Ford and Ford Credit’s operations or leading to higher rates charged to Ford and Ford Credit’s customers if these costs are passed on.

**Ford Credit could experience higher-than-expected credit losses, lower-than-anticipated residual values, or higher-than-expected return volumes for leased vehicles.** Credit risk is the possibility of loss from a customer’s or dealer’s failure to make payments according to contract terms. Credit risk (which is heavily dependent upon economic factors including unemployment, consumer debt service burden, personal income growth, dealer profitability, and used car prices) has a significant impact on Ford Credit’s business. The level of credit losses Ford Credit may experience could exceed its expectations and adversely affect its financial condition or results of operations. In addition, Ford Credit projects expected residual values (including residual value support payments from Ford) and return volumes for the vehicles it leases. Actual proceeds realized by Ford Credit upon the sale of returned leased vehicles at lease termination may be lower than the amount projected, which would reduce Ford Credit’s return on the lease transaction. Among the factors that can affect the value of returned lease vehicles are the volume and mix of vehicles returned industrywide, economic conditions, marketing programs, and quality or perceived quality, safety, fuel efficiency, or reliability of the vehicles, or changes in propulsion technology and related legislative or regulatory changes. Actual return volumes may be influenced by these factors, as well as by contractual lease-end values relative to auction values. If auction values decrease significantly in the future, return volumes could exceed Ford Credit’s expectations. Each of these factors, alone or in combination, has the potential to adversely affect Ford Credit’s results of operations if actual results were to differ significantly from Ford Credit’s projections. See “Critical Accounting Estimates” in Item 7 for additional discussion.

**Economic and demographic experience for pension and other postretirement employee benefit (“OPEB”) plans (e.g., discount rates or investment returns) could be worse than Ford has assumed.** The measurement of Ford’s obligations, costs, and liabilities associated with benefits pursuant to its pension and OPEB plans requires that Ford estimate the present value of projected future payments to all participants. Ford uses many assumptions in calculating these estimates, including assumptions related to discount rates, investment returns on designated plan assets, and demographic experience (e.g., mortality and retirement rates). Ford generally remeasures these estimates at each year end and recognizes any gains or losses associated with changes to its plan assets and liabilities in the year incurred. To the extent actual results are less favorable than its assumptions, Ford may recognize a remeasurement loss in its results, which could be substantial. For additional information regarding Ford’s assumptions, see “Critical Accounting Estimates” in Item 7 and Note 16 of the Notes to the Financial Statements in Ford’s 2025 Form 10-K Report.

**Pension and other postretirement liabilities could adversely affect Ford’s liquidity and financial condition.** Ford has defined benefit retirement plans in the United States that cover many of its hourly and salaried employees. Ford also provides pension benefits to non-U.S. employees and retirees, primarily in Europe. In addition, Ford sponsors plans to provide OPEB for retired employees (primarily health care and life insurance benefits). See Note 16 of the Notes to the Financial Statements in Ford’s 2025 Form 10-K Report for more information about these plans. These benefit plans impose significant liabilities on Ford and could require Ford to make additional cash contributions, which could impair its

liquidity. If Ford's cash flows and capital resources are insufficient to meet any pension or OPEB obligations, Ford could be forced to reduce or delay investments and capital expenditures, suspend dividend payments, seek additional capital, or restructure or refinance its indebtedness.

### Legal and Regulatory Risks

**Ford and Ford Credit have experienced and could continue to experience unusual or significant litigation, governmental investigations, or adverse publicity arising out of alleged defects in products, services, perceived environmental impacts, or otherwise.** Ford and Ford Credit spend substantial resources to comply with governmental safety regulations, environmental regulatory obligations concerning their products and operations, consumer and automotive financial regulations, labor and employment regulations and practices, and other standards, but they have experienced employees, contractors, agents, and other individuals affiliated with them violating such laws or regulations from time to time, which at times has resulted in civil or criminal liability, and Ford and/or Ford Credit cannot ensure that any such violations have not occurred or will not occur in the future, which may further result in civil or criminal liability. In addition, as discussed more fully elsewhere herein, the adoption of new regulations or executive orders, modifications to existing regulations, changes to interpretations of those regulations, and changes to enforcement priorities and directives of various governmental agencies, sometimes on short notice, may impact Ford and/or Ford Credit's compliance status.

Government investigations against Ford or Ford Credit have resulted in, and may in the future result in, fines, penalties, orders, customer remuneration, or other resolutions, through litigation, administrative proceedings, settlement, or otherwise, which have in the past had, and could in the future have, an adverse impact on Ford and/or Ford Credit's financial condition, results of operations, or the operation of their business, including oversight by regulators or a government-appointed monitor or independent third party. For example, as part of a consent order Ford entered into with NHTSA in 2024, Ford has retained an independent third party selected by NHTSA to assess the Company's adherence to the consent order and Safety Act over the term of the consent order and to report on Ford's progress to NHTSA.

Moreover, compliance with governmental standards does not necessarily prevent individual or class action lawsuits, which can entail significant cost and risk, in addition to defending litigation and claims concerning instances of alleged non-compliance. In certain circumstances, courts may permit civil actions even where Ford's products and services, and Ford Credit's financial products, comply with federal and/or other applicable law. Furthermore, simply responding to actual or threatened litigation, government investigations, subpoenas, or information requests concerning Ford and Ford Credit's compliance with regulatory standards, whether related to their products, services, or business or commercial relationships, requires significant expenditures of time and other resources and may be disruptive to Ford and Ford Credit's operations. Litigation also is inherently uncertain, and Ford and/or Ford Credit have in the past experienced, and could in the future experience, significant adverse results, including compensatory and punitive damage awards, a disgorgement of profits or revenue, or injunctive relief, any of which could have an adverse effect on their financial condition, results of operations, or business in general, particularly with larger jury verdicts becoming more prevalent. Ford and Ford Credit may decide to settle a matter in anticipation of or during litigation, which may require a monetary or non-monetary payment, a change to their business practices (e.g., to undertake or cease a particular activity), or other remedies. However, a settlement on acceptable terms may not always be feasible. Furthermore, regulatory investigations and litigation, including class actions, are becoming more prevalent in some international markets, potentially leading to increasing fines, damage awards, and settlement costs. While Ford and Ford Credit have an insurance program that provides coverage for certain claims, it may not be sufficient to cover the losses incurred. In addition, adverse publicity surrounding an allegation, litigation, or investigation, even if there is no merit to the matter, may cause significant reputational harm or create a negative public perception of Ford and Ford Credit's products and services, which could have a significant adverse effect on Ford and Ford Credit's sales.

**Ford may need to substantially modify its product plans and facilities to respond to shifting consumer sentiment and competitive dynamics as a result of policy changes affecting, or otherwise to comply with, safety, emissions, fuel economy, autonomous driving technology, environmental, and other regulations.** The automotive industry is subject to regulations worldwide that govern product characteristics and that differ by global region, country, and sometimes within national boundaries. Regulators have enacted and are proposing standards to address concerns regarding the environment (including concerns about global climate change and air quality), vehicle safety, and energy independence, and the regulatory landscape can change on short notice. These regulations vary, but generally require that over time motor vehicles and engines emit less air pollution, including greenhouse gas emissions, oxides of nitrogen, hydrocarbons, carbon monoxide, and particulate matter, and there are associated increased reporting requirements. Similarly, Ford is making substantial investments in its facilities and revising its processes to not only comply with applicable regulations but also to make its operations more efficient and sustainable. As Ford's suppliers make similar investments, any higher costs may be passed on to Ford. In the United States, legal and policy debates on environmental regulations are continuing, with a recent primary trend toward rescinding federal and state regulations aimed at reducing

*Item 1A. Risk Factors (Continued)*

greenhouse gas emissions and increasing vehicle electrification. However, different federal administrations have either sought to make standards more strict or to make them less strict, with one administration often replacing the regulations enacted by the last. Various third parties routinely seek judicial review of these federal regulatory and deregulatory efforts. In parallel, California continues to enact increasingly strict emissions standards and requirements for ZEVs (standards that some other states are adopting), and those actions are also the subject of legal challenges. In 2025, federal legislation, which is currently subject to challenge, eliminated the authority of California and other states to implement and enforce most of their standards and ZEV sales requirements. Court rulings regarding regulatory actions by federal, California, and other state regulators create uncertainty and the potential for applicable regulatory standards to change quickly. Volatility in government regulations regarding emissions and safety creates an environment where companies such as Ford must focus on near-term issues, which challenges Ford's ability to develop and implement long-term plans for compliance and its business in general. In addition, many governments regulate local product content or impose import requirements with the aim of creating jobs, protecting domestic producers, and influencing the balance of payments.

Ford regularly refines its product cycle plan to improve the fuel economy of its internal combustion vehicles and to offer more propulsion choices, such as hybrid and electrified vehicles, that generate lower greenhouse gas emissions. Electrification, including hybrids, plug-in hybrids, extended range electric vehicles, and battery electric vehicles is core to Ford's global strategy to comply with current and anticipated environmental laws and regulations in major markets. However, there are limits to Ford's ability to reduce emissions and increase fuel economy over given time frames and many factors that could delay or impede its plans. Those factors primarily relate to the cost and effectiveness of available technologies; consumer acceptance of new technologies and their costs; changes in industrial policy, including incentives for electrified vehicles and battery manufacturing and requirements for battery supply chains; changes in trade policy, which may affect the profitability of certain products; changes in vehicle mix (as described in more detail elsewhere herein); the appropriateness (or lack thereof) of certain technologies for use in particular vehicles, the widespread availability (or lack thereof) of supporting infrastructure for new technologies, including charging for electrified vehicles, the availability (or lack thereof) of the raw materials and component supply to make affordable batteries and other elements of electrified vehicles, and the human, engineering, and financial resources necessary to deploy new technologies across a wide range of products and powertrains in a short time. If fuel prices are relatively low and market conditions or the consumer attributes of Ford's vehicles do not lead consumers to purchase electrified vehicles and other highly fuel-efficient vehicles in sufficient numbers, it may be difficult to meet applicable environmental standards in various markets and may constrain Ford's ability to sell internal combustion engine vehicles, including some of the more profitable vehicles in Ford's portfolio. Ford's obligations under the regulatory compliance credit purchase agreements it has entered into, including the ultimate number of credits it may purchase under those agreements, are dependent on the sellers' delivery of the credits. If the seller under a credit purchase agreement does not deliver the credits contracted for, it may cause Ford to be out of compliance with emissions standards or other requirements. Such noncompliance may result in fines, penalties, or other costs, and/or Ford may need to modify its product plans and be unable to sell certain products. In the event Ford is obligated to purchase credits under those agreements, the cash impact of such purchases may be significant. In addition, Ford has written off, and may in the future, write off compliance credits that it is no longer able to use as a result of legal and policy changes.

Moreover, the rates of EV growth, production disruptions, stop ships, supply chain limitations, lower-than-planned market acceptance of Ford's vehicles, and/or other circumstances may cause Ford to modify its product plans, or, in some cases, purchase credits, which Ford has done, in order to comply with emissions standards, fuel economy standards, or ZEV requirements, which could have an adverse effect on Ford's financial condition and results of operations and cause reputational harm.

Increased scrutiny of automaker emission compliance by regulators around the world has led to new regulations, more stringent enforcement programs, additional field actions, demands for reporting on the field performance of emissions components and higher scrutiny of field data, and delays in regulatory approvals. The cost to comply with government regulations concerning new vehicle standards and in-use vehicle requirements, including field service actions, is substantial. New, additional, and changing regulations, regulatory interpretations, legislation, executive orders, directives, and enforcement priorities, or changes in consumer preferences that affect vehicle mix, as well as any non-compliance with applicable laws and regulations, which, in some jurisdictions, may include criminal liability due to the absence of civil or administrative enforcement regimes, could have a substantial adverse impact on Ford's financial condition, results of operations, operations, or reputation. In addition, a number of governments, as well as non-governmental organizations, publicly assess vehicles to their own protocols. Any negative perception regarding the performance of Ford's vehicles subjected to such tests could reduce future sales. Court decisions arising out of consumer and investor litigation could give rise to de facto changes in the interpretation of existing emission laws and regulations, thereby imposing new burdens on manufacturers. For more discussion of the impact of standards on Ford's global business, see the "Governmental Standards" discussion in "Item 1. Business" in Ford's 2025 Form 10-K Report.

Ford and other companies continue to develop autonomous vehicle and driver assist technologies, and the U.S. and foreign governments are continuing to develop the regulatory framework that will govern autonomous vehicles and related technologies. Governmental restrictions on such technologies may limit Ford's ability to provide those features to consumers, and manufacturers are facing increased scrutiny from regulators at the state and federal level on system misuse by customers, feature capabilities, and whether advertising for this technology contains false or misleading information. Some states are developing their own regulations that impact the testing and design of autonomous vehicles. This patchwork approach without federal guidance may subject Ford to additional compliance costs. Further, autonomous vehicle and driver assist technologies continue to be scrutinized by the government and consumers, and actual or perceived failures or misuse of these technologies and features have led to government investigations and inquiries, including of Ford, which has responded to information requests from NHTSA and the National Transportation Safety Board about its BlueCruise system. Ford and other OEMs are required to report to NHTSA crashes that meet NHTSA-defined criteria and occur when certain advanced driver assistance system features are in use. Such events involving Ford's vehicles and technologies could require safety recalls and/or subject Ford to fines, penalties, damages, investigations, and reputational harm. In addition, the demand for these services by consumers is fluctuating as the technology is rolled out in various stages and with mixed industry results.

**Ford and Ford Credit could be affected by the continued development of more stringent privacy, data use, data protection, data access, and artificial intelligence laws and regulations as well as consumers' heightened expectations to safeguard their personal information.** Ford and Ford Credit are subject to laws, rules, guidelines from privacy and other regulators, and regulations in the United States and other countries relating to the collection, use, transfer, and security of personal information of consumers, employees, or others, including laws that may require Ford or Ford Credit to notify regulators and affected individuals of a data security incident. Such laws, rules, and regulations, also apply to Ford's vendors and/or may hold Ford liable for any violations by its vendors. Existing and newly developed laws and regulations may apply broadly to Ford's operations within the relevant jurisdiction, are subject to change and uncertain interpretations by courts and regulators, and may be inconsistent across jurisdictions. Accordingly, complying with such laws and regulations may lead to a decline in consumer engagement or cause Ford and/or Ford Credit to incur substantial costs to modify their operations or business practices. Moreover, regulatory actions seeking to impose significant financial penalties for noncompliance and/or legal actions (including pursuant to laws providing for private rights of action by consumers) could be brought against Ford or Ford Credit in the event of a data compromise, misuse of consumer information, or perceived or actual non-compliance with data protection, data access, privacy, or artificial intelligence requirements. The rapid evolution and increased adoption of artificial intelligence technologies may intensify these risks. Further, any unauthorized release of personal information could harm Ford or Ford Credit's reputation, disrupt their businesses, cause them to expend significant resources, and lead to a loss of consumer confidence resulting in an adverse impact on Ford or Ford Credit's business and/or consumers deciding to withhold or withdraw consent for Ford or Ford Credit's collection or use of data.

**Ford Credit could be subject to new or increased credit regulations, consumer protection regulations, or other regulations.** As a finance company, Ford Credit is highly regulated by governmental authorities in the locations in which it operates, which can impose significant additional costs and/or restrictions on its business. In the United States, for example, Ford Credit's operations are subject to regulation and supervision under various federal, state, and local laws, including the federal Truth-in-Lending Act, Consumer Leasing Act, Equal Credit Opportunity Act, and Fair Credit Reporting Act.

The Dodd-Frank Act directs federal agencies to adopt rules to regulate the finance industry and the capital markets and gives the Consumer Financial Protection Bureau ("CFPB") broad rule-making and enforcement authority for a wide range of consumer financial protection laws that regulate consumer finance businesses, such as Ford Credit's automotive financing business. Exercise of these powers by the CFPB may increase the costs of, impose additional restrictions on, or otherwise adversely affect companies in the automotive finance business. The CFPB has authority to supervise and examine the largest nonbank automotive finance companies, such as Ford Credit, for compliance with consumer financial protection laws.

Failure to comply with applicable laws and regulations could subject Ford Credit to regulatory enforcement actions, including consent orders or similar orders where Ford Credit may be required to revise practices, remunerate customers, or pay fines. An enforcement action against Ford Credit or publicity around even an allegation that Ford Credit has not complied with applicable laws or regulations could harm Ford Credit's reputation or lead to further litigation. Moreover, in response to audits, inspections, or investigations conducted by regulatory authorities, Ford Credit has in the past modified and may in the future modify its operations or take other actions, such as remunerating customers.

## **ITEM 1B. Unresolved Staff Comments.**

None.

## **Item 1C. Cybersecurity.**

### **Cybersecurity Strategy and Risk Management**

We devote significant resources to our cybersecurity program that we believe is reasonably designed to mitigate our cybersecurity and information technology risks. We believe our cybersecurity program is reasonably designed to protect our information systems, software, networks, and other assets against, and mitigate the effects of cybersecurity incidents where unauthorized parties attempt, among other things, to disrupt or degrade service or our operations; misuse or abuse technology and information systems; make unauthorized disclosure of data; or otherwise cause harm to Ford and Ford Credit, our customers, suppliers, or dealers, or other key stakeholders. We employ capabilities, processes, and other security measures we believe are reasonably designed to reduce and mitigate these risks, and have requirements for our suppliers and service providers to do the same. Data safeguard practices of suppliers and service providers who process Personally Identifiable Information on our behalf are reviewed annually for compliance with our policies and applicable regulations. Despite having thorough due diligence, onboarding, and cybersecurity assessment processes in place for our suppliers and service providers, there can be no assurance that we can prevent the risk of any compromise or failure in the information systems, software, networks, and other assets owned or controlled by those parties. When we become aware that a supplier or service provider's cybersecurity has been compromised, we attempt to mitigate the risk to the Company, including, if appropriate and feasible, by terminating the supplier's connection to our information systems.

In an effort to effectively prevent, detect, and respond to cybersecurity threats, we employ a multi-layered cybersecurity risk management program supervised by Ford's Chief Information Security Officer, whose team is responsible for leading enterprise-wide cybersecurity strategy, policy, architecture, and processes. The team provides cybersecurity services for Ford and its affiliates, including Ford Credit. The services provided to Ford Credit and its affiliates are governed by appropriate service agreements with Ford. Local regional teams and designated responsible individuals work with the enterprise-wide team to provide cybersecurity-related services in compliance with local requirements. The team's responsibility includes identifying, considering, and assessing potentially material cybersecurity incidents on an ongoing basis, establishing processes designed to prevent and monitor potential cybersecurity risks, implementing mitigation and remedial measures, and maintaining the cybersecurity program. To do so, the program is informed by and designed to comply with the National Institute of Standards and Technology Cybersecurity Framework. The program leverages both internal and external techniques and expertise. Internally, we perform penetration tests, internal tests/code reviews, and Red Team exercises, among other things, to evaluate aspects of our cybersecurity program. We also perform phishing and social engineering simulations with, and provide cybersecurity training for, personnel with Company email and access to Company assets, and regularly circulate security awareness newsletters to employees. Externally, we monitor notifications from the U.S. Computer Emergency Readiness Team ("CERT") and various Information Sharing and Analysis Centers (each an "ISAC"); review customer, media, and third-party cybersecurity reports; and operate a bug bounty program. The cybersecurity program also includes disaster recovery and incident response plans, including a ransomware response plan, which is regularly tested and evaluated in tabletop simulations.

Ford and Ford Credit's global cybersecurity incident response is overseen by Ford's Chief Information Security Officer. Ford's Chief Information Security Officer has served in that role for over 8 years and has over a decade of engineering and operations expertise with cybersecurity technologies and services. He was appointed in 2022 by the Ford Credit Board as Ford Credit's "Qualified Individual" under the Federal Trade Commission Safeguards Rule, and is responsible for overseeing and implementing Ford Credit's information security program and enforcing it. Ford Credit's Chief Technology Officer is Ford Credit's senior member responsible for direction and oversight of the Qualified Individual. Ford's Chief Information Security Officer also reports to Ford Motor Company's Chief Enterprise Technology Officer, who has spent over two decades managing cybersecurity risks as a leader at enterprise software and Fortune 50 companies. Ford's Chief Enterprise Technology Officer reports directly to Ford's Chief Executive Officer.

When a cybersecurity threat or incident is identified, our policy is to review and triage the threat or incident, and to then manage it to conclusion in accordance with our cybersecurity incident response processes. When a cybersecurity incident is determined to be significant, it is addressed by management committees using processes that leverage subject-matter expertise from across Ford and Ford Credit. Further, we have in the past and may in the future engage with third-party advisors and government and law enforcement agencies as part of our incident management processes. All cybersecurity incidents that are believed to reasonably have the potential to be significant to Ford and Ford Credit are brought to the attention of Ford's Chief Enterprise Technology Officer and General Counsel by Ford's Chief Information Security Officer as part of the Company's cybersecurity incident response processes.

### **Cybersecurity Governance and Oversight**

Cybersecurity risk identification, assessment, and management are integrated into Ford Credit's overall enterprise risk management program. As part of its enterprise risk management efforts, the Ford Credit Board meets with senior management to assess and respond to critical business risks. These critical enterprise risks are assessed by senior management annually and discussed with the Ford Credit Board. Then each of the top risks are validated, prioritized, and assigned risk owners who are responsible to oversee risk assessment, develop and implement mitigation plans, and provide regular updates to the Board (and/or Board committee assigned to the risk). In this way, critical business risks, including cybersecurity risk, benefit from both top-down and bottom-up risk management efforts that we believe are reasonably designed to escalate key risk and control issues to senior management and the Ford Credit Board.

As a result of this enterprise risk management process, cybersecurity threats have been and continue to be identified as one of the Company's top risks, with Ford Credit's Chief Technology Officer assigned as the executive risk owner. Ford Credit's Board is responsible for the oversight of cybersecurity and information technology risks, and Ford Credit's preparedness for these risks.

As part of its oversight responsibilities, the Ford Credit Board receives annual cybersecurity updates from Ford's Chief Information Security Officer. The annual review includes oversight of cybersecurity practices, cyber risks, and risk management processes, such as updates to Ford Credit's cybersecurity programs and mitigation strategies, and other cybersecurity developments. In addition, Ford Credit's Compliance Committee reviews at least annually Ford Credit's cybersecurity programs, and the Ford Credit Audit Committee receives updates on Ford Credit's cybersecurity initiatives and information technology internal controls. In addition to these regular updates, as part of Ford Credit's incident response processes, Ford Credit's Chief Technology Officer, in collaboration with Ford Credit's Qualified Individual and Chief Compliance Officer, provides updates on certain cybersecurity incidents to Ford Credit's Compliance Committee and, in some cases, the Ford Credit Board of Directors. In the event Ford Credit determines it has experienced a material cybersecurity incident, Ford Credit's Audit Committee and Chief Compliance Officer are notified about the incident in advance of filing a Current Report on Form 8-K.

In 2025, we did not identify any cybersecurity threats that have materially affected or are reasonably likely to materially affect our business strategy, results of operations, or financial condition. For a discussion of whether and how cybersecurity incidents, ransomware attacks, and other disruptions to Ford and Ford Credit's operational information systems, security systems, vehicles, and services could reasonably be expected to affect Ford and Ford Credit, including their business strategy, results of operations or financial condition, see our risk factors above in Item 1A. generally and, in particular, "*Operational information systems, security systems, products, and services could be affected by cybersecurity incidents, ransomware attacks, and other disruptions and impact Ford, Ford Credit, their suppliers, and dealers*" on page 17.

**ITEM 2. *Properties.***

Most of our automotive finance operations are located in leased properties. The continued use of any of these leased properties is not material to our operations. See Note 14 of our Notes to the Financial Statements for more information on our lease commitments.

**ITEM 3. *Legal Proceedings.***

Various legal actions, proceedings, and claims (generally, "matters") are pending or may be instituted or asserted against us. These include but are not limited to matters arising out of governmental regulations; tax matters; alleged illegal acts resulting in fines or penalties; financial services; employment-related matters; dealer and other contractual relationships; personal injury matters; investor matters; and financial reporting matters. Certain of the pending legal actions are, or purport to be, class actions. Some of the matters involve or may involve claims for compensatory, punitive, or antitrust or other treble damages in very large amounts, sanctions, assessments, or other relief, which, if granted, would require very large expenditures.

The litigation process is subject to many uncertainties, and the outcome of individual matters is not predictable with assurance. It is reasonably possible that matters could be decided unfavorably to us. Although the amount of liability at December 31, 2025, with respect to litigation matters cannot be ascertained, we believe that any resulting liability should not materially affect our operations, financial condition, or liquidity. At this time, we have no legal proceedings arising under any federal, state, or local provisions that have been enacted or adopted regulating the discharge of materials into the environment or primarily for the purpose of protecting the environment, in which (i) a governmental authority is a party, and (ii) we believe there is the possibility of monetary sanctions (exclusive of interest and costs) in excess of \$1,000,000.

In addition, any litigation, investigation, proceeding, or claim against Ford that results in Ford incurring significant liability, expenditures, or costs could also have a material adverse effect on our operations, financial condition, or liquidity. For a discussion of pending significant cases against Ford, see Item 3 in Ford's 2025 Form 10-K Report.

**ITEM 4. *Mine Safety Disclosures.***

Not applicable.

## PART II

### ITEM 5. *Market for Registrant's Common Equity, Related Shareholder Matters and Issuer Purchases of Equity Securities.*

At December 31, 2025, all of our Shares were owned by Ford Holdings LLC, a wholly owned subsidiary of Ford. We did not issue or sell any equity interests during 2025, and there is no market for our Shares. We paid cash distributions to our parent of \$500 million and \$1,650 million in 2024 and 2025, respectively.

### ITEM 6. *[Reserved.]*

### ITEM 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations.*

#### Overview

Our primary focus is to accelerate profitable growth for Ford by making Ford and Lincoln vehicles and services accessible to customers. We work with Ford to maximize customer and dealer satisfaction and loyalty, offering a wide variety of financing products and outstanding service. We strive to continually improve processes focusing on the customer and the dealer to manage costs and ensure the efficient use of capital. As a result, Ford Credit is uniquely positioned to drive incremental sales, improve customer satisfaction and owner loyalty to Ford, and direct profits and distributions back to Ford to support its overall business, including vehicle development.

We leverage three fundamental strategies in the management of our operations:

- To employ prudent origination practices while maintaining a managed level of risk;
- To have efficient and effective servicing and collection practices; and
- To fund the business efficiently while managing our balance sheet risk.

#### *Generation of Revenue, Income, and Cash*

The principal factors that influence our earnings are the amount and mix of finance receivables, operating leases, and financing margins. The performance of these receivables and operating leases over time, mainly through the impact of credit losses and variations in the residual value of leased vehicles, also affects our earnings.

The amount of our finance receivables and operating leases depends on many factors, including:

- The volume of new and used vehicle sales and leases
- The extent to which we purchase retail financing and operating lease contracts and the extent to which we provide wholesale financing
- The sales price of the vehicles financed
- The level of dealer inventories
- Ford-sponsored special financing programs available exclusively through us
- The availability of cost-effective funding

For finance receivables, financing margin equals the difference between revenue earned on finance receivables and the cost of borrowed funds. For operating leases, financing margin equals revenue earned on operating leases, less depreciation expense and the cost of borrowed funds. Interest rates earned on most receivables and rental charges on operating leases generally are fixed at the time the contracts are originated. On some receivables, primarily dealer wholesale financing, we charge interest at a floating rate that varies with changes in short-term interest rates.

#### *Business Performance*

We review our business performance by segment (United States and Canada, Europe, and All Other). We measure the performance of our segments primarily on an income before income taxes basis, after excluding market valuation adjustments to derivatives and exchange-rate fluctuations on foreign currency-denominated transactions, which are reflected in Unallocated Other. These adjustments are excluded when assessing our segment performance because they are carried out at the corporate level. For additional information regarding our segments, see Note 13 of our Notes to the Financial Statements.

### *U.K. Regulatory Update*

In 2024, the U.K. Financial Conduct Authority ("FCA") launched an industrywide review into the historical use of Discretionary Commission Arrangements ("DCA") between finance providers and dealers in the U.K. automotive finance industry. Although the review period spans from 2007 to 2021 (when the FCA banned DCAs), FCE Bank plc ("FCE") ceased using any DCA model from 2018, up to which time the use of the DCA model had been substantially limited to used vehicle retail finance agreements. In October 2024, the U.K. Court of Appeal ruled that payments of commissions to dealers were unlawful in circumstances where the amount and calculation of the commission was not fully disclosed to the customer. This ruling was appealed to the U.K. Supreme Court and the U.K. Supreme Court issued its ruling on August 1, 2025, which overturned, in part, the October 2024 U.K. Court of Appeals ruling. The U.K. Supreme Court ruled that there was no fiduciary duty owed by dealers to their customers for arranging financing; however, the Court did conclude that the relationship between the consumer and the dealer in the Johnson case was unfair under section 140A of the Consumer Credit Act based on the facts of that case, including the size of the commission, failure to disclose the existence of a commercial tie between the bank and the dealer and the customer's characteristics.

On October 7, 2025, the FCA published its proposed redress scheme for consultation through December 12, 2025, with the goal of finalizing the rules by early 2026 and beginning consumer payments later in 2026. The redress scheme would compensate customers who were not adequately informed about (i) a discretionary commission arrangement, (ii) a high commission, or (iii) a commercial tie between the lender and the dealer, on loans originated between April 2007 and October 2024. Based on our current analysis of the estimated probable cost of the proposed scheme, Ford Credit's and the Europe segment's 2025 earnings before taxes ("EBT") reflect charges of \$208 million. There is, however, still a significant level of uncertainty of the ultimate regulatory outcome, which could result in additional exposure.

### *Industrial Bank Application Approval*

On January 22, 2026, the Board of Directors of the Federal Deposit Insurance Corporation conditionally approved our application for federal deposit insurance to establish a wholly owned subsidiary, Ford Credit Bank (the "Bank"), an industrial bank that we plan to establish within 12 months. The Utah Department of Financial Institutions has also granted its conditional approval. The Bank will provide deposit products beginning with competitive, consumer-centered savings accounts. It will then expand to include certificates of deposit and indirect purchase and lease financing of vehicles through Ford's dealerships.

### *Trade Policy*

To the extent governments in various regions implement or intensify restrictions or barriers to trade, such as tariff or non-tariff barriers, export controls, or currency manipulation, or policies that otherwise favor domestic companies, there can be a significant negative impact on manufacturers based in other markets.

