
FCE Bank plc

Q3 MANAGEMENT STATEMENT

For the quarter ended 30 September 2019

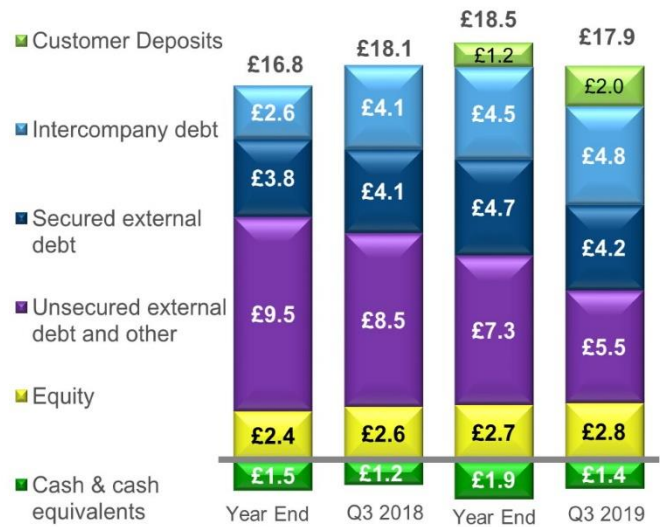
NOV 2019

Highlights (unaudited)

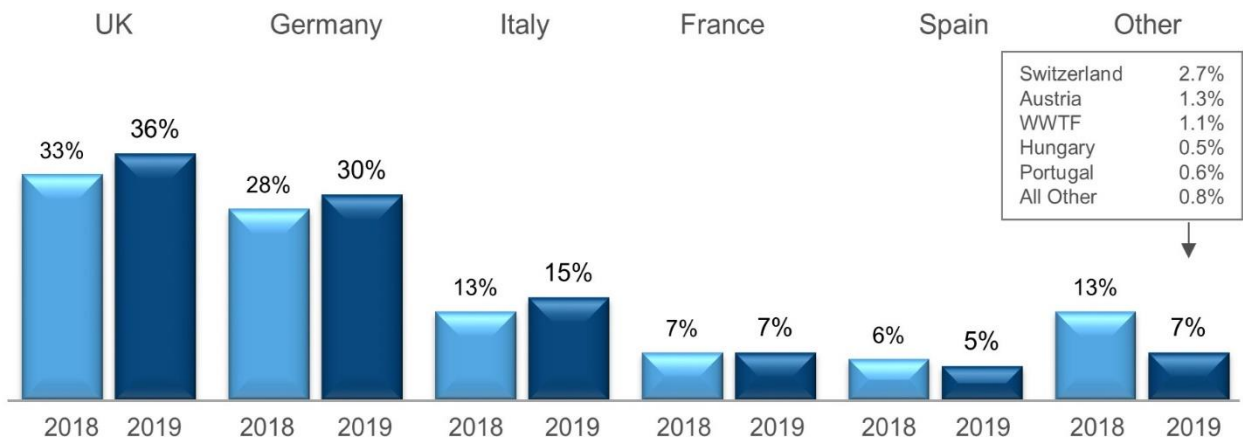
Earnings before tax (Mils)



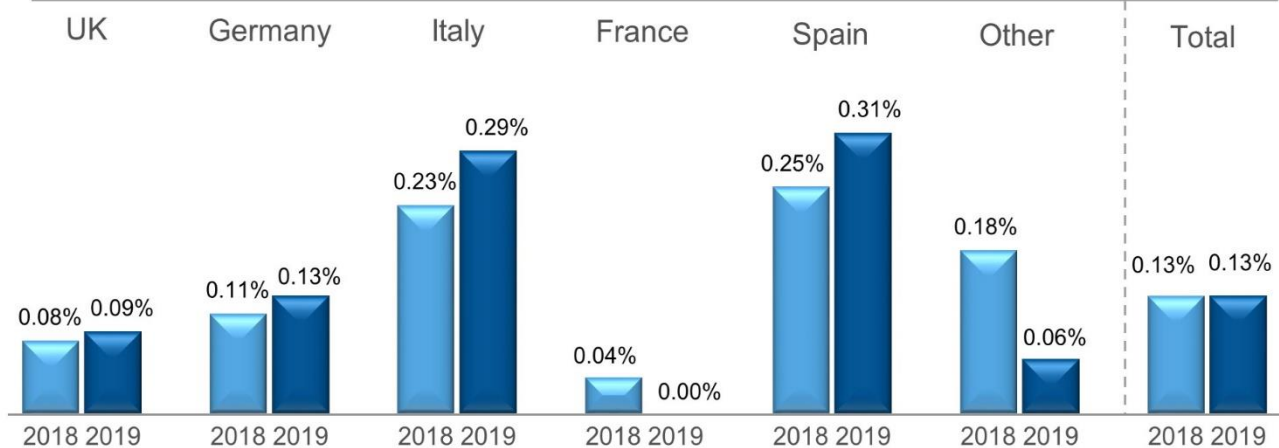
Funding structure – total net loans and advances to customers (Bils)



