
FCE Bank plc

ANNUAL REPORT

For the year ended 31 December 2024



2024

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Approval of the 2024 Strategic Report

The Strategic Report for the year ended 31 December 2024 as set out on pages 3 to 39 was approved by the Board on 27 March 2025.

ON BEHALF OF THE BOARD
Carlos Treadway
Chief Executive Officer
27 March 2025

Company Information

Registered Name: FCE Bank plc

Directors:

Marlene Martel	Chair, Non-Executive Director
Jonathan Baum	Senior Independent Director
Talita Ferreira	Independent Non-Executive Director
Keeley Miles	Chief Financial Officer
Brendan O'Connor	Independent Non-Executive Director
John Reed	Non-Executive Director (resigned on 30 April 2024)
Carlos Treadway	Chief Executive Officer

Company Secretaries: Abimbola Adesanya

Howard Cohen

Registered Office: Arterial Road
Laindon
Essex SS15 6EE
United Kingdom

Registered Number: 00772784

Independent Auditors: BDO LLP
55 Baker Street
London
W1U 7EU
United Kingdom

Website: www.fcebank.com

Business Model

Organisational Structure

FCE Bank plc (FCE), a public limited company incorporated in England and Wales, is a wholly owned subsidiary of Ford ECO GmbH (Ford ECO) and is an indirect subsidiary of Ford Motor Credit Company LLC (Ford Credit/FMCC) which is wholly owned by Ford Motor Company (Ford). FCE is authorised by the Prudential Regulation Authority (PRA) and regulated by the PRA and the Financial Conduct Authority (FCA).

To simplify its European operations and improve its cost structure, FCE sold its wholly owned subsidiary, Ford Bank GmbH, to its parent company, Ford ECO, on 1 September 2024 for a consideration of £672 million.

As a result of the sale, FCE recognised additional profits of £140 million primarily due to the recycling of accumulated foreign currency translation of £134 million. In addition, FCE's Net loans and advances to customers reduced by approximately £3.7 billion, and FCE's available liquidity reduced by approximately £1.5 billion. For further detail on the financial impact, refer to Note 40 'Discontinued Operations'.

FCE operates in the United Kingdom, and has active branches in France, Spain, and Ireland, as well as an operating subsidiary in Italy. FCE provides retail and dealer financing services in these locations. FCE provides loans to approximately 436,000 retail customers in the UK, Italy, France and Spain and provides wholesale financing to around 270 dealer groups. FCE's largest markets are the UK and Italy representing approximately 49% and 28% of the total FCE portfolio respectively, as shown in the chart on page 8. The Company also has a Worldwide Trade Finance (WWTF) division, which provides finance to distributors and importers in about 60 countries.

FCE provides savings products to approximately 146,000 savings customers in the UK under the Ford Money brand.

Customers and Products

FCE is integrally tied to Ford; it aims to accelerate profitable growth for Ford Blue, Model e, Ford Pro, and Integrated Services by making Ford vehicles and services accessible to customers through a focus on:

- Supporting Ford's distribution network through all economic cycles
- Making it easy for consumers and commercial customers to buy and manage Ford products and services
- Driving the customer trade cycle and increasing loyalty

FCE's business is best described in the context of its three main customer groups:

Ford and Ford Credit Customers, which FCE supports by:

- Lending to customers to purchase or lease passenger and commercial vehicles
- Providing access to insurance products to protect customers
- Providing a range of savings products that:
 - Are easy to open, easy to manage and highly secure
 - Have competitive rates and an attentive, personal service
 - Promise existing customers the same rate as new customers

Ford's Dealers, which FCE supports by:

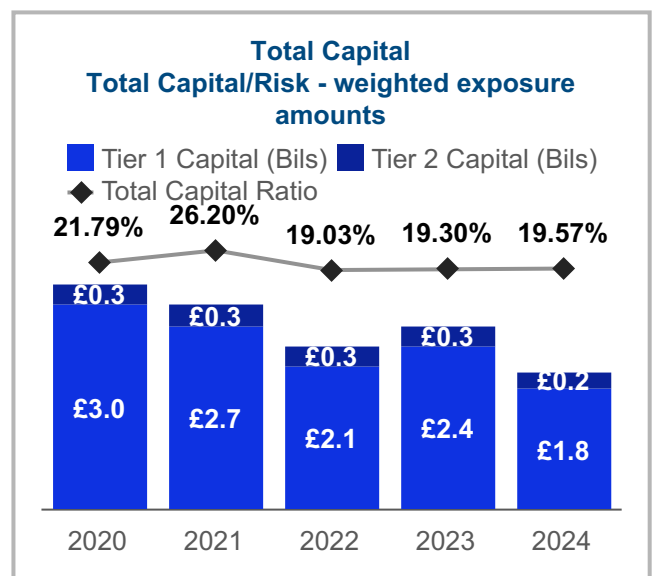
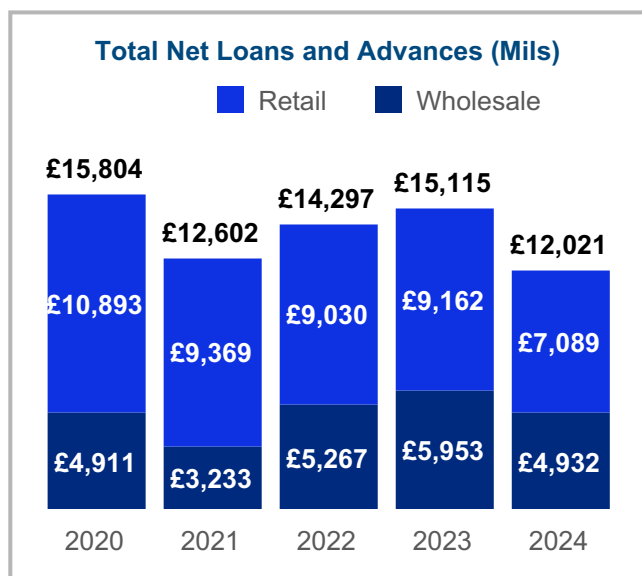
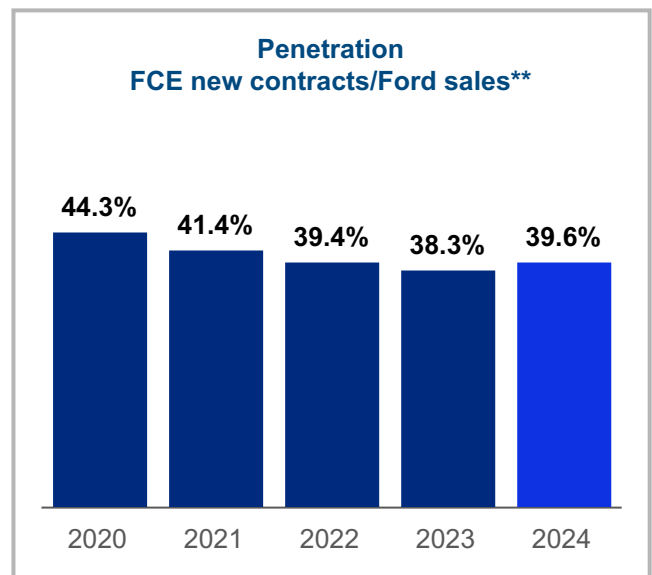
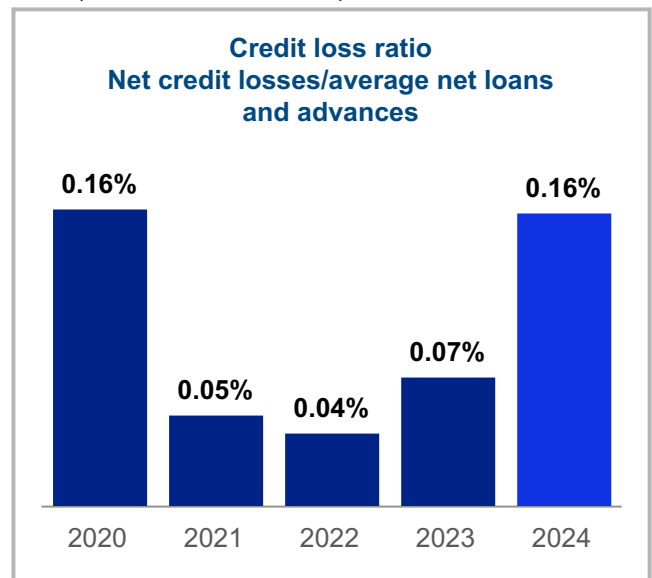
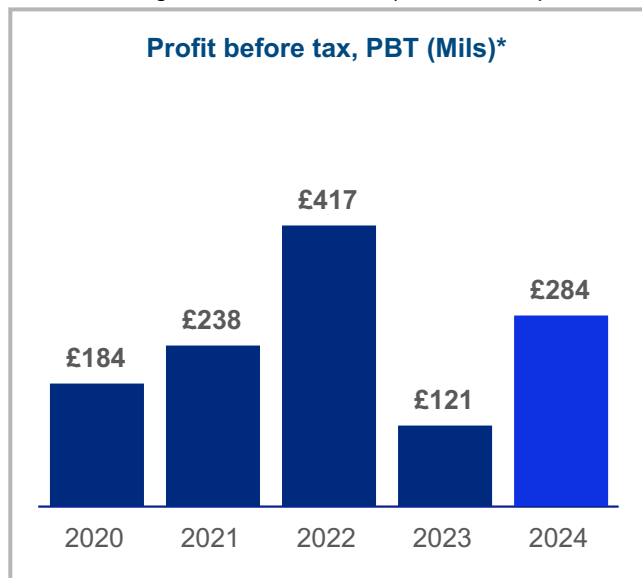
- Financing new and used vehicle inventory
- Providing an understanding of the automotive dealer business and the financing required to optimise their business model through all economic cycles
- Providing training on FCE finance products

Ford Motor Company, which FCE supports by:

- Continuously pursuing cost-effectiveness through operational and structural efficiencies
- Providing a branded finance network dedicated to supporting the sale of Ford products
- Engaging in strong risk management that ensures:
 - Continuity and viability of the Ford dealer distribution network
 - Regulatory compliance
 - Specialist talent and support for key areas of their business

Business Performance

In the following charts, 2024 values (with the exception of Profit before Tax) exclude discontinued operations.



*Includes profit from continuing operations amounting to £97 million and £117 million for 2023 and 2024 respectively.

**Values include outsourced contracts.

Business Performance

Sales

Retail contracts in the UK, Italy, France and Spain were approximately 192,000 in 2024, compared with approximately 202,000 in 2023.

Customer Experience

FCE works with an independent company to measure the customer experience (CX) with FCE and Ford Money across the following touchpoints:

- Start of agreement (new customers)
- Contact Service Centre
- Log on to account online
- End of agreement (payoff customers/ account closure)
- Overall relationship with brand

Net Promoter Score (NPS) is the primary metric measured as part of the CX programme. NPS is measured with the single question, 'How likely are you to recommend FCE to a friend or colleague?'. The NPS is calculated by subtracting the percentage of 'detractors' (those rating 0 to 6 on the recommend question) from the 'promoters' (those rating 9 or 10 on the same question). The NPS is reported as a number ranging from -100 to +100.

2024 Net Promoter Score (NPS) Performance

All Touchpoints combined	2024	2023
FCE's Customer NPS*	58	59
Ford Money NPS**	75	72

*2023 includes Britain, Germany, France, Italy and Spain. 2024 excludes Germany.

**2023 includes Britain and Germany. 2024 excludes Germany.

In 2024, FCE customer NPS was at 58 (down 1pt vs prior year) and Ford Money NPS was at 75 (up 3pts vs prior year).

The gains FCE recorded in 2023 have largely been maintained in 2024. Areas of focus have included delivering an improved contract strategy (increasing the quantity and quality of customer communication at key points during the contract), minimising payment issues, quicker issue resolution and clearer documentation.

Ford Money NPS continues to perform well across all touchpoints. This positive performance is partially attributed to several customer satisfaction improvement initiatives, including direct engagement with detractors to understand and address their concerns.

Customer feedback from the CX programme is available in real-time via an online dashboard. FCE and Ford Money receive an alert when a customer provides a rating between 0-6 (a detractor) on the recommend question. A close-the-loop process has been established so all 'detractors' are re-contacted to address any issues, concerns or questions raised in the survey.

Business Performance

Profit Performance

FCE's Profit Before Tax (PBT) of £284 million includes profits from and attributable to discontinued operations of £167 million as detailed in Note 40. The profit attributable to continuing operations was £117 million reflecting an increase of £20 million compared to the prior year. Excluding fair value adjustments to financial instruments and gain or loss on foreign exchange, the profits from operating activities attributable to continuing operations of £140 million decreased by £31 million year over year. This is explained by commission arrangement provisioning and higher credit losses, partially offset by a higher finance margin.

Profit performance (Continuing operations)	Note	2024 £ mil	2023 £ mil
Profit from operating activities		140	171
Fair value adjustments to financial instruments	10	46	(62)
(Loss)/Gain on foreign exchange	7	(69)	(12)
Profit before tax (PBT)		117	97

Alternative Performance Measures (APMs)

To evaluate performance, FCE uses a number of financial measures that are not defined or specified in the financial reporting framework (IFRS). These are often referred to as Alternative Performance Measures (APMs). The APMs disclosed in this report are the profit from operating activities (defined above) and the four Key Performance Indicators (KPIs) defined in the table below. The prior year comparatives presented in the table below have been recalculated to reflect continuing operations only. Consequently, these figures differ from those disclosed in the 2023 report. The variances from prior year are all impacted by movements in the exchange rates used to translate non-sterling transactions.

Reconciliation of KPIs to financial statements

Financial statements data:	2024 £ mil	2023 £ mil
A Total income	405	368
B Net credit losses*	(18)	(8)
C Operating expenses**	(182)	(191)
D Profit before tax	117	97
E Total assets	13,837	14,237
Additional data:		
F Average net loans and advances to customers	11,286	10,956
Key performance indicators:		
Margin ratio (A/F)	3.59%	3.36%
Credit loss ratio (B/F)	0.16%	0.07%
Cost efficiency ratio (C/F)	1.61%	1.74%
Return on Assets (D/E)	0.85%	0.68%

*Net credit loss is defined as total write offs less recoveries.

**Excludes one time provision for commission arrangements of £61 million.

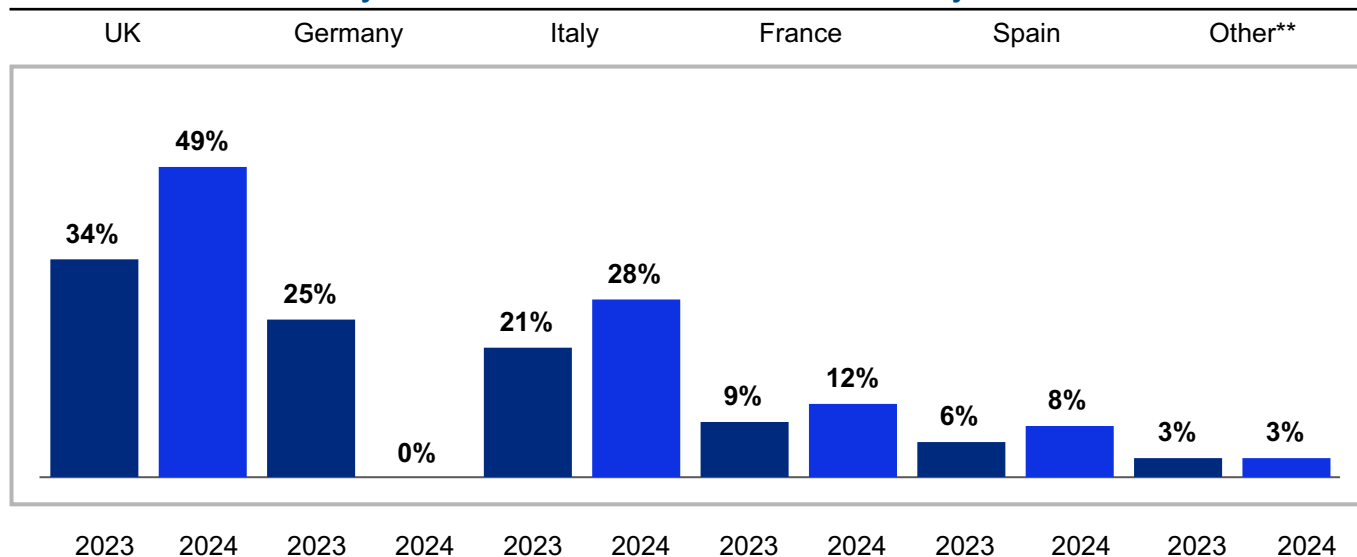
Business Performance

Net Loans and Advances to Customers

FCE's net loans and advances to customers decreased by £3.1 billion to £12.0 billion in 2024 (2023: £15.1 billion) explained primarily by the sale of Ford Bank GmbH.

An analysis of FCE's net loans and advances by market as at 31 December 2024 and 31 December 2023 is set out in the chart below.

Analysis of net loans and advances to customers by market*



*Following the sale of Ford Bank GmbH, the remaining FCE markets now reflect a higher proportion of net loans and advances.

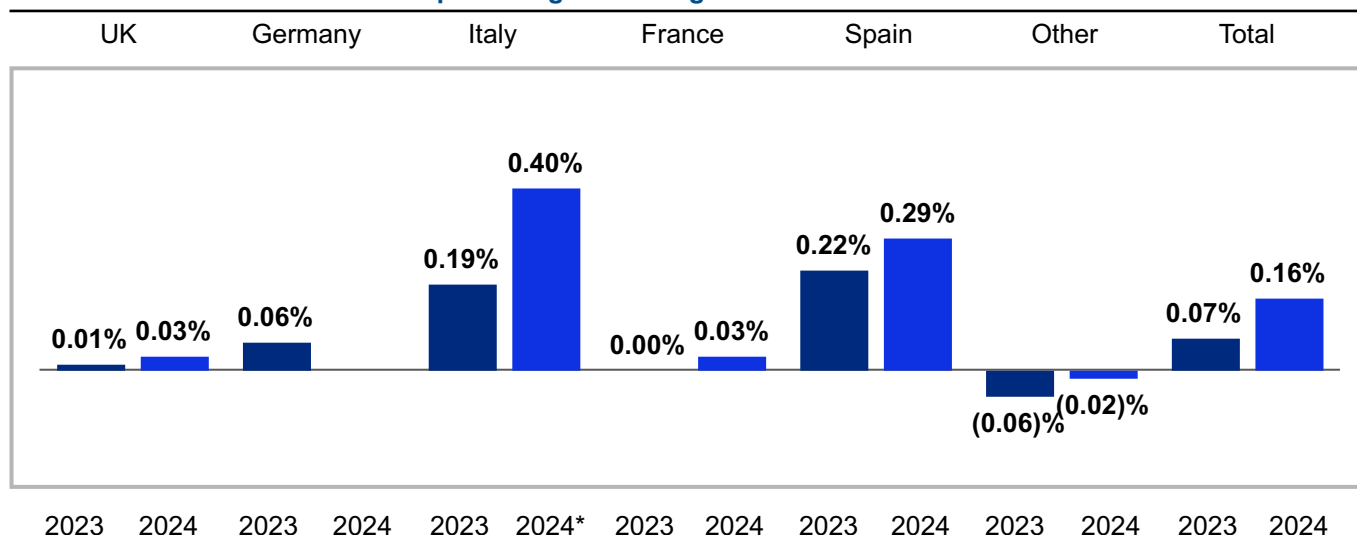
**Represents WWTF and Ireland.

Net Credit Losses

The 'Net Credit Losses' chart below expresses net credit losses for both wholesale and retail financing as a percentage of average net loans and advances to customers.

FCE's overall net credit loss ratio on total receivables is 0.16% (2023: 0.07%). The retail loss ratio is 0.25% (2023: 0.11%) and the wholesale loss ratio is 0.00% (2023: 0.01%).

Net credit losses as a percentage of average net loans and advances to customers



*Reflects one time credit loss adjustment.

Business Performance

Capital

FCE's policy is to manage its capital base to targeted levels that exceed all current and expected future regulatory requirements.

FCE's regulatory capital adequacy is managed through its monthly Asset and Liability Management Committee (ALCO) in which actual and projected capital positions are monitored against capital requirements as informed by the Internal Capital Adequacy Assessment Process (ICAAP) and minimum regulatory levels.

FCE declared and paid a final dividend of £500 million (audited) in 2024 (2023: nil) having finalised the sale of its subsidiary Ford Bank GmbH to its parent Ford ECO. FCE's future dividend planning will consider future receivables levels and profits while maintaining capital ratios that exceed regulatory requirements and internal targets.

FCE's Tier 1 capital consists primarily of its retained earnings, share capital and share premium, (all audited) with Tier 2 capital reflecting subordinated loans received from its immediate parent, Ford ECO.

During the period, FCE's capital ratios remained above its regulatory requirements, FCE's Common Equity Tier 1 (CET 1) ratio was 17.17% (2023: 17.10%) (unaudited) and the total capital ratio was 19.57% (2023: 19.30%) (unaudited). During 2024, FCE's leverage ratio also remained above the regulatory minimum. More details on FCE's capital and leverage ratio can be found in FCE's Annual Pillar 3 Report, published separately.

Business Performance

Funding Sources

FCE’s funding strategy focuses on diversification, accessing a variety of markets, channels and investors, including central bank funding programmes. This multifaceted approach enables FCE to remain competitive and adaptable in the ever-changing landscape of the financial markets.

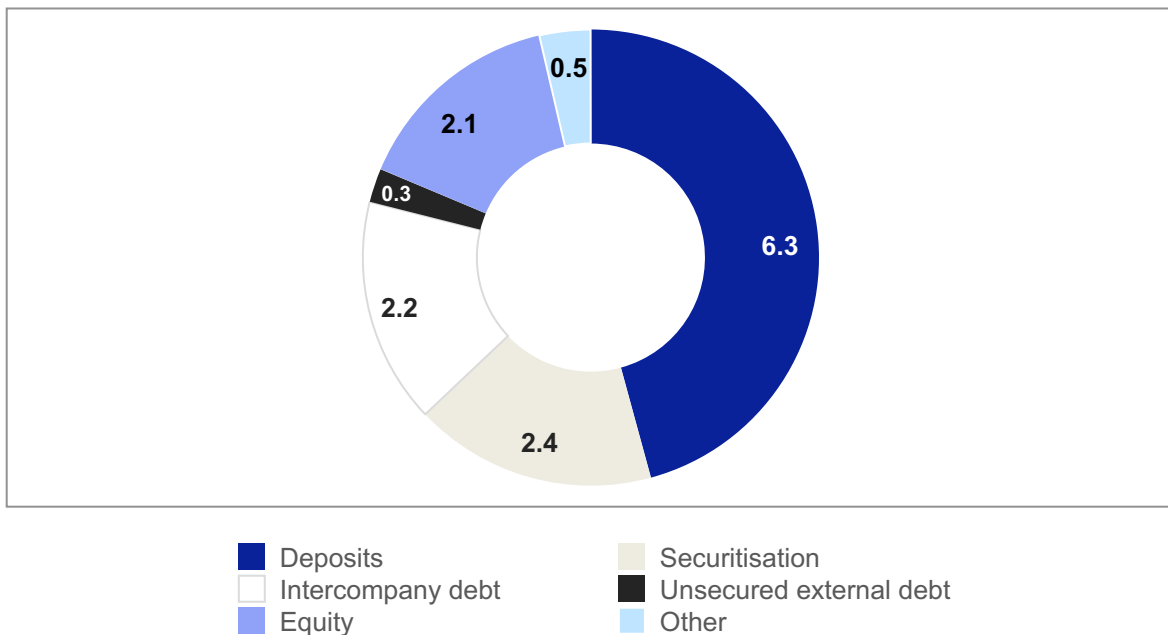
FCE’s retail deposits in the UK totalled £6.3 billion as at 31 December 2024 (2023: £6.3 billion).

FCE continued to pledge eligible assets as collateral in the form of structured asset backed securities, taking the opportunity to utilise the Sterling Monetary Framework with the Bank of England.

The level of intercompany loans remained consistent during the period. There were no unsecured European Medium Term Notes (EMTNs) issuances during the year. FCE continues to maintain a live EMTN prospectus to ensure the option to issue debt securities in the market.

For further details, refer to the ‘Funding Structure’ chart below.

Funding structure of total assets (£Bn)



Business Performance

Credit Ratings

FCE's short-term and long-term unsecured debt is rated by three major credit rating agencies: Fitch, Moody's and Standard & Poor's (S&P).

FCE has standalone ratings from Moody's and S&P in 2024, both rating FCE at investment grade. The rating from Fitch is based on the rating for Ford and Ford Credit.

The credit ratings table below summarises the long-term senior unsecured credit ratings, short-term credit ratings and the outlook assigned to FCE.

Credit Ratings	Fitch*	Moody's	S&P
Long-Term Senior Unsecured	BBB-	Baa2	BBB-
Short-Term Unsecured	F3	P-2	NR
Outlook/Trend	Stable	Stable	Stable

* Rating for Ford and Ford Credit

Future Prospects

The automotive landscape is evolving, and FCE is adapting to navigate the changes and opportunities ahead. The transition to electric vehicles (EVs) is underway, but the pace has been slower than initially anticipated. Factors such as vehicle affordability and limitations in charging infrastructure have contributed to this slower adoption rate. Overall, 2025 will likely see a shift towards electrification, but also continued volatility in the EV adoption rate within the European automotive industry. FCE anticipates 'Net loans and advances to customers' to be approximately £12 billion by the end of 2025, although the outlook remains uncertain and subject to continuous change based upon Ford's latest production forecasts.

FCE recognises that many of its customers are impacted by a higher cost of living, with increased food and energy prices continuing to affect customers, despite government action to reduce inflation through interest rates. High interest rates continue to impact FCE's ability to source funding and offer financing at competitive rates, which could impact financing margin. FCE is confident that its capital and liquidity plans, which include scenario modelling, position it well to manage the potential impacts of these factors and increases in credit losses that could result from recession. The economic landscape in European markets is uncertain and FCE will closely monitor new developments to provide support to affected customers.

Furthermore, FCE will continue to invest in enhancing its digital capabilities throughout 2025. This includes strengthening its Product Organisation and deploying a new IT platform in the UK, scheduled to fully launch in 2025. These enhancements will enable FCE to continuously improve the products and services it offers to its customers and build a solid foundation for future innovation.

Business Environment

Risk Profile

FCE's captive business model defines its risk profile.

FCE is predominantly a secured lender. Its loans are collateralised primarily through retention of title in the underlying assets. The collateral is easy to value, portable and liquid. FCE has clearly defined rights in relation to counterparty default. Its lending portfolio is driven by Ford vehicle production and sales, where higher sales are likely to drive higher capital and liquidity requirements. In a stressed environment where Ford sales decline, FCE is likely to see lower capital and liquidity requirements.

FCE's funding strategy is to maintain and utilise a diverse range of funding sources with adequate duration, enabling it to continue to fund its business in all market conditions and throughout all economic cycles.

FCE has a simple business model (with no trading book) and over 60 years' experience, which has enabled it to develop processes and models to manage risk reliably.

Risk Management

FCE recognises and accepts that while running its business it is or will be exposed to different types of risk. FCE operates an enterprise-wide Risk Management Framework to manage its exposure to those risks. The Risk Management Framework begins by defining FCE's risk strategy, reviewing FCE's principal risks through adoption of an in-depth risk inventory and integration of a quarterly horizon scan.

The objective of the risk strategy and the Board's risk philosophy is to ensure that FCE is exposed to risks only to the extent necessary to meet its strategic objectives. The risk strategy is implemented through a Risk Appetite Framework (RAF) which sets out the governance, processes and controls that FCE uses to:

- Identify, manage and monitor the types of risk to which FCE is exposed or is likely to be exposed in meeting its objectives
- Qualify and/or quantify the magnitude of risk that FCE is willing to tolerate within the limits of its resources to meet its objectives, in line with direction and delegation from the Board, and informed by industry best practice, regulatory guidance and external events

FCE's risk appetite is set annually by its Board of Directors (the Board) and is clearly defined, monitored, and managed through the RAF. The RAF is supported by policies, procedures and working instructions in which principles, processes, systems and responsibilities are defined.

FCE has established processes for its identification of risks arising from its activities, and manages each form of risk uniquely in the context of its contribution to overall risk. Business decisions are evaluated on a risk-aware and risk-adjusted basis and are priced consistently with these risks.

Risk Appetite and Monitoring

The RAF defines the amount of risk that FCE is willing to accept in pursuit of its long-term objectives, and is Board-approved and integrated within the governance structure of FCE. Through the close monitoring of risk measures against approved tolerances, the RAF informs the day-to-day management of the principal risks to which FCE is exposed, and mandates escalation of out-of-tolerance positions so that the risk can be managed, with outcomes such as tolerate, treat, transfer, or terminate.

FCE's key measures include credit loss ratios, liquidity adequacy, capital adequacy and operational risk metrics.

Risk Management and Culture

FCE has a sound risk culture as the foundation of its risk strategy. It determines the rules of conduct that significantly influence the management of risks in various phases, from identification to reporting.

FCE's risk culture is based on the following pillars: Responsibility, Communication, and Incentive Structure.

Three Lines of Defence

FCE's risk management follows the Three Lines of Defence model, which ensures clear delineation of responsibilities between day-to-day operations, monitoring, and oversight as well as independent assurance. FCE has implemented governance structures to ensure ownership and appropriate oversight of these. FCE distinguishes between three groups involved in its effective risk management:

Business Environment

First Line of Defence

The first line of defence comprises the operational staff and departmental management who have responsibility for following policy and procedure to mitigate any risks inherent in the operations of the business. It operates in accordance with FCE's control framework with prescribed controls designed into systems and processes, including self-assessment audit tools, and reporting requirements through to the second line of defence.

Second Line of Defence

Second line functions such as Compliance, Risk, and the Internal Controls Office (ICO) undertake the second line of defence and are responsible for pan-European policy and procedures executed by the first line management.

Each of the control functions in the second line of defence reports into one or more of FCE's committees as delegated by the Board. These committees monitor and challenge performance metrics, review key risk indicators and escalate, as appropriate, through FCE's governance structure.

Third Line of Defence

The third line of defence provides independent assurance to the Board Audit Committee and is provided by Ford's Internal Audit function. The role of Internal Audit is to provide unbiased and independent assurance that the company's risk management, governance and internal control processes are operating effectively. Internal Audit provides objective assurance and advisory services to management and the Board, working in line with the International Professional Practices Framework (IPPF) and utilising a Risk-Based Internal Audit (RBIA) methodology. Internal Audit is responsible for auditing FCE's processes to determine whether they comply with applicable external laws and regulations, FCE's own risk appetite and related procedures, as well as wider governance and corporate control processes in place. Internal Audit is responsible for auditing both FCE's first and second lines of defence.

FCE also recognises the importance of the Board Risk Committee, Board Audit Committee, Non-Executive Directors (NEDs), external auditors and consultants in providing independent insight and challenge to FCE's risk management and control framework leading to a culture of continuous improvement.

Board Risk Committee

The committee monitors and reviews FCE's systems for risk management and compliance with financial services legislation and regulatory requirements. The committee met four times during 2024.

The Chair of the Board Risk Committee formally reports to the Board after each meeting on how the committee's duties and responsibilities have been discharged.

The core responsibilities include:

- Advise on the company's capital and liquidity risk matters and frameworks
- Advise on the company's overall RAF, consisting of:
 - Risk Identification
 - Risk Appetite Statements
 - Embedding
 - Monitoring
- Oversee and advise on the current risk exposures of the company and future risk strategy
- In relation to company's risk materiality assessment, advise on the company's ability to assess key risks

Whistleblowing

FCE has a whistleblowing procedure for the confidential and anonymous submission by employees of concerns regarding business, accounting, internal controls or auditing matters.

Principal Risks and Uncertainties

FCE defines its principal risks as the key risks set out on pages 15 to 20. FCE conducts horizon scans to facilitate the early detection and qualitative assessment of emerging threats to and opportunities for its business model, and how they might potentially impact current strategy, policies or processes. The assessments are used to inform the Board's long-term strategic planning, and to make present policy more resilient to future uncertainty. Horizon scanning ensures that potentially high-impact events, even if unlikely, are considered.

Business Environment

Material Uncertainties and Emerging Risks

In addition to the risks faced by FCE in the normal course of business, some material risks and uncertainties fall outside of FCE's direct control. Emerging Risks are those risks that are specifically forward-looking, the likelihood and/or impact of which cannot be readily quantified and which have not yet crystallised. This section outlines specific areas of risk to which FCE is sensitive.

In recent years the global automotive industry has faced significant volatility in supply chains, shortage of materials as well as other inflationary pressures and logistical issues creating delivery constraints. A shortage of new vehicles and delivery delays can cause a significant disruption to Ford's sales.

FCE and its customers continue to face various economic challenges. Following a post pandemic expansion in 2022, the UK economy is now showing modest growth, although the forecast recession did not materialise. Similar levels of growth have been seen across Europe. Continued cost of living pressures are being seen, with Central Banks slow to reduce the high interest rates required to stem inflation. Whilst inflationary pressures have slowed, higher energy prices and the residual increased interest rate environment (compared to rates seen over the past 10-15 years) continue to impact both consumers and corporate customers. A sustained decline in sales and increased overheads could have an adverse effect on dealer profitability. However, inflation is expected to decrease for 2025 and the dealer network is well placed for 2025 challenges with low levels of loss expected.

FCE is planning and investing for substantial changes to its business model in anticipation of the move of vehicle production to electric vehicles and the resulting shifts in customer financing needs and service expectations. There is a risk that if FCE's plans are not executed effectively, or if the market evolves in unexpected ways, FCE's relevance to Ford sales and its financing share thereof may decline.

FCE's ability to obtain unsecured and intercompany funding at a reasonable cost is dependent on its and FMCC's credit ratings or perceived creditworthiness. Further, FCE's ability to obtain securitised funding under its committed asset-backed liquidity programmes and certain other asset-backed securitisation transactions is subject to having a sufficient amount of assets eligible for these programmes, as well FCE's ability to obtain appropriate credit ratings and, for certain committed programmes, derivatives to manage the interest rate risk. Over time, and particularly in the event of credit rating downgrades, market volatility, market disruption, or other factors, FCE may reduce the amount of receivables it purchases or originates if there is a significant decline in the demand for the types of securities it offers or if FCE is unable to obtain derivatives to manage the interest rate risk associated with its securitisation transactions. A significant reduction in the amount of receivables FCE purchases or originates would significantly reduce its ongoing operating results and could adversely affect its ability to support the sale of Ford vehicles.

Ford of Europe currently provides a number of marketing programmes that employ financing incentives to generate increased sales of vehicles. These financing incentives generate significant business for FCE. If Ford chooses to shift the focus of these financing incentives, or emphasis from such financing incentives, this could negatively impact FCE's share of financing related to Ford vehicle sales.

The Financial Conduct Authority ("FCA") launched an industry-wide investigation in January 2024 into the use of Discretionary Commission Arrangements ("DCAs") between finance providers and dealers in the UK automotive finance industry. Although the investigation period spans from 2007 to 2021 (when the FCA banned DCAs), FCE ceased using any DCA model from 2018, up to which time the use of the DCA model had been substantially limited to used vehicle retail finance agreements. In October 2024, the Court of Appeal ruled that payments of commission to dealers were unlawful in circumstances where the amount and calculation of the commission was not fully disclosed to customers, to enable them to provide their informed consent to such payments. This ruling could potentially impact all commission arrangements with dealers (DCAs and non-DCAs) where the amount of commission has not been disclosed. There remains a great deal of uncertainty pending the outcome of the appeal of the Court of Appeal decision to the Supreme Court, which is scheduled to be heard in early April 2025.

In a statement published on 11 March 2025, the FCA confirmed that, if, taking account of the outcome of its investigation and the Supreme Court's decision (referred to in the previous paragraph), it concludes that motor finance customers have lost out from widespread failings by firms, then it is likely it will consult on an industry-wide statutory redress scheme. The FCA has indicated that it will confirm within six weeks of the Supreme Court decision if it is proposing a potential redress scheme and, if so, how it will take this forward.

In light of these events, a provision has been recognised based on probability-weighted scenarios utilising the Company's internal data analysis, although there is still a significant level of uncertainty of the legal and regulatory outcome. Refer to note 24 and note 28 for additional details.

Business Environment

Principal Risks

FCE's risk management framework identifies its principal risks, which are those categories of risk that are most significant to its business model, operating environment and strategy.

Principal Risks	
Credit Risk	<i>Retail and Finance Lease (Consumer and Commercial) Credit Risk Management</i>
	<i>Vehicle Residual Value Risk</i>
	<i>Wholesale Credit Risk Management</i>
	<i>Counterparty Credit Risk</i>
	<i>Credit Concentration Risk</i>
Non-Financial Risk	<i>Conduct Risk and Consumer Duty</i>
	<i>Regulatory Compliance including Legal, Information Security, Financial Crime</i>
	<i>Operational Risk</i>
	<i>Operational Resilience</i>
Market Risk	<i>Foreign-exchange risk</i>
	<i>Interest Rate Risk</i>
Liquidity Risk	
Model Risk	
Group Risk	
Pension Obligation Risk	
Business Risk	

Credit Risk

As a provider of automotive financial products, FCE's primary credit risk is the loss from a retail customer or a dealer's failure to make payments according to contractual terms. Credit risk is mitigated in the majority of FCE's retail, leasing and wholesale financing plans through title retention or a similar security interest in the financed vehicle. In the case of default, the value of the repossessed collateral provides a source of protection. FCE's credit risk policy permits the granting of payment deferrals to provide short-term support to its retail, leasing and wholesale customers.

FCE applies the Standardised Approach for assessing the Pillar 1 capital requirements for credit risk using standard industry-wide risk weightings based on the classification of asset and counterparty types. Further details on capital requirements can be found in FCE's Pillar 3 Report.

Retail and Finance Lease (Consumer and Commercial) Credit Risk Management

'Retail' typically includes Conditional Sale, Balloon Conditional Sale, Hire Purchase, Balloon Hire Purchase, Credit Sale, and Retail Financing contracts introduced through a dealer to individual consumers, sole traders and businesses, as well as assets leased under finance leases.

Retail contracts are primarily fixed-rate, retail loans or finance leases which generally require customers to pay equal monthly payments over the life of the contracts. Trade Cycle Management (TCM) contracts are retail loans that provide customers with the choice to purchase, trade in or hand back the vehicle at the end of the contract.

Retail products are classified by term and whether the vehicle is new or used. This segmentation is used to assist with product pricing to ensure risk factors are appropriately considered.

Retail consumer credit underwriting normally includes a credit bureau review of each applicant and an affordability check where market functionality exists, together with an internal review and verification process. Statistic-based risk-rating models are normally used to determine the creditworthiness of applicants. Portfolio performance is monitored regularly and FCE's originations processes and models are reviewed, revalidated and recalibrated as necessary. Retail credit loss management strategy is based on extensive experience.

Business Environment

FCE also provides automotive financing for commercial entities, including daily rental companies. Each commercial lending request is carefully evaluated using information requested and supported by credit bureau data, where available.

