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

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2019

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	**38-1612444**
(State of organization)	*(I.R.S. employer identification no.)*
One American Road, Dearborn, Michigan	**48126**
(Address of principal executive offices)	*(Zip code)*

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

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, 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 is a shell company (as defined in Rule 12b-2 of the Exchange 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 H(1)(a) and (b) of Form 10-Q and is therefore filing this Form with the reduced disclosure format.

Exhibit Index begins on page 48

FORD MOTOR CREDIT COMPANY LLC
QUARTERLY REPORT ON FORM 10-Q
For the Quarter Ended March 31, 2019

PART I. FINANCIAL INFORMATION

ITEM 1. *Financial Statements*

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

	For the periods ended March 31,	
	2018	**2019**
	First Quarter	
	(unaudited)	
Financing revenue		
Operating leases	$ 1,415	**$ 1,477**
Retail financing	948	**984**
Dealer financing	536	**608**
Other financing	22	**24**
Total financing revenue	2,921	**3,093**
Depreciation on vehicles subject to operating leases	(1,053)	**(924)**
Interest expense	(912)	**(1,121)**
Net financing margin	956	**1,048**
Other revenue		
Insurance premiums earned	41	**47**
Fee based revenue and other	58	**54**
Total financing margin and other revenue	1,055	**1,149**
Expenses		
Operating expenses	345	**364**
Provision for credit losses (Note 6)	94	**33**
Insurance expenses	12	**10**
Total expenses	451	**407**
Other income, net (Note 13)	37	**59**
Income before income taxes	641	**801**
Provision for / (Benefit from) income taxes	(60)	**198**
Net income	$ 701	**$ 603**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(in millions)

	For the periods ended March 31,	
	2018	**2019**
	First Quarter	
	(unaudited)	
Net income	$ 701	**$ 603**
Other comprehensive income / (loss), net of tax (Note 12)		
Foreign currency translation	113	**20**
Comprehensive income / (loss)	$ 814	**$ 623**

The accompanying notes are part of the financial statements.

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

	December 31, 2018	March 31, 2019
		(unaudited)
ASSETS		
Cash and cash equivalents (Note 3)	$ 9,607	**$ 11,733**
Marketable securities (Note 3)	1,308	**1,846**
Finance receivables, net		
Retail installment contracts, dealer financing, and other financing	110,388	**110,595**
Finance leases	8,426	**8,655**
Total finance receivables, net (Note 4)	118,814	**119,250**
Net investment in operating leases (Note 5)	27,449	**27,606**
Notes and accounts receivable from affiliated companies	905	**907**
Derivative financial instruments (Note 9)	670	**631**
Other assets (Note 10)	3,456	**3,442**
Total assets	$ 162,209	**$ 165,415**
LIABILITIES		
Accounts payable		
Customer deposits, dealer reserves, and other	$ 1,097	**$ 1,126**
Affiliated companies	426	**872**
Total accounts payable	1,523	**1,998**
Debt (Note 11)	140,146	**142,950**
Deferred income taxes	2,595	**2,642**
Derivative financial instruments (Note 9)	663	**684**
Other liabilities and deferred revenue (Note 10)	2,307	**2,218**
Total liabilities	147,234	**150,492**
SHAREHOLDER'S INTEREST		
Shareholder's interest	5,227	**5,227**
Accumulated other comprehensive income / (loss) (Note 12)	(829)	**(809)**
Retained earnings	10,577	**10,505**
Total shareholder's interest	14,975	**14,923**
Total liabilities and shareholder's interest	$ 162,209	**$ 165,415**

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 the consolidated balance sheet above. See Notes 7 and 8 for additional information on our VIEs.

	December 31, 2018	March 31, 2019
		(unaudited)
ASSETS		
Cash and cash equivalents	$ 2,728	**$ 2,990**
Finance receivables, net	58,662	**60,745**
Net investment in operating leases	16,332	**16,013**
Derivative financial instruments	27	**14**
LIABILITIES		
Debt	$ 53,269	**$ 52,248**
Derivative financial instruments	24	**45**

The accompanying notes are part of the financial statements.

FORD MOTOR CREDIT COMPANY LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF SHAREHOLDER'S INTEREST
(in millions, unaudited)

	Shareholder's Interest	Accumulated Other Comprehensive Income / (Loss) (Note 12)	Retained Earnings	Total Shareholder's Interest
Balance at December 31, 2017	$ 5,227	$ (419)	$ 11,076	$ 15,884
Net income	—	—	701	701
Other comprehensive income / (loss), net of tax	—	113	—	113
Distributions declared	—	—	(1,013)	(1,013)
Balance at March 31, 2018	$ 5,227	$ (306)	$ 10,764	$ 15,685
Balance at December 31, 2018	**$ 5,227**	**$ (829)**	**$ 10,577**	**$ 14,975**
Net income	**—**	**—**	**603**	**603**
Other comprehensive income / (loss), net of tax	**—**	**20**	**—**	**20**
Distributions declared	**—**	**—**	**(675)**	**(675)**
Balance at March 31, 2019	**$ 5,227**	**$ (809)**	**$ 10,505**	**$ 14,923**

The accompanying notes are part of the financial statements.

FORD MOTOR CREDIT COMPANY LLC AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(in millions)

	For the periods ended March 31,	
	2018	**2019**
	First Three Months	
	(unaudited)	
Cash flows from operating activities		
Net cash provided by / (used in) operating activities	$ 2,009	**$ 1,692**
Cash flows from investing activities		
Purchases of finance receivables	(11,085)	**(8,542)**
Principal collections of finance receivables	10,814	**10,432**
Purchases of operating lease vehicles	(3,592)	**(3,184)**
Proceeds from termination of operating lease vehicles	2,481	**2,306**
Net change in wholesale receivables and other short-duration receivables	(3,668)	**(1,844)**
Purchases of marketable securities	(2,287)	**(803)**
Proceeds from sales and maturities of marketable securities	1,422	**274**
Settlements of derivatives	100	**12**
All other investing activities	143	**(14)**
Net cash provided by / (used in) investing activities	(5,672)	**(1,363)**
Cash flows from financing activities		
Proceeds from issuances of long-term debt	16,779	**15,411**
Principal payments on long-term debt	(12,156)	**(12,683)**
Change in short-term debt, net	(793)	**(276)**
Cash distributions to parent	(1,013)	**(675)**
All other financing activities	(28)	**(37)**
Net cash provided by / (used in) financing activities	2,789	**1,740**
Effect of exchange rate changes on cash, cash equivalents and restricted cash	106	**38**
Net increase / (decrease) in cash, cash equivalents and restricted cash	$ (768)	**$ 2,107**
Cash, cash equivalents and restricted cash at January 1 (Note 3)	$ 9,682	**$ 9,747**
Net increase / (decrease) in cash, cash equivalents and restricted cash	(768)	**2,107**
Cash, cash equivalents and restricted cash at March 31 (Note 3)	$ 8,914	**$ 11,854**

The accompanying notes are part of the 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

The consolidated financial statements have been prepared in conformity with generally accepted accounting principles in the United States of America ("GAAP") for interim financial information, and instructions to the Quarterly Report on Form 10-Q and Rule 10-01 of Regulation S-X. In the opinion of management, these unaudited financial statements include all adjustments considered necessary for a fair statement of the results of operations and financial condition for interim periods for Ford Motor Credit Company LLC, its consolidated subsidiaries and consolidated VIEs in which Ford Motor Credit Company LLC is the primary beneficiary (collectively referred to herein as "Ford Credit," "we," "our," or "us"). Results for interim periods should not be considered indicative of results for any other interim period or for the full year. Reference should be made to the financial statements contained in our Annual Report on Form 10-K for the year ended December 31, 2018 ("2018 Form 10-K Report"). We are an indirect, wholly owned subsidiary of Ford Motor Company ("Ford"). We reclassify certain prior period amounts in our consolidated financial statements to conform to current year presentation.

Restructuring and Other Actions

In the first three months of 2019, we executed separation and restructuring actions associated with our plans to transform the operational fitness of our business.

NOTE 2. ACCOUNTING POLICIES

Provision for Income Taxes

For interim tax reporting we estimate one single effective tax rate, which is applied to the year-to-date ordinary income / (loss). Tax effects of significant unusual or infrequently occurring items are excluded from the estimated annual effective tax rate calculation and recognized in the interim period in which they occur.

Adoption of New Accounting Standards

Accounting Standards Update ("ASU") 2016-02, Leases. On January 1, 2019, we adopted the Accounting Standards Codification 842, Leases, and all the related amendments ("new lease standard") to contracts using the modified retrospective method. The comparative information has not been restated and continues to be reported under the lease accounting standard in effect for those periods. Adoption of the standard as a lessor did not significantly impact our financial statements. As a lessee, it added about $100 million of right-of-use assets and lease obligations to our consolidated balance sheet and did not significantly impact our income statement. We do not expect the adoption of the new lease standard to have a significant impact to our net income on an ongoing basis. We elected the practical expedients permitted under the transition guidance of the new standard that retained the lease classification and initial direct costs for any leases that existed prior to adoption of the standard. We did not reassess whether any contracts entered into prior to adoption are leases or contain leases.

We also adopted the following ASUs during 2019, none of which had a material impact to our financial statements or financial statement disclosures:

ASU		Effective Date
2018-16	Inclusion of the Secured Overnight Financing Rate (SOFR) Overnight Index Swap (OIS) Rate as a Benchmark Interest Rate for Hedge Accounting Purposes	January 1, 2019
2018-08	Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made	January 1, 2019

FORD MOTOR CREDIT COMPANY LLC AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. ACCOUNTING POLICIES *(Continued)*

Accounting Standards Issued But Not Yet Adopted

The following standard is expected to result in a significant change in practice to Ford Credit.

ASU 2016-13, Credit Losses - Measurement of Credit Losses on Financial Instruments. In June 2016, the Financial Accounting Standards Board ("FASB") issued a new accounting standard which replaces the current incurred loss impairment method with a method that reflects expected credit losses. We plan to adopt the new standard and the related amendment on the effective date of January 1, 2020 by recognizing the cumulative effect of initially applying the new standard as an adjustment to the opening balance of *Retained earnings*. We anticipate adoption will increase the amount of expected credit losses reported in *Finance receivables, net* on our consolidated balance sheet and do not expect a material impact to our income statement.

Change in Accounting Method

As of January 1, 2019, we changed our accounting method for reporting early termination losses related to customer defaults on operating leases. See Note 5 for additional information.

NOTE 3. CASH, CASH EQUIVALENTS, AND MARKETABLE SECURITIES

The following table categorizes the fair values of cash, cash equivalents, and marketable securities measured at fair value on a recurring basis (in millions):

	Fair Value Level	December 31, 2018	March 31, 2019
Cash and cash equivalents			
U.S. government	1	$ 139	$ 1,112
U.S. government and agencies	2	25	599
Non-U.S. government and agencies	2	114	394
Corporate debt	2	884	639
Total marketable securities classified as cash equivalents		1,162	2,744
Cash, time deposits and money market funds		8,445	8,989
Total cash and cash equivalents		$ 9,607	$ 11,733
Marketable Securities			
U.S. government	1	$ 289	$ 241
U.S. government and agencies	2	65	40
Non-U.S. government and agencies	2	610	803
Corporate debt	2	198	556
Other marketable securities	2	146	206
Total marketable securities		$ 1,308	$ 1,846

Cash, Cash Equivalents, and Restricted Cash

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

	December 31, 2018	March 31, 2019
Cash and cash equivalents	$ 9,607	$ 11,733
Restricted cash included in other assets (a)	140	121
Total cash, cash equivalents, and restricted cash	$ 9,747	$ 11,854

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(a) 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. Restricted cash does not include required minimum balances or cash securing debt issued through securitization transactions.