Tariffs implemented to date in the United States and elsewhere have caused significant disruption, increased costs (both directly and indirectly), and uncertainty in the automotive industry, including for Ford, other OEMs, suppliers, and dealers, as well as customers. Moreover, tariffs implemented or increased in the United States and elsewhere in the future may exacerbate these impacts. Further, instability in the supply chain exacerbated by tariffs and other industry concerns, such as China's restriction on the export of rare earth minerals and various components, has resulted in production disruptions and increased costs and heightens the risk of future production disruptions and additional cost increases. Tariffs have affected and will continue to affect all OEMs, to various degrees.

For additional information regarding the impact and potential impact of trade policy and tariffs on our business, see the Outlook section in Ford's 2025 Form 10-K Report and Item 1A. Risk Factors.

### *Pricing Pressure*

Despite vehicle pricing remaining elevated over the last year due to strong demand, lingering supply shortages, tariffs, and inflationary costs, we have already observed some declines in new and used vehicle prices, especially in the EV segment, but it is unclear whether industry prices will decline fully to pre-COVID-19 pandemic levels as costs remain elevated. Intense competition and excess capacity are likely to put downward pressure on inflation-adjusted prices, including increased marketing incentives, for similarly contented vehicles and contribute to a challenging pricing environment for the automotive industry in most major markets.

*Inflation and Interest Rates*

We continue to see lingering impacts on our business due to inflation, including ongoing geopolitical volatility, driving up labor costs, freight premiums, and other operating costs above historical rates. Although headline inflation in the United States and Europe appears to have peaked, core inflation (excluding food and energy prices) remains elevated and is a source of continued cost pressure on businesses and households. Interest rates have increased significantly and are only now beginning to decline, as central banks in developed countries attempted to subdue inflation while government deficits and debt remain at high levels in many global markets. Accordingly, the eventual implications of higher government deficits and debt, tighter monetary policy, and potentially higher long-term interest rates may drive a higher cost of capital for our business. At Ford Credit, rising interest rates may impact its ability to source funding and offer financing at competitive rates, which could reduce its financing margin.

**Taxes**

On July 4, 2025, P.L. 119-21 (otherwise known as the "One Big Beautiful Bill Act") was signed into law. We have analyzed the provisions within the act and determined there was no material impact on our 2025 consolidated financial statements.

Our organizational structure evolves to align with changes in our business. Additionally, we regularly review our subsidiaries' tax classifications to align with business priorities. Future changes could alter any subsidiary's classification as a taxable entity and whether taxes are provided for such subsidiary's results within our consolidated financial statements.

## Definitions and Information Regarding Causal Factors

In general, we measure period-over-period changes in EBT using the causal factors listed below:

- **Volume and Mix** – Volume and Mix are primarily reflected within *Net financing margin* on the consolidated income statements.
  - Volume primarily measures changes in net financing margin driven by changes in average net receivables excluding the allowance for credit losses at prior period financing margin yield (defined below in financing margin) at prior period exchange rates. Volume changes are primarily driven by the volume of new and used vehicles sold and leased, the extent to which we purchase retail financing and operating lease contracts, the extent to which we provide wholesale financing, the sales price of the vehicles financed, the level of dealer inventories, Ford-sponsored special financing programs available exclusively through us, and the availability of cost-effective funding.
  - Mix primarily measures changes in net financing margin driven by period-over-period changes in the composition of our average net receivables excluding the allowance for credit losses by product within each region.
- **Financing Margin** – Financing Margin is reflected within *Net financing margin* on the consolidated income statements.
  - Financing margin variance is the period-over-period change in financing margin yield multiplied by the present period average net receivables excluding the allowance for credit losses at prior period exchange rates. This calculation is performed at the product and country level and then aggregated. Financing margin yield equals revenue, less interest expense and scheduled depreciation for the period, divided by average net receivables excluding the allowance for credit losses for the same period.
  - Financing margin changes are driven by changes in revenue and interest expense. Changes in revenue are primarily driven by the level of market interest rates, cost assumptions in pricing, mix of business, and competitive environment. Changes in interest expense are primarily driven by the level of market interest rates, borrowing spreads, and asset-liability management.
- **Credit Loss** – Credit Loss is reflected within *Provision for credit losses* on the consolidated income statements.
  - Credit loss is the change in the provision for credit losses at prior period exchange rates. For analysis purposes, management splits the provision for credit losses into net charge-offs and the change in the allowance for credit losses.
  - Net charge-off changes are primarily driven by the number of repossessions, severity per repossession, and recoveries. Changes in the allowance for credit losses are primarily driven by changes in historical trends in credit losses and recoveries, changes in the composition and size of our present portfolio, changes in trends in historical used vehicle values, and changes in forward-looking macroeconomic conditions. For additional information, refer to the “Critical Accounting Estimates - Allowance for Credit Losses” section.
- **Lease Residual** – Lease Residual is primarily reflected within *Depreciation on vehicles subject to operating leases* on the consolidated income statements.
  - Lease residual measures changes to residual performance at prior period exchange rates. For analysis purposes, management splits residual performance primarily into residual gains and losses, and the change in accumulated supplemental depreciation.
  - Residual gain and loss changes are primarily driven by the number of vehicles returned to us and sold, and the difference between the auction value and the depreciated value (which includes both base and accumulated supplemental depreciation) of the vehicles sold. Changes in accumulated supplemental depreciation are primarily driven by changes in our estimate of the expected auction value at the end of the lease term, and changes in our estimate of the number of vehicles that will be returned to us and sold. Depreciation on vehicles subject to operating leases includes early termination losses on operating leases due to customer default events. For additional information, refer to the “Critical Accounting Estimates - Accumulated Depreciation on Vehicles Subject to Operating Leases” section.
- **Exchange** – Reflects changes in EBT driven by the effects of converting functional currency income to U.S. dollars.
- **Other** – Primarily includes *Operating expenses*, *Other revenue*, *Insurance expenses*, and *Other income/(loss), net* on the consolidated income statements at prior period exchange rates.
  - Changes in operating expenses are primarily driven by salaried personnel costs, facilities costs, and costs associated with the origination and servicing of customer contracts.
  - In general, other income/(loss) changes are primarily driven by changes in earnings related to market valuation adjustments to derivatives (primarily related to movements in interest rates), and other miscellaneous items.

*Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)*

In addition, the following definitions and calculations apply to the charts contained in Item 7 of this Report:

- *Cash* (as shown in the Funding and Liquidity section) – *Cash and cash equivalents, Marketable securities*, and restricted cash reported on our consolidated balance sheets, excluding amounts related to insurance activities.
- *Debt* (as shown in the Key Metrics and Leverage tables) – *Debt* on our consolidated balance sheets. 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.
- *EBT* – Reflects *Income before income taxes* as reported on our consolidated income statements.
- *Loss-to-Receivables ("LTR") Ratio* (as shown in the 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.
- *Reserve as a % of End of Period ("EOP") Receivables Ratio* (as shown in the Credit Loss tables) – The reserve as a percentage 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.
- *Return on Equity ("ROE")* (as shown in the Key Metrics table) – Reflects return on equity calculated by annualizing net income for the period and dividing by monthly average equity for the period.
- *Securitization and Restricted Cash* (as shown in the Liquidity table) – Securitization cash is held for the benefit of the securitization investors (for example, a reserve fund). Restricted cash primarily includes cash held to meet certain local governmental 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 Key Metrics and Financial Condition tables) – 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 our consolidated balance sheets 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 in the Segment Results table) – 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.

## Results of Operations

### Key Metrics

The following table shows our full year 2025 key metrics compared with full year 2024:

GAAP Financial Measures	Full Year		
	2024	2025	H / (L)
Total net receivables (\$B)	\$ 143.6	\$ 146.3	\$ 2.7
Loss-to-receivables (bps) (a)	50	59	9
Auction values (b)	\$ 30,510	\$ 31,475	3 %
EBT (\$M)	\$ 1,654	\$ 2,557	\$ 903
ROE (%)	9.1 %	14.9 %	5.8 pts
<b>Other Balance Sheet Metrics</b>			
Debt (\$B)	\$ 137.9	\$ 141.4	\$ 3.5
Net liquidity (\$B)	\$ 25.2	\$ 24.6	\$ (0.6)
Financial statement leverage (to 1)	10.0	9.6	(0.4)

(a) United States retail financing only.

(b) United States portfolio off-lease auction values at full year 2025 mix.

### Full Year 2025 Compared with Full Year 2024

The following table shows the factors that contributed to the full year 2025 EBT (in millions):

Change in EBT by Causal Factor	
Full year 2024 EBT	\$ 1,654
Volume / mix	109
Financing margin	718
Credit loss	(115)
Lease residual	53
Exchange	2
Other	136
<b>Full year 2025 EBT</b>	<b>\$ 2,557</b>

Total net receivables at December 31, 2025 were \$2.7 billion higher than a year ago, explained primarily by a larger operating lease portfolio and exchange, offset partially by lower non-consumer financing. The 2025 U.S. retail LTR ratio of 59 basis points increased from a year ago, reflecting increased loss severity and higher repossessions. U.S. auction values in 2025 increased 3% year over year, reflecting industrywide low used vehicle supply and high demand.

Our 2025 EBT of \$2,557 million was \$903 million higher than a year ago, explained primarily by higher financing margin, higher receivables, and a favorable derivative market valuation adjustment (included in Other). Higher credit losses and charges related to an industrywide review by the U.K. Financial Conduct Authority into the historical use of dealer commissions (also included in Other) were partial offsets. ROE was 14.9%, 5.8 percentage points higher than a year ago, driven by higher net income. At December 31, 2025, we had \$24.6 billion in net liquidity.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

**Segment Results**

Results of operations by segment and Unallocated Other for full year 2024 and 2025 are shown below (in millions):

	Full Year		
	2024	2025	H / (L)
<b>Results</b>			
United States and Canada segment	\$ 1,460	\$ 2,163	\$ 703
Europe segment	357	159	(198)
All Other segment	60	57	(3)
Total segments	\$ 1,877	\$ 2,379	\$ 502
Unallocated Other	(223)	178	401
Earnings before taxes	\$ 1,654	\$ 2,557	\$ 903
(Provision for)/Benefit from income taxes	(398)	(382)	16
Net Income	\$ 1,256	\$ 2,175	\$ 919

For additional information, see Note 13 of our Notes to the Financial Statements.

**United States and Canada Segment**

The United States and Canada segment EBT of \$2,163 million for full year 2025 was \$703 million higher than 2024, explained primarily by higher financing margin, favorable volume and mix, and favorable lease residual performance, offset partially by higher operating expenses and credit losses.

**Europe Segment**

The Europe segment EBT of \$159 million for full year 2025 was \$198 million lower than 2024, explained primarily by charges related to an industrywide review of historical U.K. dealer commissions and non-recurrence of a 2024 realized gain on accumulated foreign currency translation related to restructuring, offset partially by higher financing margin.

**All Other Segment**

The All Other segment EBT of \$57 million for full year 2025 was \$3 million lower than 2024, explained primarily by lower volume and mix.

**Unallocated Other**

Unallocated Other was a \$178 million gain for full year 2025, a \$401 million improvement from 2024, explained primarily by a favorable derivative market valuation adjustment compared to a year ago.

Results of Operations - 2024

The following chart shows our full year 2024 key metrics compared with full year 2023:

GAAP Financial Measures	Full Year		
	2023	2024	H / (L)
Total net receivables (\$B)	\$ 133.2	\$ 143.6	\$ 10.4
Loss-to-receivables (bps) (a)	35	50	15
Auction values (b)	\$ 31,655	\$ 30,510	(4)%
EBT (\$M)	\$ 1,322	\$ 1,654	\$ 332
ROE (%)	10.6 %	9.1 %	(1.5) ppts
<b>Other Balance Sheet Metrics</b>			
Debt (\$B)	\$ 129.3	\$ 137.9	\$ 8.6
Net liquidity (\$B)	\$ 25.7	\$ 25.2	\$ (0.5)
Financial statement leverage (to 1)	9.7	10.0	0.3

(a) United States retail financing only.

(b) United States portfolio off-lease auction values at full year 2025 mix.

Full Year 2024 Compared with Full Year 2023

The following table shows the factors that contributed to the full year 2024 EBT (in millions):

Change in EBT by Causal Factor	
Full year 2023 EBT	\$ 1,322
Volume / mix	177
Financing margin	709
Credit loss	(138)
Lease residual	(376)
Exchange	12
Other	(52)
<b>Full year 2024 EBT</b>	<b>\$ 1,654</b>

Total net receivables at December 31, 2024 were \$10.4 billion higher than December 31, 2023, reflecting higher consumer and non-consumer financing and a larger lease portfolio. The 2024 U.S. retail LTR ratio of 50 basis points increased compared to the prior year and U.S. auction values in 2024 decreased 4% year over year.

Our 2024 EBT of \$1,654 million was \$332 million higher than 2023, explained primarily by higher financing margin and favorable volume and mix, offset partially by higher operating lease depreciation reflecting higher return rates and lower expected auction values, and higher retail credit losses. ROE was 9.1%, 1.5 percentage points lower than 2023, primarily reflecting lower net income as the result of a higher effective tax rate.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

Segment Results - 2024

Results of operations by segment and Unallocated Other for full year 2023 and 2024 are shown below (in millions):

	Full Year		
	2023	2024	H / (L)
<b>Results</b>			
United States and Canada segment	\$ 1,114	\$ 1,460	\$ 346
Europe segment	306	357	51
All Other segment	75	60	(15)
Total segments	\$ 1,495	\$ 1,877	\$ 382
Unallocated Other	(173)	(223)	(50)
Earnings before taxes	\$ 1,322	\$ 1,654	\$ 332
(Provision for)/Benefit from income taxes (a)	2	(398)	(400)
Net Income	\$ 1,324	\$ 1,256	\$ (68)

(a) Our 2023 (Provision for)/Benefit from income taxes reflects a benefit of \$343 million associated with legal entity restructuring actions within our leasing operations.

For additional information, see Note 13 of our Notes to the Financial Statements.

*United States and Canada Segment*

The United States and Canada segment EBT of \$1,460 million for full year 2024 was \$346 million higher than 2023, explained primarily by higher financing margin and favorable volume and mix, offset partially by higher operating lease depreciation reflecting higher return rates and lower expected auction values, and higher credit losses.

*Europe Segment*

The Europe segment EBT of \$357 million for full year 2024 was \$51 million higher than 2023, explained primarily by realized gain on accumulated foreign currency translation from restructuring and higher financing margin, offset partially by higher credit losses.

*All Other Segment*

The All Other segment EBT of \$60 million for full year 2024 was \$15 million lower than 2023, explained primarily by lower volume in China and higher credit losses, offset partially by higher financing margin.

*Unallocated Other*

Unallocated Other was a \$223 million loss for full year 2024, a \$50 million deterioration from 2023, primarily reflecting an increase in unfavorable derivative market valuation adjustment compared to 2023.

## Financing Shares and Contract Placement Volume

Our focus is on supporting Ford and Lincoln dealers and customers. This includes going to market with Ford and our dealers to support vehicle sales with financing products and marketing programs. Ford's marketing programs may encourage or require Ford Credit financing and influence the financing choices customers make. As a result, our financing share, volume, and contract characteristics vary from period to period as Ford's marketing programs change.

The following table shows our retail financing and operating lease share of new Ford and Lincoln vehicle sales, wholesale financing share of new Ford and Lincoln vehicles acquired by dealers (in percent), and contract placement volume for new and used vehicles (in thousands) in several key markets:

	For the Years Ended December 31,		
	2023	2024	2025
<b>Share of Ford and Lincoln Sales (a)</b>			
United States	51 %	53 %	41 %
Canada	71	72	77
United Kingdom	33	30	26
Germany	35	41	43
China	37	21	22
<b>Wholesale Share</b>			
United States	71 %	71 %	70 %
United Kingdom	100	100	100
Germany	88	89	89
China	70	69	65
<b>Contract Placement Volume - New and Used (000)</b>			
United States	826	878	745
Canada	123	151	171
United Kingdom	87	71	63
Germany	61	69	76
China	97	52	41

(a) United States and Canada exclude Fleet sales, other markets include Fleet.

United States contract placement volumes in 2025 were lower than a year ago, reflecting lower Ford Credit share, offset partially by higher Ford deliveries. Canada contract placement volumes in 2025 were higher than a year ago, reflecting higher Ford Credit share and Ford deliveries. United Kingdom contract placement volumes in 2025 were lower than a year ago, reflecting lower Ford Credit share, offset partially by higher Ford deliveries. Germany contract placement volumes in 2025 were higher, driven by higher Ford deliveries and Ford Credit share. China contract placement volumes in 2025 were lower than a year ago, reflecting lower Ford deliveries, offset partially by higher Ford Credit share.

## Financial Condition

Our receivables, including finance receivables and operating leases, were as follows (in billions):

	For the Years Ended December 31,		
	2023	2024	2025
<b>Net Receivables</b>			
United States and Canada Segment			
Consumer financing	\$ 62.2	\$ 67.8	\$ 68.4
Non-Consumer financing	25.4	29.7	26.1
Net investment in operating leases	20.1	21.4	25.8
Total United States and Canada Segment	\$ 107.7	\$ 118.9	\$ 120.3
Europe Segment			
Consumer financing	\$ 11.7	\$ 12.0	\$ 13.9
Non-Consumer financing	8.3	8.2	7.8
Net investment in operating leases	0.3	0.3	0.7
Total Europe Segment	\$ 20.3	\$ 20.5	\$ 22.4
All Other Segment			
Consumer financing	\$ 3.6	\$ 2.6	\$ 2.2
Non-Consumer financing	1.6	1.6	1.4
Net investment in operating leases	—	—	—
Total All Other Segment	\$ 5.2	\$ 4.2	\$ 3.6
<b>Total net receivables</b>	<b>\$ 133.2</b>	<b>\$ 143.6</b>	<b>\$ 146.3</b>

At December 31, 2023, 2024, and 2025, total net receivables includes consumer receivables before allowance for credit losses of \$46.0 billion, \$47.6 billion, and \$43.8 billion, respectively, and non-consumer receivables before allowance for credit losses of \$21.3 billion, \$24.4 billion, and \$20.3 billion, respectively, that have been sold for legal purposes in securitization transactions but continue to be reported in our consolidated financial statements. In addition, at December 31, 2023, 2024, and 2025, total net receivables includes net investment in operating leases of \$11.2 billion, \$13.3 billion, and \$13.6 billion, respectively, that have been included in securitization transactions but continue to be reported in our consolidated financial statements. The receivables and net investment in operating leases 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 or the claims of our other creditors. We hold 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. For additional information on our securitization transactions, refer to the "Securitization Transactions" and "On-Balance Sheet Arrangements" sections and Note 6 of our Notes to the Financial Statements herein.

Total net receivables at December 31, 2025 were \$2.7 billion higher compared with December 31, 2024, explained primarily by a larger operating lease portfolio and exchange, offset partially by lower non-consumer financing.

Our operating lease portfolio was 18% of total net receivables at December 31, 2025. Leasing is an important product, and our leasing strategy balances sales, share, residuals, and long-term profitability. Operating leases in the United States and Canada represent 97% of our total operating lease portfolio.

## Credit Risk

Credit risk is the possibility of loss from a customer's or dealer's failure to make payments according to contract terms. Credit losses are a normal part of a lending business, and credit risk has a significant impact on our business. We manage the credit risk of our consumer (retail financing) and non-consumer (dealer financing) receivables to balance our level of risk and return using our consistent underwriting standards, effective proprietary scoring system (discussed below), and world-class servicing. The allowance for credit losses (also referred to as the credit loss reserve) represents our estimate of the expected credit losses inherent in our finance receivables for the lifetime of those receivables as of the balance sheet date. The allowance for credit losses is estimated using a combination of models and management judgment and is based on such factors as historical loss performance, portfolio quality, receivable levels, and forward-looking macroeconomic scenarios. The adequacy of our allowance for credit losses is assessed quarterly and the assumptions and models used in establishing the allowance are evaluated regularly. A description of our allowance setting process is provided in the "Critical Accounting Estimates - Allowance for Credit Losses" section.

Most of our charge-offs are related to retail financing. Net charge-offs are affected by the number of vehicle repossessions, the unpaid balance outstanding at the time of repossession, the auction price of repossessed vehicles, and other amounts owed. We also incur credit losses on our dealer financing, but default rates for these receivables historically have been substantially lower than those for retail financing.

In purchasing retail financing contracts, we use a proprietary scoring system that measures credit quality using information from sources including the credit application, proposed contract terms, credit bureau data, and other information. After a proprietary risk score is generated, we decide whether to purchase a contract using a decision process based on a judgmental evaluation of the applicant, the credit application, the proposed contract terms, credit bureau information (e.g., FICO score), proprietary risk score, and other information. Our evaluation emphasizes the applicant's ability to pay and the applicant's creditworthiness with a focus on payment, affordability, applicant credit history, and stability as key considerations. While FICO is a part of our scoring system, our models enable us to more effectively determine the probability that a customer will pay than using credit scores alone. When we originate business, our models project expected losses and we price accordingly. We ensure the business fits our risk appetite.

For additional information on our allowance for credit losses and the quality of our receivables, see Note 4 of our Notes to the Financial Statements.

### United States Origination Metrics

The following table shows United States retail financing and operating lease average placement FICO and higher risk portfolio mix metrics. Also shown are extended term mix and United States retail financing average placement terms.

	2023	2024	2025
<b>Origination Metrics</b>			
Retail & lease average placement FICO	756	756	753
Retail & lease higher risk portfolio mix (%)	4 %	3 %	3 %
Retail greater than or equal to 84 months placement mix (%)	8 %	7 %	14 %
Retail average placement term (months)	63	65	65

The 2025 average placement FICO score remained strong. We support customers across the credit spectrum. Our higher risk business, as classified at contract inception, represents 3% of our portfolio and has been stable for over 15 years.

In 2025, retail financing contracts of 84 months and longer increased by 7 percentage points, reflecting changes in Ford's marketing programs. Retail average placement term was unchanged compared to a year ago. We remain focused on managing the trade cycle, building customer relationships and loyalty, while offering financing products and terms customers want. Our origination and risk management processes deliver robust portfolio performance.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

United States Retail Financing Credit Losses

The following table shows the primary drivers of credit losses in the United States retail financing business, which comprised 69% of our worldwide consumer finance receivables at December 31, 2025.

	2023	2024	2025
<b>Credit Loss Drivers</b>			
Over-60-Day delinquencies (excl. bankruptcies) (%)	0.18 %	0.19 %	0.18 %
Repossessions (000)	16	21	24
Repossession ratio (%)	0.85 %	1.08 %	1.23 %
Loss severity (000) (a)	\$ 12.2	\$ 16.1	\$ 17.3
Net charge-offs (\$M)	\$ 184	\$ 301	\$ 362
LTR ratio (%) (b)	0.35 %	0.50 %	0.59 %

(a) The expected difference between the amount a customer owes when the finance contract is charged off and the amount received, net of expenses, from selling the repossessed vehicle.

(b) See *Definitions and Information Regarding Causal Factors* section for calculation.

The 2025 repossession ratio increased from a year ago by 15 basis points. This increase is consistent with our expectations and the overall trend in macroeconomic factors, which are reflected in our credit loss reserves. Loss severity increased from a year ago, reflecting an increase in new vehicle prices and the associated higher average amount financed. The full year 2025 LTR ratio of 0.59% increased from a year ago, reflecting higher repossessions and increased loss severity.

Worldwide Credit Losses

The following table shows key metrics related to worldwide credit losses:

	2023	2024	2025
Net charge-offs (\$M)	\$ 252	\$ 412	\$ 497
LTR ratio (%) (a)	0.24 %	0.34 %	0.40 %
Credit loss reserve (\$M)	\$ 882	\$ 864	\$ 911
Reserve as percent of EOP Receivables (%) (a)	0.75 %	0.68 %	0.73 %

(a) See *Definitions and Information Regarding Causal Factors* section for calculation.

Our worldwide credit loss metrics remain strong. Net charge-offs and the worldwide LTR ratio in 2025 increased from a year ago, primarily driven by higher repossessions and increased loss severity.

Our credit loss reserve is based on such factors as historical loss performance, portfolio quality, receivables level, and forward-looking macroeconomic scenarios. Our credit loss reserve reflects lifetime expected losses as of the balance sheet date and is adjusted accordingly based on our assessment of the portfolio and economic trends and conditions. The credit loss reserve at December 31, 2025 was higher than a year ago, primarily reflecting economic outlook assumptions. See Note 4 of our Notes to the Financial Statements for more information.

## Residual Risk

Leasing is an important product that many customers want and value, and operating lease customers also are more likely to buy or lease another Ford or Lincoln vehicle. We manage our lease share with an enterprise view to support sales, protect residual values, and manage the trade cycle. Ford Credit and Ford work together under a leasing strategy that considers share, term, model mix, geography, and other factors.

We are exposed to residual risk on operating leases and similar balloon payment products where the customer may return the financed vehicle to us. At the time we purchase a lease, we establish an expected residual value for the vehicle. Residual risk is the possibility that the amount we obtain from returned vehicles will be less than our estimate of the expected residual value for the vehicle. We estimate the expected residual value based on recent auction values, return volumes for our leased vehicles, industrywide used vehicle prices, marketing incentive plans, and vehicle quality data, and benchmark to third-party data depending on availability. For operating leases, changes in expected residual values impact depreciation expense, which is recognized on a straight-line basis over the life of the lease.

For additional information on our residual risk on operating leases, refer to the "Critical Accounting Estimates - Accumulated Depreciation on Vehicles Subject to Operating Leases" section and Note 5 of our Notes to the Financial Statements.

### United States Ford and Lincoln Operating Leases

The following table shows our share of Ford and Lincoln retail financing and operating lease sales, placement volume, and residual performance metrics for our United States operating lease portfolio, which represents 73% of our total net investment in operating leases at December 31, 2025.

	2023	2024	2025
<b>Lease Share of Retail Sales (%)</b>			
Ford Credit	12 %	14 %	14 %
Industry (a)	20 %	24 %	21 %
<b>Placement Volume (000)</b>			
24-Month	34	43	22
36-Month	108	126	161
39-Month / other	34	46	53
<b>Total</b>	<b>176</b>	<b>215</b>	<b>236</b>
<b>Residual Performance</b>			
Return rates (%)	27 %	52 %	45 %
Return volume (000)	74	99	71
Off-lease auction values (b)	\$ 31,655	\$ 30,510	\$ 31,475

(a) Source: J.D. Power PIN.

(b) United States portfolio off-lease auction values at full year 2025 mix.

Our United States operating lease share of retail sales in 2025 was unchanged compared to a year ago and remains below the industry, reflecting Ford marketing programs and the Ford sales mix. Our total 2025 lease placement volume was up compared with a year ago, reflecting higher Ford sales.

Lease return rates and return volume in 2025 were lower than a year ago, as more customers and dealers are electing to purchase the off-lease vehicles. Our 2025 portfolio off-lease auction values were up 3% from the prior year. We expect auction values to decline in 2026.

**Credit Ratings**

Our short-term and long-term debt is rated by four credit rating agencies designated as nationally recognized statistical rating organizations ("NRSROs") by the SEC: DBRS, Fitch, Moody's, and S&P.

In several markets, locally recognized rating agencies also rate us. A credit rating reflects an assessment by the rating agency of the credit risk associated with a corporate entity or particular securities issued by that entity. Rating agencies' ratings of us are based on information provided by us and other sources. Credit ratings assigned to us from all of the NRSROs are closely associated with their opinions on Ford. Credit ratings are not recommendations to buy, sell, or hold securities and are subject to revision or withdrawal at any time by the assigning rating agency. Each rating agency may have different criteria for evaluating company risk and, therefore, ratings should be evaluated independently for each rating agency.

There have been no rating actions taken by these NRSROs since the filing of our Quarterly Report on Form 10-Q for the quarter ended September 30, 2025.

The following table summarizes certain of the credit ratings and outlook presently assigned by these four NRSROs:

	NRSRO RATINGS			
	Ford Credit			NRSROs
	Long-Term Senior Unsecured	Short -Term Unsecured	Outlook/Trend	Minimum Long-Term Investment Grade Rating
DBRS	BBB (low)	R-2 (low)	Stable	BBB (low)
Fitch	BBB-	F3	Stable	BBB-
Moody's	Ba1	NP	Stable	Baa3
S&P	BBB-	A-3	Negative	BBB-

## Funding and Liquidity

We remain well capitalized with a strong balance sheet and funding diversified across platforms and markets. We continue to have robust access to capital markets and ended 2025 with \$24.6 billion of liquidity.

Key elements of our funding strategy include:

- Maintain strong liquidity and funding diversity;
- Prudently access public markets;
- Continue to leverage retail deposits in Europe;
- Flexibility to increase ABS mix as needed; preserving assets and committed capacity;
- Target financial statement leverage of 9:1 to 10:1; and
- Maintain self-liquidating balance sheet.

Our liquidity profile continues to be diverse, robust, and focused on maintaining liquidity levels that meet our business and funding requirements. We regularly stress test our balance sheet and liquidity to ensure that we continue to meet our financial obligations through economic cycles.

### *Funding Sources*

Our funding sources include primarily unsecured debt and securitization transactions (including other structured financings). We issue both short-term and long-term debt that is held by both institutional and retail investors, with long-term debt having an original maturity of more than 12 months.

We sponsor a number of securitization programs that can be structured to provide both short-term and long-term funding through institutional investors and other financial institutions in the United States and international capital markets. For additional information on our securitization transactions, refer to the "Securitization Transactions" section.

We obtain unsecured funding from the sale of demand notes under our Ford Interest Advantage program and through retail deposit programs at FCE and Ford Bank. At December 31, 2025, the principal amount outstanding of Ford Interest Advantage notes, which may be redeemed at any time at the option of the holders thereof without restriction, and FCE and Ford Bank deposits was \$18.5 billion. We maintain multiple sources of readily available liquidity to fund the payment of our unsecured short-term debt obligations.

### *Cost of Funding Sources*

The cost of securitization transactions and unsecured debt funding is based on a margin or spread over a benchmark interest rate. Our asset-backed funding and unsecured long-term debt costs are based on spreads over United States Treasury securities of similar maturities, Secured Overnight Funding Rate ("SOFR"), or other comparable benchmark rates. Certain securitization funding costs are based on a spread over bank-sponsored commercial paper costs. The funding costs of our floating rate demand notes change depending on market conditions. For additional information on funding, see Note 9 of our Notes to the Financial Statements.

