
FCE Bank plc

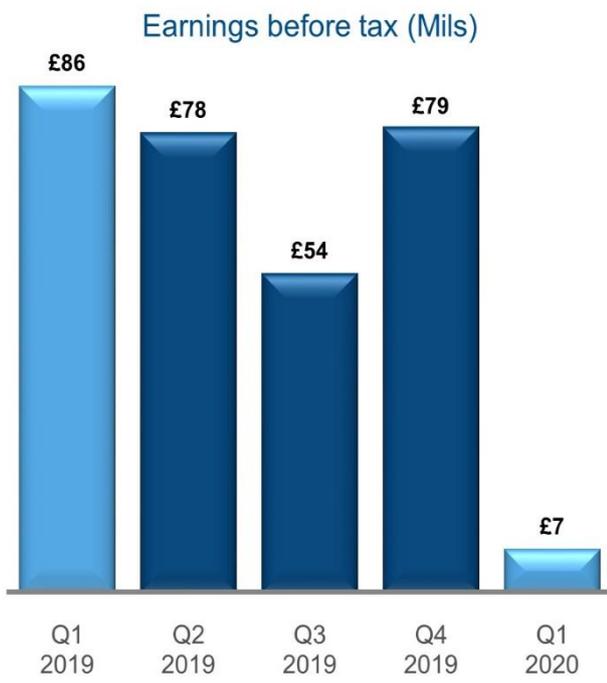
Q1 MANAGEMENT STATEMENT

For the quarter ended 31 March 2020

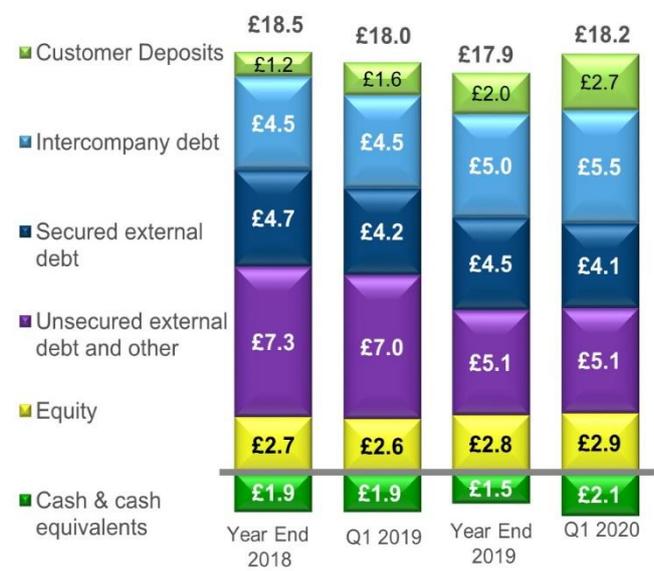
2020

2020

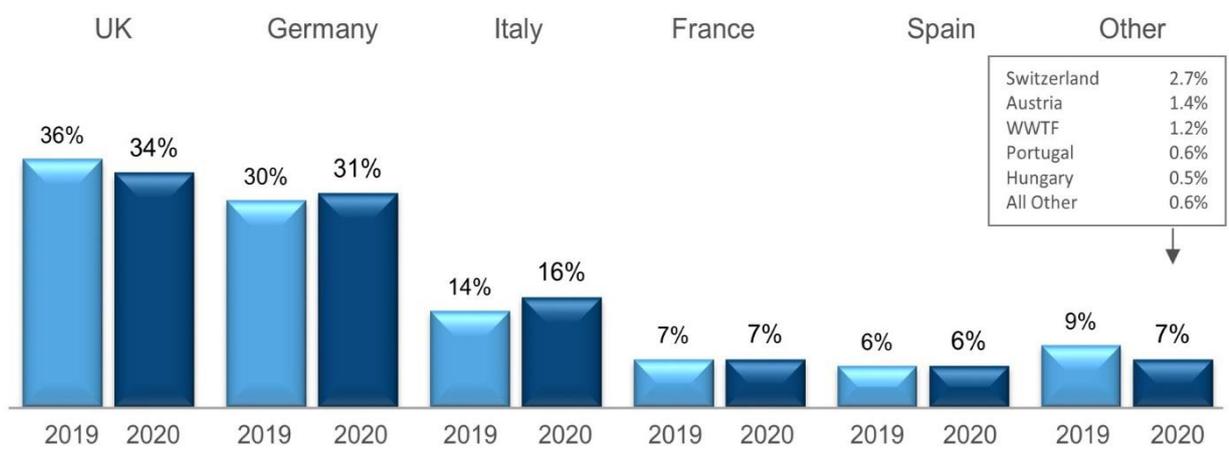
Highlights (unaudited)