FORD MOTOR CREDIT COMPANY LLC AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 4. FINANCE RECEIVABLES

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

Finance receivables, net were as follows (in millions):

	December 31, 2018	March 31, 2019
Consumer		
Retail installment contracts, gross	$ 70,999	$ 69,380
Finance leases, gross	8,748	9,012
Retail financing, gross	79,747	78,392
Unearned interest supplements from Ford and affiliated companies	(3,508)	(3,478)
Consumer finance receivables	76,239	74,914
Non-Consumer		
Dealer financing	40,996	42,804
Other financing	2,168	2,045
Non-Consumer finance receivables	43,164	44,849
Total recorded investment	$ 119,403	$ 119,763
Recorded investment in finance receivables	$ 119,403	$ 119,763
Allowance for credit losses	(589)	(513)
Finance receivables, net	$ 118,814	$ 119,250
Net finance receivables subject to fair value (a)	$ 110,388	$ 110,595
Fair value (b)	109,794	110,296

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(a) Net finance receivables subject to fair value exclude finance leases. Previously, certain consumer financing products in Europe were classified as retail installment contracts. We now classify these products as finance leases. Comparative information has been revised to reflect this change.
(b) The fair value of finance receivables is categorized within Level 3 of the fair value hierarchy.

At December 31, 2018 and March 31, 2019, accrued uncollected interest was $264 million and $275 million, respectively, which we report in *Other assets* on our balance sheet.

Included in recorded investment in finance receivables at December 31, 2018 and March 31, 2019, were consumer receivables of $40.7 billion and $43.2 billion, respectively, and non-consumer receivables of $25.7 billion and $26.3 billion, respectively, that have been sold for legal purposes in securitization transactions but continue to be reported in our consolidated financial statements. The receivables 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 Ford Credit’s other creditors. 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 (see Note 7 for additional information).

Finance Leases

Our finance leases are comprised of sales-type and direct financing leases. We offer finance leases to individuals, leasing companies, government entities, daily rental companies, and fleet customers. 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 our 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.

FORD MOTOR CREDIT COMPANY LLC AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 4. FINANCE RECEIVABLES *(Continued)*

The amounts contractually due on our finance lease receivables were as follows (in millions):

	March 31, 2019
Within one year	$ 2,065
After one year and within two years	1,955
After two years and within three years	1,646
After three years and within four years	691
After four years and within five years	124
After five years	2
Total future cash payments	6,483
Less: Present value discount	(315)
Finance lease receivables	$ 6,168

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

	March 31, 2019
Finance lease receivables	$ 6,168
Unguaranteed residual assets	2,713
Initial direct costs	131
Finance leases, gross	9,012
Unearned interest supplements from Ford and affiliated companies	(340)
Allowance for credit losses	(17)
Finance leases, net	$ 8,655

Financing revenue from finance leases was $95 million and $92 million for the periods ended March 31, 2018 and March 31, 2019, respectively, and is included in *Retail financing* on the income statement. Revenue 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.

FORD MOTOR CREDIT COMPANY LLC AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 4. FINANCE RECEIVABLES *(Continued)*

Aging

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. The recorded investment of consumer receivables greater than 90 days past due and still accruing interest was $20 million at December 31, 2018. At March 31, 2019, there were no balances greater than 90 days past due for which we are still accruing interest.

The aging analysis of finance receivables balances was as follows (in millions):

	December 31, 2018	March 31, 2019
Consumer		
31-60 days past due	$ 859	$ 563
61-90 days past due	123	82
91-120 days past due	39	34
Greater than 120 days past due	39	40
Total past due	1,060	719
Current	75,179	74,195
Consumer finance receivables	76,239	74,914
Non-Consumer		
Total past due	76	81
Current	43,088	44,768
Non-Consumer finance receivables	43,164	44,849
Total recorded investment	$ 119,403	$ 119,763

Credit Quality

Consumer Portfolio. Credit quality ratings for consumer receivables are based on our aging analysis. Consumer receivables credit quality ratings are as follows:

- *Pass* – current to 60 days past due;
- *Special Mention* – 61 to 120 days past due and in intensified collection status; and
- *Substandard* – greater than 120 days past due and for which the uncollectible portion of the receivables has already been charged off, as measured using the fair value of collateral less costs to sell.

Non-Consumer Portfolio. 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; and
- *Group IV* – poor financial metrics, including dealers classified as uncollectible.

The credit quality analysis of our dealer financing receivables was as follows (in millions):

	December 31, 2018	March 31, 2019
Dealer financing		
Group I	$ 33,656	$ 35,403
Group II	5,635	5,744
Group III	1,576	1,533
Group IV	129	124
Total recorded investment	$ 40,996	$ 42,804

FORD MOTOR CREDIT COMPANY LLC AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 4. FINANCE RECEIVABLES *(Continued)*

Impaired Receivables

Impaired consumer receivables include accounts that have been rewritten or modified in reorganization proceedings pursuant to the U.S. Bankruptcy Code that are considered to be Troubled Debt Restructurings ("TDRs"), as well as all accounts greater than 120 days past due. Impaired non-consumer receivables represent accounts with dealers that have weak or poor financial metrics or dealer financing that has been modified in TDRs. The recorded investment of consumer receivables that were impaired at December 31, 2018 and March 31, 2019 was $370 million and $359 million, or 0.5% and 0.5% of consumer receivables, respectively. The recorded investment of non-consumer receivables that were impaired at December 31, 2018 and March 31, 2019 was $129 million and $124 million, or 0.3% and 0.3% of non-consumer receivables, respectively. Impaired finance receivables are evaluated both collectively and specifically.

The accrual of revenue is discontinued at the time a receivable is determined to be uncollectible. 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.

A restructuring of debt constitutes a TDR if we grant a concession to a debtor for economic or legal reasons related to the debtor's financial difficulties that we otherwise would not consider. Consumer and non-consumer receivables that have a modified interest rate below market rate or that were modified in reorganization proceedings pursuant to the U.S. Bankruptcy Code, except non-consumer receivables that are current with minimal risk of loss, are considered to be TDRs. We do not grant concessions on 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. Finance receivables involved in TDRs are specifically assessed for impairment.

FORD MOTOR CREDIT COMPANY LLC AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. NET INVESTMENT IN OPERATING LEASES

Net investment in operating leases consist 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.

Accumulated depreciation reduces the value of the vehicles from their initial acquisition value to their expected residual value at the end of the lease. At the time of purchase, we establish the expected residual value for the vehicle based on recent auction values, return volumes for our leased vehicles, industry-wide used vehicle prices, marketing incentive plans, and vehicle quality data. We monitor residual values each month and review the accuracy of our accumulated depreciation on a quarterly basis.

Change in Accounting Method. As of January 1, 2019, we changed our accounting method for reporting early termination losses related to customer defaults on operating leases. Prior to the first quarter of 2019, we presented the early termination loss reserve on operating leases due to customer default events as part of the allowance for credit losses which reduces *Net investment in operating leases* on the balance sheet. On the income statement, the incurred losses were included in *Provision for credit losses*. We now consider the effects of operating lease early terminations when determining depreciation estimates, which are included as part of accumulated depreciation within *Net investment in operating leases* on the balance sheet, and *Depreciation on vehicles subject to operating leases* on the income statement.

In conjunction with the January 1, 2019 adoption of ASU 2016-02, Leases (described in Note 2), we reviewed our leasing-related accounting policies and updated our depreciation policy for operating leases so that the useful life of the vehicles incorporates our historical experience on early terminations due to customer defaults. We believe this change in accounting method is preferable as the characterization of these changes are better reflected as depreciation. At December 31, 2018, this reclassification increased accumulated depreciation and decreased allowance for credit losses by $78 million, respectively, and had no impact on *Net Investment in operating leases*. On the income statement, this reclassification increased *Depreciation on vehicles subject to operating leases* and decreased *Provision for credit losses* by $25 million, respectively, for the first quarter of 2018.

These changes had no impact on *Income before income taxes, Net investment in operating leases, Retained earnings,* or to the *Net cash provided by / (used in) operating activities*. We have reclassified prior period amounts to reflect the above changes.

Net investment in operating leases were as follows (in millions):

	December 31, 2018	March 31, 2019
Vehicles, at cost (a)	$ 33,593	$ 33,585
Accumulated depreciation	(6,144)	(5,979)
Net investment in operating leases	$ 27,449	27,606

(a) Includes interest supplements and residual support payments we receive on certain leasing transactions under agreements with Ford and affiliated companies, and other vehicle acquisition costs. 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.

FORD MOTOR CREDIT COMPANY LLC AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

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

At December 31, 2018 and March 31, 2019, net investment in operating leases includes $16.3 billion and $16.0 billion, respectively, that have been included in securitization transactions but continue to be reported in our consolidated financial statements. These net investments 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 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 (see Note 7 for additional information).

The amounts contractually due for minimum rentals on operating leases at December 31, 2018 were as follows (in millions):

	2019	2020	2021	2022	2023	Total
Minimum rentals on operating leases	$ 4,708	$ 2,929	$ 1,083	$ 83	$ 6	$ 8,809

The amounts contractually due on our operating leases at March 31, 2019 were as follows (in millions):

	Within 1 year	After 1 year and within 2 years	After 2 years and within 3 years	After 3 years and within 4 years	After 4 years and within 5 years	Total
Operating lease payments	$ 4,719	$ 2,924	$ 1,040	$ 80	$ 5	$ 8,768

Our operating leases are generally pre-payable without penalty and may cause actual amounts to differ from amounts contractually due.

FORD MOTOR CREDIT COMPANY LLC AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. ALLOWANCE FOR CREDIT LOSSES

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

	First Quarter 2018		
	Consumer	Non-Consumer	Total Allowance
Allowance for credit losses			
Beginning balance	$ 582	$ 15	$ 597
Charge-offs	(131)	(2)	(133)
Recoveries	39	1	40
Provision for credit losses	92	2	94
Other	2	—	2
Ending balance	$ 584	$ 16	$ 600
Analysis of ending balance of allowance for credit losses			
Collective impairment allowance	$ 563	$ 15	$ 578
Specific impairment allowance	21	1	22
Ending balance	584	16	600
Analysis of ending balance of finance receivables			
Collectively evaluated for impairment	75,989	45,059	121,048
Specifically evaluated for impairment	380	108	488
Recorded investment	76,369	45,167	121,536
Ending balance, net of allowance for credit losses	$ 75,785	$ 45,151	$ 120,936

	First Quarter 2019		
	Consumer	Non-Consumer	Total Allowance
Allowance for credit losses			
Beginning balance	$ 566	$ 23	$ 589
Charge-offs	(137)	(17)	(154)
Recoveries	43	2	45
Provision for credit losses	24	9	33
Other	—	—	—
Ending balance	$ 496	$ 17	$ 513
Analysis of ending balance of allowance for credit losses			
Collective impairment allowance	$ 477	$ 16	$ 493
Specific impairment allowance	19	1	20
Ending balance	496	17	513
Analysis of ending balance of finance receivables			
Collectively evaluated for impairment	74,555	44,725	119,280
Specifically evaluated for impairment	359	124	483
Recorded investment	74,914	44,849	119,763
Ending balance, net of allowance for credit losses	$ 74,418	$ 44,832	$ 119,250

FORD MOTOR CREDIT COMPANY LLC AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 7. TRANSFERS OF RECEIVABLES

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 in 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, the United Kingdom, Germany and China.

We engage in securitization transactions to fund operations and to maintain liquidity. Our securitization transactions are recorded as asset-backed debt and the associated assets are not derecognized and continue to be included in our financial statements.