FCE operates originations, servicing and collections activities within each location. The UK uses additional servicing technology, risk management techniques and controls which includes customer behavioural models that are used in contract servicing to ensure appropriate collection attention.

Vehicle repossession is considered as a last resort. After proceeds are applied from the sales of repossessed vehicles, collection of the remaining balance continues where legally permitted until the account is paid in full or it is deemed by FCE to be economically uncollectible.

For further details, refer to Note 29 'Credit Risk'.

Vehicle Residual Value Risk

Vehicle Residual Value Risk arises when a customer exercises a contractual option to return the vehicle to FCE at contract end and the realised proceeds from the sale of the returned vehicle are lower than the outstanding balance of the finance agreement. FCE is prepared to incur vehicle residual value risk. Vehicle residual values are forecasted based on a careful evaluation of internal and external data sources and are subject to review and approval by the appropriate committee.

TCM contracts represent the majority of finance plans, exposing FCE to residual value risk. The final balloon payment on the loan is typically set below the expected market value of the vehicle at the end of the contract, when the final balloon payment falls due, and the customer may opt to return the vehicle to FCE in lieu of making the final payment. This approach generates equity for the customer and provides protection for FCE against residual value risk. From 2020, used vehicle values were impacted by reductions in new vehicle supply, resulting in increased valuations for a number of years that began to drop to more normalised levels towards the end of 2023 and through 2024. FCE continues to monitor used values and seek independent third party trade guide opinion in its decision making processes.

As the industry transitions to electric vehicles, FCE is continuing to grow and enhance its knowledge and strategy for both electric vehicles (EV) and internal combustion engine (ICE) residual value setting.

For further details, refer to Note 30 'Vehicle residual values'.

Wholesale Credit Risk Management

'Wholesale' primarily includes financing to Ford franchised dealers to fund inventory of new and used vehicles (vehicle wholesale financing, demonstrator or courtesy vehicles), and to a much lesser extent, spare parts and loans for working capital. For the vast majority of FCE's dealer financing products, security is taken in the underlying vehicle asset.

Each dealer lending request is evaluated taking into account the borrower's financial condition, supporting security, debt servicing capacity, and numerous other financial and qualitative factors.

All credit exposures are reviewed at least annually. Asset verification processes are in place and include physical audits of vehicle stocks with increased audit frequency for higher risk dealers. In addition, stock-financing payoffs are monitored to detect adverse deviations from typical payoff patterns, in which case appropriate actions are taken.

Wholesale lending generally requires dealers to pay floating-rate interest and includes receivables from dealerships that in some cases are either partly or wholly owned by Ford.

The wholesale portfolio of borrowers is considered healthy. Borrowers have seen improved revenue due to changes in vehicle sales mix, which has resulted in higher margins, however these have been offset by increased overheads, higher interest rates and reduced used vehicle sales.

Throughout the year inflationary pressures have created economic headwinds for dealers and consumers across all European markets. This has started to tighten dealer margins. However, consumer demand remained strong in comparison to supply of new and used vehicles. FCE has continued to work with each individual dealer partner to understand the impact of these challenges on their business and the support required.

For further details, refer to Note 29 'Credit Risk'.

Business Environment

Counterparty Credit Risk

FCE could incur a credit loss if the counterparty to an interest rate or foreign currency derivative with FCE defaults. This is known as counterparty credit risk and, in the case of interest rate derivatives, is mitigated by the cash collateral that FCE exchanges with most of its counterparties under margin arrangements. FCE uses the Standardised Approach for Counterparty Credit Risk (SA-CCR) method to measure this risk and determine its related capital requirements. More detail on FCE's counterparty credit risk exposures, and capital requirements can be found in FCE's Pillar 3 Report.

In addition to a credit loss caused by a counterparty default, banks can also suffer mark-to-market losses associated with the counterparty's creditworthiness, termed credit valuation adjustment (CVA) risk. FCE does not consider CVA to be a key risk. FCE holds Pillar 1 capital for CVA risk, calculated under the Standardised Method. The value of this capital requirement is described in the FCE's Pillar 3 Report.

Credit Concentration Risk

Concentration risk may arise from FCE's concentration of exposures within geographical regions, to sectors, and to large single-name entities such as dealer groups and fleets. FCE is prepared to incur concentration risk, subject to the risk appetite established by the Board and regulatory requirements, where this is consistent with executing its mission as a captive automotive finance provider.

FCE's wholesale portfolio is the business segment most exposed to concentration risk. However, it is FCE's view that this risk is mitigated by a number of positive characteristics of its wholesale business model, such as retention of title, the short-term nature of the funding, the realisable value of the asset within a reasonable timeframe and the uncommitted nature of the majority of wholesale funding. FCE also employs credit risk mitigation where required to reduce exposures to single-name entities and maintain lending within its risk appetites.

The retail portfolio consists of a large number of individual loans to retail customers across multiple markets and FCE's analysis indicates sufficient granularity within the portfolio to not pose a significant concentration risk.

Operational Risk and Operational Resilience

Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. For FCE, this includes legal and reputational risks, and risks related to executing change in line with strategic choices. Operational Resilience is the ability to continue operating "Important Business Services" or "Critical or Important Functions" in the face of disruption, regardless of source, and to have the ability to prevent, adapt, respond to, recover and learn from operational disruptions. Operational risk includes information technology process failure, significant organisational change risk, human error, and lapses in internal controls, fraud or external threats (e.g. cyber-attacks, described below). Processes are in place to identify and assess these risks in order to enable effective risk management. The Risk Register and Risk Control Self-Assessment processes are used across the business to identify and assess operational risk in line with the Basel Framework. Risk are regularly reviewed at all levels of the organisation to ensure that the business is operating within the appropriate risk appetite.

FCE follows the principles of the Three Lines of Defence model as outlined on page 13, to manage and mitigate operational risk through a robust governance framework. This includes specific committees in place to implement policies, procedures and processes to control or mitigate material exposure to losses.

Based on the guiding principle that management at all levels is responsible for managing operational risk, FCE maintains a strong internal control culture across the organisation. Annual Control Testing, a self-assessment control process used across the business, is used to monitor adherence to key controls.

FCE is indemnified under insurance policies for certain operational risks including health and safety. Notwithstanding these control measures and this insurance coverage, FCE remains exposed to operational risk that could negatively impact its business and results of operations.

To assess Pillar 1 capital requirements for operational risk, FCE qualifies for both the Basic Indicator Approach (BIA) and the Standardised Approach. As FCE has two distinct product lines, it has adopted the Standardised Approach where a firm divides its activities into a number of business lines and applies the relevant beta factor to each one. Further details on capital requirements can be found in FCE's Pillar 3 Report published separately.

Business Environment

Market Risk

This is the risk of adverse impacts to FCE's profits and capital as a result of changes in interest rates and foreign currency exchange rates.

Foreign-exchange risk is the risk arising from fluctuating exchange rates. Currency exposures are managed by FCE as an integral part of its overall risk management programme, which recognises the unpredictability of foreign exchange markets and seeks to reduce the potential adverse effects on FCE's results. Further details on FCE's foreign-exchange risk and risk management can be found in Note 32a 'Currency Risk'.

FCE reduces its exposure to foreign-exchange risk through the use of foreign currency exchange derivatives. In addition, FCE holds equity in its overseas branches and subsidiaries in order to hedge its capital ratios against movements in exchange rates.

Interest rate risk is the risk arising from fluctuating interest rates. FCE's asset base consists primarily of fixed-rate retail instalment sale, hire purchase, conditional sale and lease contracts, with an average life of approximately three years, and floating rate wholesale financing loans with an average life of approximately two months. FCE utilises natural hedging of the risk, matching its retail assets with retail deposit liabilities, using contractual terms of fixed rate deposits and behaviour of flexible deposits.

After deploying natural hedging, it is FCE's policy to execute interest rate derivatives to close remaining mismatches between the interest rate characteristics of assets and liabilities, within a tolerance range. This matching policy seeks to maintain margins and reduce profit volatility. Further details on FCE's interest risk and interest rate risk management can be found in Note 32b 'Interest Rate Risk'. FCE also utilises the Economic Value (EV) and Net Interest Income (NII) models to inform its capital requirement for interest rate risk.

FCE's strategy for the use of derivatives is designed only to mitigate market risk; derivatives are not used for speculative purposes. For further details, refer to Note 31 'Market Risk'.

Liquidity Risk

Liquidity risk is the possibility of being unable to meet present and future financial obligations as they become due. FCE's strategy is to maintain a diverse range of funding sources to enable it to continue to fund its business in all market conditions. FCE is funded primarily through retail deposits, unsecured and intercompany debt, public and private securitisation and equity to ensure appropriate mix and tenor.

FCE holds liquidity in the form of cash, committed capacity and collateral eligible for central bank liquidity facilities. FCE's committed capacity is in the form of committed securitisation capacity (which is free of material adverse change clauses, restrictive financial covenants and credit rating triggers), and contractually committed unsecured credit facilities (which have similar terms with the exception of certain covenants). FCE also participates in the Bank of England Discount Window Facility (DWF) scheme which can act as an additional source of liquidity.

For further details, refer to Note 22 'Securitisation and Related Financing' and Note 33 'Liquidity Risk'.

The Liquidity Coverage Ratio (LCR) requires banks to hold high-quality liquid assets (HQLA) to survive a 30-day liquidity stress. FCE has established processes to monitor its HQLA position in accordance with the LCR part of the PRA Rulebook. FCE also complies with the Net Stable Funding Ratio (NSFR) requirements, which are designed to ensure that banks maintain a stable, long-term funding profile to reduce structural liquidity risk, in accordance with the PRA Rulebook.

Processes embedded in FCE's governance include liquidity forecasting and reporting against risk tolerances, stress/scenario testing and contingency planning.

Model Risk

FCE's model risk management focuses primarily on FCE's material credit-risk models. Internal risk models are used where possible to forecast borrower behaviour. The models are employed pre-origination (scorecard models, within structured underwriting procedures) and during the lending term (expected and unexpected loss models, supported by collection strategies designed to treat borrowers fairly). The models take as inputs internal experience, external data (e.g. credit bureau data on borrowers, third-party macroeconomic forecasts) and expert judgement. The models adhere to FCE's Model Risk Management Framework, in terms of development, independent validation, monitoring and calibration.

Business Environment

Group Risk

Group risk is the risk of loss due to FCE's association with its Parent Company. As a captive automotive finance company, FCE has an inherent exposure to Ford. However, this is carefully controlled through FCE's Large Exposure monitoring process and minimised through strong adherence to internal policies which ensure an arm's-length approach to all transactions with, and services provided by FCE's parent and other Ford-owned entities. FCE leverages some services provided by other areas of the wider Ford Credit and Ford corporate organisation. However, these services are governed and regulated by service level agreements which typically provide for ring-fenced capabilities.

Conduct Risk

Conduct risk is defined by FCE as the risk that FCE's culture, strategy, policies or procedures encourage its staff, individually or collectively, to act in a way that delivers poor customer outcomes for FCE's customers or negatively impacts on the integrity of FCE Bank plc, the financial services market as a whole or competition therein.

Conduct risk is wide-ranging and FCE recognises that one of the best ways to manage Conduct Risk, as well as instilling values of Treating Customers like Family, is through the development and maintenance of a culture to which good conduct is central. FCE's approach to Conduct Risk is embedded by its culture of excellence and Ford Operating System (OS) behaviours, a global corporate approach intended to strengthen and entrench a culture of customer centricity, reflecting on customer experience, satisfaction and outcomes.

FCE's objective is to demonstrate and ensure fair outcomes to consumers throughout the conduct risk lifecycle which includes product governance, consumers' retail experiences with FCE and post-sale processes. Conduct risk is managed within each of FCE's business operations with oversight from FCE's central compliance function.

FCE offers well established finance products to its customers, including retail deposit-taking, and has comprehensive controls to ensure that its sales processes, including the introduction of new products, or changes to existing products, provide fair customer outcomes as well as meeting all regulatory requirements. FCE monitors customers' retail experiences, including post sales processes, through the use of performance data such as complaints metrics as well as through periodic surveys.

Pension Obligation Risk

Pension obligation risk arises from FCE's obligations as a result of participating in defined benefit pension schemes for some of its employees. These are principally Ford Group sponsored plans in which FCE is a participating employer. FCE recognises that there is inherent volatility in the investment markets that will affect the value of assets of the schemes at any point in time. The pension liabilities also change over time as longevity and other assumptions develop and the balance between the populations of the active workforce and retirees matures. Ford is solely responsible for funding any deficit which may arise from time to time in the plans. Should Ford fail to meet its obligations, FCE retains residual legal risk for the plans.

FCE, in conjunction with Ford, uses internal and external experts (including actuaries) to review the pension liabilities, the results being taken into account in FCE's capital planning.

Ford uses in-house US-based pensions management expertise to assist with recommendations to the fiduciary bodies responsible for the UK pension funds on investment strategy and liability management.

Information Security Risk

At FCE, information security risk focuses on the protection of company data and systems, aiming to prevent unauthorised access, data breaches, and other security incidents from materialising. FCE is committed to implementing a comprehensive range of capabilities, processes, and security measures to reduce and mitigate cyber threats. While no preventative strategy can offer absolute security and eliminate all risks, FCE acknowledges that failing to uphold high security standards can lead to reputational damage, regulatory scrutiny and / or legal challenges.

Recognising the intrinsic link between information security and data protection, FCE places a strong emphasis on safeguarding the Personally Identifiable Information (PII) of its staff and customers as a fundamental part of its strategy. By enforcing rigorous data protection practices, FCE ensures all stakeholders comply with company policies and regulations, particularly for those handling PII. This commitment also involves meeting the stringent regulatory obligations set by the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA), which are crucial for maintaining a secure and resilient operational environment.

Business Environment

Furthermore, due to its sizable European presence, FCE complies with the Digital Operational Resilience Act (DORA) to strengthen its digital infrastructure against disruptions and cyber threats. Integrating these regulatory frameworks highlights FCE's dedication to protecting its data and systems, thereby fostering trust and reliability in its financial undertakings. To enhance asset, software, and network protection, FCE implements robust internal security controls and seeks external assurance from suppliers, dealers, and stakeholders, minimising the impact of cybersecurity incidents, data destruction, operational disruptions, and data breaches.

At FCE, information security risk is categorised underneath 'Operational Risk' within its Risk Appetite Framework. Information Security Dashboards, which include security metrics, are reported to the Executive Operational Risk and Resilience Committee (Exec ORRC), a subcommittee of the Executive Committee on a bi-monthly basis. The Exec ORRC provides senior management oversight of Information Security risk and its members demonstrate the capability to address areas of concern, particularly those identified as material to the organisation. Where appropriate, the Exec ORRC will escalate its findings upwards to the Executive Committee and the Board of Directors.

Business Risk

Recognised as core to its business model, FCE can incur business risk from changes in macroeconomic factors, other environmental variables and from lack of strategic direction outside of FCE's control, and/or any other event that may impact.

FCE's profitability and capital position, potentially resulting in insufficient capital resources to absorb losses and/or an inability to deliver its business plan.

FCE views business risk generically through the lenses of lower profits than anticipated, realisation of unexpected losses, and over-leveraging. FCE is willing to accept a level of business risk in respect of its core role in supporting the sale of Ford vehicles.

FCE protects against business risk by ensuring that it operates appropriate business models that are aligned to the specific market and product dynamics, by holding at all times capital sufficient to meet present and future regulatory capital requirements, and by ensuring that internal capital assessments are sufficient to absorb unexpected losses.

FCE's Approach to Regulatory Compliance

FCE proactively monitors and implements relevant regulatory changes and regularly assesses and controls its exposure to regulatory risks through the time bound completion of a compliance monitoring programme. This programme assesses FCE's compliance with all applicable regulatory rules. All material changes to laws and regulations impacting FCE are overseen by senior management and where necessary are implemented and recognised within regularly revised policies and procedures.

Non-Financial Statement

Our People

FCE strives to create an employee experience that enables an inclusive environment of **excellence, focus and collaboration** among team members, allowing us to deliver short and long-term business success. Our People policies, practices, and development materials are centred around employee experience and outcomes and recognise the Company's status and obligations as a dual-regulated bank in the UK.

Our People strategy is designed around the full employee lifecycle:

Attract	Develop	Grow	Reward	Manage	Support
Attract & hire for expertise & experiences needed to support our success	Develop team members through clarity, objectives, regular feedback & learning opportunities	Grow our leaders for what is needed today & the future	Reward & retain our talent by celebrating their contributions & providing competitive Compensation & Benefits	Manage our organisations and workforce, with the right people, in the right roles, at the right time	Support our leaders' & team members' experiences where they feel seen, heard & cared for & supported
Inspire					
Inspire our leaders and team members to support our transformation and do the best work of their careers					

We leverage our Ford Credit brand to attract the best talent when hiring, and also partner with specialist agencies and diverse organisations to attract and hire diverse talent, which is critical to supporting our business model.

We also focus on developing the skills and capabilities of our people and are committed to creating targeted learning development experiences. Opportunities are wide-ranging, and include mentoring for underrepresented groups, development programmes to enhance careers and aid retention, and leadership development programmes and other mentoring opportunities. Employees are empowered to take ownership of their learning journeys, with skill development targeted for the roles of today and the future.

Our upskilling approach focuses on understanding and addressing skills gaps. Throughout 2023 and 2024 we have been committed to growing critical skills in: Data, Digital, Customer-Centricity and Innovation. Upskilling in these areas remains available and is achieved through a range of internal and external learning and development resources.

Examples of our commitment to learning, development and upskilling can be evidenced through the following:

- Employees have engaged in our upskilling initiatives that focused on Data, Digital, Customer and Innovation
- During 2024 we successfully completed development of a functional upskilling program that is due to launch in early 2025. This pilot program has been designed to deliver tailored training to areas across the business to address specific needs, and deliver specialised learning experiences relevant to individual roles/functions
- During 2024 and 2025 we will be piloting PRINCE 2 Project Management upskilling opportunities
- Clifton Strengths workshops take place to raise awareness of leadership styles, personal reflections and growth, contributing towards enhancing team collaboration

We want our people to thrive and that is why we are committed to supporting and sustaining a respectful and inclusive workplace for all employees. We see this as an ongoing journey that every employee is part of, especially our leadership team. Creating such a culture is not only the right thing to do but is fundamental to how we deliver our business goals and empower our people.

Our approach values the differences provided by culture and diversity, and we use the views of our employees to improve processes and the way we work, and ultimately foster a culture based on honesty and respect.

In April 2023, FCE was proud to have been accredited as a Disability Confident Leader (Level 3). The external validation is in recognition of our commitment to supporting and championing a truly inclusive and accessible environment for all our customers, employees and colleagues. The UK government scheme supports and accredits employers who think differently about disability and take action to improve how to recruit, retain and develop people with disabilities.

FCE has also demonstrated a commitment to Diversity and Inclusion through offering summer placements in the UK to address the under-representation of black talent through the 10,000 Black Interns Programme. FCE has also supported the Change 100 programme, which offers talented university students and recent graduates with any disability or long-term-condition summer placements.

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The performance management process is reviewed regularly to ensure we set clear expectations, measure individual performance and reward appropriately. FCE has a remuneration and benefits philosophy targeted at achieving overall competitiveness with the external market, rewarding contributions to FCE's performance and retaining key skills.

In line with the Company's performance management and development processes, regular check-in discussions are held with people leaders to align on the employee's goals and results, growth and development, career aspirations and to support employee wellbeing. We strive to create an employee experience that enables an inclusive environment of excellence, focus, and collaboration among team members, allowing us to deliver short and long-term business success.

Basic Working Conditions and Corporate Responsibility

FCE recognises that employees are its most important asset. In recognition of their contributions, FCE has policies and programmes designed to ensure that its employees enjoy the protection afforded by principles articulated in this report.

FCE also strives to be a good corporate citizen and works to implement policies and programmes to benefit the communities where it operates. Although these principles are not new to FCE, they are important to what it stands for as a Company.

FCE has policies that set forth the Company's guiding principles for human rights, labour, and environmental standards throughout its operations.

FCE intends its policies to be an affirmation of basic guiding principles that should serve as the cornerstone of its relationship with employees and other stakeholders in the countries where it operates.

Human Rights

FCE adopts the Ford Global Policy - "We Are Committed to Protecting Human Rights and the Environment" which is centred around respecting human rights everywhere and aspiring to ensure that everything we do, or that others do for us, is consistent with local laws, regulations and our own commitment to human rights.

Bribery and Corruption

FCE does not tolerate the giving or receiving of money, gifts, or favours to influence in any way the behaviour of another individual, organisation, government employee, politician, or government body in furtherance of a commercial or personal advantage. Bribery is never permitted, even in countries or regions where it may appear to be tolerated or condoned.

Labour

FCE does not use forced labour in any form and does not tolerate physically abusive disciplinary practices. The Company does not use or tolerate human trafficking in its labour force.

Health and Safety

Nothing is more important than the health, safety and wellbeing of our people. We are committed to creating a safe and healthy working environment. Promoting health and safety is a collective effort, and everyone at Ford and FCE plays an essential role. Following workplace health and safety guidelines is our way of contributing to the broader community – when we are safe, then others are safe. We comply with applicable laws and regulations, and have various resources made available to employees to support with fostering a safe and healthy work environment.

FCE has an internal Health and Safety site which hosts various internal and external resources related to Health, Safety and Wellbeing. The aim of the site is to continue cultivating FCE's Health and Safety culture, increase employee engagement and provide access to relevant tools and resources.

We are committed to creating an environment where our People care for each other and feel a sense of belonging. Our approach to wellbeing encompasses the financial, social, mental/emotional, physical and professional needs of our People. Foundational to our wellbeing philosophy is providing a broad array of resources and solutions to educate, build capability, and meet individual and organisational wellbeing needs, these include self-guided tools, social connection opportunities, and access to professional support and resources.

Employment Practices

FCE complies fully with relevant legislation enacted by both European and national parliaments on Human Resources (HR) policy and process. FCE ensures that HR policies and procedures meet the aims of relevant PRA, FCA and other national regulatory requirements.

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Work Hours

FCE complies with applicable laws regulating hours of work.

Supply Chain

FCE encourages businesses throughout its supply chain to adopt and enforce similar policies to those articulated here for their own operations. Further, FCE seeks to identify and do business with organisations that conduct their businesses to standards that are consistent with its own policies including working to extend these principles within their own supply chain.

FCE, as appropriate, seeks the assistance of independent third parties to assess compliance with its policies. FCE's policies are not intended to benefit any third parties or to create or confer any third party rights.

FCE expects its personnel to report known or suspected violations of its policies through the established reporting channels.

FCE prohibits retaliation against anyone who in good faith reports a violation.

Environmental and Social Matters

FCE is an integral part of Ford's global effort towards a sustainable environment. Ford knows climate change is real and remains committed to doing its part to minimise impact on climate change aligned with the United Nations Framework Convention on Climate Change (Paris Climate Agreement), striving towards carbon neutrality.

For more information on Ford's sustainability strategy refer to the corporate website.

FCE continues to evidence its long standing commitment to the communities across Europe in which it works with a number of projects and initiatives. This includes empowering all FCE employees to use up to fifteen normal paid work hours each year (equivalent to two paid workdays) to participate in community projects. This approach provides free-of-charge resources to support diverse projects in local communities across Europe. The Company also enables employee fundraising for good causes during office hours.

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Climate-Related Financial Disclosure (CFD)

Climate-Related Risk Governance

Effective corporate governance underpins the strategies and operations of FCE. The Board exercises oversight of climate-related risks and opportunities. The Chief Risk Officer is directly responsible for managing climate-related risk and opportunities. In conjunction with the Board, they oversee and are accountable for the implementation of climate-related risk across FCE's risk management framework.

The Board delegates its authority through the governance structure of the organisation. As such, specific climate-related matters are managed at a day-to-day level across the first and second lines of defence. Climate risk drivers are integrated into core banking risk categories and are therefore integrated into FCE's governance structures. When required, climate-related matters are escalated up the governance structure to the appropriate committee level including the Board.

Committee	Relevant Risk Type(s)
Board Committee	All risks
Board Risk Committee	All risks
Board Audit Committee	Legal and Regulatory Risk
Executive Committee	Strategic Risk, Group Risk
Assets and Liability Committee	Liquidity Risk
Credit Policy and Credit Review Committee	Credit Risk, Residual Value Risk
Executive Operational Risk and Resilience Committee	Operational Risk, Operational Resilience
Disclosure Committee	Legal and Regulatory Risk

Climate-Related Risk Strategy

FCE reviews its Climate Risk Strategy on an annual basis at Board-level; short, medium, and long-term assessments are considered. The Board considers climate-related issues when reviewing and guiding strategy, major plans of action, risk management policies, and business plans.

FCE is strategically aligned to Ford. FCE does not have a material exposure to climate-related risks. FCE is committed to supporting Ford's transition to an electrified vehicle range in the medium-term. Currently, the sale of new internal combustion engine (ICE) cars and vans is banned from 2035 in the UK and the EU. Whilst FCE's core business model shall remain consistent during this period of change, its portfolio will rebalance away from ICE (Internal Combustion Engine) vehicles, towards EVs.

The short-term nature of FCE's lending allows for a degree of flexibility when managing climate related risks and opportunities. Moreover, it reduces the relevance of chronic climate risk drivers that typically manifest over an extended time horizon. Retail products make up 59% of FCE's 2024 net loans and advances to customers. Retail lending is on average 3-5 years. Wholesale products make up the remaining 41%, with an average term of 365 days or below. Therefore, the short-term time horizon is the most relevant to FCE's captive business model. FCE distinguishes between three different time horizons. These horizons are aligned with FCE's Parent organisation, Ford.

Time horizon	Years
Short	0-5
Medium	5-10
Long	10-30

FCE considers climate-related risk drivers within its scenario analysis across the portfolios it operates. The focus is on short-term time horizons.

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On an annual basis, Ford completes scenario analysis that consider a 2035–2045 time horizon. Ford uses the International Energy Agency's (IEA) World Energy Outlook (WEO) scenarios as an authoritative source for global energy projections. WEO scenarios provide insight into energy supply and demand with implications for climate targets and economic developments. Of the three WEO scenarios, Ford uses the Stated Policies Scenario and the Net Zero Emissions by 2050 Scenario, in addition to the Intergovernmental Panel on Climate Change (IPCC) Representative Concentration Pathway 8.5 (RCP8.5). As part of its EV strategy, Ford continues to invest in appropriate technology products and customer experiences. Ford concludes that this shall leave the company resilient to various climate-related scenario outcomes.

By extension, FCE considers its business model and strategy to be resilient across the climate-related scenarios, because it is a captive bank, wholly owned by Ford. For additional information on scenario analysis, refer to Ford's Integrated Sustainability and Financial Report 2024.

Climate-Related Risk Management

Climate-related risk drivers are identified and assessed on an annual basis. Risks and opportunities are identified and reported at a subsidiary level. Risk drivers impact core banking risk types, and feed into the RAF. Risk drivers impact FCE via core banking risk categories and are integrated into FCE's wider risk management framework. They are also used as scenario analysis inputs for its ICAAP and Internal Liquidity Adequacy Assessment Process (ILAAP). FCE proactively monitors relevant risks and reports them to senior management.

Physical Risks

Physical Risk Driver	Risk Type(s) impacted	Narrative	Mitigants
Extreme climate change-related weather events such as heatwaves, landslides, floods, wildfires, and storms.	Credit Risk, Operational Risk, Operational Resilience Risk.	Acute physical risks could disrupt the livelihoods of FCE's customers or damage the vehicles financed by the Company. This could create credit risk. Additionally, acute physical risks could disrupt the business operations of FCE and third parties.	<ul style="list-style-type: none"> •FCE's portfolio is geographically diverse •FCE's business strategy is to be a secured lender, its loans are collateralised primarily through retention of title in the underlying assets. The collateral is easy to value, portable and liquid. FCE has clearly defined rights in relation to counterparty default •Wholesale and retail counterparties have insurance to cover physical risk damages to financed assets

Overall, FCE does not have a material exposure to physical risk drivers. Credit risk is mitigated by insurance for both retail and wholesale customers.

Transition Risks

Transition Risk Driver	Risk Type(s) Impacted	Narrative	Mitigants
New regulatory requirements	Legal and Regulatory Risk	The risk of FCE failing to comply with a new climate-related regulation. This could damage FCE's good standing with regulators	<ul style="list-style-type: none"> •FCE proactively monitors the regulatory landscape and ensures compliance with the relevant new regulations
Litigation / Greenwashing	Legal and Regulatory Risk, Group Risk	The risk of FCE misrepresenting its green credentials to investors, customers, or the regulator	<ul style="list-style-type: none"> •FCE has a strong controls culture and proactively assesses external communications •FCE does not have any explicitly labelled 'green products'
Investor Sentiment	Liquidity Risk, Legal and Regulatory Risk	The risk of investors losing appetite to transact with FCE due to the climate-related agenda. This would result in higher costs for FCE.	<ul style="list-style-type: none"> •FCE regularly meets with its investors to gain insight as to potential future changes •Ford is invested into the EV transition and other ESG-related matters

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Customer Sentiment	Legal and Regulatory Risk	Perception of the Ford brand could be negatively impacted by the climate-related agenda, due to its connection to the automotive industry.	<ul style="list-style-type: none"> •Ford has implemented ESG and sustainability initiatives and provides annual progress reports •Ford is invested into the EV transition and other ESG-related matters
New Technologies	Vehicle Residual Value Risk	The risk of a disruptive EV technology impacting vehicle residual value risk. This could result in a higher than anticipated vehicle return-rate for loans where FCE takes primary risk. By extension, this could create higher losses than anticipated.	<ul style="list-style-type: none"> •FCE continues to monitor used values and seek independent third-party trade guide opinion in its decision-making processes •FCE evaluates residual values on a regular basis and can adjust the pricing accordingly to reflect market forces

The shift towards electrified vehicles is a major opportunity for FCE. Ford has invested heavily into electrified vehicles so it can meet the future needs of its customers. FCE will support the roll-out of Ford's electrified vehicle range and be a reason that customers choose Ford.

For additional information on Ford's approach to climate change, refer to Ford's Integrated Sustainability and Financial Report 2024.

Climate-Related Targets and Metrics

FCE proactively monitors climate-related risks for strategic awareness. Physical and transition risks are monitored through regular management information reports to senior management.

Key data points for portfolio surveillance include vehicle fuel type, NACE (economic activity classification), and geolocation. These data points are integrated into FCE's wider assessment of credit risk and residual value risk. Portfolio CO₂ tailpipe emissions per vehicle are also monitored at a VIN level. Further, FCE monitors progress against meeting regulatory expectations on climate-related risk.

FCE's strategies and objectives are aligned to its parent organisation, Ford. Recognising its business model and assessment of climate-related risks, FCE does not currently set standalone climate-related targets. Ford aims to be Carbon Neutral no later than 2050.

Non-Financial Statement

Streamlined Energy and Carbon Reporting (SECR)

	Energy Consumption		CO2 Emissions Location Based		CO2 Emissions Market Based	
	2024	2023	2024	2023	2024	2023
	kWh		tCO2		tCO2	
Scope 1 Energy/Emissions						
Natural Gas	593,484	577,169	109	106	109	106
Business Owned Transport	166,653	179,851	40	43	40	43
Total Scope 1 Energy/Emissions	760,137	757,020	149	149	149	149
Scope 2 Energy/Emissions						
Electricity	767,582	854,565	159	177	—	—
Total Scope 2 Energy/Emissions	767,582	854,565	159	177	—	—
Scope 3 Energy/Emissions						
Employee owned and leased vehicles	126,802	140,978	30	34	30	34
Total Scope 3 Energy/Emissions	126,802	140,978	30	34	30	34
Total Scope 1, 2 & 3	1,654,521	1,752,563	338	360	179	183

Intensity Metric	2024	2023
Revenue in mil £*	449	364
tCO2 per mil £ revenue	0.75	0.99

*UK revenue per Note 35 'Segment Reporting'.

Scope and Methodology

FCE reports greenhouse gas (GHG) emissions in accordance with the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. FCE follows the HM Government Environmental Reporting Guidelines (March 2019) and has defined the scope of the FCE SECR report as all energy use and carbon emissions from its operations in the United Kingdom, using the financial control boundary approach.

Scope 1 emissions are generated from the gas used in all buildings where FCE operates in the UK and emissions generated from company vehicles used for business travel in the UK.

Scope 2 emissions are generated from the use of electricity in all buildings FCE occupies in the UK.

Scope 3 emissions are generated from employees on company business using their own or leased vehicles.

The reporting period for GHG emissions ran from 1 January to 31 December 2024. Conversion factors were taken from the 2024 UK Government's Conversion Factors for Company Reporting document. Both location based and market based emissions are presented.

Where possible energy use was determined from sub meter readings. Where the landlord controls the supply via a service arrangement, estimates were made based on the floor space occupied. Transport emissions were determined from fuel expense and mileage claims, which include business travel in company owned or leased vehicles as well as employee vehicles on company business.

Energy Efficiency Actions Taken

At FCE's European headquarters, electricity comes from renewable sources and the offices are fitted with LED energy efficient lighting. To support the transition to low carbon transportation, electric vehicle charging points are available, which employees can use to charge their electric cars while at work.

In 2024 FCE continued the hot desk office and remote working arrangements resulting in continued energy saving. Virtual meetings continue to take place, reducing the requirement for business travel. In the head office, energy efficient boilers are operational, continuing to yield a reduction in the amount of energy used to heat the main office building.

Section 172 Report

Section 172(1) Companies Act 2006 Statement

This section 172(1) statement, which is required under section 414A of the Companies Act 2006, describes how the Board of Directors (hereafter referred to as the Board) has had regard to the matters set out in section 172(1)(a) to (f). Furthermore, the financial services regulatory requirements and expectations to which FCE is subject, requires the company to demonstrate how the directors act in ways they consider, in good faith, would be most likely to promote the success of the company for the benefit of its stakeholders as a whole. This means that, as well as promoting the success of the company for the benefit of its members, the directors must have regard, amongst other matters, to the likely consequences of any decisions in the long-term on the interests of FCE's employees, the need to foster FCE's business relationships with suppliers, customers, and other stakeholders, the impact of FCE's operations on the community and the environment, the desirability of the company maintaining a reputation for high standards of business conduct, the need to act fairly as between members of the company and how FCE complies with the requirements of section 172 of the Companies Act 2006.

The Board is committed to maintaining high standards of corporate governance to support the delivery of the business strategy, to maintain positive relations with all the company's stakeholders, and to create long-term value for its shareholders. FCE does not apply a single Corporate Governance Code but as required under the UK financial services regulatory regime, complies with a number of different regulations relating to corporate governance matters. During the reporting year, FCE applied the Wates Corporate Governance Principles for Large Private Companies (the "Wates Principles").

During the reporting period, the Board held eight Board meetings and a strategic offsite session. The statement on corporate governance arrangements on pages 31 to 39 provides details on how the Board has approached their responsibilities during the year and the work of the Board committees, which, in turn, demonstrates how the Directors have acted in a way that is likely to promote the success of the Company, as set out in section 172(1).

Board Composition, Experience and Expertise

During the reporting period, FCE's Board comprised of two Executive Directors and five Non-Executive Directors of which four are considered independent and are able to provide independent oversight and constructive challenge to the Executive Directors. Each Director has been selected and appointed based on their breadth of experience and collectively the Board has the required skills to discharge the duties as set out in section 172 as well as identify and understand the needs of its stakeholders. The appointments of the two Executive Directors and the Non-Executive Directors holding prescribed Senior Manager functions under the Senior Managers and Certification Regime ('SM & CR') have been approved by both the PRA and FCA (the "regulators") who ensure that the Directors are suitable to carry on regulated activities.

Corporate Strategy and Purpose

Section 172 duties, along with other director and corporate obligations, were central to the Board's activities throughout the reporting period, informing its deliberations, decisions, stakeholder engagement, and implementation of corporate governance.

FCE's Board annually reviews its strategy at an offsite session. This year's session, held in the second quarter, covered key business aspects, including the Business Plan, regulatory compliance, the automotive finance industry outlook (including AI, digital transformation, and talent strategy), and immediate, mid-term, and long-term risks and opportunities. These considerations factored in Ford in Europe's strategy, the evolving captive market, market disruption, and changing consumer demand for electric vehicles. The Board also addressed FCE's ongoing transformation to enhance customer focus, achieve cost efficiencies, maintain market competitiveness, and deliver shareholder value. Throughout the reporting period, the Board continuously monitored horizon risks, including macroeconomic factors affecting consumer spending, geopolitical instability, commodity price fluctuations, potential negative impacts on business performance, competitive pressures, conduct risks (regarding borrowers, depositors, employees, and suppliers), and regulatory compliance.

Section 172 Report

Stakeholder Engagement

In discharging its Section 172 duties, FCE prioritises engagement with key stakeholders to inform its strategic direction and decision-making processes. These stakeholders include retail and commercial customers, retail deposit holders and other investors, the Ford dealership network, employees, suppliers, regulatory bodies, Ford Motor Company, and the communities within which FCE operates.

The Board's deliberations and decision-making processes consistently prioritised the interests of its stakeholders while upholding the highest standards of business conduct. During the reporting period, the Board provided oversight for the implementation of several key strategic initiatives, including business and digital transformation projects, enhancements to the risk management and controls framework, modernisation of key business and technology platforms, initiatives to support employee well-being, and ensuring compliance with the Consumer Duty rules. These initiatives directly impacted various stakeholder groups, including employees and retail and wholesale customers. Illustrative examples of how stakeholder interests shaped decision-making are presented below.

Customers and Suppliers

FCE's Business Plan is strategically aligned with Ford's medium-to-long-term European plans. This alignment is reflected in FCE's provision of branded financial products and services that support the distribution and sale of Ford passenger and commercial vehicles, as well as accessories related to Ford's electric vehicle strategy.

Aligned with its ultimate parent company, Ford, FCE maintains a strong customer-centric focus. This commitment is reflected in the development of products and services designed to deliver positive customer outcomes, thereby cultivating customer loyalty and trust. Furthermore, FCE is actively engaged in enhancing and simplifying the customer engagement experience through the strategic application of technology and innovation.

The Board has continued to consider the needs and expectations of FCE's retail deposit customers and the Ford dealership network, with a particular emphasis on operational resilience and innovation.

FCE, trading as Ford Money, received a savings provider award during the reporting period, recognizing its market-leading retail deposit products. The award considered features, transparency, simplicity, and consistency. The Board continues to review Ford Money's strategy to ensure market competitiveness.

The Board maintains a proactive approach to identifying and mitigating risks associated with serving retail and commercial customers and the dealer network. This includes a commitment to supporting customers, upholding high standards of business conduct, and fostering positive relationships with all key stakeholders. Periodic reviews of customer-facing areas of the business ensure that FCE consistently strives to achieve positive outcomes for consumers. Management actively works to enhance customer satisfaction and retention through the delivery of high-value services.

