

---

FCE Bank plc  
**Q3 MANAGEMENT  
STATEMENT**

for the quarter ended 30 September 2014

N

O

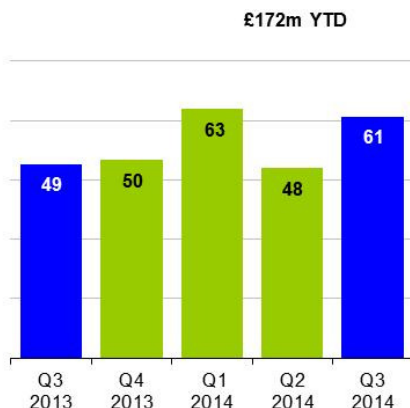
L

4

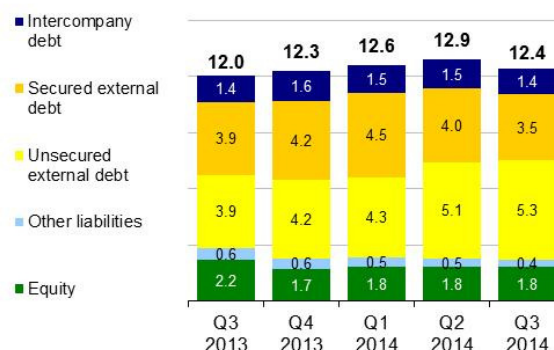
---

# Highlights (unaudited)

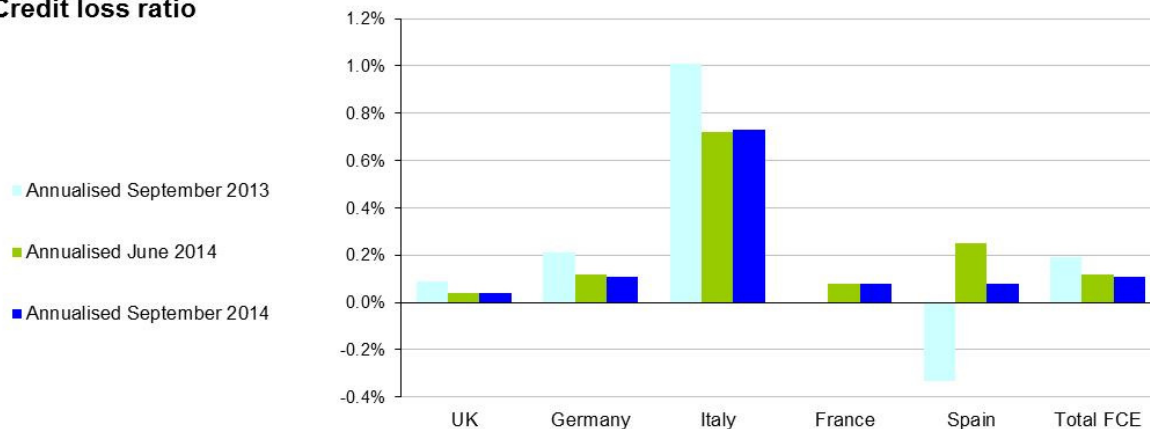
## Profit before tax £ Millions



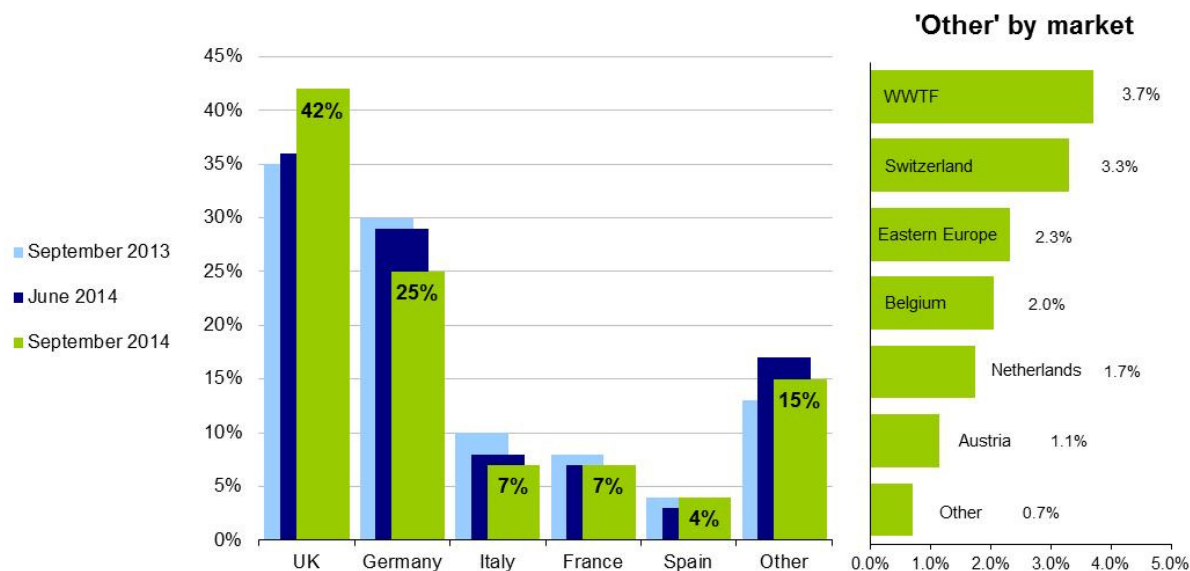
## Liabilities and shareholder's equity £ Billions



## Credit loss ratio



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



This management statement is based on unaudited preliminary data. Final data will be included in FCE's 2014 Annual Report and Accounts.

# Management Statement

## Commentary

FCE Bank plc. (FCE) recorded profit before tax (PBT) of £61 million in Q3 2014, £12 million higher than the same period last year (Q3 2013).

The increase in PBT is primarily driven by an improvement in 'Operating expenses' due to the non recurrence of a past service deficit payment relating to a UK pension fund.

FCE's 'Net loans and advances to customers' were higher than Q3 2013. This growth has been partially offset by unfavourable movements in foreign exchange. FCE anticipates 'Net loans and advances to customers' to be higher than year-end 2013 and in the range of £9.5 billion to £10.5 billion.

FCE's credit loss ratio is lower than that experienced in 2013 and continues to run at historical lows.

FCE's 2014 funding plan includes public term funding issuance in the range of £2.2 billion to £2.7 billion, including public unsecured term debt of £1.4 billion to £1.9 billion and public term securitisation of £0.8 billion.

