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		Acronym (if applicable)	RemCo
	Remuneration Committee FCE Bank plc	Version Number	2017.1
		Version Save Date	11/12/2018 10:36:00
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Overview The Remuneration Committee (the “Committee”) is the delegated committee of the Board of Directors (the “Board”) of FCE Bank plc (the “Company”) responsible for exercising appropriate oversight of the Company’s remuneration policy and talent management policy.

Members Members of the Committee shall be appointed by the Board in consultation with the Remuneration Committee Chair (“Committee Chair”). The Committee, or any nominated Committee thereof, shall be made up of at least three members.

Members of the Committee shall be the independent non-executive directors. Appointments to the Committee shall be reviewed annually by the Board as part of the review of the Constitution and Terms of Reference of all Board Committees. Appointments to the Committee shall be for a period of up to three years, which may be extended for two further three-year periods provided that the majority of the Members remain independent and provided that each person still meets the criteria for membership of the Committee.

Membership The Board shall appoint the Committee Chair who shall be an independent non-executive director. In the absence of the Committee Chair and/or an appointed deputy, the remaining non-executive members present shall elect one of themselves to chair the meeting. Only members of the Committee have the right to attend Committee meetings. The HR Director, FCE Bank or nominee shall normally be invited to attend meetings but shall not contribute towards constituting a quorum.

Any nominee shall be approved in advance at the discretion of the Committee Chair. However, other individuals may be invited by the Committee Chair to attend all or part of any meeting as and when appropriate.


The HR Director or their nominee shall act as the secretary of the Committee.

Quorum Requirements The quorum necessary for the transaction of business shall be three members. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

Frequency of Meetings The Committee shall meet at least three times a year at appropriate times in the regulatory reporting and remuneration cycle with one of the meetings being held immediately prior to finalisation of annual compensation awards, and one meeting prior to year end performance reviews, and otherwise as required.

Any Board member may inform the Committee Chair (so that a special Committee meeting may be called, if deemed necessary), should there be an event, or sequence of events which may have 'material' consequences on the reported capital adequacy or net asset value of the Company and as such would require immediate action under malus provisions or alternative action in respect of the Company's variable compensation programmes.

Notice of Meetings All meetings of the Committee, which may take place in person or by telephone, shall be called by the Secretary of the Committee or their nominee or at the request of any of its members, if they consider additional meetings are necessary.

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Unless otherwise agreed with the Committee Chair notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, and to any other person required to attend no later than 5 working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, wherever possible at the same time.

Minutes of Meeting The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.

Members shall indicate to the Secretary any potential conflicts of interest at the beginning of each meeting and the Secretary shall minute them accordingly.


Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee for comment and, once provisionally agreed by the members of the Committee, the draft minutes shall be presented to the next meeting for approval and shall then be signed by the Chair of that meeting as a true record of the proceedings. Once agreed, a summary of the minutes shall be circulated to all members of the Board.

Duties A In establishing, implementing and maintaining the remuneration policy, the Committee shall apply the following principles:

- a) take into account all factors which it deems necessary. The objective of such policy shall be to ensure that members of the executive management of the Company are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Company;
- b) give due regard to any relevant legal and regulatory requirements or best practice which the Committee considers relevant or appropriate for the Company, particularly the requirements of the regulators' remuneration rules;
- c) the remuneration policy will be consistent with, and promote, effective risk management, based on regular reports received directly from the organisation's risk management function, evaluating the implications of the remuneration policy for risk and risk management;
- d) the Company will disclose its remuneration policy and the aggregate remuneration of its directors in the Annual Report and Accounts. In addition the Company will fulfil its disclosure requirements relating to Remuneration as required by the regulator;

Duties
(Continued)

- e) remuneration awards and their timing must be consistent with a reasonable assessment of the Company's financial situation, future prospects and an assessment of affordability;
- f) no director or manager shall be involved in any decisions as to their own remuneration;


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- g) remuneration awards must promote the medium and long-term interests of the Company and reward appropriate risk behaviours, dis-incentivising behaviours which are not in line with the Company's prescribed risk appetite; and
- h) remuneration structures must;
 - o be appropriate to support talent attraction, reward performance and assist retention in a competitive market;
 - o support consistency of process structure across markets;
 - o demonstrate efficient and affordable delivery; and
 - o be legally compliant (both from a regulatory and tax perspective).

