
FCE Bank plc

Q2 MANAGEMENT STATEMENT

For the quarter ended 30 June 2019

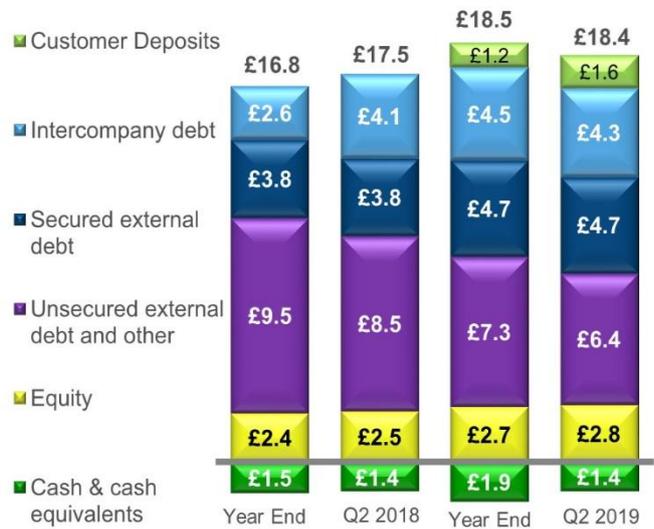
2019

Highlights (unaudited)

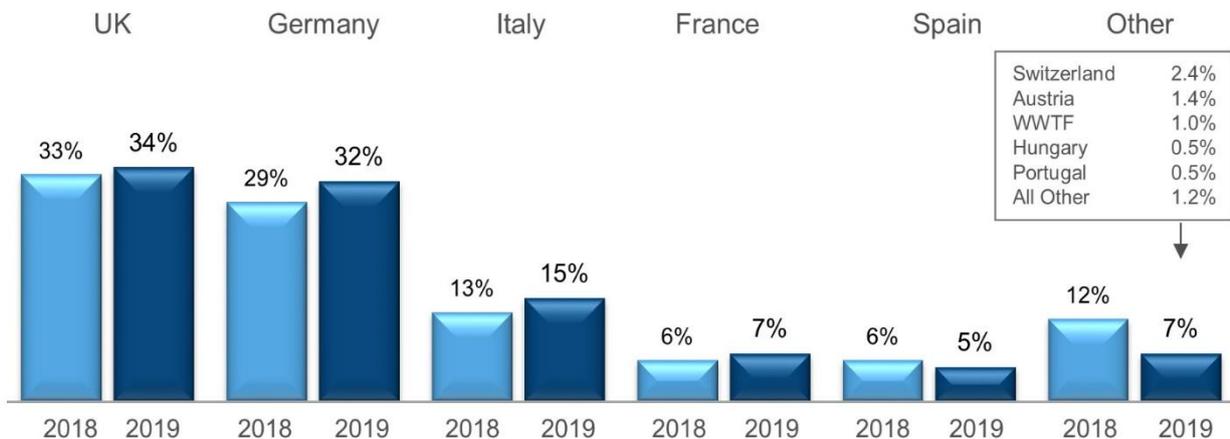
Earnings before tax (Mils)



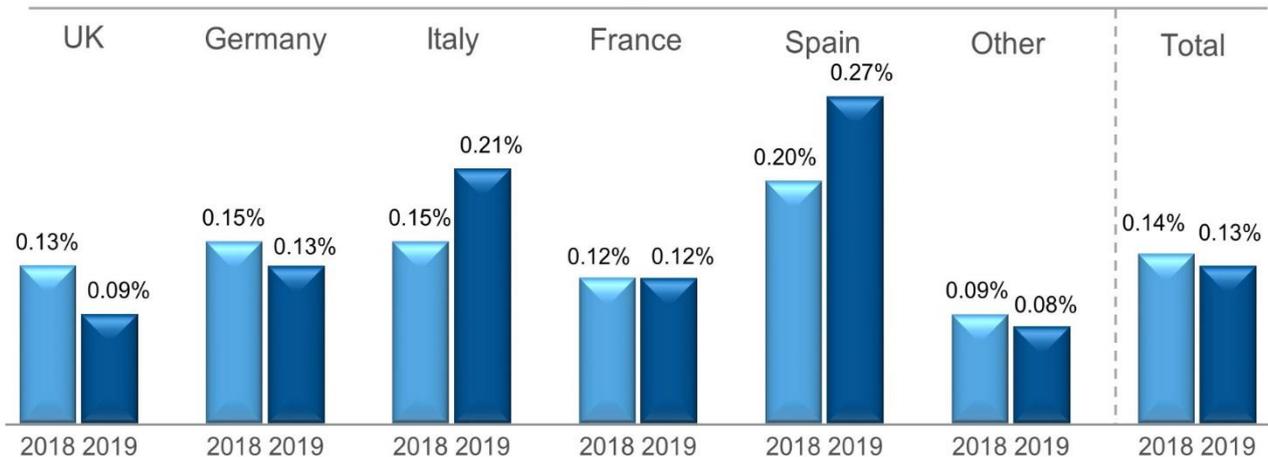
Funding structure – total net loans and advances to customers (Bils)