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. 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. The debt is the obligation of our consolidated securitization entities and not the obligation of Ford Credit or our other subsidiaries.

Most of these securitization transactions utilize VIEs. See Note 8 for additional information concerning VIEs. The following tables show the assets and debt related to our securitization transactions that were included in our financial statements (in billions):

	December 31, 2018				
		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)
VIE (b)					
Retail financing	$ 1.9	$ 34.0	$ 0.2	$ 33.8	$ 29.2
Wholesale financing	0.3	24.9	—	24.9	13.9
Finance receivables	2.2	58.9	0.2	58.7	43.1
Net investment in operating leases	0.5	16.3	—	16.3	10.2
Total VIE	$ 2.7	$ 75.2	$ 0.2	$ 75.0	$ 53.3
Non-VIE					
Retail financing	$ 0.3	$ 6.7	$ —	$ 6.7	$ 5.9
Wholesale financing	—	0.8	—	0.8	0.6
Finance receivables	0.3	7.5	—	7.5	6.5
Net investment in operating leases	—	—	—	—	—
Total Non-VIE	$ 0.3	$ 7.5	$ —	$ 7.5	$ 6.5
Total securitization transactions					
Retail financing	$ 2.2	$ 40.7	$ 0.2	$ 40.5	$ 35.1
Wholesale financing	0.3	25.7	—	25.7	14.5
Finance receivables	2.5	66.4	0.2	66.2	49.6
Net investment in operating leases	0.5	16.3	—	16.3	10.2
Total securitization transactions	$ 3.0	$ 82.7	$ 0.2	$ 82.5	$ 59.8

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(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 7. TRANSFERS OF RECEIVABLES *(Continued)*

	March 31, 2019				
		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)
VIE (b)					
Retail financing	$ 2.1	$ 35.4	$ 0.2	$ 35.2	$ 30.6
Wholesale financing	0.3	25.5	—	25.5	11.5
Finance receivables	2.4	60.9	0.2	60.7	42.1
Net investment in operating leases	0.6	16.0	—	16.0	10.1
Total VIE	$ 3.0	$ 76.9	$ 0.2	$ 76.7	$ 52.2
Non-VIE					
Retail financing	$ 0.3	$ 7.8	$ —	$ 7.8	$ 6.9
Wholesale financing	—	0.8	—	0.8	0.6
Finance receivables	0.3	8.6	—	8.6	7.5
Net investment in operating leases	—	—	—	—	—
Total Non-VIE	$ 0.3	$ 8.6	$ —	$ 8.6	$ 7.5
Total securitization transactions					
Retail financing	$ 2.4	$ 43.2	$ 0.2	$ 43.0	$ 37.5
Wholesale financing	0.3	26.3	—	26.3	12.1
Finance receivables	2.7	69.5	0.2	69.3	49.6
Net investment in operating leases	0.6	16.0	—	16.0	10.1
Total securitization transactions	$ 3.3	$ 85.5	$ 0.2	$ 85.3	$ 59.7

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(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 cost.

FORD MOTOR CREDIT COMPANY LLC AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. VARIABLE INTEREST ENTITIES

We use special purpose entities to issue asset-backed securities in transactions to public and private investors. We have deemed most of these special purpose entities to be VIEs of which we are the primary beneficiary. The asset-backed securities are backed by finance receivables and interests in net investments in operating leases. The assets continue to be consolidated by us. We retain interests in our securitization VIEs, including subordinated securities issued by the VIEs, rights to cash held for the benefit of the securitization investors, and rights 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 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 and have no right to require us to repurchase the investments. 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 be required to support the performance of certain securitization transactions, however, by increasing cash reserves.

See Note 7 for additional information on the financial position and financial performance of our VIEs and Note 9 for additional information regarding derivatives.

NOTE 9. 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 highly effective derivative contracts. 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.

Income Effect of Derivative Financial Instruments

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

	First Quarter	
	2018	2019
Fair value hedges		
Interest rate contracts		
Net interest settlements and accruals on hedging instruments	$ 26	$ (20)
Fair value changes on hedging instruments	(339)	250
Fair value changes on hedged debt	329	(253)
Derivatives not designated as hedging instruments		
Interest rate contracts	(17)	(27)
Foreign currency exchange contracts (a)	(12)	(6)
Cross-currency interest rate swap contracts	(58)	(145)
Total	$ (71)	$ (201)

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

FORD MOTOR CREDIT COMPANY LLC AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 9. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES *(Continued)*

Balance Sheet Effect of Derivative Financial Instruments

Derivative assets and liabilities are reported on the balance sheet 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 exposure 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, presented gross, were as follows (in millions):

	December 31, 2018			March 31, 2019		
	Notional	Fair Value of Assets	Fair Value of Liabilities	Notional	Fair Value of Assets	Fair Value of Liabilities
Fair value hedges						
Interest rate contracts	$ 22,989	$ 158	$ 208	$ 23,894	$ 217	$ 143
Derivatives not designated as hedging instruments						
Interest rate contracts	76,904	235	274	67,726	216	295
Foreign currency exchange contracts	4,318	45	24	3,893	52	30
Cross-currency interest rate swap contracts	5,235	232	157	6,331	146	216
Total derivative financial instruments, gross (a) (b)	$ 109,446	$ 670	$ 663	$ 101,844	$ 631	$ 684

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(a) At December 31, 2018 and March 31, 2019, we held collateral of $19 million and $26 million, respectively, and we posted collateral of $59 million and $63 million, respectively.
(b) At December 31, 2018 and March 31, 2019, the fair value of assets and liabilities available for counterparty netting was $233 million and $219 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 10. 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 were as follows (in millions):

	December 31, 2018	March 31, 2019
Accrued interest and other non-finance receivables	$ 1,080	$ 1,116
Collateral held for resale, at net realizable value, and other inventory	877	737
Prepaid reinsurance premiums and other reinsurance recoverables	658	663
Deferred charges – income taxes	216	200
Property and equipment, net of accumulated depreciation (a)	192	200
Investment in non-consolidated affiliates	123	127
Restricted cash	140	121
Operating lease assets	—	92
Deferred charges	96	89
Other	74	97
Total other assets	$ 3,456	$ 3,442

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(a) Accumulated depreciation was $367 million and $375 million at December 31, 2018 and March 31, 2019, respectively.

Other liabilities and deferred revenue were as follows (in millions):

	December 31, 2018	March 31, 2019
Unearned insurance premiums and fees	$ 775	$ 779
Interest payable	752	637
Income tax and related interest (a)	369	329
Deferred revenue	113	126
Operating lease liabilities	—	94
Payroll and employee benefits	70	45
Other	228	208
Total other liabilities and deferred revenue	$ 2,307	$ 2,218

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(a) Includes tax and interest payable to affiliated companies of $193 million and $182 million at December 31, 2018 and March 31, 2019, respectively.

We have investments in entities for which we do not have the ability to exercise significant influence and fair values are not readily available. We have elected to record these investments at cost (less impairment, if any), adjusted for changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. We report the carrying value of these investments in *Other assets* in our consolidated balance sheet. These investments were $9 million at both December 31, 2018 and March 31, 2019. There were no material adjustments to the fair values of these investments during the period ending March 31, 2019.

Deferred revenue balances presented above include amounts from contracts with customers primarily related to admission fee revenue on group financing products available in Argentina and were $87 million and $76 million at December 31, 2018 and March 31, 2019, respectively. Admission fee revenue on group financing products is generally recognized evenly over the term of the agreement, which is up to 84 months. Increases in the admission fee deferred revenue balance are the result of payments due during the current period in advance of satisfying our performance under the contract and decreases are a result of revenue recognized during the current period that was previously deferred.

FORD MOTOR CREDIT COMPANY LLC AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 11. DEBT

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

	Debt		Interest Rates: Average Contractual		Interest Rates: Average Effective	
	December 31, 2018	March 31, 2019	2018	2019	2018	2019
Short-term debt						
Unsecured debt						
Floating rate demand notes	$ 5,880	$ 6,170				
Commercial paper	3,749	3,713				
Other short-term debt	4,213	3,760				
Asset-backed debt	943	983				
Total short-term debt	14,785	14,626	3.5%	3.4%	3.5%	3.4%
Long-term debt						
Unsecured debt						
Notes payable within one year	14,373	13,814				
Notes payable after one year	52,409	55,849				
Asset-backed debt (a)						
Notes payable within one year	22,130	23,502				
Notes payable after one year	36,844	35,306				
Unamortized discount	2	1				
Unamortized issuance costs	(211)	(221)				
Fair value adjustments (b)	(186)	73				
Total long-term debt	125,361	128,324	2.8%	3.0%	2.8%	3.0%
Total debt	$ 140,146	$ 142,950	2.8%	3.0%	2.9%	3.1%
Fair value of debt (c)	$ 138,888	$ 142,595				

(a) 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.
(b) These adjustments relate to designated fair value hedges. The carrying value of hedged debt was $38.0 billion and $38.1 billion at December 31, 2018 and March 31, 2019, respectively.
(c) The fair value of debt includes $13.8 billion and $13.6 billion of short-term debt at December 31, 2018 and March 31, 2019, respectively, carried at cost, which approximates fair value. All other debt is categorized within Level 2 of the fair value hierarchy.

NOTE 12. ACCUMULATED OTHER COMPREHENSIVE INCOME / (LOSS)

The changes in the balance of *Accumulated Other Comprehensive Income / (Loss)* ("AOCI") attributable to Ford Credit for the periods ended March 31 were as follows (in millions):

	First Quarter	
	2018	2019
Beginning AOCI balance	$ (419)	$ (829)
Net gain / (loss) on foreign currency translation	113	20
Ending AOCI balance	$ (306)	$ (809)

FORD MOTOR CREDIT COMPANY LLC AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 13. OTHER INCOME, NET

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

The amounts included in *Other income, net* for the periods ended March 31 were as follows (in millions):

	First Quarter	
	2018	2019
Gains / (Losses) on derivatives	$ (87)	$ (178)
Currency revaluation gains / (losses)	62	131
Interest and investment income	42	79
Other	20	27
Total other income, net	$ 37	$ 59

NOTE 14. 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 Americas, Europe, and Asia Pacific. 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, are reflected in Unallocated Other. The following is a brief description of our segments:

- Americas Segment – United States, Canada, Mexico, Brazil, and Argentina
- Europe Segment – European region and South Africa
- Asia Pacific Segment – China and India

Key financial information for our business segments for the periods ended or at March 31 were as follows (in millions):

	Americas	Europe	Asia Pacific	Total Segments	Unallocated Other (a)	Total
First Quarter 2018						
Total revenue	$ 2,581	$ 295	$ 144	$ 3,020	$ —	$ 3,020
Income before income taxes	515	111	46	672	(31)	641
Other disclosures:						
Depreciation on vehicles subject to operating leases	1,048	5	—	1,053	—	1,053
Interest expense	752	72	91	915	(3)	912
Provision for credit losses	86	5	3	94	—	94
Net finance receivables and net investment in operating leases	120,392	27,702	7,574	155,668	(8,017)	147,651
Total assets	127,013	30,109	7,961	165,083	—	165,083
First Quarter 2019						
Total revenue	$ 2,793	$ 303	$ 98	$ 3,194	$ —	$ 3,194
Income before income taxes	644	116	34	794	7	801
Other disclosures:						
Depreciation on vehicles subject to operating leases	912	12	—	924	—	924
Interest expense	972	80	61	1,113	8	1,121
Provision for credit losses	38	5	(10)	33	—	33
Net finance receivables and net investment in operating leases	123,323	27,066	4,885	155,274	(8,418)	146,856
Total assets	130,603	29,459	5,353	165,415	—	165,415

(a) *Net finance receivables* and *Net investment in operating leases* include unearned interest supplements and residual support, allowance for credit losses, and other (primarily accumulated supplemental depreciation).

