BANQUE PSA FINANCE

ANNUAL REPORT

BOARD OF DIRECTORS

Jean-Baptiste Chasseloup de Chatillon
Chairman

Philippe Alexandre
Director

Philippe Varin
Director

Michel Philippin
Director
Chairman of the Audit Committee

François Pierson
Director
Member of the Audit Committee

PEUGEOT S.A.
Director
Permanent Representative:
Pierre Todorov
Member of the Audit Committee

AUTOMOBILES PEUGEOT
Director
Permanent Representative:
Maxime Picat

EXECUTIVE COMMITTEE

Philippe Alexandre
Chief Executive Officer

Alain Martinez
Executive Managing Officer

Bernard Darrieutort
Executive Managing Officer
(Asia)

STATUTORY AUDITORS

Ernst & Young audit
Mazars

SUBSTITUTE AUDITORS

PICARLE et associés
Guillaume Potel

Position as at January, 1, 2014

BANQUE PSA FINANCE

Société anonyme (limited company). Share capital: €177,408,000

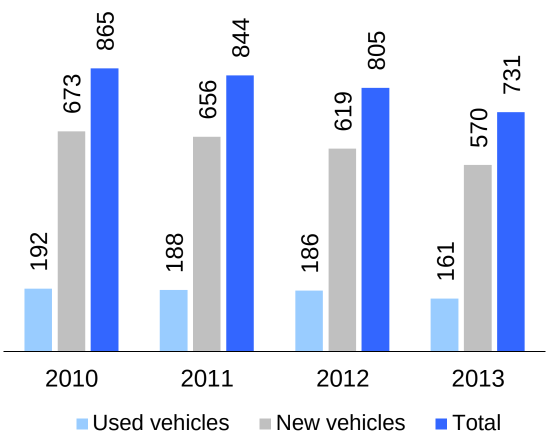
Registered office - 75, avenue de la Grande Armée – 75116 Paris – France
Registered in Paris under no. 325 952 224 - Siret 325 952 224 00013
APE business identifier code: 6419Z
Interbank code: 13168N

www.banquepsafinance.com
Tel.: + 33 (1) 46 39 66 33
ORIAS registration number 07 008 501,
available at www.orias.fr.

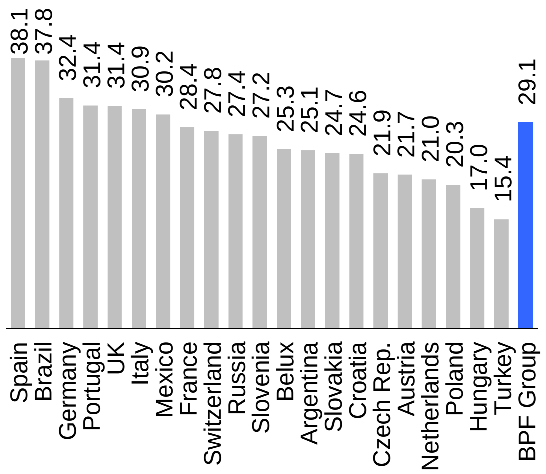
1 MANAGEMENT REPORT

1.1 Key figures

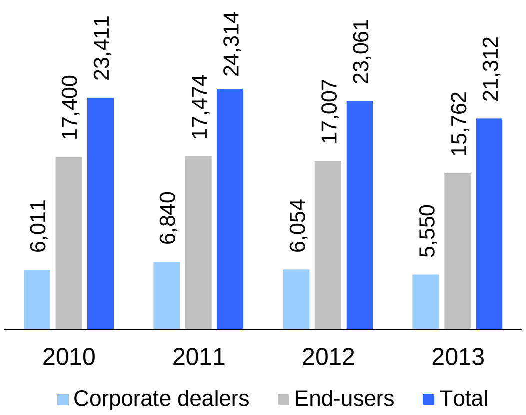
NUMBER OF VEHICLES FINANCED, END-USER LOANS
(in thousand vehicles)



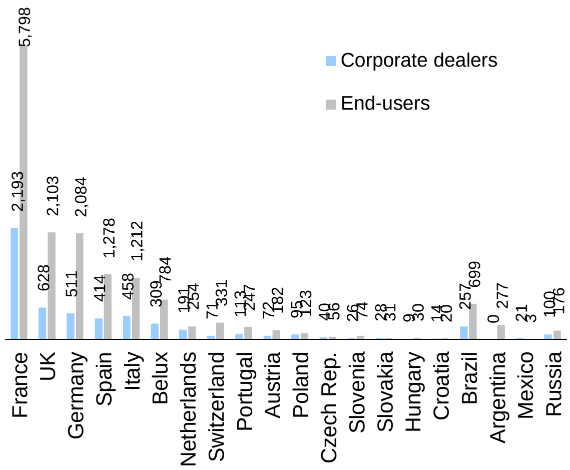
PENETRATION RATE BY COUNTRY AT DECEMBER 31, 2013 (as of % PSA Peugeot Citroen new vehicles financed / new vehicles registered)



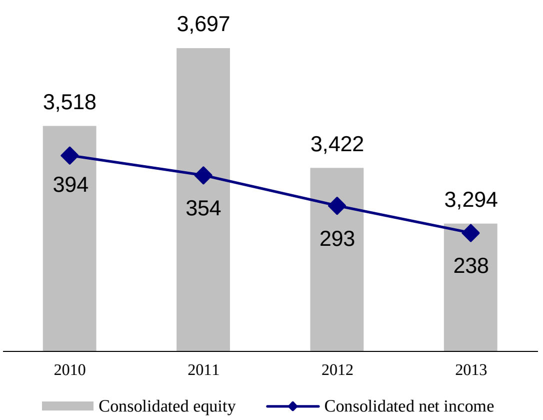
END-USERS AND CORPORATE DEALERS LOANS AT DECEMBER 31, 2013 (in million euros)



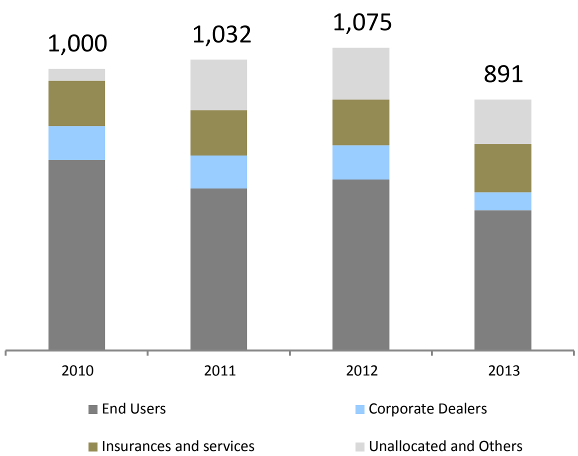
OUTSTANDING BY COUNTRY AT DECEMBER 31, 2013
(in million euros)



EQUITY AND NET INCOME AT DECEMBER 31, 2013 (in million euros)



NET BANKING REVENUE
(in million euros)



1.2 Letter from the Chief Executive Officer

In an automotive market that is still producing very mixed results and with the European market continuing to decline (-1.6%), global PSA Peugeot Citroën vehicle sales were fairly stable in 2013, with 4% growth in the last quarter of 2013.

Although the Group's market share in Europe stood at 11,9%, down from 12.7% the previous year, the Group improved its non-European sales which now account for 42% of its total sales (up 4% on 2012).

By raising its synergy levels with each individual Brand, BPF sustained its powerful sales momentum in 2013, armed not only with a decidedly different range of financing, insurance and service products, but also with locally operated distribution networks.

The Bank financed the purchase of around 570,000 new vehicles, 29.1% of all new vehicles sold by PEUGEOT and CITROEN.

The percentage share of international business also grew in 2013, in line with the growth in the Group's business in priority development areas, particularly China (with a 68% rise in Retail business in 2013) and Latin America.

The insurance and services business developed by BPF recorded a record high, with a penetration rate of 182.2% (up 17.3 points on 2012).

These sales performances were achieved by the continued implementation of a selection policy for the management of Corporate and Retail risks, 2013 thus witnessing an improvement in the Cost of risk at €131 million, compared with €154 million (not including the effect of the revision of the statistical provisioning model used for retail loans) in 2012.

BPF continued to consolidate its internal control mechanism and to increase the independence of its governance.

For BPF, 2013 was also marked by its successful entry into the retail savings business under the “PSA Banque” brand, with the launch, in March 2013, of the DISTINGO passbook savings account. With €955 million outstanding at December 31, 2013, this business helped to diversify and support the Bank's refinancing requirements.

On July 30, 2013, the European Commission also approved a €7 billion guarantee issued by the French Government in support of BPF's bond issue from January 1, 2013 to December 31, 2016.

With renewed banking resources due to the successful launch of its new retail savings business, securitization and collateralization programs and its government-backed bond issue of March 2013, BPF has secured its financing for the next twelve months.

Furthermore, BPF maintained a solid financial security enabling it to carry on its business. This security is based on a liquidity reserve of over €1 billion. BPF is also in a sound financial position, with a Basel II Common Equity Tier 1 ratio of 12.95% at December 31, 2013.

Within the context of the Single Supervisory Mechanism, BPF is one of 130 "significant credit institutions" selected from within the Euro zone to be supervised direct by the European Central Bank (ECB) from 2014.

Despite strong sales, an improved cost of risk and a reduction in overheads, BPF's profitability has declined. This was mainly due to the increased cost of financing, the decline in Brand sales and the impact of unfavorable foreign exchange rates on non-Euro zone countries.

Net Banking Revenue and Current operating income stood at €891 and €368 million respectively in 2013, against €1,075 and €391 million in 2012.

BPF will be attending the new meetings arranged by PSA PEUGEOT CITROËN Group in 2014.

Philippe ALEXANDRE

1.3 Operations and results

1.3.1 Summary Financial Information

The following historical consolidated financial overview is based on the consolidated financial statements of Banque PSA Finance (hereafter referred to as BPF) included in this annual report and prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. Our consolidated financial statements were audited by our independent auditors Ernst & Young audit and Mazars for 2012 and 2013.

New Financing

	2013	2012	% change
End-users loans			
Number of vehicles financed	731,003	805,143	- 9.2
Amount of financing *(in million euros, excluding interests)*	7,526	8,449	- 10.9
Corporate dealers loans			
Number of vehicles financed	1,619,118	1,770,922	- 8.6
Amount of vehicles financing *(in million euros)*	29,943	32,734	- 8.5
Amount of spare parts financing and other *(in million euros)*	3,573	4,432	- 19.4
Insurance and services activity			
Number of new contracts	1,359,865	1,347,117	+ 0.9

Balance Sheet

(in million 'euros)

Assets	Dec. 31, 2013	Dec. 31, 2012	% change
Cash, central banks, post office banks	466	18	+ 2488.9
Financial assets at fair value through profit or loss	783	1,407	- 44.3
Hedging instruments	89	327	- 72.8
Available-for-sale financial assets	10	12	- 16.7
Loans and advances to credit institutions	1,439	1,221	+ 17.9
Customer loans and receivables	21,312	23,061	- 7.6
Deferred tax assets	136	141	- 3.5
Other assets	882	998	- 11.6
Total assets	**25,117**	**27,185**	**- 7.6**

Equity and liabilities	Dec. 31, 2013	Dec. 31, 2012	% change
Financial liabilities at fair value through profit or loss	3	2	+ 50.0
Hedging instruments	62	114	- 45.6
Deposits from credit institutions	6,268	8,105	- 22.7
Due to customers	1,334	367	+ 263.5
Debt securities	12,624	13,326	- 5.3
Deferred tax liabilities	410	391	+ 4.9
Other liabilities	1,122	1,458	- 23.0
Equity	3,294	3,422	- 3.7
Total equity and liabilities	**25,117**	**27,185**	**- 7.6**

Net Income

(in million euros)	2013	2012	% change
Net banking revenue	891	1,075	- 17.1
General operating expenses and equivalent[1]	-392	-394	- 0.5
Cost of risk	-131	-290	- 54.8
Operating income	**368**	**391**	**- 5.9**
Non operating income	8	6	+ 33.3
Income taxes	-138	-104	+ 32.7
Net income for the year	**238**	**293**	**- 18.8**

1 - including depreciation and amortization of intangible and tangible assets and gains and losses on disposals of fixed assets

Outstanding Loans

By Customer Segment

(In million euros)	Dec. 31, 2013	Dec. 31, 2012	% change
Corporate dealers	5,550	6,054	- 8.3
End-users	15,762	17,007	- 7.3
of which Retail	14,238	15,416	- 7.6
of which Corporate and equivalent	1,524	1,591	- 4.2
Total Customer Loans and Receivables	**21,312**	**23,061**	**- 7.6**

