
FCE Bank plc

Q3 MANAGEMENT STATEMENT

For the quarter ended 30 September 2016



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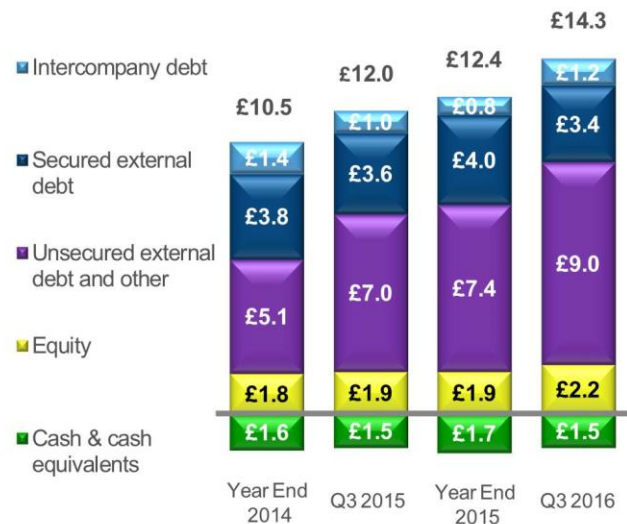
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Highlights (unaudited)

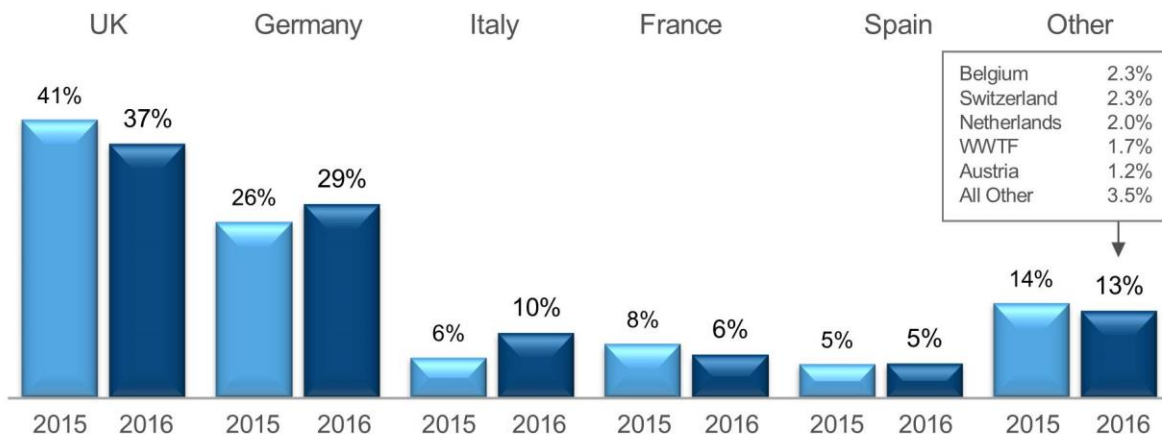
Profit before tax (Mils)



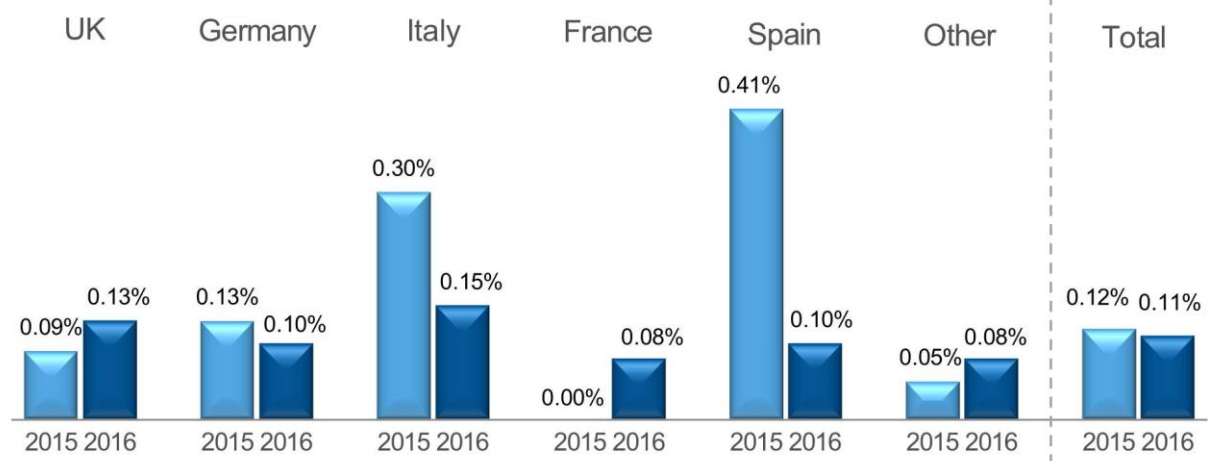
Funding structure – total net loans and advances to customers (Bils)



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



Annualised Q3 net credit losses / average net loans and advances to customers



This management statement is based on unaudited preliminary data. Final data will be included in FCE's 2016 Annual Report.