**Funding and Liquidity**

The following table shows funding for our net receivables (in billions):

<b>Funding Structure</b>	<b>December 31, 2023</b>	<b>December 31, 2024</b>	<b>December 31, 2025</b>
Term unsecured debt	\$ 54.1	\$ 59.2	\$ 63.4
Term asset-backed securities	58.0	60.4	59.5
Retail deposits/Ford Interest Advantage	17.2	18.3	18.5
Other	1.4	1.2	(0.6)
Equity	13.4	13.8	14.8
Cash	(10.9)	(9.3)	(9.3)
<b>Total Net Receivables</b>	<b>\$ 133.2</b>	<b>\$ 143.6</b>	<b>\$ 146.3</b>
<b>Securitized Funding as a percent of Total Debt</b>	<b>44.9 %</b>	<b>43.8 %</b>	<b>42.0 %</b>

Net receivables of \$146.3 billion at December 31, 2025, were funded primarily with term unsecured debt and term asset-backed securities. Securitized funding as a percent of total debt was 42.0% at December 31, 2025.

**Public Term Funding Plan**

The following table shows our issuances for full year 2023, 2024, and 2025, and planned issuances for full year 2026, excluding short-term funding programs (in billions):

	<b>2023 Actual</b>	<b>2024 Actual</b>	<b>2025 Actual</b>	<b>2026 Forecast</b>
Unsecured	\$ 14	\$ 17	\$ 13	\$ 11 - 14
Securitized	14	16	13	13 - 16
<b>Total public</b>	<b>\$ 28</b>	<b>\$ 33</b>	<b>\$ 26</b>	<b>\$ 24 - 30</b>

In 2025, we completed \$26 billion of public term funding. For 2026, we project full-year public term funding in the range of \$24 billion to \$30 billion. Through February 9, 2026, we completed \$6 billion of public term issuances.

**Liquidity**

We define available liquidity as cash, cash equivalents, and marketable securities (excluding amounts related to insurance activities) and committed capacity (which includes our asset-backed facilities and unsecured credit facilities), less utilization of liquidity. Utilization of liquidity is the amount funded under our liquidity sources and also includes the cash required to support securitization transactions and restricted cash. Net liquidity available for use is defined as available liquidity plus certain adjustments as shown in the table below.

The following table shows our liquidity sources and utilization (in billions):

	<u>December 31, 2023</u>	<u>December 31, 2024</u>	<u>December 31, 2025</u>
<b>Liquidity Sources</b>			
Cash	\$ 10.9	\$ 9.3	\$ 9.3
Committed asset-backed facilities	42.9	42.9	43.6
Other unsecured credit facilities	2.4	1.7	1.5
Total liquidity sources	<u>\$ 56.2</u>	<u>\$ 53.9</u>	<u>\$ 54.4</u>
<b>Utilization of Liquidity</b>			
Securitization and restricted cash	\$ (2.8)	\$ (3.1)	\$ (3.0)
Committed asset-backed facilities	(27.5)	(25.6)	(26.4)
Other unsecured credit facilities	(0.4)	(0.5)	(0.6)
Total utilization of liquidity	<u>\$ (30.7)</u>	<u>\$ (29.2)</u>	<u>\$ (30.0)</u>
Available liquidity	\$ 25.5	\$ 24.7	\$ 24.4
Other adjustments	0.2	0.5	0.2
Net liquidity available for use	<u>\$ 25.7</u>	<u>\$ 25.2</u>	<u>\$ 24.6</u>

Our net liquidity available for use will fluctuate quarterly based on factors including near-term debt maturities, receivable growth and decline, and timing of funding transactions. At December 31, 2025, our net liquidity available for use was \$24.6 billion, \$0.6 billion lower than year-end 2024. At December 31, 2025, our liquidity sources totaled \$54.4 billion, up \$0.5 billion from year-end 2024, primarily explained by higher committed asset-backed facilities.

**Cash.** Cash totaled \$9.3 billion at both year-end 2024 and 2025. In the normal course of our funding activities, we may generate more proceeds than are required for our immediate funding needs. These excess amounts are held primarily in highly liquid investments, which provide liquidity for our anticipated and unanticipated cash needs and give us flexibility in the use of our other funding programs. Our cash primarily includes United States Department of Treasury obligations, federal agency securities, bank time deposits with investment-grade institutions, investment-grade commercial paper, debt obligations of a select group of non-U.S. governments, non-U.S. governmental agencies, supranational institutions, non-U.S. central banks, and money market funds that carry the highest possible ratings.

The average maturity of these investments ranges from overnight to six months and is adjusted based on market conditions and liquidity needs. We monitor our cash levels and average maturity on a daily basis. Cash includes restricted cash and amounts to be used only to support our securitization transactions of \$3.1 billion and \$3.0 billion at December 31, 2024 and 2025, respectively.

**Material Cash Requirements.** Our material cash requirements include: (1) the purchase of retail financing and operating lease contracts from dealers and providing wholesale financing for dealers to finance new and used vehicles; and (2) debt repayments (for additional information on debt, see the "Balance Sheet Liquidity Profile" section below and Note 9 of our Notes to the Financial Statements). In addition, subject to approval by our Board of Directors, shareholder distributions may require the expenditure of a material amount of cash. Moreover, we may be subject to additional material cash requirements that are contingent upon the occurrence of certain events, e.g., legal contingencies, uncertain tax positions, and other matters.

We are party to certain contractual obligations involving commitments to make payments to others. Most of these are debt obligations, which are recorded on our balance sheets and disclosed in our Notes to the Financial Statements. Long-term debt may have fixed or variable interest rates. For long-term debt with variable rate interest, we estimate the future interest payments based on projected market interest rates for various floating rate benchmarks received from third parties. In addition, we may enter into contracts with suppliers for purchases of certain services, including operating lease commitments. These arrangements may contain minimum levels of service requirements. See Note 9 and Note 14 of our Notes to the Financial Statements for more information regarding our material cash requirements for debt and operating lease contractual obligations. The amount contractually due for our purchase obligations at December 31, 2025 was \$147 million.

We plan to utilize our liquidity (as described above) and our cash flows from business operations to fund our material cash requirements.

**Committed Capacity.** At December 31, 2025, our committed capacity totaled \$45.1 billion, compared with \$44.6 billion at December 31, 2024. Our committed capacity is primarily comprised of commitments from banks and bank-sponsored asset-backed commercial paper conduits and committed unsecured credit facilities with financial institutions.

**Committed Asset-Backed Facilities.** We and our subsidiaries have entered into agreements with a number of banks and bank-sponsored asset-backed commercial paper conduits. Such counterparties are contractually committed, at our option, to purchase from us eligible retail financing receivables or to purchase or make advances under asset-backed securities backed by retail financing or wholesale finance receivables or operating leases for proceeds of up to \$43.6 billion (\$24.9 billion of retail financing, \$11.0 billion of operating leases, and \$7.7 billion of wholesale financing) at December 31, 2025. In the United States, we are able to obtain funding within two days for our unutilized capacity in some of our committed asset-backed facilities. These committed facilities have varying maturity dates, with \$11.4 billion having maturities within the next twelve months and the remaining balance having maturities through second quarter 2029. We plan capacity renewals to protect our global funding needs and to optimize capacity utilization.

Our ability to obtain funding under these facilities is subject to having a sufficient amount of eligible assets as well as our ability to obtain interest rate hedging arrangements for certain facilities. At December 31, 2025, \$26.4 billion of these commitments were in use and we had \$0.3 billion of asset-backed capacity that was in excess of eligible receivables. These programs are free of material adverse change clauses, restrictive financial covenants (for example, debt-to-equity limitations and minimum net worth requirements), and generally, credit rating triggers that could limit our ability to obtain funding. However, the unused portion of these commitments may be terminated if the performance of the underlying assets deteriorates beyond specified levels. Based on our experience and knowledge as servicer of the related assets, we do not expect any of these programs to be terminated due to such events.

As of December 31, 2025, FCE had liquidity of £36 million (equivalent to \$48 million) in the form of eligible collateral available for use in the monetary policy programs of the Bank of England. In addition, Ford Bank had liquidity of €311 million (equivalent to \$366 million) in the form of eligible collateral available for use in the monetary policy programs of the European Central Bank.

**Unsecured Credit Facilities.** At December 31, 2025, we and our subsidiaries had \$1.5 billion of contractually committed unsecured credit facilities with financial institutions, including FCE's syndicated credit facility (the "FCE Credit Agreement") and the Ford Bank's syndicated credit facility (the "Ford Bank Credit Agreement"). At December 31, 2025, \$0.9 billion was available for use.

At December 31, 2025, £310 million (equivalent to \$418 million) was available for use under FCE's £585 million (equivalent to \$787 million) Credit Agreement and €50 million (equivalent to \$59 million) was available for use under Ford Bank's €210 million (equivalent to \$247 million) Credit Agreement. Both the FCE Credit Agreement and Ford Bank Credit Agreement mature in 2028.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

Both the FCE Credit Agreement and Ford Bank Credit Agreement contain certain covenants, including an obligation for FCE and Ford Bank to maintain their ratio of regulatory capital to risk-weighted assets at no less than the applicable regulatory minimum. The FCE Credit Agreement requires the support agreement between FCE and Ford Credit to remain in effect (and enforced by FCE to ensure that its net worth is maintained at no less than \$500 million). The Ford Bank Credit Agreement requires a guarantee of Ford Bank's obligations under the agreement, provided by Ford Credit, to remain in effect. In addition, both the FCE Credit Agreement and the Ford Bank Credit Agreement include certain sustainability-linked targets, pursuant to which the applicable margin may be adjusted if Ford achieves, or fails to achieve, the specified targets related to global manufacturing facility greenhouse gas emissions, carbon-free electricity consumption, and Ford Europe CO2 tailpipe emissions. For the most recent performance period, Ford outperformed the global manufacturing facility greenhouse gas emissions and carbon-free electricity consumption metrics, and it was neutral on the Ford Europe CO2 tailpipe emissions metric.

**Balance Sheet Liquidity Profile**

We define our balance sheet liquidity profile as the cumulative maturities, including the impact of expected prepayments and allowance for credit losses, of our finance receivables, investment in operating leases, and cash, less the cumulative debt maturities over upcoming annual periods. Our balance sheet is inherently liquid because of the short-term nature of our finance receivables, investment in operating leases, and cash. We ensure our cumulative debt maturities have a longer tenor than our cumulative asset maturities. This positive maturity profile is intended to provide additional liquidity after all of our assets have been funded and is in addition to liquidity available to protect for stress scenarios.

The following table shows our cumulative maturities for assets and total debt for the periods presented and unsecured long-term debt maturities in the individual periods presented (in billions):

<b>Balance Sheet Liquidity Profile</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029 &amp; Beyond</b>
Assets (a)	\$ 77	\$ 108	\$ 135	\$ 163
Total debt (b)	65	92	111	142
Memo: Unsecured long-term debt maturities	14	13	12	28

(a) Includes gross finance receivables less the allowance for credit losses, investment in operating leases net of accumulated depreciation, and cash. Amounts shown include the impact of expected prepayments.

(b) Excludes unamortized debt (discount)/premium, unamortized issuance costs, and fair value adjustments.

Maturities of investment in operating leases consist primarily of the portion of rental payments attributable to depreciation over the remaining life of the lease and the expected residual value at lease termination. Maturities of finance receivables and investment in operating leases in the table above include expected prepayments for our retail installment sale contracts and investment in operating leases. The table above also reflects adjustments to debt maturities to match the asset-backed debt maturities with the underlying asset maturities.

All wholesale securitization transactions and wholesale receivables are shown maturing in the next 12 months, even if the maturities extend beyond 2026. The retail securitization transactions under certain committed asset-backed facilities are assumed to amortize immediately rather than amortizing after the expiration of the commitment period. As of December 31, 2025, we had \$163 billion of assets, \$83 billion of which were unencumbered. For additional information on finance receivables, investment in operating leases, and debt, see Notes 4, 5, and 9 of our Notes to the Financial Statements.

### *Funding and Liquidity Risks*

Our funding plan is subject to risks and uncertainties, many of which are beyond our control, including disruption in the capital markets that could impact both unsecured debt and asset-backed securities issuance and the effects of regulatory changes on the financial markets.

Despite our diverse sources of funding and liquidity, our ability to maintain liquidity may be affected by, among others, the following factors (not necessarily listed in order of importance or probability of occurrence):

- Prolonged disruption of the debt and securitization markets;
- Global capital markets volatility;
- Credit ratings assigned to Ford and us;
- Market capacity for Ford- and Ford Credit-sponsored investments;
- General demand for the type of securities we offer;
- Our ability to continue funding through asset-backed financing structures;
- Performance of the underlying assets within our asset-backed financing structures;
- Inability to obtain hedging instruments;
- Accounting and regulatory changes; and
- Our ability to maintain credit facilities and committed asset-backed facilities.

### *Stress Tests*

We regularly conduct stress testing on funding and liquidity sources to ensure we can continue to meet our financial obligations and support the sale of Ford and Lincoln vehicles during firm-specific and market-wide stress events. Stress tests are intended to quantify the potential impact of various adverse scenarios on the balance sheet and liquidity. These scenarios include assumptions on access to unsecured and secured debt markets, runoff of short-term funding, and ability to renew expiring liquidity commitments and are measured over various time periods, including 30 days, 90 days, and longer term. Our stress test does not assume any additional funding, liquidity, or capital support from Ford. We routinely develop contingency funding plans as part of our liquidity stress testing.

## **Securitization Transactions**

### *Overview*

We securitize finance receivables and net investment in operating leases through a variety of programs using amortizing, variable funding, and revolving structures. We also sell finance receivables or pledge them as collateral, in certain transactions outside of the United States, in other types of structured financing transactions. Due to the similarities between securitization and structured financing, we refer to structured financings as securitization transactions. Our securitization programs are targeted to institutional investors and other financial institutions in both public and private transactions. We completed our first securitization transaction in 1988, and participate in a number of securitization markets primarily in the United States, Canada, Mexico, Germany, Italy, the United Kingdom, and China.

Securitization provides us with a lower cost source of funding compared with other alternatives, diversifies our funding among different markets and investors, and provides additional liquidity. In the United States, we are able to obtain funding within two days for our unutilized capacity in some of our committed asset-backed facilities.

Our securitization transactions involve sales to consolidated entities or we maintain control over the assets, and therefore, the securitized assets and related debt remain on our balance sheets and affect our financial condition, operating results, and liquidity.

### *Use of Special Purpose Entities*

In a securitization transaction, the securitized assets are generally held by a bankruptcy-remote special purpose entity ("SPE") in order to isolate the securitized assets from the claims of our creditors and ensure that the cash flows on the securitized assets are available for the benefit of securitization investors. Payments to securitization investors are made from cash flows on the securitized assets and any enhancements in the SPE, and not by Ford Credit and are not based on our creditworthiness. Senior asset-backed securities issued by the SPEs generally receive the highest credit ratings from the rating agencies that rate them.

Securitization SPEs have limited purposes and generally are only permitted to purchase the securitized assets, issue asset-backed securities, and make payments on the securities. Some SPEs, such as certain trusts that issue securities backed by retail installment sale contracts, only issue a single series of securities and are dissolved when those securities have been paid in full. Other SPEs, such as the trust that issues securities backed by wholesale receivables, issue multiple series of securities from time to time and may not be dissolved until the last series of securities is paid in full.

Our use of SPEs in our securitization transactions is consistent with conventional practices in the consumer asset-backed securitization industry. We sponsor the SPEs used in all of our securitization programs with the exception of bank-sponsored conduits. None of our officers, directors, or employees holds any equity interests in our SPEs or receives any direct or indirect compensation from the SPEs. These SPEs do not own our Shares or shares of any of our affiliates.

#### *Selection of Assets, Enhancements, and Retained Interests*

In order to be eligible for inclusion in a securitization transaction, each asset must satisfy certain eligibility criteria designed for the specific transaction. For example, for securitization transactions of retail installment sale contracts, the selection criteria may be based on factors such as location of the obligor, contract term, payment schedule, interest rate, financing program, the type of financed vehicle, and whether the contracts are active and in good standing (e.g., when the obligor is not more than 30-days delinquent or bankrupt). Subject to regulatory or rating agency requirements, and investor demand, it is our practice to satisfy the applicable eligibility criteria by selecting the assets to be included in a particular securitization from our entire portfolio of assets in a manner that is believed to not be adverse to the investors.

We provide various forms of credit and payment enhancement to increase the likelihood of receipt by securitization investors of the full amount of interest and principal due on their asset-backed securities. Credit enhancement includes (i) over-collateralization (when the principal amount of the securitized assets exceeds the principal amount of related asset-backed securities), (ii) segregated cash reserve funds, (iii) subordinated securities, and (iv) excess spread (when interest collections on the securitized assets exceed the related fees and expenses, including interest payments on the related asset-backed securities). Payment enhancement includes interest rate swaps and other hedging arrangements, liquidity facilities, and certain cash deposits.

We retain interests in our securitization transactions, including in the form of subordinated securities issued by the SPE, rights to cash held for the benefit of the securitization investors, and residual interests. Residual interests represent the right to receive collections on the securitized assets in excess of amounts needed to pay securitization investors and to pay other transaction participants and expenses. We retain credit risk in securitization transactions, including the most subordinated interests in the securitized assets, which are structured to absorb expected credit losses on the securitized assets before any losses would be experienced by investors. Based on past experience, we expect that any losses in the pool of securitized assets would likely be limited to our retained interests. Our retention of credit risk is legally required in certain jurisdictions, including the United States, to be at least 5% of the credit risk of the securitized assets and is typically required to be retained for at least two years.

#### *Our Continuing Obligations*

We are engaged as servicer to service the securitized assets and securitization transactions. Our servicing duties include collecting payments on the securitized assets, preparing monthly investor reports on the performance of the securitized assets and the securitization transaction, and facilitating payments to securitization investors. While servicing securitized assets, we apply the same servicing policies and procedures that we apply to our owned assets and maintain our normal relationship with our financing customers.

We generally have no obligation to repurchase or replace any securitized asset that becomes delinquent in payment or otherwise is in default. As the seller and servicer of the securitized assets and as the administrator of the securitization SPE, we are obligated to provide certain kinds of support to our securitization transactions, which are customary in the securitization industry. These obligations include performing administrative duties for the SPE and some transaction parties, indemnifications, repurchase obligations on assets that do not meet representations or warranties on eligibility criteria or that have been materially modified, the mandatory sale of additional assets in some revolving transactions, the payment or reimbursement of transaction party expenses, and, in some cases, servicer advances of certain amounts. Securitization investors have no recourse to us or our other assets other than as provided above and have no right to require us to repurchase the asset-backed securities. We generally have no obligation to provide liquidity or contribute cash or additional assets to our SPEs either due to the performance of the securitized assets or the credit rating of our short-term or long-term debt. We do not guarantee any asset-backed securities. We may choose to support the performance of certain securitization transactions, however, by increasing cash reserves.

For certain public offerings of asset-backed securities, we have obligations to report certain information, including asset-level data on the securitized assets, ensure the engagement of an independent asset representations reviewer, cooperate and provide access to information necessary for an asset representations review, and participate in dispute resolution proceedings for unresolved asset repurchase requests.

#### *Structural Features Under Certain Securitization Programs*

The following securitization programs contain structural features that could prevent us from using these sources of funding in certain circumstances:

- *Revolving Retail Program.* Asset-backed securities under the FordREV program may be supported by a combination of a revolving pool of United States retail installment sale contracts and cash collateral. Cash generated by the receivables during the revolving period in excess of what is needed to pay certain expenses of the trust and interest on the notes may be used to purchase additional receivables provided that certain tests are met after the purchase. The revolving period ends upon the occurrence of certain events that include if credit losses or delinquencies on the pool of assets supporting the securities exceed specified levels, if certain segregated account balances are below their required levels, or if interest is not paid on the securities.
- *Retail Committed Facilities.* If credit losses or delinquencies on a pool of assets held by a facility exceed specified levels, or if the level of over-collateralization or other credit enhancement for that pool decreases below a specified level, we will not have the right to sell additional pools of assets to that facility.
- *Lease Facility Program.* If delinquencies in our portfolio of retail operating lease contracts exceed specified levels, we will be unable to obtain additional funding from the securitization of retail lease contracts through our committed lease facilities.
- *Wholesale Program.* If the payment rates on wholesale receivables in the securitization trust are lower than specified levels or if there are significant dealer defaults, we will be unable to obtain additional funding and any existing funding would begin to amortize.

### On-Balance Sheet Arrangements

Our securitization transactions involve sales to consolidated entities or we maintain control over the assets and, therefore, the securitized assets and related debt remain on our balance sheets. The securitized assets 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 our other obligations or the claims of our other creditors. We hold 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. This debt is the obligation of our consolidated securitization entities and not the obligation of Ford Credit or our other subsidiaries. For additional information on our on-balance sheet arrangements, see Note 6 of our Notes to the Financial Statements.

The following table shows worldwide cash and cash equivalents, receivables, and related debt by segment and product for our on-balance sheet securitization transactions at December 31 (in billions):

	2024			2025		
	Cash and Cash Equivalents	Finance Receivables and Net Investment in Operating Leases (a)	Related Debt (b)	Cash and Cash Equivalents	Finance Receivables and Net Investment in Operating Leases (a)	Related Debt (b)
<b>Finance Receivables</b>						
United States and Canada Segment						
Retail financing	\$ 1.9	\$ 41.1	\$ 37.4	\$ 1.8	\$ 36.2	\$ 32.8
Wholesale financing	0.2	21.3	10.2	0.2	18.0	12.9
<b>Total United States and Canada Segment</b>	<b>2.1</b>	<b>62.4</b>	<b>47.6</b>	<b>2.0</b>	<b>54.2</b>	<b>45.7</b>
Europe Segment						
Retail financing	0.3	5.9	3.0	0.3	7.3	3.8
Wholesale financing	0.1	2.3	0.6	—	1.5	0.7
<b>Total Europe Segment</b>	<b>0.4</b>	<b>8.2</b>	<b>3.6</b>	<b>0.3</b>	<b>8.8</b>	<b>4.5</b>
All Other Segment						
Retail financing	—	0.6	0.5	—	0.3	0.3
Wholesale financing	—	0.8	0.2	—	0.8	0.3
<b>Total All Other Segment</b>	<b>—</b>	<b>1.4</b>	<b>0.7</b>	<b>—</b>	<b>1.1</b>	<b>0.6</b>
<b>Total finance receivables</b>	<b>2.5</b>	<b>72.0</b>	<b>51.9</b>	<b>2.3</b>	<b>64.1</b>	<b>50.8</b>
<b>Net investment in operating leases</b>	<b>0.5</b>	<b>13.3</b>	<b>8.5</b>	<b>0.6</b>	<b>13.6</b>	<b>8.7</b>
<b>Total on-balance sheet arrangements</b>	<b>\$ 3.0</b>	<b>\$ 85.3</b>	<b>\$ 60.4</b>	<b>\$ 2.9</b>	<b>\$ 77.7</b>	<b>\$ 59.5</b>

(a) Finance receivables, before allowances for credit losses. Unearned interest supplements and residual support are excluded from securitization transactions.

(b) Includes unamortized discount and debt issuance costs.

## Leverage

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.

The following table shows the calculation of our financial statement leverage (in billions):

Leverage Calculation	December 31, 2023	December 31, 2024	December 31, 2025
Debt	\$ 129.3	\$ 137.9	\$ 141.4
Equity	\$ 13.4	\$ 13.8	\$ 14.8
Financial statement leverage (to 1)	9.7	10	9.6

We plan our financial statement leverage by considering market conditions and the risk characteristics of our business. At December 31, 2025, our financial statement leverage was 9.6:1. We target financial statement leverage in the range of 9:1 to 10:1.

During the fourth quarter and full year 2025, we paid \$600 million and \$1,650 million, respectively, in cash distributions to our parent.

## Critical Accounting Estimates

We consider an accounting estimate to be critical if (1) the accounting estimate requires us to make assumptions about matters that were highly uncertain at the time the accounting estimate was made; and (2) changes in the estimate that are reasonably likely to occur from period to period, or use of different estimates that we reasonably could have used in the current period, would have a material impact on our financial condition or results of operations.

The accounting estimates that are most important to our business involve:

- Allowance for credit losses; and
- Accumulated depreciation on vehicles subject to operating leases.

Management has discussed the development and selection of these critical accounting estimates with Ford's and our audit committees.

### Allowance for Credit Losses

The allowance for credit losses represents our estimate of the expected lifetime credit losses inherent in finance receivables as of the balance sheet date. The adequacy of the allowance for credit losses is assessed quarterly and the assumptions and models used in establishing the allowance are evaluated regularly. Because credit losses can vary substantially over time, estimating credit losses requires a number of assumptions about matters that are uncertain. Changes in our assumptions affect *Provision for credit losses* on our consolidated income statements and the allowance for credit losses contained within *Total finance receivables, net* on our consolidated balance sheets. For additional information regarding our allowance for credit losses, see Note 4 of our Notes to the Financial Statements.

*Nature of Estimates Required.* We estimate the allowance for credit losses for receivables that share similar risk characteristics based on a collective assessment using a combination of measurement models and management judgment. The models consider factors such as historical trends in credit losses, recent portfolio performance, and forward-looking macroeconomic conditions. The models vary by portfolio and receivable type including consumer finance receivables, wholesale loans, and dealer loans. If management does not believe the models reflect lifetime expected credit losses for the portfolio, an adjustment is made to reflect management judgment regarding qualitative factors including economic uncertainty, observable changes in portfolio performance, and other relevant factors.

*Assumptions Used.* Our allowance for credit losses is based on our assumptions regarding:

- *Probability of default.* The expected probability of payment and time to default which include assumptions about macroeconomic factors and recent performance.
- *Loss given default.* The percentage of the expected balance due at default that is not recoverable. The loss given default takes into account the expected collateral value and future recoveries.

Macroeconomic factors used in our models are country specific and include variables such as unemployment rates, personal bankruptcy filings, housing prices, and gross domestic product.

*Sensitivity Analysis.* Changes in the probability of default and loss given default assumptions would affect the allowance for credit losses. The effect of the indicated increase/decrease in the assumptions for our United States Ford and Lincoln retail financing portfolio at December 31, 2025 is as follows (in millions):

Assumption	Basis Point Change	Increase/(Decrease) in Allowance for Credit Losses
Probability of default (lifetime)	+ / - 100	\$225/\$(225)
Loss given default	+ / - 100	15/(15)

#### *Accumulated Depreciation on Vehicles Subject to Operating Leases*

Accumulated depreciation on vehicles subject to operating leases reduces the value of the leased vehicles in our operating lease portfolio from their original acquisition value to their expected residual value at the end of the lease term.

We monitor residual values each month, and we review the adequacy of our accumulated depreciation on a quarterly basis. If we believe that the expected residual values for our vehicles have changed, we revise depreciation to ensure that our net investment in operating leases (equal to our acquisition value of the vehicles less accumulated depreciation) will be adjusted to reflect our revised estimate of the expected residual value at the end of the lease term. Adjustments to depreciation expense would result in a change in the depreciation rates of the vehicles subject to operating leases and are recorded prospectively on a straight-line basis.

Generally, lease customers have the option to buy the leased vehicle at the end of the lease or to return the vehicle to the dealer. For additional information on our residual risk on operating leases, refer to the "Residual Risk" section.

*Nature of Estimates Required.* Each operating lease in our portfolio represents a vehicle we own that has been leased to a customer. At the time we purchase a lease from a dealer, we establish an expected residual value for the vehicle. We estimate the expected residual value by evaluating recent auction values, return volumes for our leased vehicles, industrywide used vehicle prices, marketing incentive plans, and vehicle quality data, and benchmark to third-party data depending on availability. Similar factors are considered in the third-party data we use to revise our estimate of the expected residual value during the lease term.

*Assumptions Used.* Our accumulated depreciation on vehicles subject to operating leases is based on our assumptions regarding:

- *Auction value.* Our projection of the market value of the vehicles when sold at the end of the lease; and
- *Return volume.* Our projection of the number of vehicles that will be returned at lease end.

See Note 5 of our Notes to the Financial Statements for more information regarding accumulated depreciation on vehicles subject to operating leases.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

**Sensitivity Analysis.** For returned vehicles, we face a risk that the amount we obtain from the vehicle sold at auction will be less than our estimate of the expected residual value for the vehicle. The impact of the change in assumptions on future auction values and return volumes would increase or decrease accumulated supplemental depreciation and depreciation expense over the remaining terms of the operating leases; however, the impact may be tempered or exacerbated based on future auction values in relation to the purchase price specified in the lease contract. A change in the assumption for an auction value will impact our estimate of accumulated supplemental depreciation if the future auction value is lower than the purchase price specified in the lease contract. The effect of the indicated increase/decrease in the assumptions for our United States Ford and Lincoln brand operating lease portfolio at December 31, 2025 is as follows (in millions):

<b>Assumption</b>	<b>Basis Point Change</b>	<b>Increase/(Decrease) in Projected Lifetime Depreciation</b>
Future auction values	+ / - 100	\$(50)/\$50
Return volumes	+ / - 100	10/(10)

Adjustments to the amount of accumulated supplemental depreciation on operating leases would be reflected on our balance sheets as *Net investment in operating leases* and on the income statements in *Depreciation on vehicles subject to operating leases*.

### Accounting Standards Issued But Not Yet Adopted

For a discussion of recent accounting standards, see Note 2 of our Notes to the Financial Statements.

### Outlook

We expect full year 2026 EBT to be about \$2.5 billion.

### 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 success depends on delivering the Ford+ plan, including improving cost competitiveness;
- Ford's products have been and could continue to 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 products and services and reduce the costs associated therewith could continue to have an adverse effect on Ford's business;
- 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 timely acquire key components or raw materials has previously disrupted and may, in the future, disrupt Ford's operations;
- 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;
- Ford may not realize the anticipated benefits of existing or pending strategic alliances, joint ventures, acquisitions, divestitures, commercial relationships, or business strategies or the benefits may take longer than expected to materialize;
- 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;
- Failure to develop and deploy secure digital services that appeal to customers, retain existing subscribers, and grow Ford's subscription rates 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, support, and reward talent is critical to its success and competitiveness;
- Operational information systems, security systems, products, and services could be affected by cybersecurity incidents, ransomware attacks, and other disruptions and impact Ford, Ford Credit, their suppliers and dealers;
- To facilitate access to the raw materials and other components necessary for the manufacture of electrified products, 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;
- With a global footprint and supply chain, Ford's results and operations have been and could continue to be adversely affected by economic or geopolitical developments, including protectionist trade policies such as tariffs, or other events;
- 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 Ford's reputation may be harmed based on positions it takes or if it is unable to achieve the initiatives it has announced;
- Ford may face increased price competition for its products and services, including pricing pressure resulting from industry excess capacity, currency fluctuations, competitive actions, legal and policy changes, or economic or other factors, particularly for electrified 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's results are dependent on sales of larger, more profitable vehicles, particularly in the United States;
- Industry sales volume can be volatile and could decline if there is a financial crisis, recession, public health emergency, or significant geopolitical event;
- The impact of government incentives on Ford's business has been and could continue to be significant, and Ford's receipt of government incentives could be subject to reduction, termination, or clawback;
- 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, asset portfolios, 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;
- Economic and demographic experience for pension and OPEB 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;

*Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)*

- Ford and Ford Credit have experienced and could continue to 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 respond to shifting consumer sentiment and competitive dynamics as a result of policy changes affecting, or otherwise 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, data access, 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, and expressly disclaim to the extent permitted by law, 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" above.

