
FCE Bank plc

INTERIM REPORT AND FINANCIAL STATEMENTS

for the half year ended 30 June 2010

NOVO

Definitions

Definitions

For the purpose of this report (with exception of the 'Independent Auditors' Review Report to FCE Bank plc') the term

- i. **'2009 Annual Report and Accounts'** means FCE's consolidated annual financial statements as at and for the year ended 31 December 2009
- ii. **'Balance sheet'** means condensed consolidated half-yearly balance sheet as presented on page 19.
- iii. **'Company'** means FCE Bank plc including all its European branches, but excluding its subsidiaries and SPE's.
- iv. **'Group'** or **'FCE'** means the Company and its subsidiaries and SPE's
- v. **'FCI'** means Ford Credit International Inc., a company incorporated under the laws of Delaware USA, a subsidiary of Ford Credit and the Company's immediate shareholder
- vi. **'FMCC'** or **'Ford Credit'** means Ford Motor Credit Company LLC, a limited liability company incorporated under the laws of Delaware USA and an indirect wholly owned subsidiary of Ford
- vii. **'Ford'** means Ford Motor Company, a company incorporated under the laws of Delaware USA and the Company's ultimate parent company. In some cases, this term may mean Ford Motor Company and all or some of its affiliates
- viii. **'Interim Report'** means FCE's consolidated interim report and financial statements as at and for the half year ended 30 June 2010
- ix. **'Risk Based Equity'** or **'RBE'** – is a process which allocates equity based on an assessment of the inherent risk in each location. Borrowing costs are adjusted versus that 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. RBE enables the risk/return of individual locations to be evaluated from a total perspective.
- x. **'SPE'** means a bankruptcy-remote special purpose 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 the securities) and in which FCE usually has no legal ownership or management control

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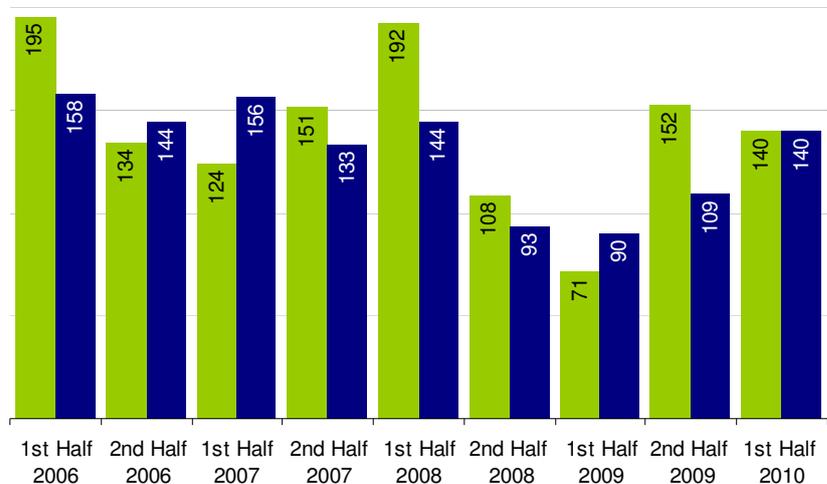
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Highlights

Profit before Tax £ Millions

- PBT Including Exceptional Items
- Adjusted PBT*

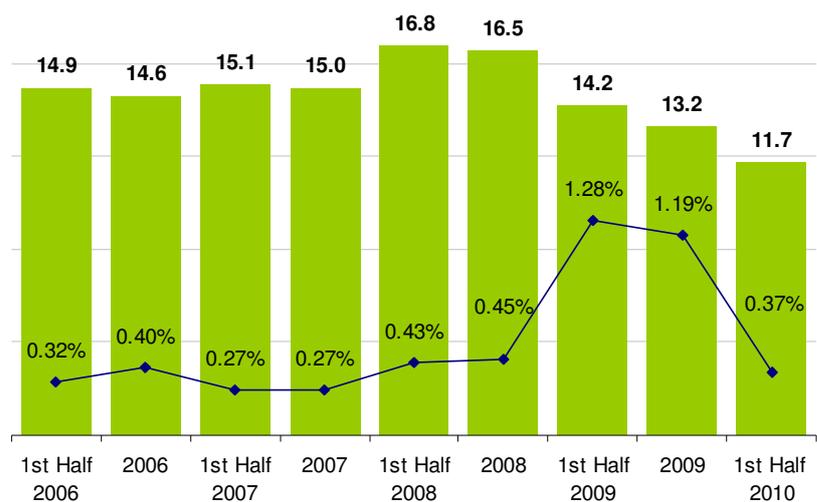
* Adjusted Profit Before Tax as calculated on page 6.



Credit Loss Ratio £ Billions

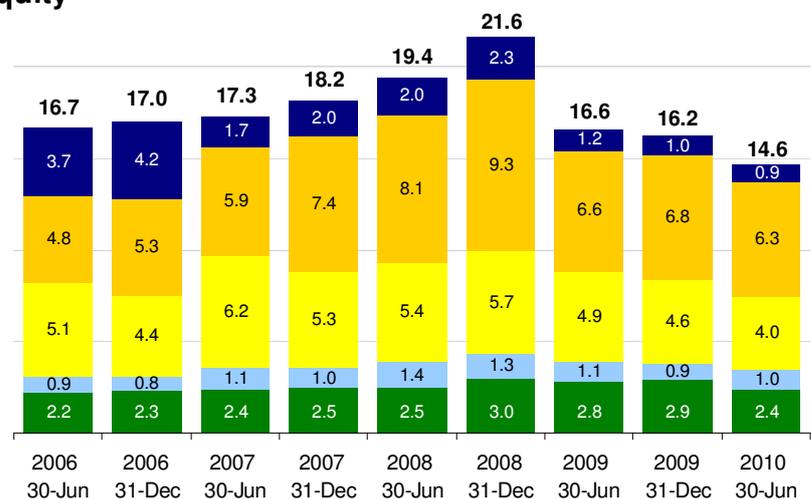
- Average Net Receivables (ANR)
- ◆ Net Losses as % of ANR*

* Includes exceptional losses (refer to Note 2: 'Profit before tax')



Liabilities and Shareholders' Equity £ Billions

- Intercompany Debt
- Secured External Debt
- Unsecured External Debt
- Other Liabilities
- Equity



Chairman's Statement

FCE delivered pre-tax profits of £140 million in the first half of 2010, an increase of £69 million over the same period last year. Higher profits in 2010 can be attributed to a number of factors including a significant reduction in credit losses, which have returned to within historical norms, corresponding lower loss provisions and lower vehicle residual value losses. At a time when the European economic recovery has remained fragile, and Sterling has strengthened against the Euro, FCE's first half profits represent a strong performance by its pan-European team.

FCE has continued to execute its strategy of maintaining a strong balance sheet which is inherently liquid. The Group places strong emphasis on sound risk management practices, and it leverages its global resources to deploy best practices throughout its business. This approach includes a strong focus on the economic conditions in the more challenged European countries. As these conditions change, FCE has taken pre-emptive action to ensure that it will continue to have a high-quality receivables base that will deliver predictable returns. Consistent with its specialised role, FCE has limited sovereign exposure which is comprised primarily of short-term UK, German and French bills.

The credit ratings assigned to FCE by Moody's, Standard & Poor's and Fitch have improved over the last six months reflecting the strong progress made by its ultimate parent, Ford Motor Company and can be seen on page 11 of this report. During the first half of 2010 FCE made substantial progress on its funding plan, generating £1.6 billion in funding from new external funding, including a public securitisation of £0.4 billion, and renewing or adding £1.8 billion in private securitisation funding capacity. In addition, FCE issued £327 million (€400 million) under its European Medium Term Note programme in July 2010.

The Board of FCE takes a very close interest in ensuring that the Group is treating its customers fairly at all times. FCE uses over 50 metrics related to fairness to monitor this subject and facilitate the early identification of issues or trends. These metrics are also reviewed by the Board at each meeting in conjunction with a broad set of quality and service metrics. FCE understands the strong connection between treating customers fairly, delivering a great service experience and customer loyalty which drives repeat business. In addition, all of FCE's UK based employees undertake mandatory, annual, online Treating Customers Fairly training and this will be rolled out to our management team across Europe.

FCE continues to monitor actual and potential changes in the UK and European regulatory environment. With Tier 1 capital of £2.3 billion, FCE is holding more capital than is required by either regulatory or internally assessed Basel II minimum capital requirements. As a profitable, well capitalised institution, FCE paid a dividend of £390 million to its parent company during the first half of 2010.

This dividend payment is consistent with FCE's plan to gradually align its capital base with the reduced scale of its business following the transition of non-Ford business to new finance providers, while taking account of the funding and liquidity environment. As FCE will become a smaller business as the non-Ford receivables liquidate, the management team continue to take strategic and tactical actions to adjust FCE's scale and size to reflect this smaller business and ensure that it continues to remain profitable.

Ford remained Europe's second best-selling passenger car brand in the first half of 2010, and during the year will reveal more than 11 new models or derivatives. FCE is Ford's dedicated finance specialist in Europe, providing finance and insurance solutions for customers and dealers. As such, FCE will continue to support key launches with products and programmes that make new vehicles accessible to Ford customers. These 'take-to-market' actions are fully integrated into Ford's local sales plans, and this joined-up approach to business underlines my continued confidence in FCE's role as a strategic asset to Ford Motor Company.

Bernard B Silverstone
Chairman, FCE Bank plc.
26 August 2010

Performance Summary

Profitability

		First Half 2010	Second Half 2009	First Half 2009
	Notes	£ mil	£ mil	Restated* £ mil
Adjusted PBT excluding exceptional items, fair value adjustments to financial instruments and gain or loss on foreign exchange				
PBT including exceptional items, fair value adjustments to financial instruments and gain or loss on foreign exchange	13c	£ 140	£ 152	£ 71
Adjustment to exclude exceptional (gains)/losses	2/13c	4	(9)	28
PBT excluding exceptional items		£ 144	£ 143	£ 99
Adjustment to exclude:				
- Fair value adjustments to financial instruments - (gains)/losses		(33)	(30)	(6)
- (Gain) / loss on foreign exchange		29	(4)	(3)
Fair value adjustments to financial instruments and gain or loss on foreign exchange		£ (4)	£ (34)	£ (9)
Adjusted PBT		£ 140	£ 109	£ 90

*Refer to Note 1 'Accounting Policies' for details of restatement

FCE's increase in PBT from £71 million to £140 million includes the effect of a number of significant one-time losses incurred in 2009 primarily related to an exceptional credit loss in the Spanish rental sector and restructuring actions to right-size the business ('exceptional items' are those significant items which by virtue of their size or incidence are separately disclosed to aid the interpretation of performance compared to the prior year. Details are provided in Note 2 'Profit before Tax').

PBT including exceptional items also includes fair value adjustments to financial instruments and foreign exchange adjustments. FCE uses derivatives to manage interest rate and currency risks and, as a matter of policy, does not use derivatives for speculative purposes. For interest rate risk management, FCE uses interest rate swaps to match the repricing characteristics of its loans and advances to its debt. As the derivative fair value adjustment does not reflect accruals accounting for the underlying assets and liabilities, this adjustment has been excluded in the above calculation of Adjusted PBT.

Adjusted PBT for the first half of 2010 was £140 million, up £50m million from a year ago. This improvement primarily reflects significantly lower credit losses (refer to the explanation of FCE's credit loss ratio on page 42), lower residual value losses, and lower credit loss reserves, partially offset by the impact of lower average net loans and advances.

Balance Sheet

At 30 June 2010, net loans and advances to customers totalled £11.2 billion, down £1.5 billion or 12% from the same period last year of which approximately 6% relates to the depreciation of Euro against Sterling. The remaining decrease primarily reflects the transition of Jaguar, Land Rover, Mazda and Volvo business to new finance providers and the impact of lower vehicle industry sales during the recession.

FCE is holding more capital than is required by either regulatory or internally assessed Basel II minimum capital requirements (refer to 'Capital and Funding' page 11). Total Tier 1 Capital at 30 June 2010 was £2.3 billion, down £0.5 billion from the same period last year primarily reflecting the payment of a dividend of £390 million in June 2010 (see page 20).