B The Committee shall:

- a) determine and agree with the Board the framework or broad policy for the remuneration of the CEO, the executive directors and employees classified as Material Risk Takers (MRTs) under the regulator's remuneration rules, in addition to any other employees specified and agreed by the Committee from time to time;
- b) consider additional matters as follows:
 - o the intent of the Committee is to continue to adopt the Shareholder's remuneration policy. If circumstances were to arise whereby the Committee judged the remuneration policy to be contrary to the Company's interests, then dialogue would take place to resolve the matter;
 - o the remuneration of the Chief Executive Officer shall be a matter for the Shareholder, having taken input from the Non-Executive Directors and the HR Director;
 - o no director or manager shall be involved in any decisions as to their remuneration.
- c) review the applicable compensation structures and processes (performance related pay schemes, annual bonus programmes and Long Term Incentives) as they impact FCE MRTs, in order to determine that they are appropriate to the Company's business requirements and financial position;
- d) review any awards which are deferred, prior to vesting for employees to which malus provisions apply. Ensure due consideration is given to further determine whether any additional performance conditions need to be met in order for the deferred amount(s) to be released;
- e) be aware of the policy and scope of pension arrangements for those referred to in paragraph B(a) above in view of the alignment and inclusion of Company employees within the Ford of Britain pension arrangements. Be made aware of any material changes to such provisions;
- f) review any major changes in employee benefits structures relating to those referred to in paragraph B(a) above;

Duties
(Continued)


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- g) approve the structure of awards made to FCE MRT's. This approval shall be given on indicative awards unless there is a subsequent material deviation from the model which has been shared with the Committee;
- h) review any new retention awards, made outside the usual compensation process to employees identified in paragraph B(a) above;
- i) be informed of any employees identified in paragraph B(a) above with specific termination packages, and in all cases, review and approve packages on termination where the separation payment is at or above £300,000. This excludes values that reflect express contractual obligations that form part of a redundancy policy, or result from non-discretionary "good leaver" treatment under express plan rules or standard pension augmentation provisions in the event of early retirement. Ensure that payments made, are in line with Company policy, that failure is not rewarded, and that the duty to mitigate loss is recognised;
- j) have the opportunity to request independent confirmation that the variable compensation programme is in line with global market practice. The Committee shall be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the committee, and shall obtain reliable, up-to-date information about remuneration in other companies. The Committee shall have full authority to commission any reports or surveys which it deems necessary to help it fulfil its obligations; and
- k) in addition to paragraph B(a) above, review and approve the broad policy framework for the remuneration of all other employees, the implementation of which is delegated to the Executive Committee.
- l) receive input from the Chair of the Risk Committee on the risk weightings applied to the performance objectives incorporated in MRT remuneration.
- m) Review and approve the FCE Bank plc Pillar 3 disclosure on remuneration.

C In respect of the positions designated as "in scope" of RemCo Talent Management responsibilities, as set out in Appendix 2, the Committee shall:

- a) review the succession plans for executive Board positions, and positions designated as "in scope" taking into account the challenges and opportunities facing FCE to ensure the continued ability of the Company to deliver its strategic objectives;
- b) consider diversity in respect of skills mix, regional and other experience, background and gender of candidates;
- c) review and provide feedback on the objectives of employees designated as "in scope" ensuring that a balanced scorecard approach is deployed;

Duties
(Continued)

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- d) provide an independent forum for the Non-Executive Directors to reflect on and provide input to the performance of designated employees;
- e) no member of the Committee shall be permitted to participate in discussions relating to themselves, however they may participate in discussions relating to successors to their position.

D Matters reserved for the Board

- a) conduct an annual evaluation of the effectiveness of the Board, each committee of the Board and the contribution of each Director. To include assessment of the skills, experience, knowledge and diversity of the Board required to competently discharge the Boards duties, having regard to the agreed strategic direction of the Company, its commercial environment, the markets in which it operates and the nature, scale and complexity of its business. This exercise should be facilitated externally at least every three years;
- b) agree an action plan arising from the Board effectiveness review and monitor its implementation;

E Matters reserved for the FCE Chair and the Senior Non-Executive Director

- a) make recommendations to the Board concerning the appointment and re-election of Directors;
- b) make recommendations to the Board regarding the appointment of Non-Executive Directors, and extension of terms of office of non-executive Directors;

F Matters reserved for the FCE Chair and the Senior Non-Executive Director


- a) review the performance of, and succession plans for the FCE CEO

G Matters reserved for the FCE Chair

Duties
(Continued)

- a) make recommendations to the Board regarding the appointment of the Senior Non-Executive Director, and extension of terms of office of the Senior Non-Executive Director;
- b) the remuneration of independent Non-Executive Directors shall be a matter for the FCE Chair, having taken advice from the HR Director, and being subject to shareholder approval.