**ITEM 7A. Quantitative and Qualitative Disclosures About Market Risk.**

**Overview**

We are exposed to a variety of risks in the normal course of our business. Our financial condition depends on the extent to which we effectively identify, assess, monitor, and manage these risks. The principal types of risk to our business include:

- *Market risk* – the possibility that changes in interest and currency exchange rates will adversely affect our cash flow and economic value;
- *Counterparty risk* – the possibility that a counterparty may default on a derivative contract or investment;
- *Credit risk* – the possibility of loss from a customer's failure to make payments according to contract terms;
- *Residual risk* – the possibility that the actual proceeds we receive at lease termination will be lower than our projections or return volumes will be higher than our projections;
- *Liquidity risk* – the possibility that we may be unable to meet all of our current and future obligations in a timely manner; and
- *Operating risk* – the possibility of: errors relating to transaction processing and systems; actions that could result in compliance deficiencies with regulatory standards or contractual obligations; and fraud by our employees or third parties.

We manage each of these types of risk in the context of its contribution to our overall global risk. We make business decisions on a risk-adjusted basis and price our services consistent with these risks.

Credit, residual, and liquidity risks are discussed in Item 7. A discussion of market risk (including currency and interest rate risk), counterparty risk, and operating risk follows.

**Market Risk**

Given the unpredictability of financial markets, we seek to reduce volatility in our cash flow and economic value from changes in interest rates and currency exchange rates. We use various financial instruments, commonly referred to as derivatives, to manage market risks. We do not engage in any trading, market-making, or other speculative activities in the derivative markets.

Our strategies to manage market risks are approved by our Asset-Liability Committee ("ALCO") and the Ford Global Risk Management Committee ("GRMC"). The ALCO is co-chaired by our Chief Financial Officer and the Treasurer of Ford. The GRMC is chaired by the Chief Financial Officer of Ford.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk (Continued)

The Ford Treasurer's Office is responsible for the execution of our market risk management strategies. These strategies are governed by written policies and procedures. Separation of duties is maintained between the strategy and approval of derivatives trades, the execution of derivatives trades, and the settlement of cash flows. Regular audits are conducted to ensure that appropriate controls are in place and that these controls are effective. In addition, the ALCO, GRMC, Ford's Audit Committee, and Ford Credit's Board of Directors review our market risk exposures and use of derivatives to manage these exposures.

*Interest Rate Risk*

*Nature of Exposure.* Generally, our assets and the related debt have different re-pricing periods, and consequently, respond differently to changes in interest rates.

Our assets consist primarily of fixed-rate retail financing and operating lease contracts and floating-rate wholesale receivables. Fixed-rate retail financing and operating lease contracts generally require customers to make equal monthly payments over the life of the contract. Wholesale receivables are originated to finance new and used vehicles held in dealers' inventory and generally require dealers to pay a floating rate.

Debt consists primarily of short-term and long-term unsecured debt and securitization debt. In the case of unsecured term debt, to support our positive maturity profile, we may borrow at terms longer than the terms of our assets, in most instances with maturities up to ten years. These debt instruments are principally fixed-rate and require fixed and equal interest payments over the life of the instrument and a single principal payment at maturity.

*Risk Management.* Our interest rate risk management objective is to reduce volatility in our cash flows and volatility in our economic value from changes in interest rates based on an established risk tolerance that may vary by market. We use economic value sensitivity analysis and re-pricing gap analysis to evaluate potential long-term effects of changes in interest rates. We then enter into interest rate swaps to convert portions of our floating-rate debt to fixed or our fixed-rate debt to floating to ensure that our exposure falls within the established tolerances. We also use pre-tax cash flow sensitivity analysis to monitor the level of near-term cash flow exposure. The pre-tax cash flow sensitivity analysis measures the changes in expected cash flows associated with our interest-rate-sensitive assets, liabilities, and derivative financial instruments from hypothetical changes in interest rates over a twelve-month horizon. Interest rate swaps are placed to maintain exposure within approved thresholds and the ALCO reviews the re-pricing mismatch monthly.

*Quantitative Disclosure.* To provide a quantitative measure of the sensitivity of our pre-tax cash flow to changes in interest rates, we use interest rate scenarios that assume a hypothetical, instantaneous increase or decrease of one percentage point in all interest rates across all maturities (a "parallel shift"), as well as a base case that assumes that all interest rates remain constant at existing levels. In reality, interest rate changes are rarely instantaneous or parallel and rates could move more or less than the one percentage point assumed in our analysis. As a result, the actual impact to pre-tax cash flow could be higher or lower than the results detailed in the table below. These interest rate scenarios are purely hypothetical and do not represent our view of future interest rate movements.

Under these interest rate scenarios, we expect more assets than debt and liabilities to re-price in the next twelve months. Assuming all else being equal, this means that during a period of rising interest rates, the interest received on our assets will increase more than the interest paid on our debt, thereby initially increasing our pre-tax cash flow. During a period of falling interest rates, we would expect our pre-tax cash flow to initially decrease. Our pre-tax cash flow sensitivity to interest rate movement at December 31 was as follows (in millions):

<b>Pre-Tax Cash Flow Sensitivity</b>	<b>2024</b>		<b>2025</b>	
One percentage point instantaneous <i>increase</i> in interest rates	\$	107	\$	38
One percentage point instantaneous <i>decrease</i> in interest rates		(107)		(38)

*Additional Model Assumptions.* While the sensitivity analysis presented is our best estimate of the impacts of the specified assumed interest rate scenarios, our actual results could differ from those projected. The model we use to conduct this analysis is heavily dependent on numerous assumptions. Embedded in the model are assumptions regarding the reinvestment of maturing asset principal, refinancing of maturing debt, replacement of maturing derivatives, exercise of options embedded in debt and derivatives, and predicted repayment of retail financing and operating lease contracts ahead of contractual maturity. Our repayment projections ahead of contractual maturity are based on historical experience. If interest rates or other factors change, our actual repayment experience could be different than projected.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk (Continued)

**Currency Exchange Rate Risk.** Our policy is to minimize exposure to changes in currency exchange rates. To meet funding objectives, we borrow in a variety of currencies, principally U.S. dollars, Canadian dollars, euros, pound sterling, and renminbi. We face exposure to currency exchange rates if a mismatch exists between the currency of our receivables and the currency of the debt funding those receivables. When possible, receivables are funded with debt in the same currency, minimizing exposure to exchange rate movements. When a different currency is used, we may use foreign currency swaps and foreign currency forwards to convert substantially all of our foreign currency debt obligations to the local country currency of the receivables. As a result of this policy, we believe our market risk exposure relating to changes in currency exchange rates at December 31, 2025 is insignificant.

**Derivative Notional Values**

The outstanding notional value of our derivatives at December 31 was as follows (in billions):

	<u>2024</u>	<u>2025</u>
<b>Interest rate derivatives</b>		
Pay-fixed, receive-floating, excluding securitization swaps, including basis swaps	\$ 27	\$ 37
Pay-floating, receive-fixed, excluding securitization swaps	40	44
Securitization swaps	26	25
Total interest rate derivatives	<u>93</u>	<u>106</u>
<b>Other derivatives</b>		
Cross-currency swaps	9	11
Foreign currency forwards	10	7
Total notional value	<u>\$ 112</u>	<u>\$ 124</u>

**Derivative Fair Values**

The net fair value of our derivative financial instruments was a liability of \$1,208 million and an asset of \$581 million at December 31, 2024 and 2025, respectively. For additional information regarding our derivatives, see Note 7 of our Notes to the Financial Statements.

**Counterparty Risk**

Counterparty risk relates to the loss we could incur if an obligor or counterparty defaulted on an investment or a derivative contract. We enter into master agreements with counterparties that allow netting of certain exposures in order to manage this risk. Exposures primarily relate to investments in fixed income instruments and derivative contracts used for managing interest rate, and foreign currency exchange rate risk. We, together with Ford, establish exposure limits for each counterparty to minimize risk and provide counterparty diversification.

Our approach to managing counterparty risk is forward-looking and proactive, allowing us to take risk mitigation actions before risks become losses. Exposure limits are established based on our overall risk tolerance, which is calculated from counterparty credit ratings and market-based credit default swap ("CDS") spreads. The exposure limits are lower for smaller and lower-rated counterparties, counterparties that have relatively higher CDS spreads, and for longer-dated exposures. Our exposures are monitored on a regular basis and are included in periodic reports to Ford's Treasurer and our Chief Financial Officer.

Substantially all of our counterparty exposures are with counterparties that have an investment grade rating. Investment grade is our guideline for minimum counterparty long-term ratings. For additional information on our derivatives, see Note 7 of our Notes to the Financial Statements.

## Operating Risk

We operate in many locations and rely on the abilities of our employees and computer systems to process a large number of transactions. Improper employee actions, improper operation of systems, or unforeseen business interruptions could result in financial loss, regulatory action, damage to our reputation, and breach of contractual obligations. To address this risk, we maintain internal control processes that identify transaction authorization requirements, safeguard assets from misuse or theft, protect the reliability of financial and other data, and minimize the impact of a business interruption on our customers. We also maintain system controls to maintain the accuracy of information about our operations. These controls are designed to manage operating risk throughout our operation.

## ITEM 8. Financial Statements and Supplementary Data.

Our Report of Independent Registered Public Accounting Firm, Consolidated Financial Statements, and the accompanying Notes that are filed as part of this Report are listed under "Item 15. Exhibits and Financial Statement Schedules" and are set forth beginning on page [68](#) immediately following the signature pages of this Report.

## ITEM 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

## ITEM 9A. Controls and Procedures.

*Evaluation of Disclosure Controls and Procedures.* Cathy O'Callaghan, our President and Chief Executive Officer ("CEO"), and Eliane S. Okamura, our Chief Financial Officer ("CFO"), Treasurer and Executive Vice President, Strategy, have performed an evaluation of the Company's disclosure controls and procedures, as that term is defined in Rule 13a-15(e) or 15d-15(e) of the Exchange Act, as of December 31, 2025, and each has concluded that such disclosure controls and procedures are effective to ensure that information required to be disclosed in our periodic reports filed under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified by SEC rules and forms, and that such information is accumulated and communicated to the CEO and CFO to allow timely decisions regarding required disclosures.

*Management's Report on Internal Control Over Financial Reporting.* Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f) or 15d-15(f). The Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or because the degree of compliance with policies or procedures may deteriorate.

Under the supervision and with the participation of our management, including our CEO and CFO, we conducted an assessment of the effectiveness of our internal control over financial reporting as of December 31, 2025. The assessment was based on criteria established in the framework *Internal Control - Integrated Framework (2013)*, issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management concluded that our internal control over financial reporting was effective as of December 31, 2025.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2025, has been audited by PricewaterhouseCoopers LLP ("PwC") (PCAOB ID 238), an independent registered public accounting firm, as stated in its report which appears herein.

*Changes in Internal Control Over Financial Reporting.* There were no changes in internal control over financial reporting during the fourth quarter of 2025 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**ITEM 9B. *Other Information.***

During the three months ended December 31, 2025, no director or officer of the Company adopted, modified, or terminated a “Rule 10b5-1 trading arrangement” or a “non-Rule 10b5-1 trading arrangement” as each term is defined in Item 408(a) of Regulation S-K.

**ITEM 9C. *Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.***

Not applicable.

## PART III

### ITEM 10. *Directors, Executive Officers and Corporate Governance.*

Not required.

### ITEM 11. *Executive Compensation.*

Not required.

### ITEM 12. *Security Ownership of Certain Beneficial Owners and Management and Related Shareholder Matters.*

Not required.

### ITEM 13. *Certain Relationships and Related Transactions, and Director Independence.*

Not required.

### ITEM 14. *Principal Accounting Fees and Services.*

Our principal accounting fees and services for the years ended December 31 were as follows (in millions):

	<u>2024</u>	<u>2025</u>
<b>Nature of Services</b>		
<i>Audit fees</i> - for audit of the financial statements included in our Annual Report on Form 10-K, reviews of the financial statements included in our quarterly reports on Form 10-Q, attestation of the effectiveness of the Company's internal controls over financial reporting, preparation of statutory audit reports, and providing comfort letters in connection with our funding transactions	\$ 10.9	\$ 12.8
<i>Audit-related fees</i> - for support of funding transactions, due diligence for mergers, acquisitions and divestitures, attestation services, internal control reviews, and assistance with interpretation of accounting standards	2.7	3.0
<i>Tax fees</i> - for tax compliance and the preparation of tax returns, tax consultation, planning and implementation services, assistance in connection with tax audits, and tax advice related to mergers, acquisitions and divestitures	0.3	0.3
<i>All other fees</i> - for support in business and regulatory reviews and research analysis regarding new strategies	—	—
Total fees	<u>\$ 13.9</u>	<u>\$ 16.1</u>

#### *Pre-Approval Policies and Procedures*

Ford's Audit Committee has established pre-approval policies and procedures that govern the engagement of PwC, and the services provided by PwC to Ford Credit are pre-approved in accordance with Ford's policies and procedures. The policies and procedures are detailed as to the particular services and Ford Credit's Audit Committee is informed of the services provided to us by PwC, including the audit fee requests for these services that have been submitted to and approved by Ford's Audit Committee. The pre-approval policies and procedures do not include delegation of the Ford or Ford Credit Audit Committees' responsibilities under the Exchange Act to management.

## PART IV

### ITEM 15. *Exhibits and Financial Statement Schedules.*

#### (a) 1. Financial Statements

Report of Independent Registered Public Accounting Firm

Ford Motor Credit Company LLC and Subsidiaries

- Consolidated Income Statements for the Years Ended December 31, 2023, 2024, and 2025
- Consolidated Statements of Comprehensive Income for the Years Ended December 31, 2023, 2024, and 2025
- Consolidated Balance Sheets at December 31, 2024 and 2025
- Consolidated Statements of Shareholder's Interest for the Years Ended December 31, 2023, 2024, and 2025
- Consolidated Statements of Cash Flows for the Years Ended December 31, 2023, 2024, and 2025
- Notes to the Financial Statements

The Report of Independent Registered Public Accounting Firm, Consolidated Financial Statements, and the Notes to the Financial Statements listed above are filed as part of this Report and are set forth beginning on page [68](#) immediately following the signature pages of this Report.

#### (a) 2. Financial Statement Schedules

Schedules have been omitted because they are not applicable, the information required to be contained in them is disclosed elsewhere in the Consolidated Financial Statements, or the amounts involved are not sufficient to require submission.

**(a) 3. Exhibits**

<b>Designation</b>	<b>Description</b>	<b>Method of Filing</b>
<a href="#">Exhibit 3-A</a>	Certificate of Formation of Ford Motor Credit Company LLC.	Filed as Exhibit 99.3 to Ford Motor Credit Company LLC Current Report on Form 8-K dated May 1, 2007 and incorporated herein by reference. File No. 1-6368.
<a href="#">Exhibit 3-B</a>	Limited Liability Company Agreement of Ford Motor Credit Company LLC dated as of April 30, 2007.	Filed as Exhibit 99.4 to Ford Motor Credit Company LLC Current Report on Form 8-K dated May 1, 2007 and incorporated herein by reference. File No. 1-6368.
Exhibit 4-A	Form of Indenture dated as of February 1, 1985 between Ford Motor Credit Company and Manufacturers Hanover Trust Company relating to Unsecured Debt Securities.	Filed as Exhibit 4-A to Ford Motor Credit Company Registration Statement No. 2-95568 and incorporated herein by reference.
Exhibit 4-A-1	Form of First Supplemental Indenture dated as of April 1, 1986 between Ford Motor Credit Company and Manufacturers Hanover Trust Company supplementing the Indenture designated as Exhibit 4-A.	Filed as Exhibit 4-B to Ford Motor Credit Company Current Report on Form 8-K dated April 29, 1986 and incorporated herein by reference. File No. 1-6368.
Exhibit 4-A-2	Form of Second Supplemental Indenture dated as of September 1, 1986 between Ford Motor Credit Company and Manufacturers Hanover Trust Company supplementing the Indenture designated as Exhibit 4-A.	Filed as Exhibit 4-B to Ford Motor Credit Company Current Report on Form 8-K dated August 28, 1986 and incorporated herein by reference. File No. 1-6368.
Exhibit 4-A-3	Form of Third Supplemental Indenture dated as of March 15, 1987 between Ford Motor Credit Company and Manufacturers Hanover Trust Company supplementing the Indenture designated as Exhibit 4-A.	Filed as Exhibit 4-E to Ford Motor Credit Company Registration Statement No. 33-12928 and incorporated herein by reference.
Exhibit 4-A-4	Form of Fourth Supplemental Indenture dated as of April 15, 1988 between Ford Motor Credit Company and Manufacturers Hanover Trust Company supplementing the Indenture designated as Exhibit 4-A.	Filed as Exhibit 4-F to Post-Effective Amendment No. 1 to Ford Motor Credit Company Registration Statement No. 33-20081 and incorporated herein by reference.
Exhibit 4-A-5	Form of Fifth Supplemental Indenture dated as of September 1, 1990 between Ford Motor Credit Company and Manufacturers Hanover Trust Company supplementing the Indenture designated as Exhibit 4-A.	Filed as Exhibit 4-G to Ford Motor Credit Company Registration Statement No. 33-41060 and incorporated herein by reference.
<a href="#">Exhibit 4-A-6</a>	Form of Sixth Supplemental Indenture dated as of June 1, 1998 between Ford Motor Credit Company and The Chase Manhattan Bank supplementing the Indenture designated as Exhibit 4-A.	Filed as Exhibit 4.1 to Ford Motor Credit Company Current Report on Form 8-K dated June 15, 1998 and incorporated herein by reference. File No. 1-6368.
<a href="#">Exhibit 4-A-7</a>	Form of Seventh Supplemental Indenture dated as of January 15, 2002 between Ford Motor Credit Company and JPMorgan Chase Bank supplementing the Indenture designated as Exhibit 4-A.	Filed as Exhibit 4-I to Amendment No. 1 to Ford Motor Credit Company Registration Statement No. 333-75234 and incorporated herein by reference.
<a href="#">Exhibit 4-A-8</a>	Form of Eighth Supplemental Indenture dated as of June 5, 2006 between Ford Motor Credit Company and JPMorgan Chase Bank N.A. supplementing the Indenture designated as Exhibit 4-A.	Filed as Exhibit 4 to Ford Motor Credit Company Current Report on Form 8-K dated May 25, 2006 and incorporated herein by reference. File No. 1-6368.
<a href="#">Exhibit 4-A-9</a>	Form of Ninth Supplemental Indenture dated as of September 18, 2012 between Ford Motor Credit Company LLC and The Bank of New York Mellon supplementing the Indenture designated as Exhibit 4-A.	Filed as Exhibit 4 to Ford Motor Credit Company LLC Current Report on Form 8-K dated September 18, 2012 and incorporated herein by reference. File No. 1-6368.
<a href="#">Exhibit 4-B</a>	Form of Indenture dated as of March 16, 2015 between Ford Motor Credit Company LLC and The Bank of New York Mellon relating to Unsecured Debt Securities.	Filed as Exhibit 4-A to Ford Motor Credit Company LLC Registration Statement No. 333-202789 and incorporated by reference herein.
<a href="#">Exhibit 4-C</a>	Description of Securities.	Filed with this Report.
<a href="#">Exhibit 10-A</a>	Third Amended and Restated Relationship Agreement dated as of April 27, 2022 between Ford Motor Company and Ford Motor Credit Company LLC.	Filed as Exhibit 10 to Ford Motor Credit Company LLC Quarterly Report on Form 10-Q for the quarter ended March 31, 2022 and incorporated herein by reference. File No. 1-6368.
<a href="#">Exhibit 10-B</a>	Amended and Restated Support Agreement dated as of September 20, 2004 between Ford Motor Credit Company and FCE Bank plc.	Filed as Exhibit 10 to Ford Motor Credit Company Quarterly Report on Form 10-Q for the quarter ended September 30, 2004 and incorporated herein by reference. File No. 1-6368.
<a href="#">Exhibit 10-C</a>	Second Amended and Restated Tax Sharing Agreement Between Ford Motor Company and Ford Motor Credit Company LLC.	Filed as Exhibit 10 to Ford Motor Credit Company Quarterly Report on Form 10-Q for the quarter ended March 31, 2021 and incorporated herein by reference. File No. 1-6368.
<a href="#">Exhibit 23</a>	Consent of Independent Registered Public Accounting Firm.	Filed with this Report.
<a href="#">Exhibit 24</a>	Powers of Attorney.	Filed with this Report.
<a href="#">Exhibit 31.1</a>	Rule 15d-14(a) Certification of CEO.	Filed with this Report.
<a href="#">Exhibit 31.2</a>	Rule 15d-14(a) Certification of CFO.	Filed with this Report.
<a href="#">Exhibit 32.1</a>	Section 1350 Certification of CEO.	Furnished with this Report.
<a href="#">Exhibit 32.2</a>	Section 1350 Certification of CFO.	Furnished with this Report.

<u>Designation</u>	<u>Description</u>	<u>Method of Filing</u>
<a href="#">Exhibit 97</a>	Ford Motor Credit Company Financial Statement Compensation Recoupment Policy	Filed as Exhibit 97 to our Annual Report on Form 10-K for the year ended December 31, 2023 and incorporated herein by reference. File No. 1-6368.
Exhibit 101.INS	Interactive Data Files pursuant to Rule 405 of Regulation S-T formatted in Inline Extensible Business Reporting Language ("Inline XBRL").	*
Exhibit 101.SCH	XBRL Taxonomy Extension Schema Document.	*
Exhibit 101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.	*
Exhibit 101.LAB	XBRL Taxonomy Extension Label Linkbase Document.	*
Exhibit 101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.	*
Exhibit 101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.	*
Exhibit 104	Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101).	*

\* Submitted electronically with this Report in accordance with the provisions of Regulation S-T.

Instruments defining the rights of holders of certain issues of long-term debt of Ford Credit have not been filed as exhibits to this Report because the authorized principal amount of any one of such issues does not exceed 10% of the total assets of Ford Credit. Ford Credit will furnish a copy of each such instrument to the SEC upon request.

**ITEM 16. Form 10-K Summary.**

None.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, Ford Motor Credit Company LLC has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

FORD MOTOR CREDIT COMPANY LLC

By: /s/ Eliane S. Okamura  
Eliane S. Okamura  
Chief Financial Officer, Treasurer, and Executive Vice  
President, Strategy

Date: February 10, 2026

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this Report has been signed below by the following persons on behalf of Ford Motor Credit Company LLC and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>CATHY O'CALLAGHAN*</u> Cathy O'Callaghan	Director, Chair of the Board, President and Chief Executive Officer (principal executive officer)	February 10, 2026
<u>SHERRY A. HOUSE*</u> Sherry A. House	Director and Audit Committee Member	February 10, 2026
<u>MICHAEL AMEND*</u> Michael Amend	Director and Audit Committee Member	February 10, 2026
<u>DAVID A. WEBB*</u> David A. Webb	Director and Chairman of the Audit Committee	February 10, 2026
<u>GEOFFREY W. MCLELLAN*</u> Geoffrey W. McLellan	Director, Executive Vice President, Operations	February 10, 2026
<u>ELIANE S. OKAMURA*</u> Eliane S. Okamura	Director, Chief Financial Officer, Treasurer, and Executive Vice President, Strategy (principal financial officer and principal accounting officer)	February 10, 2026
<u>* By /s/ CLAIRE B. ZIEGELER</u> Claire B. Ziegeler	Attorney-in-Fact	February 10, 2026

## Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholder of Ford Motor Credit Company LLC

### ***Opinions on the Financial Statements and Internal Control over Financial Reporting***

We have audited the accompanying consolidated balance sheets of Ford Motor Credit Company LLC and its subsidiaries (the "Company") as of December 31, 2025 and 2024, and the related consolidated statements of income, of comprehensive income, of shareholder's interest and of cash flows for each of the three years in the period ended December 31, 2025, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2025 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the COSO.

### ***Basis for Opinions***

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

### ***Definition and Limitations of Internal Control over Financial Reporting***

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## **Critical Audit Matters**

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

### *Consumer Finance Receivables Allowance for Credit Losses*

As described in Note 4 to the consolidated financial statements, the Company had consumer finance receivables of \$85,372 million, for which a consumer allowance for credit losses of \$902 million was recorded as of December 31, 2025. The consumer allowance for credit losses represents management's estimate of the lifetime expected credit losses inherent in the consumer finance receivables as of the balance sheet date. For consumer receivables that share similar risk characteristics, management estimates the lifetime expected credit losses based on a collective assessment using measurement models and management judgment. The lifetime expected credit losses for the receivables is determined by applying probability of default and loss given default assumptions to monthly expected exposures, then discounting these cash flows to present value using the receivable's original effective interest rate or the current effective interest rate for a variable rate receivable. If management does not believe the models reflect lifetime expected credit losses for the portfolio, an adjustment is made to reflect management judgment regarding qualitative factors including economic uncertainty, observable changes in portfolio performance, and other relevant factors.

The principal considerations for our determination that performing procedures relating to the consumer finance receivables allowance for credit losses is a critical audit matter are (i) the significant judgment by management in determining the consumer finance receivables allowance for credit losses; (ii) a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating audit evidence relating to the probability of default and loss given default assumptions and management's judgment regarding qualitative factors; and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the Company's determination of the consumer finance receivables allowance for credit losses. These procedures also included, among others (i) testing management's process for determining the consumer finance receivables allowance for credit losses; (ii) evaluating the appropriateness of the models used to determine the allowance; (iii) evaluating the reasonableness of the probability of default and loss given default assumptions; (iv) testing the data used in the models; and (v) evaluating the reasonableness of management's judgment regarding qualitative factors related to economic uncertainty, observable changes in portfolio performance, and other relevant factors. Professionals with specialized skill and knowledge were used to assist in performing the procedures described in (i) through (v).

/s/ PricewaterhouseCoopers LLP  
Detroit, Michigan  
February 10, 2026

We have served as the Company's auditor since 1959.

**FORD MOTOR CREDIT COMPANY LLC AND SUBSIDIARIES**  
**CONSOLIDATED INCOME STATEMENTS**  
(in millions)

	For the Years Ended December 31,		
	2023	2024	2025
<b>Financing revenue</b>			
Operating leases	\$ 4,105	\$ 4,217	\$ 4,816
Retail financing	4,236	5,637	6,247
Dealer financing	2,403	2,922	2,603
Other financing	132	170	166
Total financing revenue	<u>10,876</u>	<u>12,946</u>	<u>13,832</u>
Depreciation on vehicles subject to operating leases	(2,309)	(2,482)	(2,522)
Interest expense	(6,311)	(7,583)	(7,133)
Net financing margin	<u>2,256</u>	<u>2,881</u>	<u>4,177</u>
<b>Other revenue</b>			
Insurance premiums earned (Note 11)	119	171	174
Fee based revenue and other	124	136	100
Total financing margin and other revenue	<u>2,499</u>	<u>3,188</u>	<u>4,451</u>
<b>Expenses</b>			
Operating expenses	1,360	1,395	1,689
Provision for credit losses (Note 4)	278	417	528
Insurance expenses (Note 11)	53	146	86
Total expenses	<u>1,691</u>	<u>1,958</u>	<u>2,303</u>
Other income/(loss), net (Note 12)	514	424	409
<b>Income before income taxes</b>	1,322	1,654	2,557
Provision for/(Benefit from) income taxes (Note 10)	(2)	398	382
<b>Net income</b>	<u>\$ 1,324</u>	<u>\$ 1,256</u>	<u>\$ 2,175</u>

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(in millions)

	For the Years Ended December 31,		
	2023	2024	2025
<b>Net income</b>	\$ 1,324	\$ 1,256	\$ 2,175
Other comprehensive income/(loss), net of tax			
Foreign currency translation gains/(losses)	188	(345)	516
Reclassification of accumulated foreign currency translation (gains)/losses to net income	—	(43)	6
<b>Comprehensive income</b>	<u>\$ 1,512</u>	<u>\$ 868</u>	<u>\$ 2,697</u>

The accompanying notes are part of the consolidated financial statements.

**FORD MOTOR CREDIT COMPANY LLC AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(in millions)

	December 31, 2024	December 31, 2025
<b>ASSETS</b>		
Cash and cash equivalents (Note 3)	\$ 9,272	\$ 9,270
Marketable securities (Note 3)	706	784
Finance receivables, net		
Retail installment contracts, dealer financing, and other financing	114,069	111,039
Finance leases	7,881	8,757
Total finance receivables, net of allowance for credit losses of \$864 and \$911 (Note 4)	121,950	119,796
Net investment in operating leases (Note 5)	21,689	26,502
Notes and accounts receivable from affiliated companies	836	984
Derivative financial instruments (Note 7)	784	1,528
Other assets (Note 8)	3,055	3,589
<b>Total assets</b>	<b>\$ 158,292</b>	<b>\$ 162,453</b>
<b>LIABILITIES</b>		
Accounts payable (including to affiliated companies of \$723 and \$481)	\$ 1,684	\$ 1,445
Debt (Note 9)	137,868	141,417
Deferred income taxes	364	660
Derivative financial instruments (Note 7)	1,992	947
Other liabilities and deferred revenue (Note 8)	2,627	3,180
<b>Total liabilities</b>	<b>144,535</b>	<b>147,649</b>
<b>SHAREHOLDER'S INTEREST</b>		
Shareholder's interest	5,166	5,166
Accumulated other comprehensive income/(loss)	(1,217)	(695)
Retained earnings	9,808	10,333
<b>Total shareholder's interest</b>	<b>13,757</b>	<b>14,804</b>
<b>Total liabilities and shareholder's interest</b>	<b>\$ 158,292</b>	<b>\$ 162,453</b>

The following table includes assets to be used to settle the liabilities of the consolidated variable interest entities ("VIEs"). These assets and liabilities are included in our consolidated balance sheets above. See Note 6 for additional information on our VIEs.