Employees

The FCE Board recognises the vital contribution of its employees to the company's success and is committed to providing a safe, healthy, and supportive work environment. This commitment is reflected in ongoing communication and engagement initiatives, including employee forums and skip-level meetings, designed to address employee concerns and foster a psychologically safe workplace. Topics discussed included business and digital transformation, culture, diversity and inclusion, innovation, and employee well-being. FCE supports a hybrid working model, encouraging employees to work in the office for an average of two to three days per week, while also offering a range of flexible working options, including part-time work. Furthermore, FCE maintains workplace health and safety protocols exceeding government guidelines. Additional information on employee engagement and related activities is available on pages 22 and 23 in the Non-Financial Statement.

Section 172 Report

FCE is dedicated to supporting a diverse, equitable, and inclusive workplace where each person is valued. As we move forward, our intention is to harness the power of a talented and diverse team to help fuel our transformation and further empower Ford and FCE to better serve the diverse customers and communities where we live and work. We respect the different cultures and beliefs of our team members, customers, and the communities we serve.

FCE ensures that all employees and workers receive appropriate training relevant to their roles and responsibilities. The company actively encourages employees to seek additional training and professional development opportunities. During the reporting period, FCE continued its sponsorship program for employees pursuing postgraduate degrees in Business Administration and recognised qualifications through apprenticeship programs. Employees also have 24/7 access to a comprehensive online learning platform offering a wide range of webinars, courses, tutorials, and other high-quality learning resources. Furthermore, the Board, through its sub-committees, maintains a robust process for assessing the suitability of candidates for senior management and board positions, ensuring that the interests of all stakeholders are carefully considered.

Regulators

The Board recognises the importance of transparent and open communication with FCE's regulators. To this end, Directors hold periodic meetings with the PRA to ensure ongoing compliance with SM&CR.

Environmental Considerations and Community

In response to evolving regulatory expectations and forthcoming legislation regarding disclosures on climate change risks, and sustainability, the FCE Board has actively reviewed and monitored the company's approach to identifying, assessing, and managing climate-related financial risks and opportunities as well as sustainability requirements.

FCE fosters community engagement through employee participation in local charitable and community initiatives.

Governance

Statement of Corporate Governance Arrangements

The following section sets out FCE's corporate governance arrangements as required under Paragraphs 11B and 11C of Schedule 7 to the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008 and satisfies the requirements set out by Section 172 (1) of the Companies Act 2006. The section 172 statement can be found on page 28 of the Strategic Report.

FCE does not apply a single Corporate Governance Code but is required under the UK financial services regulatory regime to comply with a number of different regulations and standards of corporate governance including but not limited to the following: the Rulebook of the Prudential Regulation Authority ("PRA"), the Handbook of the Financial Conduct Authority ("FCA"), the Wates Corporate Governance Principles for Large Private Companies dated December 2018 (the "Wates Principles") and other industry guidelines covering Internal Governance, Sound Remuneration Policies, Risk Management, Internal Control and Related Financial and Business Reporting, Audit Committees, Board Effectiveness and Board responsibilities in the context of corporate governance. FCE publishes relevant corporate governance related disclosures on its website www.fcebank.com.

The Board of Directors affirms its commitment to effective corporate governance as a fundamental element of FCE's strategic and operational framework. FCE's regulatory reporting obligations are less extensive than those applicable to companies with listed equity. Notwithstanding this, FCE has continued to provide periodic financial updates to its stakeholders through the publication of a bi-annual unaudited management statements in addition to the publication of a separate Pillar 3 disclosure.

The Company has applied the Wates Corporate Governance principles during the financial year, as detailed in the table below. In practice these principles are embedded within, and supplemented by, FCE's existing governance practices as required by the PRA and the FCA (the Regulators). Furthermore, compliance with these matters is assured through the Company's Three Lines of Defence model as detailed on page 13 of the Strategic Report and by ongoing supervision by the Regulators.

Wates Principles	
<p>Purpose An effective board promotes the purpose of a Company and ensures that its values, strategy and culture align with that purpose.</p>	<p>FCE's corporate values are aligned with those of Ford. A principal value is that employees act with integrity and demonstrate ethical behaviour, as set out in Employee Handbooks and related policies, approved by the Board. Furthermore, the FCE's Business Model and Strategy to deliver the Company's purpose are set out on page 4.</p>
<p>Composition Effective board composition requires an effective chair and a balance of skills, backgrounds, experience and knowledge, with individual Directors having sufficient capacity to make a valuable contribution. The size of a board should be guided by the scale and complexity of the company.</p>	<p>The composition of the Board for the reporting period and the year 2025 is presented on page 32. The size and composition of the Board are in full compliance with the requirements stipulated in the Prudential Regulation Authority's (PRA) Rulebook, with each Director having successfully satisfied the fit and proper person tests and all relevant regulatory requirements. The Board is satisfied that its composition encompasses a diverse range of skills and experience, enabling the making of informed decisions and the provision of effective oversight of the Company's risk profile. The Board and its committees receive regular briefings on pertinent thematic issues.</p> <p>The FCE Board undertook a Board Effectiveness Review during Q4 2024 and the output from this exercise will be considered during Q1 2025.</p>
<p>Responsibilities A board should have a clear understanding of its accountability and terms of reference. Its policies and procedures should support effective decision-making and independent challenge.</p>	<p>The Board undertakes periodic reviews of its governing Charter, which addresses the internal corporate governance framework of the Company and its group. This Charter adheres to industry best practices in defining the duties and responsibilities of Directors, as well as the accountabilities and terms of reference for each aspect of governance. Policies and procedures pertaining to all relevant governance and decision-making matters are approved by the Board and its Committees, disseminated to employees, and subject to ongoing monitoring for compliance by FCE's Three Lines of Defence. Illustrative examples of matters considered by the Board and its Committees are presented on page 34.</p>

Governance

<p>Opportunity and risk A board should promote the long-term success of the Company by identifying opportunities to create and preserve value and establishing oversight for the identification and mitigation of risks.</p>	<p>During the reporting period, the Board diligently monitored the progress of the implementation of FCE's Business Plan. Furthermore, the Board oversaw the execution of several key strategic initiatives, encompassing, but not limited to, the business transformation project, the project focused on the modernisation of key business platforms, the regulatory reporting automation project, and various other strategic projects undertaken in response to evolving legislative and regulatory landscapes, as well as those designed to identify and capitalise upon future opportunities for innovation and entrepreneurship.</p> <p>To meet PRA requirements, FCE has appointed a Chief Risk Officer and established a risk committee, whose terms of reference are publicly available on the company website. A comprehensive risk appetite framework ensures that business performance is aligned with risk tolerance. Furthermore, FCE employs a risk horizon scanning framework, with quarterly reports reviewed by the Board.</p>
<p>Remuneration A board should promote executive remuneration structures aligned to the sustainable long-term success of a Company, taking into account pay and conditions elsewhere in the Company.</p>	<p>Details regarding FCE's remuneration policies are outlined in its remuneration disclosures published annually on FCE's website www.fcebank.com.</p>
<p>Stakeholders A board has a responsibility to oversee meaningful engagement with material stakeholders, including the workforce, and have regard to that discussion when taking decisions. The Board has a responsibility to foster good stakeholder relationships based on the Company's purpose.</p>	<p>Further details on the Company's stakeholder engagement can be found in the section 172 statement on page 29.</p>

Pursuant to its ongoing authorisation, FCE is subject to periodic Supervisory Review and Evaluation by the Prudential Regulation Authority (PRA). This process encompasses a comprehensive examination of FCE's business model, the efficacy of its governance framework, and the adequacy of its risk management strategies.

The Board is satisfied that its practices achieve the desired regulatory outcomes, demonstrate compliance and transparency with regulators, and demonstrate a commitment to prudent management.

The Board

The FCE Board has approved a written charter to establish systems of effective corporate governance. This charter establishes the Board's sub-committees, their terms of reference and composition, and matters reserved to the Board. In order to maintain oversight of these delegated activities, Executive Directors invariably attend most of the Board sub-committee meetings. The chairs of the Audit, Board Risk and Remuneration Committees, who are Independent Non-Executive Directors, provide reports of those sub-committees' deliberations to the Board. Members of the Board engage with the business through an open working environment and attendance at the various sub-committees of the Board and other relevant forums such as workshops, team and skip level meetings.

FCE's Board comprised a total of seven members during the reporting period, namely two Executive Directors and five Non-Executive Directors (NEDs) of whom four are deemed to be independent. One of the Independent Non-Executive Directors retired on 30th April 2024.

The Company has a Chair, responsible for leadership of the Board and a Chief Executive Officer, responsible for the Company's management. Executive Directors together with other members of the wider executive leadership team are accountable for the conduct and performance of their business functions.

The Directors and Company Secretaries, who have served at any time between the beginning of the financial year and the date of this Directors report are stated on page 3 and the Directors biographies are detailed below on page 33.

All Directors have access to the advice and services of the Company Secretary and can obtain independent professional advice at the Company's expense in furtherance of their duties, if required.

FCE's Articles of Association require that all Directors retire and stand for re-election at each Annual General Meeting (AGM).

Governance

Directors' Interests

Directors disclose relevant external interests which might conflict with their role including the directorships that they hold. The Directors formally reconfirm their external interest biannually and are expected to obtain the agreement of the Board Chair before accepting additional commitments that might impact time commitment and have an ongoing obligation to inform the Company as soon as they become aware of any potential or actual conflicts of interest. Furthermore, at each Board meeting, the Directors are required to disclose any conflict or potential conflict in relations to the matters being considered at the meeting.

Biographical Details of Directors

Marlene Martel, Non-Executive Director and Board Chair. Her other key positions include General Counsel Ford Motor Credit Company LLC. She is also a Director of Alternatives for Girls Detroit, Michigan. Marlene was appointed to the Board on 16 September 2021.

Jonathan Baum, Senior Independent Non-Executive Director and Chair of FCE's Remuneration Committee. Jonathan is also currently Senior Independent Director at Principality Building Society and Director of Baum Advisory Limited. Previously, he has served on the Boards of Vanquis Bank Limited and Lendable Limited and was Chief Credit Officer, Retail at Lloyds Banking Group. Jonathan was appointed to the Board on 1 November 2023 and became the Senior Independent Non-Executive Director on 19 April 2024.

Talita Ferreira, Independent Non-Executive Director and Chair of FCE's Audit Committee. Talita is also currently a Non-Executive Director at Henry Boot plc. She is also the CEO and Founder of Authentic Change Solutions Limited - a thought leadership firm which helps individuals and organisations transform culturally. Talita is a Chartered Accountant, Chartered Director and Fellow of the Institute of Chartered Accountants for England and Wales (ICAEW) and a Fellow of the Institute of Directors. Talita's career has been in the automotive and captive financial services industries. Previously, she has served on the Boards of Tandem Bank Limited and Tandem Money Limited as a Non-Executive Director as well as served on the Boards of BMW UK Limited, BMW Automotive Ireland Limited, BMW Financial Services Limited (UK and Ireland), and Alphabet (GB) Limited as Chief Financial Officer (CFO). Talita was appointed to the Board on 8 February 2019.

Keeley Miles, Chief Financial Officer. She is a qualified Accountant and prior to taking up her present role on the FCE Board, Keeley was Deputy Chief Finance Officer. She has previously held other key roles across the Ford group including leading the global data strategy project and covering various key finance roles at FCE. Keeley was appointed to the Board on 1 November 2023.

Brendan O'Connor, Independent Non-Executive Director and Chair of FCE's Board Risk Committee. Brendan is also currently a Non-Executive Director of Coventry Building Society, the Co-Operative Bank plc, the Co-Operative Bank Finance plc, and the Co-Operative Bank Holdings plc. Prior to taking up his role on the FCE Board, Brendan was Chief Executive Officer of AIB Group (UK) plc. Brendan was appointed to the Board on 17 September 2020.

John Reed, John retired from the Board on 30 April 2024.

Carlos Treadway, Chief Executive Officer. His other key roles are Supervisory Board Member, Ford Bank GmbH and Director, Ford Fleet Management B.V. Prior to taking up his present appointment as CEO, Carlos was FCE Executive Director, Sales and Marketing and prior to joining the FCE Board he was the Vice President, Business Center Operations, North America. Carlos was appointed to the Board on 14 January 2021.

Director Independence and Board Challenge

The initial term of appointment for an Independent Non-Executive Director is three years, renewable for a further three-year term by mutual agreement. Extensions beyond this period may be considered, subject to a confirmation of the director's continued independence.

Governance

The Board considers three of its four Non-Executive Directors to be independent because they have no significant business relationships with FCE (except for their board positions), and they neither represent the shareholder nor manage FCE's day-to-day operations. This independence brings objective judgment to the board, enhancing the skills and knowledge of the Executive Directors.

The Non-Executive Directors (NEDs) play a crucial role in the governance of FCE, serving on the Audit, Risk, and Remuneration Committees. Each year the NEDs hold a meeting with the Chair to discuss executive succession, corporate governance and other pertinent issues. The Board periodically reviews the composition of the board (Executive and Non-Executive Directors) to ensure an appropriate balance for effective business oversight and direction.

To enhance governance, FCE has appointed a Senior Independent Director (SID). The SID serves as a sounding board for the Chair, facilitating communication and collaboration among the Board members. This role also includes representing the collective views of the Non-Executive Directors (NEDs) to the Chair, the full Board, and FCE's shareholders.

The NEDs meet from time to time in the absence of FCE's management and the SID presides at such meetings.

Selection of Directors and Executive Management

FCE recognises the significant value and competitive advantages derived from a diverse Board and management team. The company actively seeks to optimise the utilisation of diverse skills, experiences, perspectives, backgrounds, ethnicity, age, gender, and other attributes. FCE's robust policies on equality of opportunity, diversity, and inclusion ensure that these factors are given full consideration in the composition of both its Board and its management team.

FCE has established a strategic vision to achieve appropriate diversity representation within all its management groups, including the Board of Directors. In identifying suitable candidates for both executive and non-executive roles, FCE actively seeks a diverse pool of applicants, both from within the broader Ford Group and externally. The selection process is rigorously merit-based, employing objective criteria and transparent, fair policies and procedures designed to eliminate any unfair barriers.

The appointment of Directors may involve the use of specialist executive recruitment agencies to identify suitable candidates. In situations where specific skills and experience are required, direct appointments may be made. Furthermore, FCE may consult with professional advisors to identify appropriate candidates possessing specialised financial expertise. All candidates undergo formal interviews with senior company management before meeting with other members of the Board, including the Senior Independent Director (SID) and other Non-Executive Directors (NEDs).

Matters Reserved and considered by the Board during the reporting period

During the reporting period, the Board held a total of nine sessions made up of a strategic off-site session during which the strategy was reviewed, taking into consideration the external economic environment, Ford Motor Company's strategy, and the Company's need to create stakeholder value, and eight board meetings.

During 2024, the following non-exhaustive list of matters were considered by the Board and demonstrate how the Directors have complied with their statutory duties and in particular s.172 CA 2006 duty to promote the success of the Company:

- The Board reviewed the corporate strategy at its Strategic Off-Site meeting. As part of this process, Ford Credit reviewed its business strategy and model to ensure it is fit for purpose and supports the cost-effective delivery of Ford's electrification strategy
- The Board has continued to receive status updates on the implementation of the business transformation and relevant strategic projects including the Line of Defence enhancement and the delivery of the modernisation of key business platforms
- The Board has monitored the implementation of the Consumer Duty framework and continues to focus on ensuring that Ford Credit is a customer focused and product driven organisation ensuring that a good customer outcome is achieved at all times. As part of this, the Board monitors key metrics within a dashboard with a view to identifying early warning indicators which could jeopardise good customer outcomes, customer loyalty or potentially cause customer harm
- The Board continued to monitor the progress of implementation the Company's regulatory reporting enhancement project. As part of this process, the Board received updates on the work being undertaken to improve the governance around the regulatory reporting enhancements with a view to ensuring that a robust automated regulatory reporting platform is in place
- The Board is continuing to monitor the long-term capital and liquidity issues considering the impact of global geopolitical issues, UK macroeconomic issues, and the cost-of-living crises

- The Board is continuing to review the business leadership team with a view to identifying the business skills and tools that need to be enhanced to support the cost-effective delivery of Ford's electrification strategy. As part of this process, the Board has continued to review the succession plans for Material Risk Takers and other key employees
- The Board considers the progress against the corporate strategic objectives and plans by reviewing metrics and actions via the CEO's report and other relevant updates at each board meeting
- The Board has deliberated how to ensure that the refreshed business is innovative, diverse and inclusive. It is now monitoring the implementation of a Diversity, Equity and Inclusion (DEI) focused action plan
- The Board is continuing to review the support being provided to retail and wholesale customers who are impacted by the cost-of-living crisis
- The Board continued to monitor the performance of the Company's German subsidiary including the expansion of the retail deposits business in Germany. As part of this process, the Board made the decision to restructure the FCE group to enable Ford Bank GmbH, the Company's German subsidiary bank, to become an independent sister bank to the Company and in so doing be a more competitive and sustainable business with the capability of delivering innovative products and services valued by its customers and dealers
- The Board is continuing to ensure that the Company has a robust and resilient Cybersecurity Incident Plan and Playbook
- The Board fulfilled their obligations in respect of their transparent interactions with the regulators as well as the preparation of key regulatory reports and documents covering the following topics namely capital adequacy, liquidity, operational resilience, recovery and resolution planning
- The Board has continued to monitor the development of the framework to underpin its key business services as part of the Operational Resilience Programme including the tolerance levels
- The Board received the periodic Health and Safety Report including the policy strategy and dashboard
- The Board considered the recent regulatory changes to the remuneration proportionality levels in the context of the Company
- The Board has continued to monitor the development of a robust ESG risk management framework and plan in line with the regulatory requirements including ensuring that there is a robust disclosure assurance framework underpinning the ESG risk strategy
- The Board receives periodic Compliance Controls reports (in relation to staff training, compliance metrics and AML) and periodic internal and external audit reports
- The Board has reviewed and is continuing to monitor the migration of the company's data onto cloud platform ensuring that the concentration risk as well as data risk management is robust
- The Board review and supported the timely publication of the Gender Pay Report covering gender pay and bonus gaps and the work that is being done to support women's advancement and development
- The Board continues to support the timely publication of the Company's payment practices report and support practices to ensure payments are made within contractual timescales
- The Board reviewed the Company's Modern Slavery Statement and supports practices as part of the Ford group which prevent modern slavery practices and supported the timely publication of the statement in line with legal requirements
- The Board has continued to receive periodic updates on significant legal matters and ensured that adequate provisioning's are made, where necessary
- The Board has continued to proactively monitor the horizon risks that could impact the Company's operations
- The Board deliberated the Financial Conduct Authority's (FCA) review into the historical use of discretionary commission arrangements (DCAs) in the motor finance industry with a view to determining how to prepare for a potential redress exercise
- The Board reviewed the performance of executive management and other senior managers to ensure that their delegated responsibilities were being performed. Furthermore, they have ensured that adequate succession plans are in place for key roles
- The Board acknowledged the improved quality of Management Information received and want to see a continued effort to reduce volume of materials received within the pack
- The Board has carried out the periodic reviews of its governance framework by way of the Board Charter and Board Committee Terms of References to ensure that they are fit for purpose
- The Board has continued to receive periodic reports from the Internal Controls and Internal Audit functions to ensure that the controls framework are adequate and remedial action taken, where necessary

Governance

- The Board considered a proposal in relation to its Retail Deposits business Target Operating Model
- The Board considered an audit tender proposal in relation to the Company's statutory auditor
- The Board considered a proposal in relation to the external review of the Board and its committees' effectiveness
- The Board considered a proposal in relation to the payment of dividends to its parent undertaking
- The Board received periodic updates on key legislations which were likely to have an impact on the Company including Digital Operational Resilience Act (DORA), Basel 3.1, Capital Requirements Directive VI, Economic Crime and Corporate Transparency Act 2023 (ECCT Act), Corporate Sustainability Reporting Directive (CSRD)
- The Board deliberated the Financial Reporting Council's (FRC) report in relation to the audit quality in respect to the Company's Annual Report and Financial Statements for the year ending 31st December 2022

Committees of the Board

The Board has constituted five direct sub-committees, these are the Audit, Board Risk, Remuneration, Executive and Administrative committees. The Board periodically reviews their composition to ensure an appropriate balance and good mix of skills and experience. It also periodically reviews the committees' activities and terms of reference, which contain their delegated authorities and risk responsibilities.

The Terms of Reference for the Audit, Board Risk and Remuneration Committees can be found on FCE's website <https://www.fcebank.com/investor-center.html>.

The report of the work of the Board Audit Committee can be found on pages 40 to 42 of the Strategic Report.

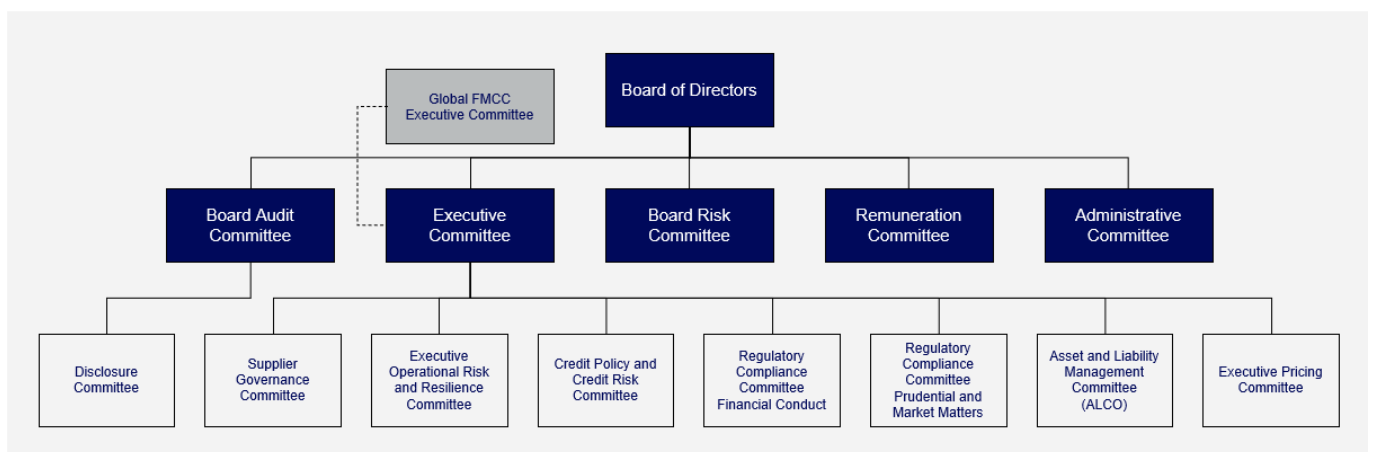
Details of the risk functions and work of the Board Risk Committee can be found on page 13 of the Strategic Report.

Governance

During the reporting period, the Remuneration Committee (RemCo) met five times. In the first quarter, the RemCo reviewed compensation awards made to the bank’s Material Risk Takers to ensure alignment of pay and performance within the company’s prescribed risk appetite framework, ensuring alignment with Proportionality Level Two pay-out requirements. During the reporting period the RemCo also reviewed succession plans and objectives for some FCE’s Material Risk Takers, deliberated FCE’s diversity strategy and received DEI updates, reviewed and approved FCE’s unaudited ‘Pillar 3 Disclosures’ regarding remuneration, which are published on its website, received periodic updates on the business transformation in the context of HR talent strategy and people risk, reviewed remuneration related policies, reviewed the gender and ethnicity pay report, reviewed FCE’s Health and Safety policy framework, reviewed and deliberated the outcome of the annual employee survey, reviewed and deliberated the proposal for the externally-led Board Effectiveness Review, considered and deliberated the outcome of the assessment in respect to the recent regulatory changes to the remuneration proportionality levels, considered and deliberated market remuneration trends and regulatory developments, considered the customer-facing operational centre risks controls framework in the context of conduct and consumer duty, and received updates on employee wellbeing.

The Executive Committee (EC), chaired by FCE’s CEO, provides direction, monitors performance, and ensures FCE has the capabilities, resources and effective controls to deliver its Business Plan. The EC has fifteen members including the Executive Directors. The EC includes individuals responsible for Finance, Risk Management, Information Technology, Operations, Human Resources, Legal Affairs, Retail Deposits, Sales, Products, Strategy, Markets, and Communications. The EC held eleven meetings during 2024.

The Administrative Committee comprises the two Executive Directors and meets when required. It considers and approves operational matters delegated to it and the execution of contracts not otherwise the subject of general management delegated authorities. The FCE committee structure is set out below.



Governance

2024 Membership and Attendance

	Board	Board Audit Committee	Remuneration Committee	Board Risk Committee	Number of Directorships
Meetings held	8	4	5	4	
Attendance					
J Baum	6/8	4/4	5/5	4/4	3
T Ferreira	7/8	4/4	5/5	4/4	3
M Martel	8/8	4/4	4/5	4/4	2
K Miles	5/8	3/4	N/A	3/4	1
B O'Connor	8/8	4/4	5/5	4/4	5
J Reed	2/2	1/1	2/2	1/1	N/A
C Treadway	8/8	4/4	5/5	4/4	3

Membership of the Audit, Remuneration Committee and Board Risk committees is made up of the Independent Non-Executive Directors only.

Other Governance

Risk Management and Internal Control

The FCE Board ensures FCE has strong internal controls to support its corporate governance, covering both strategy and operations.

Details of FCE's Three Lines of Defence model can be found on page 13 of the Strategic Report.

Financial Reporting

FCE has developed strong and defined internal controls, including controls over financial reporting.

The financial statements were prepared and reviewed by the entire executive team, subject matter experts within the business and the Disclosure Committee, prior to submission to the Audit Committee. The Audit Committee has considered the content, accuracy and tone of the disclosures in the Annual Report. The Board has reviewed and approved the Annual Report following the review by the Audit Committee. This governance process has ensured that both management and the Board were given enough opportunity to review and challenge the financial statements and other significant disclosures before they are made public.

The process is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and FCE's Group financial statements in accordance with the UK adopted international accounting standards.

Ford's Internal Audit

Ford's Internal Audit is independent from FCE. Its coverage is based on the relative risk assessment of each 'audit entity', which is defined as a collection of processes and systems that are closely related. The Audit Committee reviews the Internal Audit function's audit plan and resources for appropriateness.

Internal Audit's mission, as the third line of defence, is to provide objective assurance and advisory services to management, in order to improve the efficiency and effectiveness of FCE operations and assist the Company in achieving its objectives through systemic and disciplined auditing.

External Audit

BDO LLP (BDO) conducts audits of FCE's Group and Company financial statements which are prepared in accordance with UK adopted international accounting standards. The consolidated financial statements, in addition to complying with UK adopted international accounting standards, have also been prepared in accordance with IFRS as issued by the International Accounting Standards Board (IASB).

The Audit Committee reviews BDO's continued independence, performance, significant relationships and compliance with relevant ethical and professional guidance. The Audit Committee makes a recommendation to FCE's Directors on the appointment of the auditor who then propose the appointment to shareholders who appoint the auditors at the Annual General Meeting. In addition, the Audit Committee reviews BDO's audit plan, its scope and cost effectiveness and the audit fee. BDO's audit fees for 2024 are outlined in Note 5 'Operating Expenses'.

Independence

To help ensure that the auditors' independence and objectivity are not prejudiced by the provision of non-audit services, the Audit Committee has implemented procedures to ensure that:

- Non-audit work suggested to be performed by BDO is approved upfront to ensure only permissible non-audit services are performed
- All non-audit work by BDO is pre-approved by the Audit Committee unless the amount involved is minimal
- The remuneration for the non-audit work performed by BDO does not exceed the 70% threshold of the audit fees for 2024

Additionally, it has been agreed that the external auditors should generally be excluded from providing permitted advisory services and all other non-audit related services, unless the firm appointed as external auditor is:

- The only provider of the specific expertise/service required
- The clear leader in the provision of the service and is able to provide that service on a competitively priced basis

As auditors, BDO will undertake work that they must or are best placed to complete. This includes formalities related to borrowings or work in respect to regulatory reports. The appropriateness of proposed engagements are reviewed by the Audit Committee in the light of relevant Ethical Standards, Securities and Exchange Commission requirements and the considerations highlighted on pages 40 to 42.

Statutory auditor rotation

As part of the overall restructuring of FCE's business, the Audit Committee invited tenders from audit firms including BDO LLP in 2024. PricewaterhouseCoopers LLP (PwC) was successful and will be appointed as FCE's external auditor for the year ending 31 December 2025 at the Annual General Meeting. PwC commenced transition work with BDO and FCE's management from January 2025 to ensure an orderly and seamless transition of the statutory audit.

Audit Committee Report

Composition, skills and experience

Under the chairmanship of Talita Ferreira, the other members of the Audit Committee (“the Committee”) during the reporting period were Jonathan Baum, Brendan O’Connor and John Reed (up until 30 April 2024). All members of the Committee are independent Non-Executive Directors.

The qualifications and experience of the members of the Committee are set out on page 28. The Company is satisfied that the Committee members have recent and relevant experience in the sector in which the Company operates. The Company is satisfied that Ms Ferreira has the necessary competence in accounting and auditing.

The Board Chair, Chief Executive Officer, Chief Finance Officer, Chief Risk Officer, Company Secretary, Legal Affairs Director, and Head of Internal Audit, and the Financial Reporting Manager are invited to attend Committee meetings along with the External Auditor who reports at all meetings. The Committee also meets periodically with the internal and external auditors, without management being present. The Committee met four times during the reporting period and the member attendance list can be found on page 38.

Terms of Reference

The terms of reference of the Committee, which are updated annually, can be found on the Company’s website www.fcebank.com.

The responsibilities of the Committee include:

- Monitoring the financial and narrative reporting process and submitting recommendations or proposals to ensure its integrity
- Monitoring the effectiveness of the Company’s internal control, risk management systems and processes, and, where applicable the internal audit function
- Reviewing the arrangements and processes for developing the Recovery and Resolution Planning
- Monitoring the performance of the statutory audit of the annual and consolidated financial statements
- Reviewing and monitoring the independence of the statutory auditor, and in particular the appropriateness of the provision of non-audit services
- Informing the Board of the outcome of the statutory audit and explaining how the statutory audit contributed to the integrity of financial reporting and what the role of the Audit Committee was in that process
- Overseeing the selection process of the statutory auditor and making a recommendation to the Board in respect to the appointment of the statutory auditor
- Reviewing the accuracy and quality of regulatory reporting including the implementation of new regulatory requirements, as applicable

The Board Audit Committee’s Work

In fulfilling its role and responsibilities, the Committee has carried out the following activities during the reporting period:

- Kept under review the effectiveness of FCE’s governance, risk and control frameworks, including the receipt of periodic reports on the integrity of financial and narrative reporting, the reliability of regulatory reporting, progress against internal audit plans and the management’s approach to self-identifying, managing and closing operational audit comments as well as the identification of any thematic trends and how the root causes have been addressed
- Reviewed and approved the Internal Audit annual work plan. The annual work plan focused on key risks and key internal controls. The Committee also reviewed internal audit resources allocation required to meet the annual audit plan and undertake advisory audits, including the outsourcing of a portion of the internal audit work to a third party, where necessary
- Reviewed the content of the Annual Report and Financial Statements including the effectiveness of governance and quality assurance, management representations, and going concern statements in the context of the impact of the cost-of-living crises and the uncertain economic outlook

Audit Committee Report

The Board Audit Committee's Work continued

- Deliberated the Financial Conduct Authority's (FCA) review into the historical use of discretionary commission arrangements (DCAs) in the motor finance industry with a view to determining how to prepare for a potential redress exercise. As part of this process, the Audit Committee scrutinised how the Company is responding to and/or complying with accounting standards, regulatory and legal developments in the context of the DCA
- The Audit Committee deliberated the outcome of the October 2024 Court of Appeal ruling in respect to non-discretionary commissions. As part of this process, the Audit Committee challenged management on how the Company is responding to legal developments around non-discretionary commission
- Scrutinised how the Company is responding to requirements relating to climate-related risks and considered how these matters have been reflected in the Annual Report, including the accounting standards adopted, the disclosures made and determinations on whether provisions need to be made
- Reviewed the end of year reporting arrangements in relation to the unaudited Pillar 3 Disclosures
- Reviewed the fact that the information presented in the Annual Report, when taken as a whole, is fair, balanced and understandable and contains the information necessary to assess FCE's position and performance, business model and strategy
- Reviewed and approved the annual external audit plan ensuring it focused on significant audit risks, monitored the Company's response to audit findings and approved the audit fees
- Reviewed the external auditor's performance including the audit and non-audit services provided by them during the reporting period and considered the policy for non-audit services to ensure that auditor objectivity and independence was safeguarded. The Committee established that the non-audit work performed by the statutory auditor was not above the required threshold of 70% of the average audit fees for the previous three years and considered the relevant safeguards the auditors had put in place to address any potential threat to independence
- Received status updates and monitored the implementation of the project to automate regulatory reporting
- Received status updates and monitored the work being undertaken to enhance the capability of the first and second lines of defence
- Reviewed the Terms of Reference for the Disclosure Committee constituted to support the Audit Committee in overseeing the Company's compliance with the UK Market Abuse Regulation and its review of the Company's annual reports and financial statements, interim results and other relevant documents
- Received a briefing on the Enterprise Whistleblowing Framework including a demonstration of how the Company and enterprise reporting mechanism interact
- The FRC Audit Quality Review (AQR) team, responsible for monitoring the quality of UK audits, reviewed the BDO audit file for the Group's 31 December 2022 year end as part of its regular cycle of audit inspections. The Board Audit Committee ("the Committee") have reviewed the FRC's report on the audit and the AQR's areas for improvement with respect to expected credit losses and the payments and settlements process. During the reporting period, the Committee discussed with BDO the amendments made to their approach in the 2023 audit, including additional testing, and were satisfied with the changes made. These amendments have also been replicated in BDO's 2024 audit work where applicable
- Received a status update on the development of the disclosure assurance framework underpinning the climate-related risk strategy reporting
- Reviewed the Company's tax strategy and relevant policy statements
- Continued to review its effectiveness against predetermined objectives defined by the Committee and wider stakeholders
- Reviewed the Dividend Payment, Provisioning, Pillar 3 and Internal Management and Public Disclosure of Inside Information Policy Statements; Reviewed the Recovery Plan; Reviewed the Modern Slavery and Human Trafficking Statement and the framework underpinning the Statement
- Received updates and deliberated the findings of the recent Bank of Italy onsite audit in respect to Ford Credit Italia, its subsidiary. Although the official report is yet to be published, FCE has started addressing some of the issues highlighted in the initial findings of the onsite audit.
- Reviewed and discussed various internal audit reports published during the reporting period

Audit Committee Report

The Board Audit Committee's Work continued

- Received a briefing on the Sustainability Reporting Framework and future timeline in the context of implementing the legislative requirements
- Developed and had oversight of the selection process in relation to the appointment of a new audit firm for the Company and its branches

ON BEHALF OF THE AUDIT COMMITTEE

Talita Ferreira
27 March 2025

Directors' Report

The Directors present their Annual Report, together with the Company and Group Financial Statements and Independent Auditors' Report, for the year ended 31 December 2024.

The Business Review and future developments are set out in the Strategic Report on pages 3 to 39.

The Group's risk management disclosures are detailed in the Strategic Report on pages 12 to 20. The Directors are satisfied that the Enterprise Risk Management Framework effectively supports the bank's risk profile and strategies, meeting the needs of all key stakeholders.

The Group's policies for hedging each major type of transaction are discussed in Note 31 'Market Risk' to the financial statements.

Events occurring after the reporting date are discussed in Note 39 'Events After The Reporting Period' to the financial statements.

Details of branches outside the UK are disclosed on page 147.

The Directors are of the opinion that the Annual Report and Accounts, taken as a whole, present a fair, balanced, and understandable picture of the Group and Company's financial position, operating performance, business model, and strategic direction, providing shareholders and other stakeholders with the information necessary to make informed decisions.

Pages 3 and 33 list the Directors and Company Secretaries serving throughout the year and until the financial statements were signed. This report incorporates by reference the Non-Financial Statement on pages 21 to 27, Dividend payments and dividend policy on page 9, and corporate governance information on pages 31 to 39.

Qualifying Third-Party Indemnities were issued to all Directors and remained in effect at the time the financial statements were approved.

Going Concern

Directors are required to prepare the financial statements on a going concern basis unless it is inappropriate to presume that the 'Group and parent company' will continue in business. The Directors have conducted a thorough going concern assessment, considering current financial performance, the Group's future outlook, and the potential impact of global geopolitical factors, UK macroeconomic conditions, and projected capital and funding requirements. Based on this comprehensive assessment, the Directors believe that the adoption of the going concern basis of accounting in preparing the Company and Consolidated Financial Statements is appropriate.

Disclosure of Relevant Audit Information

So far as each Director is aware at the date of approving this report, there is no relevant audit information, being information needed by the auditor in connection with preparing this report, of which the auditor is unaware. All the Directors have taken all reasonable steps to make themselves aware of any relevant audit information and to ensure that the auditor is aware of such information.

Directors Responsibility Statement

The Directors are responsible for preparing the strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations. The Annual Report is published on the company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the group and company financial statements in accordance with UK adopted international accounting standards and applicable law. Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period.

Directors' Report

In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and accounting estimates that are reasonable and prudent
- State whether they have been prepared in accordance with UK adopted international accounting standards, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that they have complied with the above requirements in preparing the financial statements for the year ended 31 December 2024.

Approved by the Board of Directors on 27 March 2025.

ON BEHALF OF THE BOARD
Carlos Treadway - Chief Executive Officer
27 March 2025

Independent Auditor's Report to the Members of FCE Bank plc

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2024 and of the Group's profit for the year then ended
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards
- the Parent Company financial statements have been properly prepared in accordance with UK adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006

We have audited the financial statements of FCE Bank Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2024 which comprise the Consolidated Statement of Profit and Loss and Other Comprehensive Income, the Group and Company Statements of Financial Position, the Group and Company Statements of Cash Flows, the Group and Company Statement of Changes in Equity and notes to the financial statements, including a summary of material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards and as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Separate opinion in relation to IFRSs as issued by the IASB

As explained in note 1 to the Group financial statements, the Group in addition to complying with its legal obligation to apply UK adopted international accounting standards, has also applied IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion the Group financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRSs as issued by the IASB.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the audit committee.

Independence

Following the recommendation of the audit committee, we were appointed by the Board of Directors on 08 April 2021 to audit the financial statements for the year ended 31 December 2021 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 4 years, covering the years ended 31 December 2021 to 31 December 2024.

During the year it was identified that a non-BDO network component auditor of FCE Bank PLC, had provided a Training workshop to the Supervisory Board Members of Ford Bank GmbH based in Germany – a controlled undertaking of FCE Bank PLC. As such, this constitutes a service which is not permitted to be provided to a Public Interest Entity under paragraph 5.40 of the FRC Ethical Standard (2019). The service was provided during the financial year ended 31 December 2023 ("FY23"), and had a fee of €7,000. The services had no material effect on FCE Bank PLC's Consolidated Financial Statements. We have assessed the threats to independence arising from the provision of this non-audit service and, in our professional judgment, we confirm that based on our assessment of the breach, our integrity and objectivity as Auditor has not been compromised and we believe that an Objective, Reasonable and Informed Third Party would conclude that the provision of this service would not impair our integrity or objectivity for the impacted financial year. Those Charged With Governance at the entity have concurred with this view.