FORD MOTOR CREDIT COMPANY LLC AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 15. COMMITMENTS AND CONTINGENCIES

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

Lease Commitments

We lease various land, buildings, and equipment under agreements that expire over various contractual periods ranging from less than one year to 11 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 presented in *Other assets* on our consolidated balance sheet.

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 using the discount rate implicit in the lease. If the discount rate is not readily determinable, we use our incremental borrowing rate. Operating lease liabilities are reported in *Other liabilities and deferred revenue.* Variable payments are included in the lease liability if they are based on a market rate or an index (e.g., CPI). Variable payments that do not meet this criterion are expensed as incurred.

We have rental commitments for certain land, buildings, and equipment that expire over various contractual periods. Minimum non-cancelable operating lease commitments at December 31, 2018 were as follows (in millions):

	2019	2020	2021	2022	2023	Thereafter	Total
Minimum rentals on operating leases	$ 19	$ 14	$ 11	$ 10	$ 9	$ 34	$ 97

The amounts contractually due on our operating lease liabilities as of March 31, 2019 were as follows (in millions):

	Within 1 year	After 1 year and within 2 years	After 2 years and within 3 years	After 3 years and within 4 years	After 4 years and within 5 years	After 5 years	Total
Operating lease	$ 20	$ 16	$ 12	$ 12	$ 11	$ 35	$ 106
Less: Present value discount							(12)
Total operating lease liabilities							$ 94

Our operating and variable lease expense for the period ending March 31, 2019 was $6 million. The right-of-use assets obtained in exchange for operating lease liabilities for the same period was $11 million.

As of March 31, 2019, the weighted average remaining lease term for operating leases was 7 years and the weighted average remaining discount rate for operating leases was 3.3%.

Guarantees and Indemnifications

Guarantees and indemnifications are recorded at fair value at their inception. 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 $34 million and $38 million at December 31, 2018 and March 31, 2019, respectively. Of these values, $29 million and $32 million at December 31, 2018 and March 31, 2019, respectively, were counter-guaranteed by Ford to us. There were no recorded liabilities related to guarantees and limited indemnities at December 31, 2018 or March 31, 2019.

FORD MOTOR CREDIT COMPANY LLC AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 15. COMMITMENTS AND CONTINGENCIES *(Continued)*

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 guaranteed 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. However, our ability to enforce these rights is sometimes stayed until the guaranteed party is paid in full, and may be limited in the event of insolvency of the third party or other circumstances.

In the ordinary course of business, we execute contracts involving indemnifications standard in the industry and indemnifications specific to a transaction. 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 terms of the contract or by 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.

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; 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 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 of our 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. On January 9, 2019, FCE Bank plc (“FCE”) received a decision from the Italian Competition Authority, which included an assessment of a fine against FCE in the amount of about $50 million. On March 8, 2019, FCE appealed the decision and the fine with the ultimate resolution of the matter potentially taking several years. While we have determined that an adverse outcome is not probable, the reasonably possible loss could be up to the fine amount.

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.

ITEM 2. ***Management's Discussion and Analysis of Financial Condition and Results of Operations.***

Results of Operations

Overview

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

- *Volume and Mix* – Volume and Mix are primarily reflected within *Net financing margin* on the income statement.
  - Volume primarily measures changes in net financing margin driven by changes in average managed receivables 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 vehicle sales and leases, the extent to which we purchase retail installment sale and 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 managed receivables by product and by country or region.

- *Financing Margin* – Financing Margin is reflected within *Net financing margin* on the income statement.
  - Financing margin variance is the period-to-period change in financing margin yield multiplied by the present period average managed receivables 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 managed receivables 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 the *Provision for credit losses* on the income statement.
  - 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 economic conditions.
  - As of January 1, 2019, we changed our accounting method for reporting early termination losses related to customer defaults on operating leases. Prior to the first quarter of 2019, we presented the early termination loss reserve on operating leases due to customer default events as part of the allowance for credit losses which reduces *Net investment in operating leases* on the balance sheet. On the income statement, the incurred losses were included in *Provision for credit losses*. We now consider the effects of operating lease early terminations when determining depreciation estimates, which are included as part of accumulated depreciation within *Net investment in operating leases* on the balance sheet, and *Depreciation on vehicles subject to operating leases* on the income statement. We believe this change in accounting method is preferable as the characterization of these changes are better reflected as depreciation. We have reclassified prior period amounts to reflect these changes. For additional information, refer to the "Critical Accounting Estimates - Allowance for Credit Losses" section of Item 7 of Part II of our 2018 Form 10-K Report.

- *Lease Residual* – Lease Residual is reflected within *Depreciation on vehicles subject to operating leases* on the income statement.
  - 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. With the change in accounting method discussed above, *Depreciation on vehicles subject to operating leases* now reflects early termination losses on operating leases due to customer default events, for all periods presented. For additional information, refer to the "Critical Accounting Estimates" section of Item 7 of Part II of our 2018 Form 10-K Report.

- *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, net* on the income statement 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 changes are primarily driven by changes in earnings related to market valuation adjustments to derivatives (primarily related to movements in interest rates), which are included in unallocated risk management, and other miscellaneous items.

In addition, the following definitions and calculations apply to the charts contained in Item 2 of this report:

- *Cash* (as shown on the Funding Structure, Liquidity Sources, and Leverage charts) – *Cash and cash equivalents* and *Marketable securities* reported on Ford Credit's balance sheet, excluding amounts related to insurance activities

- *Earnings Before Taxes (EBT)* – Reflects *Income before income taxes* as reported on Ford Credit's income statement

- *Return on Equity* (*ROE)* (as shown on the Key Metrics chart) – Reflects return on equity calculated by annualizing net income for the period and dividing by monthly average equity for the period

- *Securitizations* (as shown on the Public Term Funding Plan chart) – Public securitization transactions, Rule 144A offerings sponsored by Ford Credit, and widely distributed offerings by Ford Credit Canada

- *Securitization Cash* (as shown on the Liquidity Sources chart) – Cash held for the benefit of the securitization investors (for example, a reserve fund)

- *Term Asset-Backed Securities* (as shown on the Funding Structure chart) – Obligations issued in securitization transactions that are payable only out of collections on the underlying securitized assets and related enhancements

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

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

- *Unallocated Other* (as shown on the EBT by Segment chart) – Items excluded in assessing segment performance because they are managed at the corporate level, including market valuation adjustments to derivatives and exchange-rate fluctuations on foreign currency-denominated transactions

First Quarter 2019 Compared with First Quarter 2018

The following chart shows our key metrics:

Key Metrics

	FIRST QUARTER		
	2018	2019	H / (L)
Net Receivables (Bils)	$ 148	$ 147	(1) %
Managed Receivables* (Bils)	$ 156	$ 155	- %
Loss-to-Receivables** (LTR)	61 bps	55 bps	(6) bps
Auction Values***	$ 17,510	$ 17,240	(2) %
Earnings Before Taxes (EBT) (Mils)	$ 641	$ 801	$ 160
ROE (Pct)	18 %	16 %	(2) ppt

Other Balance Sheet Metrics

	2018	2019	H / (L)
Debt (Bils)	$ 142	$ 143	1 %
Liquidity (Bils)	$ 28	$ 31	10 %
Financial Statement Leverage (to 1)	9.1	9.6	0.5
Managed Leverage* (to 1)	8.4	8.8	0.4

* Reconciliation to GAAP provided in the Financial Condition section
** U.S. retail only, previously included both retail and lease
*** U.S. 36-month off-lease first quarter auction values at 1Q 2019 mix

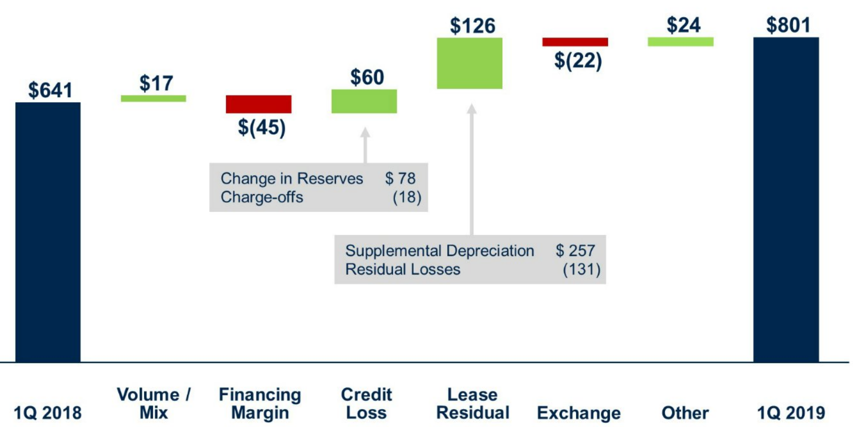
- Strong EBT up 25% YoY, the best quarterly result since 2010
- Receivables down slightly from a year ago in line with strategy to cap managed receivables at about $155B
- U.S. consumer credit metrics healthy, with improved LTR
- Balance sheet and liquidity remain strong; managed leverage within target range of 8:1 to 9:1

In the first quarter of 2019, EBT was $801 million, $160 million higher compared with a year ago. Net receivables were 1% lower and managed receivables down slightly compared with a year ago, driven by declines in the Asia Pacific and Europe Segments, partially offset by an increase in the Americas Segment. Consumer credit metrics were healthy in the United States, with the loss-to-receivables ratio at 0.55%, which improved six basis points from a year ago. U.S. auction values were down 2% compared with a year ago and consistent with expectations.

ROE was 16%, two percentage points lower compared with a year ago, primarily reflecting a higher effective tax rate, partially offset by higher EBT. Our balance sheet remains strong with managed leverage within our target range of 8:1 to 9:1.

The following chart shows the factors that contributed to the strong first quarter EBT:

1Q 2019 EBT YoY Bridge (Mils)



- Ford Credit EBT at $801M, up $160M YoY
- Higher EBT reflects incremental benefit from:
  - Lower supplemental depreciation on vehicles in Ford Credit's lease portfolio
  - Lower credit loss reserves reflecting continued strength in consumer credit metrics

Our first quarter 2019 EBT was $160 million higher than a year ago, led by favorable lease residual and credit loss performance, partially offset by unfavorable financing margin.

We have three reportable segments in our consolidated financial statements that align with our management reporting structure and reflect the manner in which our Chief Operating Decision Maker manages our business, including resource allocation and performance assessment. These segments are: the Americas, Europe, and Asia Pacific. Items excluded in assessing segment performance, because they are managed at the corporate level, are reflected in Unallocated Other. Results of operations by segment and Unallocated Other for the period ended March 31 are shown below (in millions). For additional information, see Note 14 of our Notes to the Financial Statements.

EBT By Segment

	1Q	
	2019	H / (L) 2018
Results (Mils)		
Americas segment	$ 644	$ 129
Europe segment	116	5
Asia Pacific segment	34	(12)
Total segments	$ 794	$ 122
Unallocated other	7	38
Earnings before taxes	$ 801	$ 160
(Provision for) / Benefit from income taxes	(198)	(258)
Net income	$ 603	$ (98)
Contract placement volumes (000)	404	(110)

Our first quarter 2019 net income was $603 million, a decrease of $98 million compared with a year ago, primarily reflecting a higher effective tax rate, partially offset by higher EBT.

Americas Segment

The Americas Segment first quarter 2019 EBT of $644 million was $129 million higher compared with first quarter 2018, explained primarily by improved lease residual and credit loss performance, partially offset by unfavorable financing margin.

