PSA BANQUE FRANCE

STELLANTIS

2021 HALF-YEAR REPORT

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30 JUNE 2021 KEY FIGURES

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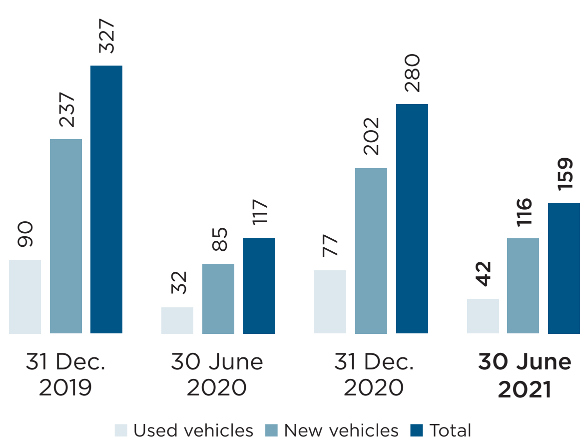
(in thousands of vehicles)



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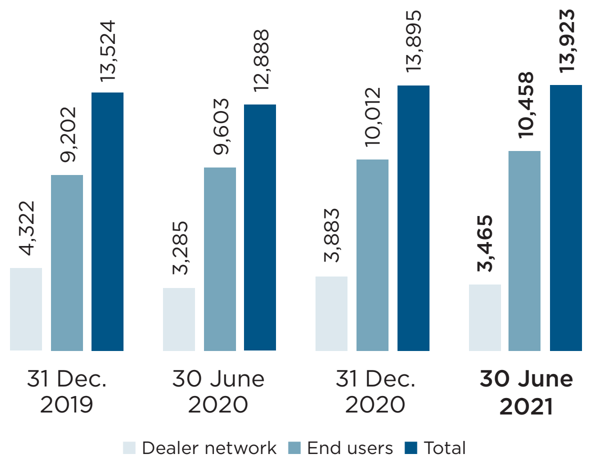
(in million euros)



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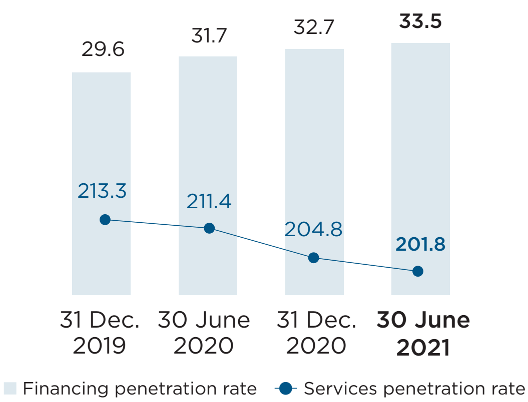

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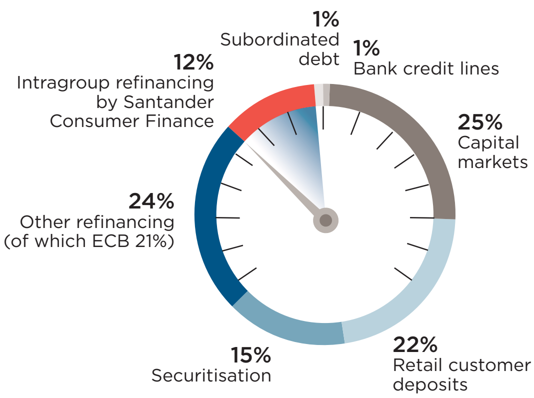

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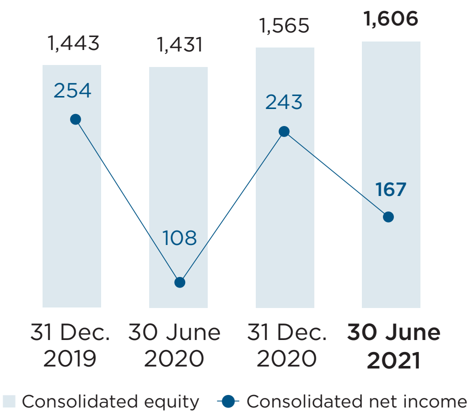
(in million euros)



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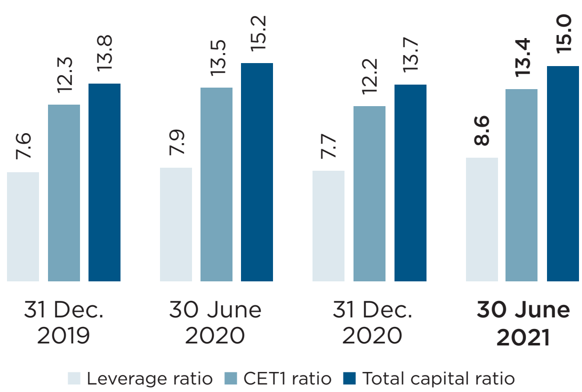
(in %)



HALF-YEAR MANAGEMENT REPORT 1

1.1 ACTIVITIES OF THE PSA BANQUE FRANCE GROUP

1.1.1 Summary of financial information

The financial information presented in this half-year report has been prepared in accordance with "IFRS" (International Financial Reporting Standards) adopted by the European Union member countries. The consolidated financial statements were reviewed as at 30 June 2021 by the Statutory Auditors of the PSA Banque France Group, PricewaterhouseCoopers Audit and Mazars.

CONSOLIDATED INCOME STATEMENT

(in million euros)	H1 2021	H1 2020	Change in %
Net banking revenue	294	274	+7.3%
General operating expenses and equivalent	(83)	(82)	+1.2%
Cost of risk	(6)	(31)	(80.6%)
Operating income	**205**	**161**	**+27.3%**
Other non-operating income	-	(5)	(100%)
Pre-tax income	**205**	**156**	**+31.4%**
Income taxes	(38)	(48)	(20.8%)
NET INCOME	**167**	**108**	**+54.6%**

CONSOLIDATED BALANCE SHEET

(in million euros)

Assets	30 June 2021	31 December 2020	Change in %
Cash, central banks, post office banks	1,200	487	+146.4%
Financial assets	44	-	-
Loans and advances to credit institutions	719	964	(25.4%)
Customer loans and receivables	13,923	13,895	+0.2%
Tax assets	3	4	(25.0%)
Other assets	314	307	+2.3%
Property and equipment	17	17	-
TOTAL ASSETS	**16,221**	**15,674**	**+3.5%**

Liabilities	30 June 2021	31 December 2020	Change in %
Financial liabilities	1	1	-
Deposits from credit institutions	4,609	4,937	(6.6%)
Due to customers	3,365	3,214	+4.7%
Debt securities	5,386	4,684	+15.0%
Tax liabilities	476	457	+4.2%
Other liabilities	622	661	(5.9%)
Subordinated debt	155	155	-
Equity	1,606	1,565	+2.6%
TOTAL LIABILITIES	**16,221**	**15,674**	**+3.5%**

OUTSTANDING LOANS BY CUSTOMER SEGMENT

(in million euros)	30 June 2021	31 December 2020	Change in %
Dealer network	3,465	3,883	(10.8%)
End users	10,458	10,012	+4.5%
TOTAL CUSTOMER LOANS AND RECEIVABLES	**13,923**	**13,895**	**+0.2%**

1.1.2 Activities of the PSA Banque France Group

1.1.2.1 PRESENTATION

Banque PSA Finance, a finance company of STELLANTIS (after the merger of the PSA and FCA groups in January 2021), specialising in automotive financing, and Santander Consumer Finance, the subsidiary of Banco Santander, specialising in consumer finance, signed, on 10 July 2014, a framework agreement on the creation of a banking partnership covering 11 countries in Europe.

This partnership between Banque PSA Finance and Santander Consumer Finance takes the form of joint ventures constituted in 2015 in France, the United Kingdom, Spain and Switzerland, then in 2016 in Germany, Austria, Belgium, Italy, the Netherlands, and Poland, and a commercial partnership in Portugal since August 2015. Since 2020, as Switzerland is managed entirely by Santander Consumer Finance, the banking partnership now covers 10 countries in Europe.

On 2 February 2015, Banque PSA Finance and Santander Consumer Finance, after having received the authorisation of the European Central Bank on 28 January 2015, formalised their cooperation to jointly perform banking operations in France through the SOFIB Group whose legal name changed to PSA Banque France on 18 July 2016.

The PSA Banque France Group was founded in 2015 through the combination of the financing activities from the PSA Group in France operated by CREDIPAR, CLV, SOFIRA, and SOFIB. In May 2015, the subsidiary CREDIPAR absorbed the subsidiary SOFIRA.

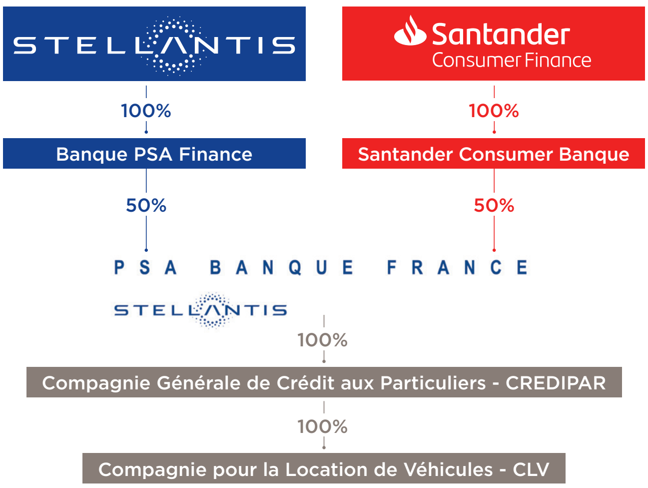
The cooperation with Santander Consumer Finance enhances the activities of the PSA Banque France Group, thanks to more competitive financial offers dedicated to Peugeot, Citroën and DS customers and dealer networks. These offers are accompanied by a complete range of insurance products and services that enable customers to benefit from a global and coherent product range at the sales point. The PSA Banque France Group also provides the dealer networks of the three brands, with financing for their stock of vehicles (new and used) and spare parts, as well as other financing solutions such as working capital.

A. Organisation

PSA Banque France is 50/50 controlled by Banque PSA Finance and by Santander Consumer Banque, the French subsidiary of Santander Consumer Finance, and is fully consolidated into the Santander Group.

PSA Banque France is a credit institution and 100% parent company of CREDIPAR, which itself holds 100% of CLV. All financing activities are therefore carried out by PSA Banque France and its CREDIPAR and CLV subsidiaries.

STRUCTURE OF THE PSA BANQUE FRANCE GROUP



The PSA Banque France Group is established and operates across the French territory from its registered office at 2-10, boulevard de l'Europe, Poissy (78300), and its 3 agencies (Grand Paris, Lyon and Rennes).

B. Organisation of the cooperation between Banque PSA Finance and Santander Consumer Finance

The cooperation between Banque PSA Finance and Santander Consumer Finance is organised within the PSA Banque France Group through a shared governance.

The governance rule of the committees implemented in the context of the cooperation in all areas (sales, risk, finance, etc.) is compatible with the corporate governance regulatory framework.

C. Business model and strategy

Backed by its economic model based on its proximity with the three brands, Peugeot, Citroën and DS, and their dealer network, and by the financial support of the Santander Group, the PSA Banque France Group has demonstrated its ability to respond efficiently to the Covid-19 pandemic.

The main levers implemented by the PSA Banque France Group are:

- **an extended, structured and customised selection of financing solutions.** A comprehensive offering has been developed to meet the needs of the Peugeot, Citroën and DS dealer networks and their customers. A close relationship with the commercial networks allows the PSA Banque France Group to develop financing solutions and services packages specifically designed to address their needs. Since 2017, the PSA Banque France offer has been proposed in the Aramis network specialised in the purchase of new vehicles (all brands) or refurbished used vehicles, either online, by phone, or from its own network. Aramis is a company of the STELLANTIS Group;
- **a privileged relationship with Peugeot, Citroën and DS brands and their dealer networks.** Financing, insurance and services solutions are marketed through the Peugeot, Citroën and DS dealer networks, with a global approach by packaging the financing proposal with the sale of the vehicle. Vehicle renewal rates for these brands are usually higher when customers finance their vehicles via the PSA Banque France Group. PSA Banque France is tailoring its solutions following the arrival of electric models in its brands' ranges;
- **a cutting-edge information system integrated into the point of sale which will evolve in the coming months enabling it to be as close as possible to ongoing business in the networks.** The PSA Banque France Group's information systems are integrated with those of the Peugeot, Citroën and DS brands, enabling the dealers of these brands to make a global commercial proposal that encompasses the vehicle, its financing solution as well as any ancillary services. Eligible customers can thus obtain a decision concerning their financing application directly from the vehicle's dealer;
- **diversified insurance and service offerings with a high added value.** End users have various insurance options and services related to the vehicle or ancillary to its financing, proposed either at the same time as the financing offers or during the period of vehicle detention. The idea of a "one-stop-shopping" approach is to make financing, insurance, and services overall more attractive for customers. This offering factors in the changing nature of customer behaviour in terms of greater mobility;
- **an optimal use of digital tools for the benefit of the customer experience and the relationship with the point of sale.** In order to support changes in customer habits when choosing a vehicle, the PSA Banque France Group proposes online solutions such as calculators on the websites of the brands and of the dealer networks. Customers are also offered the option of purchasing their vehicle online with its financing whilst maintaining the relationship with the network. In the context of the Covid-19 pandemic, STELLANTIS and the PSA Banque France Group launched, for the first time in France, in 2020, a complete 100%-online solution for selling and financing new vehicles. The three brands benefit from this new and growing distribution channel;
- **a diversified refinancing policy.** The PSA Banque France Group benefits from funding raised on capital markets (negotiable debt securities and bond issues under EMTN programme), provided by debt securitisation transactions, retail savings inflow from French customers, access to the refinancing operations of the European Central Bank (ECB) and bilateral bank credit lines, in addition to intra-group financing provided directly by Santander Consumer Finance. This model has demonstrated its resilience in the context of the Covid-19 pandemic by continuing to provide optimised refinancing conditions for the PSA Banque France Group.

Although it fully benefits from its status as a dedicated financial partner of STELLANTIS, the PSA Banque France Group operates according to an independent management structure which aims for the success of its activities while ensuring a rigorous control of its own risks. As for commercial policy, it is closely aligned with the marketing and business strategy of the Peugeot, Citroën, and DS brands.

The asset management system includes a robust retail credit acceptance policy based on an internally-developed credit scoring method, and high standards of credit analysis for corporate financing.

1.1.2.2 PRODUCT AND SERVICE OFFERINGS

In France, the PSA Banque France Group offers financing, insurance and services, as well as savings for retail customers:

- **financing for end users represents 75% of outstanding loans as at 30 June 2021.** Individuals and companies are offered a range of solutions including instalment loans for the purchase of new and used vehicles, as well as leasing solutions with or without a purchase option. Free2Move Lease (F2ML), created in 2017, is the dedicated STELLANTIS Group internal long-term lease business unit which is part of the Free2Move global mobility initiative for all. PSA Banque France is one of the operational and financial pillars of this solution for companies of all sizes. It provides the financial package for service and insurance solutions offered by F2ML, as well as field support and customer management. PSA Banque France continued to enhance its offer with a view to adapting to the new behaviour of individual and corporate customers who want comprehensive mobility solutions. Cars are at the heart of their mobility, but it must be part of their ecosystem which encompasses all means of transport at their disposal. PSA Banque France develops offers providing solutions for this new behaviour;
- **financing for the dealer network represents 25% of outstanding loans as at 30 June 2021.** Financing solutions are available to the Peugeot, Citroën and DS dealer networks for financing their stock of new and used vehicles, spare parts, as well as other solutions for financing their working capital and their investments. The flexibility of the solutions enabled the network to weather the health crisis under the best conditions;
- **insurance products and services.** An extensive range of services and insurance products intended for end users is offered:
  - insurance policies related to financing, such as death/invalidity insurance, unemployment insurance, or financial loss insurance which covers the total loss of the financed vehicle,
  - insurance policies relating to the vehicle, such as car insurance or guarantee extensions for new and used vehicles: assistance services including mobility solutions and additional services relating, for example, to the maintenance of vehicles and to the "connected vehicle" offer.

  In order to support corporate customers, new insurance products covering their business (transported equipment or business interruption guarantees) were put in place in 2019. The "Pay How You Drive" solution is proving to be an outstanding success with individuals. With a view to supporting the arrival of new electric vehicles, a savings of days for car hire solution topped up by the Group is proposed as a financing contract option: Mobility pass. It enables a customer with an electric vehicle to rent a combustion-powered vehicle for long trips and for a defined period.

  The entire range of products and services is evolving to support STELLANTIS' desire to expand its range of electrified vehicles, both for individuals and companies of all sizes;
- **retail savings.** The "Distingo par PSA Banque" retail savings business consists of savings accounts and term deposits. The first half of 2021 was marked by a consolidation of PSA Banque France's position on the online savings market. The commercial success achieved also underscores the confidence of investors in the development prospects of both STELLANTIS and PSA Banque France and its ability to retain customers.

A. Loan Portfolios

Financing activities and outstanding loans by portfolio are based on the following customer segments:

- end-user loans primarily consist of financing for the acquisition of vehicles by individuals, small and medium-sized businesses and corporate customers, either through instalment loans or leasing contracts;
- dealer loans consist of financing the stock of new vehicles, used vehicles, and spare parts granted to the Peugeot, Citroën and DS brand dealer networks. In this segment are also included loans and leases provided to dealers to finance vehicles and equipment used in their everyday activity, financing of working capital requirement, treasury loans, property loans to finance their premises and other types of products, including current accounts.

B. End-user financing

The PSA Banque France Group finances the purchase and leasing, with or without a purchase option, of new and used vehicles by individual customers and companies through Peugeot, Citroën and DS dealer networks. Financing solutions include insurance and services that protect the customer and/or its vehicle.

The PSA Banque France Group is also the exclusive financial partner of the Citroën AMI quadricycle and the partner of Aramis, a network specialising in the sale of new and used STELLANTIS vehicles.

The majority of financing is for new vehicles. Financing is also proposed for the purchase of used vehicles of any automotive brand.

In the first half of 2021, the PSA Banque France Group supported the launch of the new Peugeot, Citroën and DS models by providing dedicated loyalty offers including financing, insurance, and service packages, in particular through leasing solutions. Free2Move Lease (F2ML) has enabled PSA Banque France to perfect its comprehensive offer through a specialised structure dedicated to long-term leasing of vehicles for companies of all sizes.

Interest rates proposed to customers are generally fixed.

Promotional offers supported by the Peugeot, Citroën and DS brands may also be proposed to customers in order to boost vehicle sales or encourage the marketing of certain models. The usual credit-scoring and pricing procedures are also applied to this type of financing.

Marketing policy and penetration rate

The PSA Banque France Group works closely in a privileged partnership with the Peugeot, Citroën and DS dealer networks. It financed 33.5% of new vehicles registered in France by the three brands in the first half of 2021.

Financing solutions are marketed through these dealer networks, with a comprehensive approach in order to propose to end users, at the time of sale of a vehicle, a financing, insurance and service package. These solutions are being upgraded based on customers' needs for simple and easy mobility.

To support customers during the health crisis, in collaboration with the brands, solutions for payment deferral and the renewal of new or used vehicles, without overloading their monthly budget, have been put in place.

The PSA Banque France Group's information systems are integrated with that of the brands, allowing the dealer network to conduct the negotiation and customer contracting processes with strong responsiveness. This "one-stop shopping" ability is definitely an advantage that is appreciated by customers. Eligible customers can thus obtain a decision on their financing application directly from the dealer. About 80% of requests from individuals and over 40% of requests from companies are handled in less than one hour. This integrated information management system is also a key factor in driving down costs and application processing time. Since 2019, the electronic signature for corporate customers, who use leasing, complements the one already offered to individuals. This approach designed to simplify the customer experience and the interface with the point of sale shows the determination of the PSA Banque France Group to be the partner of choice for its customers.

To support the communication and offers of Peugeot, Citroën and DS on their websites, the PSA Banque France Group has developed tools for simulating available financing on the STELLANTIS Group and dealer network sites. Initiated in 2017, when an online financing solution was put in place, then in 2019 through integrated decisions for orders of STELLANTIS vehicles available in stock, digital solution services continued to evolve to meet customer needs during the Covid-19 pandemic. Individual customers are offered the possibility of configuring, ordering and financing their new vehicle online while also promoting relations with a point of sale in the brands' networks.

A diversified range of offers has been developed to meet the needs of the Peugeot, Citroën and DS networks and their customers. Its privileged partnership with these brands' commercial networks enables the PSA Banque France Group to develop financing solutions that also include insurance and services, to meet the expectations of end users as closely as possible. The PSA Banque France Group assists Peugeot, Citroën and DS in identifying and designing solutions that will satisfy the expectations of the different targeted market segments, ahead of market trends. STELLANTIS will become its customers' main mobility partner.

Penetration rates are measured by dividing the number of new financing contracts for new Peugeot, Citroën and DS vehicles by the number of passenger vehicles and utility vehicles registered by STELLANTIS for these three brands. The number of new registered vehicles includes vehicles purchased with cash, therefore without financing. The PSA Banque France Group's share in the total of financed Peugeot, Citroën and DS vehicles is significantly higher than the share financed by its competitors (full-service banks or banks specialised in consumer credit).

End-user instalment loans for new and used vehicles

End-user instalment loans mainly consist of fixed monthly payments covering the amortisation of principal and accrued interest. In some cases, customers may also be offered balloon loans, which feature a final monthly payment that is larger than the previous ones. In such cases, the owner of the vehicle financed by the loan has the option to sell his vehicle back to the dealer at the end of the contract for an amount equal to the last "balloon" payment in accordance with the commitment to buy back the vehicle signed by the dealer when the vehicle was sold.

The vehicle may be totally or partially financed. The borrower has the option of making a personal contribution covering a portion of the vehicle price and using financing for the remaining amount. In all cases, the amount of financing cannot exceed 100% of the price of the vehicle, including options and accessories. Many customers (mainly individuals) choose to partially finance the purchase price of their vehicle.

Loan terms typically range from one to six years. Instalments are generally monthly. In some cases it is, however, possible to delay the first instalment for 60 to 90 days. The borrower may early prepay at any time. The customer may be charged a fee in such cases.

Vehicle financing granted by the PSA Banque France Group may come with guarantees, depending on the type of vehicle financed and/or the risk profile of the customer, whether an individual or a company.

The PSA Banque France Group may request a third-party surety. For corporate customers, a pledge on the company or business assets may also be required.

Lease activities to end users

Lease activities include long-term leasing, which is being promoted to corporate customers by Free2Move Lease since 2017; leasing with a purchase option; and finance leases, depending on whether they are individual or corporate customers. All of these different types of leases are recorded as financial leases in the PSA Banque France Group's consolidated financial statements and are included in customer loans and receivables. Leased vehicles are not recorded as fixed assets in the consolidated financial statements prepared according to international accounting standards.

The PSA Banque France Group purchases vehicles from Peugeot, Citroën and DS dealers and leases them to end-user customers. Leases are mainly offered for one to five years. The PSA Banque France Group remains the owner of the vehicle throughout the term of the lease. At the end of the lease with a purchase option or finance lease contract, the customer has the choice of returning the vehicle or exercising his purchase option. For long-term lease contracts, the dealer or, in some cases, the manufacturer itself is committed to repurchase the vehicle from the PSA Banque France Group when it is returned by the customer at the end of the contract, at a price determined at the inception of the contract. This recovery value of the vehicle corresponds to the estimated residual value of the vehicle at the end of the rental period. As a result of the vehicle buy-back commitment, the PSA Banque France Group does not bear risk linked to buy-back or any change in its value at the end of the lease (the dealer or manufacturer complying with their buy-back obligation). The amount that the dealer or manufacturer pays to the PSA Banque France Group is not affected by any fees the customer may incur if the vehicle is not in a satisfactory condition or has exceeded its agreed mileage. However, the PSA Banque France Group will generally bear the risk on the resale value of the vehicle if during the rental period of the vehicle, the customer interrupts the payment of his rents. The vehicle's buy-back amount set in advance by the dealer or manufacturer may not be enough to offset the loss of payments not made by the customer. The long-term lease contracts therefore include a clause to compensate for the damage caused by the early termination of the contract.