Other than the matter noted above, we remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. No other non-audit services prohibited by the FRC's Ethical Standard (2019) were provided to the entity.

Independent Auditor's Report to the Members of FCE Bank plc

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- Evaluating forecasts, challenging the assumptions and predicted outcomes within the forecasts, including assessing their reasonableness against historic performance and our understanding of the business. We also considered the Directors' ability to forecast accurately, comparing historic forecasts to actual results
- An evaluation of the availability of the different funding sources of the Group
- Review of the latest Internal Capital Adequacy Assessment Process (ICAAP) and Internal Liquidity Adequacy Assessment Process (ILAAP) prepared by the entity
- An assessment of the ability of Ford Motor Credit Company LLC (FCE Bank Plc's intermediate Parent Company), to provide funding to the Group to meet the terms of the agreement described in Note 25
- A review of the Bank's regulatory correspondence, and discussion with the Prudential Regulation Authority (PRA), the Group's lead regulator, to understand their views of the Group and ascertain whether there were any other matters that may impact the Groups ability to continue as a going concern
- A review of the adequacy of the disclosures within the financial statements in relation to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview

		2024	2023
Key audit matters	Revenue recognition	✓	✓
	Loan Loss provisioning	✓	✓
	Legal and Regulatory provisions (Commission arrangements)	✓	×
Materiality	<i>Group financial statements as a whole</i>		
	£12.23m (2023: £12.93m) based on 5% of three year average of profit before tax for the years 31 December 2022 to 31 December 2024 excluding the profit on disposal of Ford Bank GmbH and Provisions related to commission arrangements. (2023: 5% of three year average of profit before tax, for the years 31 December 2021 to 31 December 2023)		

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, the applicable financial reporting framework and the Group's system of internal control. We identified and assessed the risks of material misstatement of the Group financial statements including with respect to the consolidation process. We then applied professional judgement to focus our audit procedures on the areas that posed the greatest risks to the group financial statements. We continually assessed risks throughout our audit, revising the risks where necessary, with the aim of reducing the group risk of material misstatement to an acceptable level, in order to provide a basis for our opinion.

Components in scope

The Group provides retail and dealer financing. During the year, the Parent Company disposed of its investment in Ford Bank GmbH, a previously wholly owned subsidiary. At year end, the Group consists of the Parent Company, its Special Purpose Vehicles and its remaining wholly owned subsidiary. The Group operates in multiple European countries through its subsidiary and branch network.

Entities within the group are centrally managed by the group finance team based in the UK, with the support of local finance teams in Italy and Germany. There are centralised functions within the Group and the Group uses a common system of internal control, including the IT systems.

Independent Auditor's Report to the Members of FCE Bank plc

As part of performing our Group audit, we have determined the components in scope as follows:

Component	Location	Rationale
FCE Bank Plc	United Kingdom	The Parent Company provides dealer and retail financing, and also provides savings products to customers. It is a major source of revenue for the Group.
Ford Credit Italia S.p.A	Italy	This subsidiary has similar operations to the Parent Company, except it does not provide savings products to customers. It is a major source of revenue for the group.
Ford Bank GmbH	Germany	This subsidiary has similar operations to the Parent Company and is a major source of revenue for the group. This subsidiary was sold on 1 September 2024.

In addition to the rationale above, we have selected the components based on the qualitative and quantitative risk assessment procedures performed.

For components in scope, we used a combination of risk assessment procedures and further audit procedures to obtain sufficient appropriate evidence. These further audit procedures included:

- procedures on the entire financial information of the component, including performing substantive procedures and tests of operating effectiveness of controls
- procedures on one or more classes of transactions, account balances or disclosures

Procedures performed at the component level

We performed procedures to respond to group risks of material misstatement at the component level that included the following:

Component	Component & Entity name	Group Audit Scope
1	FCE Bank Plc	Statutory audit and procedures on the entire financial information of the component.
2	Ford Credit Italia S.p.A	Procedures on one or more classes of transactions, account balances or disclosures.
3	Ford Bank GmbH	Procedures on one or more classes of transactions, account balances or disclosures.

Procedures performed centrally

We considered there to be a high degree of centralisation of financial reporting and commonality of controls and similarity of the group's activities and business lines in relation to Revenue, Expenses, Loans including Loan loss provisioning and Treasury. We therefore designed and performed procedures centrally in these areas.

The group operates a centralised IT function that supports IT processes for certain components. This IT function is subject to specified risk-focused audit procedures, predominantly the testing of the relevant IT general controls and IT application controls.

Locations

The Group's operations are spread over a number of different geographical locations. We visited 2 out of a total of 5 locations. Our teams conducted procedures in the Group's locations in the United Kingdom and Italy.

In addition, for the other locations, our teams conducted procedures working remotely, holding calls and video conferences, with audit evidence being obtained from the Group and relevant third parties.

Changes from the prior year

Our audit this year was conducted under ISA (UK) 600 (Revised September 2022). The scope of our audit focused on group risk and the sources of that risk rather than designating components as significant or non-significant, as we did in the previous year under ISA (UK) 600 – Revised November 2019. The components and rationale for grouping them have been disclosed under 'Components in Scope' section of this report. Our Group audit scope remains unchanged from last year.

Independent Auditor's Report to the Members of FCE Bank plc

Working with other auditors

As Group auditor, we determined the components at which audit work was performed, together with the resources needed to perform this work. These resources included component auditors, who formed part of the group engagement team. As Group auditor, we are solely responsible for expressing an opinion on the financial statements.

In working with these component auditors, we held discussions with component audit teams on the significant areas of the group audit relevant to the components based on our assessment of the group risks of material misstatement. We issued our group audit instructions to component auditors on the nature and extent of their participation and role in the group audit, and on the group risks of material misstatement.

We directed, supervised and reviewed the component auditors' work. This included holding meetings and calls during various phases of the audit and reviewing component auditor documentation in person for Ford Credit Italia S.p.A, and remotely for Ford Bank GmbH. We also evaluated the appropriateness of the audit procedures performed and the results thereof.

Climate change

Our work on the assessment of potential impacts of climate-related risks on the Group's operations and financial statements included:

- Enquiries and challenge of management to understand the actions they have taken to identify climate-related risks and their potential impacts on the financial statements and adequately disclose climate-related risks within the annual report
- Our own qualitative risk assessment taking into consideration the sector in which the Group operates and how climate change affects this particular sector
- Review of the minutes of Board and Audit Committee meetings and any other papers related to climate change and considered this in our risk assessment

We challenged the extent to which climate-related considerations, including the expected cash flows from the initiatives and commitments have been reflected, where appropriate, in the Directors' going concern assessment and in management's judgements and estimates in relation to items disclosed in Note 1C of the financial statements.

We also assessed the consistency of managements disclosures included as 'Statutory Other Information on pages 24 to 26 with the financial statements and with our knowledge obtained from the audit.

Based on our risk assessment procedures, we did not identify there to be any Key Audit Matters materially impacted by climate-related risks.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report to the Members of FCE Bank plc

Key audit matter	How the scope of our audit addressed the key audit matter
<p>Revenue recognition</p> <p>Refer to Note 2 (Net interest income), and Note 34 (Related party transactions)</p>	<p>Our procedures included the following:</p> <p>We obtained an understanding of the design and effectiveness as well as tested the controls over the entry of interest rates, and entry of loan and finance lease contracts into the relevant systems, including the identification of contracts that contained interest supplements from related parties, review and approval of manual adjustments, and the automated calculation of interest income for retail, wholesale and interest supplements from related parties.</p> <p>We assessed whether the Group's revenue recognition policies were appropriate and in compliance with the requirements of IFRS 9 & IFRS 16, including the treatment of integral fees included within the EIR.</p> <p>We challenged the assumptions used by management in the calculation of the EIR, including an assessment of the appropriateness of the expected life of loan contracts using the Group's historic loan data.</p> <p>We used data auditing techniques to recalculate interest income for a sample of markets, covering retail, wholesale and interest supplements earned from related parties. Where we did not use data auditing techniques we performed other detailed procedures to recalculate interest income recognised to check that it was appropriately recorded.</p> <p>We verified a sample of interest income and loans recognised back to underlying contracts, agreeing the key contractual terms of the agreement into the systems in which the related interest income is calculated.</p> <p>Key observations: Based on the procedures performed, we did not identify any indicators that the data or assumptions included within the calculation of interest income were inappropriate.</p>

Independent Auditor's Report to the Members of FCE Bank plc

<p>Loan loss provisioning</p> <p>Refer to Note 1D (Classification and Measurement of Financial assets and Financial liabilities) Note 13 (Allowance for expected credit losses), and Note 29 (Credit risk)</p>	<p>The Provision for expected credit losses on Loans and Advances to Customers is £13m (2023: £17m).</p> <p>The Expected Credit Loss (ECL) provision is a material balance and is subject to management judgment and estimation.</p> <p>The key management judgements and estimates in respect of the calculation of expected credit losses are considered to be the methodologies associated with the calculation of the probability of default, and the Loss given default.</p> <p>Loan loss provisioning was determined to be a significant audit risk and key audit matter because it is a complex area which requires significant judgement.</p>	<p>Our procedures included the following:</p> <p>We evaluated the design and implementation and tested the operating effectiveness of controls over the governance and approval of the key assumptions including macroeconomic factors used within the model, completeness and accuracy of data input into the model, the allocation of assets into stages and reviewing the governance and approval of post model adjustments.</p> <p>We assessed the overall characteristics of the Group and Parent Company's loan book and considered whether management's processes for the identification and treatment of underperforming loans were appropriate in light of these characteristics.</p> <p>We assessed the methodology for determining Significant Increase in Credit Risk criteria with reference to the requirements of the applicable accounting standard, including evaluating the impact of modifications to loan terms.</p> <p>We evaluated the qualitative and quantitative criteria used to allocate assets to each stage in accordance with IFRS 9 and independently tested the staging allocation of loan assets.</p> <p>We evaluated the appropriateness of the source of the information used by the Group and the Parent company to determine Probability of Default, Loss Given Default and Exposure at Default. We made an assessment of the completeness and accuracy of the credit provision by reference to internal and external information to establish if provisioning was in accordance with requirements of accounting standards.</p> <p>With the support of our credit modelling team and the economist, we assessed the appropriateness of the predictive model used and assessed the macro-economic scenarios, including challenging the probability weightings and performing sensitivity analysis on the impact of changes to the selected scenarios and probability weightings.</p> <p>We assessed whether forecasted macro-economic variables such as unemployment rates were complete, appropriate and relevant to the credit risk profile of the entity.</p> <p>With the assistance of our internal IT specialists we reviewed the code within the model and recalculated the ECL provision to check its compliance with Group policies and applicable accounting standards, and to assess the accuracy of the model.</p> <p>Key observations:</p> <p>We consider that the judgements made by management in calculating the provision for expected credit losses to be appropriate.</p>
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Independent Auditor's Report to the Members of FCE Bank plc

<p>Legal and Regulatory Provisions (Commission arrangements)</p> <p>Refer to Note 1E (Critical accounting judgments and estimates), Note 24 (Other Liabilities and Provisions), and Note 28 (Contingent Liabilities, Financial Guarantees and Commitments)</p>	<p>The Group and Parent Company operate in an environment where they are subject to regulatory investigations, litigation and customer remediation, including allegations of misconduct.</p> <p>The Group and Parent Company have recognised a £61m provision (PY:nil) to reflect the estimated economic outflow regarding historical commission arrangements. The estimation of this amount requires significant judgment.</p> <p>The key management judgement involves determining that the amount recorded represents the Group and Parent Company's best estimate to settle the obligation, based on the information available. Management uses a model to estimate the provision. The estimated expected value is based on several probability-weighted scenarios including potential principal redress based on an estimation of customer harm.</p> <p>In addition, there is significant uncertainty surrounding the final outcome as a result of the recent Court of Appeal decisions, appeal to the Supreme court, and the impact of on-going review by the Financial Conduct Authority.</p> <p>Furthermore, there is significant judgment in determining the disclosure of any contingent liabilities and underlying significant estimation uncertainties.</p> <p>For these reasons, we considered Legal and regulatory provisions (Commission arrangements) to be a Key Audit Matter.</p>	<p>Our procedures included the following:</p> <p>We evaluated the design and implementation of the governance control over the appropriateness of the judgements and assumptions used to determine the best estimate of the commission arrangements provision.</p> <p>We evaluated the appropriateness of management's conclusion to recognise a provision and disclose contingent liabilities, in line with the requirements of IAS 37 Provisions, Contingent Liabilities and Contingent Assets.</p> <p>With the involvement of our internal regulatory experts, we assessed the appropriateness of management's methodology and assumptions, including the probability scenarios and outcomes used in the estimation process, in line with the applicable financial reporting framework.</p> <p>With the involvement of our internal economics and statistics experts, we assessed the statistical validity and fit of the model.</p> <p>We inspected correspondence with regulators about the commission arrangements, to determine if there was any potential impact on the estimate of the provision.</p> <p>We inquired directly with the Parent Company's internal and external legal counsels to obtain their understanding of the matter and the potential impact. With the involvement of our internal regulatory experts, we reviewed the legal opinion of the Parent Company's external counsel.</p> <p>We tested the key data elements used in the estimate to underlying source contracts, and historical information. We tested a sample of complaints to the original communication.</p> <p>With the involvement of our internal data analytics specialists, we independently recalculated the provision in accordance with management's methodology to check the mathematical accuracy of the model.</p> <p>We assessed the presentation of related disclosures in the financial statements against the requirements of IAS 37.</p> <p>Key observations: We consider that the judgements made by management in the recognition, estimation and disclosures of the provision and contingent liability to be reasonable.</p>
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Independent Auditor's Report to the Members of FCE Bank plc

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	<i>Group financial statements</i>		<i>Parent company financial statements</i>	
	2024 £m	2023 £m	2024 £m	2023 £m
Materiality	12.23	14.63	8.02	7.70
Basis for determining materiality	5% of three year average of profit before tax for the years 31 December 2022 to 31 December 2024 excluding the profit on disposal of Ford Bank GmbH and Provisions related to commission arrangements.	5% of the three year average Profit before tax, for the years ended 31 December 2021 to 31 December 2023.	5% of three year average of profit before tax for the years 31 December 2022 to 31 December 2024 excluding the profit on disposal of Ford Bank GmbH, Provisions related to commission arrangements and Dividends received from subsidiaries.	5% of the three year average Profit before tax, for the years ended 31 December 2021 to 31 December 2023.
Rationale for the benchmark applied	<p>We determined that profit before tax represented the most useful benchmark for the users of the financial statements, as financial performance was considered the main driver of the Group. Profit on disposal of Ford Bank GmbH and Provisions related to commission arrangements were excluded as they are one off items during the year and are not indicative of the performance of the Group.</p> <p>A three year average profit before tax, (excluding one off items), was utilised considering the volatility of profits from derivative financial instruments recognised by the Group between years.</p>	<p>We determined that profit before tax represented the most useful benchmark for the users of the financial statements, as financial performance was considered the main driver of the Group.</p> <p>A three year average profit before tax was utilised considering the volatility of profits from derivative financial instruments recognised by the Group between years.</p>	<p>We determined that profit before tax represented the most useful benchmark for the users of the financial statements, as financial performance was considered the main driver of the Group. Profit on disposal of Ford Bank GmbH, Provisions related to commission arrangements and Dividend income were excluded as they are one off items during the year and they are not indicative of the performance of the Parent Company.</p> <p>A three year average profit before tax was utilised, (excluding the one off items), considering the volatility of profits from derivative financial instruments recognised by the Parent Company between years.</p>	<p>We determined that profit before tax represented the most useful benchmark for the users of the financial statements, as financial performance was considered the main driver of the Parent Company.</p> <p>A three year average profit before tax was utilised considering the volatility of profits from derivative financial instruments recognised by the Parent Company between years.</p>
Performance materiality	9.17	9.70	6.02	5.78
Basis for determining performance materiality	75% of materiality	75% of materiality	75% of materiality	75% of materiality
Rationale for the percentage applied for performance materiality	We determined performance materiality based on our risk assessment conclusions and our assessment of the overall control environment.			

Independent Auditor's Report to the Members of FCE Bank plc

Component performance materiality

For the purposes of our Group audit opinion, we set performance materiality for each component of the Group, apart from the Parent Company whose materiality and performance materiality are set out above, based on a percentage of between 60% and 70% of Group performance materiality (2023: 75% of component materiality) dependent on a number of factors including our assessment of the risk of material misstatement of those components. Component performance materiality ranged from £5.5m to £6.4m (2023: 75% of component materiality levels which ranged from £7.7m to £9.8m).

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £0.6m (2023: £0.7m). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	<p>In our opinion, based on the work undertaken in the course of the audit:</p> <ul style="list-style-type: none"> the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements <p>In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.</p>
Matters on which we are required to report by exception	<p>We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:</p> <ul style="list-style-type: none"> adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or the Parent Company financial statements are not in agreement with the accounting records and returns; or certain disclosures of Directors' remuneration specified by law are not made; or we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Directors Responsibility Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report to the Members of FCE Bank plc

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and the industry in which it operates
- Discussion with management and those charged with governance, legal counsel, Audit Committee, Internal Audit and Compliance
- Obtaining an understanding of the Group's policies and procedures regarding compliance with laws and regulations

we considered the significant laws and regulations to be Companies Act, UK Adopted International Accounting Standards and IFRS as issued by the International Accounting Standards Board (IASB), the licence conditions and supervisory requirements of the PRA, the Financial Conduct Authority (FCA), Capital Requirements (Country-by-Country Reporting) Regulations 2013 and relevant tax legislation.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance, internal audit and compliance regarding any known or suspected instances of fraud
- Obtaining an understanding of the Group's policies and procedures relating to:
 - Detecting and responding to the risks of fraud
 - Internal controls established to mitigate risks related to fraud
- Review of minutes of meetings of those charged with governance for any known or suspected instances of fraud
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud
- Assessing the existence of remuneration incentive schemes and performance targets and the related financial statement areas impacted by these

Based on our risk assessment, we considered the areas most susceptible to fraud to be manual journals and the significant estimates set out in the loan loss provisioning and provisions related to commission arrangements.

Our procedures in respect of the above included:

- Testing journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation
- Assessing significant estimates made by management for bias (refer to key audit matters)

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including component auditors who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit. For component auditors, we also reviewed the result of their work performed in this regard.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent Auditor's Report to the Members of FCE Bank plc

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Daniel Taylor (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London

27 March 2025

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December		Group	
		2024	2023
	Note	£ mil	(Restated)* £ mil
Continuing Operations			
Interest income		874	722
Interest expense		(527)	(403)
NET INTEREST INCOME	2	347	319
Fees and commissions income		58	56
Fees and commissions expense		(8)	(7)
NET FEES AND COMMISSIONS INCOME	3	50	49
Other operating income	4	8	0
TOTAL INCOME		405	368
Allowance for expected credit losses	13	(18)	(1)
Operating expenses	5	(243)	(191)
Depreciation of property and equipment	15	(0)	(0)
Depreciation of right-of-use assets	16	(4)	(5)
Gain/(Loss) on fair value adjustment - non designated derivatives	10	46	(62)
Loss on foreign exchange	7	(69)	(12)
PROFIT BEFORE TAX		117	97
Income tax expense	8	(62)	(25)
Profit after tax in respect of continuing operations		55	72
Profit after tax in respect of discontinued operations	40	157	16
PROFIT AFTER TAX AND PROFIT FOR THE PERIOD		212	88
Translation differences on foreign currency net investments from continuing operations		(42)	(13)
Translation differences on foreign currency net investments from discontinued operations	40	(27)	(20)
Items that can be recycled through profit or loss		(69)	(33)
Items recycled through profit or loss		(134)	—
TOTAL TRANSLATION DIFFERENCES ON FOREIGN CURRENCY NET INVESTMENTS		(203)	(33)
Total comprehensive income for the period from continuing operations		13	59
Total comprehensive income for the period from discontinued operations	40	(4)	(4)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		9	55
Attributable to owners of the parent from continuing operations		13	59
Attributable to owners of the parent from discontinued operations	40	(4)	(4)
ATTRIBUTABLE TO OWNERS OF THE PARENT		9	55

*The prior year has been restated following the sale of Ford Bank GmbH and its classification as a discontinued operation. For more details, refer to note 40 'Discontinued Operations'.

The accompanying 'Notes to the consolidated financial statements' are an integral part of these financial statements.

Statements of Financial Position

As at 31 December	Note	Company		Group	
		2024 £ mil	2023 £ mil	2024 £ mil	2023 £ mil
ASSETS					
Cash and cash equivalents	9	1,063	1,503	1,253	2,557
Derivative financial instruments	10	55	48	96	112
Other assets	11	1,645	1,872	322	481
Loans and advances to customers	12	8,657	7,943	12,021	15,115
Property and equipment	15	2	3	2	218
Right-of-use assets	16	7	8	9	10
Intangible assets	17	67	58	67	58
Income taxes receivable	18	32	43	32	44
Deferred tax assets	19	24	33	35	35
Investment in other entities	20	262	1,044	—	—
TOTAL ASSETS		11,814	12,555	13,837	18,630
LIABILITIES					
Financial liabilities	21	3,178	3,576	5,005	6,580
Lease liabilities	16	7	8	9	11
Deposits	23	6,300	6,313	6,300	8,962
Derivative financial instruments	10	52	60	100	104
Provisions	24	78	14	84	33
Other liabilities	24	178	198	241	326
Income taxes payable	18	16	17	25	19
Deferred tax liabilities	19	8	1	8	39
TOTAL LIABILITIES		9,817	10,187	11,772	16,074
SHAREHOLDERS' EQUITY					
Ordinary shares	25	614	614	614	614
Share premium	25	352	352	352	352
Retained earnings		1,031	1,402	1,099	1,590
TOTAL SHAREHOLDERS' EQUITY		1,997	2,368	2,065	2,556
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		11,814	12,555	13,837	18,630

The accompanying 'Notes to the consolidated financial statements' are an integral part of these financial statements.

The financial statements on pages 56 to 146 were approved by the Board of Directors on 27 March 2025 and were signed on its behalf by:

Carlos Treadway
Chief Executive Officer
27 March 2025

Keeley Miles
Executive Director, Chief Financial Officer
27 March 2025

Registered Number: 00772784

Statements of Cash Flows

For the year ended 31 December	Note	Company		Group	
		2024 £ mil	2023 £ mil	2024 £ mil	2023 £ mil
Cash flows from operating activities					
Cash used in operating activities	36	(1,056)	(878)	(1,420)	(1,661)
Interest paid		(466)	(338)	(672)	(542)
Interest received		741	630	1,160	1,071
Other operating income received		1	1	48	72
Income taxes paid		(28)	(41)	(51)	(73)
Net cash used in operating activities		(808)	(626)	(935)	(1,133)
Cash flows from investing activities					
Purchase of property and equipment		(0)	(5)	(0)	(6)
Investment in internally and externally generated software		(19)	(21)	(19)	(21)
Net cash inflow on derivative financial instruments		66	112	109	165
Increase in restricted cash		(43)	(23)	(61)	(61)
Decrease in restricted cash		70	30	84	62
Dividend from subsidiaries		171	—	—	—
Net cash generated from/(used in) investing activities		245	93	113	139
Cash flows from financing activities					
Proceeds from the issue of debt securities and from loans provided by banks and other financial institutions		17	381	1,642	1,311
Repayments of debt securities and of loans provided by banks and other financial institutions		(384)	(676)	(1,790)	(2,022)
Proceeds of funds provided by parent and related undertakings		417	441	214	698
Repayment of funds provided by parent and related undertakings		(216)	(957)	(485)	(548)
Net increase/(decrease) in short-term borrowings		325	(285)	343	(289)
Net (decrease)/increase in deposits		(13)	1,792	517	1,891
Dividend paid		—	—	—	—
Net cash generated from/(used in) financing activities		146	696	441	1,041
Net (decrease)/increase in cash and cash equivalents	36	(417)	163	(381)	47
Cash and cash equivalents at beginning of year	36	1,503	1,346	2,557	2,536
Effect of exchange rate changes on cash and cash equivalents		(23)	(6)	(50)	(26)
Cash and cash equivalents in respect of discontinued operations	40	—	—	(873)	—
Cash and cash equivalents at end of year	36	1,063	1,503	1,253	2,557

Statements of Changes in Equity

Company	Share capital	Share premium	Profit or loss reserve	Translation reserve	Total retained earnings	Total
	£ mil	£ mil	£ mil	£ mil	£ mil	£ mil
Balance at 1 January 2023	614	352	936	390	1,326	2,292
Profit for the year	—	—	85	—	85	85
Translation differences	—	—	—	(8)	(8)	(8)
Total comprehensive income for the year ended 31 December 2023	—	—	85	(8)	77	77
Dividend paid	—	—	—	—	—	—
Other equity adjustments	—	—	(1)	—	(1)	(1)
Balance at 31 December 2023/1 January 2024	614	352	1,020	382	1,402	2,368
Profit for the year	—	—	327	—	327	327
Translation differences	—	—	—	(26)	(26)	(26)
Realisation of foreign exchange on sale of subsidiaries	—	—	—	(172)	(172)	(172)
Total comprehensive income for the year ended 31 December 2024	—	—	327	(198)	129	129
Dividend paid	—	—	(500)	—	(500)	(500)
Other equity adjustments	—	—	—	—	—	—
Balance at 31 December 2024	614	352	847	184	1,031	1,997

Statements of Changes in Equity

Group	Share capital £ mil	Share premium £ mil	Profit or loss reserve (Restated)* £ mil	Translation reserve (Restated)* £ mil	Total retained earnings £ mil	Total £ mil
Balance at 1 January 2023	614	352	1,113	423	1,536	2,502
Prior year adjustment*	—	—	14	(14)	—	—
Profit for the year	—	—	88	—	88	88
Translation differences	—	—	—	(33)	(33)	(33)
Total comprehensive income for the year ended 31 December 2023	—	—	88	(33)	55	55
Dividend paid	—	—	—	—	—	—
Other equity adjustments	—	—	(1)	—	(1)	(1)
Balance at 31 December 2023/1 January 2024	614	352	1,214	376	1,590	2,556
Profit for the year	—	—	212	—	212	212
Translation differences	—	—	—	(69)	(69)	(69)
Realisation of foreign exchange on sale of subsidiaries	—	—	—	(134)	(134)	(134)
Total comprehensive income for the year ended 31 December 2024	—	—	212	(203)	9	9
Dividend paid	—	—	(500)	—	(500)	(500)
Other equity adjustments	—	—	—	—	—	—
Balance at 31 December 2024	614	352	926	173	1,099	2,065

*Historic Foreign Currency Translation Adjustments (FCTA) on a former subsidiary which was disposed prior to 2023 was not at the time recycled to the Profit and Loss Reserves. This has now been reclassified as a prior period adjustment from the Translation Reserve to the Profit and Loss Reserve. Total Group Equity has not changed as a result of this reclassification

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Notes to the Consolidated Financial Statements for the Year ended 31 December 2024

1 MATERIAL ACCOUNTING POLICIES

The material accounting policies adopted in the presentation of the financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated. Further details on specific items can be found within the accompanying notes to the accounts.

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A BASIS OF PRESENTATION

These financial statements have been prepared in accordance with UK adopted international accounting standards. The consolidated financial statements, in addition to complying with UK adopted international accounting standards, have also been prepared in accordance with IFRS as issued by the International Accounting Standards Board (IASB). The financial statements are prepared under the historical cost convention with the exception of certain financial assets and liabilities which are stated at fair value.

The Directors have made an assessment of going concern, taking into account both current performance and the Group's outlook, including consideration of the impact of global geopolitical factors, UK macroeconomic factors, the higher cost of living, and projections for the Group's capital and funding position. As a result of this assessment, the Directors consider that it is appropriate to adopt the going concern basis of accounting in preparing the Company and Consolidated Financial Statements.

As required by the Companies Act 2006, FCE files financial statements for both Company and Group accounts respectively:

- 'Company' accounts included within these consolidated financial statements comprise of FCE Bank plc., a UK registered Company, and its European branches
- 'Group' accounts include FCE Bank plc, a UK registered Company, its European branches and subsidiaries. Refer to Note 20 'Investments in Other Entities' for details of FCE's subsidiaries

Statement of profit or loss – As permitted by Section 408 of the Companies Act 2006, a separate statement of profit or loss has not been presented in respect of the Company. The profit after tax of the Company is reported within the Company disclosures contained in the 'Statements of Changes in Equity'.

Functional and presentation currency – FCE's financial statements are presented in Sterling, being the functional currency of the Company. Assets and liabilities of each entity of the Group which are denominated in foreign currencies are translated into sterling at the exchange rates published at the reporting date.

The statements of profit or loss and statements of cash flows of branches and subsidiaries outside of the UK are translated into the Company's and the Group's presentation currency at average exchange rates. Exchange differences arising from the application of year end rates of exchange to opening net assets of foreign branches and subsidiaries are taken to shareholders' equity, as are those differences resulting from the revaluation of the results of foreign operations from average to year end rates of exchange.

Statements of cash flows - FCE has elected to produce an indirect statement of cash flow and as such shows cash flows from operating activities by adjusting profit before tax for non-cash items and changes in operating assets and liabilities.

Notes to the Consolidated Financial Statements for the Year ended 31 December 2024

1 MATERIAL ACCOUNTING POLICIES CONTINUED

Discontinued Operations

During the year, the Board approved plans to sell FCE's German subsidiary Ford Bank GmbH to its parent, Ford ECO. The sale of the subsidiary was completed on 1st September 2024. Under IFRS 5 'Non-Current Assets Held for Sale and Discontinued Operations, the net results of the Group's operations in Germany, up until the sale, are presented as discontinued operations in the Group Income Statement (for which the comparatives have been restated). Refer to note 40 for further details. The comparatives in the Statement of Financial Position remain unchanged and reflect all entities that were part of the Group on 31 December 2023.

B BASIS OF CONSOLIDATION

(i) Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company, subsidiaries and structured entities. Subsidiaries are those entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of acquisition is measured at the fair value of the assets given up, shares issued, or liabilities incurred at the date of acquisition. Acquisition related costs are accounted for as expenses in the periods in which the costs are incurred. Intercompany transactions, balances and income and expense on transactions between companies within the Group are eliminated.

For entities purchased which are under common control, the cost of acquisition is recognised as the net book value.

The consolidated statement of profit or loss and statement of financial position include the financial statements of the Company and its subsidiary undertakings drawn up to the end of the financial year.

(ii) Structured Entities

The structured entities (SEs) utilised by the Company, and which are listed within Note 20 'Investments in Other Entities', conduct their activities solely to meet the securitisation requirements of the Company. Although the Company does not hold an equity interest in the SEs, it is exposed, or has rights, to variable returns from its involvement and has the ability to affect those returns through its power over the SEs and therefore, the SEs are consolidated under IFRS 10.

Notes to the Consolidated Financial Statements for the Year ended 31 December 2024

1 MATERIAL ACCOUNTING POLICIES CONTINUED

C CLASSIFICATION AND MEASUREMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

C1 Financial Assets

Financial assets are classified based on the business model within which they are held and their contractual cash flow characteristics, considering whether the cash flows represent solely payments of principal and interest. The Group's financial assets are classified primarily as amortised cost.

Classification and subsequent measurement of financial assets depends on:

- The Group's business model for managing the financial assets and
- The contractual cash flow characteristics of the financial asset

The business model reflects how the Group manages its financial assets in order to generate cash flows and is determined by whether the Group's objective is solely to collect contractual cash flows from the assets or to collect both contractual cash flows and cash flows arising from the sale of assets. If neither of these models applies, the financial assets are classified at Fair Value through Profit or Loss (FVPL).

The Group considers past experience in collecting cash flows for a group of assets and how the performance of the assets is evaluated and reported to key management when determining the business model. The Group's business model as described on page 4 is to hold and to collect contractual cash flows arising from the loans to dealers and customers. The Group legally sells loans and advances to consolidated SEs for the purpose of collateralising notes issued to Investors with no resulting de-recognition by the Group.

Where the business model is to hold financial assets to collect contractual cash flows or to collect contractual cash flows and sell the assets, the Group assesses whether the financial asset's cash flows represent solely payments of principal and interest (the SPPI test). When making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement.

Financial Assets at Amortised Cost

Assets held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated as FVPL, are classified and subsequently measured at amortised cost using the effective interest method. The effective interest method is a means of discounting expected future cash flows over the expected life of a financial instrument to its net carrying amount at initial recognition. The carrying value of these financial assets is adjusted by any allowance for credit loss recognised. Interest income from these assets is included in Note 2 'Net Interest Income'.

Financial Assets at FVPL

Financial assets that do not meet the criteria for recognition at amortised cost are measured at FVPL.

Notes to the Consolidated Financial Statements for the Year ended 31 December 2024

1 MATERIAL ACCOUNTING POLICIES CONTINUED

C2 Financial Liabilities

Financial liabilities are only derecognised when the obligation specified in the contract is discharged, cancelled or expires. Any difference between the carrying amount and the consideration paid, is recognised in profit or loss.

Financial Liabilities at Fair Value through Profit or Loss

This consists of derivatives which are held at fair value, with changes in fair value recognised in the statement of profit or loss unless hedge accounting is applied.

Financial Liabilities at Amortised Cost

These include borrowings, deposits, debt securities in issue and subordinated loans that are initially recognised at fair value. These are subsequently measured at amortised cost using the effective interest method.

D FAIR VALUE

Fair value is obtained by calculating the amount at which an asset or liability could be exchanged in an arm's length transaction between informed and willing parties other than in a forced liquidation.

Accordingly, the information as presented does not purport to represent, nor should it be construed to represent, the underlying value of the business as a going concern.

FCE measures the fair value of its assets and liabilities based on the fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following measurements:

- Level 1: inputs include quoted prices for identical instruments and are the most observable
- Level 2: inputs include quoted prices for similar assets and observable inputs such as interest rates, currency exchange rates and yield curves
- Level 3: inputs are not observable in the market and include management's judgement about the assumptions market participants would use in pricing the asset or liability

For additional information concerning recurring fair value measurements, refer to Note 10 'Derivative Financial Instruments and Hedging Activities' and Note 12 'Loans and Advances to Customers' for further details. There were no non-recurring items measured at fair value during the current period.

For certain assets and liabilities which are not measured at fair value, the Group has disclosed their relevant fair values.

E CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

An accounting estimate is considered to be critical if:

- The accounting estimate requires assumptions to be made about matters that were uncertain at the time the accounting estimate was made
- Changes in the estimate are reasonably likely to occur from period to period, or estimates are used that reasonably could have been different in the current period
- The accounting estimate could have a material impact on the financial statements within the next financial period

The estimates that are critical to FCE's business are:

- Allowance for credit losses on loans and advances (refer to Note 13 'Allowance for Expected Credit Losses')
- Vehicle residual value provisions
- Legal and regulatory provisions

Notes to the Consolidated Financial Statements for the Year ended 31 December 2024

1 MATERIAL ACCOUNTING POLICIES CONTINUED

Allowance for Credit Losses

The allowance for credit losses represents FCE's estimate of the expected lifetime credit losses inherent in retail and finance receivables as at the financial reporting date. The adequacy of the allowance for credit losses is assessed quarterly and the assumptions and models used in establishing the allowance are evaluated regularly. As credit losses can vary substantially over time, estimating credit losses requires a number of assumptions about matters that are uncertain. Changes in assumptions affect allowance for expected credit losses in our income statement and Loans and Advances in the statement of financial position.

Nature of Estimates Required FCE estimates the allowance for credit losses for receivables that share similar risk characteristics based on a collective assessment using a combination of measurement models and management judgement. The models consider factors such as historical trends in credit losses, recent portfolio performance, and forward-looking macroeconomic conditions. If management does not believe the models reflect lifetime expected credit losses for the portfolio, an adjustment is made to reflect management judgement regarding qualitative factors including economic uncertainty, observable changes in portfolio performance, and other relevant factors.

Assumptions Used FCE's allowance for expected credit losses is based on assumptions regarding:

- *Probability of default:* The expected probability of payment and time to default which include assumptions about macroeconomic factors and recent performance. Macroeconomic factors used in FCE's models are country specific and include variables such as unemployment rates, housing prices, inflation, and gross domestic product
- *Loss given default:* The percentage of the expected balance due at default that is not recoverable. The loss given default takes into account the expected collateral value and future recoveries

Sensitivity Analysis Changes in the probability of default and loss given default assumptions would affect the allowance for credit losses. For further details of the effect of changes in the assumptions on Loans and Advances, refer to Note 13 'Allowance for Expected Credit Losses'.

Vehicle Residual Values and Depreciation

FCE is subject to vehicle residual value risk on certain retail or finance lease balloon payment products where the customer may choose to return the financed vehicle to FCE at the end of the contract. Residual values are established by reference to various sources of independent and proprietary knowledge.

FCE monitors residual values each month, and reviews its forecasts on a quarterly basis. The expected residual values for the vehicles are adjusted to reflect a revised estimate at the end of the lease term.

For additional information on FCE's residual risk, refer to Note 30 "Vehicle Residual Values".

Nature of Estimates Required Each vehicle in the leasing portfolio represents a vehicle FCE owns that has been leased to a customer. FCE establishes an expected residual value for all vehicles when purchased. FCE estimates the expected residual value by evaluating recent auction values, return volumes for the leased vehicles, industry-wide used vehicle prices, marketing incentive plans, and vehicle quality data.

Assumptions Used Vehicle residual values are based on assumptions regarding:

- *Auction value:* The projection of the market value of the vehicles when sold at the end of the lease
- *Return volume:* The projection of the number of vehicles that will be returned at the lease end

Sensitivity Analysis For returned vehicles, FCE faces a risk that the amount received from the vehicle sold at auction will be less than the estimate of the expected residual value for the vehicle.

Notes to the Consolidated Financial Statements for the Year ended 31 December 2024

1 MATERIAL ACCOUNTING POLICIES CONTINUED

Judgements

Legal proceedings often require a high degree of judgement which could change as matters progress. Determining whether present obligations exist, or the amount of the provisions required where they do exist is based on management's best estimate of the cost of settling these issues and requires the exercise of significant judgement and estimation. It is often necessary to form a view on matters which are inherently uncertain, such as the scope of reviews required by regulators, and to estimate the number of future complaints, the extent to which they will be upheld, the average cost of redress and the impact of decisions reached by legal and other review processes that may be relevant to claims received. FCE continues to review and reassess the appropriateness of the assumptions used in determining whether obligations exist and if so, the adequacy of any provisions deemed necessary.

FCE has not made any other significant judgements in the current accounting period.

F ACCOUNTING STANDARDS DEVELOPMENT - IFRS

FCE has reviewed all mandatory amendments to accounting standards taking effect in the financial year beginning 1 January 2024 and has concluded that none of these have a material impact on FCE's financial statements.

As referenced in FCE's 2023 Annual Report, IFRS S1 - General Requirements for Disclosure of Sustainability-related Financial Information and S2 - Climate-related Disclosures took effect on 1 January 2024. As these have not been adopted by UK law at this point, these standards have not been applied to FCE's disclosures.