Europe Segment

The Europe Segment first quarter 2019 EBT of $116 million was $5 million higher compared with first quarter 2018, explained primarily by favorable volume and mix and a gain upon closure of our branch in Greece, partially offset by unfavorable exchange.

Asia Pacific Segment

The Asia Pacific Segment first quarter 2019 EBT of $34 million was $12 million lower compared with first quarter 2018, explained primarily by unfavorable volume and mix.

Unallocated Other

Unallocated other was a $7 million gain for first quarter 2019, a $38 million improvement from first quarter 2018, reflecting favorable performance in market valuation adjustments to derivatives.

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 chart shows our United States and Canada retail installment and lease share of new Ford and Lincoln brand vehicle retail installment, lease, and wholesale financing share of new Ford and Lincoln brand vehicles acquired by dealers. Also shown is the Americas segment consumer financing contract placement volume for new and used vehicles. All data is for the periods ended March 31:

Americas Financing Shares And Contract Placement Volume

	1Q	
	2018	2019
Financing Shares (%)		
Retail Installment and Lease Share of Ford Retail Sales (excl. Fleet)		
United States	61 %	50 %
Canada	70	67
Wholesale Share		
United States	76 %	76 %
Canada	60	57
Contract Placement Volume - New and Used Retail / Lease (000)		
United States	272	200
Canada	33	30
Mexico	10	7
Total Americas Segment	315	237

In the first quarter of 2019, U.S. contract placement volume was down compared with a year ago, primarily reflecting lower financing share.

The following chart shows Europe's retail installment and lease share of new Ford brand vehicles sold and wholesale financing share of new Ford brand vehicles acquired by dealers. Also shown is Europe's consumer financing contract placement volume for new and used vehicles. All data is for the periods ended March 31:

Europe Financing Shares And Contract Placement Volume

	1Q	
	2018	2019
Financing Shares (incl. Fleet) (%)		
Retail Installment and Lease Share of Total Ford Sales		
U.K.	37 %	37 %
Germany	48	50
Total Europe Segment	36	36
Wholesale Share		
U.K.	100 %	100 %
Germany	94	93
Total Europe Segment	98	98
Contract Placement Volume - New and Used Retail / Lease (000)		
U.K.	46	41
Germany	39	42
All Other	62	56
Total Europe Segment	147	139

In the first quarter of 2019, Europe Segment financing share was unchanged from a year ago and total contract placement volume was down from a year ago reflecting lower Ford sales.

The following chart shows Asia Pacific's retail installment share of new Ford and Lincoln brand vehicles sold by dealers and wholesale financing share of new Ford and Lincoln brand vehicles acquired by dealers. Also shown is Asia Pacific's consumer financing contract placement volume for new and used vehicles. All data is for the periods ended March 31:

Asia Pacific Financing Shares And Contract Placement Volume

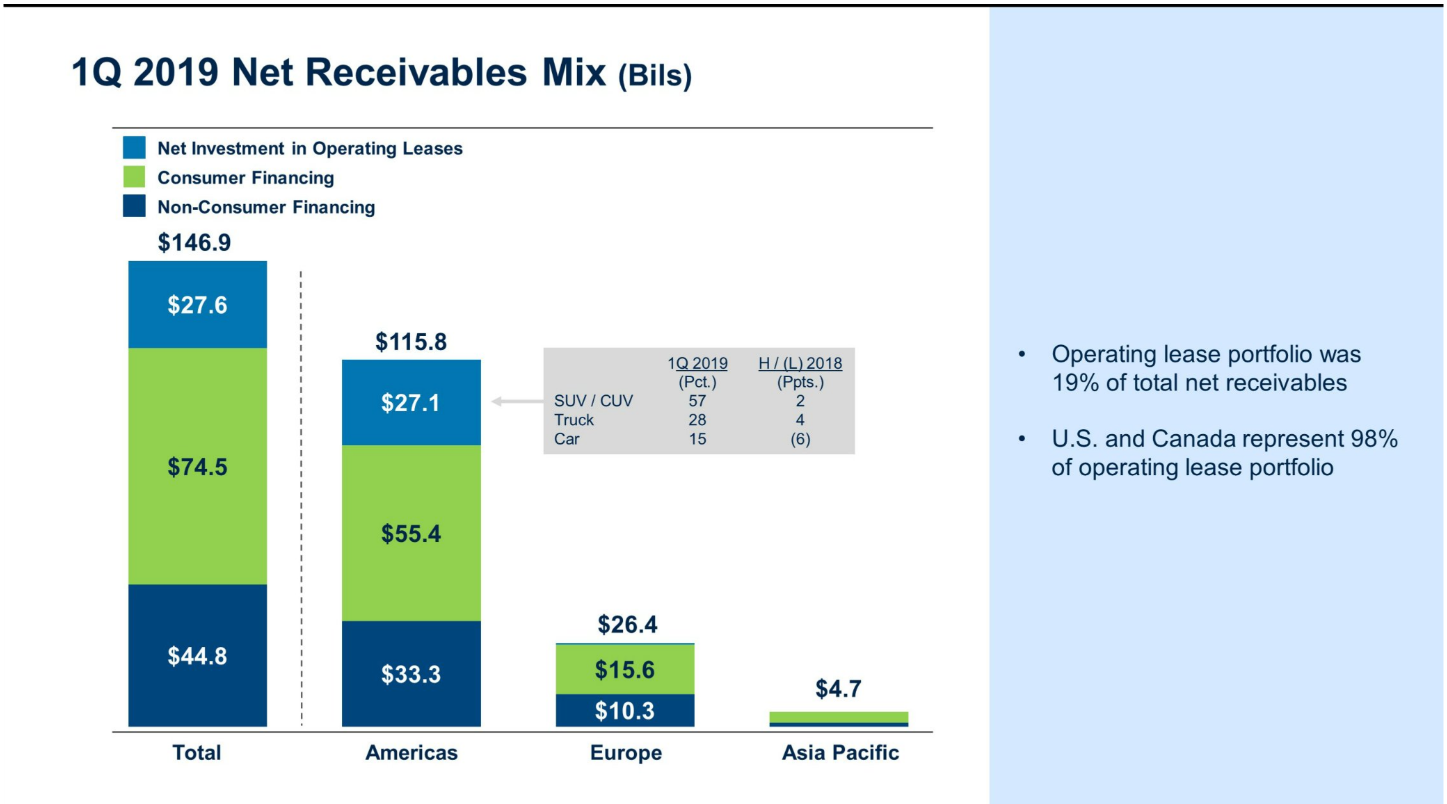
	1Q	
	2018	2019
Financing Shares (incl. Fleet) (%)		
Retail Installment Share of Total Ford Sales		
China	35 %	33 %
India	9	11
Wholesale Share		
China	61 %	59 %
India	38	36
Contract Placement Volume - New and Used Retail (000)		
China	50	26
India	2	2
Total Asia Pacific Segment	52	28

In the first quarter of 2019, Asia Pacific Segment total contract placement volume was down 46% compared with a year ago, driven primarily by lower Ford sales in China.

Financial Condition

Finance Receivables and Operating Leases

Our receivables, including finance receivables and operating leases, were as follows:



Our operating lease portfolio is prudently managed and was 19% of total net receivables at March 31, 2019. 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 98% of our total operating lease portfolio.

The following chart shows our reconciliation for our non-GAAP financial measure, managed receivables:

Total Net Receivables Reconciliation To Managed Receivables (Bils)

	2017 Dec 31	2018 Mar 31	2018 Dec 31	2019 Mar 31
Finance receivables, net (GAAP)	$ 116.0	$ 121.0	$ 118.8	$ 119.3
Net investment in operating leases (GAAP)	26.7	26.7	27.4	27.6
Total net receivables*	$ 142.7	$ 147.7	$ 146.3	$ 146.9
Unearned interest supplements and residual support	6.1	6.2	6.8	6.8
Allowance for credit losses	0.6	0.6	0.6	0.5
Other, primarily accumulated supplemental depreciation	1.1	1.2	1.2	1.1
Total managed receivables (Non-GAAP)	$ 150.5	$ 155.7	$ 154.9	$ 155.3

* Numbers may not sum due to rounding

At December 31, 2017, March 31, 2018, December 31, 2018, and March 31, 2019, total net receivables includes consumer receivables before allowance for credit losses of $38.9 billion, $39.3 billion, $40.7 billion, and $43.2 billion, respectively, and non-consumer receivables before allowance for credit losses of $24.5 billion, $26.6 billion, $25.7 billion, and $26.3 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, 2017, March 31, 2018, December 31, 2018, and March 31, 2019, total net receivables includes net investment in operating leases of $11.5 billion, $12 billion, $16.3 billion, and $16.0 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 Ford Credit's other creditors. 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. For additional information on our securitization transactions, refer to the "Securitization Transactions" and "On-Balance Sheet Arrangements" sections of Item 7 of Part II of our 2018 Form 10-K Report and Note 7 of our Notes to the Financial Statements for the period ended March 31, 2019.

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 actively 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 probable credit losses inherent in our finance 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, and receivable levels. 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 of Item 7 of Part II to our 2018 Form 10-K Report.

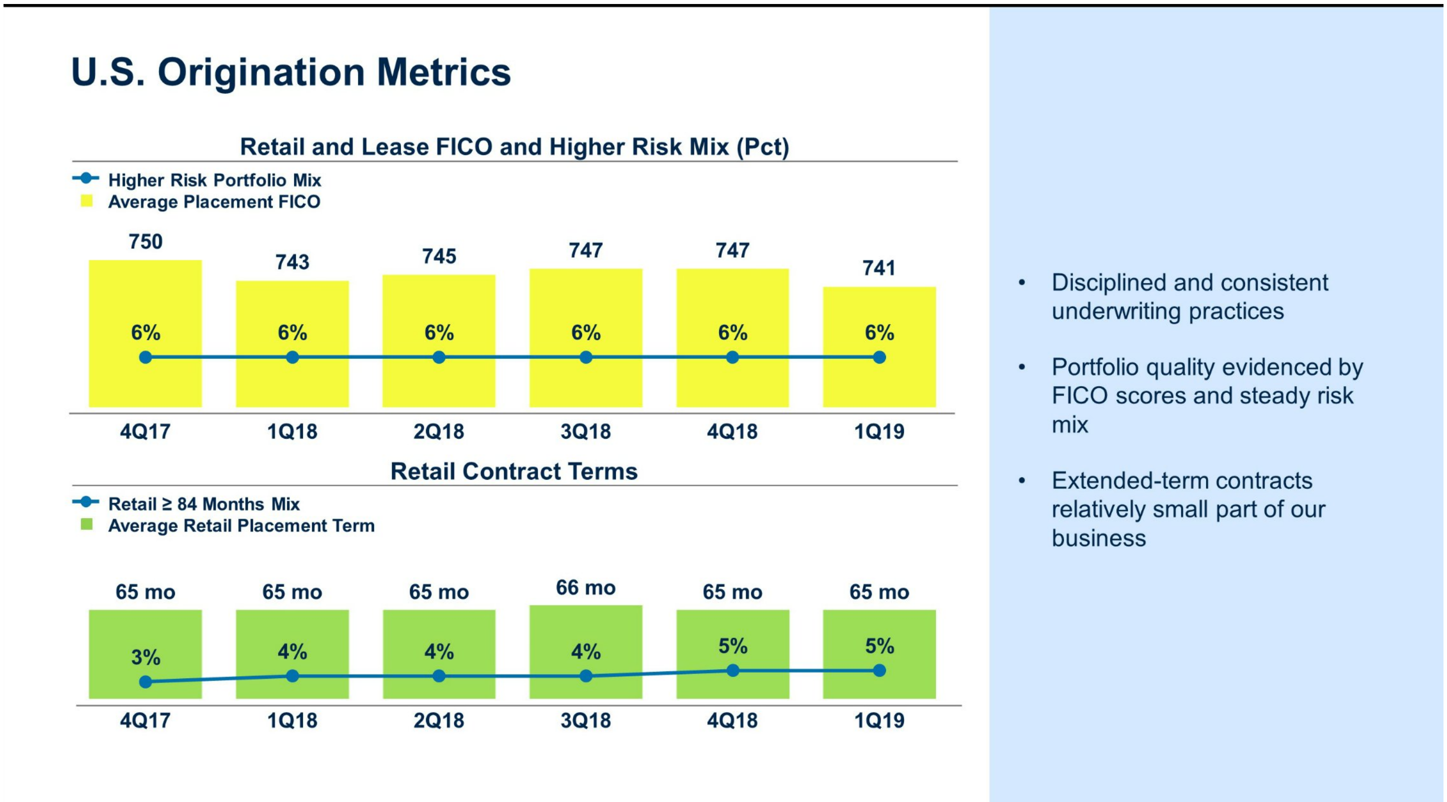
Most of our charge-offs are related to retail financing. Charge-offs are affected by the number of vehicle repossessions, the unpaid balance outstanding at the time of repossession, the auction price of repossessed vehicles, and other charge-offs. We also incur credit losses on our dealer financing, but default rates for these receivables historically have been substantially lower than those for retail financing. For additional information on severity, refer to the "Critical Accounting Estimates - Allowance for Credit Losses" section of Item 7 of Part II to our 2018 Form 10-K Report.

