
FCE Bank plc

Q2 MANAGEMENT STATEMENT

For the quarter ended 30 June 2016



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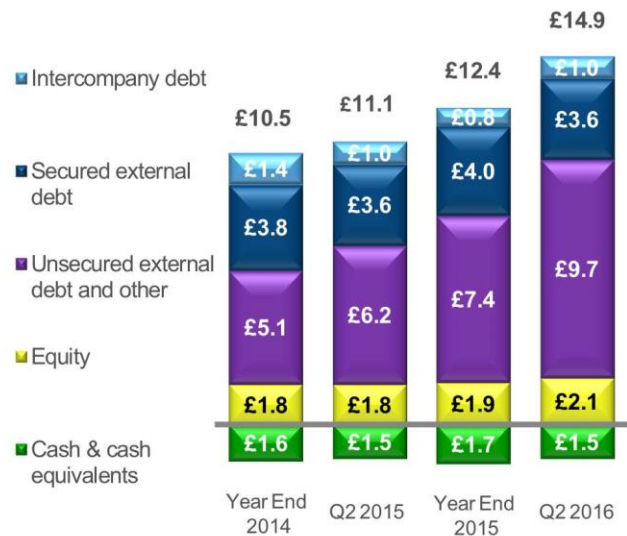
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Highlights (unaudited)

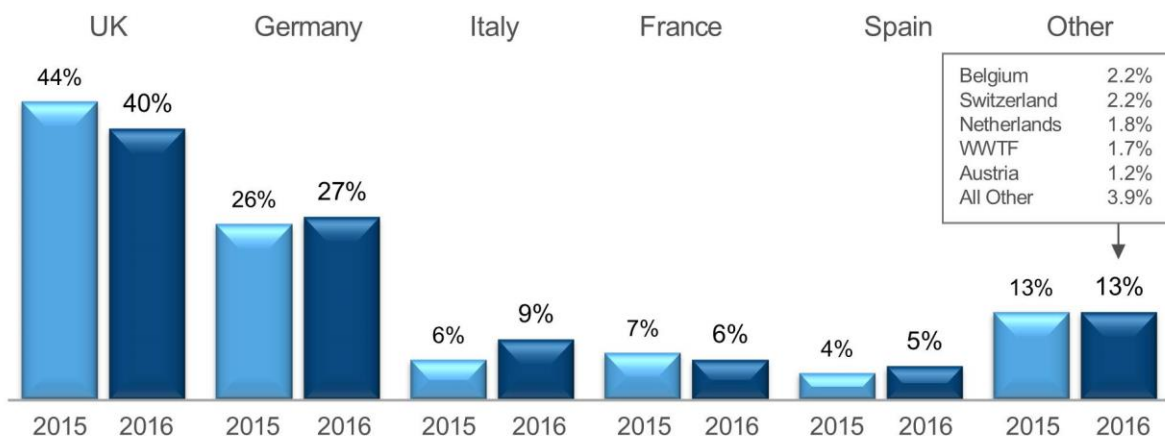
Profit before tax (Mils)



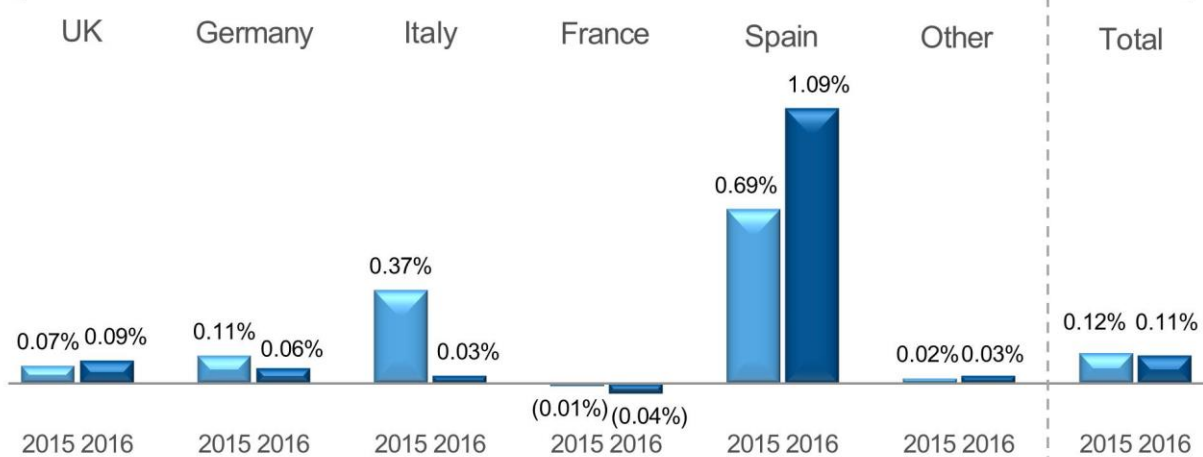
Funding structure – total net loans and advances to customers (Bils)