The Group continues to monitor new accounting standard/amendments/interpretations that have been issued and become mandatory in subsequent accounting periods. The Group is assessing the potential impact of the following:

- Amendments to IFRS 7 'Financial Instruments - Disclosures' - Amendments regarding the classification and measurement of financial instruments
- IFRS 18 — Presentation and Disclosure in Financial Statements

CAPITAL MANAGEMENT

Capital management disclosures are included in the Business Performance section of the Strategic Report on page 9 in the sections marked as 'audited'.

Notes to the Consolidated Financial Statements for the Year ended 31 December 2024

2 NET INTEREST INCOME

Policy

Interest earned on retail loans and finance leases is generally fixed at the time the contracts are originated.

On certain loans and advances, primarily wholesale financing, FCE charges interest at a floating rate that varies with changes in short-term interest rates.

Revenue from retail loans is calculated using the effective interest rate method. Revenue from finance leases is recognised to represent a constant periodic rate of return on the net investment in the lease. Both are recognised in the Statement of Profit or Loss as interest income.

Interest supplements and other support payments from related parties are provided at the time of purchase or origination of eligible contracts. Payments received in relation to retail are deferred on the Statement of Financial Position within 'Loans and Advances to Customers' and are recognised in 'Interest income' using the effective interest method, over the expected term of the related receivable.

Certain loan origination fees (income) and costs (expenses) which can be directly associated to the origination of retail loans and finance leases are regarded as part of the economic return of the receivables and are included in its carrying value and deferred. The amount deferred is recognised in interest income, using the effective interest method, over the expected term of the related receivable. The expected term is assessed at an individual contract level for retail loans and finance leases and is the same as the contractual term, given this is the most likely outcome at the outset of the contract.

Based on an assessment of FCE's largest markets, the contractual term is approximately the expected term of retail loans and finance leases.

For the year ended 31 December		Group	
		2024	2023 (Restated)*
	Note	£ mil	£ mil
Interest income			
Loans and advances to external parties		302	245
Related parties	34	518	431
Adjustment relating to residual values	14	(2)	(3)
Cash and short-term deposit income from external parties and other miscellaneous income		56	49
Total interest income		874	722
Interest expense			
External parties		(371)	(249)
Related parties	34	(156)	(154)
Total interest expense		(527)	(403)
Net interest income		347	319

*The prior year has been restated following the sale of Ford Bank GmbH and its classification as a discontinued operation. For more details, refer to note 40 'Discontinued Operations'.

'Interest income - loans and advances to external parties' includes revenue from the retail, finance lease and wholesale product segments, of which £15 million (2023: £13 million) relates to financial assets classified as FVPL.

'Interest income - related parties' primarily relates to interest supplements from entities under common control, of which £42 million (2023: £42 million) relates to financial assets classified as FVPL.

'Interest income - adjustment relating to residual values' relates to changes in vehicle residual value provisions on retail and finance lease contracts.

'Interest income - cash and short-term deposit income from external parties and other miscellaneous income' mainly relates to interest income from short-term investments.

Notes to the Consolidated Financial Statements for the Year ended 31 December 2024

'Interest expense - external parties' includes expense relating to securitisation, local bank borrowings, public debt offering and deposits. It also includes commitment fees incurred on revolving debt facilities that are expected to be utilised.

'Interest expense - related parties' includes expense related to senior and subordinated debt. For further details, refer to Note 21 'Financial Liabilities'.

Notes to the Consolidated Financial Statements for the Year ended 31 December 2024

3 NET FEES AND COMMISSIONS INCOME

Fees and commissions income and expense are recognised when earned or incurred, net of any taxes payable.

For the year ended 31 December	Group	
	2024 £ mil	2023 (Restated)* £ mil
Fees and commissions income		
Finance related and other fee income	44	47
Insurance sales commission income	14	9
Total fees and commissions income	58	56
Fees and commissions expense		
Finance related and other fee expense	(8)	(7)
Total fees and commissions expense	(8)	(7)
Net fees and commissions income	50	49

*The prior year has been restated following the sale of Ford Bank GmbH and its classification as a discontinued operation. For more details, refer to note 40 'Discontinued Operations'.

'Finance related and other fee income' relates to fees earned which cannot be directly associated with the origination of loans and advances to customers. This includes fee income earned by FCE for the provision of marketing and sales of commercial operating leases ('Full Service Leasing' or 'FSL') to a non-affiliated business partner, typically received monthly in arrears. This income is recognised when it is highly probable that a significant reversal in the revenue recognised will not occur, which is usually when the statement or payment is received from third parties. The third party business partner in each market is responsible for financing, maintenance, repair services, the resale of vehicles at the end of the lease period and all associated risks.

'Insurance sales commission income' primarily relates to Ford branded insurance products offered throughout Europe. These insurance products, which are mainly related to vehicle insurance and payment protection plans, are underwritten by non-affiliated local insurance companies from which FCE earns both fixed and variable commission income, but the underwriting risk remains with the third-party insurance companies. FCE is therefore acting as agent, arranging for services to be provided by the third party to the end customer. Insurance sales commission income is earned at the time FCE has fulfilled its performance obligations to the customer, which is typically at the point of sale of the product or service. Insurance payments collected from the customer, from which FCE retains its commission quota, are typically received monthly in arrears. Where this income is rebatable upon cancellation, a cancellation reserve is established.

'Fees and commissions expense' includes commissions, fees and other bonuses payable to dealers which cannot be directly associated with the origination of loans and advances to customers and are recognised when incurred.

2024 Financial Statements

Notes to the Consolidated Financial Statements for the Year ended 31 December 2024

4 OTHER OPERATING INCOME

	Group	
For the year ended 31 December	2024 £ mil	2023 (Restated)* £ mil
Other operating income	8	0
Total other operating income	8	0

*The prior year has been restated following the sale of Ford Bank GmbH and its classification as a discontinued operation. For more details, refer to note 40 'Discontinued Operations'.

'Other operating income' relates to income from restructuring activities occurring during the year.

Notes to the Consolidated Financial Statements for the Year ended 31 December 2024

5 OPERATING EXPENSES

For the year ended 31 December		Group	
		2024	2023
	Note	£ mil	(Restated)* £ mil
Staff costs			
Wages and salaries		71	78
Social security contributions		10	9
Retirement benefits	27	9	11
Total staff costs		90	98
Other expenses			
Software amortisation	17	10	9
Administrative expenses		82	84
Other expenses**		61	0
Total other expenses		153	93
Total operating expenses		243	191
		Number of employees	
Monthly average number of permanent employees during the year		875	939

*The prior year has been restated following the sale of Ford Bank GmbH and its classification as a discontinued operation. For more details, refer to note 40 'Discontinued Operations'.

**Relates to a provision for commission arrangements.

'Administrative expenses' includes amounts paid to Ford and its related companies for services received which are detailed within Note 34 'Related Party Transactions'. It also includes Auditor Remuneration, details of which are shown below.

Auditor Remuneration

For the year ended 31 December	Company		Group	
	2024	2023	2024	2023
	£ 000's	£ 000's	£ 000's	£ 000's
Nature of services:				
Audit services				
Audit of parent company and consolidated accounts	2,417	2,331	2,417	2,331
Audit of subsidiaries and SEs pursuant to legislation	—	—	98	102
Total audit services	2,417	2,331	2,515	2,433
Assurance services				
Audit related assurance services	—	—	—	—
Other assurance services	53	—	53	—
Total assurance services	53	—	53	—
Total fees	2,470	2,331	2,568	2,433

For further details on the policies and procedures that govern the engagement of BDO, refer to the Audit Committee report on page 40.

Notes to the Consolidated Financial Statements for the Year ended 31 December 2024

6 TRANSACTIONS WITH DIRECTORS AND KEY MANAGEMENT

FCE's Directors, Key Management, and persons connected to them are considered related parties for disclosure purposes. Details of the Directors can be found in the Directors' report. During the reporting period, there were eleven Key Managers, defined as members of FCE's Executive Committee who are not statutory Directors of the Company. For more information on the Executive Committee, refer to 'Governance Report - Committees of the Board' on page 36.

Company	2024			2023		
	Directors	Key Management	Total	Directors	Key Management	Total
	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's
Loans						
Outstanding at 1 January	63	326	389	144	242	386
Issued in the year	90	687	777	180	505	685
Repayments during the year	(105)	(665)	(770)	(261)	(421)	(682)
Loans outstanding at 31 December	48	348	396	63	326	389
Maximum loans in period	56	399	455	142	326	468
Revenue						
Interest revenue from loans	3	31	34	10	23	33
Remuneration payments						
Salaries/other short-term benefits	1,278	2,351	3,629	2,132	2,147	4,279
Post-employment benefits	46	199	245	166	242	408
Share based payments	184	173	357	285	194	479
Total remuneration payments	1,508	2,723	4,231	2,583	2,583	5,166
Customer Deposits						
Deposits during the year	22	161	183	182	195	377
Customer Deposits at 31 December	22	161	183	182	195	377

Notes to the Consolidated Financial Statements for the Year ended 31 December 2024

6 TRANSACTIONS WITH DIRECTORS AND KEY MANAGEMENT CONTINUED

Loans

In the ordinary course of business, the Company makes loans available to certain management grade employees, Key Management and Directors under a management car loan plan (Non-Executive Directors are not entitled to participate in this arrangement). Under the terms of the plan, certain Directors and Key Management of the Company have been granted loans under their contract of employment to finance the purchase of vehicles from Ford Motor Company Limited (FMCL). The individual only pays the Company the interest on the loan which is set at a commercial rate. These payments are paid monthly as incurred and no interest was outstanding at year-end. The terms of the loans are not intended to last for longer than twelve months. When the loans mature the employee may settle the loan directly with FCE or by returning the vehicle.

Salaries/other short-term benefits

There were no termination payments made in 2024.

Post-employment benefits

Retirement benefits are accruing to one current Director and nine current Key Managers (2023: two Directors and twelve Key Managers) under various Ford retirement benefit schemes.

Share Based Payments

FCE is allocated a restricted stock unit (RSU) expense by Ford relating to the FCE employee services received in exchange for the grant of RSU. This is allocated in line with the vesting period and is recognised by FCE as an expense.

Share based payments do not have a material impact on the financial statements of the Company or Group, for 2024 this is £356,750, (2023 £479,101).

During the financial year ended 31 December 2024 no Director or Key Manager exercised their share options held over Ford Common Stock.

Shares were receivable under a Long Term Incentive Scheme by two Directors and twelve Key Managers in 2024.

Directors Emoluments

Aggregate emoluments for the highest paid Director were £839,654 (2023: £743,172).

The highest paid Director in 2023 and 2024 was a member of the Ford (US) General Retirement Plan (GRP) and comparison between the two pension schemes could be misleading due to their different features and structures. The GRP is a defined benefit plan and allows for an optional full lump sum payment upon termination of employment. No employer contributions or annual interest payment were made to the GRP in 2023 or 2024 for the highest paid director. The projected accrued annual benefit at age 65 for the highest paid director in 2024 was £118,699 (2023: £107,402).

Notes to the Consolidated Financial Statements for the Year ended 31 December 2024

7 (LOSS) / GAIN ON FOREIGN EXCHANGE

The table below analyses the gains and losses recognised in the statement of profit or loss within '(Loss)/Gain on foreign exchange' arising primarily from the revaluation of foreign currency assets and liabilities into sterling at exchange rates ruling at the reporting date.

To meet funding objectives, FCE primarily borrows in Sterling and Euro. FCE's exposure to currency exchange rates occurs if a mismatch exists between the currency of the receivables and the currency of the debt funding those receivables.

FCE primarily funds receivables with debt in the same currency, minimising exposure to exchange rate movements. When a different currency is used, foreign currency derivatives are executed to convert foreign currency debt obligations to the local currency of the receivables and reduce the exposure to movements in foreign exchange rates.

Refer to Note 31 'Market Risk' for further details on FCE's use of derivatives.

	Group	
For the year ended 31 December	2024	2023 (Restated)*
	£ mil	£ mil
Foreign currency debt obligations	(69)	(12)
Total loss on foreign exchange	(69)	(12)

*The prior year has been restated following the sale of Ford Bank GmbH and its classification as a discontinued operation. For more details, refer to note 40 'Discontinued Operations'.

Notes to the Consolidated Financial Statements for the Year ended 31 December 2024

8 INCOME TAX EXPENSE

Income tax payable on profits is based on the applicable tax law in each jurisdiction and is calculated at rates of tax substantially enacted at the reporting date. Income tax payable is recognised as an expense in the period in which the profits arise. The tax effects of income tax losses available for carry forward are recognised as an asset when it is probable that future taxable profits will be available which these losses can be utilised against.

		Group	
For the year ended 31 December		2024	2023
		£ mil	(Restated)* £ mil
	Note		
Current tax:			
UK Corporation tax		32	14
Overseas taxation		27	36
Prior year: corporation tax		(0)	—
Income tax expense - current		59	50
Deferred tax:			
Current year		0	(24)
Prior year		3	(1)
Income tax - deferred	19	3	(25)
As recorded in income statement		62	25

The factors affecting the tax charge for the period are explained below.

		Group	
For the year ended 31 December		2024	2023
		£ mil	(Restated)* £ mil
Profit on ordinary activities before tax		117	97
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 25% (2023: 23.5%)		29	23
Effects of:			
Foreign taxes higher than UK tax rate		1	1
Prior year current and deferred tax		3	(1)
Bank surcharge		0	1
Charge for deferred tax assets no longer recognised		1	—
Non taxable UK income		(0)	—
Withholding taxes		5	1
Expenses not deductible and other rate increasing items**		23	—
Income tax expense		62	25

*The prior year has been restated following the sale of Ford Bank GmbH and its classification as a discontinued operation. For more details, refer to note 40 'Discontinued Operations'.

**Includes £22 million of non-recurring items.

Notes to the Consolidated Financial Statements for the Year ended 31 December 2024

9 CASH AND CASH EQUIVALENTS

	Company		Group	
	2024 £ mil	2023 £ mil	2024 £ mil	2023 £ mil
As at 31 December				
Cash in bank	792	1,047	795	1,062
Cash equivalents	271	456	271	1,239
Cash and cash equivalents	1,063	1,503	1,066	2,301
Securitisation cash and cash equivalents	—	—	142	194
Collateralised deposits	—	—	45	62
Cash associated with securitisation transactions	—	—	187	256
Total cash and cash equivalents	1,063	1,503	1,253	2,557

'Cash and cash equivalents' include cash and highly liquid investments with a maturity of 90 days or less at date of acquisition and that are subject to an insignificant risk of changes in value. Cash in bank is primarily cash held at central banks and is held at amortised cost.

The net book value of cash and cash equivalents approximates fair value due to the short maturities.

'Cash associated with securitisation transactions' represents balances held by and available to consolidated SEs. The amount included in the note is not available for use in FCE's day to day operations.

Notes to the Consolidated Financial Statements for the Year ended 31 December 2024

10 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

Policy

In the normal course of business, the Group's operations are exposed to global market risks, including the effect of changes in interest rates and foreign currency exchange rates. To manage these risks, the Group may enter into the following highly effective derivative contracts:

- Interest rate contracts, including swaps, that are used to manage the effects of interest rate fluctuations
- Foreign currency exchange contracts, including forwards, that are used to manage foreign exchange exposure
- Cross-currency interest rate swap contracts that are used to manage foreign currency and interest rate exposures on foreign-denominated debt

The Group reviews its hedging programme, derivative positions, and overall risk management strategy on a regular basis.

The derivatives are over-the-counter (OTC) customised transactions and are not exchange traded. The majority of the Group's OTC derivatives are cleared centrally through a Qualified Central Counterparty (QCCP). Derivative transactions are entered into under International Swaps and Derivatives Association (ISDA) master netting agreements. The ISDA and similar master netting arrangements do not meet the criteria for offsetting in the statement of financial position. This is because they create for the parties to the agreement a right of set-off of recognised amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Group or the counterparties or following other predetermined events. In addition, the Group and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

The fair value of these instruments are estimated using industry-standard valuation models such as a discounted cash flow. These models project future cash flows and discount the future amounts to a present value using market-based expectations for interest rates, foreign exchange rates, and the contractual terms of the derivative instruments. The discount rate used is the relevant benchmark interest rate (e.g., EURIBOR, SONIA) plus an adjustment for non-performance risk as applicable. The adjustment reflects the full credit default swap ("CDS") spread applied to a net exposure, by counterparty, considering the master netting agreements and any posted collateral. The counterparty's CDS spread is used when in a net asset position and the Group's CDS spread when in a net liability position. The Group posts initial margin collateral for all centrally cleared OTC interest rate swaps.

'Derivatives Not Designated as Hedging Instruments'. The Group reports net interest settlements and accruals in Interest income/expense. Changes in the fair value of interest rate swaps not designated as hedging instruments and foreign currency revaluation on accrued interest along with gains and losses on foreign exchange contracts and cross currency interest rate swaps are reported in Fair value changes on non-designated derivatives. Cash flows associated with non-designated or de-designated derivatives are reported in Net cash used in investing activities in our statement of cash flows.

Income Effect of Derivative Financial Instruments

The gains / (losses), by hedge designation, reported in income for the years ended 31 December were as follows:

	Group	
As at 31 December	2024 £ mil	2023 £ mil
Derivative not designated as hedging instruments		
Net interest settlements and accruals	44	77
Fair value changes on non-designated derivatives		
Interest rate contracts	(37)	(90)
Foreign exchange forwards	83	28
<i>Total fair value changes on non-designated derivatives</i>	46	(62)
Total non-designated derivatives	90	15

Notes to the Consolidated Financial Statements for the Year ended 31 December 2024

10 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES CONTINUED

Statement of Financial Position Effect of Derivative Financial Instruments

Derivative assets and liabilities are reported on the statement of financial position at fair value and are presented on a gross basis. The fair values are included in both assets and liabilities sections of the statement of financial position within Derivative financial instruments. The notional amounts of the derivative instruments do not necessarily represent amounts exchanged by the parties and are not a direct measure of our financial exposure. The Group also enters into master agreements with counterparties that may allow for netting of exposure in the event of default or breach of the counterparty agreement. Collateral represents cash received or paid under reciprocal arrangements entered into with derivative counterparties, which the Group does not use to offset derivative assets and liabilities.

The fair value of the Company and the Group's derivative instruments and the associated notional amounts at 31 December were as follows :

Company

As at 31 December	2024			2023		
	£ mil	£ mil	£ mil	£ mil	£ mil	£ mil
	Notional	Fair value Assets	Liabilities	Notional	Fair value Assets	Liabilities
Non-designated derivatives						
Interest rate contracts	3,900	7	52	4,220	39	59
Foreign currency exchange contracts	2,000	48	0	1,284	9	1
Total non-designated derivatives	5,900	55	52	5,504	48	60
Total derivative financial instruments	5,900	55	52	5,504	48	60
Derivatives centrally cleared	2,500	7	26	3,353	39	30
Derivatives bilateral collateralised	1,400	—	26	867	—	29
Derivatives not cleared	2,000	48	0	1,284	9	1
Total derivative financial instruments	5,900	55	52	5,504	48	60
Current portion	—	49	34	—	41	34
Non-current portion	—	6	18	—	7	26
Total derivative financial instruments	—	55	52	—	48	60

Notes to the Consolidated Financial Statements for the Year ended 31 December 2024

10 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES CONTINUED

Group

As at 31 December	2024			2023		
	£ mil Notional	£ mil Fair value Assets	£ mil Liabilities	£ mil Notional	£ mil Fair value Assets	£ mil Liabilities
Non-designated derivatives						
Interest rate contracts	10,170	48	100	12,617	103	103
Foreign currency exchange contracts	2,000	48	0	1,284	9	1
Total non-designated derivatives	12,170	96	100	13,901	112	104
Total derivative financial instruments	12,170	96	100	13,901	112	104
Derivatives centrally cleared	4,050	7	56	8,185	64	65
Derivatives bilateral collateralised	3,060	16	26	1,291	6	32
Derivatives not cleared	5,060	73	18	4,425	42	7
Total derivative financial instruments	12,170	96	100	13,901	112	104
Current portion	—	76	52	—	86	38
Non-current portion	—	20	48	—	26	66
Total derivative financial instruments	—	96	100	—	112	104

All derivatives are categorised within Level 2 of the fair value hierarchy.

The fair value of the Company and the Group's derivative instruments at 31 December were as follows:
The table also includes collateral exchanged for the margining of derivatives.

Company	2024		2023	
	Assets £ mil	Liabilities £ mil	Assets £ mil	Liabilities £ mil
Gross derivatives amount recognised in the statement of financial position	55	52	48	60
Related amounts not offset				
Amounts subject to master netting agreements	0	0	(1)	(1)
Cash collateral posted/held	51	—	58	17
Net Amounts	106	52	105	76

Group	2024		2023	
	Assets £ mil	Liabilities £ mil	Assets £ mil	Liabilities £ mil
Gross derivatives amount recognised in the statement of financial position	96	100	112	104
Related amounts not offset				
Amounts subject to master netting agreements	0	0	(1)	(1)
Cash collateral posted/held	92	15	99	31
Net Amounts	188	115	210	134

Notes to the Consolidated Financial Statements for the Year ended 31 December 2024

11 OTHER ASSETS

Policy

The carrying value of 'other assets' (excluding vehicles awaiting resale) is stated at amortised cost less any provision for expected credit losses. Vehicles returned to FCE from operating, retail and finance leases which are awaiting resale are recorded at the lower of their carrying amount or guaranteed residual value.

Gains and losses on vehicles returned from retail and finance lease contracts are included in the statement of profit or loss within 'Interest income'.

Other assets at 31 December were as follows:

As at 31 December	Note	Company		Group	
		2024 £ mil	2023 £ mil	2024 £ mil	2023 £ mil
Short-term receivables*					
Related parties	34	61	46	80	112
External		25	41	36	86
Subsidiary undertakings	34	26	32	—	—
Cash Collateral Paid		46	41	75	66
Sub-total short-term receivable		158	160	191	264
Loans receivable*					
Subsidiary undertakings	34	1,367	1,599	—	—
Sub-total loans receivable		1,367	1,599	—	—
Vehicles awaiting resale		66	32	66	92
Restricted cash**		31	61	42	101
Prepayments and accrued income		6	9	6	11
Prepaid taxes and related interest		17	11	17	13
Total other assets		1,645	1,872	322	481
Current		1,321	1,252	280	379
Non-current		324	620	42	102
Total other assets		1,645	1,872	322	481

*The book value of short-term receivables and loans receivable approximates fair value due to the short maturities of these assets.

**Restricted cash includes cash in central banks to be held as minimum reserves and cash held as initial margin collateral.

Notes to the Consolidated Financial Statements for the Year ended 31 December 2024

12 LOANS AND ADVANCES TO CUSTOMERS

Policy

Loans and advances to customers are initially recognised at fair value, including direct and incremental transaction fees (including interest supplements and other support payments from related parties) and costs. They are subsequently measured at amortised cost using the effective interest method. Refer to Note 2 'Net Interest Income' for further details.

The majority of FCE's finance leases consist of Hire Purchase contracts and Trade Cycle Management products as described in the Business Environment section.

As at 31 December	Note	Company		Group	
		2024 £ mil	2023 £ mil	2024 £ mil	2023 £ mil
Loans and advances to customers					
Retail loans and receivables		604	589	3,224	4,228
Finance lease		3,873	3,723	3,878	4,951
Wholesale*		4,188	3,640	4,932	5,953
Gross loans and advances to customers		8,665	7,952	12,034	15,132
Allowance for expected credit losses	13	(8)	(9)	(13)	(17)
Net loans and advances to customers		8,657	7,943	12,021	15,115
Current		5,769	4,925	7,179	8,778
Non-current		2,888	3,018	4,842	6,337
Net Loans and advances to customers		8,657	7,943	12,021	15,115
Fair value					
Retail loans and receivables		616	586	3,289	4,206
Finance Lease		3,908	3,706	3,912	4,937
Wholesale		4,188	3,640	4,932	5,953
Total fair value		8,712	7,932	12,133	15,096

*As the lending terms in one market did not meet the 'solely payments of principal and interest' requirement of IFRS 9, the wholesale receivables above includes £744 million (2023 : £772 million) treated as financial assets at fair value through profit or loss (FVPL). The fair value of these assets approximates their book value given the short-term nature of the lending. The related interest received of £57 million (2023: £55 million) continues to be reported within net interest income, given this represents the substance of the lending arrangement. FCE provides IFRS 7 disclosures in relation to Loans and Advances to Customers on a total basis including assets measured at FVPL. This approach is considered to present more relevant information to users than IFRS 13 disclosures on fair value, given this aligns with how these assets are managed and given book value approximated fair value throughout the current and prior periods.

'Loans and advances to customers' are measured at fair value for purposes of disclosure using internal valuation models. These models project future cash flows of financing contracts based on scheduled contract payments (including principal and interest). The projected cash flows are discounted to present value based on assumptions regarding credit losses, average maturity profile, applicable benchmark interest rates, i.e. SONIA and EURIBOR and operating costs. The fair value is categorised within Level 3 of the hierarchy.

Notes to the Consolidated Financial Statements for the Year ended 31 December 2024

12 LOANS AND ADVANCES TO CUSTOMERS CONTINUED

Finance leases

As at 31 December	Company		Group	
	2024 £ mil	2023 £ mil	2024 £ mil	2023 £ mil
Within 1 year	667	494	672	832
After 1 year and within 2 years	615	682	615	1,075
After 2 years and within 3 years	402	427	402	778
After 3 years and within 4 years	196	113	196	385
After 4 years and within 5 years	25	9	25	14
After 5 years	0	—	0	—
Total finance lease payments receivable	1,905	1,725	1,910	3,084
Residual value	2,418	2,379	2,418	2,379
Unearned finance income	(205)	(158)	(205)	(244)
Unearned interest supplements from related parties	(288)	(266)	(288)	(317)
Allowance for expected credit losses	(7)	(8)	(7)	(10)
Provision for vehicle residual value losses 14	(6)	(3)	(6)	(3)
Deferred origination costs	49	46	49	52
Net investment in finance leases	3,866	3,715	3,871	4,941

Notes to the Consolidated Financial Statements for the Year ended 31 December 2024

13 ALLOWANCE FOR EXPECTED CREDIT LOSSES

The allowance for credit losses represents FCE's estimate of the expected credit loss on retail, finance leases and wholesale receivables at the date of the statement of financial position. The adequacy of the allowance for credit losses is assessed quarterly and the assumptions and models used in establishing the allowance are evaluated regularly. Credit losses can vary substantially over time and estimating credit losses requires a number of assumptions about matters that are uncertain. The majority of credit losses are attributable to FCE's retail and finance lease portfolios.

Impairment

Under IFRS 9, credit loss allowances are measured on each reporting date according to a three-stage expected credit loss (ECL) impairment model:

- Stage 1 (12 month ECL) – From initial recognition of financial assets until the date on which the assets have experienced a significant increase in credit risk relative to their initial recognition, a loss allowance is recognised equal to the credit losses expected to result from defaults occurring over the next 12 months
- Stage 2 (Lifetime ECL not credit impaired) – Following a significant increase in credit risk relative to the initial recognition of the financial assets, a loss allowance is recognised equal to the credit losses expected to result from defaults over the remaining lifetime of the assets
- Stage 3 (Lifetime ECL credit impaired) – When financial assets are considered to be credit impaired, a loss allowance equal to full lifetime expected credit losses is recognised. Interest revenue is calculated based on the carrying amount of the assets, net of the loss allowance, rather than on their Gross Carrying Amount (GCA)

Retail and Finance Leases

FCE estimates the allowance for credit losses on retail and lease receivables using a combination of measurement models and management judgement. The models consider factors such as historical trends in credit losses and recoveries, the composition and recent performance of FCE's present portfolio, risk evaluation at the time of origination, and a forecast of future economic conditions. If management does not believe these models reflect expected losses for the portfolio, an adjustment is made to reflect management judgement regarding observable changes in recent or expected economic trends and conditions, portfolio composition, and other relevant factors.

FCE calculates the allowance for credit losses on retail and finance leases using Probability of Default (PD) and Loss Given Default (LGD), applied to the Exposure at Default (EAD)

- The PD models are developed from internally created risk scoring models taking into account the expected probability of payment and time to default adjusted for macroeconomic outlook and recent performance
- The LGD is the percentage of the expected balance due at default that is not recoverable, taking account of the expected collateral value and future recoveries
- The EAD is the expected principal and interest balance due at default

The monthly expected credit loss is calculated by applying, for each month, the expected probability of default to the expected exposure at default and the loss given default. The 12-month and lifetime expected credit losses are calculated by summing these monthly expected credit losses over the next 12 months and remaining lifetime of the receivable, respectively. The expected credit losses are discounted to the reporting date using the original effective interest rate or the current effective interest rate for variable rate.

When evaluating receivables on a collective basis, FCE segments the contracts on the basis of shared risk characteristics taking into account product type, term, vintage, geography, new/used vehicle financing and other relevant factors.

Macroeconomic Credit Risk Modelling

A wide range of historical macroeconomic data is considered to identify predictive variables that may impact FCE's credit losses. Variables identified as predictive and utilised include GDP Growth, CPI, Housing Price Index, and Import of Goods. Unemployment Rate is a key variable used across the majority of credit risk models.

Notes to the Consolidated Financial Statements for the Year ended 31 December 2024

13 ALLOWANCE FOR EXPECTED CREDIT LOSSES CONTINUED

The credit loss models incorporate forward-looking data on identified predictive variables for baseline, upturn, and downturn scenarios. Three separate credit loss allowances are calculated from these scenarios. They are then probability-weighted to determine the credit loss allowance recognised in the financial statements. FCE evaluates the selection of scenarios annually and the scenario weighting to ensure they reflect the risk of the portfolio. In the current and prior years, the base scenario has been weighted 60%, with the upturn and downturn scenarios both assigned 20% probabilities.

The macroeconomic data and forecasts are sourced from an external vendor. FCE updates the forecasts quarterly and redevelops the models as required in line with its Model Risk Management policy.

Post Model Adjustments

FCE's process to determine the adequacy of the allowance for expected credit losses includes reviewing the modelled output to consider whether it reflects appropriately the wider economic circumstances. Where information suggests that the economic circumstances are beyond the normal operating parameters of the models, then management may make judgemental adjustments to the modelled output. Such adjustments are subject to ongoing monitoring and approval to determine whether they continue to be required.

As at 31 December 2024, the total value of Post-Model Adjustments on Retail and Finance Lease products was £2.8 million (£0.3 million 2023).

The following table details the unemployment macro-economic factors applied in the retail and finance lease model for the large FCE markets:

Macroeconomics – Average Unemployment Rate

Country	2024						2023					
	Upturn		Baseline		Downturn		Upturn		Baseline		Downturn	
	Next 12 Months %	Next 5 Years %	Next 12 Months %	Next 5 Years %	Next 12 Months %	Next 5 Years %	Next 12 Months %	Next 5 Years %	Next 12 Months %	Next 5 Years %	Next 12 Months %	Next 5 Years %
UK	3.7	3.9	4.2	4.5	5.3	6.7	4.1	4.1	4.5	4.7	5.6	6.8
Italy	6.5	6.5	6.5	6.8	6.9	8.2	7.7	8.0	7.9	8.2	9.3	10.1
France	7.1	7.2	7.5	7.4	8.0	8.2	7.3	7.4	7.6	7.6	8.4	8.6
Spain	10.6	10.2	11.0	10.4	12.3	11.4	11.5	10.3	11.8	10.9	14.3	12.8

Wholesale Portfolio

Given the immaterial level of wholesale losses over many years, Ford Credit estimates the expected allowance for credit losses for wholesale receivables based on historical experience, expected future cash flows, and the fair value of collateral.

Notes to the Consolidated Financial Statements for the Year ended 31 December 2024

13 ALLOWANCE FOR EXPECTED CREDIT LOSSES CONTINUED

FCE uses loss-to-receivable (LTR) ratios as a proxy for the base modelled ECL allowance. An average LTR for Wholesale is calculated by dividing credit losses by average net finance receivables for the prior 5 year period, excluding unearned interest supplements and allowance for credit losses. The average LTR that is calculated is multiplied by the end-of-period receivable balance.

Within this methodology, FCE considers the allowance for credit losses for all wholesale receivables equivalent to a lifetime expected credit loss, reflecting the short contractual and behavioural term of the portfolio. Wholesale receivables generally have a contractual term of one year, however typically settle within 90 days as payment is made when the dealer has sold the underlying financed vehicle.

After establishing the allowance for expected credit losses, if management believes the allowance does not reflect expected losses for the portfolio due to changes in recent or expected economic trends and conditions, or other relevant factors, an adjustment is made based on management judgement.

Significant Increase in Credit Risk (Stage 2)

In every reporting period, FCE assesses whether the credit risk on a financial asset has increased significantly on an individual or collective basis.

For retail and finance leases, FCE measures the allowance for credit loss at 12-month expected credit losses. If FCE determine the credit risk of a receivable and Group of receivables has increased significantly since origination, FCE increase the measurement of credit loss to an amount equal to the lifetime expected credit loss.

When determining whether credit risk of the retail and finance leases has increased significantly since initial recognition, FCE considers the significant change in actual default experience of the pooled receivables relative to the expectation to date from the original PD, significant changes in macro-economic conditions, past due status, payment performance, and other relevant factors. FCE also assume the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

Wholesale receivables are regarded as having had a significant increase in credit risk and are subsequently reported in stage 2 if the loans pertain to a dealer who moved from Group II to Group III (as defined in Note 29 'Credit Risk') after origination, or if the dealer is otherwise regarded as having had a significant increase in credit risk since loan origination, e.g. due to deteriorating cash flow metrics.

Credit Impaired (Stage 3)

Retail and finance lease receivables are considered credit impaired or non-performing (stage 3) when a customer is assessed as unlikely to pay its credit obligations or when an account reaches 90 days delinquent, whichever is earlier. Credit impaired receivables can be reclassified to stage 2 once they have cured and when payments are up to date for a period of 12 months, however they are not reclassified to stage 1.

Wholesale receivables from dealers classified as Group IV are generally considered credit-impaired. These receivables can be reclassified to stage 1 once they have cured and are up to date for a period of 12 months.

Credit impairment for IFRS 9 is aligned to FCE's definition of default to maintain a consistent approach with internal risk management and regulatory guidance. FCE defines a default to have occurred when the borrower is considered unlikely to pay the total amounts owed, ignoring any potential recourse such as repossession. Indications of unlikelihood to pay include notification of bankruptcy and sources of income no longer available to meet the payment of instalments. As an additional quantitative assessment, a borrower is considered unlikely to pay when the borrower has failed to pay any material portion of the amount owed to FCE for a period of more than 90 days from when the payment was due.

The value of the FCE's loans and advances considered to be credit impaired at the reporting date is £34 million (2023: £108 million).

Retail, Finance Leases and Wholesale Write Off

Initial write-off against the reserve typically occurs when it is probable that FCE will be unable to collect all amounts due or when an account reaches 120 days delinquent, whichever is earlier. This initial write-off is based on historic modelled expectations of recoveries, taking consideration of the financial condition of the customer, borrower, or lessee, the value of the collateral, recourse to guarantors, and other factors. A final write-off is performed once all collection avenues have been exhausted. This point varies depending on the product and country, though is typically a number of years after the initial delinquency.

Notes to the Consolidated Financial Statements for the Year ended 31 December 2024

13 ALLOWANCE FOR EXPECTED CREDIT LOSSES CONTINUED

Consequently, the amounts written off during any particular year primarily reflect accounts subject to enforcement. The amount written off in 2024 was £28 million (2023: £30 million) and recoveries in 2024 were £10 million (2023: £20 million).

The changes in the Company allowance for expected credit losses for retail, finance leases and wholesale receivables for the year ended 31 December 2024 and 2023 were as follows:

	Company							
	Stage 1		Stage 2		Stage 3		Total	
	GCA £ mil	ECL £ mil	GCA £ mil	ECL £ mil	GCA £ mil	ECL £ mil	GCA £ mil	ECL £ mil
Opening Balance January 2024	7,884	(9)	33	—	36	—	7,953	(9)
New receivables originated	2,204	(5)	—	—	—	—	2,204	(5)
Transfers Between Stages								
Transfers out of Stage 1	(232)	1	217	(1)	15	—	—	—
Transfers out of Stage 2	2	(0)	(3)	0	1	(0)	—	—
Transfers out of Stage 3	—	—	1	(0)	(1)	0	—	—
Total Transfers Between Stages	(230)	1	215	(1)	15	—	—	—
Decreases/Increases								
Change in Credit Risk*	(254)	4	(23)	(0)	(11)	(10)	(288)	(6)
Receivables derecognised during period	(1,170)	1	(0)	0	(8)	0	(1,178)	1
Write off	—	—	—	—	(10)	10	(10)	10
Total Decreases/Increases	(1,424)	5	(23)	—	(29)	—	(1,476)	5
Exchange rate movements (FX)	(16)	1	—	—	—	—	(16)	1
Closing Balance December 2024	8,418	(7)	225	(1)	22	—	8,665	(8)
Prior Year:								
Opening Balance January 2023	6,351	(6)	983	(6)	20	—	7,354	(12)
Movement	1,533	(3)	(950)	6	16	—	599	3
Closing Balance December 2023	7,884	(9)	33	—	36	—	7,953	(9)
Portfolio Split:								
Retail and Finance Leases	4,330	(7)	135	(1)	12	(0)	4,477	(8)
Wholesale	4,088	—	90	—	10	—	4,188	—
Closing Balance December 2024	8,418	(7)	225	(1)	22	(0)	8,665	(8)
Retail and Finance Leases	4,265	(9)	33	—	14	—	4,312	(9)
Wholesale	3,619	—	—	—	22	—	3,641	—
Closing Balance December 2023	7,884	(9)	33	—	36	—	7,953	(9)

*The change in credit risk line contains the general incremental movements within each stage (e.g. on a regular basis the provision allowances are recalculated using reporting date PD's, LGD's and macro economic factors and a contract will naturally experience an increase or decrease in ECL without changing stage). Changes in the GCA is primarily related to customer payments.