The ratio of Tier 1 Capital and Total Regulatory Capital as a percentage of risk weighted exposures decreased to 18.5 % (21.4% June 2009) and 21.3% (24.4% June 2009) respectively at 30 June 2010. The decrease in both ratios primarily reflects the impact of the dividend payment made in June 2010, partially offset by the reduction in Risk Weighted Exposures as a result of lower loans and advances.

Performance Summary

Key Financial Ratios

	First Half 2010	First Half 2009
Return on Equity	7.2%	3.8%
Margin	4.1%	3.8%
Cost Efficiency Ratio	1.7%	1.5%
Cost Affordability Ratio	43%	40%
Credit Loss Ratio	37 bpts	93 bpts
Credit Loss Cover	0.8%	0.9%
Tier 1 Capital / Risk Weighted Exposures	18.5%	21.4%
Total Regulatory Capital / Risk Weighted Exposures	21.3%	24.4%

The ratios above exclude exceptional items in order to show underlying or 'normalised' performance. Refer to page 42 for the 'Key Financial Ratio and Terms' definitions and for further details of the calculation of key financial ratios.

FCE's return on equity increased to 7.2% in the first half of 2010, from 3.8% in the same period last year, primarily reflecting the higher profitability previously described and the impact of lower capital on average equity.

FCE's margin increased to 4.1%, from 3.8% in the same period last year, primarily reflecting the favourable impact of lower market borrowing rates, partially offset by the adverse impact of increased credit spreads as a result of volatility in the credit markets and the cost of holding an increased liquidity buffer.

The cost efficiency and cost affordability ratios exclude exceptional items in order to show underlying or 'normalised' performance as explained in 'Key Financial Ratios and Terms' on page 42. The 'cost efficiency ratio' in the first half of 2010 increased to 1.7% of net loans and advances to customers from 1.5% in 2009, primarily reflecting the reduction in loans and advances, partially offset by cost efficiency actions. The cost affordability ratio increased by 3 percentage points, reflecting the lower income from the reduced receivable base. The restructuring actions completed in the first half of 2010 are required to meet the changing business conditions and to maintain a competitive cost structure. Refer to Note 2 'Profit before tax' for details of exceptional items such as restructuring costs.

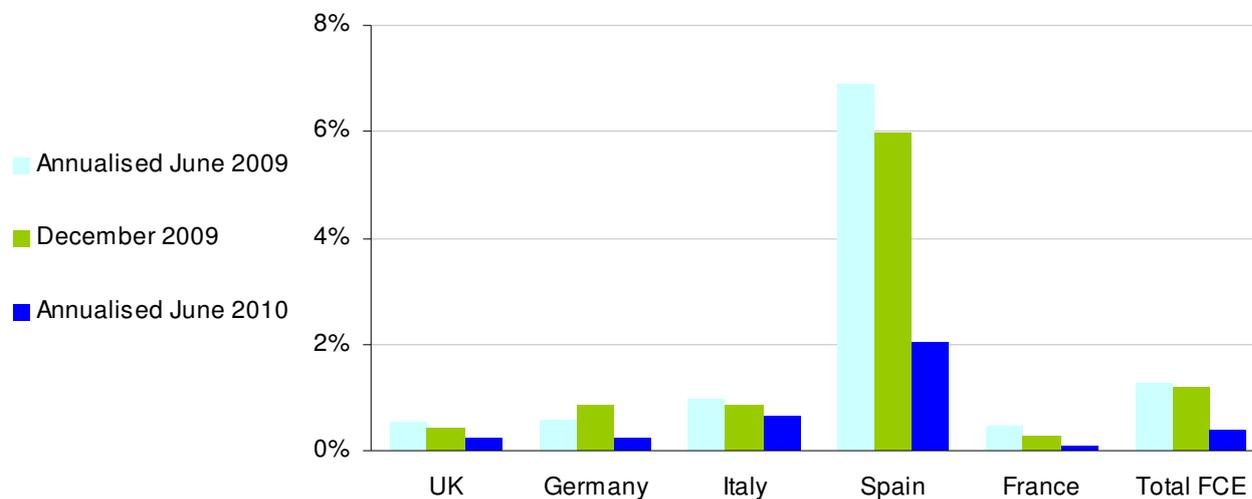
FCE's credit loss ratio in the first half of 2010, improved significantly to 37 basis points (bpts) from 93 bpts (excluding an exceptional loss) in the same period of 2009. Credit losses decreased in almost all of FCE's markets, with significant reductions in Spain, which was the most adversely affected in 2009 by the severe economic recession, as shown in the chart on the following page. The improved credit loss performance reflects some improvement in economic conditions but primarily the performance of FCE's portfolio and the mitigating actions taken during the economic downturn.

Credit loss cover, expressed as a percentage of net loans and advances to customers, decreased marginally to 0.8% at 30 June 2010, from 0.9% for the same period in 2009. FCE's collective impairment allowance decreased to £88 million at 30 June 2010 from £109 million at the same period in 2009, reflecting the reduction in net loans and advances to customers, the significantly improved credit loss performance, and improved European economy. FCE judges that its impairment allowance is appropriate for the reduced balance sheet size and improved credit loss performance (refer to 'Balance Sheet' section on page 6).

Performance Summary

Ratios continued

Net Credit Losses as percentage of Average Net Loans and Advances to Customers



Significant improvements in credit losses

The bar chart expresses annualised net credit losses for both wholesale and retail financing as a percentage of average net loans and advances to customers including exceptional losses, and demonstrates the significant improvement in credit losses seen during the first half of 2010.

Performance Summary

Future Prospects

Vehicle industry volumes in Europe are expected to be lower in the second half of 2010, following the ending of many of the various Government scrappage incentive schemes. FCE's contract volumes are therefore likely to remain constrained in the short term, until the benefits of economic recovery start to flow through to higher vehicle sales.

On 2 August 2010, Ford Motor Company announced the completion of its sale of the Volvo Cars Corporation to Zhejiang Geely Holding Group Company Limited. Volvo Cars has now secured alternative financial services sources for customers and dealers in the U.S., Canada, and Europe. In Europe the timing of Volvo's transition of dealer wholesale financing and new retail and leasing contracts to alternative financial service providers varied by country, from January to May 2010.

As reported previously, Jaguar, Land Rover and Mazda have also transitioned their financial services to alternative providers. As at 30 June 2010 non-Ford branded financing (including Volvo) represents approximately 7% of FCE's net loans and advances to customers. The retail and lease portfolio will continue to be serviced by FCE through to liquidation of the respective contracts. FCE's revenue will reduce in proportion to the decline in these loans and advances as they liquidate.

FCE's full year 2010 public term funding plan includes unsecured public term funding in the range of £0.3 to £0.8 billion and a range of £0.4 billion to £0.8 billion in primary public securitisation issuance. As at 26 August 2010, FCE had completed £0.3 billion of unsecured issuance and £0.4 billion of primary public securitisation.

In 2010, FCE expects its 'Adjusted PBT' to be higher than that experienced in 2009, reflecting improved credit loss performance, partly offset by reduced portfolio size. At year end 2010 FCE anticipates net loans and advances to customers to be in the range of £10 billion to £11 billion.

FCE's plan is to gradually align its capital base with the reduced scale of its business while taking account of the funding and liquidity environment. In June 2010 FCE paid a dividend of £390 million. Based on present assumptions, FCE expects to pay a similar dividend in 2011, and thereafter dividends are expected to be smaller.

This future prospects statement is based on current expectations, forecasts and assumptions and involves a number of risks, uncertainties, and other factors that could cause actual results to differ. FCE cannot be certain that any expectations, forecasts and assumptions will prove accurate or that any projections will be realised. The statement is based on the best available data at the time of issuance and will be updated upon publication of FCE's 2010 Annual Report and Accounts. Other than this FCE does not undertake to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

Business Update

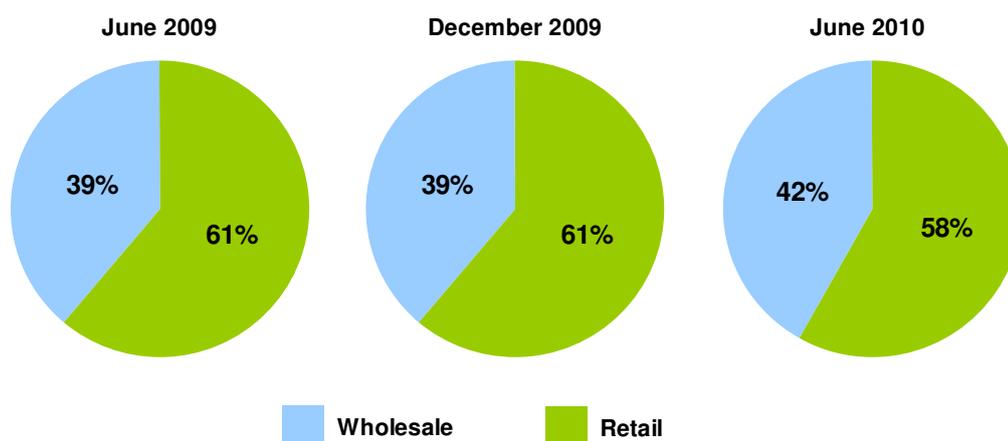
Description of the Business

For a detailed description of FCE's ownership structure, aims and business operations, refer to pages 12 and 13 of the 2009 Annual Report and Accounts. Updated information on the Company's business is detailed below.

Product Segment

FCE considers its lending under two main product segments; 'Retail' primarily represents automotive lending to individual customers while 'Wholesale' primarily represents commercial loans to Ford franchised automotive dealers to fund vehicle inventory.

Analysis of Net Loans and Advances by Product Segment



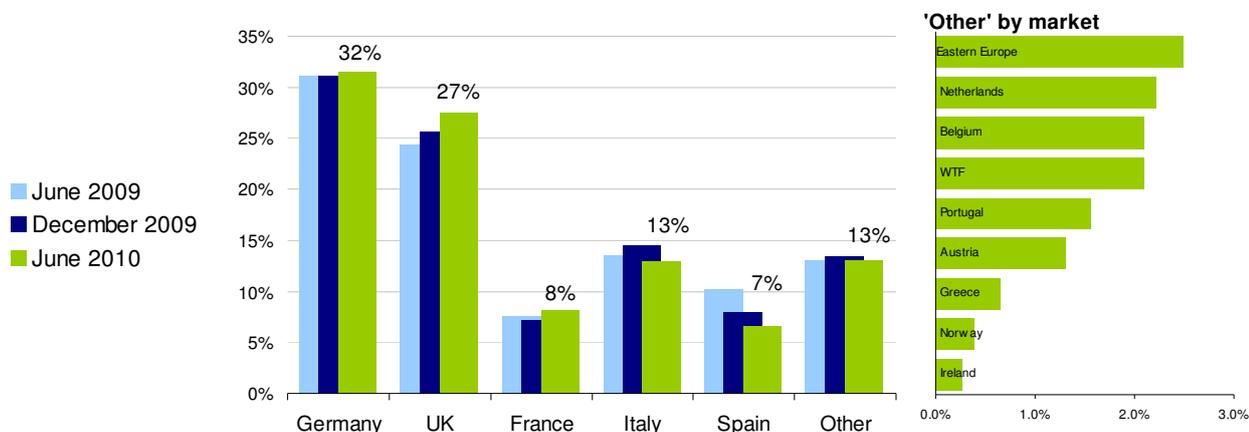
Higher mix of wholesale as the portfolio rebalances following transfer of non-Ford brand financing

In early 2009 FCE saw an increase in the proportion of retail net loans and advances. This resulted primarily from the comparatively rapid liquidation of the short term Jaguar and Land Rover wholesale receivables, compared to the longer term retail portfolio. As the non Ford brand retail portfolio continues to liquidate, the proportion of wholesale financing is gradually increasing.

Major Markets

FCE operates directly in 15 European countries. FCE also provides financing to distributors and importers in nearly 80 countries through its Worldwide Trade Financing division (WTF) and has an interest in Forso Nordic AB, a joint venture that provides automotive financial services in Denmark, Finland, Sweden and Norway.

Analysis of Net Loans and Advances to Customers by Major Market



The chart highlights the continued importance of the German and UK markets and the reduction in financing undertaken in the Spanish market

Capital and Funding

Capital

FCE's policy is to manage its capital base to targeted levels that exceed all regulatory requirements and support anticipated changes in assets and foreign currency exchange rates. FCE considers that it has fully complied with this policy for the half year ended 30 June 2010. FCE is sufficiently capitalised with a core Tier 1 ratio of 18.5% at 30 June 2010 (2009: 21.4%) given its role as a secured lender in the specialist automotive finance sector.