	December 31, 2024	December 31, 2025
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,494	\$ 2,523
Finance receivables, net	60,717	55,773
Net investment in operating leases	13,309	13,572
Derivative financial instruments	34	21
<b>LIABILITIES</b>		
Debt	\$ 50,855	\$ 52,054
Derivative financial instruments	100	40

The accompanying notes are part of the consolidated financial statements.

**FORD MOTOR CREDIT COMPANY LLC AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF SHAREHOLDER'S INTEREST**  
(in millions)

	Shareholder's Interest Attributable to Ford Motor Credit Company			
	Shareholder's Interest	Accumulated Other Comprehensive Income/(Loss)	Retained Earnings	Total Shareholder's Interest
<b>Balance at December 31, 2022</b>	\$ 5,166	\$ (1,017)	\$ 7,728	\$ 11,877
Net income	—	—	1,324	1,324
Other comprehensive income/(loss), net of tax	—	188	—	188
Distributions declared	—	—	—	—
<b>Balance at December 31, 2023</b>	\$ 5,166	\$ (829)	\$ 9,052	\$ 13,389
Net income	—	—	1,256	1,256
Other comprehensive income/(loss), net of tax	—	(388)	—	(388)
Distributions declared	—	—	(500)	(500)
<b>Balance at December 31, 2024</b>	\$ 5,166	\$ (1,217)	\$ 9,808	\$ 13,757
Net income	—	—	2,175	2,175
Other comprehensive income/(loss), net of tax	—	522	—	522
Distributions declared	—	—	(1,650)	(1,650)
<b>Balance at December 31, 2025</b>	<u>\$ 5,166</u>	<u>\$ (695)</u>	<u>\$ 10,333</u>	<u>\$ 14,804</u>

The accompanying notes are part of the consolidated financial statements.

**FORD MOTOR CREDIT COMPANY LLC AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in millions)

	For the Years Ended December 31,		
	2023	2024	2025
<b>Cash flows from operating activities</b>			
Net income	\$ 1,324	\$ 1,256	\$ 2,175
Provision for credit losses	278	417	528
Depreciation and amortization	2,900	3,112	3,228
Amortization of upfront interest supplements	(1,795)	(2,395)	(2,579)
Net change in deferred income taxes	(617)	276	249
Net change in other assets	(146)	(219)	(40)
Net change in other liabilities	343	327	181
All other operating activities	43	375	104
Net cash provided by/(used in) operating activities	2,330	3,149	3,846
<b>Cash flows from investing activities</b>			
Purchases of finance receivables	(41,765)	(43,536)	(38,995)
Principal collections of finance receivables	36,343	38,370	40,220
Purchases of operating lease vehicles	(9,577)	(11,731)	(14,047)
Proceeds from termination of operating lease vehicles	8,700	7,365	6,704
Net change in wholesale receivables and other short-duration receivables	(4,794)	(4,577)	5,166
Purchases of marketable securities and other investments	(2,039)	(274)	(407)
Proceeds from sales and maturities of marketable securities and other investments	2,805	356	360
Settlements of derivatives	(145)	(443)	(497)
All other investing activities	(84)	(91)	(119)
Net cash provided by/(used in) investing activities	(10,556)	(14,561)	(1,615)
<b>Cash flows from financing activities</b>			
Proceeds from issuances of long-term debt	51,659	57,202	48,316
Payments of long-term debt	(41,753)	(45,528)	(49,108)
Net change in short-term debt	(1,424)	(795)	44
Cash distributions to parent	—	(500)	(1,650)
All other financing activities	(139)	(135)	(97)
Net cash provided by/(used in) financing activities	8,343	10,244	(2,495)
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	158	(267)	281
<b>Net increase/(decrease) in cash, cash equivalents, and restricted cash</b>	<b>\$ 275</b>	<b>\$ (1,435)</b>	<b>\$ 17</b>
<b>Cash, cash equivalents, and restricted cash at beginning of period (Note 3)</b>	<b>\$ 10,520</b>	<b>\$ 10,795</b>	<b>\$ 9,360</b>
Net increase/(decrease) in cash, cash equivalents, and restricted cash	275	(1,435)	17
<b>Cash, cash equivalents, and restricted cash at end of period (Note 3)</b>	<b>\$ 10,795</b>	<b>\$ 9,360</b>	<b>\$ 9,377</b>

The accompanying notes are part of the consolidated financial statements.

FORD MOTOR CREDIT COMPANY LLC AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

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## FORD MOTOR CREDIT COMPANY LLC AND SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS

#### NOTE 1. PRESENTATION

##### Principles of Consolidation

For purposes of this report, “Ford Credit,” the “Company,” “we,” “our,” “us,” or similar references mean Ford Motor Credit Company LLC, our consolidated subsidiaries, and our consolidated VIEs of which we are the primary beneficiary, unless the context requires otherwise. We are an indirect, wholly owned subsidiary of Ford Motor Company (“Ford”). Our consolidated financial statements are presented in accordance with U.S. generally accepted accounting principles (“GAAP”). We reclassified certain prior period amounts in our consolidated financial statements to conform to the current year presentation.

##### Nature of Operations

We offer a wide variety of automotive financing products to and through automotive dealers throughout the world. Our portfolio consists of finance receivables and net investment in operating leases. We also service the finance receivables and net investment in operating leases we originate and purchase, make loans to Ford affiliates, and provide insurance services related to our financing programs. See Notes 4, 5, and 11 for additional information. We conduct our financing operations directly and indirectly through our subsidiaries and affiliates. We offer substantially similar products and services throughout many different regions, subject to local legal restrictions and market conditions. See Note 13 for key operating data on our business segments and for geographic information on our regions.

The predominant share of our business consists of financing Ford and Lincoln vehicles and supporting Ford and Lincoln dealers. Any extended reduction or suspension of Ford’s production or sale of vehicles due to a decline in consumer demand, work stoppage, governmental action, negative publicity or other event, or significant changes to marketing programs sponsored by Ford, would have an adverse effect on our business.

Certain subsidiaries are subject to regulatory capital requirements that may limit the ability of those subsidiaries to pay dividends.

#### NOTE 2. ACCOUNTING POLICIES

For each accounting topic that is addressed in its own note, the description of the accounting policy may be found in the related note. Other significant remaining accounting policies are described below.

##### Use of Estimates

The preparation of financial statements requires us to make estimates and assumptions that affect our results. The accounting estimates that are most important to our business involve the allowance for credit losses related to finance receivables, and accumulated depreciation on vehicles subject to operating leases. Estimates are based on assumptions that we believe are reasonable under the circumstances. Due to the inherent uncertainty involved with estimates, actual results may differ.

##### Foreign Currency

When an entity has monetary assets and liabilities denominated in a currency that is different from its functional currency, we remeasure those assets and liabilities from the transactional currency to the legal entity’s functional currency. The effect of this remeasurement process and the results of our related foreign currency hedging activities are reported in *Other income/(loss), net*.

Generally, our foreign subsidiaries use the local currency as their functional currency. We translate the assets and liabilities of our foreign subsidiaries from their respective functional currencies to U.S. dollars using end-of-period exchange rates. Changes in the carrying value of these assets and liabilities attributable to fluctuations in exchange rates are recognized in *Foreign currency translation gains/(losses)*, a component of *Other comprehensive income/(loss), net of tax*. Upon sale or upon complete or substantially complete liquidation of an investment in a foreign subsidiary, the amount of accumulated foreign currency translation related to the entity is reclassified to income and recognized as part of the gain or loss on the sale or liquidation of the investment.

## FORD MOTOR CREDIT COMPANY LLC AND SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS

#### NOTE 2. ACCOUNTING POLICIES (Continued)

##### Fair Value Measurements

Cash equivalents, marketable securities, and derivative financial instruments are remeasured and presented on our financial statements on a recurring basis at fair value, while other assets and liabilities are measured at fair value on a nonrecurring basis.

In measuring fair value, we use various valuation methods and prioritize the use of observable inputs. The use of observable and unobservable inputs and their significance in measuring fair value are reflected in our fair value hierarchy.

- Level 1 – inputs include quoted prices for identical instruments and are the most observable
- Level 2 – inputs include quoted prices for similar instruments and observable inputs such as interest rates, currency exchange rates, and yield curves
- Level 3 – inputs include data not observable in the market and reflect management judgment about the assumptions market participants would use in pricing the instruments

Transfers into and transfers out of the hierarchy levels are recognized as if they had taken place at the end of the reporting period.

##### Retirement Benefits

We are a participating employer in certain retirement plans that are sponsored by Ford. Ford allocates costs to us under these plans based on the total number of participating or eligible employees at Ford Credit. Further information about these sponsored plans is available in Ford's Annual Report on Form 10-K for the year ended December 31, 2025, filed separately with the SEC.

##### Adoption of New Accounting Standards

*ASU 2023-09, Improvements to Income Tax Disclosures.* We adopted the new standard, which requires additional income tax disclosures for annual reporting periods, and applied the amendments prospectively. Adoption of the new standard did not impact our consolidated income statements, balance sheets, or statements of cash flows. Refer to Note 10 for the additional disclosures required under the standard.

All other ASUs adopted during 2025 did not have a material impact to our consolidated financial statements or financial statement disclosures.

##### Accounting Standards Issued But Not Yet Adopted

*ASU 2024-03, Disaggregation of Income Statement Expenses ("DISE").* In November 2024, the Financial Accounting Standards ("FASB") issued a new accounting standard to improve the disclosures about an entity's expenses and address requests from investors for more detailed information about the types of expenses included in commonly presented expense captions. The new standard is effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027, with retrospective application permitted. We are assessing the effect on our consolidated financial statement disclosures; however, adoption will not impact our consolidated income statements, balance sheets, or statements of cash flows.

All other ASUs issued but not yet adopted were assessed and determined to be not applicable or are not expected to have a material impact on our consolidated financial statements or financial statement disclosures.

**FORD MOTOR CREDIT COMPANY LLC AND SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 3. CASH, CASH EQUIVALENTS, AND MARKETABLE SECURITIES**

*Cash and Cash Equivalents.* Included in *Cash and cash equivalents* are highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value due to interest rate, quoted price, or penalty on withdrawal. A debt security is classified as a cash equivalent if it meets these criteria and if it has a remaining time to maturity of three months or less from the date of purchase. Amounts on deposit and available upon demand, or negotiated to provide for daily liquidity without penalty, are classified as *Cash and cash equivalents*. Time deposits, certificates of deposit, and money market accounts that meet the above criteria are reported at par value on our consolidated balance sheets.

*Marketable Securities.* Investments in securities with a maturity date greater than three months at the date of purchase and other securities for which there is more than an insignificant risk of change in value due to interest rate, quoted price, or penalty on withdrawal are classified as *Marketable securities*. These investments are reported at fair value. We generally measure fair value using prices obtained from pricing services. Pricing methods and inputs to valuation models used by the pricing services depend on the security type (i.e., asset class). Where possible, fair values are generated using market inputs including quoted prices (the closing price in an exchange market), bid prices (the price at which a buyer stands ready to purchase), and other market information. For fixed income securities that are not actively traded, the pricing services use alternative methods to determine fair value for the securities, including quotes for similar fixed income securities, matrix pricing, discounted cash flow using benchmark curves, or other factors. In certain cases, when market data are not available, we may use broker quotes to determine fair value.

An annual review is performed on the security prices received from our pricing services, which includes discussion and analysis of the inputs used by the pricing services to value our securities. We also compare the price of certain securities sold close to the quarter end to the price of the same security at the balance sheet date to ensure the reported fair value is reasonable.

Realized and unrealized gains and losses and interest income on our marketable securities are recorded in *Other income/(loss), net*. Realized gains and losses are measured using the specific identification method.

The following table categorizes the fair values of cash, cash equivalents, and marketable securities on our consolidated balance sheets at December 31 (in millions):

	Fair Value Level	2024	2025
<b>Cash and cash equivalents</b>			
United States government	1	\$ 854	\$ 70
United States government agencies	2	400	400
Non-United States government and agencies	2	370	1,082
Corporate debt	2	339	780
Total marketable securities classified as cash equivalents		1,963	2,332
Cash, time deposits and money market funds		7,309	6,938
Total cash and cash equivalents		\$ 9,272	\$ 9,270
<b>Marketable securities</b>			
United States government	1	\$ 185	\$ 224
Non-United States government and agencies	2	79	91
Corporate debt	2	252	269
Other marketable securities	2	190	200
Total marketable securities		\$ 706	\$ 784

**FORD MOTOR CREDIT COMPANY LLC AND SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 3. CASH, CASH EQUIVALENTS, AND MARKETABLE SECURITIES (Continued)**

**Cash, Cash Equivalents, and Restricted Cash**

Cash, cash equivalents, and restricted cash as reported in our consolidated statements of cash flows are presented separately on our consolidated balance sheets as follows (in millions):

	<u>December 31, 2024</u>	<u>December 31, 2025</u>
Cash and cash equivalents	\$ 9,272	\$ 9,270
Restricted cash (a)	88	107
<b>Total cash, cash equivalents, and restricted cash</b>	<u>\$ 9,360</u>	<u>\$ 9,377</u>

(a) Restricted cash is included in *Other assets* on our consolidated balance sheets and is primarily held to meet certain local governmental and regulatory reserve requirements and cash held under the terms of certain contractual agreements. Restricted cash does not include required minimum balances or cash securing debt issued through securitization transactions.

**NOTE 4. FINANCE RECEIVABLES AND ALLOWANCE FOR CREDIT LOSSES**

We manage finance receivables as “consumer” and “non-consumer” portfolios. The receivables are generally secured by the vehicles, inventory, or other property being financed.

*Consumer Portfolio.* Receivables in this portfolio include products offered to individuals and businesses that finance the acquisition of Ford and Lincoln vehicles from dealers for personal or commercial use. Retail financing includes retail installment contracts for new and used vehicles and finance leases with retail customers, government entities, daily rental companies, and fleet customers.

*Non-Consumer Portfolio.* Receivables in this portfolio include products offered to automotive dealers and receivables purchased from Ford and its affiliates. The products include:

- *Dealer financing* – includes wholesale loans to dealers to finance the purchase of vehicle inventory, also known as floorplan financing, as well as loans to dealers to finance working capital and improvements to dealership facilities, finance the purchase of dealership real estate, and finance other dealer programs. Wholesale financing is approximately 97% of our dealer financing.
- *Other financing* – includes purchased receivables from Ford and its affiliates, primarily related to the sale of parts and accessories to dealers and certain used vehicles from daily rental fleet companies. In addition, we provide financing to Ford for vehicles that Ford leases to its employees. These receivables are excluded from our credit quality reporting since the performance of this group of receivables is generally guaranteed by Ford.

Finance receivables are recorded at the time of origination or purchase at fair value and are subsequently reported at amortized cost, net of any allowance for credit losses.

For all finance receivables, we define “past due” as any payment, including principal and interest, that is at least 31 days past the contractual due date.

Revenue from finance receivables is recognized using the interest method and includes the accretion of certain direct origination costs that are deferred and interest supplements received from Ford and affiliated companies. The unearned interest supplements on finance receivables are included in *Total finance receivables, net* on the balance sheets, and the earned interest supplements are included in *Total financing revenue* on the income statements.

We measure finance receivables at fair value using internal valuation models. These models project future cash flows of financing contracts based on scheduled contract payments (including principal and interest) and assumptions regarding expected credit losses and pre-payment speed. The projected cash flows are discounted to present value at current rates that incorporate present yield curve and credit spread assumptions. The fair value of finance receivables is categorized within Level 3 of the hierarchy.

## FORD MOTOR CREDIT COMPANY LLC AND SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS

#### NOTE 4. FINANCE RECEIVABLES AND ALLOWANCE FOR CREDIT LOSSES *(Continued)*

On a nonrecurring basis, we also measure at fair value retail contracts 120 days past due or deemed to be uncollectible and individual dealer loans probable of foreclosure. We use the fair value of collateral, adjusted for estimated costs to sell, to determine the fair value of these receivables. The collateral for a retail financing or wholesale receivable is the vehicle financed and for dealer loans is real estate or other property.

The fair value of collateral for retail financing receivables is calculated as the outstanding receivable balances multiplied by the average recovery value percentage. The fair value of collateral for wholesale receivables is based on the wholesale market value or liquidation value for new and used vehicles. The fair value of collateral for dealer loans is determined by reviewing various appraisals, which include total adjusted appraised value of land and improvements, alternate use appraised value, broker's opinion of value, and purchase offers.

*Notes and accounts receivable from affiliated companies* are presented separately on the balance sheets. These receivables are based on intercompany relationships and the balances are settled regularly. We do not assess these receivables for potential credit losses, nor are they subjected to aging analysis, credit quality reviews, or other formal assessments. As a result, *Notes and accounts receivable from affiliated companies* are not subject to the following disclosures contained herein.

#### Finance Receivables Classification

Finance receivables are accounted for as held for investment ("HFI") if we have the intent and ability to hold the receivables for the foreseeable future or until maturity or payoff. The determination of intent and ability to hold for the foreseeable future is highly judgmental and requires us to make good faith estimates based on information available at the time of origination or purchase. If we do not have the intent and ability to hold the receivables, then the receivables are classified as held for sale ("HFS").

Each quarter, we make a determination of whether it is probable that finance receivables originated or purchased during the quarter will be held for the foreseeable future based on historical receivables sale experience, internal forecasts and budgets, as well as other relevant, reliable information available through the date of evaluation. For purposes of this determination, probable means at least 70% likely and, consistent with our budgeting and forecasting period, we define foreseeable future to mean twelve months. We classify receivables as HFI or HFS on a receivable-by-receivable basis. Specific receivables included in off-balance sheet sale transactions are generally not identified until the month in which the sale occurs.

*Held-for-Investment.* Finance receivables classified as HFI are recorded at the time of origination or purchase at fair value and are subsequently reported at amortized cost, net of any allowance for credit losses. Cash flows from finance receivables that were originally classified as HFI are recorded as an investing activity since GAAP requires the statement of cash flows presentation to be based on the original classification of the receivables.

*Held-for-Sale.* Finance receivables classified as HFS are carried at the lower of cost or fair value. Cash flows resulting from the origination or purchase and sale of HFS receivables are recorded as an operating activity. Once a decision has been made to sell receivables that were originally classified as HFI, the receivables are reclassified as HFS and carried at the lower of cost or fair value. The valuation adjustment, if any, is recorded in *Other income/(loss), net* to recognize the receivables at the lower of cost or fair value.

FORD MOTOR CREDIT COMPANY LLC AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4. FINANCE RECEIVABLES AND ALLOWANCE FOR CREDIT LOSSES (Continued)

Finance Receivables, Net

Total finance receivables, net at December 31 were as follows (in millions):

	2024	2025
<b>Consumer</b>		
Retail installment contracts, gross	\$ 79,573	\$ 80,584
Finance leases, gross	8,357	9,274
Retail financing, gross	87,930	89,858
Unearned interest supplements from Ford and affiliated companies	(4,598)	(4,486)
Consumer finance receivables	83,332	85,372
<b>Non-Consumer</b>		
Dealer financing (a)	37,384	32,933
Other financing (b)	2,098	2,402
Non-Consumer finance receivables	39,482	35,335
Total recorded investment (c)	\$ 122,814	\$ 120,707
Recorded investment in finance receivables	\$ 122,814	\$ 120,707
Allowance for credit losses	(864)	(911)
Total finance receivables, net	\$ 121,950	\$ 119,796
Net finance receivables subject to fair value (d)	\$ 114,069	\$ 111,039
Fair value	113,545	111,716

(a) Includes \$7.1 billion and \$6.0 billion at December 31, 2024 and 2025, respectively, of receivables generated by divisions and affiliates of Ford in connection with vehicle inventories released from Ford and in transit to the destination dealers. Interest earned from Ford and affiliated companies associated with receivables from gate-released vehicles in transit to dealers for the years ended December 31, 2023, 2024, and 2025 was \$640 million, \$716 million, and \$619 million, respectively. Balances at December 31, 2024 and 2025, also include \$988 million and \$747 million, respectively, of dealer financing receivables with entities (primarily dealers) that are reported as consolidated subsidiaries of Ford. For the years ended December 31, 2023, 2024, and 2025, the interest earned on receivables from consolidated subsidiaries of Ford to which we provide dealer financing was \$19 million, \$16 million, and \$13 million, respectively.

(b) Primarily represents other financing receivables with Ford, which includes amounts associated with purchased receivables and receivables associated with the financing of vehicles that Ford leases to employees.

(c) Earned interest supplements on consumer and non-consumer receivables from Ford and affiliated companies totaled \$2.3 billion, \$2.9 billion, and \$3.0 billion for the years ended December 31, 2023, 2024, and 2025, respectively. Cash received from interest supplements totaled \$3.0 billion, \$4.3 billion, and \$2.8 billion for the years ended December 31, 2023, 2024, and 2025, respectively. Interest supplements due from Ford included in *Notes and accounts receivable from affiliated companies* totaled \$318 million, \$269 million, and \$343 million for the years ended December 31, 2023, 2024, and 2025, respectively, and are non-cash investing transactions in our consolidated statement of cash flows.

(d) Net finance receivables subject to fair value exclude finance leases.

At December 31, 2024 and 2025, accrued interest was \$336 million and \$315 million, respectively, which we report in *Other assets* on our consolidated balance sheets.

Included in the recorded investment in finance receivables were consumer and non-consumer receivables that have been sold for legal purposes in securitization transactions but continue to be reported in our consolidated financial statements. See Note 6 for additional information.

FORD MOTOR CREDIT COMPANY LLC AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4. FINANCE RECEIVABLES AND ALLOWANCE FOR CREDIT LOSSES (Continued)

Finance Leases

Finance leases are comprised of sales-type and direct financing leases. These financings include primarily lease plans for terms of 24 to 60 months. In limited cases, a customer may extend the lease term. Early terminations of leases may also occur at the customer's request subject to approval. We offer financing products in which the customer may be required to pay any shortfall, or may receive as payment any excess amount between the fair market value and the contractual vehicle value at the end of the term, which are classified as finance leases. In some markets, we finance a vehicle with a series of monthly payments followed by a single balloon payment or the option for the customer to return the vehicle to Ford Credit; these arrangements containing a purchase option are classified as finance leases.

The amounts contractually due on finance leases at December 31, 2025 were as follows (in millions):

	Finance Lease Receivables						
	2026	2027	2028	2029	2030	Thereafter	Total
Contractual maturity	\$ 2,089	\$ 1,975	\$ 1,724	\$ 1,068	\$ 148	\$ 6	\$ 7,010
Less: Present value discount							602
Total finance lease receivables							\$ 6,408

The reconciliation from finance lease receivables to finance leases, gross and finance leases, net at December 31 is as follows (in millions):

	2024	2025
Finance lease receivables	\$ 5,367	\$ 6,408
Unguaranteed residual assets	2,883	2,738
Initial direct costs	107	128
Finance leases, gross	8,357	9,274
Unearned interest supplements from Ford and affiliated companies	(437)	(470)
Allowance for credit losses	(39)	(47)
Finance leases, net	\$ 7,881	\$ 8,757

Financing revenue from finance leases was \$381 million, \$515 million, and \$576 million for the years ended December 31, 2023, 2024, and 2025, respectively, and is included in *Retail financing* on our consolidated income statements.

Credit Quality

*Consumer Portfolio.* When originating consumer receivables, we use a proprietary scoring system that measures credit quality using information in the credit application, proposed contract terms, credit bureau data, and other information. After a proprietary risk score is generated, we decide whether to purchase a contract using a decision process based on a judgmental evaluation of the applicant, the credit application, the proposed contract terms, credit bureau information (e.g., FICO score), proprietary risk score, and other information. Our evaluation emphasizes the applicant's ability to pay and creditworthiness focusing on payment, affordability, applicant credit history, and stability as key considerations.

After origination, we review the credit quality of retail financing based on customer payment activity. As each customer develops a payment history, we use an internally developed behavioral scoring model to assist in determining the best collection strategies, which allows us to focus collection activity on higher-risk accounts. These models are used to refine our risk-based staffing model to ensure collection resources are aligned with portfolio risk. Based on data from this scoring model, contracts are categorized by collection risk. Our collection models evaluate several factors, including origination characteristics, updated credit bureau data, and payment patterns.

FORD MOTOR CREDIT COMPANY LLC AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

**NOTE 4. FINANCE RECEIVABLES AND ALLOWANCE FOR CREDIT LOSSES (Continued)**

Credit quality ratings for consumer receivables are based on aging. Receivables over 60 days past due are in intensified collection status.

The credit quality analysis of consumer receivables at December 31, 2024 and gross charge-offs during the year ended December 31, 2024 were as follows (in millions):

	Amortized Cost Basis by Origination Year						Total	Percent
	Prior to 2020	2020	2021	2022	2023	2024		
<b>Consumer</b>								
31-60 days past due	\$ 43	\$ 93	\$ 104	\$ 187	\$ 242	\$ 203	\$ 872	1.0 %
Greater than 60 days past due	15	27	35	57	82	59	275	0.4
Total past due	58	120	139	244	324	262	1,147	1.4
Current	788	3,162	5,465	12,298	24,189	36,283	82,185	98.6
<b>Total</b>	<b>\$ 846</b>	<b>\$ 3,282</b>	<b>\$ 5,604</b>	<b>\$ 12,542</b>	<b>\$ 24,513</b>	<b>\$ 36,545</b>	<b>\$ 83,332</b>	<b>100.0 %</b>
Gross charge-offs	\$ 46	\$ 58	\$ 71	\$ 152	\$ 191	\$ 50	\$ 568	

The credit quality analysis of consumer receivables at December 31, 2025 and gross charge-offs during the year ended December 31, 2025 were as follows (in millions):

	Amortized Cost Basis by Origination Year						Total	Percent
	Prior to 2021	2021	2022	2023	2024	2025		
<b>Consumer</b>								
31-60 days past due	\$ 61	\$ 65	\$ 139	\$ 228	\$ 275	\$ 166	\$ 934	1.1 %
Greater than 60 days past due	21	24	51	75	89	60	320	0.4
Total past due	82	89	190	303	364	226	1,254	1.5
Current	1,139	2,206	6,299	15,096	26,754	32,624	84,118	98.5
<b>Total</b>	<b>\$ 1,221</b>	<b>\$ 2,295</b>	<b>\$ 6,489</b>	<b>\$ 15,399</b>	<b>\$ 27,118</b>	<b>\$ 32,850</b>	<b>\$ 85,372</b>	<b>100.0 %</b>
Gross charge-offs	\$ 54	\$ 54	\$ 124	\$ 187	\$ 205	\$ 42	\$ 666	

*Non-Consumer Portfolio.* We extend credit to dealers primarily in the form of lines of credit to purchase new Ford and Lincoln vehicles as well as used vehicles. Payment is typically required when the dealer has sold the vehicle. Each non-consumer lending request is evaluated by considering the borrower's financial condition and the underlying collateral securing the loan. We use a proprietary model to assign each dealer a risk rating. This model uses historical dealer performance data to identify key factors about a dealer that we consider most significant in predicting a dealer's ability to meet its financial obligations. We also consider numerous other financial and qualitative factors of the dealer's operations, including capitalization and leverage, liquidity and cash flow, profitability, and credit history with ourselves and other creditors.

Dealers are assigned to one of four groups according to risk ratings as follows:

- *Group I* – strong to superior financial metrics
- *Group II* – fair to favorable financial metrics
- *Group III* – marginal to weak financial metrics
- *Group IV* – poor financial metrics, including dealers classified as uncollectible

We generally suspend credit lines and extend no further funding to dealers classified in Group IV.

FORD MOTOR CREDIT COMPANY LLC AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

**NOTE 4. FINANCE RECEIVABLES AND ALLOWANCE FOR CREDIT LOSSES (Continued)**

We regularly review our model to confirm the continued business significance and statistical predictability of the model and may make updates to improve the performance of the model. In addition, we regularly audit dealer inventory and dealer sales records to verify that the dealer is in possession of the financed vehicles and is promptly paying each receivable following the sale of the financed vehicle. The frequency of on-site vehicle inventory audits depends primarily on the dealer's risk rating. Under our policies, on-site vehicle inventory audits of low-risk dealers are conducted only as circumstances warrant. On-site vehicle inventory audits of higher-risk dealers are conducted with increased frequency based primarily on the dealer's risk rating, but also considering the results of our electronic monitoring of the dealer's performance, including daily payment verifications and monthly analyses of the dealer's financial statements, payoffs, aged inventory, over credit line, and delinquency reports. We typically perform a credit review of each dealer annually and more frequently review certain dealers based on the dealer's risk rating and total exposure. We adjust the dealer's risk rating, if necessary. The credit quality of dealer financing receivables is evaluated based on our internal dealer risk rating analysis. A dealer has the same risk rating for all of its dealer financing regardless of the type of financing.

The credit quality analysis of dealer financing receivables at December 31, 2024 and gross charge-offs during the year ended December 31, 2024 were as follows (in millions):

	Amortized Cost Basis by Origination Year							Wholesale Loans	Total	Percent
	Dealer Loans									
	Prior to 2020	2020	2021	2022	2023	2024	Total			
Group I	\$ 270	\$ 63	\$ 97	\$ 47	\$ 231	\$ 245	\$ 953	\$ 33,345	\$ 34,298	91.7 %
Group II	13	—	3	1	28	31	76	2,494	2,570	6.9
Group III	—	—	2	—	1	4	7	462	469	1.3
Group IV	—	—	—	—	—	1	1	46	47	0.1
Total (a)	\$ 283	\$ 63	\$ 102	\$ 48	\$ 260	\$ 281	\$ 1,037	\$ 36,347	\$ 37,384	100.0 %
Gross charge-offs	\$ 1	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1	\$ 6	\$ 7	

(a) Total past due dealer financing receivables at December 31, 2024 were \$8 million.

The credit quality analysis of dealer financing receivables at December 31, 2025 and gross charge-offs during the year ended December 31, 2025 were as follows (in millions):

	Amortized Cost Basis by Origination Year							Wholesale Loans	Total	Percent
	Dealer Loans									
	Prior to 2021	2021	2022	2023	2024	2025	Total			
Group I	\$ 269	\$ 68	\$ 31	\$ 149	\$ 78	\$ 268	\$ 863	\$ 27,306	\$ 28,169	85.5 %
Group II	25	8	4	33	46	44	160	3,979	4,139	12.6
Group III	1	—	—	2	1	11	15	584	599	1.8
Group IV	—	—	—	—	—	2	2	24	26	0.1
Total (a)	\$ 295	\$ 76	\$ 35	\$ 184	\$ 125	\$ 325	\$ 1,040	\$ 31,893	\$ 32,933	100.0 %
Gross charge-offs	\$ —	\$ —	\$ —	\$ 1	\$ —	\$ —	\$ 1	\$ 10	\$ 11	

(a) Total past due dealer financing receivables at December 31, 2025 were \$8 million.