Underwriting, payments and collection

The PSA Banque France Group has established differentiated credit scores for:

- financing on new vehicles or used vehicles;
- financing granted to individual or corporate customers;
- different types of financing solutions: loans or leasing.

The data used to assess borrowers' counterparty risk are taken from information and/or documents provided directly by customers and, as applicable, enhanced with data from internal databases set up from detailed profiles of customers and their payment histories. Information on customers is verified using various databases made available by public organisations (such as *Banque de France*). For corporate customers, the PSA Banque France Group uses various sources of public and commercial information to verify their creditworthiness. When the PSA Banque France Group refuses financing applications, it maintains records for six months that will result in automatic alerts if the same customer reapplies for financing.

Instalments and lease payments are generally settled by direct debit. In cases of non-payment, a second debit order is triggered in order to automatically deal with as many arrears as possible. For residual non-payments, reminder notices are issued or the customer is called within few days after the payment incident, and this process is routinely repeated until the incident is resolved. The PSA Banque France Group uses both in-house amicable collection teams to attempt to resolve such incidents, and an external service provider who supports the in-house team by managing the first steps of the process.

If any unpaid amounts remain outstanding after 65 days, the pre-litigation collection teams take over the management of these payment incidents. Letters are sent to customers, and backed up by phone calls. According to the elements of the case and the information reported by the customer, the collection teams determine the most appropriate solution for the customer's situation in order to collect the unpaid amounts. They may request a specialist to intervene on the field or establish consolidated debt arrangements, and if no other solution is possible, take back possession of the financed vehicle with or without a court order, thereby terminating the contract.

After recovering the vehicle, the PSA Banque France Group implements existing legal procedures (e.g., auctions) to sell the vehicle.

For any past-dues exceeding 150 days, the contract is accelerated and the litigation teams will attempt to recover the total financing balance by first attempting an ultimate amicable arrangement with the customers, before launching more binding procedures or repossessing the vehicle if that could not be done previously.

When past-dues remain beyond 48 months, (in case of credit loans), or 24 months, (in case of leasing) after the acceleration of the contract, the collection and litigation teams ask for the intervention of specialised external suppliers to recover the past-dues or, as applicable, proceed with the assignment of the receivables.

C. Financing for the dealer network

The PSA Banque France Group provides financing solutions for stocks of new, demonstration and used vehicles, as well as spare parts, held by dealers in the Peugeot, Citroën and DS networks. In addition to this main activity, other types of financing are also offered to dealers of these brands, to meet their operating (working capital, current accounts, etc.) or investment requirements.

Credit lines may also be granted to dealers to finance their vehicle buy-back obligations in the case of leases and balloon loans. The financing covers the full buy-back price of the vehicle for the dealers, within the limit of an aggregate amount set for each dealer. Regular and at least annual reviews of the solvency and overall financial position of the dealers are carried out by the PSA Banque France Group so that credit limits can be adjusted if necessary.

D. Insurance products and services

Over the years, the PSA Banque France Group has expanded its range of solutions by offering insurance products and services developed with:

- "PSA Insurance", the insurance business line that has been 50/50 held by Banque PSA Finance and Santander Consumer Finance since 2015. PSA Insurance, in particular, markets loan and financial loss insurance products;
- "PSA Assurance", the car insurance programme for Peugeot, Citroën and DS brands of STELLANTIS distributed by the PSA Banque France Group and provided by AXA France, is supporting the launch of the CITROËN AMI quadricycle, the first STELLANTIS' vehicle sold 100% online. An adapted offer presented via the dedicated website offers buyers the choice to insure Citroën AMI under the best market conditions;
- insurance partners who market assistance, used vehicle warranty extension;
- Peugeot, Citroën and DS brands for vehicle-related services developed and distributed by STELLANTIS, such as maintenance contracts and connected services.

The PSA Banque France Group thus offers to its end users, whether alone or jointly with the financing, a full range of personal and vehicle-related insurance products and services.

The integrated approach to the vehicle's sale, financing, and additional services that are proposed during a single encounter at the vehicle's point of sale makes the automobile offer more appealing to customers. Sales offers that can be bundled, in addition to the services being offered individually, allow for even more competitive terms while providing the customer and the vehicle with optimal protection.

Highly targeted offers have been developed that include financing, insurance, and additional services, such as "Smile & Go" at Citroën and "Pack Perspectives" at Peugeot. Special products have also been designed for used vehicles that include financing, warranty extension, or a maintenance contract, to best meet the customer's need for an "all-in-one" product, with the option of subscribing to each of the items individually. This is the case, for example, with "Give Me 5" for Citroën and "Pack Perspectives Occasions" for Peugeot.

As for insurance, the PSA Banque France Group is also building its offer in line with the multi-channel distribution strategy by allowing its customers to buy at the vehicle's point of sale or online a wide range of vehicle's products and services, maintenance, or car insurance. Since 2019, the "Pay How You Drive" connected automotive insurance offer has been developed, becoming an additional real advantage for the sales forces to connected vehicles sold. It is available within the three brands. In the first quarter of 2021, PSA Banque France launched a new loan insurance, LOCAVIE, which supports the customer if need to replace vehicle due to a change of life (birth, wedding, etc.), or relieving him of the monthly instalment in case of temporary disability, job loss or hospitalisation. This insurance has already attracted over 5,000 customers for leasing contracts with a purchase option.

In 2021, on the strength of its different lines of insurance products and services, the PSA Banque France Group continued to build on its offer of ancillary products, which play a big part in customer satisfaction and retention as well as its overall profitability. The PSA Banque France Group's insurance products and services are also included in the Free2Move Lease offer, the dedicated long-term lease solution for company vehicles. The PSA Banque France Group adapts its insurance and services offer to the mobility needs of STELLANTIS customers. Said customers are looking for reassuring solutions when purchasing an electrified vehicle.

E. Retail savings market

In 2015, the PSA Banque retail savings activity targeted to French customers was transferred to the PSA Banque France Group by Banque PSA Finance. Managing the retail savings business enables PSA Banque France to compete in the online savings market while at the same time diversifying its sources of financing. Passbooks and fixed-rate term deposits are intended only for savers who are private individuals and tax residents of France.

F. Management and measures in the context of COVID-19

In the context of the Covid-19 pandemic, the PSA Banque France Group implemented several temporary measures to support customers, from March 2020 to May 2021 for the different periods of lockdown:

- as soon as March 2020, following the announcement of the first lockdown period, the support measures on the moratoria consisted of one or more deferrals of instalments for end-user customers and for certain financing activities of the dealer network;
- since the second lockdown period in November 2020, the new measures on the payment moratoria of the second wave of Covid-19 in France have also been implemented by the PSA Banque France Group, as part of the support provided to its customers throughout the health crisis.

Management and monitoring of the moratorium measures have been implemented and kept under review by the Executive Management. Their impacts have been measured and monitored by the various departments concerned, in particular the Risk, Finance, Operations and Collection departments.

These support measures expired on 31 May 2021.

For more than a year, they have thus enabled PSA Banque France Group's customers to face impacts of the health crisis, notably during the lockdown and curfew periods, facilitating a return to normal, depending on their specific situation. These measures have also had a positive impact on the performance of the PSA Banque France Group and the cost of risk.

1.1.2.3 POSITIONING

The status of the PSA Banque France Group, the financial partner of the Peugeot, Citroën and DS brands in France, allows for a close relationship with their dealer networks and naturally gives it a privileged positioning therein. Consequently, the Group is able to meet the financing needs of customers at points of sale, while working closely with the marketing policy of the three brands, Peugeot, Citroën and DS. Furthermore, the PSA Banque France Group stands apart from its competitors by virtue of the specific nature of the products and services it offers to end users through its “one-stop shopping” solutions. With these products and services, designed cooperatively with Peugeot, Citroën and DS brands, each customer’s needs can instantly be met at the point of sale. This close relationship with the brands enables the PSA Banque France Group to support STELLANTIS in deploying its policy as a major player in its customers’ mobility.

Peugeot, Citroën and DS dealers are not contractually bounded to use the PSA Banque France Group for their own needs or customer financing. This means that the PSA Banque France Group must compete with its main competitors, being commercial banks, consumer credit institutions and professional hire companies, in these two business segments. Moreover, the option given to end-user customers to purchase their vehicle in cash or with an unsecured loan (such as a personal loan) is another form of competition.

1.2 ANALYSIS OF OPERATIONAL RESULTS

The majority of the PSA Banque France Group's business consists in providing financing solutions for the acquisition of new and used vehicles of Peugeot, Citroën and DS brands by individual and corporate customers, and financing vehicles and spare parts inventory for Peugeot, Citroën and DS dealers. The PSA Banque France Group's net banking revenue is derived primarily from net interest income on customer loans and leases. The sale of insurance products and other services offered to customers of the three automotive brands also contributes to its net banking revenue.

The PSA Banque France Group's operating income for the first half of 2021 stood at €205 million compared to €161 million in the first half of 2020.

1.2.1 Vehicle sales of Peugeot, Citroën and DS

In the first half of 2021, sales of passenger and light utility vehicles of Peugeot, Citroën and DS brands in France, increased by 29.9% to 348,200 units, notably due to the health crisis context in 2020, representing a market share of 29.9% (overall market share of 36.5% for STELLANTIS).

Peugeot was up on last year with passenger vehicles sales rising by 28.1% for a total of 163,900 units with three models being ranked among the 10 best-selling models in France: the 208 (5.3% market share) was the best-selling model in the first half of the year, the 2008 (4.4%) fell to fourth position, while the 3008 (3.4%) kept its seventh place. Sales of light utility vehicles reached 43,600 units, up 43.1% on the first half of 2020.

Citroën, for its part, registered 127,900 cars in France, representing an increase of 29.8% compared to the previous year. This figure breaks down into 90,600 passenger vehicles and 37,300 light utility vehicles. In the passenger car category, the C3 fell to the fifth position of the best-selling cars in France, with a market share of 3.9% (it has lost two places compared to 2020).

Lastly, with 12,800 passenger vehicle registrations at the end of June 2021, DS brand posted the smallest increase, with 15.1% while its passenger vehicle market share was up slightly compared to 2020 to 1.4%.

1.2.2 Commercial activity of the PSA Banque France Group

1.2.2.1 END-USER FINANCING

At the end of June 2021, the PSA Banque France Group saw an increase of 35.6% in financing volumes for new and used vehicles to end users, from 116,899 to 158,544 financing contracts subscribed, for a total production of €2,578 million, up by 42.3% compared to the end of June 2020.

New vehicles penetration rate amounted to 33.5% at the end of June 2021, up 1.8 points compared to the end of June 2020.

The PSA Banque France Group financed 116,503 new vehicles of Peugeot, Citroën and DS brands of STELLANTIS at the end of June 2021, through loans and leases contracts, up 37.1% compared to the end of June 2020.

New financing to individuals penetration rate reached 57.1% at the end of June 2021 compared to 47.5% at the end of June 2020.

The volume of financing for companies increased sharply (by +62.8%), reaching 59,144 units, with a penetration rate rising from 32.5% to 35.4% (+2.9 pt) over the period.

Refinancing conditions, the STELLANTIS brands' strategy, the strong interest of customers in the new Peugeot, Citroën and DS models, as well as the government measures in place to support the automotive sector, spurred financing applications and in particularly for leasing solutions offered by the PSA Banque France Group.

Used vehicle financing volumes rose by 31.6% compared to the end of June 2020, with 42,041 financing contracts.

The tables below shows the main indicators of the PSA Banque France Group's end-user financing activity as at 30 June 2021.

PRODUCTION OF NEW END-USER FINANCING FOR NEW AND USED VEHICLES

	H1 2021	H1 2020	Change in %
Number of new contracts	158,544	116,899	+35.6%
Amount of production *(in million euros)*	2,578	1,812	+42.3%

OUTSTANDING LOANS TO END USERS

(in million euros)	30 June 2021	31 December 2020	Change in %
Outstanding loans	10,458	10,012	+4.5%

1.2.2.2 DEALER NETWORK FINANCING

At the end of June 2021, outstanding loans for the Peugeot, Citroën and DS dealer networks decreased by 10.8% compared to December 2020, notably due to supply problems on semiconductors.

The table below shows the outstanding loans granted to dealers.

TOTAL OUTSTANDING LOANS TO DEALER NETWORK

(in million euros)	30 June 2021	31 December 2020	Change in %
Outstanding loans	3,465	3,883	(10.8%)

1.2.2.3 INSURANCE AND SERVICES

At the end of June 2021, the number of insurance and service contracts rose by 29.5% compared to the end of June 2020, with 319,892 new contracts subscribed compared to 247,077 in the first half of 2020.

The PSA Banque France Group sold an average of two insurance or service contracts to each customer having subscribed to financing.

The decrease in the number of policies sold by financing continued for financing-related insurance.

The tables below show the main indicators for the PSA Banque France Group's insurance and services activities.

PRODUCTION OF NEW INSURANCE AND SERVICE CONTRACTS

(in number of contracts)	H1 2021	H1 2020	Change in %
Financing-related insurances	145,345	115,630	+25.7%
Car insurance and vehicle-related services	174,547	131,447	+32.8%
TOTAL	**319,892**	**247,077**	**+29.5%**

PENETRATION RATE ON FINANCING

(in %)	H1 2021	H1 2020	Change in pts
Financing-related insurances	91.7	98.9	(7.2 pts)
Car insurance and vehicle-related services	110.1	112.5	(2.4 pts)
TOTAL	**201.8**	**211.4**	**(9.6 PTS)**

1.2.2.4 RETAIL SAVINGS MARKET

The "Distingo par PSA Banque" online savings activity was acquired by the PSA Banque France Group on 1 April 2015, demonstrating the Group's intention to diversify its sources of funding. This activity used to be managed directly by Banque PSA Finance (50% shareholder of PSA Banque France). It is characterised by a high propensity to win new customers and retain existing ones, particularly through the success of the term deposit account and the objective of financing the real economy.

Savings outstanding grew by €156 million, i.e. 5.5% since the end of 2020, reaching €2,984 million at the end of June 2021.

Despite the context of the Covid-19 pandemic, the organisation set up made it possible to meet the target for outstanding, notably by maintaining a quality customer service, and through different marketing actions.

Since the beginning of the year, over 11,000 accounts have been opened, and customer satisfaction surveys continue to show excellent results.

RETAIL SAVINGS BUSINESS

(in million euros)	**30 June 2021**	**31 December 2020**	**Change in %**
Outstanding amounts	2,984	2,828	5.5%

1.2.3 Results of operations

NET INCOME

(in million euros)	**H1 2021**	**H1 2020**	**Change in %**
Net banking revenue	**294**	**274**	**7.3%**
of which end users	*216*	*193*	*11.9%*
of which dealer network	*30*	*26*	*15.4%*
of which insurance and services	*64*	*62*	*3.2%*
of which unallocated and other	*(16)*	*(7)*	*128.6%*
General operating expenses and equivalent	**(83)**	**(82)**	**1.2%**
Cost of risk	**(6)**	**(31)**	**(79.6%)**
of which end users	*(8)*	*(31)*	*(80.6%)*
of which dealer network	*2*	-	-
Operating income	**205**	**161**	**27.3%**
Other non-operating income	-	(5)	-
Pre-tax income	**205**	**156**	**31.5%**
Income taxes	(38)	(48)	(20.8%)
NET INCOME	**167**	**108**	**54.6%**

1.2.3.1 NET BANKING REVENUE

Net banking revenue increased by 7.3% to €294 million in the first half of 2021, compared to €274 million in the first half of 2020.

This growth is mainly due to an increase in financing outstanding for end users as well as a reduction in funding costs in the first half of 2021, notably on the capital markets, and following the increasing participation in TLTRO-III operations.

The margin obtained on insurance and services also helped to drive up net banking revenue which gained €2 million against the first half of the previous year to stand at €64 million.

1.2.3.2 GENERAL OPERATING EXPENSES

General operating expenses and associated expenses reached €83 million in the first half of 2021, against €82 million in the first half of 2020. This increase, which was limited to €1 million euro in the first half of 2021 is a satisfactory result, given the increase in net banking revenue and the overall outstanding amount of financing. Indeed, the cost-to- income ratio improved from 29.8% to 28.3%.

1.2.3.3 COST OF RISK

The cost of risk in the first half of 2021 stood at €6 million, i.e. 0.09% of average net outstanding loans, against €31 million in the first half of 2020 representing 0.49% of average net outstanding loans. All of the performing and non-performing loans were provisioned.

The cost of risk decrease between the two first half-years is due to the favourable effect of the French State aid measures and to support measures implemented by the PSA Banque France Group during the Covid-19 pandemic as well as to a reinforced management (acceptance, collection, etc.).

In June 2021, future internal macroeconomic assumptions in the context of the Covid-19 crisis were updated. As this update does not show any significant deviation from the end of 2020, the post-model adjustment provision of €15 million at the end of 2020 (€13 million in the first half of 2020) has not been subject to any change in the first half of 2021.

The cost of risk on end-user financing activities thus amounted to €8 million in the first half of 2021, compared to €31 million in the first half of 2020, for the reasons referred to above.

As regard financing on the dealer network, the cost of the risk benefited from a €2 million reversal of provisions in the first half of 2021 compared to a zero result in the first half of 2020.

1.2.3.4 CONSOLIDATED INCOME

In the first half of 2021, the pre-tax income of the PSA Banque France Group stood at €205 million, up 31.5% compared to the first half of 2020. Consolidated net income for the first half of 2021 amounted to €167 million.

The effective corporate tax rate stood at 17.9% of taxable earnings, compared to 29.9% for the first half of 2020. The corporate income tax rate in 2021 was 28.4% with the tax burden being reduced by the reassessment of the deferred tax liabilities inventory (impact of €23.5 million in 2021) following the reduction in the tax rate as per the 2020 French Finance Act (cf. Note 25.3 – PSA Banque France Group tax proof). The tax burden for the first half of 2021 was €38 million.

1.3 FINANCIAL SITUATION

1.3.1 Assets

Total assets of the PSA Banque France Group as at 30 June 2021 stood at €16,221 million, up by 3.5% compared to 31 December 2020.

Total outstanding financing amounted to €13,923 million, a 0.2% increase compared to 31 December 2020. End-user loans were up by 4.5% while dealer network financing decreased by 10.8%.

1.3.2 Provisions for non-performing loans

Impairment losses are deducted from the carrying value of loans and receivables as they are recorded, as soon as there is a revealing index of risk. The procedures for the recognition of impairment charges on outstanding loans are described in Note 2.C.4.4. of the 2020 Annual Report. When a loan or receivable is considered definitively unrecoverable, it is written off as a loss on the income statement. Any provision for previously-recognised impairment loss is then also reversed through the income statement. If collections are made on receivables after their write-off, these will also be entered as revenue on the income statement. All of these transactions are recognised in the income statement under the cost of risk heading.

The table shown in Note 24.1 details all loans, including sound loans with past-due instalments (delinquent loans) and non-performing loans with their related impairment amounts as at 30 June 2021 and 31 December 2020.

IFRS 9

On 1 January 2018, PSA Banque France adopted IFRS 9, which changed its financial asset impairment method.

The current impairment model is based on an estimate of "expected credit losses". This model is based on the risk parameters such as probability of default (PD) or loss given default (LGD). Impairments are classified into three levels or "stages" in accordance with the principles of the IFRS 9 standard:

- "stage 1" contains assets without risk deterioration or with an insignificant risk deterioration since origination. Impairment of receivables in stage 1 is the amount of one-year expected losses;
- "stage 2" contains assets with a significant risk deterioration since origination. Therefore, the amount of allocated provisions will be the amount of expected losses over the remaining term of the assets;
- "stage 3" contains assets with an objective evidence of loss such as non-performing loans. Impairment of these assets will aim at covering expected losses over the remaining term.

The main changes impacting the PSA Banque France Group after IFRS 9 implementation are:

- provisioning of assets throughout their residual life, once there is a significant risk deterioration;
- creation of a "stage 2" assessing outstanding for Corporate loans, with the aim to define specific provision for assets whose credit risk was significantly downgraded. It should be noted that there was already a similar approach, though based exclusively on the age of the past-due items, to the retail and SME loan portfolio;
- the use of a forward-looking approach, for estimating the expected loss.

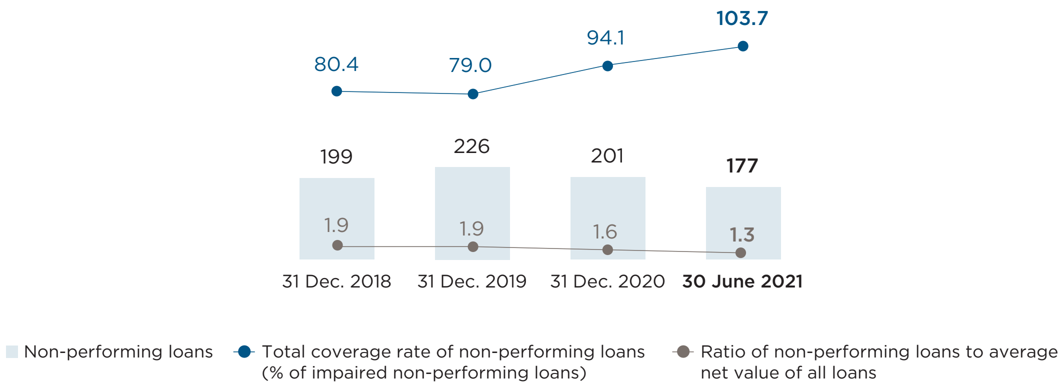
Even though, conceptually and operationally, IFRS 9 makes many changes, the financial impact remains relatively limited, mainly because the PSA Banque France Group's sound loans were already subject of impairments, booking the corresponding expected loss amounts.

For financing to individuals and small and medium-sized businesses, statistical impairment charges are recorded in respect of all debt categories (sound, delinquent, and non-performing) according to the impairment model based on an estimate of expected credit losses. This estimate is based on the classification of receivables by "stage" and the associated risk parameters.

In addition, for dealer network financing and corporate financing, each delinquent loan is analysed to determine if it presents an aggravated risk situation. If so, the loan is classified as non-performing (stage 3) and impairment charges are recorded on the income statement. Statistical impairment of sound or delinquent loans is also carried out on all corporate portfolios in order to cover the expected losses as per the risk assessment model.

Since 1 January 2021, the PSA Banque France Group has been applying the new European rules related to default ("new default definition"), introduced by the European Banking Authority (EBA) under Article 178 of Regulation (EU) No 575/2013, in order to standardise the approaches of credit institutions among countries of the European Union. Since the application of the new default definition, the PSA Banque France Group is pursuing a project to align this prudential approach and IFRS 9, for an implementation on 1 January 2022.

NON-PERFORMING LOANS ON THE TOTAL PORTFOLIO
(in million euros, except percentage)



The risk profile remains favourable, with the ratio of non-performing loans to average value of loans decreasing from 1.6% as at 31 December 2020 to 1.3% as at 30 June 2021.

Non-performing loans decreased by €12 million for end users, notably as a result of support measures during the Covid-19 pandemic. At the same time, non-performing loans decreased by €12 million for dealers, as no default was reported by PSA Banque France in this customer segment in the first half of 2021.

The total coverage rate of non-performing loans improved from 94.1% to 103.7% at the end of June 2021, mainly due to the provision in the form of the exceptional post-model adjustment reflecting the future risk of deterioration in the receivables portfolio in this crisis context. The average coverage rate of stage 3 non-performing loans thus rose from 61% to 68% at the end of June 2021.