Funding

FCE's funding continues to be predominately sourced through securitisation transactions and unsecured debt. FCE has continued to demonstrate access to the public term markets, completing a £0.4 billion securitisation in June 2010, and a £0.3 billion unsecured issuance in July 2010. FCE also renewed or added £1.8 billion of private securitisation capacity, £0.8 billion of which was renewed for a term of 2 or more years. Funding from the European Central Bank (ECB) open market operations reduced significantly following the sale of previously retained notes to traditional public term securitisation investors. ECB funding relating to retained securitisation notes totalled £0.3 billion at 30 June 2010 (31 December 2009: £1.1 billion).

Net Cash Inflow from External Funding raised for the six months ended 30 June 2010	First Half 2010 £ bil	
	Net Cash Inflow	
New issuance:		
- Securitisation of retail and lease automotive receivables	£	0.5
- Securitisation of wholesale automotive receivables		0.2
- Unsecured debt		0.1
Total new issuance	£	0.8
Secondary sale of retained securitisation notes	£	0.8
Total new external funding	£	1.6
Existing facilities:		
- Securitisation of retail and lease automotive receivables	£	0.1
- Securitisation of wholesale automotive receivables		0.2
Total existing facilities	£	0.3
Total Funding Raised	£	1.9

Credit Ratings

FCE's credit ratings are closely associated with the credit ratings of Ford, which have improved during the last year.

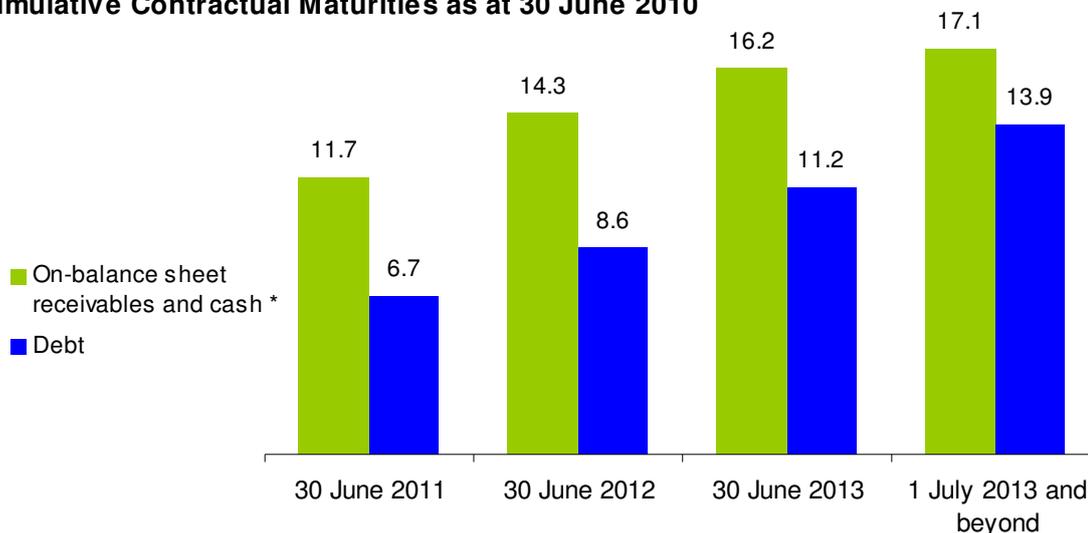
FCE's Credit ratings	Fitch			Moody's			S&P		
	Long Term	Short Term	Outlook	Long Term	Short Term	Outlook	Long Term	Short Term	Outlook
December 2008	B-	C	Negative	Caa1	NP	Negative	B-	NR	Negative
November 2009	B	C	Positive	B3	NP	Stable	B	NR	Stable
January 2010	B+	B	Positive	B3	NP	Stable	B	NR	Stable
March 2010	B+	B	Positive	B2	NP	Stable	B	NR	Stable
March 2010	B+	B	Positive	B1	NP	Review Positive	B	NR	Stable
April 2010	BB-	B	Positive	B1	NP	Review Positive	B	NR	Positive
May 2010	BB-	B	Positive	Ba3	NP	Stable	B	NR	Positive
August 2010	BB-	B	Positive	Ba3	NP	Stable	BB-	NR	Positive

Capital and Funding

Liquidity

FCE's balance sheet as at 30 June 2010 continues to be inherently liquid because of the short term nature of FCE's loans and advances to customers and cash compared to debt (see 'Cumulative Contractual Maturities' bar chart below).

Cumulative Contractual Maturities as at 30 June 2010

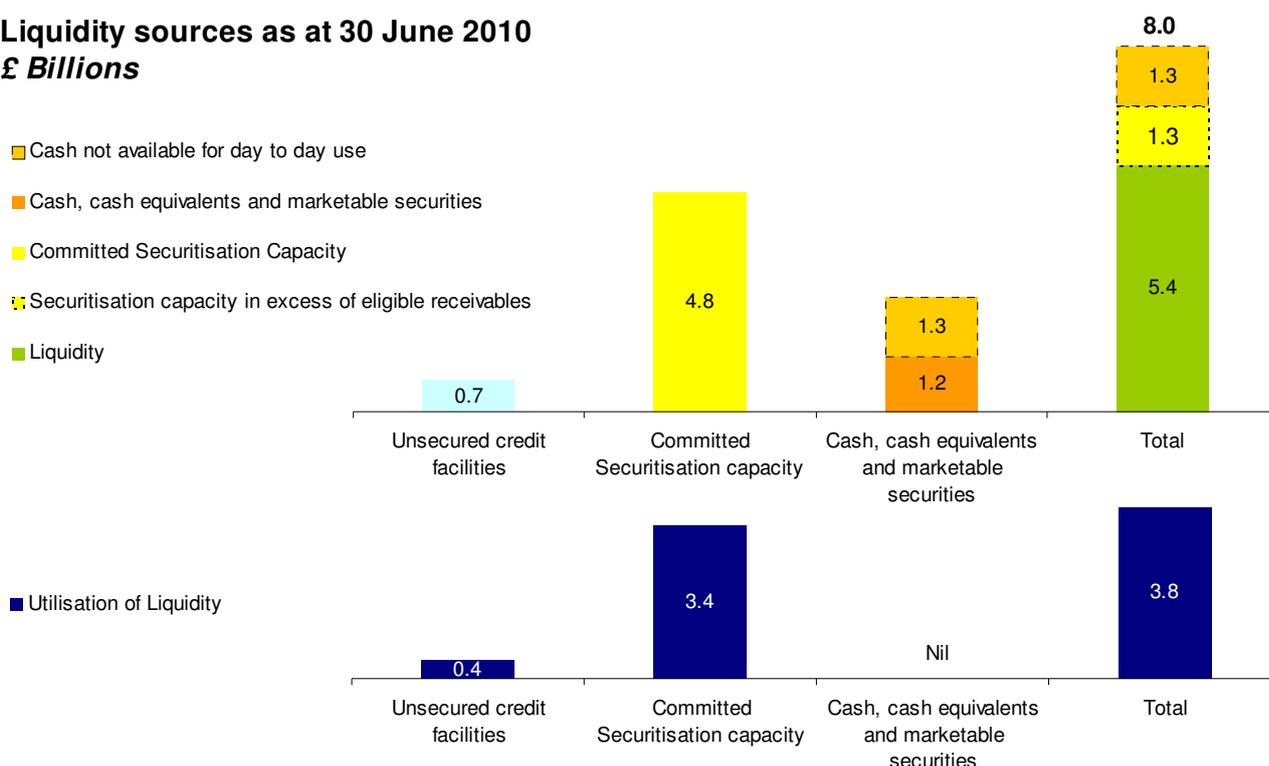


Cash in flows arising from assets exceed cash out flows arising from liabilities in all annual time bands

*Includes the cash flows arising from cash and advances, marketable securities, gross loans and advances to customers, other assets and gross cash flows relating to operating leases reported on the balance sheet under property and equipment. Excludes off balance sheet, available for use credit facilities.

In addition, FCE maintains liquidity through a variety of sources including cash and highly liquid investments, committed capacity in securitisation transactions, and unsecured contractual committed credit facilities.

Liquidity sources as at 30 June 2010
£ Billions



**FCE has £8.0 billion of liquidity sources of which £1.6 billion is available for use
Committed capacity represents £5.5 billion of liquidity sources**

Capital and Funding

Liquidity continued

FCE operates a liquidity management information system which provides daily and forward-looking information on the Group's liquidity position.

This information is used to project, over an appropriate set of time horizons, cash flows arising from its assets, liabilities and off-balance sheet items. It is also used to support enhanced regulatory liquidity reporting requirements.

In addition, FCE conducts regular stress tests in order to identify sources of potential liquidity strain which are reviewed and approved by the Board of Directors. The assumptions of these stresses and scenarios are reviewed regularly in order to ensure that their nature and severity remain appropriate and relevant to FCE and the current business and economic environment.

This analysis is used by management to confirm the adequacy of FCE's liquidity resources. This process forms an integral part of both its wider risk management and supports FCE's regulatory obligations.

Risk

Principal risks and uncertainties

The nature of FCE's principal risks and uncertainties has not changed significantly since publication of the 2009 Annual Report and Accounts.

Additionally, no significant changes in FCE's principal risks and uncertainties are expected for the remaining six months of 2010.

For details of FCE's principal risks and uncertainties, refer to the Business Review section of FCE's 2009 Annual Report and Accounts.

Risk management

FCE maintains integrated risk management and governance practices. Each form of risk is uniquely managed in the context of its contribution to overall risk. Business decisions are evaluated on a risk-adjusted basis and products are priced to be consistent with these risks. FCE continuously reviews and improves its risk management practices.

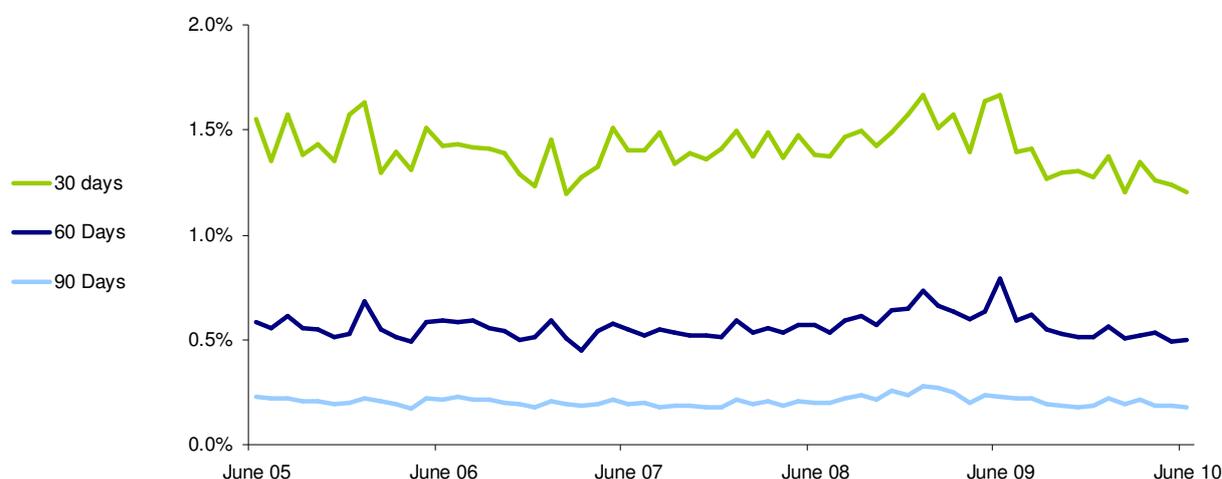
For details of FCE's policies and processes in relation to all types of risk management, which have not changed significantly from 31 December 2009, refer to the Business Review section of FCE's 2009 Annual Report and Accounts.

The graphs following provide an update to FCE's retail and wholesale credit risk position.

Retail

The graph below shows the retail delinquency monthly trend for the last five years which highlights the percentage of retail contracts which are 30, 60 and 90 days overdue. In the first half of 2010, all categories show a return to historical patterns.