**Non-Accrual of Revenue.** The accrual of financing revenue is discontinued at the time a receivable is determined to be uncollectible or when it is 90 days past due. Accounts may be restored to accrual status only when a customer settles all past-due deficiency balances and future payments are reasonably assured. For receivables in non-accrual status, subsequent financing revenue is recognized only to the extent a payment is received. Payments are generally applied first to outstanding interest and then to the unpaid principal balance.

## FORD MOTOR CREDIT COMPANY LLC AND SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS

#### NOTE 4. FINANCE RECEIVABLES AND ALLOWANCE FOR CREDIT LOSSES (*Continued*)

*Loan Modifications.* Consumer and non-consumer receivables that have a modified interest rate and/or a term extension (including receivables that were modified in reorganization proceedings pursuant to the U.S. Bankruptcy Code) are typically considered to be loan modifications. We do not grant modifications to the principal balance of our receivables. If a receivable is modified in a reorganization proceeding, all payment requirements of the reorganization plan need to be met before remaining balances are forgiven.

During the collection process, we may offer a term extension to a customer experiencing financial difficulty. During the extension period, finance charges continue to accrue. If the customer's financial difficulty is not temporary, but we believe the customer is willing and able to repay their loan at a lower payment amount, we may offer to modify the interest rate and/or extend the term in order to lower the scheduled monthly payment. In those cases, the outstanding balance generally remains unchanged. The use of interest rate modifications and term extensions helps us mitigate financial loss. Term extensions may assist in cases where we believe the customer will recover from short-term financial difficulty and resume regularly scheduled payments. Before offering an interest rate modification or term extension, we evaluate and take into account the capacity of the customer to meet the revised payment terms. Although the granting of an extension could delay the eventual charge-off of a receivable, we are typically able to repossess and sell the related collateral, thereby mitigating the loss. The effect of most loan modifications made to borrowers experiencing financial difficulty is included in the historical trends used to measure the allowance for credit losses. A loan modification that improves the delinquency status of a borrower reduces the probability of default, which results in a lower allowance for credit losses. At December 31, 2025, an insignificant portion of our total finance receivables portfolio had been granted a loan modification and these modifications are generally treated as a continuation of the existing loan.

#### **Allowance for Credit Losses**

The allowance for credit losses represents our estimate of the lifetime expected credit losses inherent in finance receivables as of the balance sheet date. The adequacy of the allowance for credit losses is assessed quarterly.

Adjustments to the allowance for credit losses are made by recording charges to *Provision for credit losses* on our consolidated income statements. The uncollectible portion of a finance receivable is charged to the allowance for credit losses at the earlier of when an account is deemed to be uncollectible or when an account is 120 days delinquent, taking into consideration the financial condition of the customer or borrower, the value of the collateral, recourse to guarantors, and other factors.

Charge-offs on finance receivables include uncollected amounts related to principal, interest, late fees, and other allowable charges. Recoveries on finance receivables previously charged off as uncollectible are credited to the allowance for credit losses. In the event we repossess the collateral, the receivable is charged off and the collateral is recorded at its estimated fair value less costs to sell and reported in *Other assets* on our consolidated balance sheets.

#### *Consumer Portfolio*

For consumer receivables that share similar risk characteristics such as product type, initial credit risk, term, vintage, geography, and other relevant factors, we estimate the lifetime expected credit loss allowance based on a collective assessment using measurement models and management judgment. The lifetime expected credit losses for the receivables is determined by applying probability of default and loss given default assumptions to monthly expected exposures, then discounting these cash flows to present value using the receivable's original effective interest rate or the current effective interest rate for a variable rate receivable. Probability of default models are developed from internal risk scoring models taking into account the expected probability of payment and time to default, adjusted for macroeconomic outlook and recent performance. The models consider factors such as risk evaluation at the time of origination, historical trends in credit losses, and the composition and recent performance of the present portfolio (including vehicle brand, term, risk evaluation, and new/used vehicles). The loss given default is the percentage of the expected balance due at default that is not recoverable, taking into account the expected collateral value and trends in recoveries (including key metrics such as delinquencies, repossessions, and bankruptcies). Monthly exposures are equal to the receivables' expected outstanding principal and interest balance.

FORD MOTOR CREDIT COMPANY LLC AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

**NOTE 4. FINANCE RECEIVABLES AND ALLOWANCE FOR CREDIT LOSSES (Continued)**

The allowance for credit losses incorporates forward-looking macroeconomic conditions for baseline, upturn, and downturn scenarios. Three separate credit loss allowances are calculated from these scenarios. They are then probability-weighted to determine the quantitative estimate of the credit loss allowance recognized in the financial statements. We use forecasts from a third party that revert to a long-term historical average after a reasonable and supportable forecasting period, which is specific to the particular macroeconomic variable and which varies by market. We update the forward-looking macroeconomic forecasts quarterly.

If management does not believe the models reflect lifetime expected credit losses for the portfolio, an adjustment is made to reflect management judgment regarding qualitative factors, including economic uncertainty, observable changes in portfolio performance, and other relevant factors.

On an ongoing basis, we review and periodically update our models, including macroeconomic factors, the selection of macroeconomic scenarios, and their weighting, to ensure they reflect the risk of the portfolio.

*Non-Consumer Portfolio*

Dealer financing is evaluated on an individual dealer basis by segmenting dealers by risk characteristics (such as the amount of the loans, the nature of the collateral, and the financial status of the dealer) to determine if an individual dealer requires a specific allowance for credit loss. If required, the allowance is based on the present value of the expected future cash flows of the dealer's receivables discounted at the loans' original effective interest rate or the fair value of the collateral adjusted for estimated costs to sell.

For the remaining dealer financing, we estimate an allowance for credit losses on a collective basis.

*Wholesale Loans.* We estimate the allowance for credit losses for wholesale loans based on historical LTR ratios, expected future cash flows, and the fair value of collateral. The LTR model is based on the most recent years of history. An LTR ratio is calculated by dividing credit losses (i.e., charge-offs net of recoveries) by average net finance receivables, excluding allowance for credit losses. The average LTR ratio is multiplied by the end-of-period balances, representing the lifetime expected credit loss reserve.

*Dealer Loans.* We use a weighted-average remaining maturity method to estimate the lifetime expected credit loss reserve for dealer loans. The loss model is based on the industrywide commercial real estate credit losses, adjusted to factor in the historical credit losses for our dealer loans portfolio. The expected credit loss is calculated under different macroeconomic scenarios that are weighted to provide the total lifetime expected credit loss.

After establishing the collective and specific allowance for credit losses, if management believes the allowance does not reflect all losses inherent in the portfolio due to changes in recent economic trends and conditions, or other relevant forward-looking economic factors, an adjustment is made based on management judgment.

An analysis of the allowance for credit losses related to finance receivables for the years ended December 31 was as follows (in millions):

	2024			2025		
	Consumer	Non-Consumer	Total	Consumer	Non-Consumer	Total
<b>Allowance for credit losses</b>						
Beginning balance	\$ 879	\$ 3	\$ 882	\$ 860	\$ 4	\$ 864
Charge-offs	(568)	(7)	(575)	(666)	(11)	(677)
Recoveries	160	3	163	177	3	180
Provision for credit losses	412	5	417	516	12	528
Other (a)	(23)	—	(23)	15	1	16
Ending balance	\$ 860	\$ 4	\$ 864	\$ 902	\$ 9	\$ 911

(a) Primarily represents amounts related to foreign currency translation adjustments.

## FORD MOTOR CREDIT COMPANY LLC AND SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS

#### NOTE 4. FINANCE RECEIVABLES AND ALLOWANCE FOR CREDIT LOSSES *(Continued)*

For the year ended December 31, 2025, the allowance for credit losses increased \$47 million, primarily reflecting economic outlook assumptions.

#### NOTE 5. NET INVESTMENT IN OPERATING LEASES

*Net investment in operating leases* consists primarily of lease contracts for vehicles with individuals, daily rental companies, and fleet customers with terms of 60 months or less. Payment extensions may be requested by the customer and are generally limited to a maximum of six months over the term of the lease. Term extensions may also be requested by the customer. Term and payment extensions in total generally do not exceed twelve months. A lease can be terminated at any time by satisfying the obligations under the lease agreement. Early termination programs may be occasionally offered to eligible lessees. At the end of the lease, the customer returns the vehicle to the dealer or may have the option to buy the leased vehicle. In the case of a contract default and repossession, the customer typically remains liable for any deficiency between net auction proceeds and the defaulted contract obligations, including any repossession-related expenses. Included in *Net investment in operating leases* are net investment in operating leases that have been sold for legal purposes in securitization transactions but continue to be reported in our consolidated financial statements. See Note 6 for additional information.

Revenue from rental payments received on operating leases is recognized on a straight-line basis over the term of the lease. The accrual of revenue on operating leases is discontinued at the time an account is determined to be uncollectible.

We receive interest supplements and residual support payments on certain leasing transactions under agreements with Ford. We recognize these upfront collections from Ford and other vehicle acquisition costs as part of *Net investment in operating leases*, which are amortized to *Depreciation on vehicles subject to operating leases* over the term of the lease contract. Unearned interest supplements and residual support included in *Net investment in operating leases* at December 31, 2024 and 2025 was \$1.9 billion and \$2.3 billion, respectively. Earned interest supplements and residual support costs included in *Depreciation on vehicles subject to operating leases* for the years ended December 31, 2023, 2024, and 2025 was \$0.9 billion, \$1.0 billion, and \$1.3 billion, respectively. Interest supplements and residual support cash received totaled \$1.1 billion, \$1.6 billion, and \$1.7 billion for the years ended December 31, 2023, 2024, and 2025, respectively. Interest supplements due from Ford included in *Notes and accounts receivable from affiliated companies* totaled \$110 million, \$152 million, and \$179 million for the years ended December 31, 2023, 2024, and 2025, respectively, and is a non-cash investing transaction in our consolidated statement of cash flows.

At the time of purchase, we establish the expected residual value for each vehicle, considering recent auction values, return volumes for our leased vehicles, industrywide used vehicle prices, marketing incentive plans, and vehicle quality data, and benchmark to third-party data depending on availability. Depreciation expense for vehicles under operating leases is then recognized on a straight-line basis, with the associated accumulated depreciation reducing the vehicle's value to its estimated residual value by the end of the scheduled lease term. Our depreciation for leased vehicles is evaluated regularly, using third-party data, and considering factors such as projected residual values at lease termination (including residual value support payments from Ford), the estimated number of vehicles that will be returned to us, and historical early termination rates due to customer defaults. Depreciation expense adjustments, reflecting revised residual value estimates, are applied prospectively on a straight-line basis. We monitor residual values monthly and review accumulated depreciation accuracy quarterly. Our policy is to promptly sell off-lease vehicles. When a vehicle is sold, the difference between net book value and proceeds, plus any lease termination fees (for example, variable lease payments such as excess wear and tear or mileage charges), are recorded as adjustments to *Depreciation on vehicles subject to operating leases*.

We evaluate the carrying value of held-and-used long-lived asset groups (such as vehicles subject to operating leases) for potential impairment when we determine a triggering event has occurred. When a triggering event occurs, a test for recoverability is performed by comparing projected undiscounted future cash flows to the carrying value of the asset group. If the test for recoverability identifies a possible impairment, the asset group's fair value is measured in accordance with the fair value measurement framework. An impairment charge is recognized for the amount by which the carrying value of the asset group exceeds its estimated fair value. For the periods presented, we have not recorded any impairment charges.

**FORD MOTOR CREDIT COMPANY LLC AND SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 5. NET INVESTMENT IN OPERATING LEASES (Continued)**

*Net investment in operating leases* at December 31 was as follows (in millions):

	2024	2025
Vehicles, at cost (a)	\$ 25,424	\$ 30,639
Accumulated depreciation	(3,735)	(4,137)
Net investment in operating leases	<u>\$ 21,689</u>	<u>\$ 26,502</u>

(a) Includes vehicle acquisition costs less interest supplements and residual support payments we receive on certain leasing transactions under agreements with Ford and affiliated companies, and deferral method investment tax credits.

The amounts contractually due on our operating leases at December 31, 2025 were as follows (in millions):

	2026	2027	2028	2029	2030	Total
Operating lease payments	\$ 4,541	\$ 3,181	\$ 1,586	\$ 404	\$ 20	\$ 9,732

Operating leases are generally pre-payable without penalty which may result in actual amounts paid to differ from amounts contractually due.

We have a sale-leaseback agreement with Ford primarily for vehicles that Ford leases to employees of Ford and its subsidiaries. The financing we provide under this agreement is reflected on our balance sheets in *Total finance receivables, net*. The revenue related to these agreements is reflected in *Other financing*.

**NOTE 6. TRANSFERS OF RECEIVABLES AND VARIABLE INTEREST ENTITIES**

We securitize finance receivables and net investment in operating leases through a variety of programs using amortizing, variable funding, and revolving structures. We also sell finance receivables or pledge them as collateral in certain transactions outside of the United States, in other types of structured financing transactions. Due to the similarities between securitization and structured financing, we refer to structured financings as securitization transactions. Our securitization programs are targeted to institutional investors in both public and private transactions in capital markets primarily in the United States, Canada, Mexico, Germany, Italy, the United Kingdom, and China.

The finance receivables sold for legal purposes and net investment in operating leases included in securitization transactions 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 our other obligations or the claims of our other creditors. The debt is the obligation of our consolidated securitization entities and not the obligation of Ford Credit or our other subsidiaries. We hold 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.

We use special purpose entities ("SPEs") to issue asset-backed securities in our securitization transactions. We have deemed most of these SPEs to be VIEs of which we are the primary beneficiary, and therefore, are consolidated. The SPEs are established for the sole purpose of financing the securitized financial assets. The SPEs are generally financed through the issuance of notes or commercial paper into the public or private markets or directly with conduits.

We continue to recognize our financial assets related to our sales of receivables when the financial assets are sold to a consolidated VIE or a consolidated voting interest entity. We derecognize our financial assets when the financial assets are sold to a non-consolidated entity and we do not maintain control over the financial assets.

FORD MOTOR CREDIT COMPANY LLC AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

**NOTE 6. TRANSFERS OF RECEIVABLES AND VARIABLE INTEREST ENTITIES (Continued)**

A VIE is an entity that either (i) has insufficient equity to finance its activities without additional subordinated financial support, or (ii) has equity investors who lack the characteristics of a controlling financial interest. We consolidate VIEs of which we are the primary beneficiary. We consider ourselves the primary beneficiary of a VIE when we have both the power to direct the activities that most significantly impact the entity's economic performance and the obligation to absorb losses or the right to receive benefits from the entity that could potentially be significant to the VIE. Assets recognized as a result of consolidating these VIEs do not represent additional assets that could be used to satisfy claims against our general assets. Liabilities recognized as a result of consolidating these VIEs do not represent additional claims on our general assets; rather, they represent claims against the specific assets of the consolidated VIEs.

We have the power to direct significant activities of our SPEs when we have the ability to exercise discretion in the servicing of financial assets, issue additional debt, exercise a unilateral call option, add assets to revolving structures, or control investment decisions. We generally retain a portion of the economic interests in the asset-backed securitization transactions, which could be retained in the form of a portion of the senior interests, the subordinated interests, cash reserve accounts, residual interests, and servicing rights. The transfers of assets in our securitization transactions do not qualify for accounting sale treatment.

The transactions create and pass along risks to the variable interest holders, depending on the assets securing the debt and the specific terms of the transactions. We aggregate and analyze the asset-backed securitization transactions based on the risk profile of the product and the type of funding structure, including:

- Retail financing – consumer credit risk and pre-payment risk;
- Wholesale financing – dealer credit risk and Ford risk, as the receivables owned by the VIEs primarily arise from the financing provided by us to Ford-franchised dealers; therefore, the collections depend upon the sale of Ford vehicles; and
- Net investment in operating leases – vehicle residual value risk, consumer credit risk, and pre-payment risk.

As residual interest holder, we are exposed to the underlying residual and credit risk of the collateral and are exposed to interest rate risk in some transactions. The amount of risk absorbed by our residual interests generally is represented by and limited to the amount of overcollateralization of the assets securing the debt and any cash reserves.

We have no obligation to repurchase or replace any securitized asset that subsequently becomes delinquent in payment or otherwise is in default, except when representations and warranties about the eligibility of the securitized assets are breached, or when certain changes are made to the underlying asset contracts. Securitization investors have no recourse to us or our other assets other than as provided above and have no right to require us to repurchase the asset-backed securities. We generally have no obligation to provide liquidity or contribute cash or additional assets to the VIEs and do not guarantee any asset-backed securities. We may choose to support the performance of certain securitization transactions, however, by increasing cash reserves.

Although not contractually required, we regularly support our wholesale securitization programs by repurchasing receivables of a dealer from a VIE when the dealer's performance is at risk, which transfers the corresponding risk of loss from the VIE to us. In order to continue to fund the wholesale receivables, we also may contribute additional cash or wholesale receivables if the collateral falls below the required levels. The balance of cash related to these contributions was zero at both December 31, 2024 and 2025, and was zero for all of 2024 and 2025.

FORD MOTOR CREDIT COMPANY LLC AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

**NOTE 6. TRANSFERS OF RECEIVABLES AND VARIABLE INTEREST ENTITIES (Continued)**

Most of our securitization transactions utilize VIEs. The following tables show the assets and debt related to our securitization transactions that were included in our consolidated financial statements at December 31 (in billions):

	2024				
	Finance Receivables and Net Investment in Operating Leases (a)				
	Cash and Cash Equivalents	Before Allowance for Credit Losses	Allowance for Credit Losses	After Allowance for Credit Losses	Related Debt (c)
<b>VIE (b)</b>					
Retail financing	\$ 1.7	\$ 37.0	\$ (0.3)	\$ 36.7	\$ 31.6
Wholesale financing	0.3	24.0	—	24.0	10.8
Finance receivables	2.0	61.0	(0.3)	60.7	42.4
Net investment in operating leases	0.5	13.3	—	13.3	8.5
Total VIE	<u>\$ 2.5</u>	<u>\$ 74.3</u>	<u>\$ (0.3)</u>	<u>\$ 74.0</u>	<u>\$ 50.9</u>
<b>Non-VIE</b>					
Retail financing	\$ 0.5	\$ 10.6	\$ (0.1)	\$ 10.5	\$ 9.3
Wholesale financing	—	0.4	—	0.4	0.2
Finance receivables	0.5	11.0	(0.1)	10.9	9.5
Net investment in operating leases	—	—	—	—	—
Total Non-VIE	<u>\$ 0.5</u>	<u>\$ 11.0</u>	<u>\$ (0.1)</u>	<u>\$ 10.9</u>	<u>\$ 9.5</u>
<b>Total securitization transactions</b>					
Retail financing	\$ 2.2	\$ 47.6	\$ (0.4)	\$ 47.2	\$ 40.9
Wholesale financing	0.3	24.4	—	24.4	11.0
Finance receivables	2.5	72.0	(0.4)	71.6	51.9
Net investment in operating leases	0.5	13.3	—	13.3	8.5
Total securitization transactions	<u>\$ 3.0</u>	<u>\$ 85.3</u>	<u>\$ (0.4)</u>	<u>\$ 84.9</u>	<u>\$ 60.4</u>

(a) Unearned interest supplements and residual support are excluded from securitization transactions.

(b) Includes assets to be used to settle the liabilities of the consolidated VIEs.

(c) Includes unamortized discount and debt issuance costs.

FORD MOTOR CREDIT COMPANY LLC AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. TRANSFERS OF RECEIVABLES AND VARIABLE INTEREST ENTITIES (Continued)

	2025				
	Finance Receivables and Net Investment in Operating Leases (a)				
	Cash and Cash Equivalents	Before Allowance for Credit Losses	Allowance for Credit Losses	After Allowance for Credit Losses	Related Debt (c)
<b>VIE (b)</b>					
Retail financing	\$ 1.7	\$ 36.2	\$ (0.3)	\$ 35.9	\$ 29.9
Wholesale financing	0.2	19.9	—	19.9	13.5
Finance receivables	1.9	56.1	(0.3)	55.8	43.4
Net investment in operating leases	0.6	13.6	—	13.6	8.7
Total VIE	<u>\$ 2.5</u>	<u>\$ 69.7</u>	<u>\$ (0.3)</u>	<u>\$ 69.4</u>	<u>\$ 52.1</u>
<b>Non-VIE</b>					
Retail financing	\$ 0.4	\$ 7.6	\$ (0.1)	\$ 7.5	\$ 7.0
Wholesale financing	—	0.4	—	0.4	0.4
Finance receivables	0.4	8.0	(0.1)	7.9	7.4
Net investment in operating leases	—	—	—	—	—
Total Non-VIE	<u>\$ 0.4</u>	<u>\$ 8.0</u>	<u>\$ (0.1)</u>	<u>\$ 7.9</u>	<u>\$ 7.4</u>
<b>Total securitization transactions</b>					
Retail financing	\$ 2.1	\$ 43.8	\$ (0.4)	\$ 43.4	\$ 36.9
Wholesale financing	0.2	20.3	—	20.3	13.9
Finance receivables	2.3	64.1	(0.4)	63.7	50.8
Net investment in operating leases	0.6	13.6	—	13.6	8.7
Total securitization transactions	<u>\$ 2.9</u>	<u>\$ 77.7</u>	<u>\$ (0.4)</u>	<u>\$ 77.3</u>	<u>\$ 59.5</u>

(a) Unearned interest supplements and residual support are excluded from securitization transactions.

(b) Includes assets to be used to settle the liabilities of the consolidated VIEs.

(c) Includes unamortized discount and debt issuance costs.

Interest expense related to securitization debt for the years ended December 31 was as follows (in millions):

	2023	2024	2025
VIE	\$ 1,872	\$ 2,165	\$ 2,027
Non-VIE	591	610	466
Total securitization transactions	<u>\$ 2,463</u>	<u>\$ 2,775</u>	<u>\$ 2,493</u>

**FORD MOTOR CREDIT COMPANY LLC AND SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 6. TRANSFERS OF RECEIVABLES AND VARIABLE INTEREST ENTITIES (Continued)**

Certain of our securitization entities may enter into derivative transactions to mitigate interest rate exposure, primarily resulting from fixed-rate assets securing floating-rate debt. In certain instances, the counterparty enters into offsetting derivative transactions with us to mitigate its interest rate risk resulting from derivatives with our securitization entities. These related derivatives are not the obligations of our securitization entities. See Note 7 for additional information regarding the accounting for derivatives. Our exposures based on the fair value of derivative instruments with external counterparties related to securitization programs at December 31 were as follows (in millions):

	2024		2025	
	Derivative Asset	Derivative Liability	Derivative Asset	Derivative Liability
Derivatives of the VIEs	\$ 34	\$ 100	\$ 21	\$ 40
Derivatives related to the VIEs	29	32	8	23
Other securitization related derivatives	39	27	1	40
Total exposures related to securitization	<u>\$ 102</u>	<u>\$ 159</u>	<u>\$ 30</u>	<u>\$ 103</u>

Derivative expense/(income) related to our securitization transactions for the years ended December 31 was as follows (in millions):

	2023	2024	2025
	Derivatives of the VIEs	\$ 25	\$ 14
Derivatives related to the VIEs	(38)	12	26
Other securitization related derivatives	(26)	(82)	19
Total derivative expense/(income) related to securitization	<u>\$ (39)</u>	<u>\$ (56)</u>	<u>\$ 36</u>

**NOTE 7. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES**

In the normal course of business, our operations are exposed to global market risks, including the effect of changes in interest rates and foreign currency exchange rates. To manage these risks, we enter into derivative contracts:

- Interest rate contracts, including swaps, that are used to manage the effects of interest rate fluctuations
- Foreign currency exchange contracts, including forwards, that are used to manage foreign exchange exposure
- Cross-currency interest rate swap contracts that are used to manage foreign currency and interest rate exposures on foreign-denominated debt

We review our hedging program, derivative positions, and overall risk management strategy on a regular basis.

*Derivative Financial Instruments and Hedge Accounting.* Derivative assets and derivative liabilities are reported in *Derivative financial instruments* on our balance sheets.

Our derivatives are over-the-counter customized derivative transactions and are not exchange traded. We estimate the fair value of these instruments using industry-standard valuation models such as a discounted cash flow. These models project future cash flows and discount the future amounts to a present value using market-based expectations for interest rates, foreign exchange rates, and the contractual terms of the derivative instruments. The discount rate used is the relevant benchmark interest rate (e.g., SOFR, SONIA) plus an adjustment for nonperformance risk. The adjustment reflects the full credit default swap (“CDS”) spread applied to a net exposure, by counterparty, considering the master netting agreements and any posted collateral. We use our counterparty’s CDS spread when we are in a net asset position and our own CDS spread when we are in a net liability position.

We have elected to apply hedge accounting to certain derivatives. Derivatives that are designated in hedging relationships are evaluated for effectiveness using regression analysis at the time they are designated and throughout the hedge period. Some derivatives do not qualify for hedge accounting; for others, we elect not to apply hedge accounting.

FORD MOTOR CREDIT COMPANY LLC AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

**NOTE 7. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES (Continued)**

*Fair Value Hedges.* We use derivatives to reduce the risk of changes in the fair value of debt. We have designated certain receive-fixed, pay-float interest rate and cross-currency interest rate swaps as fair value hedges of fixed-rate debt. The risk being hedged is the risk of changes in the fair value of the hedged debt attributable to changes in the benchmark interest rate and foreign exchange. We report the change in fair value of the hedged debt related to the change in benchmark interest rate in *Debt* and *Interest expense*. We report the change in fair value of the hedged debt related to foreign currency in *Debt* and *Other income/(loss), net*. Net interest settlements and accruals, and fair value changes on hedging instruments due to the benchmark interest rate change are reported in *Interest expense*. Fair value changes on the hedging instrument due to foreign currency are reported in *Other Income/(loss), net*. The cash flows associated with fair value hedges are reported in *Net cash provided by/(used in) operating activities* on our statements of cash flows.

When a fair value hedge is de-designated, or when the derivative is terminated before maturity, the fair value adjustment to the hedged debt continues to be reported as part of the carrying value of the debt and is recognized in *Interest expense* over its remaining life.

*Derivatives Not Designated as Hedging Instruments.* We report net interest settlements and accruals and changes in the fair value of interest rate swaps not designated as hedging instruments in *Other income/(loss), net*. Foreign currency revaluation on accrued interest along with gains and losses on foreign exchange contracts and cross-currency interest rate swaps are reported in *Other income/(loss), net*. Cash flows associated with non-designated or de-designated derivatives are reported in *Net cash provided by/(used in) investing activities* on our statements of cash flows.

**Income Effect of Derivative Financial Instruments**

The gains/(losses), by hedge designation, reported in income for the years ended December 31 were as follows (in millions):

	2023	2024	2025
<b>Fair value hedges</b>			
Interest rate contracts			
Net interest settlements and accruals on hedging instruments	\$ (507)	\$ (361)	\$ (162)
Fair value changes on hedging instruments	196	(220)	548
Fair value changes on hedged debt	(260)	182	(530)
Cross-currency interest rate swap contracts			
Net interest settlements and accruals on hedging instruments	(79)	(133)	(79)
Fair value changes on hedging instruments	96	(134)	474
Fair value changes on hedged debt	(96)	108	(463)
<b>Derivatives not designated as hedging instruments</b>			
Interest rate contracts	37	(85)	(48)
Foreign currency exchange contracts (a)	(35)	268	(135)
Cross-currency interest rate swap contracts	127	(272)	276
Total	<u>\$ (521)</u>	<u>\$ (647)</u>	<u>\$ (119)</u>

(a) Reflects forward contracts between us and an affiliated company.

FORD MOTOR CREDIT COMPANY LLC AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES (Continued)

Balance Sheet Effect of Derivative Financial Instruments

Derivative assets and liabilities are reported on the balance sheets at fair value and are presented on a gross basis. The notional amounts of the derivative instruments do not necessarily represent amounts exchanged by the parties and are not a direct measure of our financial exposure. We also enter into master agreements with counterparties that may allow for netting of exposures in the event of default or breach of the counterparty agreement. Collateral represents cash received or paid under reciprocal arrangements that we have entered into with our derivative counterparties, which we do not use to offset our derivative assets and liabilities.

The fair value of our derivative instruments and the associated notional amounts at December 31 were as follows (in millions):

	2024			2025		
	Notional	Fair Value of Assets	Fair Value of Liabilities	Notional	Fair Value of Assets	Fair Value of Liabilities
<b>Fair value hedges</b>						
Interest rate contracts	\$ 16,194	\$ 66	\$ 645	\$ 18,582	\$ 374	\$ 220
Cross-currency interest rate swaps	3,802	9	139	4,158	383	5
<b>Derivatives not designated as hedging instruments</b>						
Interest rate contracts	76,977	305	845	87,293	364	619
Foreign currency exchange contracts (a)	9,716	271	117	6,566	28	75
Cross-currency interest rate swap contracts	5,455	133	246	7,121	379	28
Total derivative financial instruments, gross (b) (c)	<u>\$ 112,144</u>	<u>\$ 784</u>	<u>\$ 1,992</u>	<u>\$ 123,720</u>	<u>\$ 1,528</u>	<u>\$ 947</u>

(a) Includes forward contracts between us and an affiliated company, including offsetting forward contracts with our consolidated entities, totaling \$5.3 billion and \$3.5 billion in notional amounts and \$115 million and \$24 million in both assets and liabilities at December 31, 2024 and 2025, respectively.

(b) At December 31, 2024 and 2025, we held collateral of \$27 million and \$5 million, and we posted collateral of \$127 million and \$102 million, respectively.

(c) At December 31, 2024 and 2025, the fair value of assets and liabilities available for counterparty netting was \$450 million and \$610 million, respectively. All derivatives are categorized within Level 2 of the fair value hierarchy.

FORD MOTOR CREDIT COMPANY LLC AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

**NOTE 8. OTHER ASSETS AND OTHER LIABILITIES AND DEFERRED REVENUE**

*Other assets* and *Other liabilities and deferred revenue* consist of various balance sheet items that are combined for financial statement presentation due to their respective materiality compared with other individual asset and liability items.

