

FORD MOTOR COMPANY AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 19. DEBT AND COMMITMENTS (Continued)

Asset-Backed Debt

At December 31, 2022, the carrying value of our asset-backed debt was \$ 56.4 billion. This secured debt is issued by Ford Credit and includes asset-backed securities used to fund operations and maintain liquidity. Assets securing the related debt issued as part of all our securitization transactions are included in our consolidated results and are based upon the legal transfer of the underlying assets in order to reflect legal ownership and the beneficial ownership of the debt holder. The third-party investors in the securitization transactions have legal recourse only to the assets securing the debt and do not have such recourse to us, except for the customary representation and warranty provisions or when we are counterparty to certain derivative transactions of the special purpose entities ("SPEs"). In addition, the cash flows generated by the assets are restricted only to pay such liabilities; Ford Credit retains the right to residual cash flows. See Note 24 for additional information.

Although not contractually required, we regularly support our wholesale securitization programs by repurchasing receivables of a dealer from a SPE when the dealer's performance is at risk, which transfers the corresponding risk of loss from the SPE to us. In order to continue to fund the wholesale receivables, we also may contribute additional cash or wholesale receivables if the collateral falls below required levels. The balance of cash related to these contributions was \$ 1,150 million and \$ 0 at December 31, 2021 and December 31, 2022, respectively, and ranged from \$ 25 million to \$ 3,700 million during 2021 and from \$ 0 to \$ 2,850 million during 2022.

SPEs that are exposed to interest rate or currency risk may reduce their risks by entering into derivative transactions. In certain instances, we have entered into derivative transactions with the counterparty to protect the counterparty from risks absorbed through derivative transactions with the SPEs. Derivative income/(expense) related to the derivative transactions that support Ford Credit's securitization programs were \$(234) million, \$ 41 million, and \$ 466 million for the years ended December 31, 2020, 2021, and 2022, respectively. See Note 20 for additional information regarding the accounting for derivatives.

Interest expense on securitization debt was \$ 1.2 billion, \$ 0.9 billion, and \$ 1.3 billion in 2020, 2021, and 2022, respectively.

The assets and liabilities related to our asset-backed debt arrangements included in our consolidated financial statements at December 31 were as follows (in billions):

	2021	2022
Assets		
Cash and cash equivalents	\$ 3.8	\$ 2.8
Finance receivables, net	50.6	61.6
Net investment in operating leases	7.5	12.5
Liabilities		
Debt (a)	\$ 45.4	\$ 56.4

(a) Debt is net of unamortized discount and issuance costs.

Committed Credit Facilities

At December 31, 2022, Ford Credit's committed capacity totaled \$ 39.7 billion, compared with \$ 39.8 billion at December 31, 2021. Ford Credit's committed capacity is primarily comprised of committed asset-backed security facilities from bank-sponsored commercial paper conduits and other financial institutions and unsecured credit facilities with financial institutions.