Retail delinquency 5 year monthly trend



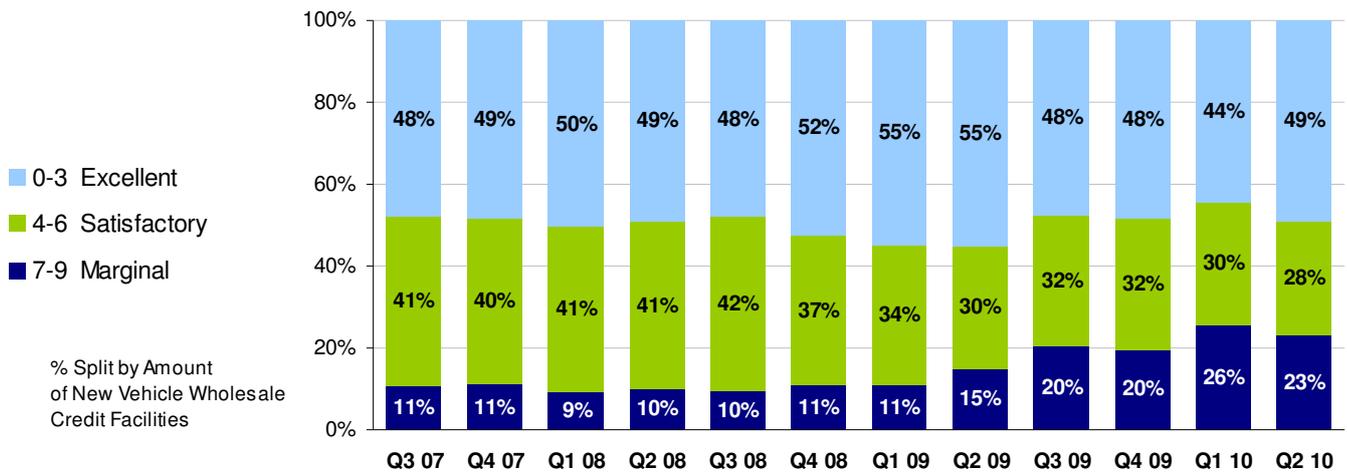
Wholesale

The bar chart below provides a high-level summary of dealer risk ratings at the end of each quarter from September 2007 onwards. Percentages displayed in the chart are calculated by dividing the total approved lines of credit for new wholesale lending to dealers of a particular risk rating group, by the total approved amount of lines of credit provided for new wholesale financing. Financial and judgmental internal risk evaluation ratings are assigned to each dealer from 0 (best) to 9 (worst).

European Portfolio Financial Risk Ratings

Q3 2007 to Q2 2010

Internal Rating Measurement



The Financial risk evaluation ratings are based upon the latest published annual audited accounting information of dealers and therefore reflect a historical view.

The chart indicates that the percentage of 'Excellent' risk category dealers continues to remain high while the recent increase in the 'Marginal' risk category reflects the impact of the European recession during that historic reporting period.

Statement of Directors' Responsibilities

Responsibility statement

The Directors confirm that the condensed consolidated half-yearly financial statements (the 'financial statements') have been prepared in accordance with IAS 34 as adopted by the European Union. The Directors also confirm that the 'Review for the half year ended 30 June 2010' includes a fair review of the information required by the Disclosure and Transparency Rules (DTR) 4.2.7, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements;
- and a description of the principal risks and uncertainties for the remaining six months of the financial year.

On behalf of the Board

Todd Murphy
Executive Director, Global Operations and
Technology and Risk

P R Jepson
Executive Director, Finance and Strategy

26 August 2010

Independent Auditors' Review Report to FCE Bank plc

Independent review report to FCE Bank plc

Introduction

We have been engaged by the company to review the condensed consolidated half-yearly financial statements in the interim report and financial statements for the half year ended 30 June 2010, which comprise the Condensed Consolidated Half-yearly Statement of Comprehensive Income, the Condensed Consolidated Half-yearly Balance Sheet, the Condensed Consolidated Half-yearly Statement of Changes in Equity, the Condensed Consolidated Half-yearly Cash Flow Statement and the related notes. We have read the other information contained in the interim report and financial statements and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed consolidated half-yearly financial statements.

Directors' responsibilities

The interim report and financial statements are the responsibility of, and have been approved by, the directors. The directors are responsible for preparing the interim report and financial statements in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The condensed consolidated half-yearly financial statements included in the interim report and financial statements have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed consolidated half-yearly financial statements in the interim report and financial statements based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of the Disclosure and Transparency Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated half-yearly financial statements in the interim report and financial statements for the six months ended 30 June 2010 are not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

PricewaterhouseCoopers LLP
Chartered Accountants
26 August 2010
London

Notes:

- (a) The maintenance and integrity of the FCE Bank plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- (b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Condensed Consolidated Half-yearly Statement of Comprehensive Income

For the half year ended 30 June 2010

	Notes	30 June 2010 Unaudited £ mil	30 June 2009 Unaudited Restated £ mil
Interest income		£ 476	£ 594
Interest expense		(286)	(365)
NET INTEREST INCOME		£ 190	£ 229
Fees and commissions income	2	42	45
Fees and commissions expense		(4)	(7)
NET FEES AND COMMISSIONS INCOME	2	£ 38	£ 38
Other operating income		68	66
TOTAL INCOME		£ 296	£ 333
Impairment losses on loans and advances	2/4	(2)	(98)
Operating expenses		(110)	(111)
Depreciation of property and equipment	13c	(52)	(62)
Fair value adjustments to financial instruments		33	6
Gain / (loss) on foreign exchange		(29)	3
Share of profit of a jointly controlled entity		4	-
PROFIT BEFORE TAX	2/13c	£ 140	£ 71
Income tax expense		(44)	(22)
PROFIT AFTER TAX AND PROFIT FOR THE PERIOD		£ 96	£ 49
Translation differences on foreign currency net investments		(151)	(234)
Translation differences on foreign currency investments in a jointly controlled entity		(3)	(5)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		£ (58)	£ (190)

The accompanying 'Notes to the Condensed Consolidated Half-yearly Financial Statements for the Half Year Ended 30 June 2010 are an integral part of the financial statements.

Condensed Consolidated Half-yearly Balance Sheet

As at 30 June 2010

	Notes	30 June 2010 Unaudited £ mil	31 December 2009 £ mil	30 June 2009 Unaudited Restated* £ mil
ASSETS				
Cash and advances		£ 2,217	£ 2,586	£ 2,855
Marketable securities		258	-	-
Derivative financial instruments		310	380	326
Other assets		280	444	400
Net loans and advances not subject to securitisation		£ 2,397	£ 2,878	£ 3,366
Net loans and advances subject to securitisation	6	8,798	9,594	9,306
Total net loans and advances to customers	3/13c	£ 11,195	£ 12,472	£ 12,672
Property and equipment	13c	141	110	181
Income taxes receivable		40	44	7
Deferred tax assets		108	114	103
Goodwill and other intangible assets		15	17	17
Investment in a jointly controlled entity	13c	43	41	40
TOTAL ASSETS	13c	£ 14,607	£ 16,208	£ 16,601
LIABILITIES				
Due to banks and other financial institutions not in respect of securitisation	7	£ 658	£ 836	£ 993
Due to banks and other financial institutions in respect of securitisation	6/7	4,275	5,534	5,903
Total due to banks and other financial institutions		£ 4,933	£ 6,370	£ 6,896
Corporate deposits		22	22	30
Due to parent and related undertakings	8	765	709	1,137
Derivative financial instruments		209	269	322
Debt securities in issue not in respect of securitisation	9	£ 3,441	£ 3,759	£ 3,952
Debt securities in issue in respect of securitisation	6/9	1,928	1,205	591
Total debt securities in issue	9	£ 5,369	£ 4,964	£ 4,543
Other liabilities		342	493	400
Income taxes payable		40	19	46
Deferred tax liabilities		22	30	21
Subordinated loans	10	467	446	434
TOTAL LIABILITIES		£ 12,169	£ 13,322	£ 13,829
SHAREHOLDERS' EQUITY				
Ordinary shares		£ 614	£ 614	£ 614
Share premium		352	352	352
Retained earnings		1,472	1,920	1,806
TOTAL SHAREHOLDERS' EQUITY		£ 2,438	£ 2,886	£ 2,772
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		£ 14,607	£ 16,208	£ 16,601

The accompanying 'Notes to the Condensed Consolidated Half-yearly Financial Statements for the Half Year Ended 30 June 2010' are an integral part of the financial statements.

The financial statements on pages 18 to 40 were approved by the Board of Directors on 26 August 2010 and were signed on its behalf by:

Todd Murphy
Executive Director, Global Operations and
Technology and Risk

P R Jepson
Executive Director, Finance and Strategy

Condensed Consolidated Half-yearly Statement of Changes in Equity

For the half year ended 30 June 2010

	Profit and loss reserve £ mil	Trans- lation reserve £ mil	Total retained earnings £ mil	Share capital £ mil	Share premium £ mil	Total Unaudited £ mil
Balance at 1 January 2009	£ 1,392	£ 604	£ 1,996	£ 614	£ 352	£ 2,962
Profit for the period	£ 49	£ -	£ 49	£ -	£ -	£ 49
Translation differences	-	(239)	(239)	-	-	(239)
Total comprehensive income for the half year ended 30 June 2009	£ 49	£ (239)	£ (190)	£ -	£ -	£ (190)
Balance at 30 June 2009 / 1 July 2009 restated	£ 1,441	£ 365	£ 1,806	£ 614	£ 352	£ 2,772
Profit for the period	£ 117	£ -	£ 117	£ -	£ -	£ 117
Translation differences	-	82	82	-	-	82
Total comprehensive income for the half year ended 31 December 2009	£ 117	£ 82	£ 199	£ -	£ -	£ 199
Dividend paid	(85)	-	(85)	-	-	(85)
Balance at 31 December 2009 / 1 January 2010	£ 1,473	£ 447	£ 1,920	£ 614	£ 352	£ 2,886
Profit for the period	£ 96	£ -	£ 96	£ -	£ -	£ 96
Translation differences	-	(154)	(154)	-	-	(154)
Total comprehensive income for the half year ended 30 June 2010	£ 96	£ (154)	£ (58)	£ -	£ -	£ (58)
Dividend Payment	(390)	-	(390)	-	-	(390)
Balance at 30 June 2010	£ 1,179	£ 293	£ 1,472	£ 614	£ 352	£ 2,438

A dividend for the year ended 31 December 2009 of £390 million, equating to approximately 63.48 pence per ordinary share was declared by the Company in the first half of 2010. The directors have not declared any dividends since the payment of this dividend on 28 June 2010.

The accompanying 'Notes to the Condensed Consolidated Half-yearly Financial Statements for the Half Year Ended 30 June 2010' are an integral part of the financial statements.

Financial Statements

Condensed Consolidated Half-yearly Cash Flow Statement

For the half year ended 30 June 2010

	Notes	30 June 2010 Unaudited £ mil	30 June 2009 Unaudited restated* £ mil
Cash flows from operating activities			
Cash from operating activities	14	£ 1,019	£ 4,332
Interest paid		(396)	(513)
Interest received		477	617
Income taxes paid		(28)	(25)
Net cash from operating activities		£ 1,072	£ 4,411
Cash flows from investing activities			
Investment in marketable securities		£ (292)	£ -
Maturity of marketable securities		21	-
Purchase of property and equipment		(2)	(1)
Proceeds from sale of property and equipment		2	1
Purchase of vehicles for operating leases		(252)	(314)
Proceeds from sale of operating lease vehicles		165	209
Net cash (used in) investing activities		£ (358)	£ (105)
Cash flows from financing activities			
Proceeds from the issue of debt securities and from loans provided by banks and other financial institutions		£ 1,055	£ 663
Proceeds from the secondary sale of ABS notes		534	-
Repayments of debt securities and of loans provided by banks and other financial institutions		(2,208)	(3,290)
Proceeds of funds provided by parent and related undertakings		103	557
Repayment of funds provided by parent and related undertakings		(68)	(1,621)
Net increase / (decrease) in short term borrowings		46	(79)
Net cash (outflow) on derivative financial instruments		(45)	(132)
(Increase) in central bank deposits and other deposits in support of European Investment Bank loans		(92)	(85)
Decrease in central bank deposits and other deposits in support of European Investment Bank loans		38	-
(Increase) in cash associated with securitisation transactions		(1)	(67)
Dividend paid		(390)	-
Net cash (used in) financing activities		£ (1,028)	£ (4,054)
Effect of exchange rate changes on cash and cash equivalents		£ (16)	£ (15)
Net increase/(decrease) in cash and cash equivalents	14	(330)	237
Cash and cash equivalents at beginning of period	14	1,243	987
Cash and cash equivalents at end of period	14	£ 913	£ 1,224

*In 2009, certain amounts relating to 'Repayments of debt securities and of loans provided by banks and other financial institutions' were allocated to 'Net increase / (decrease) in short term borrowing'. An adjustment has been made to correctly represent cash flows within 'Net Cash from / (used in) financing activities'.