By Geographical Region

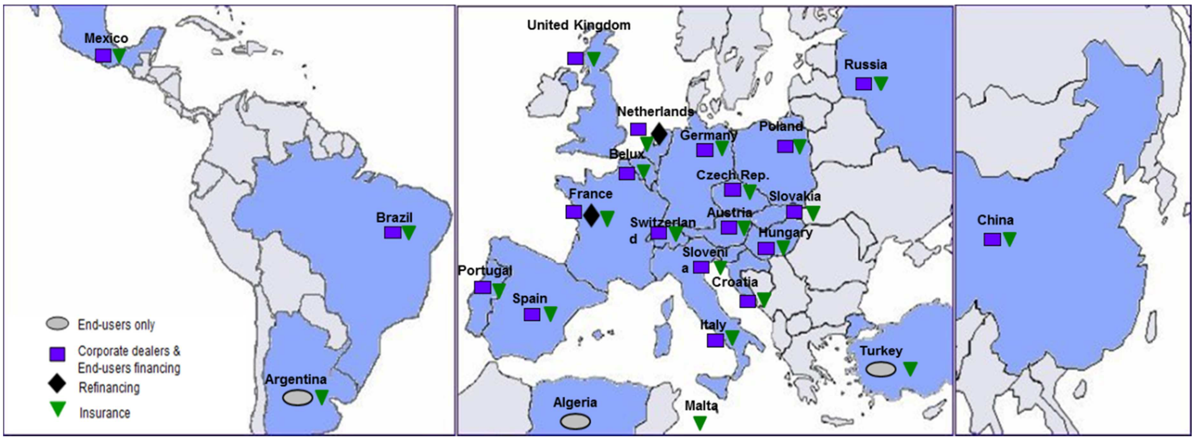
in million euros	Dec. 31, 2013	Dec. 31, 2012	% change
France	7,991	8,572	- 6.8
Western Europe (excluding France)	11,242	12,003	- 6.3
Central and Eastern Europe	547	623	- 12.2
Latin America	1,257	1,505	- 16.5
Rest of the World	275	358	- 23.2
Total	**21,312**	**23,061**	**- 7.6**

Net Banking Revenue By Portfolio

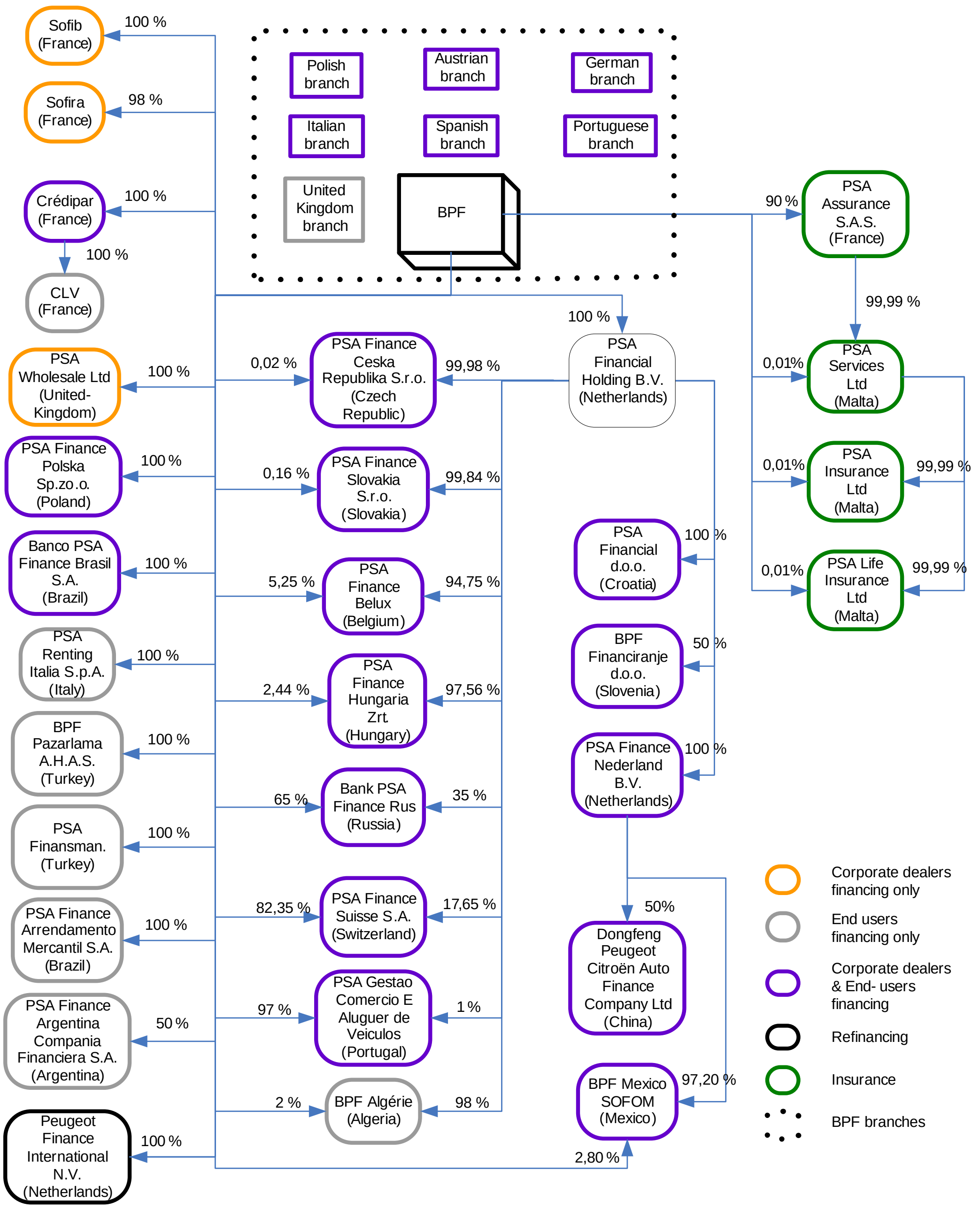
(in million euros)	2013	2012	% change
End-users	498	607	- 18.0
of which Retail	477	575	- 17.0
of which Corporate and equivalent	21	32	- 34.4
Corporate dealers	64	121	- 47.1
Insurances and Services (including net refinancing costs)	171	163	+ 4.9
Unallocated and other[1]	158	184	- 14.1
Total	**891**	**1,075**	**- 17.1**

1 - Represents primarily refinancing cost adjustment reflecting the fact that interest expenses are allocated to customer segments based on our average financing rates, and on the assumption that loans are financed fully with debt.

1.3.2 Worldwide Presence of the Group



The following organizational chart only covers BPF group entities with significant business in this area.



1.3.3 Banque PSA Finance Branch and Subsidiary Operations

1.3.3.1 Introduction

Banque PSA Finance is a wholly-owned subsidiary of the PSA Peugeot Citroën Group providing vehicle financing via Peugeot and Citroën dealerships in 23 countries.

We moreover provide financing for inventory (new and used vehicles) and spare parts, as well as other financing such as working capital to dealers of both carmakers, and offer a complete range of financial and other services to individuals and businesses.

Our offerings to individuals and businesses typically combine insurance and services to financing through packaged products.

In 2013, we provided €7,526 million of new financing for 731,003 vehicles financed to individuals, small- and medium-sized businesses and corporate and equivalent customers (including leases). As of December 31, 2013, we had €21,312 million of outstanding customer loans and receivables, including €15,762 million end-user loans and leases, and €5,550 million of financing loans for Peugeot and Citroën corporate dealers. Net banking revenue in 2013 was €891 million, operating income was €368 million and net income was €238 million of which €223 million attributable to the parent.

In March 2013, Banque PSA Finance entered the retail savings market under the “PSA Banque” brand, by launching its DISTINGO passbook savings account.

Unless otherwise mentioned, the results presented in this annual report exclude operations in China, as the relevant entity is not consolidated through full integration, but integrated according to the equity method.

A. History and Organization

BPF’s current structure stems from the grouping of Citroën and Peugeot’s financing operations (launched in 1919 and 1929, respectively), both manufacturers having integrated financing very early on into their development strategy to facilitate and expand the acquisition of a vehicle by the great majority of consumers.

In 1979, the PSA Peugeot Citroën group created Crédipar, its vehicle financing arm in France and today a major subsidiary of BPF.

PSA Finance Holding was then created in 1982 to consolidate Peugeot and Citroën’s financing operations.

In 1995, PSA Finance Holding became a licensed credit institution in France and was renamed Banque PSA Finance.

BPF has created in 2009 PSA Insurance bringing together the necessary expertise for growth and proper management of insurance and service business.

BPF's business has grown over the years with that of the PSA Peugeot Citroën group. Thanks to our natural geographical platform, we have thereby supported the international expansion of the PSA Peugeot Citroën group.

We are currently active in 23 countries, accounting for 89% of vehicle volume sales by the PSA Peugeot Citroën group in 2013 (including China). Our principal markets are in Western Europe (notably France, the United Kingdom, Spain, Germany and Italy), Argentina and Brazil. We have also been growing strongly in China since 2006 and in Russia since the second quarter of 2010.

As of December 31, 2013, BPF's French subsidiaries accounted for 37.5% of the group's total customer loans, 55.3% of customer loans in Europe, excluding France (of which 52.7% in Western Europe and 2.6% in Eastern Europe) and 7.2% in the rest of the world (including Latin America). Our sweeping geographical presence gives us a solid base of operations and facilitates our ability to quickly respond and adapt to movements in growth markets.

In France, financing is provided by the subsidiaries Sofira, Sofib and Crédipar. In the rest of Europe, lending is mainly via branches or wholly-owned subsidiaries or those in which BPF is a majority shareholder. We oversee several subsidiaries in Latin America and Russia, some of which are partnerships with other financial operators. In China, we have been operating via DPCAFC, an affiliate company jointly-controlled by DongFeng Peugeot Citroën Automobiles (25%) (joint venture between Dongfeng Group and PSA Peugeot Citroën), DongFeng Group – one of the major Chinese car manufacturers – (25%) and BPF (50%) since December 2012. Finally, PSA Insurance is in charge of insurance activities regulated by the Malta Financial Services Authority (MFSA).

B. Business model and Strategy

BPF's sound business model, based on its close partnership with the group's two carmakers and their respective dealership networks, strong management team and robust strategy have enabled us to respond effectively to the 2008 financial crisis and its aftermath, and to maintain good performance in a difficult economic environment.

The main levers implemented by the Bank are the following:

- ***An extended, structured and customized selection of financing solutions.*** Our comprehensive offering is developed to meet the needs of the Peugeot and Citroën networks and their customers. Our relationship of proximity with the commercial networks allows us to develop financing solutions and services packages specifically designed to address these needs.
- ***Close privileged relationship with Peugeot and Citroën brands as well as with the dealer networks.*** We work closely with the Peugeot and Citroën commercial and dealer networks with a combined approach linking vehicle sales to vehicle finance, insurance and service in a single package. Our market research shows that clients renew their contracts more frequently when financing their vehicles through BPF.
- ***A first-rate integrated point-of-sale IT system.*** BPF's information management systems are integrated with those of Peugeot and Citroën and their dealers, allowing the latter to offer clients comprehensive quotes and packaged solutions, comprising financing and ancillary services, in rapid time. Qualified customers can obtain a decision in principle on the credit applications, immediately through the system, while they are at the dealer's premises.
- ***Diversified insurance and service offerings with a high added value.*** We offer our end-user customers a range of financial, insurance and vehicle-service options, which are either offered at the time of financing, or during the vehicle's lifespan. We believe that this "one-stop shopping" approach enhances our financing products, insurance and services to our customers. Insurance and services increasingly represent a significant portion of BPF's revenues.
- ***Steady and controlled geographical expansion.*** BPF has historically facilitated the international growth of the PSA Peugeot Citroën group, thus creating a natural platform for geographical expansion. First, throughout Western Europe and Central and Eastern Europe, and more recently in the most dynamic emerging markets. BPF's emerging market growth strategy is also pragmatic: market entry is often via partnerships with well-established financial institutions, thereby enabling us to quickly become operational, whilst at the same time limiting development costs.
- ***A diversified and reactive refinancing policy*** with the launch, in March 2013, of our new savings business under the "PSA banque" brand.

