
FCE Bank plc

Q1 MANAGEMENT STATEMENT

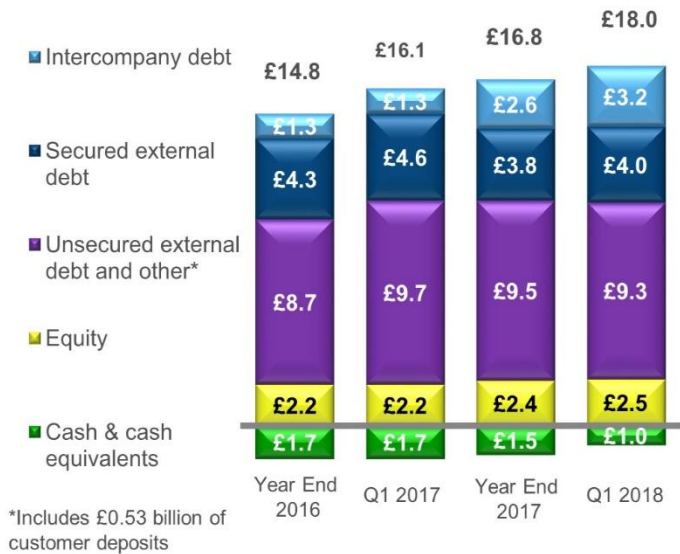
For the quarter ended 31 March 2018

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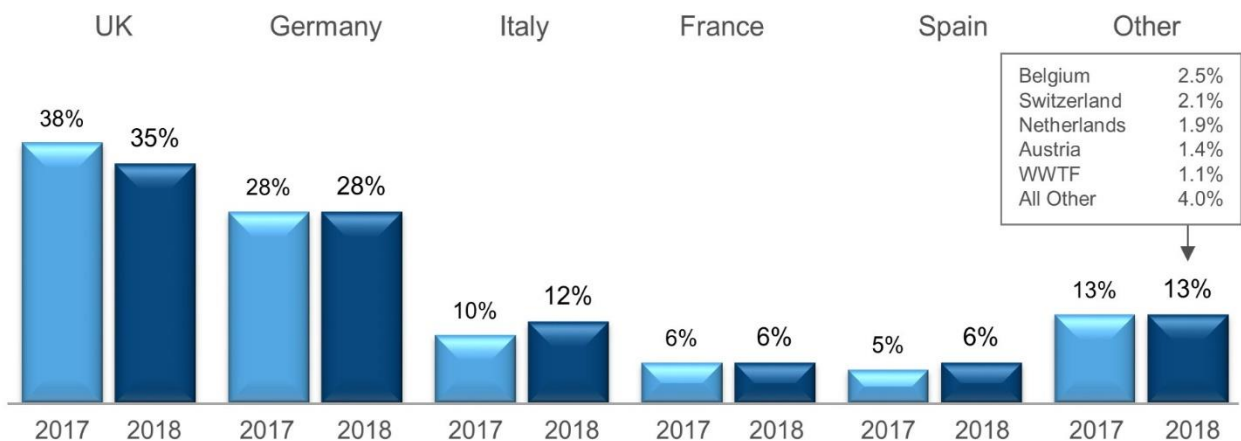
Highlights (unaudited)



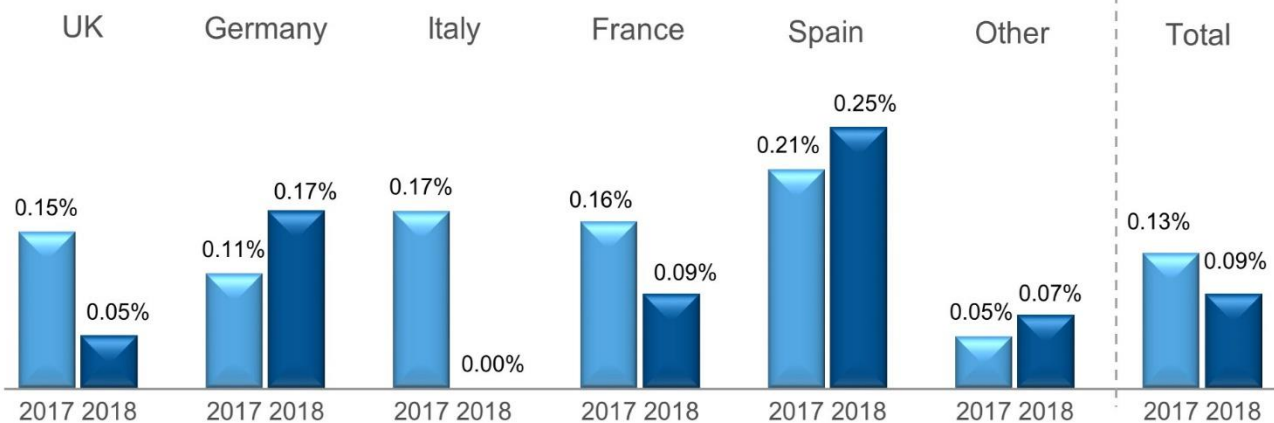
Funding structure – total net loans and advances to customers (Bils)