*Other assets* at December 31 were as follows (in millions):

	2024	2025
Prepaid reinsurance premiums and other reinsurance recoverables	\$ 876	\$ 992
Accrued interest and other non-finance receivables	666	648
Deferred tax assets	178	512
Collateral held for resale, at net realizable value	392	477
Property and equipment, net of accumulated depreciation (a)	283	338
Investment in non-consolidated affiliates	182	180
Restricted cash	88	107
Operating lease assets	40	38
Other	350	297
Total other assets	<u>\$ 3,055</u>	<u>\$ 3,589</u>

(a) Accumulated depreciation was \$448 million and \$446 million at December 31, 2024 and 2025, respectively.

*Other liabilities and deferred revenue* at December 31 were as follows (in millions):

	2024	2025
Interest payable	\$ 1,098	\$ 1,183
Unearned insurance premiums and fees	995	1,134
Income tax and related interest (a)	131	225
Payroll and employee benefits	86	104
Operating lease liabilities	42	41
Other	275	493
Total other liabilities and deferred revenue	<u>\$ 2,627</u>	<u>\$ 3,180</u>

(a) Includes tax payable to affiliated companies of \$9 million and \$71 million at December 31, 2024 and 2025, respectively.

**NOTE 9. DEBT AND COMMITMENTS**

We obtain short-term funding from the issuance of demand notes to retail investors through our Ford Interest Advantage and retail deposit programs. We have certain securitization programs that issue short-term asset-backed debt securities that are sold to institutional investors. Bank borrowings by several of our international affiliates in the ordinary course of business are an additional source of short-term funding. We obtain long-term debt funding through the issuance of a variety of unsecured and asset-backed debt securities in the United States and international capital markets.

Asset-backed debt issued in securitizations is the obligation of the consolidated securitization entity that issued the debt and is payable only out of collections on the underlying securitized assets and related enhancements. This asset-backed debt is not the obligation of Ford Credit or our other subsidiaries.

*Debt* is reported on our consolidated balance sheets at par value adjusted for unamortized discount or premium, unamortized issuance costs, and adjustments related to designated fair value hedging (see Note 7 for additional information). Debt due within one year at issuance is classified as short-term. Debt due after one year at issuance is classified as long-term. Discounts, premiums, and costs directly related to the issuance of debt are capitalized and amortized over the life of the debt or to the put date and are recorded in *Interest expense* using the effective interest method. Gains and losses on the extinguishment of debt are recorded in *Other income/(loss), net*.

FORD MOTOR CREDIT COMPANY LLC AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9. DEBT AND COMMITMENTS (Continued)

Debt outstanding and interest rates at December 31 were as follows (in millions):

	Debt		Interest Rates	
	2024	2025	Average Contractual 2024	2025
<b>Short-term debt</b>				
Unsecured debt				
Floating rate demand notes	\$ 12,040	\$ 12,950		
Other short-term debt	4,173	3,478		
Asset-backed debt	1,200	1,922		
Total short-term debt	17,413	18,350	4.7 %	3.7 %
<b>Long-term debt</b>				
Unsecured debt				
Notes payable within one year	12,871	13,625		
Notes payable after one year	49,607	52,357		
Asset-backed debt				
Notes payable within one year	23,050	19,831		
Notes payable after one year	36,224	37,741		
Unamortized (discount)/premium and issuance costs	(253)	(247)		
Fair value adjustments (a)	(1,044)	(240)		
Total long-term debt	120,455	123,067	4.8 %	4.7 %
Total debt	\$ 137,868	\$ 141,417	4.8 %	4.6 %
Fair value of debt	\$ 140,046	\$ 144,213		
<b>Interest rate characteristics of debt payable after one year</b>				
Fixed interest rate	69,085	71,962		
Variable interest rate (generally based on SOFR or other short-term rates)	16,746	18,136		
Total payable after one year	\$ 85,831	\$ 90,098		

(a) These adjustments are related to hedging activity and include discontinued hedging relationship adjustments of \$(450) million and \$(319) million at December 31, 2024 and 2025, respectively. The carrying value of hedged debt was \$41.1 billion and \$41.7 billion at December 31, 2024 and 2025, respectively.

We measure debt at fair value for purposes of disclosure using quoted prices for our own debt with approximately the same remaining maturities. Where quoted prices are not available, we estimate fair value using discounted cash flows and market-based expectations for interest rates, credit risk, and the contractual terms of the debt instruments. For certain short-term debt with an original maturity date of one year or less, we assume that book value is a reasonable approximation of the debt's fair value. The fair value of debt is categorized within Level 2 of the hierarchy. The fair value of debt includes \$16.2 billion and \$16.4 billion of short-term debt at December 31, 2024 and 2025, respectively, carried at cost, which approximates fair value. We paid interest of \$5.8 billion, \$7.0 billion, and \$6.7 billion in 2023, 2024, and 2025, respectively, on debt.

FORD MOTOR CREDIT COMPANY LLC AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9. DEBT AND COMMITMENTS (Continued)

**Maturities**

The amounts contractually due for our debt maturities, including both scheduled principal and interest payments, at December 31, 2025 were as follows (in millions):

	2026 (a)	2027	2028	2029	2030	Thereafter (b)	Total
Unsecured debt	\$ 30,053	\$ 12,941	\$ 11,657	\$ 8,613	\$ 7,836	\$ 11,310	\$ 82,410
Asset-backed debt	21,753	17,819	12,104	4,581	3,237	—	59,494
Total	51,806	30,760	23,761	13,194	11,073	11,310	141,904
Unamortized (discount)/premium and issuance costs							(247)
Fair value adjustments							(240)
Total debt							\$ 141,417
Interest payments related to long-term debt	\$ 5,309	\$ 3,858	\$ 2,583	\$ 1,633	\$ 1,057	\$ 1,666	\$ 16,106

(a) Includes \$18,350 million for short-term and \$33,456 million for long-term debt.

(b) Matures between 2031 and 2035.

**Committed Asset-Backed Facilities**

We and our subsidiaries have entered into agreements with a number of banks and bank-sponsored asset-backed commercial paper conduits. Such counterparties are contractually committed, at our option, to purchase from us eligible retail financing receivables or to purchase or make advances under asset-backed securities backed by retail financing or wholesale finance receivables or operating leases for proceeds of up to \$43.6 billion (\$24.9 billion of retail financing, \$11.0 billion of operating leases, and \$7.7 billion of wholesale financing) at December 31, 2025. In the United States, we are able to obtain funding within two days for our unutilized capacity in some of our committed asset-backed facilities. These committed facilities have varying maturity dates, with \$11.4 billion having maturities within the next twelve months and the remaining balance having maturities through second quarter 2029. We plan capacity renewals to protect our global funding needs and to optimize capacity utilization.

Our ability to obtain funding under these facilities is subject to having a sufficient amount of eligible assets as well as our ability to obtain interest rate hedging arrangements for certain facilities. At December 31, 2025, \$26.4 billion of these commitments were in use and we had \$0.3 billion of asset-backed capacity that was in excess of eligible receivables. These programs are free of material adverse change clauses, restrictive financial covenants (for example, debt-to-equity limitations and minimum net worth requirements), and generally, credit rating triggers that could limit our ability to obtain funding. However, the unused portion of these commitments may be terminated if the performance of the underlying assets deteriorates beyond specified levels. Based on our experience and knowledge as servicer of the related assets, we do not expect any of these programs to be terminated due to such events.

As of December 31, 2025, FCE had liquidity of £36 million (equivalent to \$48 million) in the form of eligible collateral available for use in the monetary policy programs of the Bank of England. In addition, Ford Bank had liquidity of €311 million (equivalent to \$366 million) in the form of eligible collateral available for use in the monetary policy programs of the European Central Bank.

## FORD MOTOR CREDIT COMPANY LLC AND SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS

#### NOTE 9. DEBT AND COMMITMENTS *(Continued)*

##### Unsecured Credit Facilities

At December 31, 2025, we and our subsidiaries had \$1.5 billion of contractually committed unsecured credit facilities with financial institutions, including the FCE Credit Agreement and the Ford Bank Credit Agreement. At December 31, 2025, \$0.9 billion was available for use.

At December 31, 2025, £310 million (equivalent to \$418 million) was available for use under FCE's £585 million (equivalent to \$787 million) Credit Agreement and €50 million (equivalent to \$59 million) was available for use under Ford Bank's €210 million (equivalent to \$247 million) Credit Agreement. Both the FCE Credit Agreement and Ford Bank Credit Agreement mature in 2028.

Both the FCE Credit Agreement and Ford Bank Credit Agreement contain certain covenants, including an obligation for FCE and Ford Bank to maintain their ratio of regulatory capital to risk-weighted assets at no less than the applicable regulatory minimum. The FCE Credit Agreement requires the support agreement between FCE and Ford Credit to remain in effect (and enforced by FCE to ensure that its net worth is maintained at no less than \$500 million). The Ford Bank Credit Agreement requires a guarantee of Ford Bank's obligations under the agreement, provided by Ford Credit, to remain in effect. In addition, both the FCE Credit Agreement and the Ford Bank Credit Agreement include certain sustainability-linked targets, pursuant to which the applicable margin may be adjusted if Ford achieves, or fails to achieve, the specified targets related to global manufacturing facility greenhouse gas emissions, carbon-free electricity consumption, and Ford Europe CO2 tailpipe emissions. For the most recent performance period, Ford outperformed the global manufacturing facility greenhouse gas emissions and carbon-free electricity consumption metrics, and it was neutral on the Ford Europe CO2 tailpipe emissions metric.

#### NOTE 10. INCOME TAXES

Ford Motor Credit Company LLC and certain of its subsidiaries are disregarded entities for United States income tax purposes. Ford's consolidated United States federal and state income tax returns include certain of our domestic subsidiaries. Our provision for income taxes includes only income tax liabilities for Ford Credit entities recognized as taxable within a jurisdiction. Certain United States minimum taxes, such as the corporate alternative minimum tax and the tax on global intangible low-taxed income, are generally allocated to us on a separate return basis calculated as if we were a taxable entity. The net minimum tax liability allocated to us will not exceed the net liability as determined on a consolidated basis.

We recognize income tax-related penalties in *Provision for/(Benefit from) income taxes* on our consolidated income statements. We recognize income tax-related interest income and expense in *Other income/(loss), net* on our consolidated income statements.

We account for U.S. tax on global intangible low-taxed income in the period incurred, and we account for investment tax credits using the deferral method.

Deferred tax assets and liabilities are recognized based on the future tax consequences attributable to temporary differences that exist between the financial statement carrying value of assets and liabilities and their respective tax bases, and net operating loss carryforwards and tax credit carryforwards on a taxing jurisdiction basis. We measure deferred tax assets and liabilities using enacted tax rates that will apply in the years in which we expect the temporary differences to be recovered or paid.

Our accounting for deferred tax consequences represents our best estimate of the likely future tax consequences of events that have been recognized in our consolidated financial statements or tax returns and their future probability. In assessing the need for a valuation allowance, we consider both positive and negative evidence related to the likelihood of realization of the deferred tax assets. If, based on the weight of available evidence, it is more likely than not that the deferred tax assets will not be realized, we record a valuation allowance.

As disclosed in Note 2, we have prospectively adopted the guidance in *ASU 2023-09 Improvements to Income Tax Disclosures*.

**FORD MOTOR CREDIT COMPANY LLC AND SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 10. INCOME TAXES (Continued)**

**Components of Income Taxes**

The components of income taxes excluding other comprehensive income/(loss) and equity in net results of affiliated companies accounted for after-tax for the years ended December 31 were as follows (in millions):

	<u>2023</u>	<u>2024</u>	<u>2025</u>
<b>Income/(Loss) before income taxes</b>			
U.S.	\$ 797	\$ 773	\$ 1,763
Non-U.S.	525	881	794
Total	<u>\$ 1,322</u>	<u>\$ 1,654</u>	<u>\$ 2,557</u>
<b>Provision for/(Benefit from) income taxes</b>			
<b>Current</b>			
Federal	\$ 190	\$ (43)	\$ (31)
Non-U.S.	361	156	155
State and local	10	9	9
Total current	<u>561</u>	<u>122</u>	<u>133</u>
<b>Deferred</b>			
Federal	65	239	170
Non-U.S.	(627)	37	82
State and local	(1)	—	(3)
Total deferred	<u>(563)</u>	<u>276</u>	<u>249</u>
Total	<u>\$ (2)</u>	<u>\$ 398</u>	<u>\$ 382</u>

**Reconciliation of Income Tax**

The reconciliation of the Company's effective tax rate for the years ended December 31 were as follows:

	<u>2023</u>	<u>2024</u>
<b>Reconciliation of the Company's effective tax rate</b>		
U.S. federal statutory tax	21.0 %	21.0 %
U.S. disregarded entities	4.8	0.5
Non-U.S. tax rate differential	(0.9)	0.2
U.S. state and local taxes	0.5	0.4
Nontaxable foreign currency gains and losses	(1.5)	(0.7)
Dispositions and restructurings (a)	(25.9)	—
U.S. tax on non-U.S. earnings	—	3.6
Prior year settlements and claims	(0.8)	—
Other	2.6	(0.9)
Effective tax rate	<u>(0.2)%</u>	<u>24.1 %</u>

(a) 2023 includes a benefit of \$343 million associated with legal entity restructuring within our leasing operations.

**FORD MOTOR CREDIT COMPANY LLC AND SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 10. INCOME TAXES (Continued)**

	2025	
	Amount	Percent
<b>Reconciliation of the Company's provision for/(benefit from) income taxes and effective tax rate</b>		
U.S. federal statutory tax	\$ 537	21.0 %
<b>Federal</b>		
<b>U.S. disregarded entities</b>	(225)	(8.8)
<b>Effect of cross-border tax laws (a)</b>		
Global intangible low-taxed income	13	0.5
Passive Income	24	0.9
<b>Other</b>	(21)	(0.8)
<b>U.S. state and local taxes (b)</b>	6	0.2
<b>Foreign</b>		
<b>Mexico</b>		
Non-taxable or nondeductible items	(32)	(1.3)
Other	34	1.3
<b>United Kingdom</b>		
Non-taxable or nondeductible items	33	1.3
Other	(3)	(0.1)
<b>Other foreign tax effects</b>	(11)	(0.4)
<b>Changes in unrecognized tax benefits</b>	27	1.1
<b>Total</b>	<u>\$ 382</u>	<u>14.9 %</u>

(a) Includes the impact of foreign tax credits.

(b) For the year ended December 31, 2025, the majority of state and local taxes were incurred in California.

**Cash Paid for Income Taxes, Net of Refunds**

Cash paid for income taxes, net of refunds, for the years ended December 31, 2023 and 2024 was \$248 million and \$166 million, respectively.

Cash paid for income taxes, net of refunds, for the year ended December 31, 2025 was \$92 million. The amounts paid to each jurisdiction were insignificant.

**FORD MOTOR CREDIT COMPANY LLC AND SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 10. INCOME TAXES (Continued)**

**Components of Deferred Tax Assets and Liabilities**

The components of deferred tax assets and liabilities at December 31 were as follows (in millions):

	<b>2024</b>	<b>2025</b>
<b>Deferred tax assets</b>		
Net operating loss carryforwards	\$ 611	\$ 778
Tax credit carryforwards	119	224
Provision for credit losses	99	122
Other foreign deferred tax assets	111	112
All other	68	56
Total gross deferred tax assets	\$ 1,008	\$ 1,292
Less: Valuation allowances	(45)	(67)
<b>Total net deferred tax assets</b>	<b>\$ 963</b>	<b>\$ 1,225</b>
<b>Deferred tax liabilities</b>		
Leasing transactions	692	867
Other foreign deferred tax liabilities	431	484
All other	26	22
<b>Total deferred tax liabilities</b>	<b>\$ 1,149</b>	<b>\$ 1,373</b>
<b>Net deferred tax liabilities</b>	<b>\$ 186</b>	<b>\$ 148</b>

Net operating loss carryforwards were \$2.9 billion at December 31, 2025. These losses resulted in a deferred tax asset of \$778 million, of which \$39 million has no expiration date. A substantial portion of the remaining losses will expire beyond 2031. Tax credit carryforwards available to offset future tax liabilities are \$224 million. These credits have a remaining carryforward period of twenty years. Tax benefits from net operating loss carryforwards and tax credit carryforwards are evaluated on an ongoing basis, including a review of historical and projected future operating results, the eligible carryforward period, and available tax planning strategies.

At December 31, 2025, we maintained earnings that are considered indefinitely reinvested in operations outside the United States, for which deferred taxes have not been provided. Quantification of the deferred tax liability, if any, associated with these earnings is not practicable.

**Other**

A reconciliation of the beginning and ending amount of unrecognized tax benefits for the years ended December 31 was as follows (in millions):

	<b>2024</b>	<b>2025</b>
Beginning balance	\$ 69	\$ 65
Increase - tax positions in prior periods	14	33
Decrease - tax positions in prior periods	—	(4)
Settlements	(7)	(7)
Lapse of statute of limitations	(1)	(1)
Foreign currency translation adjustment	(10)	9
Ending balance	\$ 65	\$ 95

**FORD MOTOR CREDIT COMPANY LLC AND SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 10. INCOME TAXES (Continued)**

The amount of unrecognized tax benefits that would affect the effective tax rate if recognized was \$65 million and \$95 million as of December 31, 2024 and 2025, respectively.

Examinations by tax authorities have been completed through 2008 in Germany; 2014 in the United States; 2017 in Mexico; 2018 in the United Kingdom; and 2019 in Canada. We have settled our United States federal income tax matters related to tax years prior to 2015 in accordance with our intercompany tax sharing agreement.

Net tax-related interest expense on income taxes was \$12 million, \$3 million, and \$9 million for the years ended December 31, 2023, 2024, and 2025, respectively. At December 31, 2024 and 2025, we reported a net tax-related interest payable of \$23 million and \$42 million, respectively.

**NOTE 11. INSURANCE**

We conduct insurance underwriting operations primarily through The American Road Insurance Company (“TARIC”). TARIC is a wholly owned subsidiary of Ford Credit operating in the United States and Canada. TARIC provides physical damage insurance coverage for Ford Credit financed vehicles at dealer locations. TARIC also provides physical damage insurance coverage for non-affiliated company financed vehicles, serviced by Ford Credit, at dealer locations. In addition, TARIC provides a variety of other insurance products and services to Ford and its affiliates, including contractual liability insurance on extended service contracts. TARIC provides commercial automobile insurance for Ford and third parties and general liability insurance and surety bonds for Ford in the United States.

Insurance premiums earned are reported net of reinsurance as *Insurance premiums earned*. These premiums are earned over their respective policy periods. Physical damage insurance premiums are recognized as income on a monthly basis. Premiums from extended service plan contracts and other contractual liability coverages are earned over the life of the policy based on historical loss experience. Commissions and premium taxes are deferred and amortized over the term of the related policies on the same basis on which premiums are earned.

Reserves for insurance losses and loss adjustment expenses are established based on actuarial estimates and historical loss development patterns, which represents management’s best estimate. If management believes the reserves do not reflect all losses due to changes in conditions, or other relevant factors, an adjustment is made based on management judgment.

Reinsurance activity primarily consists of ceding a majority of the contractual liability insurance business related to automotive extended service plan contracts for a ceding commission. Commissions on ceded amounts are earned on the same basis as related premiums. Reinsurance contracts do not relieve TARIC from its obligations to its policyholders. Failure of reinsurers to honor their obligations could result in losses to TARIC. Therefore, TARIC requires nearly all of its reinsurers to hold collateral and monitors the underlying business and financial performance of its reinsurers to mitigate risk.

**Insurance Assets**

*Cash, cash equivalents, and marketable securities* related to insurance activities at December 31 were as follows (in millions):

	2024	2025
Cash and cash equivalents	\$ 85	\$ 103
Marketable securities	644	719
Total cash, cash equivalents, and marketable securities	<u>\$ 729</u>	<u>\$ 822</u>

TARIC is required by law to maintain deposits with regulatory authorities. These deposited securities totaled \$11 million and \$12 million at December 31, 2024 and 2025, respectively, and were included in *Marketable securities*.

FORD MOTOR CREDIT COMPANY LLC AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

**NOTE 11. INSURANCE (Continued)**

Amounts paid to reinsurers relating to the unexpired portion of the underlying automotive service contracts, and amounts recoverable from reinsurers on unpaid losses, including incurred but not reported losses are reported in *Other assets*. Prepaid reinsurance premiums and other reinsurance recoverables were \$876 million and \$992 million at December 31, 2024 and 2025, respectively. This includes amounts ceded to Ford affiliates of \$98 million at both December 31, 2024 and 2025.

**Insurance Liabilities**

*Other liabilities and deferred revenue* includes unearned insurance premiums and fees of \$995 million and \$1,134 million at December 31, 2024 and 2025, respectively. This includes amounts from Ford and its affiliates of \$863 million and \$978 million at December 31, 2024 and 2025, respectively.

The reserve for reported insurance losses and an estimate of unreported insurance losses, based on past experience, was \$35 million and \$31 million at December 31, 2024 and 2025, respectively, and was included in *Other liabilities and deferred revenue*.

**Insurance Premiums**

Insurance premiums written and earned for the years ended December 31 were as follows (in millions):

	2023		2024		2025	
	Written	Earned	Written	Earned	Written	Earned
Direct	\$ 394	\$ 359	\$ 472	\$ 415	\$ 556	\$ 432
Assumed	—	—	—	—	—	—
Ceded	(275)	(240)	(300)	(244)	(373)	(258)
Net premiums	\$ 119	\$ 119	\$ 172	\$ 171	\$ 183	\$ 174

The direct premiums earned from Ford and its affiliates were \$249 million, \$259 million, and \$253 million for the years ended December 31, 2023, 2024, and 2025, respectively.

**Insurance Expenses**

Insurance underwriting losses and expenses are reported as *Insurance expenses*. The components of insurance expenses for the years ended December 31 were as follows (in millions):

	2023	2024	2025
Insurance losses	\$ 90	\$ 181	\$ 116
Loss adjustment expenses	4	5	9
Reinsurance income and other expenses, net	(41)	(40)	(39)
Insurance expenses	\$ 53	\$ 146	\$ 86

*Insurance expenses* with Ford and its affiliates were \$161 million, \$224 million, and \$199 million for the years ended December 31, 2023, 2024, and 2025, respectively.

*Insurance expenses* were reduced by ceded insurance expenses of \$198 million, \$233 million, and \$258 million for the years ended December 31, 2023, 2024, and 2025, respectively.

**FORD MOTOR CREDIT COMPANY LLC AND SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 12. OTHER INCOME/(LOSS)**

Other income/(loss) consists of various line items that are combined on the income statements due to their respective materiality compared with other individual income and expense items.

The amounts included in *Other income/(loss), net* for the years ended December 31 were as follows (in millions):

	<b>2023</b>	<b>2024</b>	<b>2025</b>
Interest and investment income (a)	\$ 545	\$ 506	\$ 389
Gains/(losses) on derivatives	177	(272)	564
Currency revaluation gains/(losses)	(216)	114	(577)
Other (b)	8	76	33
<b>Total other income/(loss), net</b>	<b>\$ 514</b>	<b>\$ 424</b>	<b>\$ 409</b>

- (a) Includes interest income, primarily on notes receivable, from affiliated companies of \$2 million, \$3 million, and \$2 million for the years ended December 31, 2023, 2024, and 2025, respectively.
- (b) Includes the reclassification of foreign currency translation net gains of \$43 million and net losses of \$6 million in 2024 and 2025, respectively, to *Other Income/(Loss), net* from *Accumulated other comprehensive income/(loss)* related to the liquidation, or substantially complete liquidation of certain investments in our international markets.

**NOTE 13. SEGMENT AND GEOGRAPHIC INFORMATION**

We report segment information consistent with the way our chief operating decision maker (“CODM”), our President and Chief Executive Officer, evaluates the operating results and performance of the Company. We conduct our financing operations directly and indirectly through our subsidiaries and affiliates. We offer substantially similar products and services throughout many different regions, subject to local legal restrictions and market conditions. Our reportable segments are: the United States and Canada, Europe, and All Other. Our All Other reportable segment includes our operations in China, Mexico, and our joint venture in South Africa, as well as wind down activities in Brazil, Argentina, and India.

We report segment earnings on an income before income taxes basis after excluding market valuation adjustments to derivatives and exchange-rate fluctuations on foreign currency-denominated transactions, which are reflected in Unallocated Other. These adjustments are excluded when assessing our segment performance because they are carried out at the corporate level. Our CODM reviews segment earnings on an income before income taxes basis to evaluate performance and allocate resources, predominately in the budgeting, planning, and forecasting processes.

FORD MOTOR CREDIT COMPANY LLC AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

NOTE 13. SEGMENT AND GEOGRAPHIC INFORMATION (Continued)

Key operating data for our business segments for the years ended or at December 31 was as follows (in millions):

	United States and Canada	Europe	All Other	Total Segments	Unallocated Other	Total
<b>2023</b>						
Total revenue	\$ 9,362	\$ 1,316	\$ 441	\$ 11,119	\$ —	\$ 11,119
Total revenue less:						
Depreciation on vehicles subject to operating leases	2,284	25	—	2,309	—	2,309
Interest expense	5,199	684	242	6,125	186	6,311
Provision for credit losses	237	10	31	278	—	278
Other segment items (a)	528	291	93	912	(13)	899
Income before income taxes	1,114	306	75	1,495	(173)	1,322
Other segment disclosures:						
Net finance receivables and net investment in operating leases	107,695	20,249	5,211	133,155	—	133,155
Total assets	118,611	24,601	5,993	149,205	—	149,205
<b>2024</b>						
Total revenue	\$ 11,290	\$ 1,508	\$ 455	\$ 13,253	\$ —	\$ 13,253
Total revenue less:						
Depreciation on vehicles subject to operating leases	2,447	35	—	2,482	—	2,482
Interest expense	6,062	875	258	7,195	388	7,583
Provision for credit losses	333	34	50	417	—	417
Other segment items (a)	988	207	87	1,282	(165)	1,117
Income before income taxes	1,460	357	60	1,877	(223)	1,654
Other segment disclosures:						
Net finance receivables and net investment in operating leases	118,969	20,469	4,201	143,639	—	143,639
Total assets	129,599	23,993	4,700	158,292	—	158,292
<b>2025</b>						
Total revenue	\$ 12,172	\$ 1,558	\$ 376	\$ 14,106	\$ —	\$ 14,106
Total revenue less:						
Depreciation on vehicles subject to operating leases	2,476	46	—	2,522	—	2,522
Interest expense	5,903	788	202	6,893	240	7,133
Provision for credit losses	432	50	46	528	—	528
Other segment items (a)	1,198	515	71	1,784	(418)	1,366
Income before income taxes	2,163	159	(b) 57	2,379	178	2,557
Other segment disclosures:						
Net finance receivables and net investment in operating leases	120,326	22,357	3,615	146,298	—	146,298
Total assets	132,601	25,634	4,218	162,453	—	162,453

(a) Other items consists of *Operating expenses*, *Insurance expenses*, and *Other income/(loss), net*.

(b) Includes charges of \$208 million for the year ended December 31, 2025 related to an industrywide review of historical U.K. dealer commissions.

**FORD MOTOR CREDIT COMPANY LLC AND SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 13. SEGMENT AND GEOGRAPHIC INFORMATION (Continued)**

**Geographic Information**

Key data, split geographically into the United States (which is our country of domicile), Canada, and All Other, for the years ended or at December 31 were as follows (in millions):

	<u>2023</u>	<u>2024</u>	<u>2025</u>
<b>Total revenue</b>			
United States	\$ 8,012	\$ 9,714	\$ 10,379
Canada	1,350	1,577	1,793
All Other	1,757	1,962	1,934
Total revenue	<u>\$ 11,119</u>	<u>\$ 13,253</u>	<u>\$ 14,106</u>
<b>Net property and net investment in operating leases</b>			
United States	\$ 15,642	\$ 16,560	\$ 19,707
Canada	4,621	5,048	6,387
All Other	338	364	746
Net property and net investment in operating leases	<u>\$ 20,601</u>	<u>\$ 21,972</u>	<u>\$ 26,840</u>

**NOTE 14. COMMITMENTS AND CONTINGENCIES**

Commitments and contingencies primarily consist of lease commitments, guarantees and indemnifications, and litigation and claims.

**Lease Commitments**

We lease land, buildings, and equipment under agreements that expire over various contractual periods ranging from less than 1 year to 26 years. Many of our leases contain one or more options to extend. We include options that we are reasonably certain to exercise in our evaluation of the lease term after considering all relevant economic and financial factors. The leased (“right-of-use”) assets in operating lease arrangements are reported in *Other assets* on our consolidated balance sheets. We do not recognize right-of-use assets and lease liabilities for leases with a term of 12 months or less. These lease payments are amortized to expense on a straight-line basis over the lease term.

For the majority of our leases, we do not separate the non-lease components (e.g., maintenance and operating services) from the lease components to which they relate. Instead, non-lease components are included in the measurement of the lease liabilities. We calculate the initial lease liability as the present value of fixed payments not yet paid and variable payments that are based on a market rate or an index (e.g., CPI), measured at commencement. The majority of our leases are discounted using our incremental borrowing rate because the rate implicit in the lease is not readily determinable. All other variable payments are expensed as incurred. Operating lease liabilities are reported in *Other liabilities and deferred revenue*.

**FORD MOTOR CREDIT COMPANY LLC AND SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 14. COMMITMENTS AND CONTINGENCIES (Continued)**

The amounts contractually due on our operating lease liabilities at December 31, 2025 were as follows (in millions):

	2026	2027	2028	2029	2030	Thereafter	Total
Operating lease	\$ 14	\$ 13	\$ 7	\$ 4	\$ 2	\$ 7	\$ 47
Less: Present value discount							6
<b>Total operating lease liabilities</b>							<b>\$ 41</b>

Supplemental information related to operating leases for the years ended December 31 was as follows (in millions):

	2023	2024	2025
Operating and variable lease expense	\$ 22	\$ 22	\$ 18
Right-of-use assets obtained in exchange for operating lease liabilities	5	4	14
Weighted average remaining lease term for operating leases (in years)	5	5	5
Weighted average remaining discount rate for operating leases	4.1 %	4.3 %	4.7 %

**Guarantees and Indemnifications**

Guarantees and indemnifications are recorded at fair value at their inception. For financial guarantees, subsequent to initial recognition, the guarantee liability is adjusted at each reporting period to reflect the current estimate of expected payments resulting from possible default events over the remaining life of the guarantee. For non-financial guarantees, we regularly review our performance risk under these arrangements, and in the event it becomes probable we will be required to perform under a guarantee or indemnity, the amount of probable payment is recorded.