Our status as the dedicated commercial partner of the PSA Peugeot Citroën group complements BPF's autonomous management structure, which oversees operational performance and rigorous risk management. We formulate our commercial policy in conjunction with our brand partners.

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

We set pricing policy in accordance with the profile of our target customers.

We are not exposed contractually to the residual value of financed vehicles, as the dealers or manufacturers are committed to repurchase the vehicles from us at the end of the financing contract.

1.3.3.2 Our Products and Services

Our financing products, insurance and services include the following:

- ***End-user Financing (74% of outstanding customer loans and receivables as at December 31, 2013***). We offer individuals, small and medium businesses, and corporate and equivalent customers a range of financing solutions to purchase new and used vehicles, as well as various leasing solutions with or without purchase options.
- ***Corporate dealer financing (26% of outstanding customer loans as at December 31, 2013)***. We provide Peugeot and Citroën dealers with financing for inventories of new and used vehicles and spare parts, as well as other types of financing such as working capital.
- ***Insurance and services***. We provide end-user customers and corporate dealer with a wide range of insurance products and services, such as whole-life insurance, unemployment insurance, disability insurance, supplemental insurance to protect vehicles, automobile insurance, and vehicle-related services such as extended warranties, maintenance contracts or service provisions.

The table below shows, by value and by volume, new finance contracts in 2013 compared with 2012, as well as amounts outstanding, broken down, on each occasion, by segment: end-user loans or corporate dealer loans.

FINANCING BY PORTFOLIO

	2013	2012	% change
End-users loans			
Number of vehicles financed	731,003	805,143	- 9.2
Amount of financing *(in million euros, excluding interests)*	7,526	8,449	- 10.9
Corporate dealers loans			
Number of vehicles financed	1,619,118	1,770,922	- 8.6
Amount of vehicles financing *(in million euros)*	29,943	32,734	- 8.5
Amount of spare parts financing and other *(in million euros)*	3,573	4,432	- 19.4
Insurance and services activity			
Number of new contracts	1,359,865	1,347,117	+ 0.9

Outstanding loans by portfolio	Dec. 31, 2013	Dec. 31, 2012	% change
End-users	15,762	17,007	- 7.3
Corporate dealers	5,550	6,054	- 8.3
Total loans	**21,312**	**23,061**	**- 7.6**

A. Loan Portfolios

We analyze our financing activities and outstanding loans by portfolio, based on the customer segment:

- End-user loans primarily consist of financing for the acquisition of vehicles by individuals, small and medium businesses and corporate and equivalent customers, either through installment loans or leasing contract.
- Corporate dealer loans consist of financing provided to Peugeot and Citroën dealers for inventories of new and used vehicles and spare parts. Also included are loans and leases provided to dealers to finance vehicles used in their business activities, working capital and mortgage loans for their premises and other financing requirements, including ordinary accounts in debit.

See “1.5.1.2 Outstanding Loans” for a breakdown of outstanding loans by portfolio.

B. End-user financing

BPF finances the purchase and lease of new and used vehicles by individual and business customers through the Peugeot and Citroën dealer networks. Our financing solutions include installment loans and leasing contracts with or without the option to purchase the vehicle at the end of the lease duration.

Our end-user customers consist primarily of individuals, small and medium businesses and corporate and equivalent customers. As at December 31, 2013, the latter accounted for 9,7% of outstanding end-user loans and receivables, while individual customers and small and medium businesses accounted for 90,3% of outstanding end-user loans. The average duration of new end-user financing contracts was 41 months in 2013.

Most of our financing is for new vehicles. We also provide financing for the purchase of used vehicles, primarily vehicles recovered by Peugeot and Citroën dealers at the end of a lease duration, or trade-in vehicles purchased by dealers, which may include third-party brands. In some cases, we offer financing to corporate clients wishing to refinance their entire fleet with used vehicles. In 2013, we provided end-user financing for 731,003 vehicles including 161 265 used vehicles.

We financed 506 406 installment loan contracts and 224 597 leasing contracts for a combined value of €7,526 million of new financing in 2013. Shifts in demand between leases or installment loans depend primarily on prevailing interest rates and changes in global demand. As at December 31, 2013, 56.2% of outstanding end-user loans and receivables consisted of installment loans (€8,863 million) against 42.6% for leasing contracts (€6,720 million), with the balance consisting of other types of financing contracts (1.1%, or €179 million).

We base our pricing policy on an internally-developed credit scoring method that assesses the credit risk profile of each customer. Interest rates (and implicit interest rates in leasing contracts) are generally fixed rates. Customers also pay administration fees that vary from one country to another depending on market trends and local regulations.

A significant number of our operations depend on promotional rates subsidized by Peugeot and Citroën, aimed at increasing vehicle sales. We generally apply our regular pricing and credit scoring measures to these loans, although we sometimes offer preferential rates via our own marketing campaigns.

Geographical coverage

We provide financing to end-user customers in 23 countries (including China) which accounted for 87% of Peugeot and Citroën vehicle sales in 2013. Our principal markets are France and other Western European countries (notably the United Kingdom, Spain, Germany and Italy) Argentina and Brazil. The table below breaks down our outstanding end-user loans by region as at December 31, 2013 (excluding the €607 million of outstanding end-user loans in China at the end of December 2013). Our outstanding loans provided in Turkey are booked by our partners and therefore do not appear below. The same applies to our partnership in Mexico.

OUTSTANDING END-USER LOAN BY REGION

End-users	December 31, 2013	
	in million euros	*as a % of total*
France	5,798	36.8%
Western Europe (excluding France)	8,475	53.8%
Central and Eastern Europe	335	2.1%
Latin America	979	6.2%
Rest of the World	175	1.1%
Total	**15,762**	**100.0%**

Marketing and Penetration rates

BPF has a close and special relationship with the Peugeot and Citroën commercial and dealer networks, financing 29,1% of all PSA Peugeot Citroën new vehicle sales in 2013 on the eligible perimeter.

We work closely with the Peugeot and Citroën commercial and dealer networks with a combined approach linking vehicle sales to vehicle finance, insurance and service in a single package. Our market research shows that clients renew their contracts more frequently when financing their vehicles through BPF, which provides a clear incentive for dealers to strengthen their cooperation with us. We also pay commission to dealers when we finance vehicles sold by them.

Our information management systems are integrated with those of the dealer networks, allowing them greater reactivity with regard negotiation and contracting process to clients. This capacity of “one stop shopping” is an advantage that is particularly appreciated by customers. Qualified customers can obtain a decision in principle on the credit applications, immediately through the system, while they are at the dealer's premises. In France, we typically process more than 90% of credit applications for individuals, and more than 70% for businesses, in less than four hours. The integrated information management system is also a key factor in driving down costs.

We have developed online credit simulation and product marketing tools to complement Peugeot and Citroën’s websites in France, Germany, Italy, the United Kingdom, Spain, Portugal, Belgium, Switzerland, Poland, the Czech Republic and Argentina. We have also introduced personalized customer profiles and customer relationship management tools in our principal markets.

Our comprehensive offering is developed to meet the needs of the Peugeot and Citroën networks and their customers. Our close working relationship with the commercial networks allow us to develop customized financing solutions including insurance and services to meet the highest expectations of our end-user customers. We assist Peugeot and Citroën in identifying and designing specific products that will appeal to target market segments, and in anticipating new market trends.

We measure our penetration rate by comparing the number of new Peugeot and Citroën vehicles we finance to the number of passenger cars and utility vehicles registered by the PSA Peugeot Citroën group in the countries where we operate.

The number of new vehicles registered includes vehicles purchased for cash, without financing. Our share of the total number of Peugeot and Citroën financed vehicles is significantly higher than that of our competitors (banks, specialized agencies, etc.).

The table below shows our penetration rates in the countries where we operate for 2012 and 2013:

BANQUE PSA FINANCE PENETRATION RATE BY COUNTRY

Countries	PSA Peugeot Citroën registrations 2013	PSA Peugeot Citroën registrations 2012	New vehicles financed[1] 2013	New vehicles financed[1] 2012	Banque PSA Finance penetration rate 2013	Banque PSA Finance penetration rate 2012
France	**650,704**	**700,889**	**184,491**	**204,472**	**28.4**	**29.2**
Germany	122,240	153,934	39,664	51,202	32.4	33.3
Portugal	19,820	17,939	6,230	6,248	31.4	34.8
Spain	131,593	133,203	50,190	50,624	38.1	38.0
Switzerland	26,551	27,971	7,390	8,052	27.8	28.8
United Kingdom	228,213	213,158	71,547	65,233	31.4	30.6
Italy	136,603	155,486	42,231	50,356	30.9	32.4
Belux	93,133	99,015	23,543	25,631	25.3	25.9
Austria	20,936	28,847	4,537	5,309	21.7	18.4
Netherlands	58,079	74,804	12,213	16,112	21.0	21.5
Western Europe (excluding France)	**837,168**	**904,357**	**257,545**	**278,767**	**30.8**	**30.8**
Slovenia	9,391	9,472	2,551	2,105	27.2	22.2
Slovakia	8,889	7,863	2,199	2,259	24.7	28.7
Czech Republic	15,793	14,579	3,455	3,621	21.9	24.8
Croatia	5,185	6,141	1,276	1,320	24.6	21.5
Poland	29,590	30,942	5,993	5,912	20.3	19.1
Hungary	5,726	4,625	972	598	17.0	12.9
Central and Eastern Europe	**74,574**	**73,622**	**16,446**	**15,815**	**22.1**	**21.5**
Brazil	123,603	147,389	46,695	56,223	37.8	38.1
Argentina	140,155	111,675	35,225	27,555	25.1	24.7
Mexico	6,942	5,206	2,094	1,298	30.2	24.9
Latin America	**270,700**	**264,270**	**84,014**	**85,076**	**31.0**	**32.2**
Russia	62,823	77,279	17,185	21,428	27.4	27.7
Turkey	64,058	60,135	9,857	13,559	15.4	22.5
Rest of the World	**126,881**	**137,414**	**27,042**	**34,987**	**21.3**	**25.5**
Total	**1,960,027**	**2,080,552**	**569,538**	**619,117**	**29.1**	**29.8**

1 Passenger cars and light commercial vehicle

End-user penetration in China in 2013 continued to grow (12.1%, up from 9% in 2012) demonstrating the increasing use of consumer credit.

In two years, end-user new vehicle penetration has risen from 7.6% to 12.1% in an automotive market where less than 25% of vehicles are sold with financing.

End-user Installment Loans for New and Used Vehicles

End-user installment loans generally take the form of fixed monthly payments covering accrued interest and the amortization of principal, although we occasionally offer financing options with balloon payments at the end of the loan. In France, for example, loans with linear or other regular principal amortization schedules typically represent approximately 90% of outstanding loans at any given time. In the case of balloon loans, the customer can usually sell the vehicle back to the dealer at the end of the loan duration for an amount equal to the last balloon payment, which is offset against the purchase of a new vehicle (in which case we receive the payment from the dealer unless we finance the new vehicle as well), or keep the vehicle and either pay or refinance the balloon amount. The customer may trade in the vehicle provided it hasn't exceeded a certain mileage and is in good condition at the end of the loan duration.

We limit financing to a specified percentage of the sales price of a vehicle. Borrowers make a down payment by variable contribution / component in accordance with country policy. In general, the average down payment made by the borrower is at least 30% of the value of the vehicle. We do not in any case finance amounts that are greater than 100% of the vehicle sales price (including options and accessories). Many customers (especially individuals) choose to make larger down payments, or, on account of their credit score, are obliged to do so. We also typically require that a customer's total debt exposure (monthly vehicle loan repayments plus other commitments, such as home mortgage loans) does not exceed a certain percentage of household revenue.

Loan terms typically range from one year to six years, varying by country. Repayments are generally monthly. In some cases it is, however, possible to delay the first installment for 60 to 90 days. We do not make loans with negative amortization or similar features.

Borrowers in certain countries may prepay their loans at any time, while in other countries this is only possible if the vehicle is seriously damaged or stolen, or if we otherwise consent to prepayment. Fees may or may not be due upon prepayment, depending on the country and applicable regulations.

All of our installment loans are backed by the vehicle that is financed, although the form of security depends on the country. In some cases, we receive a pledge, charge or other lien on the vehicle, which we can enforce in case of default. In other cases we purchase the vehicle from the dealer and instantly resell it to the customer with a title retention clause, allowing us to recover the vehicle in case of default. We are able to enforce our rights without judicial procedures in certain countries, and require a court order to recover a vehicle in others.