In purchasing retail installment and finance lease contracts, 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. 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 the quality of our receivables, see Note 4 of our Notes to the Financial Statements.

U.S. Origination Metrics

We support customers across the credit spectrum. Our higher risk business, as classified at contract inception, consistently represents 6% of our portfolio and has been stable for over 10 years.

The following charts show quarterly trends for FICO, higher risk mix, and retail installment contract terms:

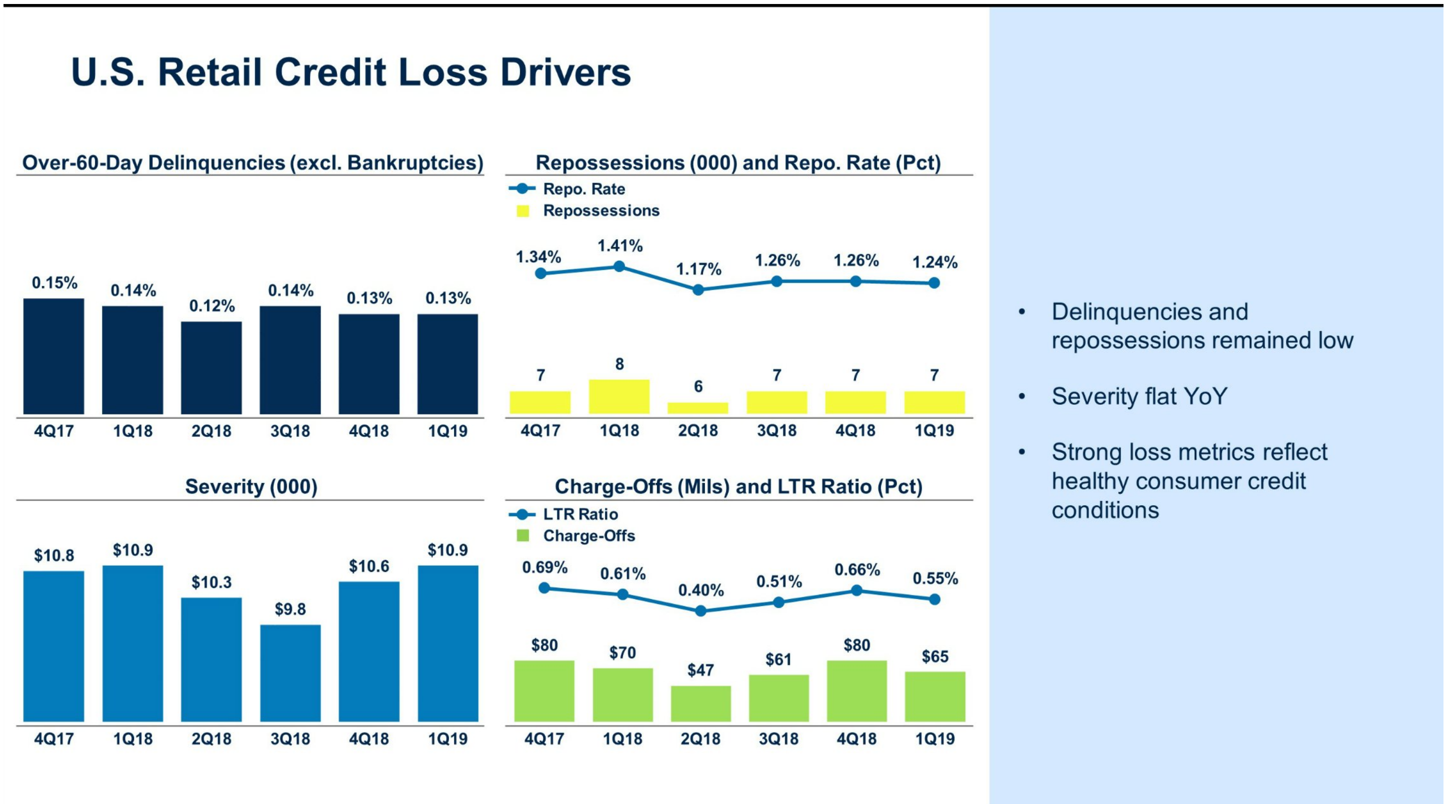


Our first quarter 2019 average placement FICO score remained strong.

Our average retail term was unchanged from a year ago, and retail contracts of 84 months and longer continued to be a relatively small part of our business. Ford Credit remains focused on managing the trade cycle – building customer relationships and loyalty while offering financing products and terms customers want. Ford Credit origination and risk management processes deliver robust portfolio performance.

U.S. Credit Losses

The following charts show the primary drivers of credit losses in the U.S. retail business, which comprised 60% of our worldwide consumer finance receivables at March 31, 2019. Loss-to-Receivables ("LTR") ratios are charge-offs divided by average finance receivables.



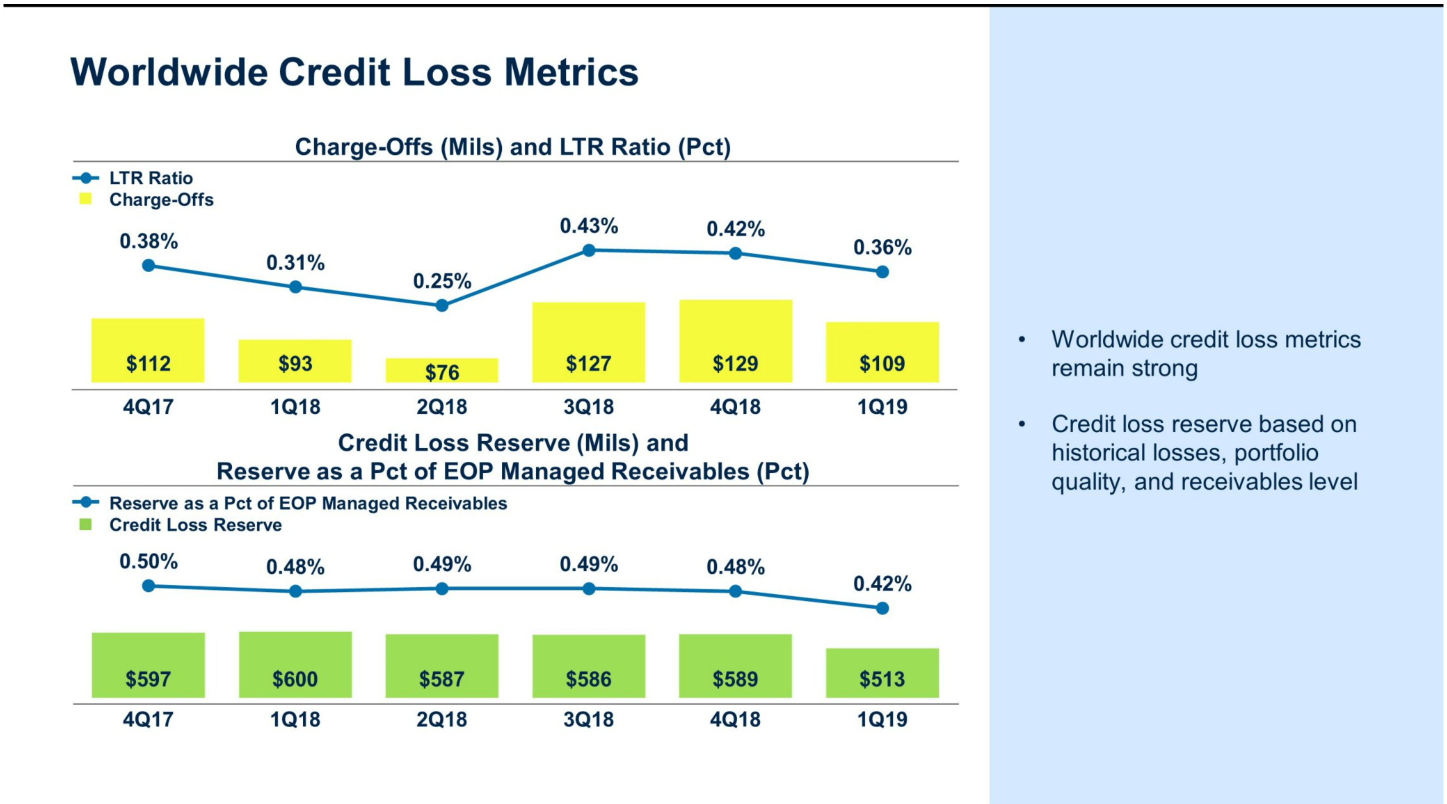
Compared with a year ago, both delinquencies and the repossession rate have improved, while severity was flat.

Our first quarter 2019 charge-offs and LTR ratio improved from a year ago.

Credit loss metrics remain strong, reflecting a healthy business environment and consumer credit conditions.

Worldwide Credit Losses

The following charts show annual trends of charge-offs (credit losses, net of recoveries), LTR ratio, credit loss reserve, and our credit loss reserve as a percentage of end-of-period ("EOP") finance receivables:



Our worldwide credit loss metrics remain strong. The worldwide LTR ratio in the first quarter of 2019 was up compared with a year ago.

Our credit loss reserve is based on such factors as historical loss performance, portfolio quality, and receivables level.

The credit loss reserve and the reserve as a percent of managed receivables were both lower than a year ago.