The maximum potential payments under these guarantees and limited indemnities totaled \$61 million and \$63 million at December 31, 2024 and 2025, respectively. Of these values, \$15 million and \$16 million at December 31, 2024 and 2025, respectively, were counter-guaranteed by Ford to us. There were no recorded liabilities related to guarantees and limited indemnities at both December 31, 2024 and 2025.

In some cases, we have guaranteed debt and other financial obligations of outside third parties and unconsolidated affiliates, including Ford. Expiration dates vary, and guarantees will terminate on payment and/or cancellation of the underlying obligation. A payment by us would be triggered by failure of the third party to fulfill its obligation covered by the guarantee. In some circumstances, we are entitled to recover from a third party amounts paid by us under the guarantee.

In the ordinary course of business, we execute contracts involving indemnifications standard in the industry and indemnifications specific to a transaction, such as the sale of a business. These indemnifications might include and are not limited to claims relating to any of the following: environmental, tax, and shareholder matters; intellectual property rights; governmental regulations and employment-related matters; dealer and other commercial contractual relationships; and financial matters, such as securitizations. Performance under these indemnities generally would be triggered by a breach of contract claim brought by a counterparty or a third-party claim. While some of these indemnifications are limited in nature, many of them do not limit potential payment. Therefore, we are unable to estimate a maximum amount of future payments that could result from claims made under these unlimited indemnities.

FORD MOTOR CREDIT COMPANY LLC AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

**NOTE 14. COMMITMENTS AND CONTINGENCIES (Continued)**

**Litigation and Claims**

Various legal actions, proceedings, and claims (generally, "matters") are pending or may be instituted or asserted against us. These include but are not limited to matters arising out of governmental regulations; tax matters; alleged illegal acts resulting in fines or penalties; financial services; employment-related matters; dealer and other contractual relationships; investor matters; and financial reporting matters. Certain of the pending legal actions are, or purport to be, class actions. Some of the matters involve or may involve claims for compensatory, punitive, or antitrust or other treble damages in very large amounts, sanctions, assessments, or other relief, which, if granted, would require very large expenditures.

The extent of our financial exposure to these matters is difficult to estimate. Many matters do not specify a dollar amount for damages, and many others specify only a jurisdictional minimum. To the extent an amount is asserted, our historical experience suggests that in most instances the amount asserted is not a reliable indicator of the ultimate outcome.

We accrue for matters when losses are deemed probable and reasonably estimable. In evaluating matters for accrual and disclosure purposes, we take into consideration factors such as our historical experience with matters of a similar nature, the specific facts and circumstances asserted, the likelihood that we will prevail, and the severity of any potential loss. We reevaluate and update our accruals as matters progress over time.

For nearly all matters where our historical experience with similar matters is of limited value (i.e., "non-pattern matters"), we evaluate the matters primarily based on the individual facts and circumstances. For non-pattern matters, we evaluate whether there is a reasonable possibility of a material loss in excess of any accrual that can be estimated. It is reasonably possible that some of the matters for which accruals have not been established could be decided unfavorably and could require us to pay damages or make other expenditures. We do not reasonably expect, based on our analysis, that such matters would have a material effect on future financial statements for a particular year, although such an outcome is possible.

As noted, the litigation process is subject to many uncertainties, and the outcome of individual matters is not predictable with assurance. Our assessments are based on our knowledge and experience, but the ultimate outcome of any matter could require payment substantially in excess of the amount that we have accrued and/or disclosed.

**DESCRIPTION OF THE REGISTRANT'S SECURITIES  
REGISTERED PURSUANT TO SECTION 12 OF THE  
SECURITIES EXCHANGE ACT OF 1934**

As of December 31, 2025, Ford Motor Credit Company LLC ("Ford Credit," the "Company," "we," "our," "us") has the following securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"): (i) 3.350% Notes due Nine Months or More from the Date of Issue due August 20, 2026 (the "2026 Notes") and (ii) the following Notes issued pursuant to our Euro Medium-Term Notes Due Nine Months or More from Date of Issue program (collectively referred to herein as the "EMTN Notes"): 2.386% Notes due February 17, 2026; 6.860% Notes due June 5, 2026; 4.867% Notes due August 3, 2027; 6.125% Notes due May 15, 2028; 3.622% Notes due July 27, 2028; 5.625% Notes due October 9, 2028; 4.165% Notes due November 21, 2028; 5.125% Notes due February 20, 2029; 3.778% Notes due September 16, 2029; 4.445% Notes due February 14, 2030; 5.780% Notes due April 30, 2030; 4.066% Notes due August 21, 2030; 6.184% Notes due August 29, 2031; and 4.448% Notes due September 16, 2032. Each series of the Company's securities registered under Section 12 of the Exchange Act is listed on The New York Stock Exchange (the "NYSE").

**DESCRIPTION OF DEBT SECURITIES**

The following description of the Company's 2026 Notes and the EMTN Notes (2026 Notes and the EMTN Notes are sometimes referred to herein collective as the "Notes") is a summary and does not purport to be complete. This description is qualified in its entirety by reference to the Indenture, dated as of March 16, 2015, between Ford Motor Credit Company LLC and The Bank of New York Mellon, as trustee (the "Indenture"). Capitalized terms used in the following description and not otherwise defined herein shall have the meaning ascribed to them in the Indenture.

**Generally**

Our debt securities are issued in one or more series under an Indenture, dated as of March 16, 2015, between us and The Bank of New York Mellon, as Trustee (the "Trustee"). The Indenture may be supplemented from time to time. The Indenture is a contract between us and The Bank of New York Mellon acting as Trustee. The Trustee has two main roles. First, the Trustee can enforce debtholders' rights against us if an "Event of Default" described below occurs. Second, the Trustee performs certain administrative duties for us.

***The 2026 Notes***

We issued U.S.\$11,176,000 aggregate principal amount of the 2026 Notes on August 18, 2016. The maturity date of the 2026 Notes is August 20, 2026, and interest at a rate of 3.350% per annum is paid semi-annually on August 20 and February 20 of each year, beginning on February 20, 2017, and on the maturity date. The 2026 Notes became redeemable at our option on August 20, 2017 and semi-annually thereafter on 30 calendar days notice. As of February 1, 2026, U.S.\$9,225,000 aggregate principal amount of the 2026 Notes was outstanding.

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## EMTN Notes

The EMTN Notes referenced in the table below were all issued pursuant to our Euro Medium Term Note Program as described in the most recent Prospectus Supplement dated February 26, 2021.

NYSE Symbol	Title	Issue Date	Maturity Date	Principal Amount		Currency	Interest Payment Dates
				Issued	Outstanding		
F/26AB	2.386% Notes due Feb. 17, 2026	June 17, 2019	Feb. 17, 2026	€750,000,000	€750,000,000	Euro	Feb. 17
F/26A	6.860% Notes due June 5, 2026	Mar. 6, 2023	Jun. 5, 2026	£500,000,000	£500,000,000	Pound Sterling	Jun. 5
F/27A	4.867% Notes due Aug. 3, 2027	Feb. 13, 2023	Aug. 3, 2027	€1,000,000,000	€1,000,000,000	Euro	Aug. 3
F/28B	6.125% Notes due May 15, 2028	May 15, 2023	May 15, 2028	€600,000,000	€600,000,000	Euro	May 15
F/28H	3.622% Notes due July 27, 2028	Jun. 27, 2025	Jul. 27, 2028	€1,000,000,000	€1,000,000,000	Euro	Jul. 27
F/28D	5.625% Notes due Oct. 9, 2028	Jan. 9, 2024	Oct. 9, 2028	£350,000,000	£350,000,000	Pound Sterling	Oct. 9
F/28E	4.165% Notes due Nov. 21, 2028	May 21, 2024	Nov. 21, 2028	€850,000,000	€850,000,000	Euro	Nov. 21
F/29B	5.125% Notes due Feb. 20, 2029	Nov. 24, 2023	Feb. 20, 2029	€750,000,000	€750,000,000	Euro	Feb. 20
F/29E	3.778% Notes due September 16, 2029	Sep. 16, 2025	Sep. 16, 2029	€600,000,000	€600,000,000	Euro	Sep. 16
F/30D	4.445% Notes due Feb. 14, 2030	Feb. 14, 2024	Feb. 14, 2030	€1,000,000,000	€1,000,000,000	Euro	Feb. 14
F/30A	5.780% Notes due Apr. 30, 2030	Sep. 3, 2024	Apr. 30, 2030	£300,000,000	£300,000,000	Pound Sterling	Apr. 30

NYSE Symbol	Title	Issue Date	Maturity Date	Principal Amount		Currency	Interest Payment Dates
				Issued	Outstanding		
F/30F	4.066% Notes due August 21, 2030	Feb. 21, 2025	Aug. 21, 2030	€750,000,000	€750,000,000	Euro	Aug. 21
F/31C	6.184% Notes due August 29, 2031	Aug. 29, 2025	Aug. 29, 2031	£400,000,000	£400,000,000	Pound Sterling	Aug. 29
F/32A	4.448% Notes due September 16, 2032	Sep. 16, 2025	Sep. 16, 2032	€600,000,000	€600,000,000	Euro	Sep. 16

## General

The Indenture does not limit the amount of debt securities that may be issued under it. Therefore, additional debt securities may be issued under the Indenture.

## Ranking

The Notes are unsecured obligations of Ford Credit and rank equally with Ford Credit's other unsecured and unsubordinated indebtedness.

## Payment on the Notes

Principal (and premium, if any) and interest, if any, is paid by us in immediately available funds.

## Interest

The Notes bear interest from their respective dates of issue.

Interest on the Notes is payable in arrears on each Interest Payment Date to the persons in whose names the Notes are registered at the close of business on the 15th day preceding each such Interest Payment Date.

Each interest payment on a Note includes interest accrued from, and including, the issue date or the last Interest Payment Date, as the case may be, to, but excluding, the following Interest Payment Date or the maturity date, as the case may be (each such time period an "Interest Period").

### **Fixed Rate Notes**

Each Fixed Rate Note bears interest at a fixed interest rate per annum. Interest on Fixed Rate Notes is computed on the basis of a 360-day year of twelve 30-day months. If the maturity date or an Interest Payment Date for any Fixed Rate Note is not a Business Day, then the principal and interest for that Note is paid on the next Business Day, and no interest accrues from and after the maturity date or on such Interest Payment Date.

### **Floating Rate Notes**

Ford Credit does not currently have any floating rate notes outstanding. The prospectus or pricing supplement related to each Floating Rate Note indicates the spread which is added to or subtracted from (or which is applied as a multiplier) the relevant interest rate formula to determine the interest rate.

A Floating Rate Note may have either of the following: a ceiling on the rate at which interest may accrue during any Interest Period (a "Maximum Interest Rate"), and a floor on the rate at which interest may accrue during any Interest Period, which floor may not be less than zero. In addition to any Maximum Interest Rate limitation, the interest rate on the Floating Rate Notes will in no event be higher than the maximum rate permitted by New York law, as the same may be modified by United States law for general application.

## Limitation on Liens

If Ford Credit or any Restricted Subsidiary (as defined in the Indenture) shall pledge or otherwise subject to any lien (as defined in the Indenture as a "Mortgage") any of its property or assets to secure indebtedness for borrowed money, Ford Credit will secure or cause such Restricted Subsidiary to secure the debt securities equally and ratably with (or prior to) the indebtedness secured by such Mortgage. This restriction does not apply to Mortgages securing such indebtedness which shall not exceed 5 percent of Consolidated Net Tangible Assets (as defined in the Indenture) of Ford Credit and its consolidated subsidiaries in the aggregate at any one time outstanding and does not apply to:

- certain Mortgages created or incurred to secure financing of the export or marketing of goods outside the United States;
- Mortgages on accounts receivable payable in foreign currencies securing indebtedness incurred and payable outside the United States;
- Mortgages in favor of Ford Credit or any Restricted Subsidiary;
- Mortgages in favor of governmental bodies to secure progress, advance or other payments, or deposits with any governmental body required in connection with the business of Ford Credit or a Restricted Subsidiary;
- deposits made in connection with pending litigation;
- Mortgages existing at the time of acquisition of the assets secured thereby (including acquisition through merger or consolidation) and certain purchase money Mortgages; and
- Mortgages in connection with any Hedging Transaction (as defined in the Indenture);
- Mortgages in connection with, or pursuant to, any Qualified Securitization Transaction (as defined in the Indenture); and
- any extension, renewal or replacement of any Mortgage or Mortgages referred to in the foregoing clauses, inclusive.

## Merger and Consolidation

The Indenture provides that no consolidation or merger of Ford Credit with or into any other corporation shall be permitted, and no sale or conveyance of its property as an entirety, or substantially as an entirety, may be made to another corporation, if, as a result thereof, any asset of Ford Credit or a Restricted Subsidiary would become subject to a Mortgage, unless the debt securities shall be equally and ratably secured with (or prior to) the indebtedness secured by such Mortgage, or unless such Mortgage could be created pursuant to Section 10.04 of the Indenture without equally and ratably securing the debt securities.

## Events of Default and Notice Thereof

The Indenture defines an "Event of Default" as being any one of the following events:

- failure to pay interest for 30 days after becoming due;
- failure to pay principal or any premium for five Business Days after becoming due;
- failure to make a sinking fund payment for five days after becoming due;
- failure to perform any other covenant applicable to the debt securities for 90 days after notice;
- certain events of bankruptcy, insolvency or reorganization; and
- any other Event of Default provided in the prospectus supplement.

An Event of Default for a particular series of debt securities will not necessarily constitute an Event of Default for any other series of debt securities issued under the Indenture.

If an Event of Default occurs and continues, the Trustee or the holders of at least 25% of the total principal amount of the series may declare the entire principal amount (or, if they are Original Issue Discount Securities (as defined in the Indenture), the portion of the principal amount as specified in the terms of such series) of all of the debt securities of that series to be due and payable immediately. If this happens, subject to certain conditions, the holders of a majority of the total principal amount of the debt securities of that series can void the declaration.

The Indenture provides that within 90 days after default under a series of debt securities, the Trustee will give the holders of that series notice of all uncured defaults known to it. (The term "default" includes the events specified above without regard to any period of grace or requirement of notice.) The Trustee may withhold notice of any default (except a default in the payment of principal, interest or any premium) if it believes that it is in the interest of the holders.

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Annually, Ford Credit must send to the Trustee a certificate describing any existing defaults under the Indenture.

Other than its duties in case of a default, the Trustee is not obligated to exercise any of its rights or powers under the Indenture at the request, order or direction of any holders, unless the holders offer the Trustee reasonable protection from expenses and liability. If they provide this reasonable indemnification, the holders of a majority of the total principal amount of any series of debt securities may direct the Trustee how to act under the Indenture.

### **Modification of the Indenture**

With certain exceptions, Ford Credit's rights and obligations and debtholders' rights under a particular series of debt securities may be modified with the consent of the holders of not less than a majority in principal amount of those debt securities affected by such modification (voting as a single class). No modification of the principal or interest payment terms, and no modification reducing the percentage required for modifications, will be effective against a debtholder without such debtholder's consent.

### **Global Securities**

The debt securities of each series were issued in the form of one or more global certificates that are deposited with DTC, which acts as depository for the global certificates. Beneficial interests in global certificates are shown on, and transfers of global certificates are effected only through, records maintained by DTC and its participants. Therefore, if a debtholder wishes to own debt securities that are represented by one or more global certificates, debtholders can do so only indirectly or "beneficially" through an account with a broker, bank or other financial institution that has an account with DTC (that is, a DTC participant) or through an account directly with DTC if such debtholder is a DTC participant.

While the debt securities are represented by one or more global certificates:

- Debtholders will not be able to have the debt securities registered in such debtholder's name.
- Debtholders will not be able to receive a physical certificate for the debt securities.
- Our obligations, as well as the obligations of the Trustee and any of our agents, under the debt securities will run only to DTC as the registered owner of the debt securities. For example, once we make payment to DTC, we will have no further responsibility for the payment even if DTC or a debtholder's broker, bank or other financial institution fails to pass it on so that such debtholder receives it.
- Debtholders' rights under the debt securities relating to payments, transfers, exchanges and other matters are governed by applicable law and by the contractual arrangements between a debtholder and such debtholder's broker, bank or other financial institution, and/or the contractual arrangements a debtholder or such debtholder's broker, bank or financial institution has with DTC. Neither we nor the Trustee has any responsibility for the actions of DTC or such debtholder's broker, bank or financial institution.
- Debtholders may not be able to sell their interests in the debt securities to some insurance companies and others who are required by law to own their debt securities in the form of physical certificates.
- Because the debt securities trade in DTC's Same-Day Funds Settlement System, when debtholders buy or sell interests in the debt securities, payment for them is made in immediately available funds. This could affect the attractiveness of the debt securities to others.

A global certificate generally can be transferred only as a whole, unless it is being transferred to certain nominees of the depository or it is exchanged in whole or in part for debt securities in physical form. If a global certificate is exchanged for debt securities in physical form, they are in denominations of \$1,000 and integral multiples thereof, or another denomination stated in the prospectus supplement.

### **Payment of Additional Amounts**

All payments in respect of the Notes are made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or other governmental charges of whatsoever nature required to be deducted or withheld by the United States or any jurisdiction through which payment on a Note is made or in each case any political subdivision or taxing authority therein or thereof (each a "Relevant Taxing Jurisdiction"), unless such withholding or deduction is required by law.

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In the event any withholding or deduction on payments in respect of the Notes for or on account of any present or future tax, assessment or other governmental charge is required to be deducted or withheld by a Relevant Taxing Jurisdiction, we will remit the full amount required to be deducted or withheld to the relevant authority in accordance with applicable law and pay such additional amounts on the Notes as will result in receipt by each beneficial owner of a Note that is not a U.S. Person (as defined below) of such amounts (after all such withholding or deduction, including on any additional amounts) as would have been received by such beneficial owner had no such withholding or deduction been required. We are not be required, however, to make any payment of additional amounts for or on account of:

- (a) any tax, assessment or other governmental charge that would not have been imposed but for (1) the existence of any present or former connection (other than a connection arising solely from the ownership of those Notes, the receipt of payments in respect of those Notes or exercise or enforcement of rights under the Notes) between that holder (or the beneficial owner for whose benefit such holder holds such Note), or between a fiduciary, settlor, beneficiary of, member or shareholder of, or possessor of a power over, that holder or beneficial owner (if that holder or beneficial owner is an estate, trust, partnership or corporation) and the United States, including that holder or beneficial owner, or that fiduciary, settlor, beneficiary, member, shareholder or possessor, being or having been a citizen or resident or treated as a resident of a Relevant Taxing Jurisdiction or being or having been engaged in trade or business or present in the Relevant Taxing Jurisdiction or having had a permanent establishment in the Relevant Taxing Jurisdiction or (2) the presentation of a Note for payment on a date more than 30 days after the later of the date on which that payment becomes due and payable and the date on which payment is duly provided for;
  - (b) any estate, inheritance, gift, sales, transfer, capital gains, excise, personal property, wealth or similar tax, assessment or other governmental charge;
  - (c) any tax, assessment or other governmental charge imposed on foreign personal holding company income or by reason of the beneficial owner's past or present status as a passive foreign investment company, a controlled foreign corporation, a foreign tax exempt organization or a personal holding company with respect to the United States or as a corporation that accumulates earnings to avoid U.S. federal income tax;
  - (d) any tax, assessment or other governmental charge which is payable otherwise than by withholding or deducting from payment of principal of or premium, if any, or interest on such Notes;
  - (e) any tax, assessment or other governmental charge which would not have been imposed but for the failure of a beneficial owner or any holder of Notes to comply with our request or a request of our agent to satisfy certification, information, documentation or other reporting requirements concerning the nationality, residence, identity or connections with the Relevant Taxing Jurisdiction of the beneficial owner or any holder of the Notes that such beneficial owner or holder is legally able to deliver (including, but not limited to, the requirement to provide Internal Revenue Service Forms W-8BEN, W-8BEN-E, W-8ECI, W-9 or any subsequent versions thereof or successor thereto, and including, without limitation, any documentation requirement under an applicable income tax treaty);
  - (f) any tax, assessment or other governmental charge imposed on interest received by (1) a 10% shareholder (as defined in Section 871(h)(3)(B) of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), and the regulations that may be promulgated thereunder) of the Company or (2) a controlled foreign corporation that is related to Ford Credit within the meaning of Section 864(d)(4) of the Code, or (3) a bank receiving interest described in Section 881(c)(3)(A) of the Code, to the extent such tax, assessment or other governmental charge would not have been imposed but for the beneficial owner's status as described in clauses (1) through (3) of this paragraph (f);
  - (g) any tax, assessment or other governmental charge required to be withheld or deducted under Sections 1471 through 1474 of the Code (or any amended or successor version of such Sections) ("FATCA"), any regulations or other guidance thereunder, or any agreement (including any intergovernmental agreement) entered into in connection therewith; or any law, regulation or other
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official guidance enacted in any jurisdiction implementing FATCA or an intergovernmental agreement in respect of FATCA; or

(h) any combination of the foregoing paragraphs (a), (b), (c), (d), (e), (f) and (g),

nor will we pay any additional amounts to any beneficial owner or holder of certain Notes who is a fiduciary or partnership to the extent that a beneficiary or settlor with respect to that fiduciary or a member of that partnership or a beneficial owner thereof would not have been entitled to the payment of those additional amounts had that beneficiary, settlor, member or beneficial owner been the beneficial owner of those Notes.

As used in this section "Payment of Additional Amounts", "U.S. Person" means any individual who is a citizen or resident of the United States for U.S. federal income tax purposes, a corporation, partnership or other entity created or organized in or under the laws of the United States, any state of the United States or the District of Columbia (other than a partnership that is not treated as a United States person under any applicable U.S. Treasury regulations), or any estate or trust the income of which is subject to United States federal income taxation regardless of its source.

### **Optional Redemption, Repayment and Repurchase**

If (a) as a result of any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of a Relevant Taxing Jurisdiction (as defined under the heading "Payment of Additional Amounts") , or any change in, or amendment to, an official position regarding the application or interpretation of such laws, regulations or rulings, which change or amendment is announced or becomes effective on or after the date of the prospectus with respect to the Notes, Ford Credit becomes or will become obligated to pay additional amounts (as described herein under the heading "Payment of Additional Amounts") or (b) any act is taken by a taxing authority of a Relevant Taxing Jurisdiction on or after the date of the prospectus with respect to the Notes, whether or not such act is taken with respect to Ford Credit or any affiliate of Ford Credit, that results in a substantial probability that Ford Credit will or may be required to pay such additional amounts on one or more series of Notes, then Ford Credit may, at its option, redeem such Notes, as a whole but not in part, upon not less than 60 days' nor more than 90 days' notice at 100% of their principal amount, together with interest accrued thereon to the date fixed for redemption (or, in the case of Notes with original issue discount, at their accreted value); *provided* that Ford Credit determines, in its business judgment (determined in good faith), that the obligation to pay such additional amounts cannot be avoided by the use of reasonable measures available to Ford Credit (including, for the avoidance of doubt, the appointment of a new Paying Agent where this would be reasonable and would not cause Ford Credit to incur material additional out-of-pocket costs, but not including assignment of the obligation to make payment with respect to the Notes).

No redemption above may be made unless Ford Credit shall have received an opinion of independent counsel to the effect that an act taken by a taxing authority of the United States results in a substantial probability that it will or may be required to pay the additional amounts described herein under the heading "Payment of Additional Amounts" and Ford Credit shall have delivered to the Trustee a certificate, signed by a duly authorized officer, stating that based on such opinion Ford Credit is entitled to redeem the relevant Notes pursuant to their terms.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Ford Motor Credit Company LLC Registration Statement Nos. 333-276916 and 333-285084 on Form S-3

We hereby consent to the incorporation by reference in the aforementioned Registration Statements of Ford Motor Credit Company LLC of our report dated February 10, 2026 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

Detroit, Michigan  
February 10, 2026

**FORD MOTOR CREDIT COMPANY LLC**

Certificate of Secretary

The undersigned, Marlene M. Martel, Secretary of FORD MOTOR CREDIT COMPANY LLC, a Delaware limited liability company (the "Company"), DOES HEREBY CERTIFY that the following resolutions were duly adopted by the Board of Directors of the Company by written consent dated as of February 6, 2026, and such resolutions have not been amended, modified, rescinded, or revoked and are in full force and effect on the date hereof.

WITNESS my hand and the seal of the Company this 6th day of February, 2026.

/s/ Marlene M. Martel  
Marlene M. Martel  
Secretary

(Company Seal)

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**FORD MOTOR CREDIT COMPANY LLC  
RESOLUTIONS**

RESOLVED, That preparation of an annual report of the Company on Form 10-K for the year ended December 31, 2025, including exhibits or financial statements and schedules and other documents in connection therewith (collectively, the "*Annual Report*"), to be filed with the Securities and Exchange Commission (the "*Commission*") under the Securities Exchange Act of 1934, as amended, be and it hereby is in all respects authorized and approved; that the directors and appropriate officers of the Company, and each of them, be and hereby are authorized to sign and execute on their own behalf, or in the name and on behalf of the Company, or both, as the case may be, such Annual Report, and any and all amendments thereto, with such changes therein as such directors and officers may deem necessary, appropriate, or desirable, as conclusively evidenced by their execution thereof; and that the appropriate officers of the Company, and each of them, be and hereby are authorized to cause such Annual Report and any such amendments, so executed, to be filed with the Commission.

RESOLVED, That each officer and director who may be required to sign and execute such Annual Report or any amendment thereto or document in connection therewith (whether in the name and on behalf of the Company, or as an officer or director of the Company, or otherwise), be and hereby is authorized to execute a power of attorney appointing M.M. Martel, C.A. O'Callaghan, E.S. Okamura, D.J. Witten, C.A. Yee, and C.B. Ziegeler, and each of them, severally, as his or her true and lawful attorney or attorneys to sign in his or her name, place, and stead in any such capacity such Annual Report and any and all amendments thereto and documents in connection therewith, and to file the same with the Commission, each of said attorneys to have power to act with or without the other, and to have full power and authority to do and perform in the name and on behalf of each of said officers and directors who shall have executed such power of attorney, every act whatsoever which such attorneys, or any of them, may deem necessary, appropriate, or desirable to be done in connection therewith as fully and to all intents and purposes as such officers or directors might or could do in person.

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**POWER OF ATTORNEY WITH RESPECT TO  
ANNUAL REPORT OF FORD MOTOR CREDIT COMPANY LLC ON  
FORM 10-K FOR THE YEAR ENDED DECEMBER 31, 2025**

Each of the undersigned, a director of FORD MOTOR CREDIT COMPANY LLC, does hereby constitute and appoint M.M. Martel, C.A. O'Callaghan, E.S. Okamura, D.J. Witten, C.A. Yee, and C.B. Ziegeler, and each of them, severally, as his or her true and lawful attorney and agent at any time and from time to time to do any and all acts and things and execute, in his or her name (whether on behalf of FORD MOTOR CREDIT COMPANY LLC, or as an officer or director of FORD MOTOR CREDIT COMPANY LLC, or by attesting the seal of FORD MOTOR CREDIT COMPANY LLC, or otherwise) any and all instruments which said attorney and agent may deem necessary or advisable in order to enable FORD MOTOR CREDIT COMPANY LLC to comply with the Securities Exchange Act of 1934, as amended, and any requirements of the Securities and Exchange Commission in respect thereof, in connection with the filing of the Annual Report of FORD MOTOR CREDIT COMPANY LLC on Form 10-K for the year ended December 31, 2025 and any and all amendments thereto, as heretofore duly authorized by the Board of Directors of FORD MOTOR CREDIT COMPANY LLC, including specifically but without limitation thereto, power and authority to sign his or her name (whether on behalf of FORD MOTOR CREDIT COMPANY LLC, or as an officer or director of FORD MOTOR CREDIT COMPANY LLC, or by attesting the seal of FORD MOTOR CREDIT COMPANY LLC, or otherwise) to such instruments and to such Annual Report and to any such amendments to be filed with the Securities and Exchange Commission, or any of the exhibits or financial statements and schedules filed therewith, and to file the same with the Securities and Exchange Commission; and such Director does hereby ratify and confirm all that said attorneys and agents, and each of them, shall do or cause to be done by virtue hereof. Any one of said attorneys and agents shall have, and may exercise, all the powers hereby conferred.

IN WITNESS WHEREOF, each of the undersigned has signed his or her name hereto as of the 6th day of February, 2026.

/s/ Michael Amend

Michael Amend

/s/ Sherry A. House

Sherry A. House

/s/ Geoffrey W. McLellan

Geoffrey W. McLellan

/s/ Cathy O'Callaghan

Cathy O'Callaghan

/s/ Eliane S. Okamura

Eliane S. Okamura

/s/ David A. Webb

David A. Webb

## CERTIFICATION

I, Cathy O'Callaghan, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2025 of Ford Motor Credit Company LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: February 10, 2026

/s/ Cathy O'Callaghan  
Cathy O'Callaghan  
President and Chief Executive Officer

## CERTIFICATION

I, Eliane S. Okamura, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2025 of Ford Motor Credit Company LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: February 10, 2026

/s/ Eliane S. Okamura

Eliane S. Okamura

Chief Financial Officer, Treasurer, and Executive Vice President,  
Strategy

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER**

I, Cathy O'Callaghan, Chief Executive Officer of Ford Motor Credit Company LLC (the "Company"), hereby certify pursuant to Rule 15d-14(b) of the Securities Exchange Act of 1934, as amended, and Section 1350 of Chapter 63 of Title 18 of the United States Code, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. the Company's Annual Report on Form 10-K for the year ended December 31, 2025, to which this statement is furnished as an exhibit (the "Report"), fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: February 10, 2026

/s/ Cathy O'Callaghan  
Cathy O'Callaghan  
President and Chief Executive Officer

**CERTIFICATION OF CHIEF FINANCIAL OFFICER**

I, Eliane S. Okamura, Chief Financial Officer and Treasurer of Ford Motor Credit Company LLC (the "Company"), hereby certify pursuant to Rule 15d-14(b) of the Securities Exchange Act of 1934, as amended, and Section 1350 of Chapter 63 of Title 18 of the United States Code, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. the Company's Annual Report on Form 10-K for the year ended December 31, 2025, to which this statement is furnished as an exhibit (the "Report"), fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: February 10, 2026

/s/ Eliane S. Okamura \_\_\_\_\_

Eliane S. Okamura

Chief Financial Officer, Treasurer, and Executive Vice President,  
Strategy