Notes to the Consolidated Financial Statements for the Year ended 31 December 2024

13 ALLOWANCE FOR EXPECTED CREDIT LOSSES CONTINUED

The changes in the Group allowance for expected credit losses for retail, finance leases and wholesale receivables for the year ended 31 December 2024 and 2023 were as follows:

	Group 2024							
	Stage 1		Stage 2		Stage 3		Total	
	GCA £ mil	ECL £ mil	GCA £ mil	ECL £ mil	GCA £ mil	ECL £ mil	GCA £ mil	ECL £ mil
Opening Balance January 2024	14,782	(16)	242	(1)	108	—	15,132	(17)
New receivables originated	4,073	(7)	—	—	—	—	4,073	(7)
Transfers Between Stages								
Transfers out of Stage 1	(264)	1	248	(1)	16	(0)	—	—
Transfers out of Stage 2	13	(0)	(14)	0	1	(0)	—	—
Transfers out of Stage 3	—	—	1	(0)	(1)	0	—	—
Total Transfers Between Stages	(251)	1	235	(1)	16	—	—	—
Decreases/Increases								
Change in Credit Risk*	(1,229)	5	(122)	1	(39)	(28)	(1,390)	(22)
Receivables derecognised during period	(1,616)	1	(0)	0	(13)	—	(1,629)	1
Restructuring Actions**	(3,752)	3	(86)	0	(10)	—	(3,848)	3
Write off	—	—	—	—	(28)	28	(28)	28
Total Decreases/Increases	(6,597)	9	(208)	1	(90)	—	(6,895)	10
Exchange rate movements (FX)	(276)	1	—	—	—	—	(276)	1
Closing Balance December 2024	11,731	(12)	269	(1)	34	—	12,034	(13)
Prior Year:								
Opening Balance January 2023	12,290	(16)	1,959	(8)	72	—	14,321	(24)
Movement	2,492	0	(1,717)	7	36	—	811	7
Closing Balance December 2023	14,782	(16)	242	(1)	108	—	15,132	(17)
Portfolio Split:								
Retail and Finance Leases	6,902	(12)	179	(1)	21	0	7,102	(13)
Wholesale	4,829	—	90	—	13	—	4,932	—
Closing Balance December 2024	11,731	(12)	269	(1)	34	0	12,034	(13)
Retail and Finance Leases	8,899	(16)	240	(1)	40	—	9,179	(17)
Wholesale	5,883	—	2	—	68	—	5,953	—
Closing Balance December 2023	14,782	(16)	242	(1)	108	—	15,132	(17)

*The change in credit risk line contains the general incremental movements within each stage (e.g. on a regular basis the provision allowances are recalculated using reporting date PD's, LGD's and macro economic factors and a contract will naturally experience an increase or decrease in ECL without changing stage). Changes in the GCA is primarily related to customer payments.

**Sale of the German business to FCE's parent entity, Ford ECO.

Notes to the Consolidated Financial Statements for the Year ended 31 December 2024

13 ALLOWANCE FOR EXPECTED CREDIT LOSSES CONTINUED

Allowance for Expected Credit Losses in the Statement of Profit or Loss and other Comprehensive Income for the year ended 31 December 2024 and 2023 were as follows:

	Company						Group					
	Retail £ mil	2024 Whole sale £ mil	Total £ mil	Retail £ mil	2023 Whole sale £ mil	Total £ mil	Retail £ mil	2024 Whole sale £ mil	Total £ mil	Retail £ mil	2023 Whole sale £ mil	Total £ mil
Recoveries	5	0	5	7	—	7	10	0	10	12	0	12
Write-offs	(10)	—	(10)	(9)	—	(9)	(28)	0	(28)	(18)	(1)	(19)
Net Credit Losses	(5)	—	(5)	(2)	—	(2)	(18)	—	(18)	(6)	(1)	(7)
Changes in Expected Credit Losses	1	0	1	3	—	3	0	0	—	7	1	8
Allowance for Expected Credit Losses	(4)	—	(4)	1	—	1	(18)	—	(18)	1	—	1

Sensitivity Analysis

Changes in the probability of default and loss given default assumptions could be driven by actual default performance, as well as changes in the macroeconomic outlook and these would affect the allowance for credit losses. Compared to the year end, applying a 100% weighting to the downturn scenario would have increased the allowance for expected credit losses by 15% (£2 million), assuming no changes in staging. Conversely, applying a 100% weighting to the upturn scenario would have reduced the allowance by 23%, £3 million. In an extreme scenario, if the downturn scenario were given 100% weighting and all contracts moved from 12 month to lifetime ECL, then the ECL would increase by about 131% from £13 million to £30 million.

The analysis below assumes no additional provisions are required for wholesale exposures in a downturn given FCE's experience of mitigating loss primarily through enforcing the collateral held.

As at 31 December Retail and Lease

Country	2024 Expected Credit Losses			2023 Expected Credit Losses		
	100% Upturn Scenario Current Staging	Probability Weighted Current Staging	100% Downturn Scenario Current Staging	100% Upturn Scenario Current Staging	Probability Weighted Current Staging	100% Downturn Scenario Current Staging
	£ mil	£ mil	£ mil	£ mil	£ mil	£ mil
UK	3	4	5	3	4	4
Italy	4	4	5	4	5	7
Germany	—	—	—	2	3	3
France	2	3	3	3	3	3
Spain	2	2	3	1	2	2
Total FCE	11	13	16	13	17	19

Notes to the Consolidated Financial Statements for the Year ended 31 December 2024

14 PROVISION FOR VEHICLE RESIDUAL VALUE LOSSES

Policy

Residual values represent the estimated value of the vehicle at the end of the retail and lease financing plan. Residual values are calculated after analysing published residual values and FCE's own historical experience in the used vehicle market. Vehicle residual value provisions are reviewed at least quarterly and any impairment is accounted for as an adjustment to the carrying value of the assets within 'Loans and advances to customers'. These assumptions and the related reserves may change based on market conditions.

Changes to residual value provisions for retail and finance lease contracts are included in the consolidated statement of profit or loss and other comprehensive income within Interest Income.

	Note	Company		Group	
		2024 £ mil	2023 £ mil	2024 £ mil	2023 £ mil
Beginning of period balance		3	—	3	—
Residual value adjustments charged to Income Statement	2	2	3	2	3
Residual value losses incurred in the period		1	0	1	0
End of period balance		6	3	6	3

Notes to the Consolidated Financial Statements for the Year ended 31 December 2024

15 PROPERTY AND EQUIPMENT

	Company				Group			
	Leasehold improvements £ mil	Office Equipment £ mil	Motor Vehicles £ mil	Total £ mil	Leasehold improvements £ mil	Office Equipment £ mil	Motor Vehicles £ mil	Total £ mil
Cost								
At 1 January 2023	1	3	1	5	1	5	101	107
Additions	—	—	1	1	—	—	258	258
Disposals	—	—	—	—	—	(1)	(121)	(122)
Translation adjustment	—	—	—	—	—	—	(1)	(1)
At 31 December 2023/ 1 January 2024	1	3	2	6	1	4	237	242
Additions	—	—	1	1	—	0	149	149
Disposals	—	—	(2)	(2)	—	(0)	(101)	(101)
Discontinued operations	—	—	—	—	(0)	(1)	(273)	(274)
Translation adjustment	0	0	—	0	0	—	(11)	(11)
At 30 December 2024	1	3	1	5	1	3	1	5
Accumulated depreciation								
At 1 January 2023	1	2	—	3	1	2	5	8
Depreciation for Continuing operations	—	—	—	—	—	—	0	0
Depreciation for Discontinued operations	—	—	—	—	—	—	37	37
Disposals	—	—	—	—	—	—	(21)	(21)
Translation adjustment	—	—	—	—	—	—	—	—
At 31 December 2023/ 1 January 2024	1	2	—	3	1	2	21	24
Depreciation for Continuing operations	—	—	—	—	0	0	0	0
Depreciation for Discontinued operations	—	—	—	—	0	0	29	29
Disposals	—	(0)	(0)	—	—	(0)	(19)	(19)
Discontinued operations	—	—	—	—	0	0	(29)	(29)
Translation adjustment	0	(0)	—	—	(0)	(0)	(2)	(2)
At 31 December 2024	1	2	—	3	1	2	—	3
Net book value at 31 December 2023	—	1	2	3	—	2	216	218
Net book value at 31 December 2024	—	1	1	2	—	1	1	2

All property and equipment is stated at historical cost less accumulated depreciation. Depreciation is calculated using a straight line method to write down the cost of such assets to their residual values at the following rates:

Asset Type	Annual Depreciation Rate
Computer equipment	16.67%
Other office equipment	8.00%
Company motor vehicles	25.00%

Notes to the Consolidated Financial Statements for the Year ended 31 December 2024

15 PROPERTY AND EQUIPMENT CONTINUED

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are included in 'Operating expenses' in the statement of profit or loss.

Operating lease assets over which FCE has entered into operating lease agreements as the lessor are included in Property and Equipment. Depreciation is charged on Operating Lease assets over the period of the lease to its estimated residual value on a straight line basis.

The depreciation policy for leased vehicles including vehicles subject to operating leases is reviewed on a regular basis, taking into consideration various assumptions, such as expected residual values at lease termination and the estimated number of vehicles that will be returned.

Adjustments to reflect revised estimates of expected residual values at the end of the lease terms are recorded on a straight-line basis.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised in the period in which the obligation arises.

Following the sale of Ford Bank GmbH out of the Group, there were no operating lease vehicles in FCE's portfolio as at 31 December 2024.

As at 31 December	Company		Group		2023 £ mil
	2024 £ mil	2023 £ mil	2024 £ mil	2023 £ mil	
Analysis of property and equipment					
Current	—	—	—	—	110
Non-current	2	3	2	2	108
Total	2	3	2	2	218

As at 31 December	Company		Group		2023 £ mil
	2024 £ mil	2023 £ mil	2024 £ mil	2023 £ mil	
Operating Leases					
Cost	—	—	—	—	235
Accumulated depreciation	—	—	—	—	(21)
Total	—	—	—	—	214

Notes to the Consolidated Financial Statements for the Year ended 31 December 2024

16 RIGHT OF USE ASSETS AND LEASE COMMITMENTS

Policy

The group leases offices and office equipment under agreements with contractual periods ranging from less than one year to ten years. Some leases contain one or more options to extend and include options that are reasonably certain to be exercised in the group's evaluation of the lease term after considering all relevant economic and financial factors.

Leases are recognised as a right-of-use asset and a corresponding liability at the date in which the leased asset is available for use. The right-of-use assets and lease liabilities are reported separately on the statement of financial position.

The right-of-use asset is initially measured at cost and is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life or the end of the lease term.

The group does not separate the non-lease components (e.g., maintenance and operating services) from the lease components to which they relate. Instead, non-lease components are included in the measurement of the lease liabilities. The initial lease liability is calculated as the present value of fixed payments not yet paid and variable payments that are based on a market rate or an index (e.g. CPI), measured at commencement. The majority of the leases are discounted using internal incremental borrowing rate because the rate implicit in the lease is not readily determinable. All other variable payments are expensed as incurred.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from changes in rates or assessments of options.

Notes to the Consolidated Financial Statements for the Year ended 31 December 2024

16 RIGHT OF USE ASSETS AND LEASE COMMITMENTS CONTINUED

Lease right-of-use assets at 31 December were as follows:

	Company			Group		
	Land and Buildings £ mil	Office Equipment £ mil	Total £ mil	Land and Buildings £ mil	Office Equipment £ mil	Total £ mil
Cost						
At 1 January 2023	26	0	26	29	1	30
Modification to the original cost	0	0	0	0	0	0
Lease termination	0	0	0	0	(1)	(1)
Translation adjustment	0	0	0	0	0	0
At 31 December 2023 / 1 January 2024	26	0	26	29	0	29
Modification to the original cost	0	—	0	0	—	0
New leases	3	—	3	3	—	3
Lease termination	(0)	—	0	(0)	—	0
Discontinued operations*	—	—	—	(0)	—	0
Translation adjustment	(0)	—	0	0	—	0
Cost at 31 December 2024	29	0	29	32	0	32
Accumulated depreciation						
At 1 January 2023	(14)	0	(14)	(15)	0	(15)
Depreciation for Continuing operations	(4)	0	(4)	(4)	0	(4)
Depreciation for Discontinued operations	—	—	—	—	—	—
Lease termination	0	0	0	0	0	0
Translation adjustment	0	0	0	0	0	0
At 31 December 2023 / 1 January 2024	(18)	—	(18)	(19)	—	(19)
Depreciation for Continuing operations	(4)	—	(4)	(4)	—	(4)
Depreciation for Discontinued operations	—	—	—	(0)	—	(0)
Lease termination	0	—	0	0	—	0
Discontinued operations	—	—	—	1	—	1
Translation adjustment	0	—	0	(1)	—	(1)
At 31 December 2024	(22)	—	(22)	(23)	—	(23)
Net carrying amount at 31 December 2023	8	0	8	10	0	10
Net carrying amount at 31 December 2024	7	0	7	9	0	9

*For more information, refer to Note 40 'Discontinued Operations'.

Notes to the Consolidated Financial Statements for the Year ended 31 December 2024

16 RIGHT OF USE ASSETS AND LEASE COMMITMENTS CONTINUED

Minimum non-cancellable lease commitments at 31 December were as follows:

As at 31 December	Company		Group	
	2024 £ mil	2023 £ mil	2024 £ mil	2023 £ mil
Within 1 year	3	4	3	4
After 1 year and within 2 years	2	3	2	3
After 2 years and within 3 years	1	1	1	3
After 3 years and within 4 years	0	0	0	0
After 4 years and within 5 years	0	0	0	0
After 5 years	1	—	3	0
Total	7	8	9	10

The amounts contractually due on lease liabilities as of 31 December were as follows:

As at 31 December	Company		Group	
	2024 £ mil	2023 £ mil	2024 £ mil	2023 £ mil
Lease commitments:				
Within 1 year	3	4	4	5
After 1 year and within 2 years	2	3	2	4
After 2 years and within 3 years	1	2	1	2
After 3 years and within 4 years	1	0	1	1
After 4 years and within 5 years	0	0	1	0
After 5 years	2	—	2	—
Total	9	9	11	12
Less: Present value discount	(2)	(1)	(2)	(1)
Total lease liabilities	7	8	9	11

Supplemental cash flow information related to leases for the year ended 31 December was as follows:

As at 31 December	Company		Group	
	2024 £ mil	2023 £ mil	2024 £ mil	2023 £ mil
Cash paid for amounts included in the measurement of lease liabilities	4	4	4	5

Notes to the Consolidated Financial Statements for the Year ended 31 December 2024

16 RIGHT OF USE ASSETS AND LEASE COMMITMENTS CONTINUED

The components of lease expense for the year ended 31 December were as follows:

As at 31 December	Group	
	2024 £ mil	2023 £ mil
Depreciation		
Land and buildings	4	4
Machinery, equipment, and other	0	0
Total depreciation	4	4
Other Expenses		
Interest expense	0	0
Variable lease expense	—	—
Sublease income	—	0
Net lease expense	4	4

Notes to the Consolidated Financial Statements for the Year ended 31 December 2024

17 INTANGIBLE ASSETS

Policy

Intangible assets relate to computer software development costs. Such costs typically are expensed as incurred. Costs that are directly associated with identifiable and unique software products controlled by FCE and which are anticipated to generate future economic benefits exceeding costs are recognised as intangible assets. Direct costs include staff costs of the software development team.

Expenditure which significantly enhances or extends the performance of computer software programmes beyond their original specifications is recognised as capital improvements and added to the original costs of the software. Computer software development costs recognised as assets are amortised using a straight line method over their useful lives of six years for PC/network and eight to fifteen years for mainframe applications. Intangible assets are carried at cost less accumulated amortisation and any impairment charges. Impairment is tested at each reporting date. The amortisation of intangible assets is recorded in the statement of profit or loss within 'operating expenses'.

	Company			Group		
	Software Internally generated £ mil	Externally acquired £ mil	Total £ mil	Software Internally generated £ mil	Externally acquired £ mil	Total £ mil
Cost						
At 1 January 2023	83	14	97	83	14	97
Additions	37	—	37	37	—	37
Transfer/Disposals	(15)	(2)	(17)	(15)	(2)	(17)
At 31 December 2023 / 1 January 2024	105	12	117	105	12	117
Additions	21	—	21	21	—	21
Transfer/Disposals	(3)	0	(3)	(3)	0	(3)
At 31 December 2024	123	12	135	123	12	135
Accumulated amortisation and						
At 1 January 2023	(38)	(13)	(51)	(38)	(13)	(51)
Amortisation charge for the year	(9)	—	(9)	(9)	—	(9)
Transfer/Disposals	(1)	2	1	(1)	2	1
At 31 December 2023 / 1 January 2024	(48)	(11)	(59)	(48)	(11)	(59)
Amortisation charge for the year	(10)	0	(10)	(10)	0	(10)
Transfers/Disposals	1	0	1	1	0	1
At 31 December 2024	(57)	(11)	(68)	(57)	(11)	(68)
Net book value at 31 December 2023	57	1	58	57	1	58
Net book value at 31 December 2024	66	1	67	66	1	67

Notes to the Consolidated Financial Statements for the Year ended 31 December 2024

18 INCOME TAXES RECEIVABLE AND PAYABLE

	Company		Group	
	2024 £ mil	2023 £ mil	2024 £ mil	2023 £ mil
As at 31 December				
UK taxation	9	17	9	17
Overseas taxation	23	26	23	27
Income taxes receivable	32	43	32	44
UK taxation	(1)	—	(1)	—
Overseas taxation	(15)	(17)	(24)	(19)
Income taxes payable	(16)	(17)	(25)	(19)
Net income taxes receivable	16	26	7	25
Current	7	26	(2)	25
Non-current	9	—	9	—
Total	16	26	7	25

19 DEFERRED TAX ASSETS AND LIABILITIES

	Company		Group	
	2024 £ mil	2023 £ mil	2024 £ mil	2023 £ mil
At 1 January asset/(liability)	32	20	(4)	(34)
Pension/Marketable Securities OCI	0	—	0	—
Income statement credit/(charge)	(15)	12	(3)	25
Sale of Ford Bank GmbH	—	—	34	4
Foreign currency translation adjustment	(1)	—	0	1
At 31 December asset / (liability)	16	32	27	(4)

Notes to the Consolidated Financial Statements for the Year ended 31 December 2024

19 DEFERRED TAX ASSETS AND LIABILITIES CONTINUED

	Company		Group	
	2024 £ mil	2023 £ mil	2024 £ mil	2023 £ mil
As at 31 December				
Deferred income tax asset				
Accelerated tax depreciation	4	9	4	9
Tax losses	14	18	14	18
Loss reserves and other temporary differences	6	6	17	8
Deferred income tax asset	24	33	35	35
Deferred income tax liability				
Accelerated tax depreciation	1	0	1	(35)
Loss reserves and other temporary differences	(9)	(1)	(9)	(4)
Deferred income tax liability	(8)	(1)	(8)	(39)
At 31 December asset / (liability)	16	32	27	(4)

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is recognised in the statement of profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in the statement of changes in equity.

Deferred tax is determined using tax rates and laws that have been substantively enacted by the reporting date and are expected to apply when the related deferred tax asset is realised, or the deferred tax liability is settled. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

		Company		Group	
		2024 £ mil	2023 £ mil	2024 £ mil	2023 £ mil
Accelerated tax depreciation	Note	(3)	(3)	(3)	(10)
Tax (losses)/gain		(4)	(3)	(4)	(3)
Loss reserves and other temporary differences		(8)	18	4	38
Income statement credit/(charge)	8	(15)	12	(3)	25

Finance Act 2023 introduces the OECD BEPS Pillar Two regime to the UK from 2024. Pillar Two legislation has also been enacted or substantively enacted in certain other jurisdictions in which the Group operates. The legislation will be effective for the Group's financial year beginning 1 January 2024. The Group is in scope of the enacted or substantively enacted legislation and are currently assessing the Group's potential exposure to Pillar Two income taxes. The assessment of the potential exposure to Pillar Two income taxes is based on the most recent tax filings, country-by-country reporting and financial statements for the constituent entities in the Group. Based on the assessment, the Pillar Two effective tax rates in most of the jurisdictions in which the Group operates are above 15%. However, there are a limited number of jurisdictions where the transitional safe harbour relief does not apply and the Pillar Two effective tax rate is close to 15%. The Group does not expect a material exposure to Pillar Two income taxes in those jurisdictions.

Notes to the Consolidated Financial Statements for the Year ended 31 December 2024

20 INVESTMENTS IN OTHER ENTITIES

Investments in Subsidiaries and Group undertakings at 31 December were as follows:

As at 31 December	Company	
	2024 £ mil	2023 £ mil
Net book value at 1 January	1,044	1,044
Reduction in investment in group undertakings	(802)	—
Additional investment in group undertakings	20	—
Net book value at 31 December	262	1,044
Non-current	262	1,044
Net book value at 31 December	262	1,044

'Reduction in investment in group undertakings' relates primarily to the sale of FCE's subsidiary, Ford Bank GmbH to Ford ECO during the period. For further information on the sale of Ford Bank GmbH, refer to Note 40 'Discontinued Operations'.

'Additional investments in group undertakings' relates to the increased share capital in Ford Credit Italia S.p.A.

Notes to the Consolidated Financial Statements for the Year ended 31 December 2024

List of Consolidated Companies

Subsidiary Undertakings

Entity	Country of Incorporation	Principal Activity	Accounting Reference Date	Ownership
Ford Credit Italia S.p.A	Italy	Finance Company	31 December	100%

Structured Entities (SE)*

Entity	Country of Incorporation	Assets Securitised or SE type	Accounting Reference Date	Ownership
Active Retail SE's				
Globaldrive Auto Receivables UK VFN 2017 plc	England	UK Retail	31 December	0%
Globaldrive Auto Receivables UK 2020-A plc	England	UK Retail	31 December	0%
Globaldrive Auto Receivables UK 2023-A plc	England	UK Retail	31 December	0%
Globaldrive Italy Retail VFN 2022 S.r.l	Italy	Italy Retail	31 December	0%

Active Wholesale SE's

Globaldrive Dealer Floorplan UK 2021 plc	England	UK Wholesale	31 December	0%
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Inactive Retail SE's (pending liquidation):

Globaldrive Auto Receivables UK 2020-B plc	England	UK Retail	In the process of being liquidated	
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*Quasi-subsidiaries of the Company as recognised under IFRS 10 and included within the consolidation of the Group accounts.

Notes to the Consolidated Financial Statements for the Year ended 31 December 2024

21 FINANCIAL LIABILITIES

Policy

Financial liabilities, which primarily comprises amounts due to banks and other financial institutions, deposits, debt securities in issue and subordinated loans, are initially stated at fair value net of transaction costs incurred.

Financial liabilities, which are not designated as part of a hedging relationship, are subsequently stated at amortised cost and any differences between net proceeds and the redemption value are recognised in the statement of profit or loss over the life of the underlying debt.

Certain transaction costs, which can be directly associated to the issuance of financial liabilities, are included in the initial measurement of the debt and amortised to 'interest expense' over the term of the related debt using the effective interest method. Transaction costs which cannot be directly associated to debt issuance are expensed to 'Operating expenses'. Where commitment fees are incurred in relation to revolving credit facilities and there is an expectation that the facility will be utilised, the fees will be initially recorded as an asset and amortised on a straight-line basis to 'interest expense' over the total commitment period.

Foreign currency debt obligations are translated into sterling at the exchange rates at the reporting date and gains and losses are recorded within '(loss)/gain on foreign exchange' on the statement of profit or loss. The table below provides a summary of the total financial liabilities. Due to banks and financial Institutions, in the table below, is primarily made up of private securitisation transactions and an ECB loan. Further details on the 'Debt securities in issue' and 'Due to Parent and related undertakings' are provided in subsequent tables:

As at 31 December	Company				Group			
	2024		2023		2024		2023	
	Carrying Value £ mil	Fair Value £ mil	Carrying Value £ mil	Fair Value £ mil	Carrying Value £ mil	Fair Value £ mil	Carrying Value £ mil	Fair Value £ mil
Due to banks and financial institutions	534	537	581	584	2,690	2,708	2,855	2,881
Debt securities in issue	0	—	—	—	0	—	147	147
Due to Parent and related undertakings	2,644	2,672	2,995	3,037	2,315	2,341	3,578	3,639
Total financial liabilities	3,178	3,209	3,576	3,621	5,005	5,049	6,580	6,667
Current	1,307		2,120		1,467		3,155	
Non-current	1,871		1,456		3,538		3,425	
Total financial liabilities	3,178		3,576		5,005		6,580	

'Debt' is measured at fair value for the purposes of disclosure, using quoted prices for FCE's own debt with approximately the same remaining maturities, where possible. Where quoted prices are not available, FCE estimates fair value using discounted cash flows and market-based expectations for interest rates, credit risk, and the contractual terms of the debt instruments. For certain short-term debt with an original maturity date of one year or less, it assumes the carrying value is a reasonable approximation of fair value. The fair value of debt is categorised within Level 2 of the hierarchy.

Notes to the Consolidated Financial Statements for the Year ended 31 December 2024

21 FINANCIAL LIABILITIES CONTINUED

Debt securities in issue

	Company		Group	
	2024 £ mil	2023 £ mil	2024 £ mil	2023 £ mil
As at 31 December				
<i>Listed debt:</i>				
Euro Medium Term Notes issued				
Non-hedged items	—	—	—	—
Asset backed securities	0	—	0	147
Sub-total listed debt:	—	—	—	147
Total securities issued	—	—	—	147

In December 2024, FCE renewed its Euro Medium Term Notes (EMTN) programme listed on the Irish Stock Exchange with an issuance limit of £6 billion. The EMTN Base Prospectus contains information relating to all notes and is dated 4 December 2024. Although FCE has not issued any debt under the new programme, future listed notes will be available to view on the Official List of the Irish Stock Exchange and admitted for trading on the Irish Stock Exchange's regulated market.

The Irish Stock Exchange's website address is provided on page 153.

'**Asset backed securities**' for more information, refer to Note 22 'Securitisation and Related Financing'.

Notes to the Consolidated Financial Statements for the Year ended 31 December 2024

21 FINANCIAL LIABILITIES CONTINUED

Due to Parent and related undertakings

	Company		Group	
	2024 £ mil	2023 £ mil	2024 £ mil	2023 £ mil
As at 31 December				
<i>Subordinated loans:</i>				
Loans from Ford ECO	248	249	248	370
<i>Senior debt:</i>				
Loans from Ford ECO	1,915	2,457	1,915	2,457
Loans from Ford Credit	0	—	0	521
Deposits received from related undertakings	9	16	9	16
Sub-total senior debt:	1,924	2,473	1,924	2,994
Net cash proceeds from structured financing	346	76	—	—
<i>Trade and other payables:</i>				
Accounts payable to related undertakings	116	183	133	196
Accrued interest	10	14	10	18
Sub-total trade and other payables	126	197	143	214
Total due to Parent and related undertakings	2,644	2,995	2,315	3,578

'Subordinated Loans' listed above are loans, which satisfy the conditions for eligibility as Tier 2 capital instruments, and are included in the calculation of 'Own Funds'. The rights to payment and interest in respect of all subordinated loans will, in the event of winding up of the Company/Group, be subordinated to the rights of all unsubordinated creditors of the Company/Group with respect to their senior claims. For further details, refer to the unaudited 'Pillar 3 Disclosures'.

'Senior debt' comprises of loans with related parties.

'Net cash proceeds from structured financing' represents proceeds received from the transfer of loans to SEs. This liability is reported net of retained interests and is not the legal obligation of the Company. It is repayable only out of collections on the underlying loans transferred to the finance provider or retained interests.

Notes to the Consolidated Financial Statements for the Year ended 31 December 2024

22 SECURITISATION AND RELATED FINANCING

FCE's funding sources include securitisation programmes as well as other secured financing transactions that generally include the transfer of 'Loans and advances to customers' (Asset backed securities) through a variety of programmes and structures.

These asset backed securities are encumbered through the use of these programmes and are therefore restricted from being assigned, pledged or transferred whilst part of these programmes.

Retained interests

The Company retains junior note interests in all of its securitisation transactions. For private securitisation programmes, the Company also holds senior retained interests in several of its programmes to provide greater flexibility in the use of its committed securitisation capacity. Under these programmes funding counterparties are legally obligated, at FCE's option, to make advances under asset-backed securities, thereby reducing FCE's senior interest and generating funding proceeds.

The Company also holds senior interest in some of its public term securitisation structures as eligible collateral, primarily to access central bank liquidity facilities. For regulatory reporting purposes, the underlying assets in these transactions are considered unencumbered if they are not being used as security (with the exception of assets under the Bank of England Discount Window Facility).

The Company retains credit risk in securitisation transactions through its junior retained interests which provide various forms of credit enhancements. These include overcollateralisation, segregated cash reserve funds, subordinated securities and excess spread. By providing these enhancements, FCE has entered into transfers (as described in IFRS 9 'Financial Instruments') that do not qualify for de-recognition of the underlying assets. FCE therefore continues to recognise the carrying value of all securitised assets within its statements of financial position.

For regulatory reporting, with the exception of the underlying assets in transactions involving central bank liquidity facilities noted above, these assets are also reported as encumbered.

The Company holds the right to any surplus cash flows generated by these retained interests. The Company's ability to realise the value of its retained interests depends on the actual credit losses and the prepayment rate on the securitised assets.

Cash available to support the obligations of the SEs as at 31 December 2024 of £187 million (31 December 2023: £256 million) is included in FCE's statement of financial position within Note 9 'Cash and Cash Equivalents'.

Continuing obligations

The Company generally has no obligation to repurchase or replace any securitised asset that subsequently becomes delinquent in payment or otherwise is in default. Generally, securitisation investors have no recourse to the Company or the Company's other assets for credit losses on the securitised assets and have no right to require the Company to repurchase their investments. The Company does not guarantee any asset-backed securities and has no obligation to provide liquidity or make monetary contributions or contributions of additional assets to the SEs either due to the performance of the securitised assets or the credit rating of the Company's short-term or long-term debt. However, as the seller and servicer of the securitised assets, the Company is expected to provide support to securitisation transactions, which is customary in the securitisation industry.

These obligations include indemnifications, repurchase obligations on assets that do not meet eligibility criteria or that have been materially modified, and, in some cases, servicer advances of certain amounts.

The table below provides details of the fair value of both the transferred assets that are not derecognised and the associated liabilities:

As at 31 December	Group							
	2024				2023			
	Public £ mil	Private £ mil	Carrying Value £ mil	Fair Value £ mil	Public £ mil	Private £ mil	Carrying Value £ mil	Fair Value £ mil
Financial assets	1,310	3,433	4,743	4,788	2,066	4,501	6,567	6,556
Financial liabilities	0	(2,360)	(2,360)	(2,377)	(147)	(2,855)	(3,002)	(3,027)
Retained interest	1,310	1,073	2,383	2,411	1,919	1,646	3,565	3,529

Notes to the Consolidated Financial Statements for the Year ended 31 December 2024

22 SECURITISATION AND RELATED FINANCING CONTINUED

Transaction structures

The Company utilises both amortising and revolving structures, and in all cases programmes provide for matched funding of the loans and advances, with securitisation debt having a maturity profile similar to the related loan. The majority of its programmes also include a contractual commitment to fund existing and future loans and advances subject to conditions described more fully below.

Revolving structure capacity

£ mil

Balance at 1 January 2024	3,116
Committed capacity matured in 2024	(2,294)
Committed capacity renewed and added in 2024	2,294
Capacity net increase action	348
Capacity net decrease action	(0)
German Restructuring	(521)
Exchange differences	(91)
Balance at 31 December 2024	2,852

In amortising structures, which involve the sale of a static pool of assets, the associated funding is repaid only through the liquidation of the securitised loan and therefore its maturity profile is similar to the related assets.

In revolving structures, the Company may continue to sell new eligible assets originated over an agreed period of time called the revolving period, and obtain funding from the transaction investors. In the event that a contractual commitment is not renewed at the end of the revolving period, all loans securitised at the point of non-renewal remain funded, and the related debt is repaid as the loans liquidate.

Private revolving structures at 31 December 2024 totalled £2.8 billion of committed capacity (2023: £3.1 billion) of which £2.2 billion matures during 2025 and the remaining balance having a maturity date of 2026. At 30 December 2024 £2.3 billion (2023: £2.4 billion) of the Private revolving committed capacity was utilised.

Revolving transactions each contain certain features that could prevent the Company from selling additional pools of assets, and cause any existing funding to amortise. These include, among others, insolvency of FCE or Ford, credit losses or delinquency levels on the pool of retail assets exceeding specified limits, payment rates on the wholesale assets falling below agreed thresholds, and credit enhancements not maintained at required levels. None of these securitisation transactions included cross default provisions.

Notes to the Consolidated Financial Statements for the Year ended 31 December 2024

23 DEPOSITS

	Company		Group	
	2024 £ mil	2023 £ mil	2024 £ mil	2023 £ mil
As at 31 December				
Customer deposits	6,294	6,298	6,294	8,947
Dealer deposits	6	15	6	15
Total deposits	6,300	6,313	6,300	8,962
Current	5,412	4,768	5,412	6,769
Non-current	888	1,545	888	2,193
Total deposits	6,300	6,313	6,300	8,962
Total fair value	6,285	6,291	6,285	8,938

'Customer deposits' A range of flexible and fixed term savings products and ISAs (UK) are offered. In line with FCE funding requirements, UK retail deposits were constant at £6.3 billion by the 2024 year end.

'Dealer deposits' include amounts utilised to mitigate exposure concentrations. In the event of default by the counterparty, some of the deposits may be offset against the amounts due to the Company.

Customer deposits are a funding source for FCE.

All deposits are available for use in day to day operations.

Notes to the Consolidated Financial Statements for the Year ended 31 December 2024

24 OTHER LIABILITIES AND PROVISIONS

Policy

Provisions are recognised when FCE has a present and legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Where the effect of the time value of money is material, the provision is discounted. The recognition of a provision does not amount to admission of a liability or wrongdoing.

For the purposes of measurement of uncertain tax positions, FCE's unit of measure is by tax authority. Provisions for uncertain income tax positions are established where they are considered "more likely than not" to materialise. Where a range of outcomes is possible, FCE applies a single best estimate on a 'more likely than not' basis from the range of possible outcomes. More likely than not in this context means a greater than fifty per cent probability assessment that a position taken in a tax return may not ultimately be sustained.

As at 31 December	Company		Group	
	2024 £ mil	2023 £ mil	2024 £ mil	2023 £ mil
Other Liabilities and Provisions				
Accrued interest on debt	92	88	95	98
Trade payables	26	36	35	65
Cash Collateral Received	—	17	15	31
Accrued liabilities and deferred income	60	57	96	114
Operating lease subvention	—	—	—	18
Legal and Regulatory Provisions (see table below)	66	—	72	—
Other Provisions (see table below)	12	14	12	33
Total other liabilities and provisions	256	212	325	359
Current	197	212	266	359
Non-current	59	—	59	—
Total other liabilities and provisions	256	212	325	359

The table below shows the reconciliation of the movement in provisions during the year.

Provisions Movement	Company		Group	
	Legal and Regulatory	Restructuring	Legal and Regulatory	Restructuring
	2024 £ mil	2024 £ mil	2024 £ mil	2024 £ mil
At 1 January 2024	—	14	—	33
Additions	67	10	73	17
Used	(1)	(11)	(1)	(17)
Unused	—	(1)	—	(21)
At 31 December 2024	66	12	72	12

Notes to the Consolidated Financial Statements for the Year ended 31 December 2024

'**Legal and Regulatory Provisions**' include an amount of £61 million recognised in Q4 2024, to reflect the estimated economic outflow in relation to commission arrangements to cover the potential FCA redress scheme, including estimated operational, legal and litigation costs. The estimated expected value is based on several probability-weighted scenarios including potential redress based on an estimation of customer harm. On the basis of FCA's Statement published on 11 March 2025, the scenarios considered reflect FCA's indication that, should it conclude that motor finance customers have lost out from widespread failings by firms, it is likely that it will launch an industry wide statutory redress scheme. Statutory interest is applied and included as part of the overall provision estimate. However, while the FCA review is progressing and pending the outcome of the appeal to the Supreme Court, there remains significant uncertainty as to the extent of customer loss and the terms of any potential redress scheme.

'**Restructuring Provisions**' results from various business structure improvements and adjustments announced by the Company for which a separation programme was offered. A provision is made for the anticipated cost of restructuring including employee separation costs, when an obligation exists. An obligation exists when FCE has a detailed formal plan for restructuring an operation and has raised valid expectations in those affected by the restructuring by starting to implement the plan or announcing its main features.

The associated costs were charged to 'Operating expenses'.

Notes to the Consolidated Financial Statements for the Year ended 31 December 2024

25 ORDINARY SHARES AND SHARE PREMIUM

Company and Group

As at 31 December	2024 £ mil	2023 £ mil
Allotted, called up and fully paid at 1 January and 31 December		
614,384,050 Ordinary shares of £1 each (2023: 614,384,050)	614	614
Share premium at 1 January and 31 December	352	352

Share Capital

There was no change to the issued share capital of FCE during the year. The share premium account is regarded as permanent capital of FCE and is not available for distribution. No Director, officer or employee owns or holds shares or owns or holds options over shares in the Company or its subsidiaries.

Since 1 January 2003 the total issued share capital of FCE has been £614 million comprising of 614,384,050 Ordinary £1 shares. All of the shares of FCE are held by Ford ECO, an indirect wholly owned subsidiary of FMCC.

Support agreement

Pursuant to a support agreement between FMCC and FCE dated 20 September 2004. FMCC has agreed with FCE to maintain, directly or indirectly, a controlling interest of not less than 75% of the issued share capital of FCE and to maintain or procure the maintenance of FCE's net worth of not less than US \$500 million.

The 5-year agreement provides for the termination date to be extended automatically on 1 February of each year for an additional one-year period ending on 31 January of the following year. Either party can give a one-month notice to terminate the agreement, in which case it will terminate as of the termination date set on the last preceding extension date. Neither party has provided written notice; therefore, the termination date has been automatically extended by one year to 31 January 2031.

26 DIVIDEND PER SHARE

FCE declared and paid a final dividend of £500 million (2023: Nil) from available distributable reserves, to its parent Ford ECO in September 2024. This equated to approximately 81.4 pence per ordinary share.

Notes to the Consolidated Financial Statements for the Year ended 31 December 2024

27 RETIREMENT BENEFIT OBLIGATIONS

Employees in all of FCE's locations participate in defined benefit and defined contribution pension plans. The most significant defined benefit arrangements in which FCE participates relate to Ford UK pension plans which are accounted for under IAS 19 'Employee Benefits' as defined benefit plans that share risks between entities under common control. These plans are final salary pension plans operated by Ford and FCE's contribution related to its participation in these plans is determined based on an allocation of current service cost; in no case is the contribution payable determined based on an allocation of the total net defined benefit cost as measured under IAS19. There is no contractual agreement or stated policy for charging the net defined benefit cost for the plan to FCE. Therefore, in accordance with IAS 19, FCE accounts for such plans as defined contribution plans by recognising a cost equal to any contributions payable for the period. FCE does not recognise the net liabilities or assets associated with the plans in the company or consolidated statement of financial position. Refer to page 19 for additional details on pension risk.

The plans in which FCE participates are subject to the regulatory frameworks of the relevant country, which generally require minimum funding levels. Ford's policy is to contribute annually, at a minimum, amounts required by applicable laws and regulations. All plans in which FCE participates had satisfied the minimum funding requirements at 31 December 2024. Each plan is administered by trustees and pension boards, which have the responsibility for the investment of plan assets.

As at 31 December 2024, there were no other material amendments, curtailments or settlements recognised by Ford. For FCE, there are no unusual entity-specific or plan-specific risks associated with the UK pension plans. Further to the sale of Ford Bank GmbH, the 2024 data in the following tables does not include the German pension plans, as FCE no longer has employees participating in them.