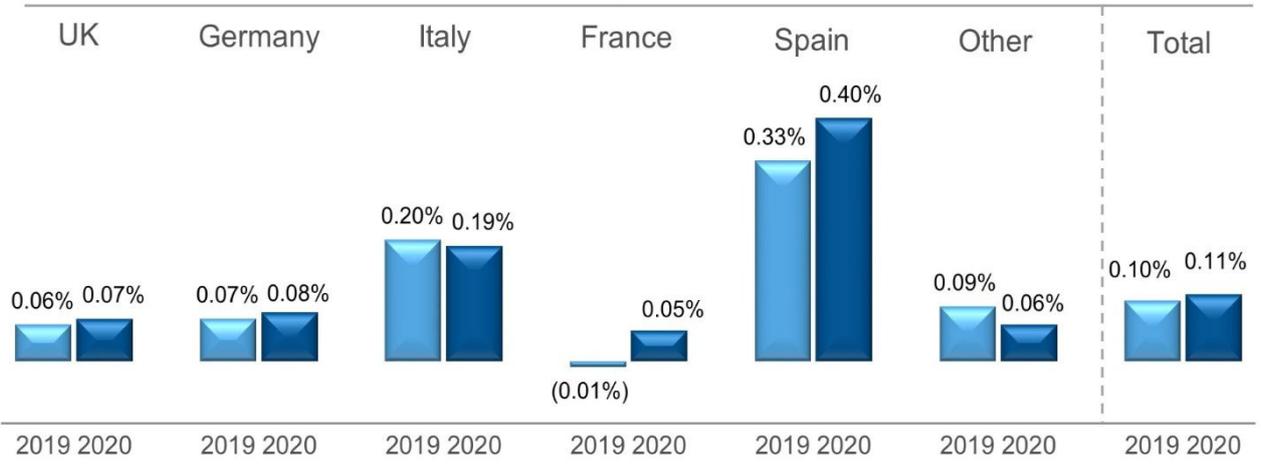
Funding structure – total net loans and advances to customers (Bils)



Net loans and advances to customers at 31 March 2020 compared to 31 March 2019



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



This management statement is based on unaudited preliminary data. Final data will be included in FCE's 2020 Annual Report.

Management Statement

Key financial data (unaudited)	Q1 2020	Q1 2019
	(Mils)	(Mils)
Quarterly income statement data		
Net interest income	£ 125	£ 152
Net fees and commissions income	13	13
Other operating income	59	90
Total income	£ 197	£ 255
Allowance for expected credit losses	£ (39)	£ (4)
Operating expenses	£ (75)	£ (69)
Depreciation on property and equipment	(62)	(80)
Fair value adjustments to financial instruments and gain or loss on foreign exchange	(14)	(15)
Profit before tax	£ 7	£ 86
Asset data		
Net loans and advances to customers	£ 18,232	£ 18,044
Total assets	21,513	21,222
Average net loans and advances for the quarter	17,890	18,210
Regulatory capital data		
Common equity tier 1 (CET1) capital	£ 2,788	£ 2,494
Own funds / Total capital	3,129	2,843
Common equity tier 1 (CET1) capital ratio	16.4%	14.9%
Total capital ratio	18.5%	17.0%

Business Highlights

The coronavirus outbreak during March across Europe led to a significant reduction in vehicle sales and production shutdown. Unprecedented mitigation actions were taken by governments across Europe. FCE Bank plc (FCE) has taken significant action to safeguard our employees, customers and dealers; including providing financial support where appropriate.