H Matters reserved for the FMCC Chair and the Senior Non-Executive Director

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- a) make recommendations to the Board regarding the appointment of the FCE Chair;

Other Matters The Committee shall:

- a) be provided with appropriate and timely training, including induction training for new members;
- b) have access to sufficient resources in order to carry out its duties, including access to the Legal, HR and other departments for assistance as required; and
- c) give due consideration to laws and regulations.

Review and Reporting Responsibilities

The Committee shall, at least once a year, review the adequacy and effectiveness of the remuneration policy (as part of the RPS Review), review its own performance, constitution and Terms of Reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

The Committee Chair shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

Membership of the Committee and attendance will be noted in the annual accounts.


The Committee shall produce and provide for the Board's approval an annual report on the Company's remuneration policy and practices (the Remuneration Policy Statement RPS).

External reporting responsibilities are described in paragraph A(d) above

Authority The Committee is authorised:

- a) to seek any information it requires from any employee of the Company in order to perform its duties; and
- b) to obtain, at the Company's expense, outside legal or other professional advice on any matter within its Terms of Reference.


Risks Covered Control risks
Regulatory compliance risks

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Annual Calendar of Work The Committee normally will carry out its programme of work in accordance with the calendar attached.

Revisions and Commencement The Committee shall recommend to the Board such revision of its Terms of Reference as from time to time the Committee considers appropriate.

These Terms of Reference were approved by the Board on 22nd March 2018, and with effect from 22nd March 2018 any previous terms of reference are withdrawn.

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Appendix 1: Outline Annual Programme for Remuneration Committee Meetings

There will be three programmed Remuneration Committees each year to be held in the first, second, and fourth quarters of the year. An additional audio will be held to share the outcome of the Corporate compensation planning process at the earliest opportunity.

Quarter 1 - Audio

- To share outcomes of the compensation planning process, which are required to be planned subject corporate tolerances.

Quarter 1 - Meeting

- Review objectives for those who are in-scope.
- Review Committee Terms of Reference
- Review Succession Plans for those who are in-scope.
- Review Board Committee skills, experience & knowledge
- Significant matters update

Quarter 2 - Meeting

- Review AICP, LTI & Merit programme structures, consider any significant changes to Pension or Benefits
- Review Compliance requirements with the regulator's Remuneration requirements for given year
- Provide input on mid-year performance for those who are in-scope
- Review FCE Corporate performance
- Review and approve the FCE Bank plc Pillar 3 disclosure on remuneration.
- Significant matters update


Quarter 4 – Meeting #1

- Provide performance input for those who are in-scope

Quarter 4 - Meeting #2

- Review full MRT Listing including identification in-scope employees
- Review AICP / LTI Target and BPF current status
- Review proposed Compensation Models
- Review FCE Corporate Performance
- Review Proposed Performance Ratings for those who are in-scope
- Review Remuneration Policy Statement and effectiveness of remuneration policy
- Monitor progress on Board Effectiveness action plan
- Significant matters update

Note: Retention awards and termination packages as described in paragraphs B(h) and B(i) above will be presented at the appropriate meeting as they arise.

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Appendix 2: FCE Positions Designated as “in-scope” for RemCo Talent Management reviews

	Position	Level
1	CEO, FCE	LL2
2	Exec. Director, Chief Risk Officer	LL3
3	Exec. Director, Marketing & Sales	LL3
4	Exec. Director, Finance	LL3
5	HR Director	LL4
6	IT Director	LL4
7	Legal Director	LL4
8	Operations Director	LL4
9	Brand Director	LL4
10	Treasurer	LL4
11	Chief Deposits Officer	LL4
12	Mobility Director	LL4
13	Head of Tax	LL4
14	Director MBC	LL4
15	Sales Director, FBG	LL4
16	Regional Director, EESO	LL4
17	Regional Director, WESO	LL4
18	Regional Director, MEA	LL4
19	MD, Germany	LL3
20	MD, Britain	LL3
21	MD, France	LL4
22	MD, Spain	LL4
23	MD, Italy	LL4
24	Head of Compliance	LL5
25	Manager, Internal Control	LL5
26	European Controller	LL5
27	Audit Manager, GAO	LL5
28	SNED	N/A
29	NED x 3	N/A