In individual cases, we may accept third party guarantees, co-borrowing agreements or other collateral from the borrower. We also accept company shares or trading assets as guarantees from corporate and equivalent customers. We may also be named as a beneficiary of life, car or accident insurance policies, and occasionally obtain ancillary rights, such as vehicle warranty or maintenance contract transfers.

Lease Financing

We offer both long-term leases and leases with purchase options (we refer to the latter as "buyback contracts"). All our leases are recorded as financial leases in our consolidated financial statements, and included in customer loans and receivables. The leased vehicles are not recorded as fixed assets in our consolidated financial statements.

We purchase vehicles from Peugeot and Citroën dealers and lease them to end-user customers. We offer one- to five-year contracts, and give end-user customers the option either to return the vehicle at the term of the lease, or to repurchase it at its residual value. Generally, we remain the owner of the leased vehicles throughout the lease term. Should the end-user customer choose or be obliged to return the vehicle at the end of the lease term, the dealer or manufacturer is committed to repurchase the vehicle from us directly upon delivery by the customer at a price determined at the time of entry into the lease. As a result of the lease structure, we do not bear the buy-back risk (so long as the dealer or manufacturer complies with its buy-back obligation). The price the dealer or manufacturer pays us is not affected by any penalty fees the customer may incur if the vehicle is not in a satisfactory condition or has exceeded its agreed mileage. However, we retain the risk of the value of the vehicle if the customer ceases to make payments on the lease, as the sales value of the vehicle may not be adequate to compensate us for the loss of lease payments. We may therefore negotiate additional payments in advance to cover potential losses in the event that the customer ceases to make payments and we repossess the vehicle.

Underwriting, Payments and Collection

Peugeot and Citroën dealers offer our end-user financing solutions to their customers as part of the overall vehicle sales offering. We give dealers access to our online information system, allowing them to request, and for the most part obtain, financing decision in principle and pricing while the customer is at the dealership. Loan terms are processed together with the vehicle sales agreement.

The credit granting policy relies on a system of delegation, especially for the customers whose score is below a certain threshold.

We have established separate credit criteria for new and used vehicles, individuals and businesses, and for installment loans and leasing contracts. We obtain inputs for scoring credit applicants from customer provided documents, from internal database built up from detailed customer profiles and from payment histories. We typically verify customer information with credit databases made available by public entities (such as the Banque de France) or commercial services (such as Experian and CRIF). For corporate and business customers, we use a variety of public and commercial sources to verify credit standing. When we refuse financing applications, we maintain records for a period of time, which produce automatic alerts if the customer re-applies for financing.

We generally collect regular payments from customers through a direct debit system. In cases of non-payment, we activate a second debit order in order to automatically deal with as many arrears as possible. For residual non-payments, we typically issue reminder notices or call the customer within days of the late payment, and repeat the process until the incident is resolved. In most countries, we use in-house collection teams to handle this process. We have two international recovery centers that initiate recovery procedures, one located in Warsaw, Poland for our main Northern European subsidiaries and branches, and the other in Madrid, Spain for the Southern European subsidiaries and branches.

When sustained non-payments exceed a specified period (usually 45 to 90 days depending on jurisdiction), our in-house collection teams assess whether to recover the vehicle or initiate legal repossession proceedings in accordance with local laws and regulations. Once we have recovered the vehicle, we use the legal means at our disposal (typically sale by auction or to dealer or garage networks) to resell the vehicle. When we are unable to recover our principal arrears through the sale, we determine whether to initiate legal recovery proceedings or to sell the receivables to a commercial recovery service.

C. Corporate Dealers Financing

We provide financing for vehicles (New, Used and Demo Vehicle) and spare parts for the Peugeot and Citroën dealer networks. Also included are loans and leases provided to dealers to finance vehicles used in their business activities, working capital and mortgage loans for their premises and other financing requirements, including ordinary accounts in debit.

We may also grant lines to dealers to finance their buy-back obligations with respect to leased vehicles or balloon loans. We finance the full purchase price of vehicles purchased by dealers, but limit the aggregate amount of financing per dealer. We regularly review the dealers' solvency and set credit limits accordingly.

In 2013, we provided financing to dealers for 1,619,118 vehicles via our corporate dealer financing program, a noticeable decrease (-8.6%) compared to 2012. We finance more dealer-purchased vehicles than end-user-purchased vehicles. In 2013, the amount of new vehicle loans extended to Peugeot and Citroën dealers decreased by 9.8%, in line with the lower number of vehicles financed.

The table below shows the number of vehicles financed for Peugeot and Citroën dealers in 2012 and 2013, and breaks down our outstanding corporate dealer loan portfolio.

NEW CORPORATE DEALERS FINANCING

(in million euros)	2013	2012	% change
Number of vehicles	**1,619,118**	**1,770,922**	**- 8.6**
Amount (in million euros)	**33,516**	**37,166**	**- 9.8**
of which vehicles	29,943	32,734	- 8.5
of which spare parts and other	3,573	4,432	- 19.4

Outstanding Corporate Dealer Loans

(in million euros)	Dec. 31, 2013	Dec. 31, 2012	% change
Vehicles	3,959	4,302	- 8.0
Spare parts and other	1,591	1,752	- 9.2
Total	**5,550**	**6,054**	**- 8.3**

Geographical coverage

We provide financing to Peugeot and Citroën corporate dealers across the world, with geographical coverage substantially similar to that of our end-user business. As with end-user financing, our principal markets are France, other countries in Western Europe and Brazil.

The following table breaks down our outstanding corporate dealer loans by country as at December 31, 2013 (excluding the €331 million of outstanding corporate-dealer loans in China at the end of December 2013). We do not provide corporate dealer financing in Algeria, Argentina and Turkey.

Outstanding Corporate Dealer Loans by Region

Corporate dealers	December 31, 2013	
	in million euros	*as a % of total*
France	2,193	39.5%
Western Europe (excluding France)	2,767	49.9%
Central and Eastern Europe	212	3.8%
Latin America	278	5.0%
Rest of the World	100	1.8%
Total	**5,550**	**100.0%**

Corporate dealer financing

The structure of our corporate dealer financing varies by country. Regarding the stock financing, BPF proposes an interest free period on behalf of the brands and on their charge.

We take most of the time a security interest or other right in the vehicle and spare parts that are financed as well as refinancing [funding] for other purpose. We may either sell the vehicle to the dealer with a title retention clause in case of non-payment. Vehicle delivery may also be made on consignment. We may also require other collateral from the dealer, including a mortgage on the dealer's ownership or leasehold interest in the dealership, or other guarantees on the dealer's business or trading assets.

Corporate dealer financing is typically provided through dedicated credit lines. In general, loans for vehicles are repaid within 30 to 180 days after they are drawn. We periodically review credit limits for dealers, and pricing is based on a combination of our internal credit scoring system and market conditions.

We assess dealer credit applications on the basis of our standard corporate and business loan criteria, using documents provided by the dealers (company documents, commercial registry extracts and financial statements) and information from public and commercial credit agencies. We also assess the value of the collateral underlying the loan.

While many dealers are independent, some dealerships are owned by the PSA Peugeot Citroën group or its subsidiaries and may be financed by BPF under the same terms as for independent dealers.

D. Insurance and Services

Over the years, we have expanded our product offerings to offer insurance services in conjunction with insurance partners (e.g. loan-repayment insurance, additional insurance and car insurance) and vehicle-related services in conjunction with the Peugeot and Citroën carmakers (e.g. extended warranties and maintenance contracts).

In fact, our strong expansion, technological developments and customer consumption and purchasing patterns have, for a long time now, forecast a growing and an evolutionary contribution of insurance products and services to the automotive industry, within the context of a market environment and product and service offerings which require us to:

- ensure full control of the value chain so as to be more competitive and reactive and to develop insurance products and services that match customers' expectations ever more closely;
- develop launch and product strategies that are increasingly pan-European in scope and more frequently incorporated into the vehicle and finance product offer;
- keep the manufacturing and competitive advantages developed by BPF and the Brands secret, thereby strengthening and prolonging our commercial efficacy;
- guarantee service quality that matches the standards of excellence of the Peugeot and Citroën brands;
- develop product and service offers that comply with the many regulatory changes, prioritizing customers' interests, customer satisfaction and consumer rights.

This strategy has resulted in the group's desire to rationalize and professionalize this strategic activity by:

- bringing together its insurance know-how in one single business unit, PSA Insurance;
- centralizing the design of products and services as well as operational, marketing and sales management across all of the markets served by us, or even by the group as a whole, when it comes to certain strategic issues;
- bringing product underwriting in-house across nearly all of our European markets, due to the specific nature of the single European market.

PSA Insurance is, therefore, the implementation of this strategy. PSA Insurance is largely made up of two insurance companies, and designs a broad range of insurance products and services which it distributes through our subsidiaries and branch network. Insurance products are either developed in conjunction with key insurance partners (the "BUY" model), or direct by PSA Insurance Ltd or PSA Life Insurance Ltd (the "MAKE" model) which can operate across the European markets thanks to the "Freedom of Services" principle established by the European Union. PSA Insurance also operates on the group's other main markets: Latin America, Russia and China.

As a result of this organizational structure, BPF and the brands therefore offer our end-user customers a whole range of individual and vehicle-related insurance products and other services, which may or may not be packaged together with our financing solutions. Our service packaged offers include loan insurance contracts, such as loan-repayment insurance or additional insurance, or car insurance or vehicle-related services such as extended warranties and maintenance contracts. We believe that our “one-stop shopping” approach makes our financing products and services more attractive to customers, and that our packages cover our customers and protect their vehicles in the most comprehensive and competitive manner.

Loan, insurance and service packaged solutions have thus been developed, such as, for example, Easydrive with Peugeot and Doppel Flat with Citroën in Germany, and Just Add Fuel in the United Kingdom and Peugeot&Go in France with Peugeot, which include maintenance, financing and car insurance. We have designed other packages to meet the needs of specific markets or dealers, such as flat-rate monthly premium auto-insurance in Portugal, Germany and France, loan-repayment insurance with unemployment cover in the United Kingdom, France, Germany and Spain, and Small Fleet Insurance in the United Kingdom and France.

In addition, since 2005, we have implemented an ambitious program to grow our car insurance business by either including car insurance in our financing products or offering it at the sale of the vehicle. Our car insurance package is available in all our markets, and grew strongly in 2012 (included in 13.4% of vehicles sold, up 1.7 points from 2012).

PSA Insurance offers a range of insurance products that not only complement our vehicle financing and leasing operations, but also cover our outstanding customer loans and thereby reduce our risk of non-payments for those loans. The distinct business model of services and insurance products allows us to diversify our revenue stream with non-consumer financial sources of recurrent and steady income that are less subject to fluctuations in financing operations.

Having achieved new record levels in both sales and financial income, for the fourth year in a row, this strategy has proven both its relevance and its worth.

The table below breaks down the number of service and insurance contracts per sector for 2012 and 2013.

New Insurance and Services Contracts

(In number of contracts)	2013	2012	% change
Financial services	573,395	595,630	- 3.7
Car insurance	262,175	243,112	+ 7.8
Vehicle-related services	524,295	508,375	+ 3.1
Total	**1,359,865**	**1,347,117**	**+ 0.9**

Penetration Rate on Financing

(In %)	2013	2012	Pts change
Financial services	76.8	72.9	+ 3.9
Car insurance	35.1	29.7	+ 5.4
Vehicle-related services	70.2	62.2	+ 8.0
Total	**182.2**	**164.8**	**+ 17.3**

Despite difficult market conditions, the number of new service and insurance contracts was up slightly in 2013. We managed to sell an average of 1.82 service and/or insurance contracts per financed client, up 17.3 penetration points from 2012. We have made concerted efforts to expand our services and insurance business in recent years, progressing from an average of 1.10 service and/or insurance contracts per financing in 2002 to 1.82 in 2013.

E. Retail savings market

In March 2013, BPF launched a retail savings business under the "PSA Banque" brand which is associated with a new product: the Distingo Passbook Savings Account. This retail savings business has enabled us to break into a new market, that of on-line savings, whilst at the same time diversifying our funding sources.

The business was initially launched in France and aimed solely at individual adult savers residing in France for tax purposes, or at child savers, providing that their legal guardian is already a Distingo Passbook holder.

After being in business for 10 months, deposits account for outstandings at the end of the year of €955 million, more than double the initial target of €400 million, with just over 25,000 passbook accounts opened and with average savings per Passbook of €38,000. This level of outstandings now accounts for around 5% of our refinancing requirements.

The table below shows the principal deposit data for 2013.