Net loans and advances to customers at 30 June 2019 compared to 30 June 2018



Annualised Q2 net credit losses / average net loans and advances to customers



Management Statement

Key financial data (unaudited)	Q2 2019	Q2 2018
	(Mils)	(Mils)
Quarterly income statement data		
Net interest income	£ 125	£ 131
Net fees and commissions income	18	19
Other operating income	115	86
Total income	£ 258	£ 236
Allowance for expected credit losses	£ (5)	£ (6)
Operating expenses	£ (65)	£ (78)
Depreciation on property and equipment	(103)	(76)
Fair value adjustments to financial instruments and gain or loss on foreign exchange	(7)	(12)
Profit before tax	£ 78	£ 64
Asset data		
Net loans and advances to customers	£ 18,426	£ 17,480
Total assets	21,393	20,418
Average net loans and advances for the quarter	17,856	17,540
Regulatory capital data		
Common equity tier 1 (CET1) capital	£ 2,569	£ 2,375
Own funds / Total capital	2,926	2,708
Common equity tier 1 (CET1) capital ratio	14.9%	14.2%
Total capital ratio	17.0%	16.2%

Business Highlights

In Q2 2019 FCE Bank plc (FCE) recorded earnings before tax of £78 million, £14 million higher than Q2 2018, explained primarily by lower operating costs, which returned to normal levels following expenditure related to Brexit incurred last year.

FCE's 'Net loans and advances to customers' were £18 billion, £1 billion higher than Q2 2018, reflecting increases in the retail and wholesale loan portfolio, partially offset by the transfer of receivables from the Belgium, Netherlands and Poland branches to FCE's parent, FCSH as part of FCE's Brexit plans implemented in the first quarter. At year-end 2019, 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, and the results remain within plan.

Funding and Liquidity

To provide flexibility to respond to Brexit uncertainties, Ford Motor Credit Company LLC will continue to issue Euro and Sterling debt from the United States and on-lend to FCE. FCE's 2019 funding plan includes public term securitisation issuances of £0.7 billion to £1.0 billion.

As at 30 June 2019, customer deposits represented £1.6 billion of funding.

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 30 June 2019, FCE had £1.8 billion of liquidity available for use.

Total liquidity sources were £5.0 billion, £0.6 billion lower than the prior quarter. The utilisation of liquidity totalled £3.1 billion, and securitisation capacity not available for use was £0.1 billion at 30 June 2019.

FCE's 2019 dividend planning will consider future receivables levels and profits while maintaining a capital ratio that exceeds regulatory requirements and internal targets.

As at 30 June 2019, FCE's long term debt credit ratings/outlooks were Baa3/Negative with Moody's (unchanged), BBB/Negative from Standard & Poor's (unchanged) and BBB/Negative from Fitch (revised from stable).

Full Year Outlook

FCE will move its headquarters in August 2019 to Ford's Dunton Technical Centre, creating a consumer-centric hub for all Ford activities in the UK. In addition, FCE has announced a voluntary separation program in the UK to enhance its operational fitness.

Providing economic conditions remain in line with expectations, FCE expects to report another strong annual profit for 2019.

Management Statement

Public Term Funding Plan	2019 Forecast (Bils)	2019 YTD Actual* (Bils)	2018 Actual (Bils)	2017 Actual (Bils)
- Unsecured Debt	£ -	-	£ -	£ 1.3
- Securitisation	0.7 - 1.0	-	1.0	1.0
Total	£ 0.7 - 1.0	£ -	£ 1.0	£ 2.3

* Includes transactions settled up to and including 24th July 2019

	Jun 2019 (Bils)	Mar 2019 (Bils)	Dec 2018 (Bils)
Liquidity Sources			
Cash and cash equivalents	£ 1.5	£ 1.8	£ 1.9
Committed unsecured credit facilities	1.0	1.3	1.1
Committed securitisation capacity*	2.5	2.5	2.5
Total Liquidity Sources	£ 5.0	£ 5.6	£ 5.5
Utilisation of Liquidity			
Cash not available for use in FCE's day to day operations**	£ (0.4)	£ (0.4)	£ (0.3)
Committed unsecured credit facilities	(0.4)	(0.3)	(0.4)
Committed securitisation capacity*	(2.3)	(1.7)	(1.8)
Total Utilisation of Liquidity	£ (3.1)	£ (2.4)	£ (2.5)
Gross Liquidity	£ 1.9	£ 3.2	£ 3.0
Securitisation capacity in excess of eligible receivables	£ (0.1)	£ (0.1)	£ (0.1)
Liquidity Available for Use	£ 1.8	£ 3.1	£ 2.9

* 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