

**FORD MOTOR COMPANY AND SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 20. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES (Continued)**

**Balance Sheet Effect of Derivative Financial Instruments**

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

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

	2021			2022		
	Notional	Fair Value of Assets	Fair Value of Liabilities	Notional	Fair Value of Assets	Fair Value of Liabilities
<b>Cash flow hedges</b>						
Foreign currency exchange contracts	\$ 11,534	\$ 74	\$ 346	\$ 11,536	\$ 376	\$ 52
Commodity contracts	931	182	5	990	16	56
<b>Fair value hedges</b>						
Interest rate contracts	23,893	544	274	16,883	—	1,653
Cross-currency interest rate swap contracts	885	—	49	885	—	161
<b>Derivatives not designated as hedging instruments</b>						
Foreign currency exchange contracts	28,463	281	198	20,851	162	285
Cross-currency interest rate swap contracts	6,533	117	61	6,635	15	653
Interest rate contracts	50,060	338	126	63,210	931	483
Commodity contracts	997	54	11	841	26	35
Total derivative financial instruments, gross (a)						
(b)	\$ 123,296	\$ 1,590	\$ 1,070	\$ 121,831	\$ 1,526	\$ 3,378
Current portion		\$ 924	\$ 535		\$ 1,101	\$ 1,656
Non-current portion		666	535		425	1,722
Total derivative financial instruments, gross		\$ 1,590	\$ 1,070		\$ 1,526	\$ 3,378

(a) At December 31, 2021 and 2022, we held collateral of \$ 26 million and \$ 210 million, respectively, and we posted collateral of \$ 71 million and \$ 201 million, respectively.

(b) At December 31, 2021 and 2022, the fair value of assets and liabilities available for counterparty netting was \$ 719 million and \$ 451 million, respectively. All derivatives are categorized within Level 2 of the fair value hierarchy.