Residual Risk

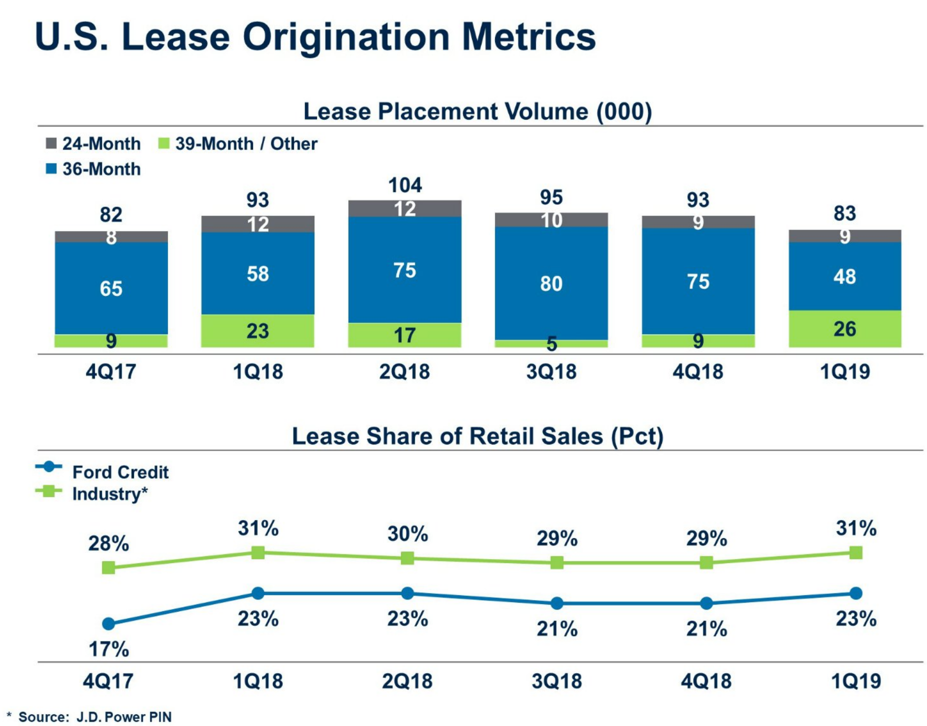
Leasing is an important product that many customers want and value, and lease customers also are more likely to buy or lease another Ford or Lincoln vehicle. We manage our lease share with an enterprise view to support sales, protect residual values, and manage the trade cycle. Ford Credit and Ford work 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. 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 by evaluating recent auction values, return volumes for our leased vehicles, industrywide used vehicle prices, marketing incentive plans, and vehicle quality data. 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 of Item 7 of Part II of our 2018 Form 10-K Report.

U.S. Ford and Lincoln Brand Operating Lease Experience

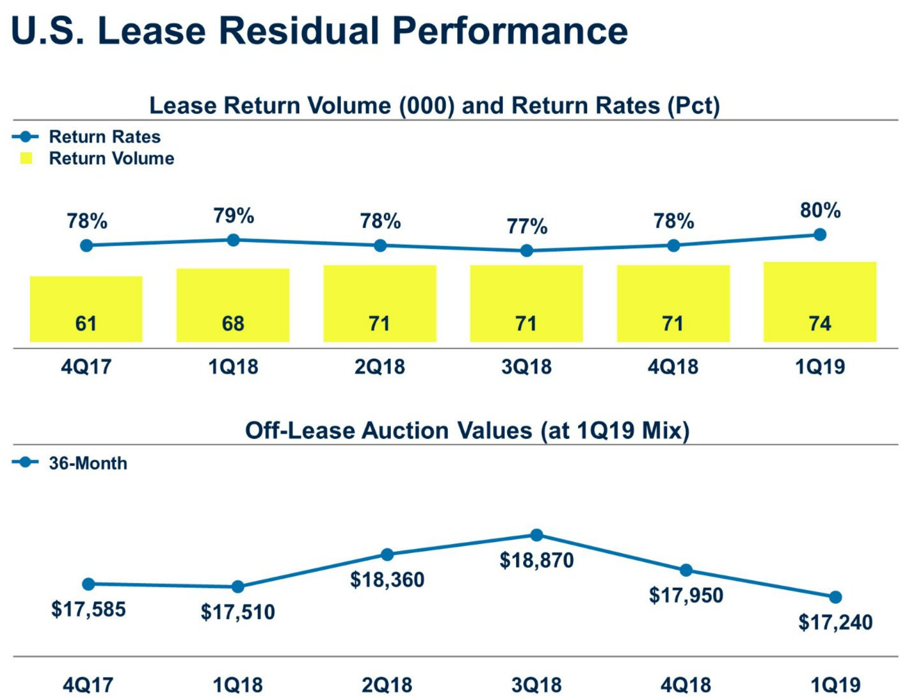
The following charts show lease placement volume and lease share of Ford and Lincoln brand retail sales for vehicles in the respective periods. The U.S. operating lease portfolio accounted for 87% of our total net investment in operating leases at March 31, 2019.



- Lease share flat YoY and below industry, reflecting Ford sales mix

Our first quarter 2019 lease placement volume was down compared with a year ago. Both industry lease share and Ford Credit lease share in the first quarter of 2019 were flat compared with a year ago. Ford Credit's lease share remains below the industry, reflecting the Ford sales mix.

The following charts show lease return volumes, return rates, and off-lease auction values at constant first quarter 2019 vehicle mix in the respective periods:



- Auction values down 2% YoY; continue to expect FY to be down about 4% YoY

Lease return volume and the return rate in the first quarter of 2019 were up from a year ago. Our first quarter 2019 36-month off-lease auction values were lower compared with a year ago.

We continue to expect full-year 2019 off-lease 36-month auction values to be about 4% lower compared with 2018 at constant mix.

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 U.S. Securities and Exchange Commission: 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.

The following rating actions were taken by NRSROs since the filing of our 2018 Form 10-K Report.

- On March 8, 2019, DBRS revised the outlook to negative from stable for Ford Credit and affirmed its ratings.

The following chart 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	R-2M	Negative	BBB (low)
Fitch	BBB	F2	Stable	BBB-
Moody's	Baa3	P-3	Negative	Baa3
S&P	BBB	A-2	Negative	BBB-

Funding and Liquidity

Our primary funding objective is to be well capitalized with a strong balance sheet and ample liquidity to support our financing activities and growth under a variety of market conditions, including short-term and long-term market disruptions.

Our funding strategy remains focused on diversification, and we plan to continue accessing a variety of markets, channels, and investors.

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

Funding Portfolio

The following chart shows the trends in funding for our managed receivables:

Funding Structure – Managed Receivables*
(Bils)

	2017 Dec 31	2018 Dec 31	2019 Mar 31
Term Debt (incl. Bank Borrowings)	$ 75	$ 70	$ 73
Term Asset-Backed Securities	53	60	60
Commercial Paper	5	4	4
Ford Interest Advantage / Deposits	5	6	6
Other	9	10	10
Equity	16	15	15
Adjustments For Cash	(12)	(10)	(13)
Total Managed Receivables	$ 151	$ 155	$ 155
Securitized Funding as Pct of Managed Receivables	35%	39%	38%

* Reconciliation to GAAP provided in the Financial Condition section

- Funding is diversified across platforms and markets
- Well capitalized with a strong balance sheet and ample liquidity

Managed receivables of $155 billion as of March 31, 2019, were funded primarily with term debt and term asset-backed securities. Securitized funding as a percent of managed receivables was 38%.

We target a mix of securitized funding between 35% and 40%. The calendarization of the funding plan will result in quarterly fluctuations of the securitized funding percentage.

Public Term Funding Plan

The following chart shows our issuances for full-year 2017 and 2018, planned issuances for full-year 2019, and our global public term funding issuances through April 24, 2019, excluding short-term funding programs:

Public Term Funding Plan* (Bils)

	2017 Actual	2018 Actual	2019 Forecast	Through Apr 24
Unsecured — Currency of issuance				
(USD Equivalent)				
USD	$ 10	$ 6	$ 9 - 11	$ 4
CAD	2	1	1 - 2	1
EUR / GBP	3	4	3 - 4	2
Other	1	1	1	-
Total unsecured	$ 16	$ 13	$ 14 - 18	$ 8
Securitizations	15	14	13 - 15	6
Total public	$ 32	$ 27	$ 27 - 32	$ 13

* Numbers may not sum due to rounding

Our total unsecured public term funding plan is categorized by currency of issuance. We plan to continue issuing our eurocurrency-denominated (e.g., euro and sterling) public unsecured debt from the United States. For 2019, we now project full-year public term funding in the range of $27 billion to $32 billion.

Through April 24, 2019, we have completed $13 billion of public term issuances.

Liquidity Sources

We define gross liquidity as cash, cash equivalents, and marketable securities (excluding amounts related to insurance activities) and committed capacity (which includes our credit and asset-backed facilities and bank lines), less utilization of liquidity. Utilization of liquidity is the amount funded under our liquidity sources and also includes the cash and cash equivalents required to support securitization transactions. Net liquidity available for use is defined as gross liquidity less certain adjustments for asset-backed capacity in excess of eligible receivables and cash related to the Ford Credit Revolving Extended Variable-utilization program ("FordREV"), which can be accessed through future sales of receivables. While not included in available liquidity, these adjustments represent additional funding sources for future originations.

The following chart shows our liquidity sources and utilization:

Liquidity Sources (Bils)

	2018 Mar 31	2018 Dec 31	2019 Mar 31
Liquidity Sources			
Cash	$ 11.8	$ 10.2	$ 12.8
Committed ABS facilities	33.9	35.4	35.2
Other unsecured credit facilities	3.4	3.0	3.3
Ford corporate credit facility allocation	3.0	3.0	3.0
Total liquidity sources	$ 52.1	$ 51.6	$ 54.3
Utilization of Liquidity			
Securitization cash	$ (3.2)	$ (3.0)	$ (3.3)
Committed ABS facilities	(19.9)	(20.7)	(19.8)
Other unsecured credit facilities	(1.1)	(0.7)	(0.6)
Ford corporate credit facility allocation	-	-	-
Total utilization of liquidity	$ (24.2)	$ (24.4)	$ (23.7)
Gross liquidity	$ 27.9	$ 27.2	$ 30.6
Adjustments	0.3	0.1	0.4
Net liquidity available for use	$ 28.2	$ 27.3	$ 31.0

Our liquidity available for use will fluctuate quarterly based on factors including near-term debt maturities, receivable growth, and timing of funding transactions. We target liquidity of about $25 billion.

At March 31, 2019, our net liquidity available for use was $31.0 billion, $3.7 billion higher than year-end 2018. Our sources of liquidity include cash, committed asset-backed facilities, unsecured credit facilities, and the Ford corporate credit facility allocation. At March 31, 2019, our liquidity sources including cash totaled $54.3 billion, up $2.7 billion from year-end 2018.

Cash, Cash Equivalents, and Marketable Securities. At March 31, 2019, our cash, cash equivalents, and marketable securities (excluding amounts related to insurance activities) totaled $12.8 billion, compared with $10.2 billion at year-end 2018. 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, cash equivalents, and marketable securities (excluding amounts related to insurance activities) primarily include U.S. 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 approximately three 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, cash equivalents, and marketable securities included amounts to be used only to support our securitization transactions of $3.0 billion and $3.3 billion at December 31, 2018 and March 31, 2019, respectively.

Committed Capacity. At March 31, 2019, our committed capacity totaled $41.5 billion, compared with $41.4 billion at December 31, 2018. Our committed capacity is primarily comprised of committed ABS facilities from bank-sponsored commercial paper conduits and other financial institutions, unsecured credit facilities with financial institutions, and allocated commitments under the Ford corporate credit facility.

Committed Asset-Backed Facilities. We and our subsidiaries have entered into agreements with a number of bank-sponsored asset-backed commercial paper conduits and other financial institutions. Such counterparties are contractually committed, at our option, to purchase from us eligible retail receivables or to purchase or make advances under asset-backed securities backed by retail or wholesale finance receivables or operating leases for proceeds of up to $35.2 billion ($17.5 billion of retail financing, $5.8 billion of wholesale financing, and $11.9 billion of operating leases) at March 31, 2019. In the United States, we are able to obtain funding within two days of our unutilized capacity in some of our committed asset-backed facilities. These committed facilities have varying maturity dates, with $17.4 billion having maturities within the next twelve months and the remaining balance having maturities through 2021. We plan capacity renewals to protect our global funding needs, optimize capacity utilization, and maintain sufficient liquidity.