1.3.3 Refinancing policy

The PSA Banque France Group has an adequate capital structure which results in a solid capital ratio strengthened by the quality of its assets.

The refinancing strategy of the PSA Banque France Group is based on diversifying its sources of liquidity, while ensuring that the maturities of its assets and liabilities are consistent. Since the creation of the partnership between Banque PSA Finance and Santander Consumer Finance in early 2015, the PSA Banque France Group had the opportunity to secure different sources of funding:

- on 2 February 2015, the day the joint venture was created in France, the financing granted by Banque PSA Finance to the entities of the PSA Banque France Group was substituted by refinancing provided by Santander Consumer Finance, in addition to the existing funding provided by securitisation transactions publicly placed among investors;
- on 1 April 2015, the “Distingo par PSA Banque” deposit business (retail savings accounts and term deposit accounts) covering French customers has been transferred by Banque PSA Finance to PSA Banque France;
- from June 2015, bilateral credit lines were established with various banks;
- since September 2015, the PSA Banque France Group as an approved credit institution has access (through the remittance of assets as collateral by its subsidiary CREDIPAR) to the refinancing operations of the European Central Bank (ECB);
- in June 2016, issuance programmes of negotiable debt securities (short and medium-term) and medium-term notes (EMTN) were launched to allow access to the capital markets. The first negotiable debt securities of the PSA Banque France Group were issued at the end of the first half of 2016 and the first EMTN bond issue was launched in January 2017. Six bonds issued in an amount of €500 million each were placed at the end of June 2021, five of which are still outstanding after the redemption of the first issue in January 2020;
- in July 2016, a securitisation programme of leases with a purchase option was set up, followed in July 2017 by a securitisation programme of long-term leases. A public securitisation transaction of leases with a purchase option was placed on the markets in November 2018, followed by a second one in June 2021.

As at 30 June 2021, the refinancing of the PSA Banque France Group was split as follows:

- 1% from drawn bank loans;
- 25% from negotiable debt security and EMTN bond issuances on the capital markets;
- 22% from repayable funds from the public in relation to deposit activity;
- 15% from securitisation transactions placed;
- 24% from other external refinancing, of which 21% from the European Central Bank (participation in TLTRO-III operations);
- 12% from intra-group credit lines granted by Santander Consumer Finance;
- 1% of subordinated debt subscribed in equal parts by each of the two shareholders.

The following table and graph show a breakdown of the funding sources as at 30 June 2021 compared to 31 December 2020 and 30 June 2020.

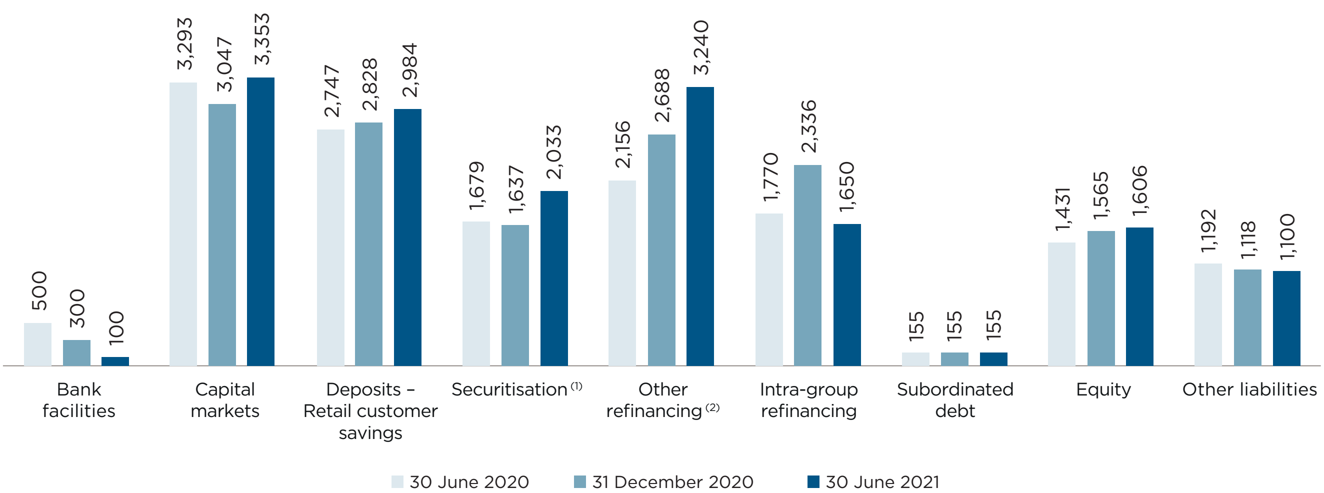
FUNDING SOURCES

(in million euros)	30 June 2021		31 December 2020		30 June 2020	
Bank facilities	100	1%	300	2%	500	4%
Capital markets	3,353	25%	3,047	23%	3,293	27%
Deposits – Retail customer savings	2,984	22%	2,828	22%	2,747	22%
Securitisation [(1)]	2,033	15%	1,637	13%	1,679	14%
Other refinancing [(2)]	3,240	24%	2,688	21%	2,156	17%
External funding	**11,710**	**87%**	**10,500**	**81%**	**10,375**	**84%**
Intra-group refinancing	**1,650**	**12%**	**2,336**	**18%**	**1,770**	**15%**
Subordinated debt	**155**	**1%**	**155**	**1%**	**155**	**1%**
Equity	**1,606**		**1,565**		**1,431**	
Other liabilities	**1,100**		**1,118**		**1,192**	
BALANCE SHEET TOTAL	**16,221**		**15,674**		**14,923**	

(1) Securitisation only includes the securitisations placed.

(2) Of which refinancing through the ECB (participation in TLTRO-II and TLTRO-III operations) for a total of €2,825 million as at 30 June 2021 and dealer deposits.

FUNDING SOURCES
(in million euros)



Outstanding bank financing (in the form of drawn bilateral lines) was down to €100 million as at 30 June 2021 after the non-renewal of two loans that matured in the first half of 2021.

Outstanding capital market financing was up, notably following the sixth EMTN bond issued in January 2021 and representing €3,353 million as at 30 June 2021.

Outstandings in the retail savings segment increased to €2,984 million.

As at 30 June 2021, the PSA Banque France Group's refinancing through securitisation was based on six transactions totalling €6,499 million (see Note 7.3 of the consolidated financial statements):

- the Auto ABS French Loans Master monthly issuance programme, restructured in June 2019 with an AAsf/Aa2sf rating target for an additional 4-year revolving period. Senior notes are used as collateral at the European Central Bank;
- the Auto ABS French Leases Master Compartment 2016, monthly issuance programme, restructured in June 2020 for an additional 18-month revolving period and a funding commitment of €900 million;
- the monthly Auto ABS French LT Leases Master programme (STS qualification notified), whose revolving period was extended in the first half of 2021 until the end of October 2021;
- the first public transaction Auto ABS French Leases 2018 issued and placed in November 2018, €450 million of senior notes, rated AAAsf/Aaasf as at 30 June and €60 million of mezzanine notes, rated AA(high)sf/Aa2sf, in amortisation period since June 2019;
- the monthly Auto ABS DFP Master Compartment France 2013 programme restructured in September 2020 with an AAsf/Aa2sf rating target for an additional five-year revolving period. Senior notes are used as collateral at the European Central Bank;

- the second public transaction Auto ABS French Leases 2021 issued in June 2021, €800 million of senior notes, rated AAAsf/AAAsf, of which €500 million were placed and €300 million subscribed by CREDIPAR.

Financing from securitisation transactions in the market was up to €2,033 million as at 30 June 2021.

Furthermore, the PSA Banque France Group benefits from collateralised financing obtained from the European Central Bank under the TLTRO-III refinancing operations, for a total participation increased to €2,825 million (see Note 11 of the consolidated financial statements).

1.3.4 Liquidity security

The PSA Banque France Group is seeking the most relevant balance between security in terms of liquidity and optimisation of its refinancing costs. It borrows the resources required for its business continuity and balances assets and liabilities by managing exposure to interest rate risk through the use of interest rate swaps.

Over 70% of financing as at 30 June 2021 had an initial maturity of twelve months or more.

The average maturity of medium and long-term financing raised in the first half of 2021 was about 2.9 years, notably with the continued participation in the TLTRO-III refinancing operations with a three-year maturity and the sixth EMTN bond issued with a four-year maturity.

A single bank credit line is used as at 30 June 2021. Bank credit lines used do not require specific obligations in terms of the constitution of sureties, default event and similar terms, beyond standard market practices. Three events could trigger the cancellation of these credit lines:

- if Banque PSA Finance and Santander Consumer Finance do no longer directly or indirectly hold 50% each of the shares of PSA Banque France;
- the loss by the PSA Banque France Group of its status as a bank;
- the non-compliance with the regulatory level for the Common Equity Tier One ratio.

In addition, the PSA Banque France Group has:

- sound financial security, which is based on the support of Santander Consumer Finance;
- a €1,165 million liquidity reserve as at 30 June 2021, in the form of high-quality liquid assets, composed exclusively of reserves with the Central Bank, and thus Level 1, under the Liquidity Coverage Ratio (LCR) classification;
- the possibility of additional drawing from the European Central Bank of €154 million based on assets deposited as collateral (composed of senior notes from securitisation, self-retained by CREDIPAR and of eligible credit claims remitted through TRICP channel, see Note 17 of the consolidated financial statements).

As at 30 June 2021, the PSA Banque France Group had €753 million in financing commitments granted to customers and €4 million in guarantee commitments to customers (see Note 17 of the consolidated financial statements).

1.3.5 Credit ratings

On 28 December 2018, Standard & Poor's Global Ratings upgraded PSA Banque France's credit rating from BBB to BBB+ along with a stable outlook. After having downgraded the credit rating outlook of PSA Banque France to negative in April 2020 in the context of the Covid-19 pandemic, Standard & Poor's Global Ratings revised it to stable on 24 June 2021 and affirmed the BBB+ rating.

On 29 May 2019, Moody's Investors Service upgraded PSA Banque France's long-term credit rating to A3, with a stable outlook.

The PSA Banque France Group's rating is linked to the rating of:

- Santander Consumer Finance and its support;
- STELLANTIS and its level of activity and profitability as well as its own financial structure.

Any rating update, whether positive or negative, may affect the bank's ability to obtain financing on the market in the short, medium, and long-term.

CREDIT RATINGS AS AT 30 JUNE 2021

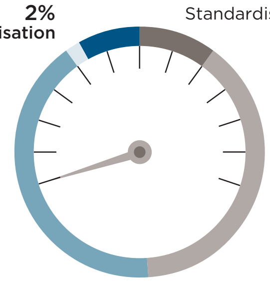
(in million euros)		Active Programmes	Programme sizes as at 30 June 2021	Outstanding as at 30 June 2021
Moody's	**S&P**	**Short term**		
P2	A-2	CD/NEU CP	2,000	383
		Long term		
A3	BBB+	BMTN/NEU MTN	1,000	472
A3	BBB+	EMTN	4,000	2,500

1.4 REGULATORY CAPITAL ADEQUACY – PILLAR III INFORMATION

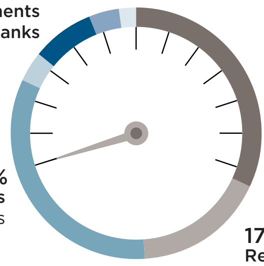
The Pillar III information is published annually, but key indicators are to be reported half-yearly (Article 492 of the CRR). No significant, sensitive or confidential information is omitted in this respect (Article 432 of the CRR).

The main categories of risks specific to the PSA Banque France Group's business activities can be assessed using weighted assets or specific indicators, as for liquidity risk.

REGULATORY CAPITAL REQUIREMENT BY TYPE OF RISK
(as a % of total RWA as at 30 June 2021: € 10,062 million)



CREDIT RISK EXPOSURES BY TYPE OF COUNTERPARTY
(as a % total net exposures as at 30 June 2021: €17,405 million)



Prudential ratios	30/06/2021
> **CET1 ratio**	13.4%
> **Total capital ratio**	15.0%
> **Leverage ratio**	8.6%
> **Short-term liquidity coverage ratio – LCR**	208%*
> **Net stable funding ratio – NSFR**	109%

* *12-month average*

Profitability	H1 2021
> **Return on assets (ROA)***	2.1%

* *ROA calculated by dividing annualised net income by the balance sheet total (Article 90.4 CRD IV)*

TABLE KM1 – KEY METRICS

This table provides an overview of the bank's prudential regulatory metrics.

	(in million euros and %)	30 June 2021	31 December 2020	30 June 2020
	Available own funds (amounts)			
1	Common Equity Tier 1 (CET1) capital	1,351	1,224	1,233
2	Tier 1 capital	1,351	1,224	1,233
3	Total capital	1,506	1,379	1,388
	Risk-weighted exposure amounts			
4	Total risk exposure amount	10,062	10,068	9,148
	Capital ratios (as a percentage of risk-weighted exposure amount)			
5	Common Equity Tier 1 ratio (%)	13.4%	12.2%	13.5%
6	Tier 1 ratio (%)	13.4%	12.2%	13.5%
7	Total capital ratio (%)	15.0%	13.7%	15.2%
	Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)			
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	9.5%	*	*
EU 7b	*of which: to be made up of CET1 capital (percentage points)*	*5.3%*	*	*
EU 7c	*of which: to be made up of Tier 1 capital (percentage points)*	*7.1%*	*	*
EU 7d	Total SREP own funds requirements (%)	9.5%	*	*
	Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)			
8	Capital conservation buffer (%)	2.5%	*	*
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0.0%	*	*
9	Institution specific countercyclical capital buffer (%)	0.0%	*	*
EU 9a	Systemic risk buffer (%)	0.0%	*	*
10	Global Systemically Important Institution buffer (%)	0.0%	*	*
EU 10a	Other Systemically Important Institution buffer (%)	0.0%	*	*
11	Combined buffer requirement (%)	2.5%	*	*
EU 11a	Overall capital requirements (%)	12.0%	*	*
12	CET1 available after meeting the total SREP own funds requirements (%)	4.6%	*	*
	Leverage ratio			
13	Total exposure measure	15,695	15,819	15,576
14	Leverage ratio (%)	8.6%	7.7%	7.9%
	Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)			
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	0.1%	0.0%	0.0%
EU 14b	*of which: to be made up of CET1 capital (percentage points)*	*0.1%*	*0.0%*	*0.0%*
EU 14c	Total SREP leverage ratio requirements (%)	3.4%	3.0%	3.0%

	(in million euros and %)	30 June 2021	31 December 2020	30 June 2020
	Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)			
EU 14d	Leverage ratio buffer requirement (%)	0.0%	0.0%	0.0%
EU 14e	Overall leverage ratio requirement (%)	3.4%	3.0%	3.0%
	Liquidity Coverage Ratio			
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	559	367	340
EU 16a	Cash outflows (Total weighted value)	1,087	1,047	992
EU 16b	Cash inflows (Total weighted value)	1,109	1,123	1,071
16	Total net cash outflows (adjusted value)	273	262	248
17	Liquidity coverage ratio (%)	208%	131%	127%
	Net Stable Funding Ratio			
18	Total available stable funding	12,998	*	*
19	Total required stable funding	11,948	*	*
20	NSFR ratio (%)	109%	*	*

* *Publication of data relating to prior periods is not mandatory when first published.*

1.4.1 Capital management and regulatory capital adequacy

1.4.1.1 SCOPE AND APPLICATION

The prudential scope used to calculate the solvency ratio is identical to the scope of consolidation described in the notes to the IFRS Financial Statements (Note 1.C) of the 2020 Annual Report.

Since 1 January 2014, the PSA Banque France Group has been subject to compliance with the prudential regulations defined by the Basel III agreements: Regulation (EU) No. 575/2013 of the European Parliament and of the Council (CRR) and Directive 2013/36/EU (CRD IV).

Note that, in principle, banking institutions must be subjected to a two-fold monitoring process, on a consolidated basis and on an individual basis. However, on 29 January 2015, the French Prudential Supervisory Authority (*Autorité de Contrôle Prudentiel et de Résolution*, ACPR) endorsed the application for exemption that was submitted to it for prudential supervision on an exclusively consolidated basis, as per Regulation CRR Article 7. There are no obstructions to the transfer of regulatory capital between PSA Banque France and its subsidiaries.

TRANSITION TABLE FROM ACCOUNTING EQUITY TO REGULATORY CAPITAL

(in million euros)	30 June 2021	31 December 2020
Accounting Equity*	**1,606**	**1,565**
Share of net income for the year yet to be allocated	-	117
Distributable income	167	126
Negative amounts resulting from the calculation of the expected loss	68	77
Other prudential deductions	20	21
Tier 1 regulatory capital	**1,351**	**1,224**
Tier 2 subordinated loans	155	155
Tier 1 and Tier 2 regulatory capital	**1,506**	**1,379**

* *Accounting and regulatory equity are equal.*

1.4.1.2 REGULATORY CAPITAL AND REGULATORY CAPITAL REQUIREMENTS

The information in this section is not covered by the Statutory Auditors' opinion on the consolidated financial statements.

The regulatory capital is broken down into three tiers (core Tier 1 capital, additional Tier 1 capital, and Tier 2 capital) composed of equity or debt instruments, which are subjected to regulatory adjustments. The PSA Banque France Group has Tier 1 and 2 capital instruments.

Tier 1 capital instruments are composed of the following:

- share capital and the corresponding issuance premiums;
- retained earnings and other reserves;
- components of income recognised directly in equity.

Regulatory deductions made to this regulatory capital include the following items:

- share of income for the financial year yet to be allocated;
- estimated amounts of projected dividend distributions;
- negative difference between recognised impairment and the expected losses statistically calculated for Risk Weighted Assets (RWA) stated using the Internal Rating Based (IRB) method;
- other prudential deductions corresponding to the contributions of the PSA Banque France Group to the *Fonds de Garantie des Dépôts et de Résolution* (FGDR) and the *Fonds de Résolution Unique* (FRU) deducted from Tier 1 regulatory capital.

Tier 2 capital instruments are composed exclusively of subordinated debt.

A total of three levels of solvency ratio are calculated:

- the core Tier 1 capital ratio or CET1 ratio;
- the Tier 1 capital ratio or T1 ratio;
- the total capital ratio.

These ratios are calculated by dividing each category of the Group's regulatory capital by the sum of risk-weighted assets.

In June 2021, the High Financial Stability Board decided to keep the countercyclical capital buffer rate for France unchanged at 0%, in force since 2 April 2020 (decision No D-HCSF-2020-2 of 1 April 2020).

TABLE CC1 – COMPOSITION OF REGULATORY CAPITAL

This table provides a breakdown of the constituent elements of the institution's capital.

	(in million euros)	Amounts	Source based on reference numbers/ letters of the balance sheet under the regulatory scope of consolidation
	Common Equity Tier 1 (CET1) capital: instruments and reserves		
1	Capital instruments and the related share premium accounts	738	(h)
	of which: Instrument type 1	*738*	
	of which: Instrument type 2	-	
	of which: Instrument type 3	-	
2	Retained earnings	311	
3	Accumulated other comprehensive income (and other reserves)	390	
EU-3a	Funds for general banking risk	-	
4	Amount of qualifying items referred to in Article 484 (3) CRR and the related share premium accounts subject to phase out from CET1	-	
5	Minority interests (amount allowed in consolidated CET1)	-	
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	-	
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**1,439**	
	Common Equity Tier 1 (CET1) capital: regulatory adjustments		
7	Additional value adjustments (negative amount)	0	
8	Intangible assets (net of related tax liability) (negative amount)	-	(a) minus (d)
9	Not applicable	-	
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	-	
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	-	
12	Negative amounts resulting from the calculation of expected loss amounts	(68)	
13	Any increase in equity that results from securitised assets (negative amount)	-	
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-	
15	Defined-benefit pension fund assets (negative amount)	-	
16	Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)	-	
17	Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
20	Not applicable	-	
EU-20a	Exposure amount of the following items which qualify for a RW of 1,250%, where the institution opts for the deduction alternative	(13)	
EU-20b	*of which: qualifying holdings outside the financial sector (negative amount)*	-	

	(in million euros)	Amounts	Source based on reference numbers/ letters of the balance sheet under the regulatory scope of consolidation
EU-20c	*of which: securitisation positions (negative amount)*	(13)	
EU-20d	*of which: free deliveries (negative amount)*	-	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	-	
22	Amount exceeding the 17.65% threshold (negative amount)	-	
23	*of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities*	-	
24	Not applicable	-	
25	*of which: deferred tax assets arising from temporary differences*	-	
EU-25a	Losses for the current financial year (negative amount)	-	
EU-25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)	-	
26	Not applicable	-	
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)	-	
27a	Other regulatory adjustments	(7)	
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**(88)**	
29	**Common Equity Tier 1 (CET1) capital**	**1,351**	
	Additional Tier 1 (AT1) capital: instruments		
30	Capital instruments and the related share premium accounts	-	(i)
31	*of which: classified as equity under applicable accounting standards*	-	
32	*of which: classified as liabilities under applicable accounting standards*	-	
33	Amount of qualifying items referred to in Article 484 (4) CRR and the related share premium accounts subject to phase out from AT1	-	
EU-33a	Amount of qualifying items referred to in Article 494a(1) CRR subject to phase out from AT1	-	
EU-33b	Amount of qualifying items referred to in Article 494b(1) CRR subject to phase out from AT1	-	
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	-	
35	*of which: instruments issued by subsidiaries subject to phase out*	-	
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	**-**	
	Additional Tier 1 (AT1) capital: regulatory adjustments		
37	Direct, indirect and synthetic holdings by an institution of own AT1 instruments (negative amount)	-	
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	

	(in million euros)	Amounts	Source based on reference numbers/ letters of the balance sheet under the regulatory scope of consolidation
41	Not applicable	-	
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)	-	
42a	Other regulatory adjustments to AT1 capital	-	
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	**-**	
44	**Additional Tier 1 (AT1) capital**	**-**	
45	**Tier 1 capital (T1 = CET1 + AT1)**	**1,351**	
	Tier 2 (T2) capital: instruments		
46	Capital instruments and the related share premium accounts	155	
47	Amount of qualifying items referred to in Article 484(5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486(4) CRR	-	
EU-47a	Amount of qualifying items referred to in Article 494a(2) CRR subject to phase out from T2	-	
EU-47b	Amount of qualifying items referred to in Article 494b(2) CRR subject to phase out from T2	-	
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	-	
49	*of which: instruments issued by subsidiaries subject to phase out*	-	
50	Credit risk adjustments	-	
51	**Tier 2 (T2) capital before regulatory adjustments**	**155**	
	Tier 2 (T2) capital: regulatory adjustments		
52	Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)	-	
53	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
54	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
54a	Not applicable	-	
55	Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	
56	Not applicable	-	
EU-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)	-	
EU-56b	Other regulatory adjustments to T2 capital	-	
57	**Total regulatory adjustments to Tier 2 (T2) capital**	**-**	
58	**Tier 2 (T2) capital**	**155**	
59	**Total capital (TC = T1 + T2)**	**1,506**	
60	**Total Risk exposure amount**	**10,062**	
	Capital ratios and requirements including buffers		
61	**Common Equity Tier 1 capital**	**13.4%**	
62	**Tier 1 capital**	**13.4%**	
63	**Total capital**	**15.0%**	

	(in million euros)	Amounts	Source based on reference numbers/ letters of the balance sheet under the regulatory scope of consolidation
64	**Institution CET1 overall capital requirements**	**7.8%**	
65	*of which: capital conservation buffer requirement*	*2.4%*	
66	*of which: countercyclical capital buffer requirement*	-	
67	*of which: systemic risk buffer requirement*	-	
EU-67a	*of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement*	-	
EU-67b	*of which: additional own funds requirements to address the risks other than the risk of excessive leverage*	*1.5%*	
68	**Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements**	**4.6%**	
	National minima (if different from Basel III)		
69	Not applicable	-	
70	Not applicable	-	
71	Not applicable	-	
	Amounts below the thresholds for deduction (before risk weighting)		
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	-	
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)	0	
74	Not applicable	-	
75	Deferred tax assets arising from temporary differences (amount below 17.65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	-	
	Applicable caps on the inclusion of provisions in Tier 2		
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	-	
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	-	
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	-	
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	-	
	Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)		
80	Current cap on CET1 instruments subject to phase out arrangements	-	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-	
82	Current cap on AT1 instruments subject to phase out arrangements	-	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-	
84	Current cap on T2 instruments subject to phase out arrangements	-	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	

1.4.1.2.1 Regulatory capital

As at 30 June 2021, the Basel III CRD IV Tier 1 capital ratio in respect of Pillar I stood at 13.4%, and the total capital ratio was 15.0%. Basel III Tier 1 regulatory capital amounted to €1,506 million at the end of June 2021, taking into account the deduction of the difference between recognised impairment and expected losses of -€68 million on IRB scope. The regulatory capital requirement stood at €805 million as at 30 June 2021.