Notes to the Consolidated Financial Statements for the Year ended 31 December 2024

27 RETIREMENT BENEFIT OBLIGATIONS CONTINUED

(i) Pension Plans Operated by Ford in which the Company's employees participate

Details of the plans are set out below, with the information presented for the plans as a whole.

Asset category	2024				2023			
	Level 1 £ mil	Level 2 £ mil	Level 3 £ mil	Total £ mil	Level 1 £ mil	Level 2 £ mil	Level 3 £ mil	Total £ mil
Equity								
U.S. Companies	69	0	0	69	1,450	—	—	1,450
International companies	29	17	0	46	961	6	—	967
Total equity	98	17	—	115	2,411	6	—	2,417
Fixed income								
U.S. Government	2	11	—	13	12	12	—	24
Non-U.S. Government	—	3,763	—	3,763	—	4,488	77	4,565
Corporate bonds	—	442	22	464	—	503	27	530
Mortgage/other asset-backed	—	115	4	119	—	117	5	122
Commingled funds	—	58	—	58	—	53	—	53
Derivative financial instruments	(0)	(4)	37	33	—	10	30	40
Total fixed income	2	4,385	63	4,450	12	5,183	139	5,334
Alternatives								
Hedge funds (a)	—	—	251	251	—	—	269	269
Private equity (b)	—	—	101	101	—	—	122	122
Real estate (c)	—	—	107	107	—	—	106	106
Total alternatives	—	—	459	459	—	—	497	497
Cash and cash equivalents (d)	(229)	—	—	(229)	(639)	—	—	(639)
Other (e)	(81)	—	318	237	(74)	—	2,358	2,284
Total assets at fair value	(210)	4,402	840	5,032	1,710	5,189	2,994	9,893

- (a) Diversified portfolio of hedge funds pursuing strategies broadly classified as equity long/short, event driven, global macro, relative value, and multi-strategy.
- (b) Investments in private investment funds (funds of funds) pursuing strategies broadly classified as venture capital and buyouts.
- (c) Investment in private property funds.
- (d) Primarily short-term investment funds to provide liquidity to plan investment managers and cash held to pay benefits.

Notes to the Consolidated Financial Statements for the Year ended 31 December 2024

27 RETIREMENT BENEFIT OBLIGATIONS CONTINUED

The total obligations for the UK plans for 2024 were £4 billion (2023: £12 billion).

Assumptions

The significant actuarial assumptions used by Ford to determine the present value of the defined benefit obligation for the most significant pension plans operated by Ford in which FCE's employees participate are set out below.

Principal actuarial assumptions at the reporting date		2024 %	2023 %
Discount rate		5.5	2.0
Future salary increases		3.5	1.7
Future pension increases		2.0	1.1
Future pension increases (discretionary)		NIL	NIL
The average life expectancy in years of a member retiring at age 65 on the reporting date is as follows		Years	Years
	Male	21.8	20.8
	Female	23.1	22.9
The average life expectancy in years of a member retiring at age 65, 20 years after the reporting date is as follows			
	Male	22.8	22.6
	Female	24.3	24.7

(ii) Retirement plan costs

FCE's total retirement plan, including contributions to Ford-sponsored plans, expense incurred for FCE's defined benefit plans and contributions to defined contribution plans was £9 million (2023: £11 million). Contributions are expected to stay at similar levels in 2025.

(iii) Defined benefit plans operated by the Company

FCE operates defined benefit plans in Austria, France and Spain. The total actual expenses in 2024 was £92 thousand, (2023: £2 thousand), and there was a total deficit of obligations to assets of £0.5 million (2023: £0.8 million).

(iv) Defined contributions plans

	Company		Group		2023 £ mil
	2024 £ mil	2023 £ mil	2024 £ mil	2023 £ mil	
As at 31 December					
Total contributions recognised in year	2	2	3		3

Notes to the Consolidated Financial Statements for the Year ended 31 December 2024

28 CONTINGENT LIABILITIES, FINANCIAL GUARANTEES AND COMMITMENTS

Policy

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be reliably measured. Contingent liabilities are not recognised but are disclosed unless they are remote.

Litigation and other claims

Certain legal actions and claims including claims relating to commission arrangements are pending or may be instituted or asserted in the future against the Group concerning finance and other contractual relationships. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not predictable with assurance. The Group has established provisions for certain of the legal actions and claims where losses are deemed probable and can be reasonably estimated. It is reasonably possible that certain claims for which provisions have not been established could be decided unfavourably to the Group and could require the Group to pay damages or make other expenditures in amounts or a range of amounts that cannot be estimated for the year ended 31 December 2024.

The Group does not reasonably expect, based on internal analysis, that such matters would have a material effect on future financial statements for a particular year, although such an outcome is possible.

Guarantees

Financial guarantees are initially recognised at fair value and subsequently at the higher of the loss allowance and the initial amount less income recognised where applicable.

Financial guarantee contracts require the issuer of the guarantee to make specified payments under the contract to reimburse the beneficiary of the guarantee for a loss the beneficiary incurs because a specified party fails to fulfil stipulated obligations when due, in accordance with the terms of the original agreement.

	Company		Group	
	2024 £ mil	2023 £ mil	2024 £ mil	2023 £ mil
As at 31 December				
Guarantees provided on behalf of Ford:				
Spanish Ministry of Industry and regional authorities	1	27	1	27
Customs authorities, revenue commissioners and agencies	11	11	11	11
Exposure mitigation	124	217	—	—
Total guarantees provided on behalf of Ford	136	255	12	38
FBG Deposit Protection Fund	—	597	—	—
Other guarantees provided to third parties	0	—	0	—
Total guarantees	136	852	12	38

'Total guarantees provided on behalf of Ford' include debt and other financial obligations of Ford. Such arrangements are counter-indemnified by Ford and a fee is payable by Ford for the guarantee.

'Spanish Ministry of Industry and regional authorities' relates to loans and grants provided for investment in the Ford Valencia plant. These guarantees have been provided on behalf of Ford España SL to the Spanish Ministry of Industry and regional authorities.

Notes to the Consolidated Financial Statements for the Year ended 31 December 2024

28 CONTINGENT LIABILITIES, FINANCIAL GUARANTEES AND COMMITMENTS CONTINUED

'**Customs authorities revenue commissioners and agencies**' relates to duties and registration taxes on imported vehicles and components and other taxes provided to various European customs and tax authorities.

'**Exposure mitigation**' relates to the guarantees provided on behalf of Ford Credit Europe to Ford Credit Italia S.p.A, in order to mitigate credit risk so that it continues to meet European regulations limiting exposures to connected groups.

'**FBG Deposit Protection Fund**' relates to guarantees to Ford Bank GmbH (FBG)'s contribution to the Deposit Protection Fund (DPF) to support FBG's deposit taking programme. The DPF protects depositors for amounts they deposit above €100,000. FCE would reimburse the DPF in the event of DPF compensating FBG's depositors. As at the end of the 2024 financial year, FBG is no longer part of the FCE Group and therefore the Company no longer provides any guarantees relating to the DPF.

Commitments

FCE makes offers to lend to retail customers to purchase new and used vehicles which may be cancelled unconditionally and are therefore not classified as commitments. As at 31 December 2023, FCE reported £443 million of commitments that were not unconditionally cancellable relating to FBG which was no longer part of the group at year end.

Notes to the Consolidated Financial Statements for the Year ended 31 December 2024

29 CREDIT RISK

As a provider of automotive financial products, FCE's primary source of credit risk is the possibility of loss from a customer's or dealer's failure to make payments according to contractual terms. FCE could incur a credit loss if the counterparty to an interest rate or foreign currency derivative with FCE defaults. This is known as counterparty credit risk and, in the case of interest rate derivatives, is mitigated by the cash collateral that FCE exchanges with most of its counterparties under margin arrangements.

29a) LOANS AND ADVANCES

Management information on the credit quality of FCE's loans and advances is provided by product segment in the following sections.

Retail

When originating retail and finance leases, FCE uses a proprietary scoring system that measures the credit quality of the proposed loan using several factors such as credit bureau information, consumer credit risk scores, customer characteristics, and contract characteristics.

As explained in Note 13 'Allowance for Expected Credit Losses', under IFRS9 credit loss allowances are measured on each reporting date according to a three-stage expected credit loss (ECL) impairment model. The ECL model calculates the expected credit loss for every expected forward period (monthly) in its portfolio's lifetime. The sum of the expected credit losses for the first 12 forward periods represents the 12 Month expected loss (Stage1); the sum of the expected credit losses for all forward periods represents the lifetime expected loss (Stage 2 and 3).

Wholesale

FCE uses a proprietary scoring model to assess the credit quality of dealers. The model considers financial information, including profitability, capital and liquidity at a point in time, as well as other performance factors. This is supplemented by judgemental methodology which provides a structured framework within which additional financial information along with other qualitative and non-financial key factors are assessed. These other factors, that are considered significant in predicting a dealer's ability to meet its current and future obligations, include such elements as financial trends, management quality, business/sector risk and contingent liabilities. The model and methodology are subject to review to confirm the continued business significance and statistical predictability of the factors and updated to incorporate new factors or other information that improves their predictability.

FCE has a wholesale counterparty limit policy based on levels of exposure and risk ratings. The largest concentrations are monitored daily and reports by values are prepared monthly and are regularly reviewed at the Credit Policy and Credit Risk Committee and at the Risk Committee of the Board.

Notes to the Consolidated Financial Statements for the Year ended 31 December 2024

29 CREDIT RISK CONTINUED

For monitoring and control purposes, each dealer is assigned a Dealer Risk Rating (DRR) based on the outcome of the scoring model. These have been grouped in the table below to provide an overview of FCE's dealer portfolio risk mix. Dealers are assigned to one of four Groups according to risk ratings as follows:

- Group I - strong to superior metrics
- Group II - fair to favourable metrics
- Group III - marginal to weak metrics
- Group IV - poor metrics including dealers classified as uncollectible

The credit quality analysis of FCE's dealer financing receivables for the year ended 31 December 2024 and 2023 were as follows:

As at 31 December

	2024 Total £ mil	2023 Total £ mil
Group I	3,938	4,257
Group II	750	1,498
Group III	244	169
Group IV	0	29
Total dealer financing receivables	4,932	5,953

Performing and Non-performing Exposures

Performing exposures are receivables which are not considered to be non-performing and these are reported under IFRS9 Stage 1 and Stage 2 for credit loss provisioning.

Non-performing exposures are reported under IFRS9 stage 3 and are those that satisfy any of the following criteria:

- material exposures which are more than 90 days past due
- when the customer is assessed as unlikely to pay its credit obligations in full without realisation of collateral, regardless of the existence of any past due amount or of the number of days past due
- exposures that are flagged as forborne and which have not been performing i.e. not all payments have been received in full and on time for more than 12 months from the date that the exposure was flagged as forborne

The ageing analysis of FCE's retail, finance leases and wholesale receivables for the year ended 31 December 2024 and 2023 were as follows:

As at 31 December	Company		Group	
	2024 £ mil	2023 £ mil	2024 £ mil	2023 £ mil
Performing exposures				
Less than or equal to 30 days past due	8,631	7,908	11,977	15,001
31-90 days past due	12	9	23	23
Total performing exposures	8,643	7,917	12,000	15,024
Non-performing exposures				
Less than or equal to 90 days past due	15	31	19	87
91-180 days past due	3	2	5	6
Greater than 180 days past due	4	3	10	15
Total non-performing exposures	22	36	34	108
Total exposures	8,665	7,953	12,034	15,132
<i>Non-performing loan ratio*</i>	<i>0.3 %</i>	<i>0.5 %</i>	<i>0.3 %</i>	<i>0.7 %</i>

*Non-performing Loan Ratio = Total Non-performing Exposures / Total Exposures

Notes to the Consolidated Financial Statements for the Year ended 31 December 2024

29 CREDIT RISK CONTINUED

Collateral

The amount which best represents the maximum exposure to credit risk within loans and advances without taking account of any collateral held or other credit enhancements as at 31 December 2024 is £12,021 million (2023: £15,115 million) being the value of loans and advances to customers as disclosed in Note 12 'Loans and Advances to Customers'.

The maximum credit risk is reduced through the collateral held which for the majority of retail, leasing and wholesale financing plans, comprises title retention plans or a similar security interest in the underlying vehicle.

Collateral figures are estimated based on the current market valuation of the underlying assets for the UK, utilising reputable external trade guide data and then taking the lower of either the outstanding balance or the trade guide value to calculate a collateral percentage that is applied to the respective portfolio. For the other markets, historical recovery experience is used which takes into account the characteristics of each market and the collections strategies employed. The internal measure of past recovery experience relates predominantly to loss accounts which is, by definition, a conservative approach with the recovery percentage being applied to the whole portfolio for each market. The only exception to the above approaches is where the market characteristics mean that retention of title or similar interest is not typically retained by FCE, in these cases, a nil collateral value is assumed. As at 31 December 2024, the value of collateral is £2,910 million (2023: £4,851 million) in relation to retail and finance lease and £4,842 million for wholesale (2023: £5,853 million).

The value of the FCE's loans and advances considered to be credit impaired at the reporting date is £34 million (2023: £108 million) and the amount of collateral held on credit impaired receivables at the 30 December 2024 is £19 million (2023: £83 million).

Forbearance and Loan Modifications

Forbearance measures consist of concessions towards a borrower (customer or dealer) who is facing or is about to face difficulties in meeting their financial commitments. Examples of such concessions include payment holidays and reduced payments for an agreed term, with the expectation that the customer will settle the loan in full. Days past due for forbore retail and finance lease customers are determined based on the revised concession terms.

The total forbore exposures for the years ended 31 December 2024 and 2023 were as follows:

As at 31 December	2024 £ mil	2023 £ mil
Retail		
Performing exposures	2	7
Non-performing exposures	6	16
Total retail forbore exposures	8	23
Wholesale		
Performing exposures	—	—
Non-performing exposures	13	46
Total wholesale forbore exposures	13	46
Total forbore exposures	21	69

Notes to the Consolidated Financial Statements for the Year ended 31 December 2024

29 CREDIT RISK CONTINUED

29b) FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

Derivative financial instruments

The majority of FCE's derivatives are centrally cleared with Qualifying Central Counterparties (QCCP) or bilaterally cleared with financial institutions that have an investment grade rating. Also, FCE transacts with a Ford related party, a non-rated entity. FCE sets limits for its exposures to financial institutions that are based on the credit ratings of the institutions.

The aggregate fair value of derivatives in asset positions that are not centrally or bilaterally cleared at 31 December 2024 is £73 million (2023: £42 million), representing the maximum potential loss at that date if all counterparties failed to perform as contracted. Refer to Note 10 'Derivative Financial Instruments and Hedging Activities' for further details.

For details on the valuation of financial assets and liabilities at fair value, refer to Note 10 'Derivative Financial Instruments and Hedging Activities'.

Notes to the Consolidated Financial Statements for the Year ended 31 December 2024

30 VEHICLE RESIDUAL VALUES

The following table considers FCE's existing retail and finance lease portfolio, as at 31 December 2024, for which FCE holds the primary residual value risk. These values are included in 'Loans and advances to customers' in the statement of financial position. The table below presents Group figures.

Group	2024	2023
As at 31 December	£ mil	£ mil
Year in which the residual value will be recovered		
Within 1 year	887	594
Between 1-2 years	876	1,223
Between 2-5 years	1,050	1,076
More than 5 years	—	—
Total residual values	2,813	2,893

Vehicle residual value risk is the possibility that the amount FCE obtains from returned vehicles will be less than the estimate of the expected residual value for the vehicle.

Residual value provisions are maintained to reflect the level of vehicle residual value risk within the financial statements. For further details, refer to Note 14 'Provision for Vehicle Residual Value Losses'.

Retail and Finance Lease residual values

The retail and finance lease residual value figures included in the table above assume that all vehicles where FCE is subject to vehicle residual value risk will be returned. Residual values are established by reference to various sources of independent and proprietary knowledge.

FCE is subject to vehicle residual value risk on certain retail or finance lease balloon payment products where the customer may choose to return the financed vehicle to FCE at the end of the contract. Optional Final Payments ("OFP's") on these retail plans are set below the future market value to protect customer equity and promote Trade Cycle Management products. FCE's normal policy is that the OFP must be below the future market value and this buffer is increased for terms less than 24 months. This policy is a key factor behind the annual rate of return (for vehicles financed under retail finance plans where FCE is subject to residual value risk) being 0.17% (2023: 0.00%) of the maturing portfolio.

Sensitivity analysis

If the residual values of FCE's existing portfolio of retail and finance lease contracts, as at 31 December 2024, due to mature in 2025, were to reduce by 1% of original list price below the current forecast values under a stressed scenario, it is estimated that the adverse profit impact to the Group would be approximately £1.3 million and the estimated return rate on trade cycle management contracts could increase to 3.7%. In the event of a 5% reduction, this would increase the incremental adverse profit impact by £10.9 million (total £12.2 million) and increase the forecast return rate to 6.6%.

Assuming a sustained downturn, the 5% reduction to list price below current forecast values applied to existing retail and finance leases due to mature in 2026, would have an additional estimated impact of £7.2 million.

Notes to the Consolidated Financial Statements for the Year ended 31 December 2024

31 MARKET RISK

The objective of FCE's market risk management is to limit the impact of changes in interest rates and foreign exchange rates on FCE's margin and profitability. Interest rate and currency exposures are monitored and managed by FCE as an integral part of its overall risk management programme, which recognises the unpredictability of financial markets and seeks to reduce potential adverse effects on operating results.

Derivatives Policy

Exposure to market risk is reduced through the use of interest rate and foreign exchange derivatives. FCE's derivatives strategy is designed to mitigate risk; derivatives are not used for speculative purposes.

The key derivative policies are:

- Prohibition of use for speculative purposes
- Prohibition of use of leveraged positions
- Requirement for regular in-depth exposure analysis
- Establish and document accounting treatment at onset of trade
- Clearing of certain derivatives with central clearing counterparties as required through the EMIR regulations
- Posting of collateral with counterparty where derivatives are not centrally cleared
- Established exposure limits (including cash deposits) with counterparties for non-centrally cleared derivatives
- Treasury employees' remuneration not being linked to individuals' trading performance

Derivatives Control

Company policies and controls are in place to manage these risks, including derivative effectiveness testing for derivatives designated in a hedging relationship.

The key derivative controls are:

- Regular management reviews of policies, positions and planned actions
- Transactional controls including segregation of duties, approval authorities, competitive quotes and confirmation procedures
- Regular review of portfolio mark to market valuations and potential future exposures
- Monitoring of counterparty creditworthiness
- Internal audits to evaluate controls and adherence to policies
- Reporting all derivatives to FCA or ESMA approved repositories (as applicable)
- Regular portfolio reconciliations with all counterparties
- Timely confirmation of all Over The Counter (OTC) derivatives

The following table provides examples of certain activities undertaken, the related risks associated with such activities and the types of derivatives used in managing such risks.

Note	Activity	Risk	Type of Derivative
32a)	Investment and funding in foreign currencies	Sensitivity to change in foreign currency exchange rates	- Foreign currency forward contracts
32b)	Funding of shorter dated or floating rate assets with longer dated fixed rate debt	Sensitivity to changes in interest rates arising from the repricing characteristics of assets not matching repricing of liabilities	- Pay floating rate and receive fixed rate interest rate swaps
	Funding of longer dated, fixed rate assets with shorter dated or floating rate debt	Sensitivity to changes in interest rates arising from the repricing characteristics of assets not matching repricing of liabilities	- Pay fixed rate and receive floating rate interest rate swaps
	Funding of assets at indices different from liabilities	Sensitivity of assets being priced on indices with different tenors to liabilities	- Basis Swaps

Notes to the Consolidated Financial Statements for the Year ended 31 December 2024

32a) CURRENCY RISK

In addition to the UK, the Company operates active branches in 3 other European countries and has a subsidiary in Italy which provide a variety of wholesale and retail financing (refer to Note 20 'Investments in Other Entities'). The functional currency of the Group's and Company's operations outside of the UK is the Euro.

The main operating currencies are therefore Euro and Sterling. As FCE presents its Group and Company financial statements in Sterling, these will be affected by foreign currency exchange rate movements between the Euro and Sterling. The Company does not hedge structural foreign currency investments in overseas operations as each investment is considered to be of a long-term nature. The effect of foreign currency changes on such investments is recognised in equity through the translation reserve. FCE's policy is to hold equity in its overseas branches and subsidiaries in order to hedge its capital ratios against movements in exchange rates.

FCE uses Sterling as its presentation currency in its statements because it is primarily registered and regulated as a bank in the United Kingdom and has its head office operations in the same country.

FCE's policy is to minimise exposure to operating results from changes in currency exchange rates. Controls are in place to limit the size of transactional currency exposures. To meet funding objectives, the Company borrows in Euro as well as Sterling. Exposure to currency exchange rates occurs if a mismatch exists between the currency of the receivables and the currency of the debt funding those receivables.

Wherever possible, FCE funds loans and advances with debt in the same currency, minimising exposure to exchange rate movements. When a different currency is used, it is the Company's policy that foreign currency derivatives are executed to convert substantially all of the foreign currency debt obligations to the local country currency of the loan.

FCE's hedging of transactional currency exposure limits the gains and losses due to changes in exchange rates recognised in the statement of profit or loss.

The net assets of foreign operations which give rise to the unrealised gain or losses recognised in FCE's foreign currency translation reserves are detailed below with the associated reserves.

	Company		Group	
As at 31 December	2024 £ mil	2023 £ mil	2024 £ mil	2023 £ mil
Net assets of foreign operations				
Euro	511	394	854	1,624
Other non-Euro currencies	—	4	—	4

	Company		Group	
As at 31 December	2024 £ mil	2023 £ mil	2024 £ mil	2023 (Restated)* £ mil
Foreign currency translation reserve				
Euro	154	350	145	344
Other non-Euro currencies	30	32	28	32
Total	184	382	173	376

*Historic Foreign Currency Translation Adjustments (FCTA) on a former subsidiary which was disposed prior to 2023 was not at the time recycled to the Profit and Loss Reserves. This has now been reclassified as a prior period adjustment from the Translation Reserve to the Profit and Loss Reserve. Total Group Equity has not changed as a result of this reclassification.

Notes to the Consolidated Financial Statements for the Year ended 31 December 2024

32b) INTEREST RATE RISK

FCE's asset base consists primarily of fixed-rate retail instalment sale agreements with an average life of approximately three years, and floating rate wholesale financing loans with an average life of approximately three months. Funding sources consist primarily of retail deposits, securitisation and unsecured term debt including intercompany loans. FCE utilises natural hedging of interest rate risk, matching its retail assets with retail deposit liabilities, using contractual terms of fixed rate deposits and behaviour of flexible deposits. After consideration of natural hedging, it is FCE's policy to execute interest rate swaps to close remaining mismatches between the interest rate characteristics of assets and liabilities, within a tolerance range. This matching policy seeks to maintain margins and reduce profit volatility.

As a result of FCE's interest rate risk management processes (including hedging with derivatives), and as a proportion of assets are funded by equity, the total level of assets re-pricing is greater than the level of debt re-pricing. Other things being equal, this means that during a period of rising interest rates, the interest income received on FCE's assets will increase more rapidly than the interest expense paid on its debt, thereby increasing pre-tax net interest income. Correspondingly, during a period of falling interest rates, FCE would expect its pre-tax net interest income to initially decrease.

The FCE ALCO reviews re-pricing gaps and basis gaps monthly and the interest rate swaps entered into each month to maintain exposure within the approved thresholds.

To provide a quantitative measure of the sensitivity of pre-tax net interest income to changes in interest rates, FCE uses interest rate scenarios. These scenarios assume a hypothetical, instantaneous increase or decrease in interest rates of one hundred basis points across all maturities (a 'parallel shift'), impacting both assets and liabilities, as well as a base case that assumes that interest rates remain constant at existing levels. These interest rate scenarios do not represent an expectation of future interest rate movements. The differences in pre-tax net interest income between these scenarios and the base case over a twelve-month period represent an estimate of the sensitivity of FCE's pre-tax net interest income. The sensitivity of interest income to changes in interest rates in the 12 months following the year ended 31 December 2024 and 2023 is detailed below. These figures do not include gains or losses from fair value adjustments to derivatives.

The sensitivity analysis presented below assumes a one hundred basis point rate change to the year end yield curve that is both instantaneous and parallel and impacts the re-pricing of assets and liabilities. In reality, interest rate changes are rarely instantaneous or parallel and rates could move more or less than the one percentage point assumed. In addition, management has discretion over the pricing of its new assets and may re-price assets to a greater or lesser degree than its liabilities re-price. As a result, the actual impact to pre-tax net interest income could be higher or lower than the results detailed below.

	Group	
	2024 £ mil	2023 £ mil
Net interest income impact of 100 basis point rate change		
Euro	8	10
Sterling	10	8
Other	—	—
Increase	18	18
Euro	(8)	(10)
Sterling	(10)	(8)
Other	—	—
Decrease	(18)	(18)

While the sensitivity analysis presented is FCE's best estimate of the impacts of the specified assumed interest rate scenarios, actual results could differ from those projected. The model used to conduct this analysis is heavily dependent on assumptions. Embedded in the model are assumptions regarding the reinvestment of maturing asset principal, refinancing of maturing debt, and predicted repayment of retail instalment sale and lease contracts ahead of the contract end date. Repayment projections ahead of contractual maturity are based on historical experience. If interest rates or other factors change, the actual prepayment experience could be different than projected. FCE has presented its sensitivity analysis on a pre-tax rather than an after-tax basis, to exclude the potentially distorting impact of assumed tax rates.

Notes to the Consolidated Financial Statements for the Year ended 31 December 2024

33 LIQUIDITY RISK

Liquidity risk is the possibility of being unable to meet present and future financial obligations as they become due. For further details on FCE's strategy and process to mitigate liquidity risk, refer to the Strategic Report on page 18.

Basis of liquidity risk analysis

The following tables present the contractual maturity of FCE's assets and liabilities and is reported excluding behavioural adjustments.

The figures assume that the inflows related to retail, leasing and wholesale financing plans and the outflows related to the repayment of financial liabilities each occur on the contractual due dates. Outflows relating to Deposits are reported based on their earliest possible contractual due dates. This includes flexible customer deposits which are repayable on demand on a contractual basis, with behavioural maturities typically longer than their contractual maturity. In addition, balances from fixed-term ISA accounts are reported as on demand according to the earliest date that FCE could be required to transfer the balance to another provider. In practice, their behavioural maturity is usually in line with their term.

Accordingly, FCE's expected liquidity position based on cash inflows and outflows is more favourable than as presented within this note.

'Unrecognised items' include available for use unsecured credit facilities, available for use committed securitisation capacity and callable guarantees. Refer to Note 28 'Contingent Liabilities, Financial Guarantees and Commitments' for further details on guarantees.

Notes to the Consolidated Financial Statements for the Year ended 31 December 2024

33 LIQUIDITY RISK CONTINUED

Group		0-3	4-12	1-5	5+	Total
As at 31 December 2024		Months	Months	Years	Years	
		£ mil	£ mil	£ mil	£ mil	£ mil
Assets	Note					
Cash and cash equivalents	A	1,253	—	—	—	1,253
Derivative financial instruments	E	37	61	16	—	114
- Retail/Lease		554	2,053	5,396	1	8,004
- Wholesale		993	4,251	—	—	5,244
Loans and advances to customers	B	1,547	6,304	5,396	1	13,248
Operating leases	B	—	—	—	—	—
Other assets	D	182	50	—	42	274
Total asset inflows		3,019	6,415	5,412	43	14,889
Liabilities						
Financial Liabilities	C	763	1,520	2,841	252	5,376
Deposits	C	4,078	1,752	670	—	6,500
Derivative financial instruments	E	15	29	28	—	72
Other liabilities	D	56	6	14	—	76
Total liability outflows		4,912	3,307	3,553	252	12,024
Net liquidity gap excluding unrecognised items		(1,893)	3,108	1,859	(209)	2,865
Cumulative net liquidity gap excluding unrecognised items		(1,893)	1,215	3,074	2,865	
Available for use credit facilities:						
Granted by financial institutions to the Group	£	399	(51)	(348)	—	—
Granted by the company (Note 28)		—	—	—	—	—
Total available for use credit facilities	£	399	(51)	(348)	—	—
Guarantees callable	£	(12)	—	—	—	—
Cumulative net liquidity gap including unrecognised items	£	(1,506)	£ 1,551	£ 3,062	£ 2,853	

Notes to the Consolidated Financial Statements for the Year ended 31 December 2024

33 LIQUIDITY RISK CONTINUED

Group		0-3	4-12	1-5	5+	Total
As at 31 December 2023		Months	Months	Years	Years	
		£ mil	£ mil	£ mil	£ mil	£ mil
Assets	Note					
Cash and cash equivalents	A	2,557	—	—	—	2,557
Derivative financial instruments	E	30	68	21	—	119
- Retail/Lease		728	2,527	6,856	4	10,115
- Wholesale		819	5,336	—	—	6,155
Loans and advances to customers	B	1,547	7,863	6,856	4	16,270
Operating leases	B	69	52	93	—	214
Other assets	D	264	56	—	101	421
Total asset inflows		4,467	8,039	6,970	105	19,581
Liabilities						
Financial Liabilities	C	1,239	2,552	3,121	270	7,182
Deposits	C	5,183	1,943	2,133	—	9,259
Derivative financial instruments	E	13	30	44	—	87
Other liabilities	D	98	2	15	—	115
Total liability outflows		6,533	4,527	5,313	270	16,643
Net liquidity gap excluding unrecognised items		(2,066)	3,512	1,657	(165)	2,938
Cumulative net liquidity gap excluding unrecognised items		(2,066)	1,446	3,103	2,938	
Available for use credit facilities:						
Granted by financial institutions to the Group	£	1,258	(185)	(1,073)	—	—
Granted by the company (Note 28)	£	—	—	—	—	—
Total available for use credit facilities	£	1,258	(185)	(1,073)	—	—
Guarantees callable	£	(38)	—	—	—	—
Cumulative net liquidity gap including unrecognised items	£	(846) £	2,481 £	3,065 £	2,900	

Notes to the Consolidated Financial Statements for the Year ended 31 December 2024

33 LIQUIDITY RISK CONTINUED

Company As at 31 December 2024		0-3 Months £ mil	4-12 Months £ mil	1-5 Years £ mil	5+ Years £ mil	Total £ mil
Assets	Note					
Cash and cash equivalents	A	1,063	—	—	—	1,063
Derivative financial instruments	E	27	42	6	—	75
- Retail/Lease		350	1,474	3,228	(0)	5,052
- Wholesale		893	3,560	—	—	4,453
Loans and advances to customers	B	1,243	5,034	3,228	(0)	9,505
Operating leases	B	—	—	—	—	—
Other assets	D	1,020	268	311	31	1,630
Total asset inflows		3,353	5,344	3,545	31	12,273
Liabilities						
Financial Liabilities	C	544	945	1,723	252	3,464
Deposits	C	4,078	1,752	670	—	6,500
Derivative financial instruments	E	15	19	19	—	53
Other liabilities	D	27	1	14	—	42
Total liability outflows		4,664	2,717	2,426	252	10,059
Net liquidity gap excluding unrecognised items		(1,311)	2,627	1,119	(221)	2,214
Cumulative net liquidity gap excluding unrecognised items		(1,311)	1,316	2,435	2,214	
Available for use credit facilities:						
Granted by financial institutions to the Group	£	399	(51)	(348)	—	—
Granted by the company (Note 28)		—	—	—	—	—
Total available for use credit facilities	£	399	(51)	(348)	—	—
Guarantees callable	£	(136)	—	—	—	—
Cumulative net liquidity gap including unrecognised items	£	(1,048)	£ 1,528	£ 2,299	£ 2,078	

Notes to the Consolidated Financial Statements for the Year ended 31 December 2024

33 LIQUIDITY RISK CONTINUED

Company As at 31 December 2023		0-3 Months £ mil	4-12 Months £ mil	1-5 Years £ mil	5+ Years £ mil	Total £ mil
Assets	Note					
Cash and cash equivalents	A	1,503	—	—	—	1,503
Derivative financial instruments	E	12	35	6	—	53
- Retail/Lease		287	1,224	3,237	0	4,748
- Wholesale		730	3,022	0	—	3,752
Loans and advances to customers	B	1,017	4,246	3,237	0	8,500
Operating leases	B	—	—	—	—	—
Other assets	D	195	1,060	559	61	1,875
Total asset inflows		2,727	5,341	3,802	61	11,931
Liabilities						
Financial Liabilities	C	877	1,518	1,359	268	4,022
Deposits	C	3,674	1,438	1,491	—	6,603
Derivative financial instruments	E	13	21	28	—	62
Other liabilities	D	54	1	15	—	70
Total liability outflows		4,618	2,978	2,893	268	10,757
Net liquidity gap excluding unrecognised items		(1,891)	2,363	909	(207)	1,174
Cumulative net liquidity gap excluding unrecognised items		(1,891)	472	1,381	1,174	
Available for use credit facilities:						
Granted by financial institutions to the Group	£	1,076	(185)	(891)	—	—
Granted by the company (Note 28)	£	—	—	—	—	—
Total available for use credit facilities	£	1,076	(185)	(891)	—	—
Guarantees callable	£	(852)	—	—	—	—
Cumulative net liquidity gap including unrecognised items	£	(1,667)	£ 511	£ 529	£ 322	

Notes to the Consolidated Financial Statements for the Year ended 31 December 2024

33 LIQUIDITY RISK CONTINUED

The tables above analyse gross undiscounted contractual cash flows from assets and liabilities, with the exception of derivative financial instruments which are settled net, into relevant maturity groupings based on the criteria detailed in the table below.

Note	Cash flows from assets and liabilities are allocated to the appropriate time bands as follows:
A	Based on availability of 'cash and cash equivalents' as follows (Note 9): <ul style="list-style-type: none"> 'Cash and cash equivalents' classified by contractual maturity date
B	Customer payments are assumed to occur on the latest contractual date and no behavioural adjustments are made for customer early settlements: <ul style="list-style-type: none"> Retail finance and lease contracts and operating lease vehicles (reported within Note 15 'Property and equipment') generally require customers to pay equal monthly installments over the life of the contract Wholesale financing for new and used vehicles held in dealers' inventory - A bullet repayment schedule is utilised as the principal is typically repaid in one lump sum at the end of the financing period
C	Classified based on the earliest possible contractual due date
D	Classified according to the remaining period to maturity, including 'Restricted Cash' which are assumed to be amounts typically not available for use in day to day operations classified based on the latest possible repayment date
E	Forward foreign exchange contracts, cross currency interest rate swaps and interest rate swaps are presented as settled on a net basis

Available for use credit facilities

Unsecured credit facilities granted by financial institutions to the Group and Company

At 31 December 2024 the Group had £685 million (2023: £867 million) contractually committed unsecured credit facilities with financial institutions, of which £325 million (2023: £0 million) was utilised. The remaining undrawn amounts totalling £360 million (2023: £867 million) are available for use. The Company had £685 million (2023: £685 million) contractually committed unsecured credit facilities with financial institutions, of which £325 million (2023: £0 million) was utilised leaving £360 million available for use (2023: £685 million).

Available committed securitisation capacity to the Group and Company

FCE maintains committed securitisation capacity consisting of agreements with banks and asset backed commercial paper conduits under which these parties are contractually obligated, at FCE's option, to purchase eligible receivables, or make advances under asset backed securities. At 31 December 2024, Group had £38 million (2023: £464 million) of private revolving committed securitisation capacity available. For Company £38 million (2023: £464 million) private revolving committed securitisation capacity was available.

Central Bank Funding to the Group and Company

FCE holds senior interest in some of its public term securitisation structure as eligible collateral to access Central Bank Liquidity. As at 31 December 2024 the Group and Company recognised £199 million available liquidity (2023: £0 million) from the BoE. In addition the Company holds additional eligible collateral for participation in the BoE Discount Window Facility (DWF) scheme which can act as an additional source of liquidity.

Liquid assets of the Group and Company

'Cash and cash equivalents' held by Group is primarily deposits eligible under the Regulatory definition of High Quality Liquid Assets of £925 million (2023: £2,231 million). The Company holds deposits eligible under the Regulatory definition of High Quality Liquid Assets of £925 million (2023: £1,450 million). This cash is held to meet both regulatory requirements and to provide liquidity for short-term funding needs and flexibility in the use of other funding programmes.

Other assets of the Group and Company

Included within Other Assets for the Company are £1,367 million (2023: £1,599 million) notes receivable from affiliates. These eliminate in Group view.

Notes to the Consolidated Financial Statements for the Year ended 31 December 2024

34 RELATED PARTY TRANSACTIONS

Parties are considered to be related if they are under common control and if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

A number of transactions are entered into with related parties in the normal course of business. The Company and its subsidiaries are separate, legally distinct companies from Ford and Ford's automotive affiliates and transactions are carried out on commercial terms and at market rates and enforced by FCE in a commercially reasonable manner. In addition to participating in retirement benefit plans sponsored by Ford subsidiaries (discussed in Note 27 'Retirement Benefit Obligations'); the Company has a support agreement with Ford Credit in regard to Shareholders' funds (detailed in Note 25 'Ordinary Shares and Share Premium').

As a result of FCE's sale of its German subsidiary Ford Bank GmbH during the year, for the purpose of this disclosure, Ford Bank GmbH is now classified as an Entity Under Common Control (previously a Subsidiary).

Related parties

FCE has related party transactions with the following categories, described below:

Parent undertakings - this includes Ford ECO, FMCC and Ford. For further details, refer to Note 37 'FCE and Other Related Party Information'.

Directors and officers - reported in Note 6 'Transactions with Directors and Officers'.

Entities under common control – which includes all subsidiaries of Ford except for those entities already reported within 'Subsidiaries of the Company' and 'Parent undertakings'. Transactions reported in this category include:

- Provision of approved lines of credit to dealers in which Ford maintains a controlling interest
- The receipt of interest income from Ford and its related companies arising from loans, interest supplements and other support costs in regard to a variety of retail, lease and wholesale finance plans
- Guarantees provided on behalf of other related parties of which further details can be found within Note 28 Contingent Liabilities, Financial Guarantees and Commitments
- Foreign currency exchange derivatives transacted with Ford Global Trading (FGT)

Certain amounts in relation to UK taxes, including interest where applicable, are payable to Ford Motor Company UK under Group relief arrangements. Amounts payable are recorded within 'Accounts payable to related undertakings'. For further details, refer to Note 21 'Financial Liabilities'.