Liquidity available for use as at 30 September 2014 totalled £2.0 billion, consisting of cash and marketable securities of £0.9 billion, committed securitisation capacity of £0.7 billion, and committed unsecured credit facilities of £0.4 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 2014 totalled £4.6 billion.

Excluding fair value adjustments and foreign exchange effects, FCE expects to report another strong year in 2014 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.

FCE does not plan to make a dividend payment in 2014.

As at 28 October 2014, FCE's long term debt credit ratings/outlook are BBB-/Positive from Fitch, Baa3/Stable from Moody's and BBB/Stable from Standard and Poor's (S&P).

<b>Key financial data (unaudited)</b>	<b>Q3 2014</b>		<b>Q3 2013</b>	
<b>Quarterly income statement data</b>	<b>£ mil</b>		<b>£ mil</b>	
Net interest income	£	108	£	106
Net fees and commissions income		5		5
Other operating income		52		66
<b>Total income</b>	<b>£</b>	<b>165</b>	<b>£</b>	<b>177</b>
Net credit losses	£	(2)	£	(5)
Impairment loss reserve adjustment		2		5
<b>Impairment reversal / (losses) on loans and advances</b>	<b>£</b>	<b>-</b>	<b>£</b>	<b>-</b>
Operating expenses		(50)		(72)
Depreciation on property and equipment		(49)		(58)
Fair value adjustments to financial instruments and gain or loss on foreign exchange		(6)		1
Share of profit of a jointly controlled entity		1		1
<b>Profit before tax</b>	<b>£</b>	<b>61</b>	<b>£</b>	<b>49</b>
<b>Asset data</b>				
Net loans and advances to customers	£	10,442	£	9,598
Total assets		12,419		12,024
Risk weighted exposures Basel III basis		10,510		-
Average net loans and advances for the third quarter		10,509		9,571
<b>Capital data</b>				
Common equity tier (CET1) capital	£	1,686	£	-
Total Regulatory Capital		1,927		-
Common equity tier (CET1) capital / Risk weighted exposures Basel III basis		16.0%		-