GROUP CAPITAL REQUIREMENT AND RISK-WEIGHTED ASSETS

	RWA	Capital requirements	RWA	Capital requirements
(in million euros)	30/06/2021		31/12/2020	
Credit risk	**9,072**	**726**	**9,030**	**722**
Standard method	**1,052**	**85**	**1,087**	**87**
Sovereigns, central banks and administrations	17	1	14	1
Institutions	148	12	182	15
Corporate	319	26	324	26
Retail	287	23	266	21
Other assets	281	23	301	24
Foundation Internal Ratings-Based approach (F-IRB)	**3,917**	**313**	**4,165**	**333**
Corporate	3,917	313	4,165	333
Advanced Internal Ratings-Based approach (A-IRB)	**4,103**	**328**	**3,778**	**302**
Retail	4,103	328	3,778	302
Securitisation exposures in the banking book (after cap)	**155**	**12**	**203**	**16**
Operational risk (standard method)	**835**	**67**	**835**	**67**
Market risk	**-**	**-**	**-**	**-**
TOTAL RISKS	**10,062**	**805**	**10,068**	**805**
Tier 1 regulatory capital	**1,351**		**1,224**	
Tier 1 capital ratio	**13.4%**		**12.2%**	
Total regulatory capital	**1,506**		**1,379**	
Total capital ratio	**15.0%**		**13.7%**	

Core CET1 capital

Core capital corresponds to the share capital and associated issue premiums, reserves, income net of taxes before allocation and other items of accumulated comprehensive income and minority interests after application of the transitional provisions for the prudential filters.

The core CET1 capital of the PSA Banque France Group accounted for 90% of total regulatory capital at the end of June 2021 and totalled €1,351 million.

AT1 regulatory capital

AT1 regulatory capital consists of equity instruments net of any repayment incentives or obligations in accordance with Articles 51 and 52 of the CRR. The PSA Banque France Group does not hold any of these instruments.

T2 regulatory capital

T2 regulatory capital consists of subordinated debt instruments with a minimum duration of five years with no early repayment during the first five years, in accordance with Articles 62 and 63 of the CRR. It totalled €155 million as at 30 June 2021 in the subordinated loan category after two loans which must be handled identically and simultaneously (impairment and/or conversion).

1.4.1.2.2 Regulatory capital requirements

Regulatory requirements are determined in accordance with the laws and transitional provisions applicable as of 1 January 2014 to credit institutions and investment companies as published in the Official Journal of the European Union on 26 June 2013: Regulation (EU) No. 575/2013 (CRR) and Directive 2013/36/EU (CRD IV).

On 6 April 2009, the ACPR authorised Banque PSA Finance to use the Advanced Internal Ratings-Based Approach (A-IRB) to calculate the regulatory capital requirement for the Retail portfolio, and the Foundation Internal Ratings-Based Approach (F-IRB) for the Corporate portfolio. This measure has been applied to the entities of the PSA Banque France Group since 1 January 2009.

In the context of the implementation of the cooperation between Banque PSA Finance and Santander Consumer Finance in 2015, the two partners aimed to keep using the internal ratings models developed by Banque PSA Finance, after review and validation of these models by Santander Group's Internal Validation Team, and after approval by the competent supervisory authorities.

As such, the PSA Banque France Group's internal rating system was inspected by the European Central Bank, further to which PSA Banque France received authorisation in 2017 to maintain the internal rating methods originally developed by Banque PSA Finance for calculating risk-weighted assets (RWA). Since 2019, following the implementation of a synthetic risk transfer transaction, the senior securities held by CREDIPAR have been assessed using the SEC IRB approach.

All of the data used to model and calculate credit risk are extracted from the management accounting systems. The latter feed into the common risk databases: BRC (the central risk database for Retail customers) and BUIC (the Corporate customer database) that are used to uniformly track all risk parameters applicable to the PSA Banque France Group. The information from the risk management databases feed the central regulatory capital management tool (Risk Authority).

At the same time, some accounting data are also integrated with this central tool. After reconciling management and statutory accounting data, the minimum capital requirement is calculated using the aforementioned tools, and regulatory capital reports are produced.

Operational risk is measured using the standard approach. Thus, the minimum capital requirement is calculated by applying a 12% ratio to retail net banking income and a 15% ratio to non-retail net banking income from other asset segments.

TABLE OV1 – OVERVIEW OF TOTAL RISK EXPOSURE AMOUNTS (RWA)

The table provides an overview of total RWA forming the denominator of the risk-based capital requirements.

		Total risk exposure amounts (RWA)		Total own funds requirements
(in million euros)		**30/06/2021**	**31/12/2020**	**30/06/2021**
1	**Credit risk (excluding CCR)**	**9,057**	**9,029**	**725**
2	*of which the standardised approach*	*1,037*	*1,086*	*83*
3	*of which the Foundation IRB (F-IRB) approach*	*3,917*	*4,165*	*313*
4	*of which slotting approach*	-	-	-
EU-4a	*of which equities under the simple risk weighted approach*	-	-	-
5	*of which the Advanced IRB (A-IRB) approach*	*4,103*	*3,778*	*328*
6	**Counterparty credit risk - CCR**	**15**	**1**	**1**
7	*of which the standardised approach*	*15*	*1*	*1*
8	*of which internal model method (IMM)*	-	-	-
EU-8a	*of which exposures to a CCP*	*0*	-	*0*
EU-8b	*of which credit valuation adjustment - CVA*	-	-	-
9	*of which other CCR*	-	-	-
10	Not applicable	-	-	-
11	Not applicable	-	-	-
12	Not applicable	-	-	-
13	Not applicable	-	-	-
14	Not applicable	-	-	-
15	**Settlement risk**	**-**	**-**	**-**
16	**Securitisation exposures in the non-trading book (after the cap)**	**155**	**203**	**12**
17	*of which SEC-IRBA approach*	*155*	*203*	*12*
18	*of which SEC-ERBA (including IAA)*	-	-	-
19	*of which SEC-SA approach*	-	-	-
EU-19a	*of which 1,250% / deduction*	-	-	-
20	**Position, foreign exchange and commodities risks (Market risk)**	**-**	**-**	**-**
21	*of which the standardised approach*	-	-	-
22	*of which IMA*	-	-	-
EU-22a	**Large exposures**	**-**	**-**	**-**
23	**Operational risk**	**835**	**835**	**67**
EU-23a	*of which basic indicator approach*	-	-	-
EU-23b	*of which standardised approach*	*835*	*835*	*67*
EU-23c	*of which advanced measurement approach*	-	-	-
24	**Amounts below the thresholds for deduction (subject to 250% risk weight)**	**-**	**-**	**-**
25	Not applicable	-	-	-
26	Not applicable	-	-	-
27	Not applicable	-	-	-
28	Not applicable	-	-	-
29	**TOTAL**	**10,062**	**10,068**	**805**

Risk Weighted Assets (RWA) for credit risk, market risk and operational risk were €10,062 million as at 30 June 2021 compared to €10,068 million as at 31 December 2020.

1.4.1.2.3 Management of internal capital

The capital policy, approved by the Group's two shareholders, determines the criteria to be applied to define the internal capital objectives of the PSA Banque France Group and identify the share capital required to comply with regulatory ratios (Pillar I and Pillar II) and the Return On Equity (ROE).

The internal capital requirement corresponds to the minimum capital threshold the management of the PSA Banque France Group believes it needs to manage its risk profile and strategy.

The dividend distribution policy defines the criteria to establish the profit which can be distributed by the PSA Banque France Group to its two shareholders: Banque PSA Finance and Santander Consumer Finance.

It is proposed and approved by the ALCO Committee as part of internal capital management. It is consistent with the risk profile of the Group and is intended to meet regulatory requirements.

1.4.2 Leverage ratio

The leverage ratio compares Tier 1 regulatory capital (the numerator) to an exposure consisting of the balance sheet items and off-balance sheet items which are not risk-weighted (denominator).

As at 30 June 2021, the leverage ratio stood at 8.6%, above the regulatory threshold adjusted to 3.4% following the announcement from the European Central Bank that euro area banks may continue to exclude certain central bank exposures from the leverage ratio until 31 March 2022, as exceptional macroeconomic circumstances due to Covid-19 pandemic continue.

TABLE LRSUM: SUMMARY RECONCILIATION OF ACCOUNTING ASSETS AND LEVERAGE RATIO EXPOSURES

This table was developed in application of Article 451(1)(b) of the CRR to reconcile the total exposure calculation with the related information in the published financial statements.

(in million euros)		**Applicable Amount**
1	**Total assets as per published financial statements**	**16,221**
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	-
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	-
4	(Adjustment for temporary exemption of exposures to central banks (if applicable))	(1,200)
5	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the total exposure measure in accordance with point (i) of Article 429 a(1) CRR)	-
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	-
7	Adjustment for eligible cash pooling transactions	-
8	Adjustment for derivative financial instruments	10
9	Adjustment for securities financing transactions (SFTs)	-
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	755
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	0
EU-11a	(Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429 a(1) CRR)	-
EU-11b	(Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429 a(1) CRR)	-
12	Other adjustments	(91)
13	**TOTAL EXPOSURE MEASURE**	**15,695**

TABLE LRCOM – LEVERAGE RATIO COMMON DISCLOSURE

The table below provides a detailed breakdown of the components of the leverage ratio denominator and information about the current leverage ratio, the minimum requirements and the buffers.

	(in million euros)	CRR leverage ratio exposures
	On-balance sheet exposures (excluding derivatives and SFTs)	
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	16,211
2	Gross-up for derivatives collateral provided, where deducted from the balance sheet assets pursuant to the applicable accounting framework	-
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	-
5	(General credit risk adjustments to on-balance sheet items)	-
6	(Asset amounts deducted in determining Tier 1 capital)	(81)
7	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	**16,130**
	Derivative exposures	
8	Replacement cost associated with SA-CCR derivatives transactions (ie net of eligible cash variation margin)	0
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach	-
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	10
EU-9a	Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach	-
EU-9b	Exposure determined under Original Exposure Method	-
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	-
EU-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)	-
EU-10b	(Exempted CCP leg of client-cleared trade exposures) (Original Exposure Method)	-
11	Adjusted effective notional amount of written credit derivatives	-
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-
13	**Total derivatives exposures**	**10**
	Securities financing transaction (SFT) exposures	
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	-
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-
16	Counterparty credit risk exposure for SFT assets	-
EU-16a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(5) and 222 CRR	-
17	Agent transaction exposures	-
EU-17a	(Exempted CCP leg of client-cleared SFT exposure)	-
18	**Total securities financing transaction exposures**	**-**
	Other off-balance sheet exposures	
19	Off-balance sheet exposures at gross notional amount	2,272
20	(Adjustments for conversion to credit equivalent amounts)	(1,517)
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures)	-
22	**Off-balance sheet exposures**	**755**
	Excluded exposures	
EU-22a	(Exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	-
EU-22b	(Exposures exempted in accordance with point (j) of Article 429a(1) CRR (on and off balance sheet))	(1,200)
EU-22c	(Excluded exposures of public development banks (or units) - Public sector investments)	-
EU-22d	(Excluded exposures of public development banks (or units) - Promotional loans)	-
EU-22e	(Excluded passing-through promotional loan exposures by non-public development banks (or units))	-
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)	-

	(in million euros)	**CRR leverage ratio exposures**
EU-22g	(Excluded excess collateral deposited at triparty agents)	-
EU-22h	(Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a(1) CRR)	-
EU-22i	(Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a(1) CRR)	-
EU-22j	(Reduction of the exposure value of pre-financing or intermediate loans)	-
EU-22k	**(Total exempted exposures)**	**(1,200)**
	Capital and total exposure measure	
23	**Tier 1 capital**	**1,351**
24	**Total exposure measure**	**15,695**
	Leverage ratio	
25	Leverage ratio (%)	8.6%
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	8.6%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	8.0%
26	Regulatory minimum leverage ratio requirement (%)	0.1%
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%)	0.1%
EU-26b	*of which: to be made up of CET1 capital*	*0.1%*
27	Leverage ratio buffer requirement (%)	0.0%
EU-27a	Overall leverage ratio requirement (%)	3.4%
	Choice on transitional arrangements and relevant exposures	
EU-27b	Choice on transitional arrangements for the definition of the capital measure	-
	Disclosure of mean values	
28	Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivable	-
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	-
30	Total exposure measure (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	15,694
30a	Total exposure measure (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	16,895
31	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	8.6%
31a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	8.0%

TABLE LRSPL – SPLIT-UP OF ON BALANCE SHEET EXPOSURES (EXCLUDING DERIVATIVES, SFTS AND EXEMPTED EXPOSURES)

This table was developed in application of Article 451(1)(b) of the CRR to provide a breakdown of the total exposures on the balance sheet of institutions.

(in million euros)		CRR leverage ratio exposures
EU-1	**TOTAL ON-BALANCE SHEET EXPOSURES (EXCLUDING DERIVATIVES, SFTS, AND EXEMPTED EXPOSURES), OF WHICH:**	**16,211**
EU-2	Trading book exposures	-
EU-3	Banking book exposures, of which:	16,211
EU-4	Covered bonds	-
EU-5	Exposures treated as sovereigns	1,310
EU-6	Exposures to regional governments, MDB, international organisations and PSE, not treated as sovereigns	57
EU-7	Institutions	191
EU-8	Secured by mortgages of immovable properties	-
EU-9	Retail exposures	8,043
EU-10	Corporates	4,658
EU-11	Exposures in default	72
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	1,880

1.4.3 Credit risk

1.4.3.1 CREDIT RISK EXPOSURE

Exposure in the event of default (EAD) includes credit exposures as recorded in the balance sheet and off-balance sheet.

The PSA Banque France Group uses three loan classification levels (stages) and determines their impairment on an individual or collective basis as described in Section 1.3.2.

The segmentation of the PSA Banque France Group's business portfolios follows the Basel classification: the two business units, Fleet (financing of corporate and government vehicle fleets) and Wholesale (financing of STELLANTIS dealer networks) are exclusively dedicated to the Basel Corporate – Banks – Local authorities – Sovereigns portfolios, while the Retail financing business (Individuals, SMEs) makes up the Basel Retail portfolio.

The rating framework in this system are also split into Retail and Corporate. The resulting parameters (PD, LGD, EAD) are those used to calculate the regulatory capital requirements for credit risk.

TOTAL NET AMOUNT OF EXPOSURES

The table below illustrates the total amounts of net exposures at the end of the financial period by exposure category.

(in million euros)	**Net value of exposures at the end of the period**
Central governments or central banks	-
Institutions	-
Corporates	4,570
of which: Specialised lending	-
of which: SMEs	*552*
Retail	8,053
Secured by real estate property	-
SMEs	-
Non-SMEs	-
Qualifying revolving	-
Other retail	*8,053*
SMEs	*2,699*
Non-SMEs	*5,354*
Equity	-
Total IRB approach	**12,623**
Central governments or central banks	1,311
Regional governments or local authorities	61
Public sector entities	-
Multilateral development banks	-
International organisations	-
Institutions	241
Corporates	1,969
of which: SMEs	*171*
Retail	439
of which: SMEs	*249*
Secured by mortgages on immovable property	-
of which: SMEs	-
Exposures in default	10
Items associated with particularly high risk	-
Covered bonds	-
Claims on institutions and corporates with a short-term credit assessment	471
Collective investments undertakings	-
Equity exposures	-
Other exposures	280
Total standardised approach	**4,782**
TOTAL	**17,405**

1.4.3.2 DIVERSIFICATION OF CREDIT/CONCENTRATION RISK

As at 30 June 2021, the outstanding loans of the PSA Banque France Group to STELLANTIS stood at €215 million, representing 15.9% of regulatory capital.

On the same date, the PSA Banque France Group's 10 main outstanding loans, other than those to STELLANTIS, totalled €1,734 million.

These 10 main outstanding loans break down into the following counterparty categories:

- banks: €133 million;
- insurers: €211 million;
- dealer network (with no financial ties to STELLANTIS): €1,003 million;
- Corporate (excluding dealer network): €387 million.

As at 30 June 2021, there was no net exposure on a counterparty in excess of 25% of Tier 1 regulatory capital. This was made possible partly through the implementation in 2019 of one credit insurance policy with one leading insurer to partially cover the risk related to vehicle inventory financing operations for the main dealers financed by the PSA Banque France Group.

1.4.3.3 CREDIT RISK MITIGATION TECHNIQUES

The PSA Banque France Group ensures that it can reduce its credit risk. To do so, in addition to the quality of the counterparty and of the application file, which are essential elements of decision-making, the Group also seeks guarantees to limit its losses in the event of counterparty default.

For this purpose, the Group has implemented standards for guarantee types, a procedure and rules for selection of guarantors it will accept.

The guarantee can take the form of:

- personal collateral provided by a natural person or legal entity, notably a joint and several guarantee, first demand guarantee, letter of intent or commitment for a third party, etc.;
- a security right, notably lenders' liens, mortgages, pledging of business assets, pledging of securities, pledging of mortgages, etc.;
- various commitments, notably commitments to continue leases, commitments to buy back at any time, etc.

The guarantee is intended to either lessen the risk or reverse an initial refusal.

The guarantees are never taken into account when calculating the customer's rating.

The guarantees must have a financial value, if possible quantified or at least quantifiable, and be legally valid.

Since 2019, the PSA Banque France Group set up two credit insurance policies with leading insurers to partially cover the risk related to vehicle and spare parts inventory financing operations for the main dealers financed by the PSA Banque France Group:

- the first policy, which was signed with an insurer rated A2/AA- by Moody's and Fitch, hedges the risks of new, demonstration and used vehicles stock financing of the two largest dealers in the Peugeot, Citroën and DS networks in the gross amount of €79 million and €75 million net as at 30 June 2021, with an associated RWA gain of €50 million;
- the second policy, signed with another insurer, rated AA by Standard & Poor's, hedges the risks:
  - of financing the spare parts inventories of 28 dealers financed by the PSA Banque France Group, in the total gross amount of €226 million and €195 million net as at 30 June 2021, with an associated RWA gain of €118 million,
  - of new, demonstration and used vehicle stock financing of a dealer of the Peugeot, Citroën and DS networks in the gross amount of €30 million and €15 million net as at 30 June 2021, with an associated RWA gain of €12 million.

In order to mitigate the exposure to risk and save on the capital resources consumed, the PSA Banque France Group carried out a synthetic SRT (Significant Risk Transfer) transaction during the 2019 financial year. The transaction enabled the transfer of part of the risk on the portfolio to investors. The portfolio consists of loans securitised in instalment contracts granted to consumers in France for the purchase of new and used vehicles which have a relatively high RWA level, primarily as a result of the high proportion of used vehicles. Thanks to this transaction, RWA were reduced by €548 million as at 30 June 2021.

TABLE CR3 – CRM TECHNIQUES OVERVIEW

The table below discloses the extent of the use of CRM techniques.

	(in million euros)	Unsecured carrying amount	Secured carrying amount			
				of which secured by collateral	of which secured by financial guarantees	of which secured by credit derivatives
1	Loans and advances	15,644	381	-	381	-
2	Debt securities	41	-	-	-	-
3	**TOTAL**	**15,685**	**381**	**-**	**381**	**-**
4	*of which non-performing exposures*	*207*	-	-	-	-

1.4.3.4 COUNTERPARTY RISK

The counterparty risk on derivatives is now calculated according to the new Standardised Approach for Counterparty Credit Risk (SA-CCR) applicable on 28 June 2021, and remains non-significant for the PSA Banque France Group with €15 million of RWA out of a total of €10,062 million as at 30 June 2021.

TABLE CCR1 – ANALYSIS OF CCR EXPOSURE BY APPROACH

The table provides a comprehensive view of the methods used to calculate CCR regulatory requirements and the main parameters used within each method.

	(in million euros)	Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWA
EU-1	EU - Original Exposure Method (for derivatives)	-	-		1.4	-	-	-	-
EU-2	EU - Simplified SA-CCR (for derivatives)	-	-		1.4	-	-	-	-
1	SA-CCR (for derivatives)	11	24		1.4	71	49	49	15
2	IMM (for derivatives and SFTs)			-	-	-	-	-	-
2a	*of which securities financing transactions netting sets*			-		-	-	-	-
2b	*of which derivatives and long settlement transactions netting sets*			-		-	-	-	-
2c	*of which from contractual cross-product netting set*			-		-	-	-	-
3	Financial collateral simple method (for SFTs)					-	-	-	-
4	Financial collateral comprehensive method (for SFTs)					-	-	-	-
5	VaR for SFTs					-	-	-	-
6	**TOTAL**					**71**	**49**	**49**	**15**

1.4.4 Information relating to liquidity risk

In the first half of 2021, the PSA Banque France Group regularly strengthened its liquidity risk management system while complying with the recommendations of the EBA.

The ILAAP (Internal Liquidity Adequacy Assessment Process) report on 2020 was approved by the Board of Directors in June 2021.

1.4.4.1 LIQUIDITY RESERVE

(in million euros)	**30 June 2021**	**31 December 2020**
Central bank deposits (excluding mandatory reserves)	1,165	450
HQLA securities available (after haircut)	0	0
Other available central bank-eligible assets (after haircut)	154	817
TOTAL LIQUIDITY RESERVE	**1,319**	**1,267**

1.4.4.2 LIQUIDITY RATIOS

The average LCR ratio stood at 208% for the 12-month period until 30 June 2021.

Since 28 June 2021, with the entry into force of Regulation (EU) 2019/876 (CRR II), the NSFR (Net Stable Funding Ratio) has to be published and stood at 109%.