Notes to the Consolidated Financial Statements for the Year ended 31 December 2024

34 RELATED PARTY TRANSACTIONS CONTINUED

The value of related party transactions, outstanding balances at 31 December, and relating expense and income for the year are as follows:

Company	Subsidiaries of the Company		Parent undertakings		Entities under common control	
	2024 £ mil	2023 £ mil	2024 £ mil	2023 £ mil	2024 £ mil	2023 £ mil
Accounts receivable						
Accounts receivable at 1 January	32	26	1	1	45	31
Accounts receivable at 31 December	26	32	—	1	61	45
Loans						
Loans outstanding at 1 January	1,599	1,642	—	—	641	738
Loans outstanding at 31 December	1,367	1,599	—	—	828	641
Investment in Group undertakings (Note 20)						
Cost at 1 January	1,044	1,044	—	—	—	—
Cost at 31 December	262	1,044	—	—	—	—
Accounts payable and accrued interest						
Accounts payable at 1 January	14	13	18	12	165	127
Accounts payable at 31 December	12	14	13	18	101	165
Senior debt and subordinated loans						
Senior debt and subordinated loans at 1 January	—	—	2,706	2,784	16	16
Senior debt and subordinated loans at 31 December	—	—	2,163	2,706	9	16
Net cash proceeds from the sale of receivables						
Net cash proceeds from the sale of receivables at 1 January	76	580	—	—	—	—
Net cash proceeds from the sale of receivables at 31 December	346	76	—	—	—	—

Loans to subsidiaries of £1.4 billion represent a portfolio of intercompany notes issued by Ford Credit Italia S.p.A under its notes programme (held by FCE) and a single intercompany revolving loan. All instruments are interest bearing and unsecured. The notes and loans all provide funding to Ford Credit Italia S.p.A. and fixed rate notes provide hedging of its interest rate risk. Interest is paid monthly on all instruments which have a range of maturity dates.

Loans to entities under common control of £828 million represents loans to Ford-controlled dealers for the purchase of new vehicles. These are provided interest free for 90 days, which is funded by an interest supplement from Ford Motor Company. These loans are short-term in nature with the majority being repaid within 90 days and the remainder within 12 months.

Senior debt and subordinated loans from parent undertakings were provided by Ford ECO to FCE as a source of funding, and they are interest-bearing and unsecured. The senior loans are used by FCE for credit risk mitigation (along with guarantee and set-off agreements with Ford ECO). The subordinated loans are recognised as FCE's Tier 2 capital.

Notes to the Consolidated Financial Statements for the Year ended 31 December 2024

34 RELATED PARTY TRANSACTIONS CONTINUED

Company	Subsidiaries of the Company		Parent undertakings		Entities under common control	
	2024 £ mil	2023 £ mil	2024 £ mil	2023 £ mil	2024 £ mil	2023 £ mil
Revenue						
Interest supplements earned on loans and advances	—	—	—	—	415	361
Interest income related parties	64	51	—	—	11	10
Expense						
Interest expense	1	13	156	154	—	—
Service fees (received)/paid*	(42)	(47)	23	27	1	1
Guarantees						
Guarantees provided (Note 28)	—	—	—	—	136	255
Dividends paid	—	—	500	—	—	—
Dividends received**	171	—	—	—	—	—
Derivatives						
Derivatives year end positive fair value	—	—	—	—	48	9
Derivatives year end negative fair value	—	—	—	—	—	1

*Service fees received or paid - FCE receives technical and administrative advice and services from Ford and its related companies, occupies office space furnished and provided by them and its related companies and utilises data processing facilities maintained by them. The costs of these services are charged to 'Operating expenses'.

**Dividends Received - from Ford Bank GmbH while they were still a subsidiary of FCE prior to the sale to Ford ECO.

Group	Parent undertakings		Entities under common control	
	2024 £ mil	2023 £ mil	2024 £ mil	2023 £ mil
Accounts receivable				
Accounts receivable at 1 January	2	1	110	105
Accounts receivable at 31 December	0	2	80	110
Loans receivable				
Loans receivable at 1 January	—	—	641	738
Loans receivable at 31 December	—	—	828	641
Accounts payable and accrued interest				
Accounts payable at 1 January	24	15	190	183
Accounts payable at 31 December	13	24	130	190

Notes to the Consolidated Financial Statements for the Year ended 31 December 2024

34 RELATED PARTY TRANSACTIONS CONTINUED

Group	Parent undertakings		Entities under common control	
	2024 £ mil	2023 £ mil	2024 £ mil	2023 £ mil
Senior debt and subordinated loans				
Senior debt and subordinated loans at 1 January	3,348	3,262	16	16
Senior debt and subordinated loans at 31 December	2,163	3,348	9	16
Revenue				
Interest supplements earned on loans and advances	—	—	505	419
Interest income related parties	—	—	13	12
Supplements relating to operating leases	—	—	—	—
Expense				
Interest expense	156	154	—	—
Service fees paid*	24	27	3	3
Guarantees				
Guarantees provided (Note 28)	—	—	12	38
Dividends paid	500	—	—	—
Derivatives				
Derivatives year end positive fair value	—	—	48	9
Derivatives year end negative fair value	—	—	—	1

***Service fees received or paid** - FCE receives technical and administrative advice and services from Ford and its related companies, occupies office space furnished and provided by them and its related companies and utilises data processing facilities maintained by them. The costs of these services are charged to 'Operating expenses'.

Senior debt and subordinated loans from parent undertakings were provided by Ford ECO and consist of those described above for the Company.

Notes to the Consolidated Financial Statements for the Year ended 31 December 2024

35 SEGMENT REPORTING

Policy

Operating segments are the components of an entity that management uses to make decisions about operating matters. These are identified on the basis of the internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and assess performance. An operating segment engages in business activities from which it may earn revenues and incur expenses for which discrete financial information is available.

For the purpose of these financial statements and in accordance with IFRS 8 'Operating Segments', FCE's reportable operating segments are based around a business unit structure grouped into the various geographic locations of its operations.

Allocation of costs: The main costs which are required to be allocated between operating segments and the basis of allocation are as follows:

- Central staff costs are analysed by department and type of cost and allocated to the location benefiting from the service. Various allocation methods are used that ensure an equitable allocation between locations of central staff costs
- In certain branches and subsidiaries of FCE, funding is obtained by a mixture of local and central allocations. The costs of central funding, including derivative costs are, where possible, directly allocated to locations where transactions can be specifically identified

Income and expense from the allocation of intra and intercompany transactions are eliminated on consolidation.

35a) PERFORMANCE MEASUREMENT FIGURES

	UK	Italy	Spain	France	Other	Discontinued Operations	Total
	2024	2024	2024	2024	2024	2024	2024
	\$ mil	\$ mil	\$ mil	\$ mil	\$ mil	\$ mil	\$ mil
Market income	570	281	81	139	46	235	1,352
Borrowing costs	(339)	(153)	(39)	(61)	(7)	(99)	(698)
Operating expenses	(114)	(52)	(24)	(30)	(15)	(85)	(320)
Expected credit losses	(4)	(16)	(5)	1	0	(5)	(29)
All other	(2)	(0)	(0)	(0)	—	(10)	(12)
Profit before tax (PBT)	111	60	13	49	24	36	293
Net receivables	7,715	4,370	1,262	1,785	476	—	15,608

	UK	Italy	Spain	France	Other	Discontinued Operations	Total
	2023	2023	2023	2023	2023	2023	2023
	\$ mil	\$ mil	\$ mil	\$ mil	\$ mil	\$ mil	\$ mil
Market income	453	220	62	123	42	308	1,208
Borrowing costs	(253)	(111)	(23)	(48)	(5)	(95)	(535)
Operating expenses	(91)	(51)	(39)	(25)	(35)	(124)	(365)
Expected credit losses	(1)	(6)	—	(1)	0	(1)	(9)
All other	(3)	(0)	(0)	0	—	(17)	(20)
Profit before tax (PBT)	105	52	0	49	2	71	279
Net receivables	6,929	4,232	1,168	1,823	544	5,393	20,089

In line with the focus of management review and the requirements of IFRS 8 'Operating Segments', the performance of the four major geographical markets (UK, Italy, Spain and France) is separately reported. The performance of the four major markets ('Reportable Segments') constitutes 96% of external revenues, with all other markets and operations combined under 'Other' as detailed below.

'Other' represents operations not considered as a major geographical market and individually contributing less than 10% of external revenue. It includes Central, WWTF, Ireland and FCE's liquidating branches in Germany and Austria, as well as its liquidated branches in Poland and Portugal.

'Discontinued Operations' refer to Note 40 for more information.

Notes to the Consolidated Financial Statements for the Year ended 31 December 2024

35 SEGMENT REPORTING CONTINUED

Segmental data is based on the Consolidated Statement of Profit or Loss and Other Comprehensive Income and Statement of Financial Position as reported to the Executive Committee ('EC') in US dollars under US Generally Accepted Accounting Principles (GAAP) excluding fair value adjustments to financial instruments and foreign exchange adjustments.

The EC assesses the performance of FCE's branches and subsidiaries from a geographical perspective and allocates resources based on this information. Performance measurement figures include the following:

'Market income' represents interest income from retail and wholesale finance receivables, rentals received for operating lease vehicles less depreciation of motor vehicles held for use under operating leases and net fees and commissions income.

'Borrowing costs' represents the costs associated with locally and centrally sourced funding (both unsecured and securitised). Central funding and derivative costs, including the costs of holding a liquidity buffer, are allocated to locations.

'Operating expenses' are typically the same as reported for performance measurement and IFRS.

'Expected credit losses' are reported under USGAAP, based on lifetime current expected credit loss (CECL) on the finance receivables.

'All other' represents any gains or losses on residual values and residual value reserve adjustments. This includes operating leases in Germany, where Ford indemnifies the majority of any residual value loss. Income received from this arrangement is included in Market income.

'Profit before tax (PBT)' is reported under US GAAP excluding fair value adjustments to financial instruments and foreign exchange adjustments.

'Net receivables' are managed on a US GAAP basis excluding the 'provision for incurred losses' and 'unearned interest supplements from related parties' and including FCE's net investment in motor vehicles held for use by FCE as the lessor under operating leases.

Notes to the Consolidated Financial Statements for the Year ended 31 December 2024

35 SEGMENT REPORTING CONTINUED

35b) IFRS BASIS

		UK	Italy	Spain	France	Other	Discontinued Operations	Total
		2024	2024	2024	2024	2024	2024	2024
		£ mil	£ mil	£ mil	£ mil	£ mil	£ mil	£ mil
INCOME STATEMENT								
Retail revenue		239	155	32	31	0	87	544
Wholesale revenue		175	57	29	66	30	83	440
Other income		5	3	5	0	55	161	229
Fee and commission income	3	30	6	1	21	0	3	61
Income from operating leases	4	—	—	—	—	—	39	39
Total Revenue		449	221	67	118	85	373	1,313
Depreciation of property and equipment	15/16	(0)	(0)	(0)	(0)	(4)	(35)	(39)
Amortisation of other intangibles	17	(5)	(0)	—	—	(5)	—	(10)
Profit before tax		4	36	10	37	30	167	284
ASSETS								
Net loans and advances to customers	12	5,881	3,365	1,002	1,393	380	—	12,021
Property and equipment	15/16	1	1	1	0	8	—	11
Total Assets		6,608	3,554	1,324	1,433	918	—	13,837

Notes to the Consolidated Financial Statements for the Year ended 31 December 2024

35 SEGMENT REPORTING CONTINUED

35b) IFRS BASIS

		UK	Italy	Spain	France	Other	Discontinued Operations	Total
		2023	2023	2023	2023	2023	2023	2023
		£ mil	£ mil	£ mil	£ mil	£ mil	£ mil	£ mil
INCOME STATEMENT								
	Note							
Retail revenue		184	117	23	20	2	115	461
Wholesale revenue		144	55	26	68	34	110	437
Other income		3	3	0	0	44	27	77
Fee and commission income	3	33	5	1	17	(0)	5	61
Income from operating leases	4	—	—	—	—	—	52	52
Total Revenue		364	180	50	105	80	309	1,088
Depreciation of property and equipment	15/16	(0)	(0)	(0)	(0)	0	(50)	(50)
Amortisation of other intangibles	17	—	—	—	—	(9)	(0)	(9)
Profit before tax		44	32	1	41	(21)	24	121
ASSETS								
Net loans and advances to customers	12	5,479	3,248	915	1,405	143	3,925	15,115
Property and equipment	15/16	9	2	1	0	0	216	228
Total Assets		6,404	3,417	971	1,448	1,193	5,197	18,630

IFRS Basis

The table above provides additional segmental information on an IFRS basis which includes fair value adjustments to financial instruments and foreign exchange adjustments. The information produced in 35b is produced on the basis described as it is deemed impracticable to produce additional IFRS 8 supplementary information on a basis consistent with the performance measurement results disclosed to the EC.

Transfer Pricing

The Company utilises the transfer pricing methodology in line with the Organization for Economic Co-operation and Development (OECD) guidelines. This does not affect the Company's overall profit before tax and is excluded from performance measurement results. The profit before tax of individual operating segments as reported on an IFRS basis in 35b reflects the transfer pricing method.

Notes to the Consolidated Financial Statements for the Year ended 31 December 2024

35 SEGMENT REPORTING CONTINUED

35c) RECONCILIATION BETWEEN PERFORMANCE MEASUREMENT AND IFRS FIGURES

		Market Income	Borrowing Costs	Operating Expenses	Expected Credit Losses	Profit/(loss) before tax	Net Receivables
		2024	2024	2024	2024	2024	2024
		mil	mil	mil	mil	mil	mil
Reportable segments	\$	1,306	(691)	(305)	(29)	269	15,132
Central operations / other	\$	46	(7)	(15)	0	24	476
Total	\$	1,352	(698)	(320)	(29)	293	15,608
Converted to GBP		1,061	(546)	(251)	(22)	232	12,448
Presentational differences							
Unearned interest supplements	£	—	—	—	—	—	(408)
Provision for incurred losses	£	—	—	—	1	1	(13)
Fee and Commission expenses	£	—	—	—	—	—	—
Residual gains / losses / reserves	£	—	—	—	—	—	(6)
Mapping Difference	£	113	(79)	12	—	—	—
Provisions	£	—	—	(61)	—	(61)	—
IFRS only recognised profits	£	139	—	—	—	139	—
Adjustments							
Fair value adjustments	£	—	—	42	—	42	—
(Loss) on Foreign Exchange	£	—	—	(69)	—	(69)	—
Total reconciliation to IFRS	£	1,313	(625)	(327)	(21)	284	12,021

		Market Income	Borrowing Costs	Operating Expenses	Expected Credit Losses	Profit/(loss) before tax	Net Receivables
		2023	2023	2023	2023	2023	2023
		mil	mil	mil	mil	mil	mil
Performance measurement figures							
Reportable segments	\$	1,158	(542)	(324)	(10)	261	19,437
Central operations / other	\$	50	8	(40)	—	18	652
Total	\$	1,208	(534)	(364)	(10)	279	20,089
Converted to GBP	£	971	(430)	(293)	(8)	223	15,791
Presentational differences							
Operating leases	£	36	—	—	—	—	(214)
Unearned interest supplements	£	—	—	—	—	—	(442)
Provision for incurred losses	£	—	—	—	5	5	(17)
IFRS 16 Leases	£	—	0	—	—	—	—
Fee and Commission expenses	£	7	0	2	—	—	—
Residual gains / losses / reserves	£	—	—	—	—	—	(3)
Mapping Difference	£	74	(77)	0	—	—	—
Others	£	—	—	—	—	2	0
Adjustments							
Fair value adjustments	£	—	2	—	—	(97)	—
(Loss) on Foreign Exchange	£	—	—	—	—	(12)	—
Total reconciliation to IFRS	£	1088	(505)	(291)	(3)	121	15,115

Notes to the Consolidated Financial Statements for the Year ended 31 December 2024

35c) RECONCILIATION BETWEEN PERFORMANCE MEASUREMENT AND IFRS FIGURES CONTINUED

This section commences with the performance measurement figures for FCE's Reportable Segments plus 'Other' operations detailed in 35a and converts the US dollar amounts to Sterling based on the exchange rates as incurred and 'Net receivables' at the exchange rate prevailing on the reporting date. It then provides a reconciliation from the performance measurement figures to IFRS Statement view, shown in 35b.

Summary of key differences

'Presentational differences' represent the differences in reporting within the IFRS financial statements versus the performance measurement view, as well as US GAAP reporting differences. 'IFRS only recognised profits' relates primarily to the sale of Ford bank GmbH to Ford ECO.

'Adjustments' Costs are adjusted versus those reported under IFRS, to reflect the cost impact of changes in the level of debt that would be required to match the revised equity requirements. These adjustment enables the evaluation of the risk/return of individual locations.

Notes to the Consolidated Financial Statements for the Year ended 31 December 2024

36 NOTES TO THE STATEMENT OF CASH FLOWS

	Company		Group	
	2024 £ mil	2023 £ mil	2024 £ mil	2023 £ mil
Cash flows from operating activities				
Profit before tax	379	108	284	121
<i>Adjustments for:</i>				
Depreciation expense on property and equipment	—	1	—	1
Depreciation expense on right-of-use assets	4	4	4	5
Depreciation on operating lease vehicles	—	—	29	36
Disposal of operating lease vehicles	—	—	6	13
Effects of foreign currency translation	69	11	69	12
Foreign currency recycled and other realised gains on sale of subsidiaries	(113)	—	(148)	—
Dividend received from subsidiary	(171)	—	—	—
Gross impaired losses/(gains) on loans and advances	5	(10)	21	(27)
Amortisation of other intangibles	10	9	10	9
Fair value adjustments to financial instruments	(79)	8	(42)	98
Interest expense	466	359	625	505
Interest income	(720)	(596)	(1,065)	(974)
Other operating income	(0)	—	(39)	(52)
<i>Changes in operating assets and liabilities:</i>				
Net (increase)/decrease in accrued liabilities and deferred income	66	11	72	29
Net decrease in deferred charges and prepaid expenses	3	1	3	2
Net increase in finance receivables	(846)	(709)	(1,133)	(1,103)
Purchase of vehicles for operating leases	—	—	(180)	(276)
Net proceeds from sale of operating lease vehicles	0	—	107	107
Net increase in vehicles awaiting resale	(34)	(11)	(28)	(46)
Net decrease/(increase) in accounts receivable	(6)	(1)	(6)	5
Net increase in accounts payable	(26)	(102)	(16)	(135)
Net (increase)/decrease in accounts payable to related undertakings	(63)	39	7	9
Cash (used) in operating activities	(1,056)	(878)	(1,420)	(1,661)

Notes to the Consolidated Financial Statements for the Year ended 31 December 2024

36 NOTES TO THE STATEMENT OF CASH FLOWS CONTINUED

	Company		Group	
	2024 £ mil	2023 £ mil	2024 £ mil	2023 £ mil
At beginning of period:				
Cash and cash equivalents	1,503	1,346	2,557	2,536
Balance at 1 January	1,503	1,346	2,557	2,536
At end of period:				
Cash and cash equivalents	1,063	1,503	1,253	2,557
Balance at 31 December 2024 and 2023	1,063	1,503	1,253	2,557
Net increase in cash and cash equivalents				
Cash and cash equivalents at beginning of period	1,503	1,346	2,557	2,536
Cash and cash equivalents at end of period	1,063	1,503	1,253	2,557
Net increase in cash and cash equivalents	(440)	157	(1,304)	21

Reconciliation of Liabilities Arising from Financing Activities

Company For the year ended 31 December	2023	Non-Cash Changes					2024
		Cash flow	Non-Cash Changes			Other	
			Foreign exchange movement	Fair value changes	Gain / Loss		
£ mil	£ mil	£ mil	£ mil	£ mil	£ mil	£ mil	
Debt securities and loans provided by banks and other financial institutions	581	(366)	(6)	—	—	—	209
Funds provided by parent and related undertakings	2,995	(237)	(114)	—	—	—	2,644
Short-term borrowings	—	325	(0)	—	—	—	325
Deposits	6,313	(13)	—	—	—	—	6,300
Total liabilities from financing activities	9,889	(291)	(120)	—	—	—	9,478

Group For the year ended 31 December	2023	Non-Cash Changes					2024
		Cash flow	Non-Cash Changes			Discontinued Operations	
			Foreign exchange movement	Fair value changes	Gain / Loss		
£ mil	£ mil	£ mil	£ mil	£ mil	£ mil	£ mil	
Debt securities and loans provided by banks and other financial institutions	3,002	(148)	(87)	—	—	(407)	2,360
Funds provided by parent and related undertakings	3,578	(440)	(136)	—	—	(687)	2,315
Short-term borrowings	—	343	(0)	—	—	(13)	330
Deposits	8,962	517	(94)	—	—	(3,085)	6,300
Total liabilities from financing activities	15,542	272	(317)	—	—	(4,192)	11,305

Notes to the Consolidated Financial Statements for the Year ended 31 December 2024

37 FCE AND OTHER RELATED PARTY INFORMATION

Domicile: United Kingdom (UK).

Legal form: The Company is a regulated bank, authorised as a deposit taking, consumer credit and insurance intermediary business under the Financial Services and Markets Act 2000 and in accordance with the Financial Services Act 2012 and is authorised by the PRA and regulated by the FCA and PRA.

Country of registration: The Company is a public limited company incorporated and registered in England and Wales.

Registered office: Central Office – Arterial Road, Laindon, Essex SS15 6EE. Registered in England and Wales no. 00772784.

The Company has a subsidiary in Italy (refer Note 20 'Investments in Other Entities').

Nature of operations and principal activities: FCE's primary business is to support the sale of Ford vehicles in Europe through the respective dealer networks. A variety of retail, leasing and wholesale finance plans are provided in the markets in which FCE operates. Also, FCE provides savings products to approximately 146,000 savings customers in the UK under the Ford Money brand.

FCE offers most of its products and services under the Ford Credit or Ford Money brands – refer to 'European Operating Locations' on page 147 for further details. The Company, through its Worldwide Trade Finance (WWTF) division, provides financing to importers and distributors in countries where typically there is no established local Ford presence. WWTF currently provides finance in around 60 countries. In addition, there are private label operations in some European markets.

Immediate Parent undertaking: All of the 614,384,050 Ordinary £1 shares of FCE are owned by Ford ECO. Ford ECO does not produce consolidated accounts, being wholly owned by, and consolidated into the accounts of FMCC. For further details, refer to Note 25 'Ordinary Shares and Share Premium'.

Ultimate Parent undertaking: The ultimate Parent undertaking and controlling party is Ford Motor Company (Ford), Ford Credit International LLC (FCI) and FMCC are all incorporated in the United States of America. Ford ECO is incorporated in Switzerland.

Copies of the consolidated accounts for FMCC and Ford may be obtained from Ford Motor Company (US), One American Road, Dearborn, Michigan 48126, United States of America.

Notes to the Consolidated Financial Statements for the Year ended 31 December 2024

38 COUNTRY-BY-COUNTRY

The following table is disclosed according to the Capital Requirements (Country-by-Country) Reporting Regulations 2013 (Statutory Instrument 2013 No. 3118). The Group did not receive any public subsidies in 2024 (2023: nil).

For prior year comparatives refer to page 136 of FCE's 2023 Annual Report.

Name of Branch or Subsidiary	Principal Activity	Average Number of Full Time Employees	Total Income / (Expense) ^(a) £ mil	Profit or (loss) before tax ^(b) £ mil	Corporation tax paid (£ mils)
FCE Bank plc Austria	Bank	—	8	8	(0.3)
FCE Bank plc France	Bank	60	61	37	9.5
FCE Bank plc Germany	Bank	—	0	(1)	(4.9)
FCE Bank plc Ireland	Bank	3	4	3	0.6
FCE Bank plc Italy	Bank	—	0	0	—
FCE Bank plc Portugal	Bank	1	6	6	—
FCE Bank plc Spain	Bank	66	33	10	0.1
FCE Bank plc UK	Bank	665	467	313	17.6
FCE Bank SA Oddzial w Polsce	Bank	—	2	2	—
Ford Credit Italia S.p.A	Finance company	62	99	52	11.7

- (a) Total income/(expense) is reported above on an IFRS basis at each entity level and does not include total income of the Structured Entities. It comprises net interest income plus net fees and commission income plus other operating income
- (b) Profit or (loss) before tax is reported above on an IFRS basis at each entity level and does not include the profits or losses of the Structured Entities

FCE Bank plc UK includes the UK market (per Note 35 'Segment Reporting') along with Central Office. For further details on the country of incorporation for the banks and finance companies, refer to European Operating Locations.

For further details on events after the reporting period, refer to Note 39 'Events After The Reporting Period'.

39 EVENTS AFTER THE REPORTING PERIOD

The company has taken into consideration the FCA's statement published on 11 March 2025 in relation to commission arrangements.

Notes to the Consolidated Financial Statements for the Year ended 31 December 2024

40 DISCONTINUED OPERATIONS

As disclosed in the Strategic Report, FCE sold its wholly owned subsidiary Ford Bank GmbH to Ford ECO on 1 September 2024.

The discontinued operations comprise of Ford Bank GmbH including its branch and associated SEs, as detailed below:

Business	Description
Ford Bank GmbH	Subsidiary of FCE
Ford Bank Austria	Branch of Ford Bank GmbH
Globaldrive Dealer Floorplan Germany 2018 B.V.	SE of Germany
Globaldrive Germany Retail VFN 2018 B.V.	SE of Germany
Globaldrive Auto Receivables 2021-A B.V.	SE of Germany
Globaldrive Auto Receivables 2023-A B.V.	SE of Germany
Globaldrive Auto Receivables 2024-A B.V.	SE of Germany

The sale of Ford Bank GmbH resulted in the recognition of cumulative exchange differences of £134 million, which were previously recognised in other comprehensive income and have now been reclassified to profit or loss.

Notes to the Consolidated Financial Statements for the Year ended 31 December 2024

40 DISCONTINUED OPERATIONS CONTINUED

Analysis of the discontinued amounts disclosed in the Consolidated Statement of Profit or Loss and Other Comprehensive Income (Prior year comparative represents full year, 2024 represents the period up to the date of sale):

	Discontinued Operations	
	2024 £ mil	2023 £ mil
Interest income	191	252
Interest expense	(98)	(102)
NET INTEREST INCOME	93	150
Fees and commissions income	3	5
NET FEES AND COMMISSIONS INCOME	3	5
Other operating income	39	52
TOTAL INCOME	135	207
Allowance for expected credit losses	(3)	(1)
Operating expenses	(66)	(96)
Loss on disposal of operating leases	(6)	(13)
Depreciation of property and equipment	(29)	(37)
Fair value adjustments to financial instruments	(4)	(36)
Gain/(loss) on foreign exchange	0	0
PROFIT BEFORE TAX	27	24
Income tax expense	(10)	(8)
PROFIT AFTER TAX AND PROFIT FOR THE PERIOD FROM OPERATIONS	17	16
Gain from selling discontinued operations	6	—
Foreign currency translation differences recycled	134	—
TOTAL PROFIT ATTRIBUTABLE TO DISCONTINUED OPERATIONS	157	16
Items that can be recycled through profit or loss	(27)	(20)
Items recycled through profit or loss	(134)	—
TOTAL TRANSLATION DIFFERENCES ON FOREIGN CURRENCY NET INVESTMENTS	(161)	(20)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD FROM DISCONTINUED OPERATIONS	(4)	(4)
ATTRIBUTABLE TO OWNERS OF THE PARENT	(4)	(4)

Notes to the Consolidated Financial Statements for the Year ended 31 December 2024

40 DISCONTINUED OPERATIONS CONTINUED

Net cash flows attributable to activities of the discontinued operations:

	Cash flows from discontinued operations	
	2024 £ mil	2023 £ mil
Cash flows from/(used in) operating activities	121	36
Cash flows from investing activities	11	37
Cash flows (used in)/from financing activities	(88)	(196)
Effect of exchange rate changes on cash and cash equivalents	(22)	(18)
Net increase/(decrease) in cash and cash equivalents	22	(141)

Disclosures relating to the changes in ownership interests in subsidiaries:

	2024 £ mil
Total consideration received*	672
Portion of the consideration as cash	—
Break down of assets and liabilities at the date of sale:	
Categories for assets:	
Cash and cash equivalents	873
Derivative financial instruments	12
Other assets	186
Loans and advances to customers	3,699
Property and equipment	244
Right-of-use assets	1
Intangible assets	—
Income taxes receivable	10
Deferred tax assets	—
Investment in other entities	—
Categories for liabilities :	
Financial liabilities	(1,109)
Lease liabilities	(1)
Deposits	(3,085)
Derivative financial instruments	(12)
Other liabilities and provisions	(109)
Income taxes payable	—
Deferred tax liabilities	(43)
Total assets and liabilities	666
Pre-tax gain on sale of discontinued operations	6
Tax expense	—
Gain on sale of discontinued operations	6

* This was a non-cash transaction.

European Operating Location

The following table details the countries in which FCE operates through a branch or a subsidiary.

Location	Address
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The Company's branch locations

BRITAIN	FCE Bank plc, Arterial Road, Laindon, Essex SS15 6EE
FRANCE	FCE Bank plc, Succursale France, 1 rue du 1er Mai – CS 90209 - 92 752 Nanterre, France
IRELAND	FCE Bank plc, Elm Court, Boreenmanna Road, Cork 999937, Ireland
ITALY	FCE Bank plc, Via del Serafico 89 palazzina D, Il piano (second floor) 00142 Roma
SPAIN	FCE Bank plc Sucursal en España, Calle Caléndula, 13, 28109 Alcobendas, Madrid, Spain

The Group: FCE's European subsidiaries

ITALY	Ford Credit Italia S.p.A, (Company Registration Number 15888421003-REA RM - 1632928), Via del Serafico 89 palazzina D, Il piano (second floor) 00142 Roma
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Other Information

Alternative Performance Measures Definitions

APM	Definition	Relevance of use
Average net loans and advances to customers	12-month average net loans and advances to customers	Used when calculating certain ratios, to reduce the impact of periodic fluctuations in balances through the year.
Margin ratio	Total margin as a percentage of average net loans and advances to customers.	An indicator of FCE's effectiveness at managing its loan portfolio in order to generate margin.
Credit loss ratio	Net credit losses (total write-off less recoveries) as a percentage of average net loans and advances to customers.	An indicator of the credit quality of FCE's loan portfolio.
Cost efficiency ratio	Operating expenses as a percentage of average net loans and advances to customers.	An indicator of the level of cost used to service FCE's Loan portfolio.
Return on Assets	Profit before tax as a percentage of total assets.	An indicator of FCE's effectiveness at managing its assets to generate a profit.

Glossary of Defined Terms

2024 Annual Report-FCE's consolidated annual financial statements as at and for the year ended 31 December 2024.

Average net loans and advances to customers-The balance of net loans and advances to customers at the end of each month divided by the number of months within the reporting period.

CET1 Capital-Common Equity Tier 1 capital as defined in the Capital Requirements Regulation. This is the top quality capital tier within Own Funds.

Company-FCE Bank plc including all its European branches, but excluding its subsidiaries and SEs.

Dealer or Dealership-A wholesaler franchised directly by Ford, to provide vehicle sales, service, repair and financing.

Default-FCE defines a default to have occurred in respect of any borrower (consumer and non-consumer) when the borrower satisfies at least one of the following default criteria in respect of the amount owed by the borrower to FCE:

- Primary Criterion: Unlikely to pay the total amount owed
- Secondary Criterion: More than 90 days past due in respect of a material amount owed, if not already meeting the primary criterion

EMTN-FCE Bank plc (the "Issuer" or "FCE"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue Euro Medium Term Notes (the "Notes"). The aggregate principal amount of the Notes outstanding will not at any time exceed €10 billion.

Europe-The markets where FCE provides financial services. During 2024 these were: Austria, Britain, France, Germany (until date of sale), Ireland, Italy, Poland, Portugal and Spain.

FCA-The Financial Conduct Authority is the statutory body responsible for conduct regulation and supervision of UK authorised firms (from 1 April 2013), also the prudential regulator for financial services firms not prudentially regulated by the PRA.

FCI-Ford Credit International LLC, a Company incorporated under the laws of Delaware USA and a direct subsidiary of Ford Credit.

FCTA-Foreign Currency Translation Adjustment (FCTA) - Accumulated Other Comprehensive Income account (component of shareholder's equity) where the effect of changes in exchange rates in translating an entity's Statement of Financial Position into reporting currency is recorded.

Ford ECO-Ford ECO GmbH a limited liability Company incorporated under the laws of Switzerland and a direct subsidiary of FCI.

Ford Credit or FMCC-Ford Motor Credit Company LLC, a limited liability Company organised under the laws of Delaware USA and an indirect wholly owned subsidiary of Ford.

Ford-Ford Motor Company, a Company incorporated under the laws of Delaware USA and the Group's ultimate Parent Company. In some cases, this term may mean Ford Motor Company and all or some of its affiliates.

Ford Blue-Division of Ford focused on traditional internal combustion engine (ICE) vehicles. It encompasses Ford's conventional product line up, including petrol powered cars and SUVs.

Ford Model e-Division of Ford responsible for the development and production of Ford's electrified vehicle line up, including fully electric and plug-in hybrid models.

Ford Pro-Division of Ford that caters to commercial and business customers. This includes commercial vehicles, as well as integrated solutions such as telematics, fleet management, and maintenance services.

Full Service Leasing or FSL-Fixed monthly vehicle rental for customers, including ongoing maintenance and disposal of vehicle at the end of the hire period. Typically FCE retains responsibility for marketing and sales, for which it receives a fee income, and externalises the finance, leasing, maintenance and repair services for current and future portfolios of commercial operating leases to a preferred third party under the 'Ford Lease' or 'Ford Business Partner' brand.

Gross loans and advances to customers-Total payments remaining to be collected on loans and advances to customers (refer to Note 12 'Loans and advances to customers').

Group or FCE-The Company and its subsidiaries and SEs.

Glossary of Defined Terms

IAS-International Accounting Standards.

ICAAP-Internal Capital Adequacy Assessment Process. FCE's annual process, as defined in PRA regulation, by which it assesses the level of capital that is adequate to cover the risks to which it is or might be exposed, incorporating stress testing, scenario analysis and consistent with its risk appetite.

IFRS-International Financial Reporting Standards.

ILAAP-Internal Liquidity Adequacy Assessment Process. FCE's annual process, as defined in PRA regulation, by which it identifies, measures, manages and monitors liquidity and funding risks under stress scenarios and across different time horizons, consistent with its risk appetite.

Net loans and advances to customers-Loans and advances to customers as reported in the Statement of Financial Position representing 'Gross loans and advances to customers' including any deferred costs/fees and less provisions and unearned finance income and unearned interest supplements from related parties.

Operating lease- Contracts where the assets are not wholly amortised during the primary period and where the lessor may not rely on rentals for its profit but may look for recovery of the balance of its costs and of its profits from the sale of the recovered asset at the lease end. Contract hire is a variation of operating lease.

Own Funds-The own funds of an institution is the sum of its Tier 1 and Tier 2 capital.

Past Due- Is where any amount of principal, interest or fee has not been paid at the date it was due. The exposure value is the whole carrying amount.

Pillar 1-The part of the Basel framework which sets the minimum capital requirements for institutions to hold.

Pillar 2-Supervisory Review Process where regulators evaluate the activities and risk profiles of individual institutions to determine whether they should hold higher levels of capital than the minimum capital requirements of Pillar 1.

Pillar 3-The pillar of the Basel framework which focuses on the public disclosures of institutions with the aim of enhancing transparency for all stakeholders.

PRA-The Prudential Regulation Authority is the statutory body responsible for the prudential regulation of banks, building societies, credit unions, insurers and major investment firms in the UK (from 1 April 2013). The PRA is a subsidiary of the Bank of England.

Public / Private securitisation-Public transactions relate to the asset-backed securities which are publicly traded and private transactions relate to sales directly to an individual, or small number of, investor(s).

Retail-The part of FCE's business that offers vehicle financing and leasing products and services to individual consumers, sole traders and businesses introduced through a Dealer or Dealership that has an established relationship with FCE.

Total risk-weighted exposure amounts-The overall exposure to risk calculated under Pillar 1 of the UK capital rules set by the PRA. For FCE, risk weighted exposures comprise primarily of exposures to credit risk calculated by applying risk weightings to assets under the Standardised approach. Total risk-weighted exposures also include exposures to market risk and operational risk. For more details, refer to FCE's Pillar 3 Report.

Securitisation-A technique for raising finance from income-generating assets such as loans by redirecting their cash flow to support payments on securities backed by those underlying assets. Legally the securitised assets generally are transferred to and held by a bankruptcy-remote SE. Normally, FCE would be engaged as a servicer to continue to collect and service the securitised assets. FCE also engages in other structural financing and factoring transactions that have similar features to securitisation and also are referred to as 'securitisation' in this report.

Structured Entities or SE-a bankruptcy-remote entity whose operations are limited to the acquisition and financing of specific assets (which may include the issue of asset backed securities and making payments on these securities) and in which FCE usually has no legal ownership or management control.

Tier 1 Capital-As FCE has no additional Tier 1 capital, its Tier 1 capital is the same as its CET1 capital and comprises shareholder funds net of certain deductions.

Tier 2 Capital-FCE's Tier 2 capital comprises of subordinated debt.

Total Capital Ratio-FCE's Own Funds divided by the end of period Total Risk-Weighted Exposure Amount.

Glossary of Defined Terms

Wholesale-The part of FCE's business that offers financing of a wholesaler's inventory stock of new and used vehicles, parts and accessories. May also be known as dealer floor-plan or stocking finance. May also include other forms of financing provided to a wholesaler by FCE such as capital or property loans, improvements in dealership facilities and working capital overdrafts.

WWTF- FCE's Worldwide Trade Finance division which provides financing to distributors and importers where Ford has no national sales company presence.

Website addresses

Additional data and web resources, including those listed below, can be obtained from the following web addresses:

Additional data	Website addresses
<p>FCE Bank plc.</p> <ul style="list-style-type: none"> • Annual Report • Half Yearly Management Statement • Pillar 3 Reports • Further investor relations information 	<p>https://www.fcebank.com/investor-center.html</p>
<p>Ford Motor Company (Ultimate Parent Company) including:</p> <ul style="list-style-type: none"> • 'Quarterly Reports' • 'Annual Reports' • 'SEC Filings' Footnotes 1 and 2 	<p>https://shareholder.ford.com/Investors/Home/default.aspx</p>
<p>Ford Motor Credit Company including:</p> <ul style="list-style-type: none"> • 'Company Reports' Footnote 2 • 'Company Events' • 'Asset-Backed Securitisation' Footnote 3 	<p>To access from the above link click on 'Reports and Filings' within the 'Investors' menu.</p> <p>https://www.fcebank.com/investor-center.html</p>
<p>Irish Stock Exchange which includes</p> <ul style="list-style-type: none"> • Euro Medium Term Note Base Prospectus (refer to Note 21 'Financial Liabilities') 	<p>https://www.centralbank.ie/regulation/industry-market-sectors/securities-markets/prospectus-regulation/prospectuses</p> <p>To access search for 'FCE'</p>
<p>Financial Reporting Council</p> <ul style="list-style-type: none"> • The UK Corporate Governance Code 	<p>https://www.frc.org.uk/library/standards-codes-policy/corporate-governance/uk-corporate-governance-code/</p>

Additional information
Footnote 1: Securities and Exchange Commission (SEC)
Footnote 2: SEC filings include both SEC Form 10-K Annual Report and SEC Form 10-Q Quarterly Reports
Footnote 3: 'Asset-Backed Securitisation' incorporates European retail public securitisation data including the following report types:
<ul style="list-style-type: none"> • Prospectuses • Monthly Investor Reports