Net loans and advances to customers at 31 March 2018 compared to 31 March 2017



Annualised Q1 net credit losses / average net loans and advances to customers



Management Statement

Key financial data (unaudited)	Q1 2018	Q1 2017
Quarterly income statement data	(Mils)	(Mils)
Net interest income	£ 137	£ 118
Net fees and commissions income	14	11
Other operating income	66	55
Total income	£ 217	£ 184
Net credit losses	£ (4)	£ (5)
Impairment loss reserve adjustment	1	-
Impairment reversal / (losses) on loans and advances	£ (3)	£ (5)
Operating expenses	£ (69)	£ (59)
Depreciation on property and equipment	(59)	(54)
Fair value adjustments to financial instruments and gain or loss on foreign exchange	1	2
Share of profit of a jointly controlled entity	-	1
Profit before tax	£ 87	£ 69
Asset data		
Net loans and advances to customers	£ 18,001	£ 16,123
Total assets	20,153	19,095
Average net loans and advances for the first quarter	17,632	15,711
Regulatory capital data		
Common equity tier 1 (CET1) capital	£ 2,365	£ 2,151
Own funds / Total capital	2,697	2,497
Common equity tier 1 (CET1) capital ratio	13.8%	13.7%
Total capital ratio	15.8%	15.9%

Business Highlights

In Q1 2018 FCE Bank plc (FCE) continued to deliver its plan of controlled growth and recorded profit before tax of £87 million. Profits for the quarter were £18 million higher than Q1 2017 with increased income being partially offset by higher operating costs driven by Brexit.

FCE's 'Net loans and advances to customers' were £18 billion, approximately £1.9 billion higher than Q1 2017, reflecting increases in both the retail and wholesale loan portfolios. At year-end 2018, FCE anticipates 'Net loans and advances to customers' to be in the range of £17 billion to £18 billion.

FCE has continued to deliver strong credit loss performance.

Funding and Liquidity

To support Brexit contingency planning, Ford Motor Credit Company LLC will continue to issue its debt from the United States and plans to on-lend funding to FCE. FCE's 2018 funding plan includes public term funding issuance of £0.8 billion to £1.4 billion, including public unsecured term debt issuance of up to £0.4 billion and public term securitisation of £0.8 billion to £1.0 billion.

As at 31 March 2018, customer deposits represented £0.5 billion of funding as the portfolio continues to grow in line with our strategy of controlled growth.

FCE's sources of liquidity include cash and cash equivalents, committed unsecured credit facilities and committed

securitisation capacity. Liquidity available for use will fluctuate based on factors which include changes in receivables levels and execution and maturity of capital market transactions. At 31 March 2018, FCE had £2.1 billion of liquidity available for use. Total liquidity sources were £4.8 billion diversified across a variety of markets and platforms. The utilisation of liquidity totalled £2.6 billion and securitisation capacity not available for use was £0.1 billion at 31 March 2018.

FCE's 2018 dividend planning will consider future receivables levels and profits while maintaining a capital ratio that exceeds regulatory requirements and internal targets.

As at 31 March 2018, FCE's long term debt credit ratings/outlook were Baa2/Negative from Moody's, BBB/Stable from S&P and BBB/Stable from Fitch.

Full Year Outlook

FCE continues to implement its strategy to protect for potential risks associated with Brexit. FCE's wholly owned subsidiary, Ford Bank GmbH was recently granted a banking licence in Germany and plans to launch in the second half of 2018. In other European markets in which FCE operates, contingency plans are under development which may involve establishing finance companies subject to FCE Board approval.

Providing economic conditions remain in line with expectations, FCE expects to report another strong annual profit for 2018. FCE's performance will be driven by controlled growth and the continued performance of its portfolio.

Management Statement

Public Term Funding Plan	2018 Forecast (Bils)	2018 YTD Actual* (Bils)	2017 Actual (Bils)	2016 Actual (Bils)
- Unsecured Debt	£ 0.0 - 0.4	£ -	£ 1.3	£ 2.0
- Securitisation	0.8 - 1.0	-	1.0	1.4
Total	£ 0.8 - 1.4	£ -	£ 2.3	£ 3.4

* Includes transactions settled up to and including 25th April 2018

	Mar 2018 (Bils)	Dec 2017 (Bils)	Mar 2017 (Bils)
Liquidity Sources			
Cash and cash equivalents	£ 1.0	£ 1.6	£ 1.8
Committed unsecured credit facilities	1.3	1.2	1.1
Committed securitisation capacity*	2.5	2.2	2.6
Total Liquidity Sources	£ 4.8	£ 5.0	£ 5.5
Utilisation of Liquidity			
Cash not available for use in FCE's day to day operations**	£ (0.3)	£ (0.3)	£ (0.4)
Committed unsecured credit facilities	(0.5)	(0.5)	(0.7)
Committed securitisation capacity*	(1.8)	(1.0)	(2.5)
Total Utilisation of Liquidity	£ (2.6)	£ (1.8)	£ (3.6)
Gross Liquidity	£ 2.2	£ 3.2	£ 1.9
Securitisation capacity in excess of eligible receivables	£ (0.1)	£ (0.1)	£ (0.1)
Liquidity Available for Use	£ 2.1	£ 3.1	£ 1.8

* Committed securitisation capacity excludes FCE's access to the Bank of England's Discount Window Facility

** Cash not available for use in day to day operations which primarily includes cash associated with securitisation transactions