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



Annualised Q3 net credit losses / average net loans and advances to customers



Management Statement

Key financial data (unaudited)	Q3 2019	Q3 2018
Quarterly income statement data	(Mils)	(Mils)
Net interest income	£ 134	£ 137
Net fees and commissions income	10	11
Other operating income	129	101
Total income	£ 273	£ 249
Allowance for expected credit losses	£ (6)	£ (5)
Operating expenses	£ (76)	£ (82)
Depreciation on property and equipment	(130)	(96)
Fair value adjustments to financial instruments and gain or loss on foreign exchange	(7)	3
Profit before tax	£ 54	£ 69
Asset data		
Net loans and advances to customers	£ 17,900	£ 18,098
Total assets	20,841	20,547
Average net loans and advances for the quarter	18,025	17,770
Regulatory capital data		
Common equity tier 1 (CET1) capital	£ 2,679	£ 2,380
Own funds / Total capital	3,024	2,689
Common equity tier 1 (CET1) capital ratio	16.1%	14.0%
Total capital ratio	18.2%	15.8%

Business Highlights

In Q3 2019 FCE Bank plc (FCE) recorded earnings before tax of £54 million, £15 million lower than Q3 2018.

FCE's 'Net loans and advances to customers' were £18 billion, in line with Q3 2018, reflecting increases in the retail and wholesale loan portfolio, 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 £18 billion to £19 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 £1.1 billion.

FCE successfully issued the fourth UK Auto ABS transaction from the well-established Globaldrive ABS programme in September, collateralised with £473 million of automotive receivables. This is the first transaction with notes referenced to SONIA and certified for Simple, Transparent, Standardised (STS) compliance. In addition, FCE issued the 23rd German Auto ABS transaction in October, collateralised with €819.7 million of automotive receivables and was also certified for STS compliance.

As at 30 September 2019, customer deposits represented a total of £2 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 September 2019, FCE had £2.5 billion of liquidity available for use.

Total liquidity sources were £4.9 billion, £0.1 billion lower than the prior quarter. The utilisation of liquidity totalled £2.3 billion, and securitisation capacity not available for use was £0.1 billion at 30 September 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 September 2019, FCE's long term debt credit ratings/outlooks were Ba1/Stable with Moody's (revised from Baa3/Negative), BBB/Negative from Standard & Poor's (unchanged) and BBB/Negative from Fitch (unchanged).

Full Year Outlook

FCE moved 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 is executing 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		2018		2017	
	Forecast (Bils)	YTD Actual* (Bils)	Actual (Bils)		Actual (Bils)	
- Unsecured Debt	£ -	-	£ -	£	1.3	
- Securitisation	1.1	1.1	1.0		1.0	
Total	£ 1.1	£ 1.1	£ 1.0	£	2.3	

* Includes transactions settled up to and including 23rd October 2019

	Sep 2019 (Bils)	Jun 2019 (Bils)	Dec 2018 (Bils)
Liquidity Sources			
Cash and cash equivalents	£ 1.4	£ 1.5	£ 1.9
Committed unsecured credit facilities	1.0	1.0	1.1
Committed securitisation capacity*	2.5	2.5	2.5
Total Liquidity Sources	£ 4.9	£ 5.0	£ 5.5
Utilisation of Liquidity			
Cash not available for use in FCE's day to day operations**	£ (0.3)	£ (0.4)	£ (0.3)
Committed unsecured credit facilities	(0.1)	(0.4)	(0.4)
Committed securitisation capacity*	(1.9)	(2.3)	(1.8)
Total Utilisation of Liquidity	£ (2.3)	£ (3.1)	£ (2.5)
Gross Liquidity	£ 2.6	£ 1.9	£ 3.0
Securitisation capacity in excess of eligible receivables	£ (0.1)	£ (0.1)	£ (0.1)
Liquidity Available for Use	£ 2.5	£ 1.8	£ 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