In Q1 2020 FCE recorded earnings before tax of £7 million, £79 million lower than Q1 2019, explained primarily by credit loss reserve increases reflecting estimates of the impact of the coronavirus in future periods and year over year changes in financial impacts associated with restructuring the European business.

FCE's 'Net loans and advances to customers' were £18 billion, in line with Q1 2019. At year-end 2020, FCE anticipates 'Net loans and advances to customers' to be in the range of £17.4 billion to £18.4 billion.

FCE has continued to deliver strong credit loss performance in Q1 2020. Whilst the coronavirus outbreak has so far had only a marginal impact on observed delinquencies and defaults, in anticipation of higher future losses, FCE increased its non-cash allowance for expected credit losses by £36 million.

Funding and Liquidity

Our funding strategy remains focused on diversification, and we plan to continue accessing a variety of markets, channels, and investors, including government-sponsored funding programs. These diverse sources of liquidity will provide FCE with flexibility to adapt its plans as the impact of coronavirus on investor behaviors and pricing becomes clear.

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 2020 funding

plan includes public term securitisation issuances of £0.4 - £1.0 billion.

As at 31 March 2020, customer deposits represented a total of £2.7 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 31 March 2020, FCE had £3.3 billion of liquidity available for use.

Total liquidity sources were £5.6 billion, £0.7 billion higher than the prior quarter. The utilisation of liquidity totalled £2.2 billion, and securitisation capacity not available for use was £0.1 billion at 31 March 2020.

FCE's 2020 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 2020, FCE's long term debt credit ratings/outlooks were Ba2/Under Review with Moody's (changed from Ba1/Stable), BBB-/Negative from Standard & Poor's (changed from BBB/Negative) and BBB-/Negative from Fitch (changed from BBB/Negative).

Full Year Outlook

Management expect that the coronavirus outbreak will trigger a recession in 2020 across Europe, resulting in reduced vehicle sales and increased credit losses. FCE is taking appropriate steps to support its customers and these together with measures implemented by national governments, central banks and regulators should provide some mitigation to the scale of the impact. FCE's strong capital, funding and liquidity position means it is well positioned to manage the challenges ahead.

For the full year, FCE expects to be profitable, with capital ratios well above regulatory limits.

Management Statement

Public Term Funding Plan	2020 Forecast (Bils)	2020 YTD Actual* (Bils)	2019 Actual (Bils)	2018 Actual (Bils)
- Unsecured Debt	£ -	-	£ -	£ -
- Securitisation	0.4 - 1.0	-	1.1	1.0
Total	£ 0.4 - 1.0	£ -	£ 1.1	£ 1.0

* Includes transactions settled up to and including 28 April 2020

	Mar 2020 (Bils)	Dec 2019 (Bils)	Mar 2019 (Bils)
Liquidity Sources			
Cash and cash equivalents	£ 2.1	£ 1.5	£ 1.8
Committed unsecured credit facilities	1.0	1.0	1.3
Committed securitisation capacity*	2.5	2.4	2.5
Total Liquidity Sources	£ 5.6	£ 4.9	£ 5.6
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	(0.1)	(0.2)	(0.3)
Committed securitisation capacity*	(1.8)	(1.9)	(1.7)
Total Utilisation of Liquidity	£ (2.2)	£ (2.4)	£ (2.4)
Gross Liquidity	£ 3.4	£ 2.5	£ 3.2
Securitisation capacity in excess of eligible receivables	£ (0.1)	£ (0.1)	£ (0.1)
Liquidity Available for Use	£ 3.3	£ 2.4	£ 3.1

* 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