TABLE EU LIQ1 – QUANTITATIVE INFORMATION OF LCR

Scope of consolidation (consolidated) *(in million euros)*	**Total unweighted value (average)**				**Total weighted value (average)**			
Quarter ending on	**09/2020**	**12/2020**	**03/2021**	**06/2021**	**09/2020**	**12/2020**	**03/2021**	**06/2021**
Number of data points used in the calculation of averages	**12**	**12**	**12**	**12**	**12**	**12**	**12**	**12**
HIGH-QUALITY LIQUID ASSETS								
Total high-quality liquid assets (HQLA)					**361**	**367**	**456**	**559**
CASH - OUTFLOWS								
Retail deposits and deposits from small business customers, of which:	**2,752**	**2,814**	**2,853**	**2,904**	**340**	**346**	**349**	**354**
Stable deposits	-	-	-	-	-	-	-	-
Less stable deposits	*2,752*	*2,814*	*2,853*	*2,904*	*340*	*346*	*349*	*354*
Unsecured wholesale funding	**603**	**585**	**614**	**574**	**388**	**363**	**385**	**356**
Operational deposits (all counterparties) and deposits in networks of cooperative banks	*284*	*295*	*305*	*291*	*69*	*74*	*76*	*73*
Non-operational deposits (all counterparties)	*125*	*134*	*162*	*175*	*125*	*134*	*162*	*175*
Unsecured debt	*194*	*156*	*147*	*108*	*194*	*156*	*147*	*108*
Secured wholesale funding					**-**	**-**	**-**	**-**
Additional requirements	**681**	**734**	**777**	**869**	**89**	**104**	**121**	**143**
Outflows related to derivative exposures and other collateral requirements	*36*	*47*	*60*	*75*	*36*	*47*	*60*	*75*
Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
Credit and liquidity facilities	*645*	*687*	*717*	*794*	*53*	*57*	*61*	*68*
Other contractual funding obligations	**289**	**282**	**293**	**280**	**243**	**233**	**244**	**234**
Other contingent funding obligations	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL CASH OUTFLOWS					**1,060**	**1,047**	**1,099**	**1,087**
CASH - INFLOWS								
Secured lending (e.g. reverse repos)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Inflows from fully performing exposures	**2,384**	**2,402**	**2,373**	**2,350**	**830**	**828**	**827**	**813**
Other cash inflows	**381**	**384**	**374**	**382**	**285**	**295**	**290**	**296**
(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)					**-**	**-**	**-**	**-**
(Excess inflows from a related specialised credit institution)					**-**	**-**	**-**	**-**
TOTAL CASH INFLOWS	**2,765**	**2,786**	**2,747**	**2,732**	**1,114**	**1,123**	**1,117**	**1,109**
Fully exempt inflows	-	-	-	-	-	-	-	-
Inflows subject to 90% cap	-	-	-	-	-	-	-	-
Inflows subject to 75% cap	*2,765*	*2,786*	*2,747*	*2,732*	*1,114*	*1,123*	*1,117*	*1,109*
TOTAL ADJUSTED VALUE								
LIQUIDITY BUFFER					**336**	**342**	**431**	**559**
TOTAL NET CASH OUTFLOWS					**265**	**262**	**275**	**273**
LIQUIDITY COVERAGE RATIO					**127%**	**131%**	**159%**	**208%**

1.4.5 Information relating to interest rate risk

The policy in terms of interest rate risk tends to be conservative and avoids any speculation. Its purpose is to control and supervise interest rate risk positions within sensitivity limits in accordance with the defined risk appetite. The management of interest rate risk consists of compliance with this policy and subjecting it to regular controls and hedging measures. The interest rate swap portfolio is the key element used to hedge exposure to the balance sheet rate risk. The nominal amount of hedging swaps was €1,520 million as at 30 June 2021.

For 2021, the number of scenarii has been reduced to two, by focusing on +/-25 bp changes and no longer on +/-100 bp, +/-75 bp, +/-50 bp, in order to be more consistent and pragmatic with current interest rate environment.

- at the end of June 2021, NIM sensitivity compared to the worst increase or decrease scenario for parallel rates of 25 bp, was -€0.2 million.
- at the end of June 2021, MVE sensitivity compared to the worst increase or decrease scenario for parallel rates of 25 bp, was -€8 million.

1.4.6 Information on exposures subject to measures applied in response to the Covid-19 pandemic

The three following tables provide information on exposures subject to legislative and non-legislative moratoria on loan repayments applied in the specific context of the Covid-19 pandemic, on newly originated exposures subject to public guarantee schemes and the relating provisions.

1.4.6.1 INFORMATION ON LOANS AND ADVANCES SUBJECT TO LEGISLATIVE AND NON-LEGISLATIVE MORATORIA

LIVE AT THE END OF JUNE 2021

	Gross carrying amount						
		Performing exposures			Non-performing exposures		
(in million euros)			of which: exposures with forbearance measures	of which: instruments with significant increase in credit risk since initial recognition but not credit-impaired (stage 2)		of which: exposures with forbearance measures	of which: unlikely to pay that are not past-due or past-due ≤ 90 days
Loans and advances subject to moratorium	-	-	-	-	-	-	-
of which: Households	-	-	-	-	-	-	-
of which: Collateralised by residential immovable property	-	-	-	-	-	-	-
of which: Non-financial corporations	-	-	-	-	-	-	-
of which: Small and Medium-sized Enterprises	-	-	-	-	-	-	-
of which: Collateralised by commercial immovable property	-	-	-	-	-	-	-

MATURED AT THE END OF JUNE 2021

	Gross carrying amount						
		Performing exposures			Non-performing exposures		
(in million euros)			of which: exposures with forbearance measures	of which: instruments with significant increase in credit risk since initial recognition but not credit-impaired (stage 2)		of which: exposures with forbearance measures	of which: unlikely to pay that are not past-due or past-due≤ ≤ 90 days
Loans and advances subject to moratorium	1,157	1,136	3	85	21	2	7
of which: Households	*126*	*124*	*1*	*7*	*2*	*0*	*0*
of which: Collateralised by residential immovable property	-	-	-	-	-	-	-
of which: Non-financial corporations	*1,031*	*1,012*	*2*	*78*	*19*	*2*	*7*
of which: Small and Medium-sized Enterprises	*926*	*910*	*2*	*51*	*16*	*1*	*6*
of which: Collateralised by commercial immovable property	-	-	-	-	-	-	-

LIVE AT THE END OF JUNE 2021

(in million euros)	Accumulated impairment, accumulated negative changes in fair value due to credit risk							Gross carrying amount
		Performing exposures			Non-performing exposures			
			of which: exposures with forbearance measures	of which: instruments with significant increase in credit risk since initial recognition but not credit-impaired (stage 2)		of which: exposures with forbearance measures	of which: unlikely to pay that are not past-due or past-due ≤ 90 days	Inflows to non-performing exposures
Loans and advances subject to moratorium	-	-	-	-	-	-	-	-
of which: Households	-	-	-	-	-	-	-	-
of which: Collateralised by residential immovable property	-	-	-	-	-	-	-	-
of which: Non-financial corporations	-	-	-	-	-	-	-	-
of which: Small and Medium-sized Enterprises	-	-	-	-	-	-	-	-
of which: Collateralised by commercial immovable property	-	-	-	-	-	-	-	-

MATURED AT THE END OF JUNE 2021

(in million euros)	Accumulated impairment, accumulated negative changes in fair value due to credit risk							Gross carrying amount
		Performing exposures			Non-performing exposures			
			of which: exposures with forbearance measures	of which: instruments with significant increase in credit risk since initial recognition but not credit-impaired (stage 2)		of which: exposures with forbearance measures	of which: unlikely to pay that are not past-due or past-due ≤ 90 days	Inflows to non- performing exposures
Loans and advances subject to moratorium	(21)	(9)	0	(4)	(12)	(1)	(3)	20
of which: Households	*(1)*	*(0)*	*0*	*0*	*(1)*	*0*	*0*	*1*
of which: Collateralised by residential immovable property	-	-	-	-	-	-	-	-
of which: Non-financial corporations	*(20)*	*(9)*	*0*	*(4)*	*(11)*	*(1)*	*(3)*	*19*
of which: Small and Medium-sized Enterprises	*(17)*	*(8)*	*0*	*(3)*	*(8)*	*(1)*	*(2)*	*15*
of which: Collateralised by commercial immovable property	-	-	-	-	-	-	-	-

1.4.6.2 BREAKDOWN OF LOANS AND ADVANCES SUBJECT TO LEGISLATIVE AND NON-LEGISLATIVE MORATORIA BY RESIDUAL MATURITY OF MORATORIA

Loans and advances subject to moratoria decreased from €1,611 million at the end of December 2020 to €1,157 million at the end of June 2021.

		Gross carrying amount							
					Residual maturity of moratoria				
(in million euros)	Number of obligors		of which: legislative moratoria	of which: expired	≤ 3 months	> 3 months ≤ 6 months	> 6 months ≤ 9 months	> 9 months ≤ 12 months	> 1 year
Loans and advances subject to moratorium	97,343	1,664	-	-	-	-	-	-	-
Loans and advances subject to moratorium (granted)	69,264	1,157	-	1,157	-	-	-	-	-
of which: Households		*126*	-	*126*	-	-	-	-	-
of which: Collateralised by residential immovable property		-	-	-	-	-	-	-	-
of which: Non-financial corporations		*1,031*	-	*1,031*	-	-	-	-	-
of which: Small and Medium-sized Enterprises		*926*	-	*926*	-	-	-	-	-
of which: Collateralised by commercial immovable property		-	-	-	-	-	-	-	-

1.4.6.3 INFORMATION ON NEWLY ORIGINATED LOANS AND ADVANCES PROVIDED UNDER NEWLY APPLICABLE PUBLIC GUARANTEE SCHEMES INTRODUCED IN RESPONSE TO COVID-19 PANDEMIC

	Gross carrying amount		Maximum amount of the guarantee that can be considered	Gross carrying amount
(in million euros)		of which: forborne	Public guarantees received	Inflows to non-performing exposures
Newly originated loans and advances subject to public guarantee schemes	-	-	-	-
of which: Households	-			-
of which: Collateralised by residential immovable property	-			-
of which: Non-financial corporations	-	-	-	-
of which: Small and Medium-sized Enterprises	-			-
of which: Collateralised by commercial immovable property	-			-

The PSA Banque France Group has not granted any loans and advances guaranteed by the French State (PGE).

1.5 CORPORATE GOVERNANCE – GENERAL INFORMATION CONCERNING PSA BANQUE FRANCE

1.5.1 PSA Banque France overview

Company name: PSA Banque France

Nationality: French

Registered office: 2-10, boulevard de l'Europe, 78300 Poissy, France
Tel.: +33 (0) 1 46 39 65 55

Legal form: limited liability company (*société anonyme*) with a Board of Directors whose shares are not tradable on a regulated market.

Registry and identification number: PSA Banque France is registered in the Trade and Companies Register of Versailles.

> **Siren No.: 652 034 638**
> **Siret No.: 652 034 638 00047**
> **APE/NAF business identifier code: 6419Z**
> **LEI: 969500JK1O192KI3E882**

Date of incorporation and duration: PSA Banque France (originally SOFIB) was incorporated on 24 June 1965 and has been registered since 20 July 1965. The expiry date of the Company is 31 December 2064.

The corporate purpose of the Company is the one of a fully-fledged bank.

Financial year: the corporate financial year begins on 1 January and closes as at 31 December of each year.

PSA Banque France is a credit institution approved under the supervision of the European bank regulator, the European Central Bank since 2015, while continuing to send the required information to the French regulator, the *Autorité de Contrôle Prudentiel et de Résolution.*

As an Investment Service Provider (*Prestataire de Services d'Investissements*), PSA Banque France is subject to the General Regulation of the French Financial Market Authority (*Autorité des Marchés Financiers,* AMF). The Deputy Chief Executive Officer of PSA Banque France, who is accredited by the AMF and holds the required license, serves as Investment Service Compliance Officer (RCSI) pursuant to Articles 313 *et seq.* of the AMF's General Regulation.

1.5.2 Shareholders – Structure of share capital

Shareholders

As at 30 June 2021, the share capital of PSA Banque France stood at €144,842,528 divided into 9,052,658 shares with a value of €16 each, fully paid-up, with equal distribution between:

- Banque PSA Finance, which holds 4,526,329 shares and the same number of voting rights;
- Santander Consumer Banque, which holds 4,526,329 shares and the same number of voting rights.

Banque PSA Finance is a directly and indirectly held, wholly-owned subsidiary of STELLANTIS (after the merger of the PSA and FCA groups in January 2021) while Santander Consumer Banque is an indirectly held, wholly-owned subsidiary of Banco Santander. STELLANTIS and Banco Santander are companies whose shares are traded on a regulated market in one or more countries of the European Union.

Changes in the distribution of capital during the last three years

There have been no changes in the composition of the share capital of PSA Banque France since 2 February 2015.

The shareholders' agreement entered into on that date, when the joint venture of PSA Banque France was created, sets out restrictions on the exercise of the transfer of shares by both shareholders. Such exercise is not free but is subject to a lock-up period for the duration of the cooperation period.

Listing of securities

PSA Banque France's equity securities are not listed on the stock exchange. Nonetheless, certain debt securities (EMTN) are listed on Euronext Paris.

1.5.3 Board of Directors and Management Bodies

The Board of Directors of PSA Banque France has six members appointed for a renewable term of six years. Three members are chosen by each of the two shareholders. Every three years the office of Chair of the Board of Directors held by a non-executive director rotates between the two shareholders in PSA Banque France, i.e. Banque PSA Finance and Santander Consumer Banque. The same applies to the positions of Chief Executive Officer and Deputy Chief Executive Officer:

- a first rotation occurred on 28 August 2017 which expired on 31 August 2020. Accordingly, during that period the office of Non-Executive Chairman was held by a director appointed by Banque PSA Finance, in this case Mr Rémy BAYLE. The position of Chief Executive Officer was held by a director appointed by Santander Consumer Banque, in this case Mr Jean-Paul DUPARC and the position of Deputy Chief Executive Officer was held by a director appointed by Banque PSA Finance, namely Mr Laurent AUBINEAU;
- a second rotation became effective on 1 September 2020 with the office of Non-Executive Chairman held this time by a director appointed by Santander Consumer Banque, Mr David TURIEL LOPEZ, the position of Chief Executive Officer held by a director appointed by Banque PSA Finance, Mr Laurent AUBINEAU and the position of Deputy Chief Executive Officer held by a director appointed by Santander Consumer Banque, Mr Jean-Paul DUPARC.

Mr Rafael MORAL SALARICH's terms of office as director and Chairman of the Board of Directors, like those of the other PSA Banque France directors, do not give rise to the payment of directors' fees.

The Chairman, with the Board of Directors and its specialised committees, monitor the activity of PSA Banque France, run by the Chief Executive Officer, the Deputy Chief Executive Officer, the Executive Committee, and the operational committees.

Three meetings of the Board of Directors were held in the first half of 2021.

Currently, there is no conflict of interest between the obligations of the members of the management bodies and their private interests with regard to the PSA Banque France Group. No agreements have been entered into, either directly or via a third party, between any of the Company officers or any of the directors or shareholders, with the exception of agreements about usual transactions and entered into under normal conditions.

There is no delegation currently valid or used during the first half of 2021, granted by the General Meeting to the Board of Directors, for any capital increase, capital issuance, or redemption of shares.

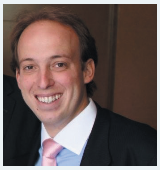
PSA Banque France does not use a corporate governance code. However, PSA Banque France voluntarily applies some of the recommendations of the AFEP-MEDEF Code on the corporate governance of listed companies.

1.5.4 Information about the Administrative and Management Bodies

1.5.4.1 BOARD OF DIRECTORS

LIST OF POSITIONS HELD DURING THE FIRST HALF OF 2021 BY THE DIRECTORS OF PSA BANQUE FRANCE AND THE PERMANENT REPRESENTATIVES OF DIRECTORS, AND POSITIONS THAT EXPIRED DURING THE FIRST HALF YEAR

RAFAEL MORAL SALARICH



Born on
18 October 1981

Chairman of the Board of Directors
First appointed to the Board on 11 December 2020
Current term expires in 2023

Director
First appointed to the Board on 11 December 2020
Current term expires in 2027

Committees
> Audit and Risk
> Appointment
> Remuneration

Other positions held in the first half of 2021

Business Development Director (executive)
> Santander Consumer Finance S.A. (Spain)

Director
> Compagnie Générale de Crédit aux Particuliers – CREDIPAR (France)
> Banca PSA Italia S.p.A. (Italy)
> Santander Consumer Bank S.p.A. (Italy)
> TimFIN S.p.A. (Italy)

Member of the Supervisory Board
> PSA Bank Deutschland GmbH (Germany)
> Santander Consumer Holding GmbH (Germany)
> Santander Consumer Bank AG (Germany)

LAURENT AUBINEAU

Born on
29 December 1962

Chief Executive Officer
First appointed on 1 September 2020
Current term expires in 2023

Director
First appointed to the Board on 28 August 2017
Current term expires in 2027

Committees
> Executive

Other positions held in the first half of 2021

Chief Executive and Director
> Compagnie Générale de Crédit aux Particuliers – CREDIPAR (France)

JEAN-PAUL DUPARC

Born on
16 May 1968

Deputy Chief Executive Officer
First appointed on 1 September 2020
Current term expires in 2023

Director
First appointed to the Board on 28 August 2017
Current term expires in 2024

Committees
> Executive

Other positions held in the first half of 2021

Deputy Chief Executive Officer and Director
> Compagnie Générale de Crédit aux Particuliers – CREDIPAR (France)

Permanent Representative of the Compagnie Générale de Crédit aux Particuliers – CREDIPAR (France)
> Board of Directors of the Compagnie pour la Location de Véhicules – CLV (France)

RÉMY BAYLE

Born on
26 December 1961

Director

First appointed to the Board on
23 April 2015
Current term expires in 2027

Committees
> Audit and Risk
> Appointment
> Remuneration

Other positions held in the first half of 2021

Chief Executive Officer and Director
> Banque PSA Finance (France)

Vice-Chairman of the Board of Directors and Director
> Opel Bank S.A. (France)

Chairman of the Board of Directors
> Compagnie pour la Location de Véhicules – CLV (France)

Director
> Compagnie pour la Location de Véhicules – CLV (France)

MARTIN THOMAS

Born on
22 February 1974

Director

First appointed to the Board on
2 February 2015
Current term expires in 2027

Committees
> Audit and Risk
> Appointment
> Remuneration

Other positions held in the first half of 2021

Chairman of the Board of Directors and Director
> Compagnie Générale de Crédit aux Particuliers – CREDIPAR (France)

Chairman of the Managing Board
> Santander Consumer Banque S.A. (France)

ARNAUD DE LAMOTHE

Born on
24 September 1966

Director

First appointed to the Board on
8 February 2017
Current term expires in 2027

Committees
> Audit and Risk
> Appointment
> Remuneration

Other positions held in the first half of 2021

Deputy Chief Executive Office
> Banque PSA Finance (France)

Chairman of the Board of Directors
> PSA Financial Services Spain, E.F.C., SA (Spain)
> Bank PSA Finance Rus (Russian Federation)

Director
> Compagnie Générale de Crédit aux Particuliers – CREDIPAR (France)
> OPEL Bank SA (France)
> PSA Financial Services Spain, E.F.C., SA (Spain)
> PSA Bank Deutschland GmbH (Germany)
> PSA Finance UK Limited (United Kingdom)
> Bank PSA Finance Rus (Russian Federation)

Member of the Supervisory Board
> PSA Bank Deutschland GmbH (Germany)

Since 27 July 2021, Arnaud DE LAMOTHE has been replaced by Hélène BOUTELEAU as Director.

HÉLÈNE BOUTELEAU

Born on
22 July 1975

Director

First appointed to the Board on
27 July 2021
Current term expires in 2027

Committees

- Audit and Risk
- Appointment
- Remuneration

Other positions held

Deputy Chief Executive Office

> Banque PSA Finance (France)

Director

> Compagnie Générale de Crédit aux Particuliers – CREDIPAR (France)
> PSA Finance UK Limited (United Kingdom)

1.5.4.2 REGULATORY AND EXECUTIVE COMMITTEES OF THE PSA BANQUE FRANCE GROUP

A. Audit and Risk Committee

As at 30 June 2021, the Audit and Risk Committee had the following members:

Name	Position within the PSA Banque France Group
Rafael MORAL SALARICH, Chairman	Director and Chairman of the Board of Directors of PSA Banque France
Rémy BAYLE	Director of PSA Banque France
Martin THOMAS	Director of PSA Banque France
Arnaud de LAMOTHE	Director of PSA Banque France

From 27 July 2021:

Name	Position within the PSA Banque France Group
Rafael MORAL SALARICH, Chairman	Director and Chairman of the Board of Directors of PSA Banque France
Rémy BAYLE	Director of PSA Banque France
Martin THOMAS	Director of PSA Banque France
Hélène BOUTELEAU	Director of PSA Banque France

B. Appointment Committee

As at 30 June 2021, the Appointment Committee had the following members:

Name	Position within the PSA Banque France Group
Martin THOMAS, Chairman	Director of PSA Banque France
Rafael MORAL SALARICH	Director and Chairman of the Board of Directors of PSA Banque France
Rémy BAYLE	Director of PSA Banque France
Arnaud de LAMOTHE	Director of PSA Banque France

From 27 July 2021:

Name	Position within the PSA Banque France Group
Martin THOMAS, Chairman	Director of PSA Banque France
Rafael MORAL SALARICH	Director and Chairman of the Board of Directors of PSA Banque France
Rémy BAYLE	Director of PSA Banque France
Hélène BOUTELEAU	Director of PSA Banque France

C. Remuneration Committee

As at 30 June 2021, the Remuneration Committee had the following members:

Name	Position within the PSA Banque France Group
Martin THOMAS, Chairman	Director of PSA Banque France
Rafael MORAL SALARICH	Director and Chairman of the Board of Directors of PSA Banque France
Rémy BAYLE	Director of PSA Banque France
Arnaud de LAMOTHE	Director of PSA Banque France

From 27 July 2021:

Name	Position within the PSA Banque France Group
Martin THOMAS, Chairman	Director of PSA Banque France
Rafael MORAL SALARICH	Director and Chairman of the Board of Directors of PSA Banque France
Rémy BAYLE	Director of PSA Banque France
Hélène BOUTELEAU	Director of PSA Banque France

D. Executive Committee

As at 30 June 2021, the Executive Committee had the following members:

Name	Position
Laurent AUBINEAU	Chief Executive Officer
Jean-Paul DUPARC	Deputy Chief Executive Officer
Johnny AUDEBOURG	Responsible Person for I.T. Systems
Jean-Charles BATTAGLIA	Chief Risk Officer
Gregory BONNIN	Chief Human Resources Officer
Pedro CASTRO	Chief Financial Officer
Philippe CHAILLOUT	Chief Sales Officer
Charles DUMAS ALONSO	Audit Director
Laure DURAND	Chief Operations Officer
Fayssal JOUINI	Chief Marketing and Digital Officer
Catherine NOGUIER	Secretary General
Gilles PEREZ	Chief Collection Officer

From 1 September 2021:

Name	Position
Laurent AUBINEAU	Chief Executive Officer
Jean-Paul DUPARC	Deputy Chief Executive Officer
Jean-Charles BATTAGLIA	Chief Risk Officer
Gregory BONNIN	Chief Human Resources Officer
Philippe CHAILLOUT	Chief Sales Officer
Charles DUMAS ALONSO	Audit Director
Laure DURAND	Chief Operations Officer
Fayssal JOUINI	Chief Marketing and Digital Officer
Catherine NOGUIER	Secretary General
Gilles PEREZ	Chief Collection Officer
Stéphane RIEHL	Chief Financial Officer
Corinne YONNET	Responsible Person for I.T. Systems

1.5.5 Persons responsible for auditing the accounts

PricewaterhouseCoopers Audit

Crystal Park, 63, rue de Villiers,

92200 Neuilly-sur-Seine,

a simplified joint stock company (*société par actions simplifiée*) with capital of €2,510,460, entered in the R.C.S. (Trade and Companies Register number) of Nanterre under No. 672 006 483.

Statutory Auditors and member of the *Compagnie régionale de Versailles*.

Term of mandate: six years.

Date of end of mandate: 2022 financial year.

Represented as at 30 June 2021 by Isabelle Gallois.

Mazars

61, rue Henri Régnault,

92400 Courbevoie,

a limited liability company (*société anonyme*) with capital of €8,320,000, entered in the Trade and Companies Register of Nanterre under No. 784 824 153.

Statutory Auditors and member of the *Compagnie régionale de Versailles*.

Term of mandate: six years.

Date of end of mandate: 2026 financial year.

Represented as at 30 June 2021 by Matthew Brown and Olivier Gatard.

