
FCE Bank plc
**Q1 MANAGEMENT
STATEMENT**

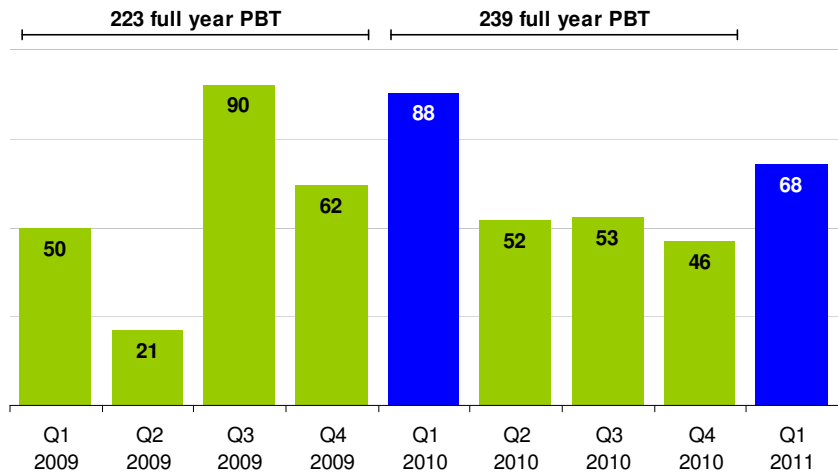
for the quarter ended 31 March 2011

NO
EL

Highlights (unaudited)*

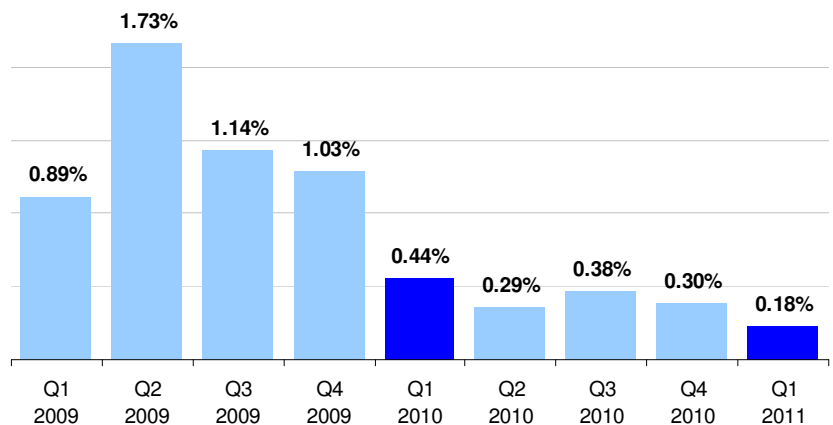
Profit before tax (PBT) £ Millions

- Quarterly PBT
- Q1 2011 and Q1 2010



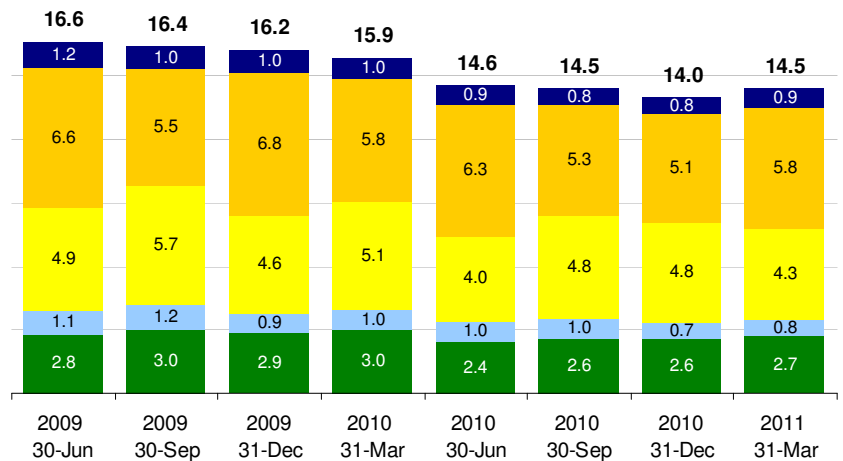
Credit loss ratio

- Net losses as a percentage of average loans and advances
- Q1 2011 and Q1 2010 (annualised)



Liabilities and shareholder's equity £ Billions

- Intercompany debt
- Secured external debt
- Unsecured external debt
- Other liabilities
- Equity



*This management statement is based on unaudited preliminary data. Updated information will be available in FCE's 2011 Interim Report.

Management statement

Commentary

FCE recorded a profit before tax (PBT) of £68 million in Q1 2011, increasing £22 million compared with the previous period (Q4 2010), although decreasing £20 million from the same period last year (Q1 2010).

The improved performance compared to Q4 2010 primarily reflects a one time gain of £11 million relating to the settlement of amounts outstanding under a historical profit sharing agreement which previously did not meet revenue recognition criteria, improved credit loss performance, and the non-recurrence of other one time operating costs recognised during the previous period.

The decrease in PBT when compared to Q1 2010 mainly reflects the adverse impact of fair value adjustments to financial instruments and foreign exchange, the impact of a lower receivable base and reductions in amounts released from credit loss reserves. These effects were partially offset by improved credit loss performance, with both reduced credit losses and strong recoveries from previously impaired assets, as well as the recognition of a one time gain from the historical profit share agreement referenced above.

FCE's average loans and advances increased during the first quarter, mainly reflecting the normal seasonal increase in dealer wholesale receivables and the impact of the stronger Euro during the period.

Average loans and advances were lower than the same period last year reflecting the adverse impact of the Company's strategic exit from Jaguar, Land Rover, Mazda, and Volvo financing.

During the first quarter of 2011, FCE renewed or added £0.8 billion in private securitisation capacity.

FCE's full year 2011 public term funding plan includes unsecured term funding in the range of £0.5 billion to £1.1 billion and public securitisation issuance in the range of £0.3 billion to £0.7 billion.

FCE's liquidity available for use as at 31 March 2011 totalled £1.9 billion, consisting of unsecured credit facilities of £0.3 billion, committed securitisation capacity of £0.4 billion, and cash and marketable securities of £1.2 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.

As at 25 April 2011, FCE's long term debt credit ratings/outlook are BB-/Positive from Fitch, Ba2/Positive from Moody's and BB/Positive from Standard and Poor's.

Key financial data (unaudited)	Q1 2011	Q1 2010
	£ mil	£ mil
Quarterly income statement data		
Net interest income	£ 84	£ 95
Net fees and commissions income	27	23
Other operating income	31	27
Total income	£ 142	£ 145
Net credit losses	£ (5)	£ (14)
Impairment loss reserve adjustment	6	14
Impairment losses on loans and advances	£ 1	£ -
Operating expenses	(44)	(51)
Depreciation on property and equipment	(29)	(20)
Fair value adjustments to financial instruments and gain or loss on foreign exchange	(4)	13
Share of profit of a jointly controlled entity	2	1
Profit before tax	£ 68	£ 88
Asset data		
Loans and advances to customers	£ 11,432	£ 12,235
Total assets	14,455	15,851
Risk weighted exposures	12,313	13,154
Average loans and advances for the first quarter	10,903	12,253
Capital data		
Tier 1 capital	£ 2,581	£ 2,814
Total Regulatory Capital	2,831	3,174
Tier 1 ratio (percentage)	21.0%	21.4%