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 March 31, 2019, $19.8 billion of these commitments were in use. 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.

FCE Bank plc ("FCE") has pre-positioned retail receivables with the Bank of England which supports access to the Discount Window Facility. Pre-positioned assets are neither pledged to nor held as collateral by the Bank of England unless the Discount Window Facility is accessed. FCE's eligibility to access the Discount Window Facility is not reflected in the Liquidity Sources table above.

Unsecured Credit Facilities. At March 31, 2019, we and our majority-owned subsidiaries had $6.3 billion of contractually committed unsecured credit facilities with financial institutions, including the FCE Credit Agreement, the Ford Bank Agreement, and the allocation under Ford's corporate credit facility. At March 31, 2019, $5.7 billion was available for use.

FCE's £745 million (equivalent to $976 million at March 31, 2019) syndicated credit facility (the "FCE Credit Agreement") matures in 2021. At March 31, 2019, £665 million (equivalent to $872 million) was available for use. Ford Bank GmbH's €240 million (equivalent to $270 million at March 31, 2019) syndicated credit facility (the "Ford Bank Credit Agreement") matures in 2021. At March 31, 2019, all €240 million was available for use.

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 our guarantee of Ford Bank's obligations under the agreement to remain in effect.

Lenders under the Ford corporate credit facility have commitments totaling $13.4 billion, with 25% of the commitments maturing on April 30, 2022 and 75% of the commitments maturing on April 30, 2024. Ford has allocated $3.0 billion of commitments, including commitments under a Chinese renminbi sub-facility, to us on an irrevocable and exclusive basis to support our liquidity.

Funding and Liquidity Risks

Refer to the "Funding and Liquidity Risks" section of Item 7 of Part II of our 2018 Form 10-K Report for a list of factors that could affect our liquidity and information on our stress testing.

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 chart shows the calculation of our financial statement leverage and managed leverage:

Leverage (Bils)

	2018 Mar 31	2018 Dec 31	2019 Mar 31
Leverage Calculation			
Total debt	$ 142.0	$ 140.1	$ 142.9
Adjustments for cash	(11.8)	(10.2)	(12.8)
Adjustments for derivative accounting	0.3	0.2	(0.1)
Total adjusted debt	$ 130.5	$ 130.1	$ 130.0
Equity	$ 15.7	$ 15.0	$ 14.9
Adjustments for derivative accounting	(0.2)	(0.2)	(0.2)
Total adjusted equity	$ 15.5	$ 14.8	$ 14.7
Financial statement leverage (to 1) (GAAP)	9.1	9.4	9.6
Managed leverage (to 1) (Non-GAAP)	8.4	8.8	8.8

We plan our managed leverage by considering prevailing market conditions and the risk characteristics of our business. At March 31, 2019, our financial statement leverage was 9.6:1, and managed leverage was 8.8:1. We target managed leverage in the range of 8:1 to 9:1.

Outlook

We now expect full-year 2019 EBT to be about the same as 2018.

Cautionary Note on Forward-Looking Statements

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

- Ford's long-term competitiveness depends on the successful execution of fitness actions;
- Industry sales volume, particularly in the United States, Europe, or China, can be volatile and could decline if there is a financial crisis, recession, or significant geopolitical event;
- Ford's new and existing products and mobility services are subject to market acceptance;
- Ford's results are dependent on sales of larger, more profitable vehicles, particularly in the United States;
- Ford may face increased price competition resulting from industry excess capacity, currency fluctuations, or other factors;
- Fluctuations in commodity prices, foreign currency exchange rates, and interest rates can have a significant effect on results;
- With a global footprint, Ford's results could be adversely affected by economic, geopolitical, protectionist trade policies, or other events, including Brexit;
- Ford's production, as well as Ford's suppliers' production, could be disrupted by labor disputes, natural or man-made disasters, financial distress, production difficulties, or other factors;
- Ford's ability to maintain a competitive cost structure could be affected by labor or other constraints;
- Pension and other postretirement liabilities could adversely affect Ford's liquidity and financial condition;
- Economic and demographic experience for pension and other postretirement benefit plans (e.g., discount rates or investment returns) could be worse than Ford has assumed;
- Ford's vehicles could be affected by defects that result in delays in new model launches, recall campaigns, or increased warranty costs;
- Ford may need to substantially modify its product plans to comply with safety, emissions, fuel economy, and other regulations that may change in the future
- Ford could experience unusual or significant litigation, governmental investigations, or adverse publicity arising out of alleged defects in products, perceived environmental impacts, or otherwise;
- Ford's receipt of government incentives could be subject to reduction, termination, or clawback;
- Operational systems, security systems, and vehicles could be affected by cyber incidents;
- Ford Credit's access to debt, securitization, or derivative markets around the world at competitive rates or in sufficient amounts could be affected by credit rating downgrades, market volatility, market disruption, regulatory requirements, or other factors;
- Ford Credit could experience higher-than-expected credit losses, lower-than-anticipated residual values, or higher-than-expected return volumes for leased vehicles;
- Ford Credit could face increased competition from banks, financial institutions, or other third parties seeking to increase their share of financing Ford vehicles; and
- Ford Credit could be subject to new or increased credit regulations, consumer or data protection regulations, or other regulations.

We cannot be certain that any expectation, forecast, or assumption made in preparing forward-looking statements will prove accurate, or that any projection will be realized. It is to be expected that there may be differences between projected and actual results. Our forward-looking statements speak only as of the date of their initial issuance, and we do not undertake any obligation to update or revise publicly any forward-looking statement, whether as a result of new information, future events, or otherwise. For additional discussion, see "Item 1A. Risk Factors" in our 2018 Form 10-K Report, as updated by our subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.

Accounting Standards Issued But Not Yet Adopted

The Financial Accounting Standards Board ("FASB") has issued the following Accounting Standards Updates ("ASU"). ASU 2016-13 is expected to result in a significant change in practice to Ford Credit. For additional information, see Note 2 of the Notes to the Financial Statements.

ASU		Effective Date (a)
2018-18	Clarifying the interaction between Collaborative Arrangements and Revenue From Contracts With Customers	January 1, 2020
2018-17	Targeting Improvements to Related Party Guidance for Variable Interest Entities	January 1, 2020
2018-15	Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement that is a Service Contract	January 1, 2020
2016-13	Credit Losses - Measurement of Credit Losses on Financial Instruments	January 1, 2020

____
(a) Early adoption for each of the standards is permitted.

ITEM 3. *Quantitative and Qualitative Disclosures About Market Risk.*

In our 2018 Form 10-K Report, we discuss in greater detail our market risk, counterparty risk, credit risk, residual risk, liquidity risk, and operating risk.

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. The differences in pre-tax cash flow between these scenarios and the base case over a twelve-month period represent an estimate of the sensitivity of our pre-tax cash flow. Under this model, we estimate that at March 31, 2019, all else constant, such an increase in interest rates would increase our pre-tax cash flow by $7 million over the next 12 months, compared with an increase of $51 million at December 31, 2018. 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 above.

ITEM 4. *Controls and Procedures.*

Evaluation of Disclosure Controls and Procedures. David W. McClelland, our President and Chief Executive Officer ("CEO"), and Brian E. Schaaf, our Chief Financial Officer ("CFO") and Treasurer, have performed an evaluation of the Company's disclosure controls and procedures, as that term is defined in Rule 13a-15(e) of the Securities Exchange Act of 1934, as amended ("Exchange Act"), as of March 31, 2019, 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.

Changes in Internal Control Over Financial Reporting. There were no changes in internal control over financial reporting during the quarter ended March 31, 2019 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. *Legal Proceedings.*

European Competition Law Matter. As previously reported, on October 5, 2018, FCE Bank plc ("FCE") received a notice from the Italian Competition Authority (the "ICA") concerning an alleged violation of Article 101 of the Treaty on the Functioning of the European Union. The ICA alleges that FCE and other parties engaged in anti-competitive practices in relation to the automotive finance market in Italy. On January 9, 2019, FCE received a decision from the ICA, which included an assessment of a fine against FCE in the amount of about $50 million. On March 8, 2019, FCE appealed the decision and the fine with the ultimate resolution of the matter potentially taking several years.

ITEM 5. *Other Information.*

None.

ITEM 6. *Exhibits.*

Designation	Description	Method of Filing
Exhibit 18	Letter of PricewaterhouseCoopers LLP, dated April 25, 2019, related to financial information	Filed with this Report.
Exhibit 31.1	Rule 15d-14(a) Certification of CEO.	Filed with this Report.
Exhibit 31.2	Rule 15d-14(a) Certification of CFO.	Filed with this Report.
Exhibit 32.1	Section 1350 Certification of CEO.	Furnished with this Report.
Exhibit 32.2	Section 1350 Certification of CFO.	Furnished with this Report.
Exhibit 101.INS	XBRL Instance Document.	*
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.	*

* 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.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, 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/ Brian E. Schaaf
Brian E. Schaaf
Chief Financial Officer and Treasurer

Date: April 25, 2019

Exhibit 18

April 25, 2019

Board of Directors
Ford Motor Credit Company LLC
One American Road
Dearborn, MI 48126

Dear Directors:

We are providing this letter to you for inclusion as an exhibit to Ford Motor Credit Company LLC's (the "Company") Quarterly Report on Form 10-Q for the period ended March 31, 2019 (the "Form 10-Q") pursuant to Item 601 of Regulation S-K.

We have been provided a copy of the Company's Form 10-Q. Note 5 therein describes a change in accounting principle where prior to the first quarter of 2019, the Company presented the early termination loss reserve on operating leases as part of the allowance for credit losses within *Net investment in operating leases* and as part of *Provision for credit losses* on the income statement. The Company now considers the effects of operating lease early terminations when determining depreciation estimates, which are included as part of accumulated depreciation within *Net Investment of operating leases* and *Depreciation on vehicles subject to operating leases* on the income statement. It should be understood that the preferability of one acceptable method of accounting over another for considering the effects of early terminations of vehicles subject to operating leases has not been addressed in any authoritative accounting literature, and in expressing our concurrence below we have relied on management's determination that this change in accounting principle is preferable. Based on our reading of management's stated reasons and justification for this change in accounting principle in the Form 10-Q, and our discussions with management as to their judgment about the relevant business planning factors relating to the change, we concur with management that such change represents, in the Company's circumstances, a change to a preferable accounting principle in conformity with Accounting Standards Codification 250, *Accounting Changes and Error Corrections.*

We have not audited any financial statements of the Company as of any date or for any period subsequent to December 31, 2018. Accordingly, our comments are subject to change upon completion of an audit of the financial statements covering the period of the accounting change.

Very truly yours,

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Detroit, MI

Exhibit 31.1

CERTIFICATION

I, David W. McClelland, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended March 31, 2019 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: April 25, 2019

/s/ David W. McClelland
David W. McClelland
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Brian E. Schaaf, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended March 31, 2019 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: April 25, 2019

/s/ Brian E. Schaaf
Brian E. Schaaf
Chief Financial Officer and Treasurer

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, David W. McClelland, President and 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 Quarterly Report on Form 10-Q for the quarter ended March 31, 2019, 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: April 25, 2019

/s/ David W. McClelland
David W. McClelland
President and Chief Executive Officer

Exhibit 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Brian E. Schaaf, 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 Quarterly Report on Form 10-Q for the quarter ended March 31, 2019, 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: April 25, 2019

/s/ Brian E. Schaaf
Brian E. Schaaf
Chief Financial Officer and Treasurer