Net loans and advances to customers at 30 June 2016 compared to 30 June 2015



Annualised Q2 net credit losses / average net loans and advances to customers



Management Statement

Key financial data (unaudited)	Q2 2016	Q2 2015
	£ mil	£ mil
Quarterly income statement data		
Net interest income	£ 113	£ 100
Net fees and commissions income	12	8
Other operating income	47	45
Total income	£ 172	£ 153
Net credit losses	£ (4)	£ (3)
Impairment loss reserve adjustment	1	-
Impairment reversal / (losses) on loans and advances	£ (3)	£ (3)
Operating expenses	£ (55)	£ (52)
Depreciation on property and equipment	(43)	(41)
Fair value adjustments to financial instruments and gain or loss on foreign exchange	(11)	2
Share of profit of a jointly controlled entity	1	1
Profit before tax	£ 61	£ 60
Asset data		
Net loans and advances to customers	£ 14,875	£ 11,066
Total assets	17,480	13,399
Average net loans and advances for the second quarter	14,080	10,952
Regulatory capital data		
Common equity tier 1 (CET1) capital	£ 2,008	£ 1,678
Own funds / Total capital	2,281	1,917
Common equity tier 1 (CET1) capital ratio	13.9%	15.5%
Total capital ratio	15.8%	17.7%

Business Highlights

In Q2 2016 FCE Bank plc (FCE) continued to deliver its plan of controlled growth demonstrated by strong profits, continued growth in receivables and low credit losses. FCE recorded profit before tax of £61 million in Q2 2016 which is consistent with Q2 2015.

FCE's 'Net loans and advances to customers' were £14.9 billion, approximately £3.8 billion higher than Q2 2015. This is mainly due to increased Ford sales, higher dealer stocks and the impact of the strengthening of the euro on the value of FCE's euro-denominated receivables. At year-end 2016, FCE anticipates 'Net loans and advances to customers' to be in the range of £14 billion to £15 billion.

FCE's credit loss ratio continues to run near historical lows reflecting strong performance of FCE's wholesale and retail portfolios.

Funding and Liquidity

FCE's 2016 funding plan includes public term funding issuance of £3.0 billion to £4.0 billion, including public unsecured term debt of £2.0 billion to £2.6 billion (which includes planned issuances of publicly listed non-syndicated debt) and public term securitisation of £1.0 billion to £1.4 billion.

FCE's sources of liquidity include cash, committed asset-backed facilities and committed unsecured credit facilities. Liquidity available for use will fluctuate based on factors which include changes in receivables levels and execution and maturity of capital market transactions. At 30 June 2016, FCE had £2.6 billion of liquidity available for use. Total liquidity sources were £5.5 billion which is diversified across a variety

of markets and platforms. The utilisation of liquidity totalled £2.9 billion at 30 June 2016. On 17 June 2016, FCE extended and increased its revolving credit facility. The facility now matures in October 2019 and has committed funding capacity of £990 million.

FCE's 2016 dividend planning will consider future receivables levels, profits and currency movements while maintaining a capital ratio that exceeds regulatory requirements and internal targets. FCE expects to pay a dividend in the fourth quarter subject to external market conditions.

As at 28 July 2016, FCE's long term debt credit ratings/outlook are Baa2/Stable from Moody's, BBB/Stable from Standard and Poor's (S&P) and BBB/Stable from Fitch.

Full Year Outlook

The UK held a referendum on 23 June 2016 in which a majority voted for the UK to exit the European Union. Until the nature of the relationship between the UK and EU is better established, it will not be clear what, if any, effect Brexit has on FCE.

Excluding fair value adjustments and foreign exchange effects, FCE expects to report another strong year in 2016 for profits provided economic conditions do not deteriorate significantly. FCE's performance will be driven by controlled growth and the continued performance of its portfolio.

Management Statement

Public Term Funding Plan	2016	2016	2015	2014
	Forecast	YTD		
	£ bils	Actual*	Actual	Actual
	£ bils	£ bils	£ bils	£ bils
- Unsecured Debt	£ 2.0 - 2.6	£ 2.0	£ 2.7	£ 1.9
- Securitisation	1.0 - 1.4	0.5	0.4	0.8
Total	£ 3.0 - 4.0	£ 2.5	£ 3.1	£ 2.7

* Includes transactions settled up to 28 July 2016

	Jun 2016	Mar 2016	Dec 2015
	£ bil	£ bil	£ bil
Liquidity Sources			
Cash and cash equivalents	£ 1.5	£ 1.6	£ 1.7
Unsecured credit facilities	1.3	1.1	0.9
Committed securitisation capacity*	2.7	2.7	2.8
Total Liquidity Sources	£ 5.5	£ 5.4	£ 5.4
Utilisation of liquidity			
Cash not available for use in day to day operations**	£ (0.3)	£ (0.3)	£ (0.3)
Unsecured credit facilities	(0.5)	(0.4)	(0.5)
Committed securitisation capacity*	(2.1)	(1.9)	(2.5)
Total utilisation of liquidity	£ (2.9)	£ (2.6)	£ (3.3)
Gross liquidity	£ 2.6	£ 2.8	£ 2.1
Securitisation capacity in excess of eligible receivables	£ -	£ (0.1)	£ (0.1)
Liquidity available for use	£ 2.6	£ 2.7	£ 2.0

* Committed securitisation capacity excludes FCE's access to the Bank of England's Discount Window Facility

** Cash not available for use in day to day operations includes cash associated with securitisation transactions and central bank deposits