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**FCE Bank plc**  
**Q3 MANAGEMENT**  
**STATEMENT**

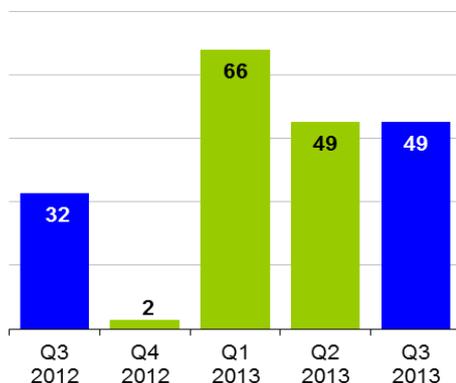
for the quarter ended 30 September 2013

**NOV**

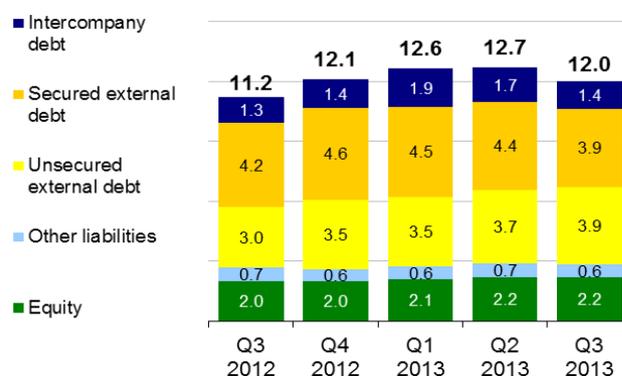
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# Highlights (unaudited)

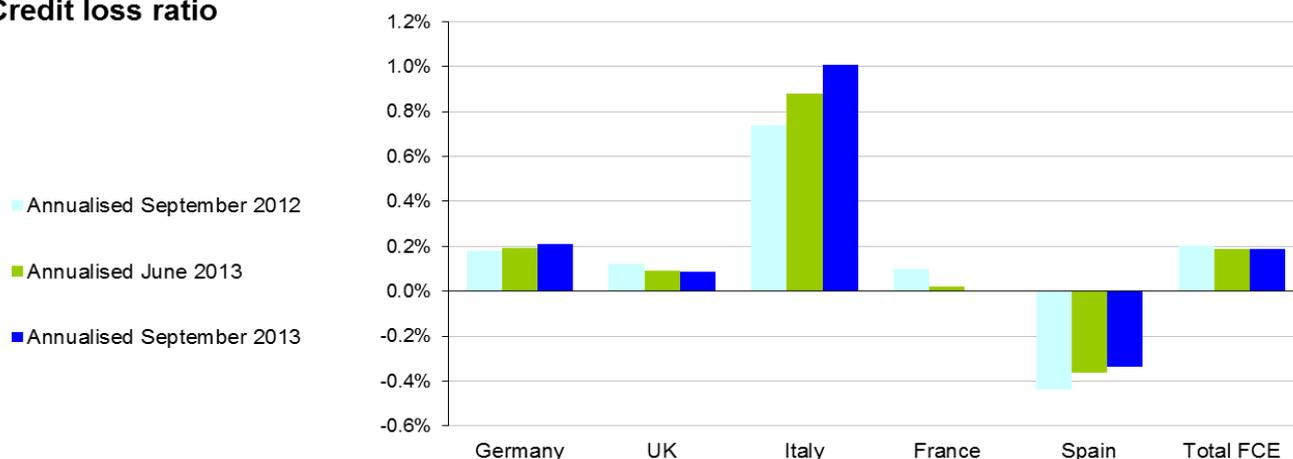
## Profit before tax £ Millions



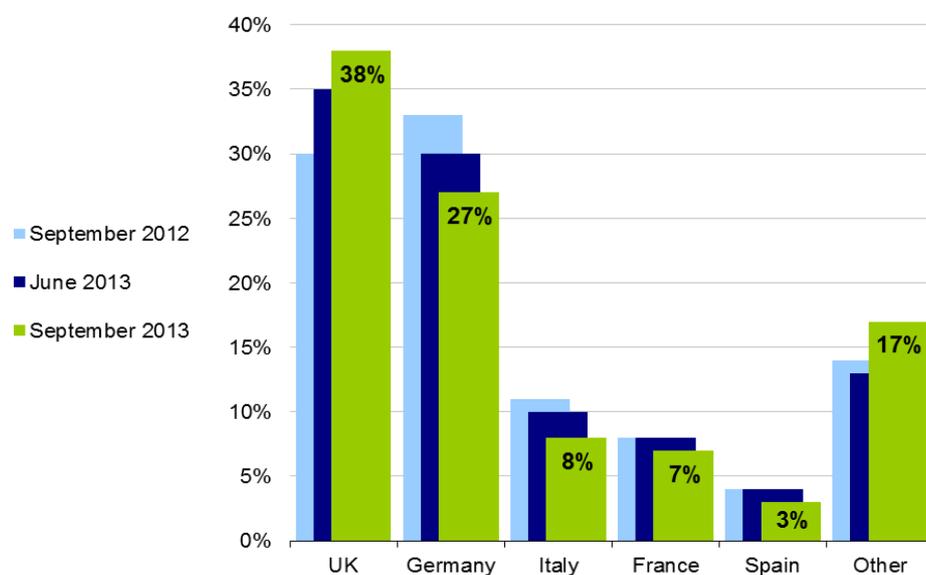
## Liabilities and shareholder's equity £ Billions