2 CONDENSED 2021 HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS

2.1 CONSOLIDATED BALANCE SHEET

(in million euros)	Notes	30/06/2021	31/12/2020
Assets			
Cash, central banks	3	1,200	487
Financial assets at fair value through profit or loss	4	4	0
Hedging instruments		1	0
Financial assets at fair value through equity	5	40	-
Loans and advances to credit institutions at amortised cost	6	719	964
Customer loans and receivables at amortised cost	7	13,923	13,895
Fair value adjustments to finance receivables portfolios hedged against interest rate risks	21.2	(4)	(1)
Current tax assets	25.1	0	1
Deferred tax assets	25.1	3	3
Accruals and other assets	8	318	308
Property and equipment		17	17
TOTAL ASSETS		**16,221**	**15,674**

(in million euros)	Notes	30/06/2021	31/12/2020
Equity and liabilities			
Central banks		0	0
Financial liabilities at fair value through profit or loss	9	0	1
Hedging instruments	10	1	0
Deposits from credit institutions	11	4,609	4,937
Due to customers	12	3,365	3,214
Debt securities	13	5,386	4,684
Current tax liabilities	25.1	24	8
Deferred tax liabilities	25.1	452	449
Accruals and other liabilities	14	601	639
Provisions		22	22
Subordinated debt	15	155	155
Equity		1,606	1,565
Equity attributable to equity holders of the parent		1,606	1,565
Share capital and other reserves		757	757
Consolidated reserves		851	810
of which Net income - equity holders of the parent		*167*	*243*
Gains and losses recognised directly in equity		(2)	(2)
TOTAL EQUITY AND LIABILITIES		**16,221**	**15,674**

2.2 CONSOLIDATED INCOME STATEMENT

(in million euros)	Notes	H1 2021	H1 2020	2020
Interest and similar income	18	266	250	509
Interest and similar expenses	19	(42)	(43)	(88)
Fees and commissions income	20	75	70	147
Fees and commissions expenses	20	(2)	(2)	(5)
Net gains or losses on financial instruments at fair value through profit or loss	21	1	0	0
Income on other activities	22	12	10	21
Expenses on other activities	22	(16)	(11)	(19)
Net banking revenue		**294**	**274**	**565**
General operating expenses	23	**(81)**	**(79)**	**(154)**
Personnel costs		(34)	(32)	(65)
Other general operating expenses		(47)	(47)	(89)
Depreciation and amortisation of intangible and tangible assets		**(2)**	**(3)**	**(3)**
Gross operating income		**211**	**192**	**408**
Cost of risk	24	**(6)**	**(31)**	**(58)**
Operating income		**205**	**161**	**350**
Pension obligation - expenses		0	0	0
Pension obligation - income		-	-	-
Other non-operating items		-	(5)	(4)
Pre-tax income		**205**	**156**	**346**
Income taxes	25.2 and 25.3	(38)	(48)	(103)
Net income		**167**	**108**	**243**
of which attributable to equity holders of the parent		*167*	*108*	*243*

2.3 NET INCOME AND GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY

	H1 2021			H1 2020			2020		
(in million euros)	Before tax	Tax	After tax	Before tax	Tax	After tax	Before tax	Tax	After tax
Net income	**205**	**(38)**	**167**	**156**	**(48)**	**108**	**346**	**(103)**	**243**
of which minority interest			-			-			-
Recyclable in profit and loss elements	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Fair value adjustments to hedging instruments	-	-	-	-	-	-	-	-	-
of which revaluation reversed in net income	-	-	-	-	-	-	-	-	-
of which revaluation directly in equity	-	-	-	-	-	-	-	-	-
Not recyclable in profit and loss elements	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Actuarial gains and losses on pension obligations	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
Total gains and losses recognised directly in equity	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
of which minority interest			-			-			-
Total net income and gains and losses recognised directly in equity	**205**	**(38)**	**167**	**156**	**(48)**	**108**	**346**	**(103)**	**243**
of which minority interest			-			-			-
of which attributable to equity holders of the parent			*167*			*108*			*243*

2.4 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital and other reserves				Fair value adjustments - Equity holders of the parent				
(in million euros)	**Share capital**	**Issue, share and merger premiums**	**Legal reserve and other reserves**	**Consolidated reserves**	**Actuarial gains and losses on pension obligations**	**Financial assets at fair value through equity: revaluation**	**Equity attributable to equity holders of the parent**	**Minority interests**	**Total equity**
As at 31 December 2019	**145**	**593**	**19**	**688**	**(2)**	**-**	**1,443**	**-**	**1,443**
Appropriation of profit from the previous financial year	-	-	-	-	-	-	-	-	-
Net income and gains and losses recognised directly in equity	-	-	-	108	-	-	108	-	108
Dividend paid to Santander Consumer Finance	-	-	-	(60)	-	-	(60)	-	(60)
Dividend paid to Banque PSA Finance	-	-	-	(60)	-	-	(60)	-	(60)
As at 30 June 2020	**145**	**593**	**19**	**676**	**(2)**		**1,431**		**1,431**
Appropriation of profit from the previous financial year	-	-	-	-	-	-	-	-	-
Net income and gains and losses recognised directly in equity	-	-	-	135	-	-	135	-	135
Dividend paid to Santander Consumer Finance	-	-	-	-	-	-	-	-	-
Dividend paid to Banque PSA Finance	-	-	-	-	-	-	-	-	-
As at 31 December 2020	**145**	**593**	**19**	**810**	**(2)**	**-**	**1,565**	**-**	**1,565**
Appropriation of profit from the previous financial year	-	-	-	-	-	-	-	-	-
Net income and gains and losses recognised directly in equity	-	-	-	167	-	-	167	-	167
Dividend paid to Santander Consumer Finance	-	-	-	(63)	-	-	(63)	-	(63)
Dividend paid to Banque PSA Finance	-	-	-	(63)	-	-	(63)	-	(63)
As at 30 June 2021	**145**	**593**	**19**	**851**	**(2)**	**-**	**1,606**	**-**	**1,606**

On legal terms:

As at 31 December 2014, PSA Banque France's share capital was €9,600,000, fully paid-up; it was divided into 600,000 shares.

As at 31 December 2015, PSA Banque France's share capital was €144,842,528 fully paid-up; it was divided into 9,052,658 shares.

As a reminder, as at 30 January 2015, the following operations were recognised at PSA Banque France:

- *a capital increase for an amount of €131,627,216, through the issue of 8,226,701 new ordinary shares with a value of €16 each in payment for contributions in kind (contribution of SOFIRA and CREDIPAR shares by Banque PSA Finance);*
- *a share premium of an amount of €722,082,615.23 corresponding to the difference between the value of the contributions, representing €853,709,831.23, and the nominal value of the shares issued in payment for the contributions, representing €131,627,216;*
- *a cash capital increase of a nominal amount of €3,615,312 through the issue, with maintaining of preferential right to subscribe, of 225,957 shares of €16 nominal value each associated with a total premium of €19,832,904.52.*

Since 31 December 2016, PSA Banque France's share capital is €144,842,528 fully paid-up; it is divided into 9,052,658 shares.

In accordance with the Amendment to IAS 1 - Presentation of Financial Statements - Capital Disclosures, the necessary information is given in the paragraph "Regulatory capital and regulatory capital requirements" of the Half-Year Management Report.

2.5 CONSOLIDATED STATEMENT OF CASH FLOWS

(in million euros)	H1 2021	H1 2020	2020
Pre-tax income	**205**	**156**	**346**
Non-cash items			
Net depreciation and impairment of property and equipment and intangible assets	1	3	3
Net depreciation and provisions	9	44	62
Net gain/loss of investing activities	-	-	-
Income/expenses of financing activities	1	1	3
Other movements	(58)	(262)	(22)
Total of non-monetary items included in the pre-tax income and other adjustments	**(47)**	**(214)**	**46**
Change in credit institutions items	(210)	330	1,045
Change in customer items	122	1,036	(45)
Change in financial assets and liabilities	659	(995)	(1,288)
Change in non-financial assets and liabilities	(7)	-	(99)
Tax paid	(19)	(7)	(17)
Net decrease/increase of assets and liabilities provided by operating activities	**545**	**364**	**(404)**
Net cash provided by operating activities (A)	**703**	**306**	**(12)**
Change in equity investments	**-**	**-**	**-**
Inflows from disposals of shares in subsidiaries, net of cash transferred	-	-	-
Outflows linked to acquisitions of shares in subsidiaries, net of cash transferred	-	-	-
Change in property and equipment and intangible assets	**(1)**	**-**	**(2)**
Outflows from acquisitions of property and equipment and intangible assets	(2)	(1)	(7)
Inflows from disposals of property and equipment and intangible assets	1	1	5
Effect of changes in scope of consolidation	**-**	**-**	**-**
Net cash used by investing activities (B)	**(1)**	**-**	**(2)**
Cash flows from or to shareholders			
Outflows for the dividends paid to:	(126)	(120)	(120)
> Santander Consumer Finance	(63)	(60)	(60)
> Banque PSA Finance	(63)	(60)	(60)
Inflows from issuance of equity instruments	-	-	-
Other net cash from financing activities	**(2)**	**(3)**	**(4)**
Inflow/(outflow) linked to subordinated debt	(2)	(3)	(4)
Net cash used by financing activities (C)	**(128)**	**(123)**	**(124)**
Effect of changes in exchange rates (D)	**-**	**-**	**-**
Net increase/(decrease) of cash and cash equivalents (A + B + C + D)	**574**	**183**	**(138)**
Cash and cash equivalents at the beginning of the period	**1,286**	**1,424**	**1,424**
Cash, central banks (assets and liabilities)	487	453	453
Demand accounts (assets and liabilities) and loans/borrowing with credit institutions	799	971	971
Cash and cash equivalents at the end of the period	**1,860**	**1,607**	**1,286**
Cash, central banks (assets and liabilities)	1,200	396	487
Demand accounts (assets and liabilities) and loans/borrowing with credit institutions	660	1,211	799

2.6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTENTS

NOTE 1 Main events of the period and Group structure

A. MAIN EVENTS OF THE PERIOD

Management and measures in the context of Covid-19

The global Covid-19 pandemic affected the production and commercial activities of STELLANTIS. In order to deal with this unprecedented health crisis, which imposed several lockdown periods, of which from 3 April to 3 May 2021, the PSA Banque France Group has implemented several measures to ensure the continuity of its operations and to constantly support the activity of its customers.

The support measures on the moratoria consisted of one or more deferrals of instalments for end-user customers and also for certain financing activities of the dealer network.

These support measures expired on 31 May 2021.

A more detailed description is provided in Section 1.1.2.2 F of Chapter 1 of the half-year management report.

Refinancing strategy in the context of Covid-19

The PSA Banque France Group benefits from funding raised on capital markets (negotiable debt securities and bond issues under EMTN programme), provided by debt securitisation transactions, retail savings inflow from French customers, access to the refinancing operations of the European Central Bank (ECB) and bilateral bank credit lines, in addition to intra-group financing provided directly by Santander Consumer Finance.

This diversified refinancing policy model demonstrated its resilience in the context of the Covid-19 pandemic by continuing to ensure optimised refinancing conditions for PSA Banque France, enabling it to take advantage of the sources of financing with the most favourable terms. In the first half of 2021, the PSA Banque France Group has thus increased its total participation in TLTRO-III operations to €2,825 million, issued its sixth EMTN bond and placed its second public transaction Auto ABS French Leases 2021.

B. CHANGES IN GROUP STRUCTURE

In June 2021, CREDIPAR sold receivables to the FCT Auto ABS French LT Leases 2021 corresponding to future lease payment of leasing contracts with a purchase option. CREDIPAR retains most of the operating income attached to the receivables sold to the FCT. Consequently, this latter has been fully consolidated since June 2021.

C. LIST OF CONSOLIDATED COMPANIES

		PSA Banque France interest			30/06/2021		31/12/2020	
			Indirect					
Companies	Country ISO code	% Direct	%	Held by	Consolidation method	% interest	Consolidation method	% interest
Subsidiaries								
Sales financing								
CREDIPAR	FR	100	-		FC	100	FC	100
CLV	FR	-	100	CREDIPAR	FC	100	FC	100
Special purpose entities								
FCT Auto ABS French Loans Master	FR	-	-		FC	100	FC	100
FCT Auto ABS DFP Master – Compartment France 2013	FR	-	-		FC	100	FC	100
FCT Auto ABS French Leases Master – Compartment 2016	FR	-	-		FC	100	FC	100
FCT Auto ABS French LT Leases Master	FR	-	-		FC	100	FC	100
FCT Auto ABS French Leases 2018	FR	-	-		FC	100	FC	100
FCT Auto ABS French Leases 2021	FR	-	-		FC	100	-	-

NOTE 2 Accounting policies

The half-year consolidated financial statements for the six months ended 30 June 2021 have been prepared in accordance with IAS 34 – Interim Financial Reporting, which allows to present a selection of explanatory notes. These condensed half-year consolidated financial statements should be read in conjunction with the 2020 consolidated financial statements.

The accounting principles applied to prepare the half-year consolidated financial statements for the six months ended 30 June 2021, are identical to those used for the financial year ended 31 December 2020, with the exception of the application of new compulsory standards and interpretations, see the section below: "New IFRS and IFRIC Interpretations compulsorily applicable to the financial year commencing on 1 January 2021".

In accordance with European Council Regulation 1606/2002/EC dated 19 July 2002 on the application of international accounting standards from 1 January 2005, PSA Banque France's consolidated financial statements for the year ended 31 December 2020 have been prepared in accordance with the International Financial Reporting Standards (IFRS) applicable and adopted by the European Union as of that date.

As at 30 June 2021, the presentation of PSA Banque France Group's consolidated financial statements are prepared according to the recommendation of the French accounting standards (ANC) setter, in particular the recommendation ANC No. 2017-02 of 2 June 2017 related to the presentation of the consolidated financial statements of banking institutions as at 1 January 2018.

International Financial Reporting Standards (IFRS) also include International Accounting Standards (IAS) and related interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC).

New IFRS and IFRIC Interpretations compulsorily applicable to the financial year commencing on 1 January 2021

There are no new mandatory texts on 1 January 2021, to be applied by PSA Banque France Group.

Recent developments of the IFRS Interpretations Committee ("IFRIC")

In April 2021, the IFRS Interpretation Committee issued an agenda decision to clarify the periods of service over which employee benefits are granted under IAS 19 for defined benefit pension plans. This decision may affect certain retirement indemnities for which an analysis is in progress. As at 30 June 2021, provisions for pension obligations included on the liabilities side of the PSA Banque France balance sheet amounted to €12 million.

NOTE 3 Cash, central banks

(in million euros)	30/06/2021	31/12/2020
Cash and post office banks	-	-
Central bank*	1,200	487
of which compulsory reserves deposited with the Banque de France	*35*	*37*
TOTAL	**1,200**	**487**

* *Apart from compulsory reserves, the supplementary deposits on the Banque de France account correspond to a high-quality liquidity asset type investment in order to comply with the Liquidity Coverage Ratio (LCR).*

NOTE 4 Financial assets at fair value through profit or loss

4.1 ANALYSIS BY NATURE

(in million euros)	30/06/2021	31/12/2020
Fair value of trading derivatives (1)	**-**	**1**
of which related companies with Santander Consumer Finance Group	-	-
Offsetting positive fair value and received margin calls	**-**	**(1)**
Accrued interest on trading derivatives	**-**	**-**
of which related companies with Santander Consumer Finance Group	-	-
Equity securities at fair value through profit or loss (2)	**4**	**-**
of which "certificat d'associés" *(FGDR)*	*3*	-
of which "certificat d'association" *(FGDR)*	*1*	-
TOTAL	**4**	**-**

(1) The swaps classified as held for trading are related to securitisation activities. With the exception of intermediation fees, changes in the fair value of these swaps are offset by changes in the fair value of swaps in the opposite direction before offsetting margin calls at CREDIPAR. In fact, the rate of the swap set up in the securitising entity (CREDIPAR) since 2018 includes intermediation costs, whereas this is not the case for the swap set up in the opposite direction in the securitisation vehicle (FCT) (see Notes 9.1 and 21.1).

(2) Reclassification of "certificat d'associés" and "certificat d'association" from other assets to financial assets at fair value through profit or loss.

4.2 OFFSETTING SWAPS WITH MARGIN CALL DESIGNATED AS TRADING - ASSETS

FOR 2021

	Asset gross amount				
Positive valued swaps *(in million euros)*	**Swap's winning leg**	**Swap's losing leg**	**Asset net amount before offsetting**	**Offsetting with received margin calls**	**Balance sheet amount after offsetting**
Positive fair value	**0.1**	**-**	**0.1**	**-**	**0.1**
Swaps with margin call	*0.1*	-	*0.1*	-	*0.1*
Swaps without margin call	-	-	-	-	-
Offsetting	**-**	**-**	**-**	**(0.1)**	**(0.1)**
Accrued income	**-**	**-**	**-**	**-**	**-**
Swaps with margin call	-	-	-	-	-
Swaps without margin call	-	-	-	-	-
Total assets	**0.1**	**-**	**0.1**	**(0.1)**	**-**
Margin calls received on swaps designated as trading (deferred income - see Note 14)	-	-	0.2	(0.1)	0.1
Total liabilities	**-**	**-**	**0.2**	**(0.1)**	**0.1**

FOR 2020

Positive valued swaps *(in million euros)*	**Asset gross amount**		**Asset net amount before offsetting**	**Offsetting with received margin calls**	**Balance sheet amount after offsetting**
	Swap's winning leg	**Swap's losing leg**			
Positive fair value	**0.6**	**-**	**0.6**	**-**	**0.6**
Swaps with margin call	*0.6*	-	*0.6*	-	*0.6*
Swaps without margin call	-	-	-	-	-
Offsetting	**-**	**-**	**-**	**(0.5)**	**(0.5)**
Accrued income	**-**	**-**	**-**	**-**	**-**
Swaps with margin call	-	-	-	-	-
Swaps without margin call	-	-	-	-	-
Total assets	**0.6**	**-**	**0.6**	**(0.5)**	**0.1**
Margin calls received on swaps designated as trading (deferred income - see Note 14)	-	-	0.5	(0.5)	-
Total liabilities	**-**	**-**	**0.5**	**(0.5)**	**-**

NOTE 5 Financial assets at fair value by equity

(in million euros)	**30/06/2021**		**31/12/2020**	
	Market value	**of which change in value directly recognised in equity**	**Market value**	**of which change in value directly recognised in equity**
Debt instruments	40	-	-	-
*of which bonds and other debt securities**	*40*	-	-	-
TOTAL	**40**	**-**	**-**	**-**

* *The purchase of French government debt securities was made in the first half of 2021 in order to obtain additional European Central Bank eligible collateral. The change in the market value of these securities is recognised in equity since they are not intended to be held until maturity.*

NOTE 6 Loans and advances to credit institutions at amortised cost

ANALYSIS OF DEMAND AND TIME ACCOUNTS

(in million euros)	**30/06/2021**	**31/12/2020**
Demand accounts	719	964
Ordinary accounts in debit	719	964
of which held by securitisation funds	*119*	*109*
of which pledged for the SRT transaction (1)	*96*	*126*
of which specific dedicated accounts (SDA) (2)	*239*	*228*
Amounts to receive on bank accounts	-	-
Current accounts and overnight loans	-	-
of which related companies with Santander Consumer Finance Group	-	-
Time accounts	**-**	**-**
Accrued interest	**-**	**-**
TOTAL	**719**	**964**

(1) For the benefit of the Auto ABS Synthetic French Loans 2019 securitisation mutual fund.
(2) Accounts opened by CREDIPAR in favour of securitisation funds.

NOTE 7 Customer loans and receivables at amortised cost

7.1 ANALYSIS BY TYPE OF FINANCING

(in million euros)	30/06/2021	31/12/2020
Loans	**2,400**	**2,449**
of which securitised (1)	*1,969*	*1,994*
Leasing with a purchase option (2)	**4,560**	**4,336**
Principal and interest	5,125	4,854
of which securitised (1)	*3,288*	*2,270*
Unaccrued interest on leasing with a purchase option	(565)	(518)
of which securitised (1)	*(376)*	*(236)*
Long-term leases (2)	**3,536**	**3,267**
Principal and interest	3,856	3,549
of which securitised (1)	*966*	*1,002*
Unaccrued interest on long-term leases	(320)	(282)
of which securitised (1)	*(95)*	*(95)*
Leasing deposits	-	-
of which securitised (1)	-	-
Trade receivables	**2,515**	**2,998**
Related companies with STELLANTIS	15	6
Non-group companies	2,500	2,992
of which securitised (1)	*747*	*755*
Other finance receivables (including equipment loans, revolving credit)	**572**	**548**
Ordinary accounts in debit	**111**	**80**
Related companies with STELLANTIS	11	1
Non-group companies	100	79
Deferred items included in amortised cost - Customers loans and receivables	**229**	**217**
Deferred acquisition costs	316	306
Deferred loan set-up costs	(12)	(18)
Deferred manufacturer and dealer contributions	(75)	(71)
Total Loans and Receivables at Amortised Cost (3)	**13,923**	**13,895**
of which securitised (1)	*6,499*	*5,690*

(1) The PSA Banque France Group has set up several securitisation programmes (see Note 7.3).

(2) The PSA Banque France Group purchases vehicles from Peugeot, Citroën and DS dealers and leases them to end-user customers. Leases are mainly offered for one to five years. The PSA Banque France Group remains owner of the vehicle throughout the rental period. At the end of a lease with a purchase option, the customer has the choice of returning the vehicle or exercising his purchase option. For long-term lease contracts, the dealer or, in certain cases, the manufacturer himself undertakes to buy the vehicle from the PSA Banque France Group when it is returned by the lessee at the end of the contract at a price determined at the time of the establishment of the lease. This recovery value of the vehicle corresponds to the estimated residual value of the vehicle at the end of the rental period. This commitment to take back the vehicle allows the PSA Banque France Group to avoid being exposed to the risk associated with the vehicle's recovery and any change in its value at the end of the lease. The amount that the dealer or manufacturer pays to the PSA Banque France Group is not affected by any fees the customer may incur if the vehicle is not in a satisfactory condition or has exceeded its agreed mileage. On the other hand, PSA Banque France Group will generally bear the risk on the resale value of the vehicle if during the rental period of the vehicle, the customer interrupts the payment of his rents. In fact, the predetermined amount of recovery of the vehicle by the dealer or manufacturer may not be sufficient to compensate for the loss of rents not paid by the customer in the event of an early termination, which the PSA Banque France Group analyses as an integral part of the credit risk on the customer. The long-term lease contracts therefore include a clause to compensate for the damage caused by the early termination of the contract.

Consequently, given the commitments received from the dealers or the manufacturer, on the recovery and the residual values of the vehicles at the end of the contract, and these commitments being considered enforceable although the manufacturer is a related party in the sense of IAS24, PSA Banque France Group considers that it does not bear the risks and advantages related to the value and the ownership of the vehicle. For this reason, lease transactions (lease with purchase option and long-term lease) are considered and accounted for as finance leases and are presented in the accounts as outstanding loans.

(3) All of the Customer Loans and Receivables are denominated in euros.