Savings Account Activity

	2013	2012	% change
Number of active contracts	25,141	-	-
Total Collected (in M€)	1,606	-	-
Outstanding (In M€)	**955**	**-**	**-**
Average by contract (in K€)	38	-	-

1.3.3.3 Partnerships and Ventures

We have a number of partnerships, joint ventures and similar agreements, which have been entered into in line with our international expansion. These partnerships allow us to avoid the heavy start-up costs associated with establishing back-office processing structures, and to benefit from the shared experience of local well-established financial institutions as they facilitate our entry into new markets.

Our main partnerships or joint-ventures are in China and Argentina. We also operate through partnerships in other countries when appropriate.

In China, we have owned a 50% stake in a Chinese “Auto Finance Company” since December 2012, namely, Dongfeng Peugeot Citroën Auto Finance Company Ltd., of which the remaining shares are held by Dongfeng Peugeot Citroën Automobiles (25%), itself a joint industrial and commercial venture between Dongfeng Motor Group Co. Ltd, a leading Chinese carmaker with sales of 3,535 million vehicles in 2013 (figure obtained by aggregating sales made by joint ventures in which Dongfeng is a partner and its own brands), and members of the PSA Peugeot Citroën group, and by the Dongfeng Motor Group Co. Ltd (25%). We consolidate the results of our Chinese joint venture by the equity method, as we have joint management control with our partners.

In Argentina, BPF finances end-users via PSA Finance Argentina Compania Financiera, a joint venture in which we have a 50% stake with a BBVA group subsidiary and for which we provide operations management. Refinancing for the loans is supplied half by the partner.

In Russia, BPF has a wholly-owned subsidiary, Bank PSA Finance Rus. This provides end-user loans as well as loans to dealers, corporate and equivalent customers. Bank PSA Finance Rus works in conjunction with a Société Générale group subsidiary, via a back-office service agreement, the partner being responsible for managing contracts with end-users.

In Brazil, end-user loans and loans to Peugeot and Citroën dealerships are made via two wholly-owned BPF on-site subsidiaries: Banco PSA Finance Brasil S.A. and PSA Finance Arrendamento Mercantil S.A. (together forming “BPF Brazil”). Until October 2013, Back office activity of BPF Brazil was provided by Santander bank. Since then, BPF Brazil has issued end-user loans under complete autonomy.

1.3.3.4 Competition

Our status as Peugeot and Citroën’s captive finance company gives us unparalleled access to their dealer networks, with all the advantages accruing from that position. We are consequently able to meet the financing needs of customers at the points of sale, in line with the two carmakers’ business models. What's more, we stand out from the competition due to the specific nature of the products and services offered to end-users via One Stop Shopping packages. These products and services, also designed in close collaboration with the Peugeot and Citroën brands, combine finance, insurance and services, and make it possible to respond instantaneously to each individual customer's requirements at the point of sale.

Peugeot and Citroën dealers are not contractually obliged to use us for their corporate dealer or end-user financing. We therefore compete for end-user and corporate dealer customers in all our markets. Our main competitors are commercial banks and consumer finance companies. We also effectively compete with customers who purchase a vehicle for cash or with alternative sources of financing.

1.3.3.5 Employee relations

As at December 31, 2013, the number of employees of BPF subsidiaries and branches on a full time equivalent basis was 2,506, excluding China. The recent employee surveys point to high levels of cohesion and satisfaction regarding management, Corporate Social Responsibilities, respect and recognition for employee and working conditions. We manage disputes, terminations of employment, vacations and benefits in accordance with various collective bargaining agreements, individual agreements and common law contracts.

1.3.3.6 Properties

BPF does not own any real estate and our registered office is located in premises rented by the PSA Peugeot Citroën group. The premises used by our subsidiaries and branches in France and overseas are also under lease-finance or rental contracts.

1.3.3.7 Legal proceedings

We and our subsidiaries respect the laws and regulations in force in the countries in which we operate. Most of our legal proceedings consist of disputes relating to non-payments by end-user customers, and to a lesser extent by dealers in the course of our day-to-day business.

We factor the impact and consequences of our legal costs into our provisions policy, and continuously adjust our terms of service to avoid any negative effects on our financial position.

1.4 Analysis of Operational Results

Most of our business consists of providing financing for the acquisition of new and used Peugeot and Citroën vehicles, and inventory financing for Peugeot and Citroën corporate dealers. Our net banking revenue is derived primarily from net interest income on customer loans and leases. Insurance and other services offered to financing customers also contribute significantly to our net banking revenue.

The 2008 financial crisis deeply disrupted the global financial markets and the worldwide automotive market. Its aftermath continues to affect the labor market, interest rates and other factors that have a direct bearing on our business.

1.4.1 Peugeot and Citroën Vehicle Sales

The worldwide automotive market experienced contrasting trends in 2013. The European and Russian markets continued to decline with a drop of 1.6% (Europe 30) and 5.4% respectively. By contrast, the Chinese market was up 19.1% and the Latin American market was up 2.9%.

In Europe, just a few markets, such as the United Kingdom and Spain, were up (11% and 4.1% respectively).

Those markets which are experiencing a recovery are still far from 2007 levels: in 2013, the number of registrations in Spain grew to 809,000 compared with 1,892,000 in 2007.

France recorded a drop of 5.5% and Italy a drop of 7.6% to 1,404,000 registrations - the lowest number since 1979 - compared with 2,739,000 in 2007.

Against this backdrop, the Group's sales worldwide (vehicles and spare parts) stood at 2,819,000 units, down 4.9%. Vehicle sales were almost unchanged at 2,818,000 units, down 0.1% on 2012, and grew by 4% in the fourth quarter.

Across Europe, with 304,000 LCV registrations, the Group retained its leadership and recorded a market share of 20.7%, almost unchanged from 2012.

Against this backdrop, the Group prioritizes the most profitable distribution channels and the Group's market share stood at 11.94% (Europe 30) down from 12.7% in 2012.

The Group's internationalization is ongoing: the internationalization strategy continues to bear fruit: the percentage of vehicles sold outside Europe has grown sharply since 2009. With 42% of its sales outside Europe in 2013, PSA Peugeot Citroën is on target to achieve 50% of its sales outside Europe in 2015.

The Chinese market was up 19.1% in 2013. Against this backdrop, Group sales were up 26.1% to 557,000 units, compared with 442,000 in 2012. Market share stood at 3.64%. China is PSA Peugeot Citroën's second largest market after France.

Peugeot recorded a new hike of 25.8% with 272,000 units sold, up from 216,000 in 2012. Citroën sales were up 26.3% to 285,000 units compared with 226,000 in 2012.

The Peugeot 3008, the Citroën C4L, launched at the start of the year, the Peugeot 301 and the Citroën C-Elysée, marketed from the second half of 2013, made a major contribution to the growth of the Group's sales in China.

PSA Peugeot Citroën sales are likely to continue to grow in 2014 with, in particular, the development of the sales network across the whole of the territory and expansion of the range on offer.

The middle classes, the main target of Group sales in China, currently account for 25% of the Chinese population but this is likely to rise to 40% by 2020. To support this growth, the Group is planning an annual production capacity of 950,000 vehicles at its Shenzhen (200,000 units for CAPSA) and Wuhan (750,000 units for DPCA) plants. The construction of a fourth plant by DPCA is being studied.

The Latin American market (Argentina, Brazil, Chile and Mexico) grew by 2.9% overall in 2013 with 5,937,000 registrations. A detailed analysis of this figure shows significant local disparities.

The Brazilian market was down 1.5% for the first time in 10 years. This drop occurred even though the 2012 reduction in tax on industrial production (IPI1) was maintained throughout 2013 and sales offers were very aggressive, particularly in the second half. The fluctuation in foreign exchange rates across the area (against the €) was, however, highly unfavorable and hit the Group's economic performance hard. The low rate of local integration of the Group's business activities magnified this foreign exchange effect.

Against this backdrop, PSA Peugeot Citroën sales across the area were up 7% on 2012, with 303,000 units sold across Latin America, with a 4.9% market share. In Argentina, the PSA Group continued to grow sharply with 140,100 registrations in 2013, up 25.5% on 2012. The Group successfully launched the Peugeot 208 and the Citroën C4 Lounge there, sales of which have been better than expected. Group registrations were up sharply in Chile (+31.5%) and in Mexico (+33.4%), much higher than the markets which grew by 10.3% and 7.9% respectively.

Against the backdrop of a slowdown in the Russian economy, the automotive market experienced a net drop of 5.4% in 2013. The Group's market share is down 0.3 points, at 2.3%.

In 2013, the launch of market-adapted vehicles such as the Peugeot 301 and 208 on the one hand, and the Citroën C-Elysée on the other, supplemented the brand offering. Please note that the Citroën C4 Sedan, produced locally in Kaluga, was launched in June. These models will enable the Group to strengthen its presence on the Russian market in 2014.

In the rest of the world, on the back of the success of the Peugeot 301 and the Citroën C4L and C-Elysée, the Group's sales also grew outside of these three destinations, especially in Algeria: +6.9% and Turkey: +7.6%.

Premium sales were up. The Group's strategy of moving upmarket is reliant upon strong brands, with markedly different customer territories.

The Group's movement upmarket is reflected in an increase in premium sales which rose by 505,000 units in 2012 to 540,000 units in 2013, i.e. 19% of the total sales volume.

Vehicles equipped with "Hybrid4" diesel hybrid technology are helping to take the brands upmarket: In Europe, they account for 11% of sales of the Peugeot 3008, 16% of the Peugeot 508 and 34% of the Citroën DS5.

In total, the Group sold 24,319 hybrid vehicles in 2013 and became the second largest seller of hybrid vehicles in Europe.

In 2013, PSA Peugeot Citroën successfully launched several new vehicles.

Sales of the Peugeot 2008 urban crossover, launched last spring, and the new Peugeot 308, are performing better than anticipated, with 82,000 and 34,000 orders respectively.

For Citroën, the new C4 Picasso and Grand C4 Picasso, with 58,000 orders, are boosting the brand's sales figures.

1.4.2 Banque PSA Finance Commercial Activity

1.4.2.1 End-user Financing

In what continues to be a challenging economic climate, our end-user financing business continued to perform well overall, with 29.1% new vehicle financing, the best performance in the last ten years, apart from the record high of 29.8% in 2012. Despite this strong performance in terms of penetration, we recorded an 8,0% drop in the number of new vehicle contracts on our eligible market (sales of new Peugeot and Citroën vehicles) which was itself down 5.8%.

European business levels were once again impacted by the financial crisis (European market « Europe 30 » down 1.6% after a drop of 8.6% in 2012), although emerging countries experienced contrasting performances i.e. particularly negative in Brazil which was down 2% (for the first time in ten years) and in Russia which was down 5%, and positive in Argentina with growth of 14%, as well as in China (+19.1%). China is PSA's second largest market after France.

Due to wide variances from one country to another depending on the continued effects of the financial crisis on the car market, BPF recorded a decrease in overall volumes of end-user financing for new and used vehicles in 2013, with 731,003 contracts compared to 805,143 in 2012. The table below provides information relating to BPF's end-user financing activity in 2012 and 2013.

End-User Financing of New and Used Vehicles

in number of contracts	Dec. 31, 2013	Dec. 31, 2012	% change
Installment sales	506,406	559,820	- 9.5
Leasing activity and other financing	224,597	245,323	- 8.4
TOTAL	**731,003**	**805,143**	**- 9.2**
of which outside Western Europe	140,396	151,024	- 7.0
in million euros (excluding accrued interests)			
Installment sales	4,380	4,935	- 11.2
Leasing activity and other financing	3,146	3,514	- 10.5
TOTAL	**7,526**	**8,449**	**- 10.9**
of which outside Western Europe	1,070	1,192	- 10.2

The decline in new financings, including both installment contracts and leasing activity, was 9.2%. The average amount financed fell 2.2% between 2012 and 2013.

The following table illustrates the amount of new end-user financing entered into in 2013 and 2012 by customer segment.

Financing of New and Used Vehicles by Market

in million euros	2013	2012	% change
Retail financing	6,665	7,429	- 10.3
of which new vehicles	5,508	6,081	- 9.4
of which used vehicles and other	1,157	1,348	- 14.2
Corporate and equivalent financing	861	1,020	- 15.6
End-user financing	**7,526**	**8,449**	**- 10.9**

New financing for individuals and small and medium businesses declined by 10.3% in 2013 compared to 2012. New vehicle financing for this segment was also down 9.4% in 2013, and used vehicle financing was down 14,2%.