'Net increase / (decrease) in short term borrowings' as restated amounted to £(79) million (previously reported as £206 million) and 'Repayment of debt securities and of loans provided by banks and other financial institutions' as restated amounted to £(3,290) million (previously reported as £(3,575) million). This restatement has no effect on the 'Net Cash from / (used in) financing activities' for the half year ending 30 June 2009.

The accompanying 'Notes to the Condensed Consolidated Half-yearly Financial Statements for the Half Year Ended 30 June 2010' are an integral part of the financial statements.

Index to Notes to the Condensed Consolidated Half-yearly Financial Statements for the Half Year Ended 30 June 2010

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Notes to the Condensed Consolidated Half-yearly Financial Statements for the Half Year Ended 30 June 2010

1 ACCOUNTING POLICIES

The condensed consolidated half-yearly financial statements have been prepared in accordance with IAS 34, 'Interim financial reporting' as adopted by the European Union and with the Disclosure and Transparency Rules of the Financial Services Authority. These condensed consolidated half-yearly financial statements do not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2009 were approved by the Board of Directors on 19 March 2010 and delivered to the Registrar of Companies on 24 March 2010. The independent auditors' report on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 (2) and 498 (3) of the Companies Act 2006.

The financial information contained in this document does not include all of the information required for full annual financial statements, and should be read in conjunction with the Group's consolidated financial statements in the 2009 Annual Report and Accounts which are prepared in accordance with International Financial Reporting Standards as adopted by the European Union. Results for an interim period should not be considered indicative of results for a full year.

In order to assist the interpretation of financial performance compared to the prior period a disclosure of unusual or exceptional items which are non-recurring events is provided in Note 2 'Profit before tax'.

The principal accounting policies adopted in the preparation of these interim consolidated financial statements are consistent with the accounting policies as presented in the FCE 2009 Annual Report and Accounts.

Accounting restatements

Accounting Restatement	Impact of revision to condensed consolidated half yearly income statement and balance sheet
<p>In the first half of 2009, certain amounts relating to 'Net deferred loan origination costs' were deferred in error.</p> <p>This adjustment has been made to correctly represent 'interest income' within the condensed consolidated income statement and 'Net loans and advances to customers' in the Balance Sheet.</p>	<p>'Interest Income' for the six month period ended 30 June 2009 as restated amounted to £594 million (previously reported as £600 million), 'Net deferred loan origination costs' as restated amounted to £39 million (previously reported as £45 million).</p> <p>Including a reclassification of Operating Leases to Finance Leases as described in Note 3 'Loans and advances to customers' of £53m, 'Net loans and advances to customers' as restated amounted to £12,672 million (previously reported as £12,625 million).</p> <p>'PBT' for the six month period ended 30 June 2009 as restated amounted to £71 million (previously reported as £77 million), 'Total shareholders equity' as restated amounted to £2,772 million (previously reported as £2,778 million).</p> <p>This restatement had no impact on the Financial Statements for the year ended 2009 as previously reported in the FCE 2009 Annual Report and Accounts.</p>

Change in accounting policies

As of 1 January 2010, FCE has elected to adopt under IAS 1 (revised), 'Presentation of financial statements' the option of presenting all items of income and expense recognised in a period within a single statement of comprehensive income.

Notes to the Condensed Consolidated Half-yearly Financial Statements for the Half Year Ended 30 June 2010

2 PROFIT BEFORE TAX

Profit before tax includes certain exceptional items. Exceptional items are those significant items which by virtue of their size or incidence are separately disclosed to aid the interpretation of performance compared to the prior year. Exceptional items have resulted in reduced profits before tax (PBT) of £4 million for the first half of 2010 compared to reduced PBT of £28 million for the equivalent period in 2009 and an increased PBT of £9 million in the second half of 2009.

Profit before tax (PBT) for the half years ended 30 June 2010, 31 December 2009 and 30 June 2009 is stated after crediting/(charging):	First Half 2010 Unaudited £ mil	Second Half 2009 Unaudited £ mil	First Half 2009 Unaudited £ mil
Fees and commission income:			
- Commission income adjustment provision release	£ -	£ 2	£ -
Total exceptional fees and commissions income	£ -	£ 2	£ -
Other operating income:			
- Claims made under certain guarantee arrangements	£ -	£ 6	£ -
- UK VAT claims and associated interest	-	3	-
- Volvo insurance commission payment	5	-	-
Total exceptional other operating income	£ 5	£ 9	£ -
Impairment losses			
- Spanish rental car business	£ (1)	£ (6)	£ (25)
- Release of VAT reserve	1	-	-
Total exceptional impairment losses	£ -	£ (6)	£ (25)
Operating expenses:			
- Restructuring costs	£ (3)	£ (7)	£ (10)
- Release of tax reserves	-	8	-
- Release of litigation reserve	-	1	7
- VAT recovery on service fees	-	2	-
- Voluntary pension contribution	(6)	-	-
Total exceptional operating expenses	£ (9)	£ 4	£ (3)
Total exceptional items	£ (4)	£ 9	£ (28)

'Volvo insurance commission payment' relates to a one-time payment received by the Company relating to the transfer by FCE to Volvo of the right to receive future commission payments.

'Spanish rental car business' relates to the updated loss assessment of a liquidating car rental portfolio in Spain, where continuing actions are being taken to recover amounts due.

'Release of VAT reserve' relates to a release of reserves for additional VAT payable on sold vehicles which had previously been re-possessed.

'Restructuring costs' relates to various business structure improvements and adjustments for which a voluntary separation programme was offered. The costs associated with the restructuring actions primarily related to employee separations and were charged to 'Operating expenses'. Such adjustments included actions to align operating costs to the reducing business size.

'Voluntary pension contribution' relates to a one-off payment made in support of the pension scheme operated by Ford of Britain in which the Company's UK employees participate. The benefit obligation and plan assets are the benefits and obligations of the respective pension schemes. FCE's policy for funded pension plans is to contribute annually, at a minimum, amounts required by applicable laws and regulations. From time to time, FCE makes contributions beyond those legally required. Refer to Note 33 'Retirement benefit obligations' in the 2009 Annual Report and Accounts for further information.

Refer to Note 9 'Profit before tax' of the 2009 Annual Report and Accounts for further information on exceptional items from that period.

Tax rate

The applicable tax rate as at 30 June 2010 was 28% (31 December 2009: 28%, 30 June 2009: 28%).

Notes to the Condensed Consolidated Half-yearly Financial Statements for the Half Year Ended 30 June 2010

3 LOANS AND ADVANCES TO CUSTOMERS

Loans and advances to customers were as follows:

	Notes	30 June 2010 Unaudited £ mil	31 December 2009 £ mil	30 June 2009 Unaudited Restated £ mil
Retail excluding finance lease		£ 6,062	£ 6,949	£ 6,984
Finance lease		1,244	1,590	1,794
Wholesale		4,651	£ 4,863	4,866
Other		30	36	43
Gross loans and advances to customers		£ 11,987	£ 13,438	£ 13,687
Unearned finance income		£ (498)	£ (615)	£ (681)
Provision for incurred losses	4	(89)	(116)	(124)
Provision for vehicle residual value losses	5	(12)	(14)	(32)
Unearned interest supplements from related parties		(225)	(258)	(217)
Net deferred loan origination costs / (fees)		32	37	39
Net loans and advances to customers	13c	£ 11,195	£ 12,472	£ 12,672
Analysis of net loans and advances:				
Retail		£ 6,523	£ 7,586	£ 7,789
Wholesale		4,642	4,850	4,841
Other		30	36	42
Net loans and advances to customers	13c	£ 11,195	£ 12,472	£ 12,672
Gross loans not subject to securitisation		£ 2,849	£ 3,421	£ 3,898
Gross loans subject to securitisation	6	9,138	10,017	9,789
Gross loans and advances to customers	13c	£ 11,987	£ 13,438	£ 13,687
Net loans not subject to securitisation		£ 2,397	£ 2,878	£ 3,366
Net loans subject to securitisation	6	8,798	9,594	9,306
Net loans and advances to customers	13c	£ 11,195	£ 12,472	£ 12,672
Percentage analysis of net loans and advances:				
Percentage of retail financing loans		58%	61%	61%
Percentage of wholesale/other financing loans		42%	39%	39%
Percentage of gross loans not subject to securitisation		24%	25%	28%
Percentage of gross loans subject to securitisation		76%	75%	72%

During 2009 the Group reviewed the accounting treatment of certain lease agreements and reclassified from Operating Leases to Finance Leases. The impact of this change on 30 June 2009 comparatives resulted in an increase of £53 million under the caption 'Finance lease' and a corresponding reduction in 'Property, plant and equipment' within the condensed, consolidated half yearly balance sheet.

Refer to Note 14 'Loans and advances to customers' of the 2009 Annual Report and Accounts for further information.

Notes to the Condensed Consolidated Half-yearly Financial Statements for the Half Year Ended 30 June 2010

4 PROVISION FOR INCURRED LOSSES

	Notes	Retail £ mil	Wholesale £ mil	Total £ mil
Balance at 1 January 2009	£	104	£ 26	£ 130
Impairment losses charged to the income statement		86	12	98
Deductions				
- Losses written-off		(77)	(14)	(91)
- Recoveries		21	4	25
- Exceptional loss written-off	2	(25)	-	(25)
Net Losses	£	(81)	£ (10)	£ (91)
Other:				
- Exchange adjustments		(10)	(3)	(13)
Balance at 30 June 2009 / 1 July 2009 - Unaudited	£	99	£ 25	£ 124
Impairment losses charged to the income statement		41	14	55
Deductions				
- Losses written-off		(61)	(29)	(90)
- Recoveries		27	2	29
- Exceptional loss written-off	2	(6)	-	(6)
Net Losses	£	(40)	£ (27)	£ (67)
Other:				
- Exchange adjustments		3	1	4
Balance at 31 December 2009 / 1 January 2010	£	103	£ 13	£ 116
Impairment losses charged to the income statement		6	(4)	2
Deductions				
- Losses written-off		(45)	(1)	(46)
- Recoveries		23	1	24
- Exceptional loss (written-off) / recovery	2	(1)	1	-
Net Losses	£	(23)	£ 1	£ (22)
Other:				
- Exchange adjustments		(6)	(1)	(7)
Balance at 30 June 2010 - Unaudited	£	80	£ 9	£ 89
Analysis of provision for incurred losses:				
- Collective impairment allowance	£	99	£ 10	£ 109
- Specific impairment allowance		-	15	15
Balance at 30 June 2009 / 1 July 2009 - Unaudited	£	99	£ 25	£ 124
- Collective impairment allowance	£	103	£ 11	£ 114
- Specific impairment allowance		-	2	2
Balance at 31 December 2009 / 1 January 2010	£	103	£ 13	£ 116
- Collective impairment allowance	£	80	£ 8	£ 88
- Specific impairment allowance		-	1	1
Balance at 30 June 2010 - Unaudited	£	80	£ 9	£ 89

Refer to Note 15 'Provision for incurred losses' of the 2009 Annual Report and Accounts for further information.

The 'Provision for incurred losses' as detailed above represents incurred losses in relation to both the retail and wholesale portfolios. For further details of retail delinquency trends and wholesale risk ratings refer to pages 14 and 15 respectively.

For further details of exceptional losses written off / recovered, refer to Note 2 'Profit before tax'.