7.2 CUSTOMER LOANS AND RECEIVABLES BY SEGMENT

IFRS 8 Segment	Corporate Dealers		End user – Retail		End user – Corporate and equivalent		Total	
Type of financing	(A - see B Note 24.1)		(B - see A Note 24.1)		(C - see C Note 24.1)			
(in million euros)	30/06/2021	31/12/2020	30/06/2021	31/12/2020	30/06/2021	31/12/2020	30/06/2021	31/12/2020
Loans	12	11	2,387	2,437	1	1	2,400	2,449
Leasing with a purchase option	6	7	4,515	4,291	39	38	4,560	4,336
Long-term leases	246	237	2,166	2,004	1,124	1,026	3,536	3,267
Trade Receivables	2,515	2,998	-	-	-	-	2,515	2,998
Other finance receivables	567	542	2	3	3	3	572	548
Ordinary accounts in debit	111	80	-	-	-	-	111	80
Deferred items included in amortised cost	8	8	187	177	34	32	229	217
TOTAL CUSTOMER LOANS BY SEGMENT (BASED ON IFRS 8)	**3,465**	**3,883**	**9,257**	**8,912**	**1,201**	**1,100**	**13,923**	**13,895**

7.3 REFINANCING PROGRAMMES BY SECURITISATION

Fund	Closing, i.e. first date of sale	Type of financing	Sold net receivables 30/06/2021	Sold net receivables 31/12/2020
FCT Auto ABS French Loans Master	13/12/2012 (2)	Loans	1,969	1,994
FCT Auto ABS DFP Master – Compartment France 2013	03/05/2013 (2)	Trade receivables	747	755
FCT Auto ABS French Leases Master – Compartment 2016	28/07/2016 (2)	Leasing with a purchase option (1)	1,760	1,783
FCT Auto ABS French LT Leases Master	27/07/2017 (2)	Long-term leases (3)	871	907
FCT Auto ABS French Leases 2018	23/11/2018	Leasing with a purchase option (1)	155	251
FCT Auto ABS French Leases 2021	28/06/2021	Leasing with a purchase option (1)	997	-
TOTAL			**6,499**	**5,690**

(1) Sold receivables correspond to future lease payments and sales receivables of the vehicle or purchase option (leases with a purchase option or finance leases).

(2) The monthly issuances of these funds enable the adjustment of the liabilities of the fund towards the portfolio to be refinanced (portfolio that can increase or decrease) up to the maximum programme size.

(3) Sold receivables correspond to future long-term lease revenues and residual value.

When CREDIPAR is refinanced through securitisation, CREDIPAR uses Special Purpose Vehicles (SPV) to which it assigns its receivables. The funds are special purpose entities that are fully consolidated by the PSA Banque France Group as its CREDIPAR subsidiary retains the majority of the risks (mainly credit risk) and rewards (net banking revenue) generated by the special entities.

The credit enhancement techniques used by the PSA Banque France Group as part of its securitisation transactions retain on its books the financial risks inherent in these transactions. The Group also finances all liquidity reserves which enable it to manage specific risks. Lastly, the Group remains the exclusive beneficiary of the benefits which derive from these transactions, particularly where the remuneration received as counterparty for the placing of the senior tranches on the majority of the transactions is concerned.

NOTE 8 Accruals and other assets

(in million euros)	30/06/2021	31/12/2020
Other receivables	**196**	**186**
of which related companies with STELLANTIS	*142*	*128*
Prepaid and recoverable taxes	**60**	**59**
Accrued income	**8**	**8**
of which related companies with STELLANTIS	*6*	*6*
Prepaid expenses	**8**	**4**
of which margin calls paid on swaps	*1*	*-*
of which related companies with Santander Consumer Finance Group	*1*	*4*
of which non-group companies	*-*	*(4)*
Other	**46**	**51**
of which related companies with Santander Consumer Finance Group	*10*	*10*
TOTAL	**318**	**308**

NOTE 9 Financial liabilities at fair value through profit or loss

9.1 Analysis by Nature

(in million euros)	30/06/2021	31/12/2020
Fair value of trading derivatives	**-**	**1**
of which related companies with Santander Consumer Finance Group	*-*	*-*
Offsetting negative fair value and paid margin calls	**-**	**-**
Accrued expense on trading derivatives	**-**	**-**
of which related companies with Santander Consumer Finance Group	*-*	*-*
TOTAL	**-**	**1**

The swaps classified as held for trading are related to securitisation activities. With the exception of intermediation fees, changes in the fair value of these swaps are offset by changes in the fair value of swaps in the opposite direction before offsetting margin calls at CREDIPAR.

In fact, the rate of the swap set up in the securitising entity (CREDIPAR) since 2018 includes intermediation costs of the swap counterparty, whereas this is not the case for the swap set up in the opposite direction in the securitisation vehicle (SPV) (see Notes 4.1 and 21.1).

9.2 Offsetting Swaps with Margin Call Designated as Trading - Liabilities

FOR 2021

Negative valued swaps *(in million euros)*	**Liability gross amount** Swap's winning leg	Swap's losing leg	**Liability net amount before offsetting**	**Offsetting with paid margin calls**	**Balance sheet amount after offsetting**
Negative fair value	**-**	**0.3**	**0.3**	**-**	**0.3**
Swaps with margin call	-		-	-	-
Swaps without margin call	-	0.3	0.3	-	0.3
Offsetting	**-**	**-**	**-**	**-**	**-**
Accrued expense	**-**	**-**	**-**	**-**	**-**
Swaps with margin call	-	-	-	-	-
Swaps without margin call	-	-	-	-	-
Total liabilities	**-**	**0.3**	**0.3**	**-**	**0.3**
Margin calls paid on swaps designated as trading (prepaid expenses - see Note 8)	-	-	-	-	-
Total assets	**-**	**-**	**-**	**-**	**-**

FOR 2020

Negative valued swaps *(in million euros)*	**Liability gross amount** Swap's winning leg	Swap's losing leg	**Liability net amount before offsetting**	**Offsetting with paid margin calls**	**Balance sheet amount after offsetting**
Negative fair value	**-**	**0.6**	**0.6**	**-**	**0.6**
Swaps with margin call	-		-	-	-
Swaps without margin call	-	0.6	0.6	-	0.6
Offsetting	**-**	**-**	**-**	**-**	**-**
Accrued expense	**-**	**-**	**-**	**-**	**-**
Swaps with margin call	-	-	-	-	-
Swaps without margin call	-	-	-	-	-
Total liabilities	**-**	**0.6**	**0.6**	**-**	**0.6**
Margin calls paid on swaps designated as trading (prepaid expenses - see Note 8)	-	-	-	-	-
Total assets	**-**	**-**	**-**	**-**	**-**

NOTE 10 Hedging instruments - Liabilities

10.1 ANALYSIS BY NATURE

(in million euros)	30/06/2021	31/12/2020
Negative fair value of instruments designated as hedges of:	**1**	**4**
Borrowings	-	-
EMTNs/NEU MTNs	-	-
Bonds	-	-
NEU CP - Other debts securities	-	-
Customer loans (loans, leasing with a purchase option and long-term leases)	1	4
of which related companies with Santander Consumer Finance Group	-	-
Offsetting negative fair value and paid margin calls (see Note 10.2)	**-**	**(4)**
Accrued expenses on swaps designated as hedges	**-**	**-**
of which related companies with Santander Consumer Finance Group	-	-
TOTAL	**1**	**-**

Fair value is determined by applying valuation techniques based on observable market data (level 2).

Fair Value Hedge effectiveness is analysed in Note 21.

10.2 OFFSETTING SWAPS WITH MARGIN CALL DESIGNATED AS HEDGES - LIABILITIES

FOR 2021

	Liability gross amount				
Negative valued swaps *(in million euros)*	**Swap's winning leg**	**Swap's losing leg**	**Liability net amount before offsetting**	**Offsetting with paid margin calls**	**Balance sheet amount after offsetting**
Negative fair value	**(5.5)**	**6.4**	**0.9**	**-**	**0.9**
Swaps with margin call	(5.5)	6.4	0.9	-	0.9
Swaps without margin call	-	-	-	-	-
Offsetting	**-**	**-**	**-**	**-**	**-**
Accrued expense	**(0.4)**	**0.6**	**0.2**	**-**	**0.2**
Swaps with margin call	(0.4)	0.6	0.2	-	0.2
Swaps without margin call	-	-	-	-	-
Total liabilities	**(5.9)**	**7.0**	**1.1**	**-**	**1.1**
Margin calls paid on swaps designated as hedges (prepaid expenses - see Note 8)	-	-	0.7	-	0.7
Total assets	**-**	**-**	**0.7**	**-**	**0.7**

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FOR 2020

Negative valued swaps *(in million euros)*	**Liability gross amount** Swap's winning leg	Swap's losing leg	**Liability net amount before offsetting**	**Offsetting with paid margin calls**	**Balance sheet amount after offsetting**
Negative fair value	**(8.8)**	**12.2**	**3.4**	**-**	**3.4**
Swaps with margin call	(8.8)	12.2	3.4	-	3.4
Swaps without margin call	-	-	-	-	-
Offsetting	**-**	**-**	**-**	**(3.8)**	**(3.8)**
Accrued expense	**(0.4)**	**0.7**	**0.3**	**-**	**0.3**
Swaps with margin call	(0.4)	0.7	0.3	-	0.3
Swaps without margin call	-	-	-	-	-
Total liabilities	**(9.2)**	**12.9**	**3.7**	**(3.8)**	**(0.1)**
Margin calls paid on swaps designated as hedges (prepaid expenses - see Note 8)	-	-	3.8	(3.8)	-
Total assets	**-**	**-**	**3.8**	**(3.8)**	**-**

NOTE 11 Deposits from credit institutions

ANALYSIS OF DEMAND AND TIME ACCOUNTS

(in million euros)	**30/06/2021**	**31/12/2020**
Demand deposits	**59**	**164**
Ordinary accounts in credit	58	62
of which related companies with STELLANTIS	-	-
Accounts and deposits at overnight rates	-	101
of which related companies with Santander Consumer Finance Group	-	*101*
Other amounts due to credit institutions	1	1
Accrued interest	**-**	**-**
Time deposits (non-group institutions)	**4,575**	**4,785**
Conventional bank deposits	1,750	2,535
of which related companies with Santander Consumer Finance Group	*1,650*	*2,235*
Deposits from the ECB (see Note 17)	2,825	2,250
Deferred items included in amortised cost of deposits from credit institutions	**-**	**-**
Debt issuing costs (deferred charges)	-	-
Accrued interest	**(25)**	**(12)**
of which related companies with Santander Consumer Finance Group	-	-
TOTAL DEPOSITS FROM CREDIT INSTITUTIONS AT AMORTISED COST*	**4,609**	**4,937**

* *Total debt is denominated in euros.*

NOTE 12 Due to customers

(in million euros)	30/06/2021	31/12/2020
Demand accounts	**2,909**	**2,816**
Ordinary accounts in credit	279	295
Related companies with STELLANTIS	110	146
Non-group companies	169	149
of which successions about passbook savings account	*4*	*4*
Passbook savings accounts	2,539	2,441
Other amounts due to customers	91	80
Related companies with STELLANTIS	-	-
Non-group companies	91	80
Accrued interest	**9**	**-**
of which passbook savings accounts	*9*	-
Time deposits	**441**	**391**
Term deposit accounts	430	380
Other	11	11
Related companies	-	-
Non-group companies	11	11
Accrued interest	**6**	**7**
of which time deposits	*6*	*7*
TOTAL*	**3,365**	**3,214**

* *Total debt is denominated in euros.*

In the segment information, "Customer ordinary accounts in credit", "Passbook savings accounts" and "Term deposit accounts" are classified in "Refinancing" (see Note 26.1).

NOTE 13 Debt securities

13.1 ANALYSIS BY NATURE

(in million euros)	30/06/2021	31/12/2020
Interbank instruments and money-market securities (non-group institutions)	**3,355**	**3,047**
EMTNs and NEU MTNs (1)	2,972	2,524
of which paper in the process of being delivered	-	-
NEU CP	383	523
of which paper in the process of being delivered	-	-
Securities issued by securitisation funds (see Note 13.3)	**2,029**	**1,637**
Accrued interest	**4**	**7**
Securitisation	-	-
Deferred items included in amortised cost of debt securities	**(2)**	**(7)**
Debt issuing costs and premiums (deferred charges)	(2)	(7)
TOTAL DEBT SECURITIES AT AMORTISED COST (2)	**5,386**	**4,684**

(1) In January 2021, the PSA Banque France Group issued a sixth EMTN bond in an amount of €500 million with a four-year maturity after having repaid in January 2020 its first EMTN issued in 2017 with a three-year maturity.

(2) Total debt is denominated in euros.

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13.2 ANALYSIS BY MATURITY OF DEBT SECURITIES EXCLUDING ACCRUED INTEREST

	30/06/2021			31/12/2020		
(in million euros)	**Securitisations**	**Money-market securities**	**Other**	**Securitisations**	**Money-market securities**	**Other**
0 to 3 months	46	289	-	36	392	-
3 to 6 months	94	134	-	40	45	-
6 months to 1 year	368	612	-	314	423	-
1 to 5 years	1,521	2,320	-	1,247	2,187	-
Over 5 years	-	-	-	-	-	-
TOTAL	**2,029**	**3,355**	**-**	**1,637**	**3,047**	**-**

13.3 SECURITISATION PROGRAMMES

SECURITIES ISSUED BY SECURITISATION FUNDS

(in million euros)			Issued bonds	
Fund	**Bonds**	**Rating (1)**	**30/06/2021**	**31/12/2020**
FCT Auto ABS French Loans Master		*Fitch/Moody's*		
	Class A	AA/Aa2	1,888	1,901
	Class B	-	168	169
FCT Auto ABS DFP Master –		*S&P/Moody's*		
Compartment France 2013	Class S	AA/Aa	632	624
	Class B	-	147	149
FCT Auto ABS French Leases Master –		*Not Rated*		
Compartment 2016	Class A	-	947	947
	Class B	-	861	888
FCT Auto ABS French LT Leases Master		*Not Rated*		
	Class A	-	550	563
	Class B	-	360	388
FCT Auto ABS French Leases 2018		*Moody's/DBRS*		
	Class A	Aaa/AAA	19	115
	Class B	A1/A (high)	60	60
	Class C	*Not Rated*	90	90
FCT AUTO ABS French Leases 2021		*S&P - DBRS*		
	Class A	AAA/AAA	500	-
	Class B	AA+/AA	65	-
	Class C	*Not Rated*	141	-
Elimination of intra-group transactions (2)			(4,399)	(4,257)
TOTAL			**2,029**	**1,637**

(1) Rating obtained at closing or at last restructuring date of the transaction.

(2) CREDIPAR purchases subordinated securities and can also purchase senior securities, in order to use them as collateral at the European Central Bank.

NOTE 14 Accruals and other liabilities

(in million euros)	30/06/2021	31/12/2020
Trade payables	**163**	**133**
Related companies	103	81
of which related companies with STELLANTIS	*103*	*81*
of which related companies with Santander Consumer Finance Group	-	-
Non-group companies	60	52
Financial debt	**8**	**9**
Non-group companies	8	9
Accrued payroll and other taxes	**36**	**41**
Accrued charges	**192**	**231**
Related companies	26	32
of which related companies with STELLANTIS	*20*	*26*
of which related companies with Santander Consumer Finance Group	*6*	*6*
Non-group companies	166	199
Other payables	**124**	**157**
Related companies	17	17
of which related companies with STELLANTIS	*17*	*17*
Non-group companies	107	140
Deferred income	**16**	**16**
of which margin calls received on swaps (1)	-	-
Related companies	9	10
of which related companies with STELLANTIS	*9*	*10*
of which related companies with Santander Consumer Finance Group	-	-
Non-group companies	7	6
Other	**62**	**52**
Non-group companies	62	52
TOTAL	**601**	**639**

(1) As at 30 June 2021, margin calls paid on swaps were offset with the positive fair value for an amount of €0.1 million, compared to €0.5 million as at 31 December 2020 (see Note 4.2).

NOTE 15 Subordinated debts

(in million euros)	30/06/2021	31/12/2020
Subordinated debts	155	155
of which related companies with STELLANTIS	*77.5*	*77.5*
of which related companies with Santander Consumer Finance Group	*77.5*	*77.5*
Accrued interest	-	-
of which related companies with STELLANTIS	-	-
of which related companies with Santander Consumer Finance Group	-	-
TOTAL	**155**	**155**

CHANGES IN SUBORDINATED DEBTS

		Cash flows			
(in million euros)	Opening	Inflows	Outflows	Through profit or loss	30/06/2021
Subordinated debts	155	-	-	-	155
Accrued Interest	-	-	(2)	2	-
TOTAL	**155**	**-**	**(2)**	**2**	**155**

		Cash flows			
(in million euros)	Opening	Inflows	Outflows	Through profit or loss	31/12/2020
Subordinated debts	155	-	-	-	155
Accrued Interest	-	-	(2)	2	-
TOTAL	**155**	**-**	**(2)**	**2**	**155**

NOTE 16 Fair value of financial assets and liabilities

	Book value	Fair value	Fair value hierarchy		
(in million euros)	**30/06/2021**	**30/06/2021**	**Level 1**	**Level 2**	**Level 3**
Assets					
Financial assets at fair value through profit or loss (1)	4	4	-	-	4
Hedging instruments (1)	-	-	-	-	-
Financial assets at fair value through equity (2)	40	40	40	-	-
Loans and advances to credit institutions at amortised cost (3)	719	719	-	-	719
Customer loans and receivables at amortised cost (4)	13,923	13,932	-	-	13,932
Equity and liabilities					
Financial liabilities at fair value through profit or loss (1)	1	1	-	1	-
Hedging instruments (1)	-	-	-	-	-
Deposits from credit institutions (5)	4,609	4,588	-	4,163	425
Debt securities (5)	5,386	5,411	2,525	2,886	-
Due to customers (3)	3,365	3,214	-	-	3,214
Subordinated debt (5)	155	150	-	150	-

In accordance with IFRS 13, the calculation of the fair value is presented below:

(1) The fair values of financial assets at fair value through profit or loss and hedging instruments are measured based on Euribor or other interbank market rates and on the daily exchange rates set by the European Central Bank. Their fair value is determined based on valuation techniques using observable market data (level 2).

(2) Financial assets at fair value through equity are measured based on available market quotations (level 1).

(3) The fair value of loans and advances to credit institutions and of debts due to customers, mainly short-term operations at adjustable rate, are accordingly close to their amortised cost. Their fair value is determined by applying a valuation that uses, significantly, at least one non-observable item of data (level 3).

(4) Customer loans and receivables are stated at amortised cost. If necessary, they are hedged against interest rate risks (fair value hedge) in order to frame interest rate risks positions within the sensitivity limits defined by the PSA Banque France Group. They are therefore measured at the hedging rate (swap rate), in accordance with hedge accounting principles. Cumulative gains and losses arising from remeasurement are added to or deducted from their amortised cost.

The fair value presented above has been estimated by discounting future cash flows at the average customer rate of the three last months. In this case, the fair value is determined by applying valuation making significant use of at least one non-observable item of data (level 3).

(5) Financing liabilities are stated at amortised cost. Hedge accounting is applied to liabilities hedged by interest rate swaps (fair value hedge), leading to their remeasurement at the discounted financing cost. Cumulative gains and losses arising from remeasurement are added to or deducted from their amortised cost.

The fair value presented above corresponds mainly to the change in the spread (premium over the risk-free rate) paid by the PSA Banque France Group on its financial market borrowings. It is determined according to three following cases:

- *for debt securities, by applying valuation based on available market quotations (level 1) and by applying a valuation based on information collected from our financial partners, in which case the fair value is determined based on valuation techniques using observable market data (level 2);*
- *for debt to credit institutions by applying an assessment based on information collected from our financial partners. In this case, the fair value is determined based on valuation techniques using observable market data (level 2) when they are available, and by applying a valuation using at least one non-observable item of data (level 3);*
- *for subordinated debt, through a valuation based on information collected from our financial partners. In this case, the fair value is determined based on valuation techniques using observable market data (level 2).*

NOTE 17 Other commitments

(in million euros)	30/06/2021	31/12/2020
Financing commitments		
Commitments received from credit institutions	-	-
Commitments given to credit institutions	-	-
Commitments given to customers (1)	753	776
Guarantee commitments		
Commitments received from credit institutions (2)	285	272
Guarantees received in respect of customer loans	285	272
Guarantees received in respect of securities held	-	-
Other guarantees received from credit institutions	-	-
Guarantees given to credit institutions	-	-
Commitments given to customers	4	5
of which related companies with STELLANTIS	-	-
Other commitments received		
Securities received as collateral	-	-
Others (3)	96	126
Other commitments given		
Assets given as collateral for own account, remains available (4)	173	919
of which to the European Central Bank	*173*	*919*

(1) Commitments on preliminary credit offers made to customers are taken into account. Approved wholesale lines of credit that can be cancelled at any time are not taken into account, except for specific contracts.

(2) As at 30 June 2021, CHUBB guarantees amounted to €210 million compared to €197 million as at 31 December 2020.
As at 30 June 2021, COFACE guarantees amounted to €75 million compared to €75 million as at 31 December 2020.

(3) Financial guarantee received in respect of the SRT transaction.

(4) This is the remaining amount of collateral available at the ECB. CREDIPAR has remitted €2,394 million as ABS securities, €40 million as French Treasury Bills and €802 million as credit claims on its collateral account, that Banque de France has evaluated for a total amount of €2,967 million.
The PSA Banque France Group has drawn €2,825 million (see Note 11) valued at €2,813 million by the Banque de France, therefore €173 million remain available, given a non-used authorised financing of €154 million financing, of which €11 million in negative accrued interest on TLTRO-III.

The PSA Banque France Group does not record the guarantees received from customers and does not include them in the calculation of credit risk exposure.

NOTE 18 Interest and similar income

(in million euros)	H1 2021	H1 2020	2020
On financial assets at amortised cost	**266**	**250**	**508**
Customer transactions	**253**	**246**	**493**
Loans	**68**	**75**	**146**
of which related companies with STELLANTIS	-	-	*1*
of which securitised	*53*	*52*	*105*
Leasing with a purchase option	**159**	**146**	**298**
of which related companies with STELLANTIS	*20*	*21*	*43*
of which securitised	*64*	*46*	*110*
Long-term leases	**104**	**93**	**191**
of which related companies with STELLANTIS	-	-	-
of which securitised	*29*	*31*	*60*
Trade receivables	**29**	**32**	**60**
of which related companies with STELLANTIS	*21*	*19*	*41*
Other finance receivables (including equipment loans, revolving credit)	**3**	**5**	**9**
of which related companies with STELLANTIS	-	-	-
Ordinary accounts	**-**	**-**	**-**
Guarantee commitments	**-**	**-**	**-**
Commissions paid to referral agents	**(103)**	**(97)**	**(197)**
Loans	(40)	(36)	(80)
Leasing with a purchase option / Long-term leases	(63)	(61)	(117)
Other financing	-	-	-
of which related companies with STELLANTIS	*(17)*	*(18)*	*(32)*
Other business acquisition costs	**(7)**	**(8)**	**(14)**
Interbank transactions*	**13**	**4**	**15**
Debt securities	**-**	**-**	**-**
On financial assets recognised at fair value through other comprehensive income	**-**	**-**	**-**
Accrued interest receivable on hedging instruments	**-**	**-**	**-**
Other interest income	**-**	**-**	**1**
TOTAL	**266**	**250**	**509**

* *Corresponds to interest income on TLTRO operations.*

The interest rate retained for targeted longer-term refinancing operations (TLTRO II) driven by the ECB takes into account the confirmation received in 2018 of the negative interest rate of -0.40% (Deposit facility rate). Indeed, the increase of the loans granted to individuals and non financial companies by PSA Banque France during the reference period (January 2016 to January 2018) has been higher than the 2.5% required. A LTRO drawdown was carried out from April to June 2020 at a rate of -0.50%.

Seven TLTRO-III drawdowns have been carried out since September 2019. The rate applied already takes into account the fact that it will be able to benefit from the subsidised rates over the different periods on the basis of its new loan production (deposit facility rate at -0.50% until 23 June 2020 and from 24 June 2020 deposit facility rate reduced by -0.50% until 23 June 2021 and possibly until 23 June 2022).

The PSA Banque France Group thus considers that the TLTRO drawdowns are at market conditions; IFRS 9 applies de facto.