New financing for corporate and equivalent customer decreased by 15,6% in 2013.

The following table breaks down the end-user loans made in 2013 and 2012 by region, based on the number of vehicles financed.

Financing of New and Used Vehicles by Region

in number of contracts	2013	2012	% change
France	255,029	280,980	- 9.2
Western Europe (excluding France)	335,578	373,139	- 10.1
Central and Eastern Europe	19,049	18,308	+ 4.0
Latin America	93,960	97,394	- 3.5
Rest of the World	27,387	35,322	- 22.5
Total	**731,003**	**805,143**	**- 9.2**

A. New Vehicle Financing

BPF financed 569,538 new PSA vehicles through installment contract financing or leases in 2013, representing a decrease of 8,0% compared to 2012.

Our overall penetration rate was 29.1% in 2013 (2nd best performance ever), reflecting a sustained strong sales performance and steady growth in joint operations with both PSA Peugeot Citroën group brands.

The markets experienced vast contrasts: the strongest growth was in the United Kingdom with PSA registrations up 7.1% and new vehicle financing volumes up 9.7%. BPF also achieved a record penetration level of 31.4%.

In Central and Eastern Europe, results were up 0.7 points, with penetration rising from 21.5% to 22.1% in 2013.

In Latin America, Argentina achieved a record performance with over 140,000 vehicles, and new vehicle financing penetration of 25.1%. Brazil continued to perform well with 37.8% penetration.

Countries that are the largest contributors (excluding Western Europe) were Brazil, Argentina and Russia.

Business in China continued to grow sharply with outstanding loans up 61.9% (after having grown 50,0% in 2012). (See "1.4.2.4 Financing in China").

<u>Western Europe</u>

The number of new vehicles we financed in Western Europe (including France) decreased by 8.5% in 2013 to 442,036 financing contracts, while the penetration rate only fell by 0.4 percentage points. Given the fact that the economic climate is still very challenging, penetration rates varied from country to country, with falls in Portugal (-3.4 points), Italy (-1.5 points), Switzerland (-1 point), Germany (-0.8 points), France (-0.8 points), Belux (-0.6 points) and the Netherlands (-0.5 points), but also gains in Austria (+3.3 points), the United Kingdom (+0.7 points) and Spain (+0.1 points).

- France: New vehicle financing was down 9.8% (in a market which fell by 5.5%) with 184,491 financing contracts in 2013, down from 204,472 in 2012. Crédipar's share of new Peugeot and Citroën vehicle financing fell by 0.8 points in 2013 to a penetration rate of 28.4%. Penetration, within the B2B activities, has evolved +0.6; sale volumes fell 6,3% when the B2B market it fell by almost 2.5%.
- Germany: Our penetration rate decreased by 0.8 points to 32.4% (3rd best performance within the BPF perimeter). This level is the result of a difficult first semester (31.2%) partially compensated by an excellent second semester (33.8%);
- Spain: The strong results achieved in 2012 continued with an excellent penetration rate of 38.1% in 2013 (best performance within the BPF perimeter), and 50,190 new vehicle financing contracts compared with 50,624 in 2012. In a Spanish market which grew by 4.1%, we continued to grow by continuing our partnerships with the Group's brands;
- United Kingdom: In a market which grew 11% in 2013, the penetration rate rose once again by 0.8 points, beating the record performance achieved in 2012 with 31.4% (5th best performance within the BPF perimeter). In the United Kingdom, our subsidiary worked closely with the Peugeot and Citroën brands, continuing with the Just Add Fuel package offering for Peugeot, and with high-performance initiatives for the DS line;
- Italy: In an automotive market that continues to be challenging (down 7.6%) the penetration rate remained steady at 30.9% (6th best performance within the BPF perimeter). This was mainly due to joint operations with the Peugeot and Citroën brands. Financing volumes decreased by 16.1% in 2013;
- Belgium and Luxembourg: Sales volumes and penetration decreased slightly. In Belgium, penetration fell (-0.6 points) to 25.3%. The automotive market continued to be highly competitive, with aggressive promotions launched during the Brussels Auto Show in 2013.

<u>Central and Eastern Europe</u>

In a Central and Eastern Europe market that continued to be challenging, BPF's penetration was up 0.6 points to 22.1% and the number of new vehicle contracts was up 4% to 16,446 contracts.

- Poland recorded domestic market growth of 6%; BPF grew its new vehicle financing penetration by 1.1 points to reach 20.3%;
- The Czech Republic market was down 5%, and BPF's penetration fell by 2.9 points to 21.9%;
- On the other markets, performances in term of penetration were strong overall, with significant growth in Slovenia at 27.2% (22.2% in 2012); Croatia at 24.6% (21.5% in 2012) and Hungary at 17% (12.9% in 2012). Slovakia alone recorded a drop with a new vehicle penetration rate of 24.7% (28.7% in 2012) in a market that was down 5.1%.

Latin America

Latin America is one of the most important markets for BPF. Our business is mainly carried out through our Brazilian and Argentine subsidiaries. For Brazil, until October 2013, BPF operated via a partnership with Banco Santander. Since November, BPF Brazil ensures its activity under complete autonomy.

In Argentina, BPF operates via a partnership with BBVA: PSA Finance Argentina. (See "1.3.3.3 Partnerships and Ventures" for more information regarding on this arrangement).

In Brazil, our subsidiary recorded a slight drop in its penetration rate at 37.8% (38.1% in 2012), the second best performance within the BPF perimeter, and 46,695 new vehicle financing contracts (down on 2012, by the same amount as the drop in PSA Group registrations). On the Brazilian market, competition from local banks continues to be fierce: local banks are authorized to set up sales teams at dealerships to gain direct contact with customers.

In Argentina, PSA Peugeot Citroen recorded an excellent performance in terms of new vehicle registrations which rose by 26% in 2013, in a market which grew by 14%. Our Argentinian subsidiary financed 35,225 vehicles, an increase of 27,8% compared with 2012. The penetration rate also grew to 25.1% (24.7% in 2012), a result that was once again obtained in close collaboration with the group's brands.

In Mexico, penetration reached 30.2%, up sharply by 5.2 points, with a 61.3% increase in new vehicle financing contracts.

Rest of World

In Russia, the penetration rates remained steady at 27.4% in 2013. Volumes of new vehicles financed fell 19.8%, with 17,185 contracts, and registrations were down 18.7%, in a market which was down 5%.

Elsewhere, in Turkey, the subsidiary's penetration rate was down by 7.1 points, to 15.4%. As a result of our partnership arrangement in Turkey, we do not keep outstanding loan amounts on our books and only record a commission received from our partner. We stopped financing vehicles in Algeria in 2010 due to new government measures. Our former activity in that country had begun in 2009 and was relatively small.

The Chinese subsidiary, which launched its business in 2006, issued end-user loans for 65,648 new vehicles in 2013, a sharp increase of 68.3%. The new vehicle penetration rate was 12.1%, up 3.1 points on 2012. This performance was not indicated in the data presented earlier as the Chinese subsidiary is accounted for by the equity method (See “1.4.2.4 Financing in China”).

B. Used Vehicle Financing

Used vehicle financing fell by 13.2% between 2012 and 2013 with a significant drop in Europe. The worldwide number of used vehicles financed was 161,265 compared to 185,720 in 2012.

This decline was due to the decrease in the number of used vehicles financed in the United Kingdom, Germany, France, Italy, Belgium and Brazil (where the effects of the financial crisis led to heightened levels of risk aversion). Used vehicle contracts were up in Argentina, Spain, Switzerland, Austria and Slovenia.

BPF's used vehicle financing business remains concentrated in three countries (France, Germany and the UK). It continued to be affected by the impact of new vehicle purchases driven by low-emission incentives, and stricter application of acceptance criteria.

1.4.2.2 Corporate Dealer Financing

Our corporate dealer financing business fell off sharply in 2013. The decrease was particularly significant in the second semester, mainly due to the conservative policy adopted by the brand driven primarily by the decline in the European markets.

We provided corporate dealer financing for a total of 1,619,118 vehicles in 2013, a significant decrease compared with 2012 in volume. Vehicle financing amounts followed the same trend, with a 9.8% drop; the decline was, however, more pronounced for spare parts, at -19,4%.

The following table sets forth our new corporate dealer financing activity for the years ended December 31, 2012 and 2013.

New Corporate Dealers Financing

(in million euros)	2013	2012	% change
Number of vehicles	**1,619,118**	**1,770,922**	**- 8.6**
Amount (in million euros)	**33,516**	**37,166**	**- 9.8**
of which vehicles	29,943	32,734	- 8.5
of which spare parts and other	3,573	4,432	- 19.4

Outstanding Corporate Dealer Loans

(in million euros)	Dec. 31, 2013	Dec. 31, 2012	% change
Vehicles	3,959	4,302	- 8.0
Spare parts and other	1,591	1,752	- 9.2
Total	**5,550**	**6,054**	**- 8.3**

The decline in outstanding loans at the end of the year reflects both the decrease in inventories and the drop in sales volumes achieved by brands in the regions where we have a presence.

Geographically, the change in the number of vehicles financed on a corporate dealer basis reflected the depressed markets in Western Europe where Peugeot and Citroën brands have the strongest positions.

1.4.2.3 Insurance and Services

Insurance and services margin (excluding net cost of refinancing) increased sharply to €170 million in 2013, compared to €162 million in the previous year. This margin is made up of commissions on insurance product sales and renewals as well as PSA Insurance underwriting profits.

The increase in insurance is compensated by the decrease of other services, reflecting the following:

- The margin on PSA Insurance services (product so-called “Make”) contributed €109 million to 2013 income, up from €96 million in 2012. Earned premiums were €145 million compared to €128 million in 2012, while the cost of claims and changes in liabilities related to insurance activities represented a charge of €36 million in 2013 compared to a charge of €32 million in 2012. This growth was due to the increasing percentage of insurance business underwritten by PSA Insurance since 2009;
- The margin on sales of other insurance products and services (product so-called “Buy”) fell by €5 million to €61 million in 2013, down from €66 million in 2012. This change is in line with forecasts and was mainly due to the end of life of product portfolios sold before 2009, the year in which the business was brought in-house by PSA Insurance.

  These revenues can be broken down into 2 elements that are booked differently to the consolidated financial statement of Banque PSA Finance.

Net Banking Revenue on Services

(In million euros)	2013	2012	% change
Margin on sales of insurance services	109	96	+ 13.5
Margin on sales of other services[1]	61	66	- 7.6
Total[2]	**170**	**162**	**+ 4.9**

1 - After elimination of intra-segment transactions, which are primarily commissions paid by PSA Insurance to other group entities
2 - Excluding refinancing cost (see Note 26.2 in the consolidated financial statements)

1.4.2.4 Financing in China

China represents a dynamic growth market, both for the PSA Peugeot Citroën group's vehicle sales activities, and for our financing activities. Through our DPCAFC joint venture, we have experienced strong growth in the financing business in recent years, with total outstanding reaching €938 million at December 31, 2013, up from €639 million at December 31, 2012 (46.8% growth).

This is not reflected in the figures relating to our consolidated end-user loans and receivables, because our Chinese subsidiary is accounted for by the equity method. The following table sets forth information relating to our subsidiary's financing in China in 2012 and 2013.

FINANCING IN CHINA

	2013	2012	% change
End-user loans *(including leases)*			
Number of vehicles *(new and used)* financed	66,374	39,325	+ 68.8
Amount of financing *(in million euros, excluding interests)*	568	340	+ 67.1
Corporate dealer loans			
Number of vehicles financed	256,319	204,005	+ 25.6
Amount of financing *(in million euros, including spare parts)*	3,786	2,586	+ 46.4

Outstanding loans *(in million euros)*	Dec. 31, 2013	Dec. 31, 2012	% change
End-user loans *(including leases)*	607	375	+ 61.9
Corporate dealers loans	331	264	+ 25.4
Total loans	**938**	**639**	**+ 46.8**

As part of PSA and BPF's expansion in China, BPF is continuing to assist CAPSA (joint venture 50/50 between Chang'An and PSA) with a view to helping to develop and finance a dealership network as well as offering loans and services to CAPSA's customer thanks to the financial support via local banks whilst awaiting the creation of an Auto Finance Company (AFC) under a joint venture arrangement.