Notes to the Condensed Consolidated Half-yearly Financial Statements for the Half Year Ended 30 June 2010

5 PROVISION FOR VEHICLE RESIDUAL VALUE LOSSES

The movement in the provision for vehicle residual values for the half years ended 30 June 2010, 31 December 2009 and 30 June 2009 is as follows:

		Retail £ mil		Operating Lease £ mil		Total £ mil
Balance at 1 January 2009	£	49	£	10	£	59
Residual value losses charged/(credited) to income statement		(7)		5		(2)
Deductions						
- Residual value (losses) incurred in the period		(9)		(11)		(20)
Other:						
- Exchange adjustments		(1)		-		(1)
Balance at 30 June 2009 - Unaudited	£	32	£	4	£	36
Residual value losses charged/(credited) to income statement		(11)		1		(10)
Deductions						
- Residual value (losses) incurred in the period		(7)		1		(6)
Other:						
- Exchange adjustments		-		(1)		(1)
Balance at 31 December 2009 / 1 January 2010 - Unaudited	£	14		5		19
Residual value losses charged/(credited) to income statement		(2)		(11)		(13)
Deductions						
- Residual value gains / (losses) incurred in the period		(4)		6		2
Other:						
- Reclassification to vehicle residual value provision		5		-		5
- Exchange adjustments		(1)		-		(1)
Balance at 30 June 2010 / 1 July 2010 - Unaudited	£	12	£	-	£	12

'Reclassification to vehicle residual value provision' represents a reclassification of impaired residual values previously reported within gross wholesale loans and advances to customers.

Refer to Note 16 'Provision for vehicle residual values' and Note 37 'Vehicle residual values' of the 2009 Annual Report and Accounts for further details of vehicle residual values and the related reserves.

Notes to the Condensed Consolidated Half-yearly Financial Statements for the Half Year Ended 30 June 2010

6 SECURITISATION AND RELATED FINANCING

FCE's funding sources include securitisation programmes that generally include the transfer of retail, lease and wholesale receivables through a variety of programmes and structures.

The Company generally retains credit risk in securitisation transactions through its retained interests which provide various forms of credit enhancements. These include over-collateralisation, segregated cash reserve funds, subordinated securities and excess spread. The Company holds the right to the surplus cash flows generated by these retained interests. The Company's ability to realise the carrying amount of its retained interests depends on actual credit losses and prepayment rate on the securitised assets.

The table below summarises FCE's balances relating to the Company's securitisation transactions. The difference between 'Loans and advances subject to securitisation' and 'Related Debt' reflects the Company's retained interests, not including segregated cash associated with the securitisation transactions

	Note	Wholesale		Retail		Total		Total Unaudited	
		Public £ mil	Private £ mil	Public £ mil	Private £ mil	Public £ mil	Private £ mil		
As at 30 June 2009									
Loans and advances subject to securitisation	3	£	- £	3,297 £	2,806 £	3,203 £	2,806 £	6,500 £	9,306
Due to other banks and other financial institutions	7	£	- £	2,369 £	1,205 £	2,329 £	1,205 £	4,698 £	5,903
Debt securities in Issue	9		-	-	591	-	591	-	591
Related Debt		£	- £	2,369 £	1,796 £	2,329 £	1,796 £	4,698 £	6,494
As at 31 December 2009									
Loans and advances subject to securitisation	3	£	- £	3,689 £	3,134 £	2,771 £	3,134 £	6,460 £	9,594
Due to other banks and other financial institutions	7	£	- £	2,298 £	1,082 £	2,154 £	1,082 £	4,452 £	5,534
Debt securities in Issue	9		-	-	1,205	-	1,205	-	1,205
Related Debt		£	- £	2,298 £	2,287 £	2,154 £	2,287 £	4,452 £	6,739
As at 30 June 2010									
Loans and advances subject to securitisation	3	£	- £	3,400 £	2,893 £	2,505 £	2,893 £	5,905 £	8,798
Due to other banks and other financial institutions	7	£	- £	2,080 £	319 £	1,876 £	319 £	3,956 £	4,275
Debt securities in Issue	9		-	-	1,928	-	1,928	-	1,928
Related Debt		£	- £	2,080 £	2,247 £	1,876 £	2,247 £	3,956 £	6,203

Cash available to support the obligations of the SPEs as at 30 June 2010 of £1,040 million (30 June 2009: £1,247 million) is included within FCE's balance sheet under 'Cash and advances'.

Funding obtained under the European Central Bank (ECB) open market operations is secured by retained rated notes from certain of the Company's public securitisation transactions. At 30 June 2010 the outstanding balance of funding from the ECB relating to retained notes was £319 million (30 June 2009: £1.2 billion) with original maturities ranging from 1 week to 1 year.

Notes to the Condensed Consolidated Half-yearly Financial Statements for the Half Year Ended 30 June 2010

6 SECURITISATION AND RELATED FINANCING continued

Transaction Structures

The Company's securitisation programmes continue to utilise both amortising and revolving structures. Amortising structures involve the sale of a static pool of assets. The associated funding is repaid to investors as the underlying assets liquidate. Revolving structures allow the Company to continue to sell new eligible assets originated, over an agreed period of time called the revolving period, and obtain funding from the transaction investors. At the end of the revolving period no further assets are sold into the transactions and the funding amount is repaid as the underlying assets liquidate. Within revolving structures the Company uses both flat and variable funding structures.

At 30 June 2010, the Company had entered into one flat revolving structure of £0.4 billion (December 2009: £1.0 billion), with a revolving period ending in January 2011. Variable funding revolving structures at 30 June 2010 totalled £4.8 billion of committed capacity (December 2009: £4.6 billion) of which £3.1 billion matures during the remainder of 2010 and the balance having various maturity dates between January 2011 and June 2012. At 30 June 2010, £3.4 billion (December 2009: £3.0 billion) of the variable funding committed capacity was utilised.

	Revolving structure capacity	
	£ bil	
Balance at 1 January 2010	£	5.6
Committed capacity maturing in the first half of 2010		(2.0)
Committed capacity renewed and added in the first half of 2010		1.8
Exchange adjustments		(0.2)
Balance at 30 June 2010	£	5.2

In July 2010, Moody's Investor Services ("Moody's") placed on review for possible upgrade the notes of two of the Company's rated retail public securitisations.

FCE's securitisation programme is described in more detail in Note 17 'Securitisation and related financing' to the 2009 Annual Report and Accounts

Notes to the Condensed Consolidated Half-yearly Financial Statements for the Half Year Ended 30 June 2010

7 DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS

Due to banks and other financial institutions were as follows

		30 June 2010 Unaudited £ mil	31 December 2009 £ mil	30 June 2009 Unaudited £ mil
Due to banks and other financial institutions not in respect of securitisation	Notes			
Borrowings from banks and other financial institutions		£ 148	£ 220	£ 238
Loans from European Central Bank (ECB)		114	55	63
Loans from European Investment Bank		361	508	665
Bank overdrafts		35	53	27
Sub-total:		£ 658	£ 836	£ 993
Due to banks and other financial institutions in respect of securitisation				
Obligations arising from securitisation of receivables	6	£ 3,956	£ 4,452	£ 4,698
Loans from European Central Bank (ECB) secured with retained securitisation notes		319	1,082	1,205
Sub-total:		£ 4,275	£ 5,534	£ 5,903
Due to banks and other financial institutions		£ 4,933	£ 6,370	£ 6,896
Due to banks and other financial institutions analysis:				
Obligations arising from securitisation of receivables	6	£ 3,956	£ 4,452	£ 4,698
Loans from European Central Bank (ECB) secured with retained securitisation notes		319	1,082	1,205
Sub-total:		£ 4,275	£ 5,534	£ 5,903
Loans from ECB secured with dealer bills of exchange		£ 43	£ 55	£ 63
Loans from ECB secured with government bills		71	-	-
Secured borrowings		£ 4,389	£ 5,589	£ 5,966
Unsecured borrowings		544	781	930
Due to banks and other financial institutions		£ 4,933	£ 6,370	£ 6,896

Refer to Note 24 'Due to banks and other financial institutions' of the 2009 Annual Report and Accounts for further information.

Notes to the Condensed Consolidated Half-yearly Financial Statements for the Half Year Ended 30 June 2010

8 DUE TO PARENT AND RELATED UNDERTAKINGS

Due to parent and related undertakings were as follows

	30 June 2010 Unaudited £ mil	31 December 2009 £ mil	30 June 2009 Unaudited £ mil
Senior Debt			
Deposits received from FCI	125	225	535
Principal amounts due to parent undertakings	£ 125	£ 225	£ 535
Deposits received from related undertakings	356	279	270
Total Senior Debt	£ 481	£ 504	£ 805
Accounts payable to related undertakings	£ 279	£ 196	£ 318
Accrued interest	5	9	14
Due to parent and related undertakings	£ 765	£ 709	£ 1,137

'Deposits received from related undertakings' includes a Euro denominated deposit of £315 million (31 December 2009: £240 million, 30 June 2009: £231 million) from Blue Oval Holdings in support of guarantees provided by the Company as collateral in respect of obligations of Ford in Romania. For further details on the guarantees refer to Note 34 'Contingent Liabilities' of the 2009 Annual Report and Accounts.

Refer to Note 26 'Due to parent and related undertakings' of the 2009 Annual Report and Accounts for further information.

Other amounts due to FMCC and FCI are reported within Note 10 'Subordinated loans' on page 33.

Notes to the Condensed Consolidated Half-yearly Financial Statements for the Half Year Ended 30 June 2010

9 DEBT SECURITIES IN ISSUE

Details of the Company's public debt funding programmes were as follows

	Notes	30 June 2010 Unaudited £ mil	31 December 2009 £ mil	30 June 2009 Unaudited £ mil
PROGRAMME (YEAR LAUNCHED) – AMOUNT LISTED DEBT:				
Euro Medium Term Note (1993) - US\$12 billion:				
- Continuously Available Retail Securities (retail investors 1993)		£ -	£ 9	£ 14
- Other European Medium Term Notes (excludes Continuously Available Retail Securities)		3,339	3,572	3,673
Sub-total Euro Medium Term Notes		£ 3,339	£ 3,581	£ 3,687
Obligations arising from securitisation	6	1,928	1,205	591
Sub-total listed debt		£ 5,267	£ 4,786	£ 4,278
UNLISTED DEBT:				
Schuldschein		102	178	265
Debt securities in issue		£ 5,369	£ 4,964	£ 4,543
Analysis of debt securities in issue				
Unsecured borrowings		£ 3,441	£ 3,759	£ 3,952
Obligations arising from sales of receivables	6	1,928	1,205	591
Debt securities in issue		£ 5,369	£ 4,964	£ 4,543

The Company's EMTN programme has an issuance limit of US \$12 billion (or the equivalent in other currencies). The EMTN Base Prospectus is dated 8 January 2010 and contains information relating to all notes, including Retail Securities. Notes issued under the EMTN programme are listed on the Official List of the Luxembourg Stock Exchange and are admitted for trading on the Luxembourg Stock Exchange's regulated market. The Luxembourg's Stock Exchange website address is provided on page 41.

See Note 15 'Post balance sheet events' for details of FCE's latest debt issuance under its EMTN programme.

Notes to the Condensed Consolidated Half-yearly Financial Statements for the Half Year Ended 30 June 2010

10 SUBORDINATED LOANS

Details of subordinated loans provided were as follows

	30 June 2010 Unaudited £ mil	31 December 2009 £ mil	30 June 2009 Unaudited £ mil
Perpetual Loans	£ 233	£ 230	£ 223
Dated qualifying loans	234	216	211
Total Loan Amounts	£ 467	£ 446	£ 434
Tier 2 Value of perpetual loans	£ 233	£ 230	£ 223
Tier 2 Value of dated qualifying loans	60	62	96
Total Tier 2 Value	£ 293	£ 292	£ 319
Analysis of subordinated loans			
Due to FCI (US\$ denominated loans)	£ 380	£ 351	£ 343
Due to FMCC (EUR€ denominated loans)	87	95	91
Total subordinated loans	£ 467	£ 446	£ 434

The loans listed above satisfy the conditions for eligibility as Tier 2 capital instruments as defined by the FSA and are included in the calculation of capital resources for regulatory reporting purposes. In the case of an instrument with a fixed maturity date, the principal amounts are amortised in the final five years to maturity on a straight line basis.

The terms of FCE's subordinated debt agreements have not changed since publication of the 2009 Annual Report and Accounts, as disclosed in Note 29 'Subordinated loans'.

See Note 15 'Post balance sheet events' for details of a repayment of FCE's subordinated debt in July.