NOTE 19 Interest and similar expenses

19.1 ANALYSIS BY NATURE

(in million euros)	Notes	H1 2021	H1 2020	2020
On financial liabilities at amortised cost		**(37)**	**(40)**	**(75)**
Customer transactions		**(21)**	**(24)**	**(42)**
Loans		-	-	-
Leasing with a purchase option		-	-	-
Long-term leases		-	-	-
Trade receivables		(3)	(4)	(4)
Other finance receivables (including equipment loans, revolving credit)		-	-	-
Ordinary accounts		-	-	-
Savings accounts	19.2	(11)	(13)	(25)
Expenses related to financing commitments received		(7)	(7)	(13)
Interbank transactions	19.3	**(5)**	**(5)**	**(11)**
Debt securities	19.4	**(11)**	**(11)**	**(22)**
Accrued interest receivable on hedging instruments	19.5	**(2)**	**(1)**	**(4)**
Other interest expenses		**(3)**	**(2)**	**(9)**
TOTAL		**(42)**	**(43)**	**(88)**

19.2 INTEREST ON SAVINGS ACCOUNTS

(in million euros)	H1 2021	H1 2020	2020
Interest on savings accounts	(11)	(13)	(25)
On passbook savings accounts	(9)	(10)	(20)
On term deposits	(2)	(3)	(5)
TOTAL	**(11)**	**(13)**	**(25)**

19.3 INTEREST ON DEPOSITS FROM CREDIT INSTITUTIONS

(in million euros)	H1 2021	H1 2020	2020
Interest on treasury and interbank transactions	(2)	(3)	(5)
of which related companies with STELLANTIS	-	-	-
of which related companies with Santander Consumer Finance Group	-	-	*(2)*
Interest expenses of assets	(1)	-	(1)
Interest expenses comparable to debt issuing costs	(2)	(2)	(5)
TOTAL	**(5)**	**(5)**	**(11)**

19.4 INTEREST ON DEBT SECURITIES

(in million euros)	H1 2021	H1 2020	2020
Interest expenses on debt securities	(9)	(8)	(17)
of which securitisation: placed bonds	*(2)*	*(3)*	*(4)*
Interest on subordinated debts	(1)	(1)	(2)
Interest expenses comparable to debt issuing costs	(1)	(2)	(3)
TOTAL	**(11)**	**(11)**	**(22)**

19.5 INTEREST ON HEDGING INSTRUMENTS

(in million euros)	H1 2021	H1 2020	2020
Swaps hedging (Fair Value Hedge)	(2)	(1)	(4)
of which related companies with STELLANTIS	-	-	-
of which related companies with Santander Consumer Finance Group	-	-	-
TOTAL	**(2)**	**(1)**	**(4)**

NOTE 20 Fees and commissions

(in million euros)	H1 2021	H1 2020	2020
Income	**75**	**70**	**147**
Incidental commissions from finance contracts	9	6	15
Commissions on sales of service activities	66	64	132
Other	-	-	-
Expenses	**(2)**	**(2)**	**(5)**
Commissions on sales of service activities	(2)	(2)	(5)
Other	-	-	-
TOTAL	**73**	**68**	**142**

NOTE 21 Net gains or losses on financial instruments at fair value through profit or loss

21.1 ANALYSIS BY NATURE

(in million euros)	Notes	H1 2021	H1 2020	2020
Dividends and net income on equity investments		-	-	-
Interest and dividends on marketable securities designated at fair value through profit or loss		-	-	-
Gains/losses on sales of marketable securities		-	-	-
Gains/losses on derivatives classified in trading securities*		-	-	-
Gains/losses from hedge accounting	21.2	**1**	**-**	**-**
Fair value hedges: change in value of hedging instruments of customer loans		4	1	1
Fair value hedges: change in value of hedged customer loans		(3)	(1)	(1)
Fair value hedges: change in value of hedging instruments of debt		-	-	-
Fair value hedges : change in value of hedged debt		-	-	-
TOTAL		**1**	**-**	**-**

* *The swaps classified as held for trading are related to securitisation activities. With the exception of intermediation fees, changes in the fair value of these swaps are offset by changes in the fair value of swaps in the opposite direction before offsetting margin calls at CREDIPAR. In fact, the rate of the swap set up in the securitising entity (CREDIPAR) since 2018 includes intermediation costs, whereas this is not the case for the swap set up in the opposite direction in the securitisation vehicle (FCT) (see Notes 4.1 and 9.1).*

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21.2 GAINS AND LOSSES FROM HEDGE ACCOUNTING

PSA Banque France Group interest rate management policy

(See the "Credit risk" and "Currency and Interest rate risks" sections of the Annual Management Report).

Interest rate risk

The policy in terms of interest rate risk tends to be conservative and avoids any speculation. Its purpose is to control and supervise interest rate risk positions within sensitivity limits in accordance with the defined risk appetite. The management of interest rate risk consists of compliance with this policy and subjecting it to regular controls and hedging measures.

As at 30 June 2021, the nominal amount of hedging swaps was €1,520 million.

Currency risk

The PSA Banque France Group does not take currency positions. The currency risk is nonexistent.

Counterparty risk

The PSA Banque France Group's exposure to counterparty risk is limited to its use of derivatives governed by standard FBF or ISDA agreements and very short-term cash investments with leading counterparties. Following EMIR regulation, new CDEA framework agreements (Cleared Derivatives Execution Agreement) have been set up. Customer credit risk is discussed in Note 24.

The PSA Banque France Group limits the exposure at the minimum from the implementation of its investment policy. Available cash other than interbank accounts and reserves deposited with central banks is invested solely in HQLA type investments.

ANALYSIS OF INTEREST RATE RISK HEDGING EFFECTIVENESS (FAIR VALUE HEDGE)

(in million euros)	30/06/2021	31/12/2020	Fair value adjustments	Ineffective portion recognised in profit or loss
Fair value adjustments to customer loans (Loans, Leasing with purchase option and Long-term leases)				
Loans	(1.0)	(0.3)	-	-
Leasing with purchase option	(1.7)	(0.5)	-	
Long-term leases	(1.2)	(0.4)	-	-
Total valuation, net	**(3.8)**	**(1.2)**	**(2.6)**	**-**
Derivatives designated as hedges of customer loans				
Assets	1.1	-	-	-
Liabilities (Note 10)	(0.9)	(3.4)	-	-
Total valuation, net	**0.2**	**(3.4)**	**3.6**	**1.0**
Ineffective portion of gain and losses on outstanding hedging transactions	**(3.6)**	**(4.6)**	**-**	**1.0**
Fair value adjustments to hedged debt				
Valuation, net	-	-	-	-
Total valuation, net	**-**	**-**	**-**	**-**
Derivatives designated as hedges of debt				
Assets	-	-	-	-
Liabilities (Note 10)	-	-	-	-
Total valuation, net	**-**	**-**	**-**	**-**
Ineffective portion of gain and losses on outstanding hedging transactions	**-**	**-**	**-**	**-**
Fair value adjustments to hedged bonds				
Valuation, net	-	-	-	-
Total valuation, net	**-**	**-**	**-**	**-**
Derivatives designated as hedges of bonds				
Assets	-	-	-	-
Liabilities (Note 10)	-	-	-	-
Total valuation, net	**-**	**-**	**-**	**-**
Ineffective portion of gain and losses on outstanding hedging transactions	**-**	**-**	**-**	**-**

NOTE 22 Net income or expense of other activities

	H1 2021			H1 2020			2020		
(in million euros)	**Income**	**Expenses**	**Net**	**Income**	**Expenses**	**Net**	**Income**	**Expenses**	**Net**
Gains/losses on sales of used vehicles	11	-	11	9	-	9	18	-	18
Share of joint venture operations	-	(8)	(8)	-	(5)	(5)	-	(13)	(13)
Other banking operating income/expenses	-	(7)	(7)	-	(5)	(5)	-	(5)	(5)
Other operating income/expenses	1	(1)	-	1	(1)	-	3	(1)	2
TOTAL	**12**	**(16)**	**(4)**	**10**	**(11)**	**(1)**	**21**	**(19)**	**2**

NOTE 23 General operating expenses

(in million euros)	H1 2021	H1 2020	2020
Personnel costs	**(34)**	**(32)**	**(65)**
Remunerations	(21)	(20)	(41)
Payroll taxes	(9)	(9)	(17)
Employee profit sharing and profit-related bonuses	(4)	(3)	(7)
Other general operating expenses	**(47)**	**(47)**	**(89)**
of which related companies with STELLANTIS	*(19)*	*(20)*	*(40)*
of which related companies with Santander Consumer Finance Group	*-*	*(1)*	*(1)*
TOTAL	**(81)**	**(79)**	**(154)**

NOTE 24 Cost of risk

The tables below present the cost of risk by customer category, as no significant loss has been incurred on other financial assets.

24.1 CHANGES IN LOANS

			Cost of risk					
(in million euros)	**Balance as at 31/12/2020**	**Net new loans**	**Charges**	**Reversals**	**Credit losses**	**Recoveries on loans written off in prior periods**	**Cost of risk in H1 2021**	**Balance as at 30/06/2021**
Retail								
Stage 1 loans	8,477	364	-	-	-	-	-	8,841
Stage 2 loans	271	(26)	-	-	-	-	-	245
Guarantee deposits (lease financing)	-	-	-	-	-	-	-	-
Stage 3 loans	132	7	-	-	(14)	-	(14)	125
Total	**8,880**	**345**	**-**	**-**	**(14)**	**-**	**(14)**	**9,211**
Impairment of stage 1 loans	(28)	-	(4)	3	-	-	(1)	(29)
Impairment of stage 2 loans	(23)	-	(1)	4	-	-	3	(20)
Impairment of stage 3 loans	(93)	-	(5)	7	-	-	2	(91)
Total impairment	**(144)**	**-**	**(10)**	**14**	**-**	**-**	**4**	**(140)**
Deferred items included in amortised cost	**177**	**10**			**-**	**-**	**-**	**187**
Net book value (A - see B Note 7.2)	**8,912**	**355**	**(10)**	**14**	**(14)**	**-**	**(10)**	**9,257**
Recoveries on loans written off in prior periods			-	-	-	2	2	
Impairment of other customer transactions			-	-	-	-	-	
Retail cost of risk			**(10)**	**14**	**(14)**	**2**	**(8)**	

			Cost of risk					
(in million euros)	**Balance as at 31/12/2020**	**Net new loans**	**Charges**	**Reversals**	**Credit losses**	**Recoveries on loans written off in prior periods**	**Cost of risk in H1 2021**	**Balance as at 30/06/2021**
Corporate dealers								
Stage 1 loans	3,283	(297)	-	-	-	-	-	2,986
Stage 2 loans	574	(111)	-	-	-	-	-	463
Guarantee deposits	-	-	-	-	-	-	-	-
Stage 3 loans (1)	51	(12)	-	-	-		-	39
Total	**3,908**	**(420)**	**-**	**-**	**-**	**-**	**-**	**3,488**
Impairment of stage 1 loans	(1)	-	(6)	6	-	-	-	(1)
Impairment of stage 2 loans	(12)	-	(3)	5	-	-	2	(10)
Impairment of stage 3 loans	(20)	-	(2)	2	-	-	-	(20)
Total impairment	**(33)**	**-**	**(11)**	**13**	**-**	**-**	**2**	**(31)**
Deferred items included in amortised cost	**8**	**-**	**-**	**-**	**-**	**-**	**-**	**8**
Net book value (B - see A Note 7.2)	**3,883**	**(420)**	**(11)**	**13**	**-**	**-**	**2**	**3,465**
Recoveries on loans written off in prior periods			-	-	-	-	-	
Impairment of other customer transactions			-	-	-	-	-	
Corporate dealers cost of risk			**(11)**	**13**	**-**	**-**	**2**	
Corporate and equivalent								
Stage 1 loans	800	168	-	-	-	-	-	968
Stage 2 loans	261	(64)	-	-	-	-	-	197
Guarantee deposits	-	-	-	-	-	-	-	-
Stage 3 loans	19	(5)	-	-	-	-	-	14
Total	**1,080**	**99**	**-**	**-**	**-**	**-**	**-**	**1,179**
Impairment of stage 1 loans	(1)	-	-	-	-	-	-	(1)
Impairment of stage 2 loans	(1)	-	-		-	-	-	(1)
Impairment of stage 3 loans	(10)	-	(1)	1	-	-	-	(10)
Total impairment	**(12)**	**-**	**(1)**	**1**	**-**	**-**	**-**	**(12)**
Deferred items included in amortised cost	**32**	**2**	**-**	**-**	**-**	**-**	**-**	**34**
Net book value (C - see C Note 7.2)	**1,100**	**101**	**(1)**	**1**	**-**	**-**	**-**	**1,201**
Recoveries on loans written off in prior periods			-	-	-	-	-	
Impairment of other customer transactions			-	-	-	-	-	
Corporate and equivalent cost of risk			**(1)**	**1**	**-**	**-**	**-**	
Total loans								
Stage 1 loans	12,560	235	-	-	-	-	-	12,795
Stage 2 loans	1,106	(201)	-	-	-	-	-	905
Guarantee deposits	-	-	-	-	-	-	-	-
Stage 3 loans	201	(10)	-	-	(14)	-	(14)	177
Total	**13,867**	**24**	**-**	**-**	**(14)**	**-**	**(14)**	**13,877**
Impairment of stage 1 loans	(30)	-	(10)	9	-	-	(1)	(31)
Impairment of stage 2 loans	(37)	-	(4)	9	-	-	5	(32)
Impairment of stage 3 loans	(122)	-	(8)	10	-	-	2	(120)
Total impairment (2)	**(189)**	**-**	**(22)**	**28**	**-**	**-**	**6**	**(183)**
Deferred items included in amortised cost	**217**	**12**	**-**	**-**	**-**	**-**	**-**	**229**
Net book value (A + B + C)	**13,895**	**36**	**(22)**	**28**	**(14)**	**-**	**(8)**	**13,923**
Recoveries on loans written off in prior periods			-	-	-	2	2	
Impairment of other customer transactions			-	-	-	-	-	
TOTAL COST OF RISK			**(22)**	**28**	**(14)**	**2**	**(6)**	

(1) In certain cases, the PSA Banque France Group can finance vehicles bought by dealers in stage 3 so that they are not forced to stop their activities. Under IFRS 9, these receivables are considered as Purchased or Originated Credit Impaired (POCI) for €36 million at the end of June 2021 (€47 million at the end of December 2020). It has to be noted that while a financing line had been originally granted, these dealers were not in default. Furthermore, these financing are done in a dedicated limit depending on the risk associated to each dealer and under a close monitoring of Risks Department. Risk exposure is not increasing for these dealers as a new financing can only be granted in the disposal limit (thus after the refund of another financing).

(2) An additional provision (post-model adjustment) of €15 million was recorded in 2020 to prevent estimated impacts of the Covid-19 crisis on future non-performing loans. It was not subject to change in the first half of 2021.

24.2 CHANGE IN COST OF RISK

(in million euros)	Retail	Corporate dealers	Corporate and equivalent	H1 2021	H1 2020	2020
Stage 1 loans						
Allowances	(4)	(6)	-	(10)	(18)	(7)
Reversals	3	6	-	9	6	5
Stage 2 loans						
Allowances	(1)	(3)	-	(4)	(7)	(16)
Reversals	4	5	-	9	8	5
Stage 3 loans						
Allowances	(5)	(2)	(1)	(8)	(42)	(39)
Reversals	7	2	1	10	32	43
Stage 3 other customer transactions						
Allowances	-	-	-	-	(1)	(2)
Reversals	-	-	-	-	-	-
Credit losses	**(14)**	**-**	**-**	**(14)**	**(12)**	**(53)**
Recoveries on loans written off in prior periods	**2**	**-**	**-**	**2**	**3**	**6**
COST OF RISK	**(8)**	**2**	**-**	**(6)**	**(31)**	**(58)**

The Bank's credit management policy is described in the "Credit Risk" section of the Management Report as at 31 December 2020.

NOTE 25 Income taxes

25.1 EVOLUTION OF BALANCE SHEET ITEMS

(in million euros)	Balance as at 31/12/2020	Income	Equity	Payment	Balance as at 30/06/2021
Current tax					
Assets	1				-
Liabilities	(8)				(24)
TOTAL	**(7)**	**(35)**	**-**	**18**	**(24)**
Deferred tax					
Assets	3				3
Liabilities	(449)				(452)
TOTAL	**(446)**	**(3)**	**-**	**-**	**(449)**

25.2 INCOME TAXES OF FULLY-CONSOLIDATED COMPANIES

Deferred income taxes relate to timing differences between the recognition of certain items of income and expense for consolidated financial reporting and tax purposes. These differences relate principally to the accounting treatment of leasing and long-term rental transactions.

Deferred taxes are determined as described in the last paragraph of Note 2.A in the 2020 Annual Report dealing with deferred taxes.

In France, the standard corporate income tax rate is 27.5%.

The Social Security Financing Act (No. 99-1140) dated 29 December 1999, introduced a surtax equal to 3.3% of the corporate income tax liability of French companies raising the theoretical legal rate to 28.4%.

For the first half of 2021, deferred taxes are evaluated based on the rates of the 2020 French Finance Act, and the 2021 finance law published on 30 December 2020.

(in million euros)	H1 2021	H1 2020	2020
Current tax			
Income taxes	(35)	(3)	(30)
Deferred tax			
Deferred taxes arising in the period	(3)	(45)	(73)
Unrecognised deferred tax assets and impairment losses	-	-	-
TOTAL	**(38)**	**(48)**	**(103)**

25.3 PSA BANQUE FRANCE GROUP TAX PROOF

(in million euros)	H1 2021	H1 2020	2020
Pre-tax income	205	156	346
Permanent differences	8	4	4
Taxable Income	**213**	**160**	**350**
Theoretical tax	(60)	(51)	(112)
Theoretical rate	*28.41%*	*32.02%*	*32.02%*
Deferred Taxes evaluation without exceptional contribution of 15%	23	5	11
of which effect of revaluation of deferred taxes assets and liabilities reversed from 1 January 2021	*23*	*5*	*11*
Special tax contribution on dividend distributed	-	-	-
Reclassification of the contribution on added value of incomes taxes (CVAE) as current tax (IAS12)	(1)	(2)	(2)
Other	-	-	-
Income taxes	**(38)**	**(48)**	**(103)**
Group effective tax rate	*17.9%*	*29.9%*	*29.5%*

25.4 DEFERRED TAX ASSETS ON TAX LOSS CARRYFORWARDS

In the absence of tax loss carryforwards, there are no deferred tax assets on tax loss carryforwards.

NOTE 26 Segment information

26.1 KEY BALANCE SHEET ITEMS

FOR 2021

	Financing activities				
		End user			
(in million euros)	Corporate dealers	Retail	Corporate and equivalent	Unallocated	Total as at 30/06/2021
Assets					
Customer loans and receivables	3,465	9,257	1,201	-	13,923
Cash, central banks	293	784	123	-	1,200
Financial assets at fair value through profit or loss	-	-	4	-	4
Loans and advances to credit institutions	16	91	612	-	719
Other assets				375	375
TOTAL ASSETS					**16,221**
Liabilities					
Refinancing*	2,279	9,739	1,251	-	13,269
Due to customers*	13	71	7	-	91
Other liabilities				1,255	1,255
Equity				1,606	1,606
TOTAL LIABILITIES					**16,221**

* *In the segment information, "Customer ordinary accounts in credit", "Passbook savings accounts" and "Term deposit accounts" are classified in "Refinancing".*

FOR 2020

	Financing activities				
		End user			
(in million euros)	Corporate dealers	Retail	Corporate and equivalent	Unallocated	Total as at 31/12/2020
Assets					
Customer loans and receivables	3,883	8,912	1,100	-	13,895
Cash, central banks	130	299	58	-	487
Financial assets at fair value through profit or loss	-	-	-	-	-
Loans and advances to credit institutions	14	85	865	-	964
Other assets				328	328
TOTAL ASSETS					**15,674**
Liabilities					**-**
Refinancing*	2,831	8,845	1,079	-	12,755
Due to customers*	8	67	5	-	80
Other liabilities				1,274	1,274
Equity				1,565	1,565
TOTAL LIABILITIES					**15,674**

* *In the segment information, "Customer ordinary accounts in credit", "Passbook savings accounts" and "Term deposit accounts" are classified in "Refinancing".*

26.2 KEY INCOME STATEMENT ITEMS

H1 2021

	Financing activities					
		End user				
(in million euros)	Corporate dealers	Retail	Corporate and equivalents	Unallocated	Insurance and services	Total H1 2021
Interest and similar income	36	194	23	13		266
Interest and similar expenses	(8)	(16)	(3)	(15)		(42)
Fees and commissions income	2	4	3	-	66	75
Fees and commissions expenses	-	-	-	-	(2)	(2)
Net gains or losses on financial instruments at fair value through profit or loss	-	-	1	-		1
Income on other activities	1	12	(1)	-		12
Expenses on other activities	(1)	-	-	(15)		(16)
Net banking revenue	**30**	**194**	**23**	**(17)**	**64**	**294**
Cost of credit risk	2	(8)	-			(6)
Net income after cost of risk	**32**	**186**	**23**	**(17)**	**64**	**288**
General operating expenses and equivalent				(83)		(83)
Operating Income	**32**	**186**	**23**	**(100)**	**64**	**205**

H1 2020

	Financing activities					
		End user				
(in million euros)	Corporate dealers	Retail	Corporate and equivalents	Unallocated	Insurance and services	Total H1 2020
Interest and similar income	38	189	18	5		250
Interest and similar expenses	(13)	(25)	(4)	(1)		(43)
Fees and commissions income	1	3	2	-	64	70
Fees and commissions expenses	-	-	-	-	(2)	(2)
Net gains or losses on financial instruments at fair value through profit or loss	-	-	-	-		-
Income on other activities	-	9	1	-		10
Expenses on other activities	-	-	-	(11)		(11)
Net banking revenue	**26**	**176**	**17**	**(7)**	**62**	**274**
Cost of credit risk	-	(32)	1			(31)
Net income after cost of risk	**26**	**144**	**18**	**(7)**	**62**	**243**
General operating expenses and equivalent				(82)		(82)
Operating Income	**26**	**144**	**18**	**(89)**	**62**	**161**

NOTE 27 Subsequent events

Between 30 June 2021 and 14 September 2021, the date of the Board of Directors' review of the financial statements, no events have occurred that could have a material impact on the economic decisions made on the basis of these financial statements.

2.7 STATUTORY AUDITORS' REVIEW REPORT ON THE HALF-YEAR FINANCIAL INFORMATION

PERIOD FROM 1 JANUARY TO 30 JUNE 2021

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your General meetings and in accordance with the requirements of article L. 451-1-2 III of the French Monetary and Financial Code (*Code monétaire et financier*), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of PSA Banque France, for the six months ended June 30, 2021;
- the verification of the information contained in the half-year management report.

Due to the global crisis related to the Covid-19 pandemic, the condensed half-yearly consolidated financial statements of this period have been prepared and reviewed under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of our procedures.

These condensed half-yearly consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France.

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34, the standard of IFRS as adopted by the European union applicable to interim financial information.

Specific verification

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Neuilly-sur-Seine and La Défense, 22 September 2021

The Statutory Auditors
French original signed by

PricewaterhouseCoopers Audit	Mazars	
Isabelle Gallois	Matthew Brown	Olivier Gatard

Statement by the person responsible for the 2021 Half-Year Report

PERSON RESPONSIBLE FOR THE 2021 HALF-YEAR REPORT

Laurent AUBINEAU

Chief Executive Officer of PSA Banque France

STATEMENT BY THE PERSON RESPONSIBLE FOR THE HALF-YEAR REPORT

I hereby certify that, to my knowledge, the half-year financial statements have been prepared in accordance with the applicable accounting standards and give a fair view of the assets, financial situation and results of PSA Banque France and all companies included in the consolidation and that the half-year management report of this document presents a fair review of the significant events of the first six months of the year, their impact on the financial statements, and that it provides a description of the main risks and uncertainties for the remaining six months of the year.

Drawn up in Poissy, 22 September 2021

Laurent AUBINEAU

Chief Executive Officer of PSA Banque France

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