Management Statement

Key financial data (unaudited)	Q3 2016	Q3 2015
	£ mil	£ mil
Quarterly income statement data		
Net interest income	£ 111	£ 91
Net fees and commissions income	10	10
Other operating income	65	47
Total income	£ 186	£ 148
Net credit losses	£ (4)	£ (3)
Impairment loss reserve adjustment	-	-
Impairment reversal / (losses) on loans and advances	£ (4)	£ (3)
Operating expenses	£ (57)	£ (49)
Depreciation on property and equipment	(62)	(44)
Fair value adjustments to financial instruments and gain or loss on foreign exchange	2	(5)
Share of profit of a jointly controlled entity	2	1
Profit before tax	£ 67	£ 48
Asset data		
Net loans and advances to customers	£ 14,324	£ 11,998
Total assets	17,094	14,280
Average net loans and advances for the third quarter	14,426	11,403
Regulatory capital data		
Common equity tier 1 (CET1) capital	£ 2,060	£ 1,713
Own funds / Total capital	2,342	1,960
Common equity tier 1 (CET1) capital ratio	14.6%	14.5%
Total capital ratio	16.6%	16.6%

Business Highlights

In Q3 2016 FCE Bank plc (FCE) continued to deliver its plan of controlled growth. FCE recorded profit before tax of £67 million in Q3 2016. The increase from the Q3 2015 profit before tax of £48 million primarily reflects portfolio growth and favourable currency movements.

FCE's 'Net loans and advances to customers' were £14.3 billion, approximately £2.3 billion higher than Q3 2015. This is mainly due to increased Ford sales 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 £3.4 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 £1.4 billion. FCE has completed its securitisation funding plan for the year which included an inaugural issuance of retail securitisation debt in the UK which was completed in October. FCE has also completed the minimum of the range of its unsecured funding plan.

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 September 2016, FCE had £3.3 billion of liquidity available for use. Total liquidity sources were £5.2 billion which is diversified across a variety of markets and platforms. The utilisation of liquidity totalled £1.9 billion at 30 September 2016.

FCE's 2016 dividend planning will consider future receivables levels, profits, currency movements and its business environment 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 27 October 2016, FCE's long term debt credit ratings/outlook are Baa2/Stable from Moody's, BBB/Stable from S&P and BBB/Stable from Fitch.

Full Year Outlook

The UK held a referendum in 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.

In Q4 2016, FCE expects a one-time settlement in Germany to cover FCE's share of a deficit in a Ford sponsored retirement plan. However, FCE expects to report another strong annual profit for 2016 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		
	Forecast	YTD Actual*	2015	2014
	£ bils	£ bils	Actual £ bils	Actual £ bils
- Unsecured Debt	£ 2.0 - 2.6	£ 2.0	£ 2.7	£ 1.9
- Securitisation	1.4	1.4	0.4	0.8
Total	£ 3.4 - 4.0	£ 3.4	£ 3.1	£ 2.7

* Includes transactions settled up to and including 27th October 2016

	Sep 2016	Jun 2016	Dec 2015
	£ bil	£ bil	£ bil
Liquidity Sources			
Cash and cash equivalents	£ 1.5	£ 1.5	£ 1.7
Unsecured credit facilities	1.1	1.3	0.9
Committed securitisation capacity*	2.6	2.7	2.8
Total Liquidity Sources	£ 5.2	£ 5.5	£ 5.4
Utilisation of liquidity			
Cash not available for use in day to day operations**	£ (0.3)	£ (0.3)	£ (0.3)
Unsecured credit facilities	(0.1)	(0.5)	(0.5)
Committed securitisation capacity*	(1.5)	(2.1)	(2.5)
Total utilisation of liquidity	£ (1.9)	£ (2.9)	£ (3.3)
Gross liquidity	£ 3.3	£ 2.6	£ 2.1
Securitisation capacity in excess of eligible receivables	£ -	£ -	£ (0.1)
Liquidity available for use	£ 3.3	£ 2.6	£ 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 which primarily includes cash associated with securitisation transactions