1.4.3 Results of operations

NET INCOME

(in million euros)	2013	2012	% change
Net banking revenue	891	1,075	- 17.1
General operating expenses and equivalent[1]	-392	-394	- 0.5
Cost of risk	-131	-290	- 54.8
Operating income	**368**	**391**	**- 5.9**
Non operating income	8	6	+ 33.3
Income taxes	-138	-104	+ 32.7
Net income for the year	**238**	**293**	**- 18.8**

1 - including depreciation and amortization of intangible and tangible assets and gains and losses on disposals of fixed assets

1.4.3.1 Net Banking Revenue

Net banking revenue fell by 17.1% to €891 million at December 31, 2013, down from €1,075 million at December 31, 2012. This decline was mainly due to Banque PSA Finance's increased refinancing costs which can no longer be passed on to customers, compounded by an unfavorable volume effect relating, in particular, to the drop in vehicle sales. In short, non-Euro zone countries are recording an extremely negative foreign exchange effect.

Net interest margin fell from €728 million to €562 million, a 22.8% drop. These figures represent the interest revenues earned on customer transactions, less refinancing costs. The following table breaks down our net banking revenue by customer segment for the years ended December 31, 2013 and 2012.

NET BANKING REVENUE BY CUSTOMER SEGMENT

(in million euros)	2013	2012	% change
End-users	498	607	- 18.0
of which Retail	477	575	- 17.0
of which Corporate and equivalent	21	32	- 34.4
Corporate dealers	64	121	- 47.1
Insurances and Services (including net refinancing costs)	171	163	+ 4.9
Unallocated and other[1]	158	184	- 14.1
Total	**891**	**1,075**	**- 17.1**

1 - Represents primarily refinancing cost adjustment reflecting the fact that interest expenses are allocated to customer segments based on our average financing rates, and on the assumption that loans are financed fully with debt.

Insurance and services margin (excluding net cost of refinancing) increased sharply to €170 million in 2013, compared to €162 million in the previous year. This margin is made up of commissions on insurance product sales and renewals as well as PSA Insurance underwriting profits.

The increase in insurance is compensated by the decrease of other services, reflecting the following:

- The margin on PSA Insurance services contributed €109 million to 2013 income, up from €96 million in 2012. Earned premiums were €145 million compared to €128 million in 2012, while the cost of claims and changes in liabilities related to insurance activities represented a charge of €36 million in 2013 compared to a charge of €32 million in 2012. This growth was due to the increasing percentage of insurance business underwritten by PSA Insurance since 2009;
- The margin on sales of other insurance products and services fell by €5 million to €61 million in 2013, down from €66 million in 2012. This change is in line with forecasts and was mainly due to the end of life of product portfolios sold before 2009, the year in which the business was brought in-house by PSA Insurance.

1.4.3.2 General Operating Expenses

General operating expenses and equivalent were €391 million in 2013 compared to €392 million in 2012. This drop was the result of significant cost reduction initiatives implemented in all our subsidiaries.

In particular, please also note that such cost reduction initiatives made it possible to absorb costs relating to our new retail savings business.

1.4.3.3 Cost of risk

Our cost of risk in 2013 was €131 million, representing 0.61% of our average net amounts outstanding, compared to €290 million in 2012 (including an additional impairment of €136 million recorded in the last quarter of 2012 related to the revision of the statistical provisioning model used for retail loans), i.e. 1.23% of net amounts outstanding.

Our retail cost of risk reflects the net impairment charges that we record in respect of delinquent and non-performing loans relating to installment sales and leases.

Our cost of risk for retail exposure (individuals and small and medium businesses) was €116 million in 2013. This was a significant improvement on 2012 which was marked by the major impact of the revision of provisioning model.

The 2013 income includes an additional impairment of €20 million relating to adjustments to the depreciation rate applied to certain financing techniques in the extension of annual backtesting of IAS provisioning models for retail portfolios. The impact of these adjustments was felt, in particular, by France and the United Kingdom.

The risk selection measures taken in certain European countries in 2008 and 2009, and extended to Brazil in 2012, were maintained in 2013. These mainly involved restricted production on the highest risk customer segments. This selective approach enabled us to see risk indicators, in particular, default rates, that continued to improve. At the same time, we strengthened the efforts that we have made in recent years to improve small business customer selection by introducing, or modernizing, the dedicated credit scoring system used in Spain and in the United Kingdom.

We continued to consolidate our recovery procedures in 2013. The information technology tools made available to teams in recent years have made it possible to improve the efficacy with which past-due installments are processed on our recovery platforms and to significantly increase the sums recovered during the litigation phase.

The cost of corporate and equivalent customer risk fell to a net value of €2.5 million in 2013 (from €5.9 million in 2012), due to the return of economic stability in Southern Europe and to specific measures taken to limit our exposure to short-term leasing customers (buyback contracts), and small businesses and corporate customers with a higher risk profile.

Our cost of risk for corporate and equivalent decreased to a net €2,5 million in 2013 compared to €5,9 million in 2012. The decline is mainly due to the economic stabilization in Southern Europe and specific measures in order to limit our exposure with regard rent customer (lease with a purchase option), small and medium businesses and corporate with a higher risk profile.

Our cost of risk for corporate dealer financing decreased sharply to €13,2 million compared to €24 million in 2012. It is mainly due to significant impairments in Southern Europe countries (80% of the risk). Excluding Southern Europe, our cost of risk remained in line with its relatively low historical trend, reflecting the strong resilience of the Peugeot and Citroen dealer networks, helped by increased supervision and strict monitoring of corporate dealer financing commitment.

1.4.3.4 Operating Income

Operating income was down 5.9%, falling from €391 million in 2012 to €368 million in 2013. This decline was mainly due to the drop in net banking revenue, partially offset by an improvement in the cost of risk as well as in general operating expenses.

1.4.3.5 Consolidated Net Income

Consolidated net income amounted to €238 million in 2013 versus €293 million in 2012, a decrease of €55 million.

The share in net income of associates and joint ventures accounted for using the equity method rose in 2013 from €7 million to €8 million, despite the disposal of 25% of our shares in our affiliate company, jointly-controlled with DongFeng Peugeot Citroën Automobiles (50% owned by PSA and 50% owned by DongFeng Motor Group) to Dong Feng Motor Group (DFG), thus reflecting the strong growth in the economic and sales performances of our Chinese businesses, within the context of an increasingly strong partnership.

The rate of corporation tax grew sharply in 2013 to 36,5% of taxable income (up from 26,6% in 2012, see Note 36.3 of the notes to the consolidated financial statements), 2013 having been marked by the recognition of a provision for tax risk, covering the probable risk, assessed by management, relating to a dispute with the French tax authorities regarding the level of commission received by our Crédipar subsidiary for insurance and services policies sold by it.

1.5 Financial Situation

1.5.1 Assets

1.5.1.1 General

General total assets amounted to €25,117 million as of December 31, 2013, a 7.6% decrease compared to €27,185 million as of December 31, 2012. This reduction is essentially the result of the fall of end-user loans and receivables in a context of vehicle sales slowdown. The large majority of our assets consists of outstanding customer loans.

1.5.1.2 Outstanding Loans

Total outstanding loans (including installment sales financing and lease contracts) decreased by 7.6% from €23,061 million as of December 31, 2012 to €21,312 million as of December 31, 2013. Loans to end customers and financing for the Corporate dealers fell in the same proportions. The following table presents outstanding loans by customer segment as of the end of 2013 and 2012.

BY TYPE OF LOAN

(In million euros)	Dec. 31, 2013	Dec. 31, 2012	% change
Corporate dealers	5,550	6,054	- 8.3
End-users	15,762	17,007	- 7.3
of which Retail	14,238	15,416	- 7.6
of which Corporate and equivalent	1,524	1,591	- 4.2
Total Customer Loans and Receivables	**21,312**	**23,061**	**- 7.6**

The proportion of installment sales in the total Retail portfolio remained stable at 62%. Installment sales therefore represented €8,809 million and lease contracts €5,240 million at December 31, 2013 (See Note 9.2 of our consolidated financial statements).

The overwhelming majority of the financing for corporate and equivalent customers consists of lease financing. The outstanding amount increased from €1,483 million as of December 31, 2012 to €1,480 million as of December 31, 2013.

The following table presents a geographical breakdown of our outstanding customer loans as of December 31, 2012 and 2013.

BY REGION

	December 31, 2013			December 31, 2012		
in million euros	Corporate dealers	End-users	Total	Corporate dealers	End-users	Total
France	2,193	5,798	7,991	2,465	6,107	8,572
Western Europe (excluding France)	2,767	8,475	11,242	2,896	9,107	12,003
Central and Eastern Europe	212	335	547	245	378	623
Latin America	278	979	1,257	306	1,199	1,505
Rest of the World	100	175	275	142	216	358
Total	**5,550**	**15,762**	**21,312**	**6,054**	**17,007**	**23,061**

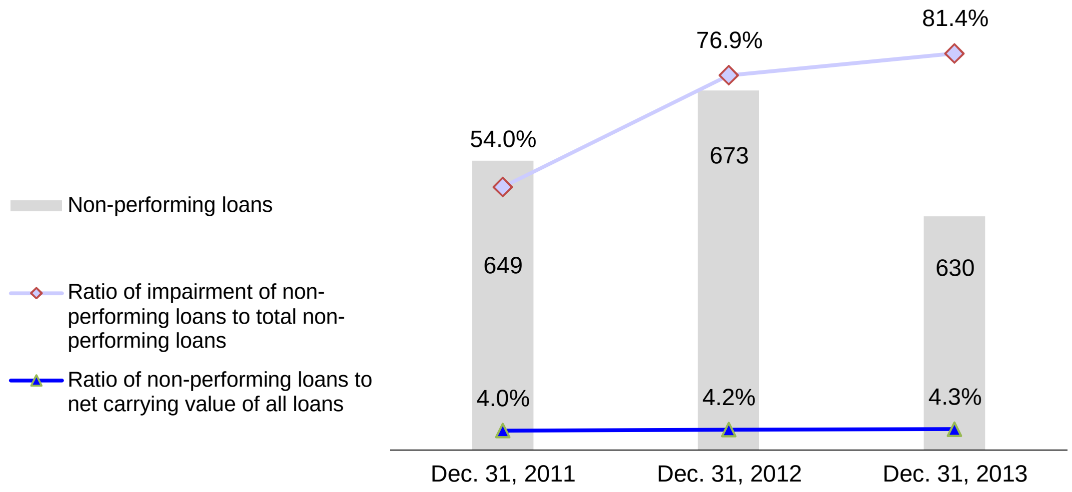
1.5.2 Provisions for Non-performing loans

We deduct impairment losses from the carrying value of our loans and receivables as they are recorded. The procedures for the recognition of the impairment charges on the outstandings are described in Note 2.C.6.4 of the consolidated financial statements. When we determine that a loan or receivable is unrecoverable, it is written off through profit and loss. Any previously recognized impairment loss is also reversed through the income statement. Any subsequent recoveries are credited to the income statement. All of this is recorded under the cost of risk.

The table present in Note 33 of our consolidated financial statements sets forth our sound loans with past-due installments (delinquent loans), non-performing loans and related impairment amounts, in each case as of December 31, 2012 and 2013. For retail financing to individuals and small and medium businesses, we record statistical impairment charges in respect of delinquent loans, as well as for non-performing loans. For corporate dealer and corporate and equivalent financing, we analyze each delinquent loan to determine if it presents an aggravated risk. If so, the loan is classified as non-performing. Accordingly, we only record impairment charges in respect of non-performing loans. Therefore, the charges for the corporate portfolio are only recorded for non-performing loans.

RETAIL NON-PERFORMING LOANS

(in million euros, except percentages)



The level of our non-performing loans decreased in amount at December 31, 2013 but increased slightly as a percentage of the outstanding under the effect of the decline of the portfolio. The fall in the amount of non-performing loans can be explained by both the large amount of credit losses tied to non-performing loans from 2008, at the beginning of the financial crisis, by a strong rise in recoveries, and by a small decrease in non-performing loans compared to 2012.

Coverage rate of non-performing loans reached 81,4% at the end of 2013 (compared 76,9% at the end of 2012) due to mainly the impact of ageing outstanding stock of non-performing loans tied to the default weight from the financial crisis.

1.5.3 Refinancing

Our strong capital base, coupled with a quality asset portfolio, provide us with a strong foundation for obtaining financing.

Accordingly, our financing strategy is to diversify liquidity sources as broadly as possible, matching the maturities of assets and liabilities, and hedging exposure to currency and interest rate risk.

In 2013, Banque PSA Finance made use of different sources of financing: bank deposits (launch of the "DISTINGO" passbook savings account on March 7, 2013), bonds, securitization, and syndicated backup and revolving bilateral lines. As a regulated credit institution, we also have access to sources of liquidity such as the European Central Bank (ECB).