Notes to the Condensed Consolidated Half-yearly Financial Statements for the Half Year Ended 30 June 2010

11 CONTINGENT LIABILITIES

	30 June 2010 Unaudited £ mil	31 December 2009 £ mil	30 June 2009 Unaudited £ mil
Total guarantees provided on behalf of Ford	£ 346	£ 274	£ 257
Indemnities issued to custom authorities and revenue commissioners	4	4	4
Other guarantees provided to third parties	6	6	7
Commission income contingent liabilities	12	14	14
Contingent liabilities prior to credit risk mitigation	£ 368	£ 298	£ 282
Credit risk mitigation actions:			
Cash collateral	£ (315)	£ (240)	£ (231)
Contingent liabilities after credit risk mitigation	£ 53	£ 58	£ 51

'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 charged for the guarantee.

The fair values of guarantees are recorded in the financial statements where material.

During the period, tax authorities in Germany completed assessments relating to various aspects of the operations of FCE's German branch, particularly relating to transfer pricing and VAT. Discussions with the tax authorities are ongoing; however FCE has considered the information currently available and believes that provisions made are adequate.

Litigation and other claims

Certain legal actions and claims are pending or may be instituted or asserted in the future against FCE concerning taxation, finance and other contractual relationships. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not predictable with assurance. FCE has established provisions for certain of the actions and claims where losses are deemed probable and reasonably estimable. It is reasonably possible that certain claims for which accruals have not been established could be decided unfavourably to FCE and could require FCE to pay damages or make other expenditures in amounts or a range of amounts that cannot be estimated at 30 June 2010. FCE 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.

FCE believes that adequate provisions have been made in respect of litigations and claims.

Notes to the Condensed Consolidated Half-yearly Financial Statements for the Half Year Ended 30 June 2010

12 RELATED PARTY TRANSACTIONS

Refer to Note 41 'Related party transactions' of the 2009 Annual Report and Accounts for information on parties related to FCE and details of associated transactions.

Updates to transactions from the year ended 31 December 2009 are detailed below.

Transactions with parent undertakings

- 'Deposits received from FCI' are utilised to mitigate certain exposure concentrations from external and related counterparties. In the event of default by these counterparties the deposits received from FCI can be offset against the amounts due to the Company. As at 30 June 2010 such deposits totalled £125 million (30 June 2009: £535 million) and are detailed in Note 8 'Due to parent and related undertakings'. Interest expense for the six month period to 30 June 2010 totalled £6 million (30 June 2009: £31 million).
- A EUR€ 3 billion short term revolving facility has been provided by FMCC to the Company which matures on 31 December 2010 or earlier upon 90 days notice from FMCC. As at 30 June 2010 no amounts were drawn under this facility (30 June 2009: nil). Interest expense for the six month period to 30 June 2010 was nil (30 June 2009: nil).
- The Company has a US\$1 billion subordinated loan facility with FCI. This facility enables the Company to respond quickly if additional capital support is required. Under the terms of the facility, the Company is able to take draw downs up to the maximum principal amount of the facility. As at 30 June 2010, the amount drawn under this facility totalled £380 million (30 June 2009: £343 million). In addition Euro denominated subordinated loans provided by FMCC to the Company as at 30 June 2010 totalled £87 million (30 June 2009: £91 million). For further details refer to Note 10 'Subordinated loans'. Interest expense relating to the subordinated loans received from FCI and FMCC for the six month period to 30 June 2010 totalled £12 million (30 June 2009: £12 million).
- A dividend to FCI for the year ended 31 December 2009 of £390 million, equating to approximately 63.48 pence per ordinary share was declared and paid by the Company in the first half of 2010.
- Service fees charged to FCE by FMCC relate to technical and administrative advice and services provide by FMCC. The amount of service fees charged for the six month period to 30 June 2010 totalled £7 million (30 June 2009: £5 million).

Transactions with directors and officers

Loan arrangements exist for certain directors and officers of FCE, whereby directors or officers purchase vehicles from Ford Motor Company Limited (FMCL), and FCE provides the loan to finance the purchase. The individual pays FCE the interest on the loan. No significant changes in such loans have occurred since 31 December 2009. Refer to page 59 of FCE's 2009 Annual Report and Accounts for further details of the terms of the loans made to directors and officers.

Transactions with entities under common control

As at 30 June 2010 unearned interest supplements reported in Note 3 'Loans and advances to customers' totalled £225 million (30 June 2009: £217 million). As at 30 June 2010 unearned income supplements and other support payments received from related parties for motor vehicles held for use by FCE as the lessor under operating leases as reported in 'Other liabilities' totalled £37 million (30 June 2009: £37 million). Associated interest supplements earned and recorded in the income statement for the six months ended 30 June 2010 totalled £242 million (30 June 2009: £229 million).

The Company has guaranteed obligations of Ford in Romania of which the maximum potential payment of £315 million has been fully collateralised by a deposit from Blue Oval Holdings Limited. For further information please refer to Note 8 'Due to parent and related undertakings'. Interest expense for the six months ended 30 June 2010 totalled £2 million (30 June 2009: £3 million).

Notes to the Condensed Consolidated Half-yearly Financial Statements for the Half Year Ended 30 June 2010

13 SEGMENT REPORTING

Segment reporting includes income, expenses and other financial information for the six months ended 30 June 2010 and asset information as at 30 June 2010. Refer to Note 42 of the 2009 Annual Report and Accounts for further information.

13a) Performance measurement figures	UK	Germany	Italy	Spain	France	Central / Other	Total
	2010 \$ mil	2010 \$ mil					
Market income	\$ 193	\$ 243	\$ 122	\$ 57	\$ 62	\$ 121	\$ 798
Borrowing costs	(120)	(162)	(81)	(29)	(37)	(62)	(491)
Operating expenses	(30)	(56)	(16)	(20)	(13)	(40)	(175)
Impairment losses	(4)	4	(7)	1	-	(1)	(7)
Other revenue / (expenses)	1	17	(1)	2	-	-	19
Profit/(loss) before tax	\$ 40	\$ 46	\$ 17	\$ 11	\$ 12	\$ 18	\$ 144
Net receivables	\$ 4,690	\$ 5,800	\$ 2,211	\$ 1,161	\$ 1,408	\$ 2,224	\$ 17,494

13b) Reconciliation between certain performance measurement figures 13a) and Additional Information 13c)

Performance measurement figures	Market Income mil	Borrowing Costs mil	Operating Expenses mil	Impairment Losses mil	PBT mil	Net Receivables mil
Reportable segments	\$ 677	\$ (429)	\$ (135)	\$ (6)	\$ 126	\$ 15,270
Central operations / other	121	(62)	(40)	(1)	18	2,224
Total	\$ 798	\$ (491)	\$ (175)	\$ (7)	\$ 144	\$ 17,494
Converted to GBP	£ 518	£ (318)	£ (114)	(3)	£ 94	£ 11,674
IFRS vs US GAAP	10	-	(4)	-	6	(22)
Presentational differences						
Operating leases	51	-	-	-	-	(106)
Unearned interest supplements	-	-	-	-	-	(258)
Provision for incurred losses	-	-	-	-	-	(117)
Fees and commission expense	4	-	-	-	-	-
Residual gains / losses / reserve	15	-	-	-	-	(14)
Other presentational differences	(14)	(4)	8	1	-	38
Adjustments						
Risk based equity adjustment	-	40	-	-	40	-
Other performance adjustments	-	(4)	-	-	-	-
Timing adjustments	-	-	-	-	-	-
Total Reconciliation to IFRS	£ 584	£ (286)	£ (110)	£ (2)	£ 140	£ 11,195
IFRS basis						
Total revenue (See 13c)	£ 584					
Interest expense		£ (286)				
Operating expenses			£ (110)			
Impairment losses on loans and advances				£ (2)		
Profit / (Loss) before tax (See 13c)					£ 140	
Net loans and advances to customers (See 13c)						£ 11,195

13c) Additional Information - IFRS basis	UK	Germany	Italy	Spain	France	Central / Other	Total
	2010 £ mil	2010 £ mil					
INCOME STATEMENT							
Retail revenue	£ 75	£ 115	£ 35	£ 23	£ 17	£ 26	£ 291
Wholesale revenue	45	23	38	15	20	37	178
Other interest income	3	-	-	-	-	4	7
Fee and commission income	4	18	6	1	4	9	42
Income from operating leases	-	65	-	-	-	1	66
Total external revenue	£ 127	£ 221	£ 79	£ 39	£ 41	£ 77	£ 584
Inter-segment revenue	-	1	-	-	-	(1)	-
Total Revenue	£ 127	£ 222	£ 79	£ 39	£ 41	£ 76	£ 584
Depreciation of property and equipment	-	(50)	-	-	-	(2)	(52)
Amortisation of other intangibles	-	-	-	-	-	(2)	(2)
Profit/(loss) before tax	£ 14	£ 19	£ 14	£ 14	£ 4	£ 75	£ 140
Memo - Including Exceptional Items	(1)	-	-	(1)	(1)	(1)	(4)
ASSETS							
Net loans and advances to customers	£ 3,078	£ 3,539	£ 1,447	£ 747	£ 917	£ 1,467	£ 11,195
Property and equipment	1	136	-	-	-	4	141
Investment in jointly controlled entity	-	-	-	-	-	43	43
Total assets	£ 3,259	£ 4,406	£ 1,844	£ 852	£ 1,090	£ 3,156	£ 14,607

Notes to the Condensed Consolidated Half-yearly Financial Statements for the Half Year Ended 30 June 2010

13 SEGMENT REPORTING continued

Segment reporting includes income, expenses and other financial information for the six months ended 30 June 2009 and asset information as at 30 June 2009 and as at 31 December 2009.

13a) Performance measurement figures	UK	Germany	Italy	Spain	France	Central / Other	Total
	2009 \$ mil	2009 \$ mil					
Market Income	\$ 243	\$ 266	\$ 135	\$ 99	\$ 69	\$ 150	\$ 962
Borrowing Costs	(153)	(155)	(75)	(49)	(42)	(122)	(596)
Operating Expenses	(40)	(60)	(3)	(21)	(12)	(36)	(172)
Impairment Losses	(14)	(17)	(13)	(87)	(3)	(3)	(137)
Other revenue / (expenses)	21	(14)	(5)	(23)	-	1	(20)
Profit/(loss) before tax	\$ 57	\$ 20	\$ 39	\$ (81)	\$ 12	\$ (10)	\$ 37
Net Receivables	\$ 5,234	\$ 7,107	\$ 2,899	\$ 2,236	\$ 1,598	\$ 2,817	\$ 21,891

13b) Reconciliation between certain performance measurement figures 13a) and Additional Information 13c)

Performance measurement figures	Market Income mil	Borrowing Costs mil	Operating Expenses mil	Impairment Losses mil	PBT mil	Net Receivables mil
Reportable Segments	\$ 812	\$ (474)	\$ (136)	\$ (136)	\$ 47	\$ 19,074
Central Operations / Other	150	(122)	(36)	(1)	(10)	2,817
Total	\$ 962	\$ (596)	\$ (172)	\$ (137)	\$ 37	\$ 21,891
Converted to GBP	£ 638	£ (395)	£ (113)	£ (88)	£ 27	£ 13,208
GAAP - IFRS vs US	4	-	(8)	-	(3)	1
Presentational Differences						
Operating Leases	61	-	-	-	-	(176)
Unearned interest supplements	-	-	-	-	-	(217)
Provision for incurred losses	-	-	-	-	-	(124)
Fees and Commission Expense	7	-	-	-	-	-
Residual Gains / Losses / Reserve	(4)	-	-	-	-	(32)
Joint venture gain on sale	2	-	-	-	-	18
Other Presentational Differences		(9)	8	(10)	-	-
Adjustments						
Risk Based Equity Adjustment	-	44	-	-	44	-
Other Performance Adjustments	-	(5)	-	-	4	-
Timing differences	(3)	-	2	-	(1)	(6)
Total Reconciliation to IFRS	£ 705	£ (365)	£ (111)	£ (98)	£ 71	£ 12,672

IFRS basis

Total Revenue (See 13c)	£ 705
Interest Expense	£ (365)
Operating Expenses	£ (111)
Impairment losses on Loans and Advances	£ (98)
Profit / (Loss) before tax (See 13c)	£ 71
Net Loans and advances to customers (See 13c)	£ 12,672