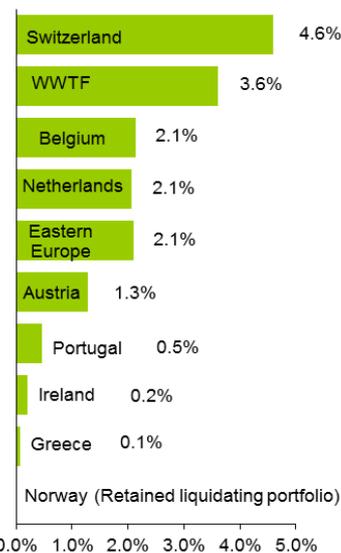
## Credit loss ratio



## Analysis of net loans and advances to customers by market



## 'Other' by market



This management statement is based on unaudited preliminary data. Final data will be included in FCE's 2013 Annual Report and Accounts.

# Management Statement

## Commentary

FCE Bank plc (FCE) recorded profit before tax (PBT) of £49 million in Q3 2013, £17 million more than the same period last year (Q3 2012).

The improvement in PBT compared to the same period last year is explained by higher financing margin driven by lower borrowing costs and higher 'Net loans and advances to customers'. This was partially offset by a payment in the period of obligations under a UK employee pension fund deficit contribution plan in 'Operating expenses'.

FCE's 'Net Loans and advances to customers' were higher than in 2012, primarily reflecting an increase in retail lending in the UK market and the impact of the purchase of a portfolio of retail and wholesale loans in Switzerland through the acquisition of a Swiss subsidiary from an affiliated company. At year-end 2013, FCE anticipates 'Net Loans and advances to customers' to be higher than year-end 2012 and in the range of £9 billion to £10 billion.

In the third quarter there was a small increase in credit losses primarily reflecting lower recoveries.

FCE's 2013 funding plan includes unsecured term funding in the range of £1.7 billion to £2.4 billion, of which public unsecured term debt issuance is between £1.3 billion and £1.8 billion and public term securitisation issuance is in a range of £0.4 billion and £0.6 billion.

Liquidity available for use as at 30 September 2013 totalled £2.2 billion, consisting of cash and marketable securities of £1.1 billion, committed securitisation capacity of £0.5 billion, and committed unsecured credit facilities of £0.6 billion. These amounts are net of utilisation and adjusted for cash and marketable securities not available for use in day-to-day operations, and securitisation capacity in excess of eligible receivables. Gross liquidity as at 30 September 2013 totalled £5.7 billion.

FCE continues to expect an improvement to its underlying PBT in 2013, which excludes exceptional items and adjustments to fair value and foreign exchange, versus that experienced in 2012. This will be driven by continued reductions in borrowing costs and increased penetration into Ford sales partially offsetting lower vehicle stocks.

FCE plans to pay a dividend of approximately £500 million in 2013.

As at 30 September 2013, FCE's long term debt credit ratings/outlook are BBB-/Stable from Fitch, Baa3/Stable from Moody's and BBB/Negative from Standard and Poor's. The negative outlook assigned to FCE by S&P reflects S&P's view of a negative trend in UK banking industry risk.

Key financial data (unaudited)	Q3 2013	Q3 2012
	£ mil	£ mil
<b>Quarterly income statement data</b>		
Net interest income	£ 106	£ 76
Net fees and commissions income	5	7
Other operating income	66	59
<b>Total income</b>	<b>£ 177</b>	<b>£ 142</b>
Net credit losses	£ (5)	£ (3)
Impairment loss reserve adjustment	5	1
<b>Impairment reversal / (losses) on loans and advances</b>	<b>£ -</b>	<b>£ (2)</b>
Operating expenses	(72)	(45)
Depreciation on property and equipment	(58)	(56)
Fair value adjustments to financial instruments and gain or loss on foreign exchange	1	(8)
Share of profit of a jointly controlled entity	1	1
<b>Profit before tax</b>	<b>£ 49</b>	<b>£ 32</b>
<b>Asset data</b>		
Net loans and advances to customers	£ 9,598	£ 8,655
Total assets	12,024	11,212
Risk weighted exposures	9,556	9,102
Average net loans and advances for the third quarter	9,571	8,471
<b>Capital data</b>		
Tier 1 capital	£ 2,130	£ 1,921
Total Regulatory Capital	2,342	2,132
Tier 1 ratio (percentage)	22.3%	21.1%