13c) Additional Information - IFRS basis	UK	Germany	Italy	Spain	France	Central / Other	Total	
INCOME STATEMENT	2009 £ mil	2009 £ mil						
Retail Revenue	£ 96	£ 121	£ 41	£ 28	£ 13	£ 32	£ 331	
Wholesale Revenue	63	33	39	24	26	57	242	
Other Interest Income	7	5	1	1	1	6	21	
Fee and Commission Income	10	17	6	2	3	7	45	
Income from operating leases	-	46	-	-	-	20	66	
Total External Revenue	£ 176	£ 222	£ 87	£ 55	£ 43	£ 122	£ 705	
Inter-segment Revenue	-	1	-	-	-	(1)	-	
Total Revenue	£ 176	£ 223	£ 87	£ 55	£ 43	£ 121	£ 705	
Depreciation of Property and Equipment	-	(43)	-	-	-	(19)	(62)	
Amortisation of other intangibles	-	-	-	-	-	(2)	(2)	
Profit/(loss) before tax	£ 65	£ 25	£ 24	£ (47)	£ 12	£ (2)	£ 71	
Memo - Including Exceptional Items	2	(7)	(3)	(25)	-	-	(28)	
ASSETS as at 30 June 2009								
Net Loans and Advances to customers	3	£ 3,079	£ 3,927	£ 1,714	£ 1,299	£ 954	£ 1,699	£ 12,672
Property and Equipment	2	168	-	-	-	64	234	
Investment in jointly controlled entity	-	-	-	-	-	40	40	
Total Assets	£ 3,292	£ 4,907	£ 2,072	£ 1,488	£ 1,110	£ 3,732	£ 16,601	
ASSETS as at 31 December 2009								
Net Loans and Advances to customers	3	£ 3,206	£ 3,879	£ 1,819	£ 995	£ 894	£ 1,679	£ 12,472
Property and Equipment	2	98	-	-	-	10	110	
Investment in jointly controlled entity	-	-	-	-	-	41	41	
Total Assets	£ 3,482	£ 4,690	£ 2,220	£ 1,181	£ 1,054	£ 3,581	£ 16,208	

Notes to the Condensed Consolidated Half-yearly Financial Statements for the Half Year Ended 30 June 2010

14 NOTES TO THE CONSOLIDATED HALF-YEARLY CASH FLOW STATEMENT

Reconciliation of profit before tax to cash from operating activities for the six months ended 30 June 2010 and 30 June 2009.

	30 June 2010 Unaudited £ mil	30 June 2009 Unaudited £ mil
Cash from operating activities		
Profit before tax	£ 140	£ 71
Adjustments for:		
Depreciation expense on property and equipment	1	1
Depreciation expense on operating lease vehicles	51	61
Effects of foreign currency translation	29	(3)
(Gain) / loss on sale of operating lease vehicles	(6)	11
Share of profit of a jointly controlled entity	(4)	-
Gross impaired losses on loans and advances	27	123
Amortisation of other intangibles	2	2
Fair value adjustments to financial instruments	(33)	(6)
Interest expense	286	365
Interest income	(476)	(594)
Changes in operating assets and liabilities:		
Net increase in accrued liabilities and deferred income	207	707
Net (increase)/decrease in deferred charges and prepaid expenses	4	(6)
Net decrease in finance receivables	587	3,373
Net decrease in vehicles awaiting sale	64	88
Net decrease in accounts receivables	49	46
Net decrease in accounts payables	(28)	(6)
Net decrease in accounts receivables from related undertakings	25	59
Net increase in accounts payables to related undertakings	94	40
Cash from operating activities	£ 1,019	£ 4,332

During 2009 the Group reviewed the accounting treatment of certain lease agreements and reclassified from Operating Leases to Finance Leases. The impact of this change on 30 June 2009 cash flow comparatives resulted in an increase of £15 million under the caption 'Net (increase) / decrease in finance receivables' and a corresponding reduction in 'Proceeds from sale of operating lease vehicles' within the condensed, consolidated half yearly cash flow statement.

Notes to the Condensed Consolidated Half-yearly Financial Statements for the Half Year Ended 30 June 2010

14 NOTES TO CONSOLIDATED HALF-YEARLY CASH FLOW STATEMENT continued

Reconciliation of cash and cash equivalents at beginning and end of period and of movements for the six months ended 30 June 2010.

	Note	30 June 2010 Unaudited £ mil	30 June 2009 Unaudited £ mil
At beginning of period:			
Cash and advances		£ 2,586	2,695
Less:			
- Cash associated with securitisation transactions		(1,109)	(1,313)
- Central bank deposits and other deposits in support of European Investment Bank loans		(181)	(281)
- Bank overdrafts	7	(53)	(114)
Balance at 31 December 2009 and 2008		£ 1,243	£ 987
At end of period:			
Cash and advances		£ 2,217	2,855
Less:			
- Cash associated with securitisation transactions (see below)		(1,040)	(1,247)
- Central bank deposits and other deposits in support of European Investment Bank loans		(229)	(357)
- Bank overdrafts	7	(35)	(27)
Balance at 30 June 2010 and 2009		£ 913	£ 1,224
Net increase/(decrease) in cash and cash equivalents			
Cash and cash equivalents at beginning of period		£ 1,243	£ 987
Cash and cash equivalents at end of period		913	1,224
Net increase / (decrease) in cash and cash equivalents		£ (330)	£ 237

For the purposes of the cash flow statement, cash and cash equivalents comprise of balances held with less than 90 days to maturity from the date of acquisition, including treasury and other eligible bills and amounts due from banks net of bank overdrafts. In the balance sheet, bank overdrafts are included within liabilities within the caption 'Due to banks and other financial institutions'.

'Cash associated with securitisation transactions' and 'Central bank deposits and other deposits in support of European Investment Bank loans' which are included in 'Cash and advances to banks' are not available for use in FCE's day to day operations and hence are excluded from 'Cash and cash equivalents' for the purposes of the cash flow statement.

Reconciliation of cash associated with securitisation transactions at 30 June 2010.

	30 June 2010 Unaudited £ mil	30 June 2009 Unaudited £ mil
Other bank deposits	£ 389	£ 557
Collateralised deposits	651	690
Cash associated with securitisation transactions	£ 1,040	£ 1,247

Notes to the Condensed Consolidated Half-yearly Financial Statements for the Half Year Ended 30 June 2010

15 POST BALANCE SHEET EVENTS

The following material events occurred after the balance sheet date:

Non adjusting post balance sheet events

The Company repaid £177 million of 'Subordinated loans' in July 2010, the majority of which was scheduled for repayment later in the year. Following repayment of this amount, subordinated loans totalled £290 million, with a Tier 2 value of £250 million. The repayment of debt impacted the ratio of total regulatory capital as a percentage of risk weighted exposures by 0.3%. FCE is expected to remain appropriately capitalised, with capital ratios above regulatory requirements.

The Company issued £327 million (€400 million) of unsecured public debt under its EMTN programme in July 2010. For further details of FCE's EMTN programme refer to Note 9 'Debt Securities in issue'.

Website Addresses

Additional data and web resources, including those listed below can be obtained from the following web addresses:

Additional data	Web site addresses
<p>FCE Bank plc.</p> <ul style="list-style-type: none"> 'Annual Report' 'Interim Report' Basel Pillar 3 Report' 	<p>http://www.fcebank.com or http://www.fordfinancialeurope.com</p> <p>To access from the above links click on 'Investor Information'</p>
<p>Ford Motor Company (Ultimate Parent Company) including:</p> <ul style="list-style-type: none"> 'Financial Results' 'Annual Reports' 'US SEC EDGAR filings' Footnote 1 and 2 	<p>http://www.ford.com/about-ford/investor-relations</p> <p>To access from the above select and click on 'Company Reports'.</p>
<p>Ford Motor Credit Company including:</p> <ul style="list-style-type: none"> 'Company Reports' Footnote 2 'Press Releases' 'Ford Credit public asset-backed securities transactions' Footnote 3 	<p>http://www.fordcredit.com/investorcenter</p> <p>To access from the above link click on 'Company Reports' and then required item.</p>
	
<p>Luxembourg's Stock Exchange which includes</p> <ul style="list-style-type: none"> Euro Medium Term Note Base Prospectus (refer to Note 9 'Debt securities in issue'). 	<p>www.bourse.lu</p> <p>To access search for 'FCE'</p>
<p>Financial Reporting Council</p> <ul style="list-style-type: none"> The Combined Code on Corporate Governance 	<p>http://www.frc.org.uk</p>

Additional information

Footnote 1: Securities and Exchange Commission (SEC) Electronic Data Gathering and Retrieval (EDGAR)

Footnote 2: SEC filings include both SEC Form 10K Annual report and SEC Form 10Q Quarterly reports.

Footnote 3: 'Ford Credit public asset-backed securities transactions'. Incorporates European retail public securitisation data including the following report types:

- Offering Circulars
- Monthly Rating Agencies Report
- Monthly Payments Notification
- Monthly Note holders' Statement

Key Financial Ratios and Terms

The table below details the calculation of the key financial ratios referred to in the 'Performance summary' section of the 'Review for the half year ended 30 June 2010'. The cost, margin and credit loss ratios exclude exceptional items in order to show underlying or 'normalised' performance. Exceptional items are detailed in Note 2 'Profit before tax'.

		Half year ended 30 June 2010 Unaudited £ mil	Half year ended 30 June 2009 Unaudited Restated £ mil
ADDITIONAL DATA:			
	Notes		
A [i]	Average net receivables	£ 11,742	£ 14,186
A [ii]	Net loans and advances to customers	11,195	12,672
A [iii]	Risk weighted exposures	12,135	12,940
A [iv]	Collective impairment allowance	4 89	109
B [i]	Average Year Equity	2,661	2,870
B [ii]	Tier 1 Capital	2,250	2,767
B [iii]	Total Regulatory Capital	2,590	3,157
INCOME:			
	- Total income	296	333
	- Deduct exceptional items	2 (5)	-
	- Depreciation of Operating lease vehicles	(51)	(61)
C	Normalised Income (Margin)	240	272
OPERATING COSTS:			
	- Other Operating expenses	(110)	(111)
	- Office equipment and leasehold amortisation	(1)	(1)
	- Exceptional expense/(income)	2 9	3
D	Normalised Operating costs	(102)	(109)
CREDIT LOSS:			
	Net losses	4 (22)	(91)
	Exceptional loss / recovery	2 -	25
E	Normalised Net Losses	(22)	(66)
F	Profit after tax	96	49
KEY FINANCIAL RATIOS			
	Return on Equity (F*2/B[i])	7.2%	3.8%
	Margin (C*2/A [i])	4.1%	3.8%
	Cost Efficiency Ratio (D*2/A [i])	1.7%	1.5%
	Cost Affordability Ratio (D*2/C*2)	43%	40%
	Credit Loss Ratio excluding exceptional loss (E*2/A [i])	0.37%	0.93%
	Credit Loss Cover (A [iv]/A [ii])	0.8%	0.9%
	Tier 1 Capital/Risk weighted exposures (B [ii]/A [ii])	18.5%	21.4%
	Total Regulatory Capital/Risk weighted exposures (B [iii]/A [ii])	21.3%	24.4%

*2 indicates annualised ratios

Financial terms	Meaning
Average net loans and advances	The balance of net loans and advances at the end of each month divided by the number of months within the reporting period.
Exceptional items	Typically non-recurring events or transactions of which disclosure aids the interpretation of performance compared to previous years
Gross loans and advances	Total payments remaining to be collected on loans and advances to customers (refer to Note 3 Loans and advances to customers)
Net receivables	Loans and advances to customers as reported in the balance sheet representing 'Gross receivables' including any deferred costs/fees and less provisions and unearned finance income and unearned interest supplements from related parties (refer to Note 3 Loans and advances to customers)
Normalised	Excluding exceptional items (refer to Note 2 Profit before tax)
Risk Weighted exposures	Exposures multiplied by the appropriate percentage risk weighting required for Basel capital adequacy purposes plus notional asset values for operational and market risk.
Tier 1 Capital	Share capital, share premium, audited retained earnings, net of intangible assets, goodwill and certain other adjustments to comply with regulatory requirements.
Total Regulatory Capital	'Tier 1 Capital' plus qualifying subordinated loans and collective impairment allowances.

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For the half year ended 30 June 2010