Banque PSA Finance still has the capacity to continue to borrow on the bank and capital markets in France and abroad (America and Asia), in order to finance its development and the investments necessary for its business. As part of this funding policy, it can seize market opportunities to refinance in advance and thus increase the level of its debt.

Furthermore, Banque PSA Finance possesses solid financial security which is based on a reserve of liquidity, undrawn revolving bilateral lines, syndicated backup lines and collateral available at the European Central Bank (see Note 27.3 of the consolidated financial statements).

At December 31, 2013, 22% of the financing came from drawn bank loans, 38% from the capital markets, 25% from securitization transactions on the markets, 10% from financings of public origin such as the ECB or the SFEF ('Société de Financement de l'Economie Française'), which raised funds in 2008 and 2009 in order to lend them to the banks and financial institutions during the previous crisis), and 5% from the bank deposit business started in March 2013. At December 31, 2012, these sources provided 23%, 42%, 20%, 15% and 0% of our financing, respectively.

The following table and charts break down our financing by source of financing as of December 31, 2011, December 31, 2012 and December 31, 2013.

Sources and Types of Financing

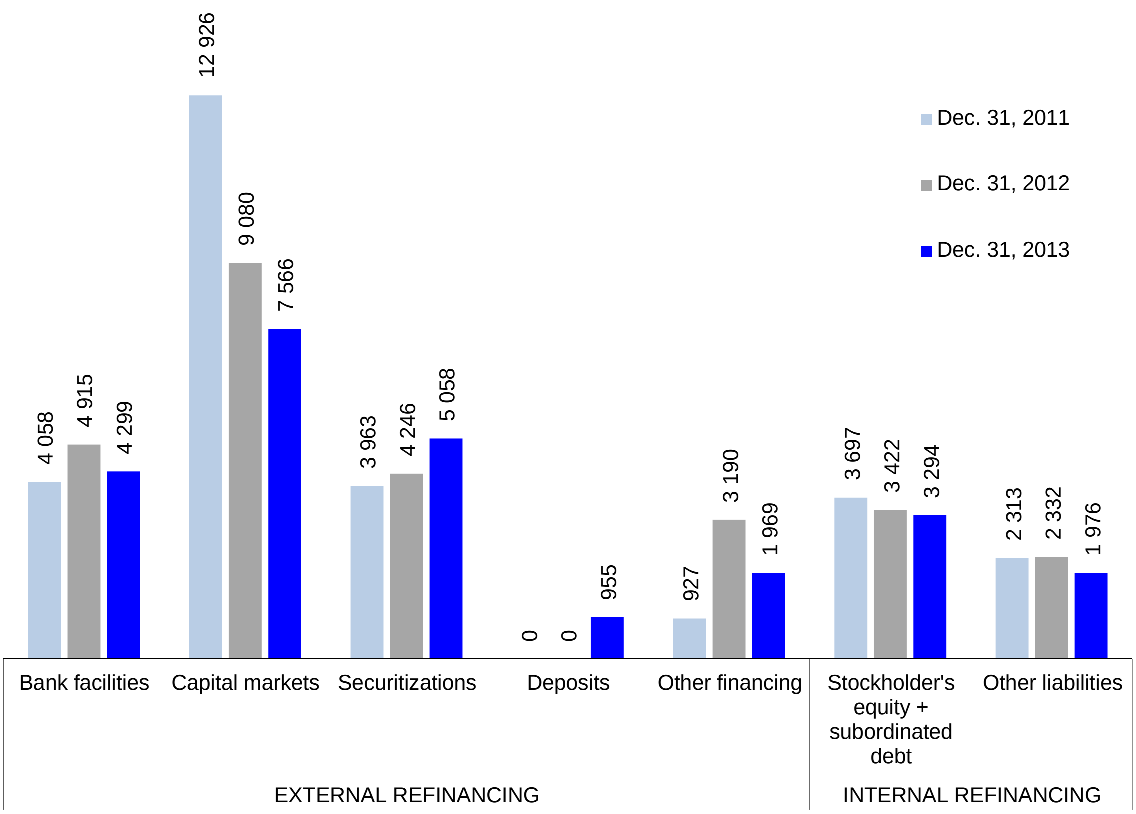
(in million euros)	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2011
Bank facilities	**4,299**	**4,915**	**4,058**
Bonds + BMTN	212	716	701
EMTN	7,119	8,010	8,375
Other	42	120	96
Long-Term	*7,373*	*8,846*	*9,172*
CD	64	130	2,869
CP	0	17	885
Other	129	87	0
Short-Term	*193*	*234*	*3,754*
Capital markets	**7,566**	**9,080**	**12,926**
Securitizations[1]	**5,058**	**4,246**	**3,963**
Deposits	**955**	**0**	**0**
Other financing[2]	**1,969**	**3,190**	**927**
Total external refinancing	**19,847**	**21,431**	**21,874**
Stockholder's equity + subordinated debt	3,294	3,422	3,697
Other liabilities	1,976	2,332	2,313
Total assets	**25,117**	**27,185**	**27,884**

1 Securitizacions include all loan securitizacion and the nrazilian FIDC

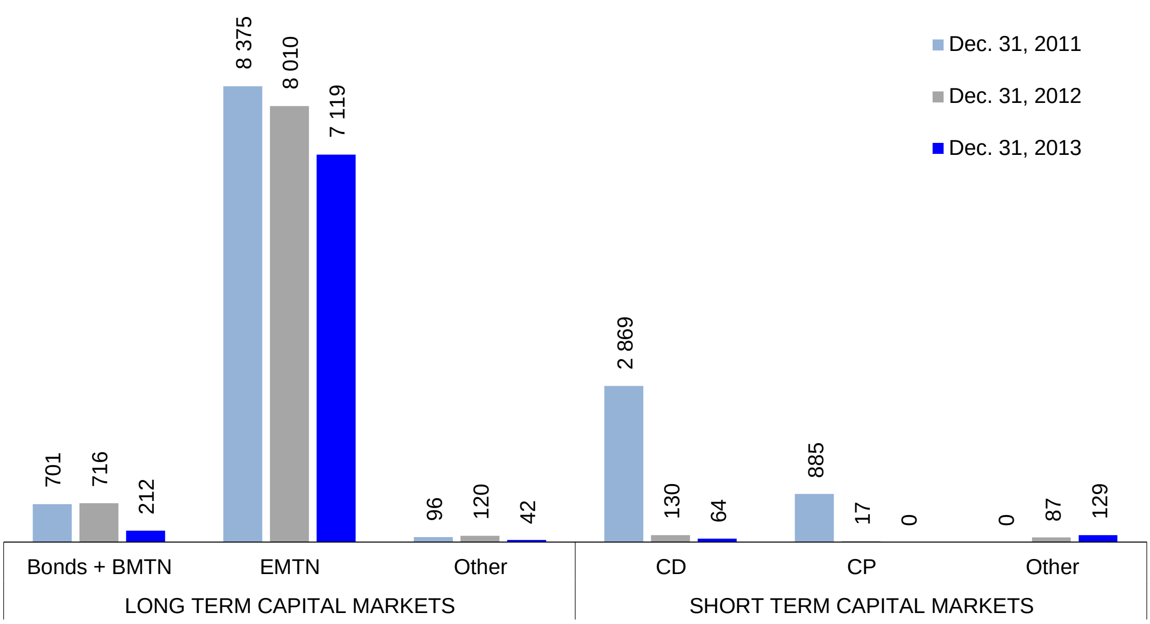
2 Represents the repo ECB (1700 million euros), SFEF (105 million euros), and VIVE measures in Spain (164 million euros).

SOURCES OF REFINANCING *(in millions euros)*

(EXCLUDING NON-DRAWN CONFIRMED BANK CREDIT LINES)



CAPITAL MARKET *(in millions euros)*



Under Article 85 of the Amending Finance Act of December 29, 2012, the Minister for the Economy is authorized to provide a State guarantee for a fee for securities issued between January 1, 2013 and December 31, 2016 by Banque PSA Finance in order to enable it to refinance itself. It is a guarantee for a maximum of €7 billion in capital, and does not represent a transfer of funds from the French State to Banque PSA Finance. It is only in the event of Banque PSA Finance defaulting that the Bank's counterparties could ask the State to honor the guarantee. The French State notified the European Commission of this guarantee on January 7, 2013.

In this connection, Banque PSA Finance completed a bond issue of €1,200 million on March 25, 2013. This bond issue was the subject of a first-demand guarantee by the French State, which forms part of the authorization given by the European Commission on a temporary basis on February 11, 2013. The European Commission's definitive agreement concerning the State guarantee in favor of Banque PSA Finance was obtained on July 30, 2013. A second guarantee agreement corresponding to the residual tranche of €5,800 million was subsequently signed on October 28, 2013 between the State, Peugeot SA and Banque PSA Finance. A guarantee monitoring committee comprising five members, including representatives of the French government and the Group, monitors the proper operation of the guarantee.

This bond issue brings the outstanding financing balances on the short and medium-term capital markets to €7,566 million at December 31, 2013, compared with €9,080 million at December 31, 2012.

In parallel, on January 11, 2013 Banque PSA Finance put in place a term loan with a maximum maturity of five years, for an amount of €4,099 million, with a wide and international pool of banks in order to obtain term commitments and financing similar to those expected via the State guarantee on issues of new bonds. In 2013, Banque PSA Finance also extended the majority of its revolving security lines, for an amount of €3 billion for three years. The first extension was completed by means of a Forward Start Facility signed on January 11, 2013, and the second by activating another extension option in December 2013. Those renewals allowed us to maintain our bank facilities. We had €4,299 million in outstanding bank loans at December 31, 2013 versus €4,915 million at December 31, 2012.

Furthermore, Banque PSA Finance pursued its securitization program in 2013 with the success of eight securitization transactions completed in three countries (France, Germany and Switzerland) for a total amount at the outset of €1,529 million of senior securities (see Note 19.4 of the consolidated financial statements).

In April 2013, an initial securitization program, Auto ABS DFP Master Compartment France 2013 was put in place covering corporate dealer receivables of Sofira, completed via a new Master DFP securitization vehicle.

An Auto ABS securitization transaction compartment 2013-1 was put in place in May 2013 covering German long-term leasing receivables and completed via the securitization vehicle with compartments, 'Auto ABS FCT'.

In June 2013, a securitization transaction Auto ABS 2013-2 was put in place covering the installment contract receivables of Crédipar completed via the securitization vehicle with compartments 'Auto ABS FCT'.

In October 2013, an Auto ABS German Lease Master securitization transaction was put in place covering German long-term lease receivables, completed via a new Master securitization vehicle.

An AUTO ABS FCT2 2013-A securitization operation was put in place in October 2013 covering French long-term leasing receivables, completed via a new securitization vehicle.

In November 2013, an Auto ABS DFP Master Compartment Germany securitization transaction was put in place covering German corporate dealer receivables, completed via the Master DFP securitization vehicle.

An Auto ABS Swiss Leases 2013 GmbH securitization transaction was put in place in November 2013, covering Swiss leasing receivables, completed via a Swiss special purpose entity.

An Auto ABS German Loans Master securitization transaction was put in place in November 2013 covering German installment contract receivables, completed via a new Master securitization vehicle.

The outstanding amount of loan securitizations (including the Brazilian FIDC) increased from €4,246 million at December 31, 2012 to €5,058 million at December 31, 2013. All of our securitization transactions are fully consolidated and carried on balance sheet. Total receivables sold to securitization vehicles were €8,788 million as of December 31, 2013 and €6,742 million as of December 31, 2012 (see Note 9.5 of the consolidated financial statements).

In addition to the securitizations, structured financing with the ECB represented €1,700 million at December 31, 2013 (see Note 17 of the consolidated financial statements). This source of financing was used by BPF for an amount of €2,900 million at December 31, 2012.

The total amount of the assets deposited as collateral with the ECB amounted to €2,957 million at December 31, 2013, of which €1,128 million of customer receivables, compared with €5,146 million at December 31, 2012, of which €3,704 million of customer receivables (see Note 27.1).

The renewal of the bank lines, associated with this new deposit activity, the securitization and collateralization transactions and the bond issue with a State guarantee completed in March 2013, ensure the financing of Banque PSA Finance over the next 12 months.

1.5.4 Security of liquidity

We seek to maintain an appropriate balance between safeguarding our liquidity position, which is our first priority, and optimization of financing costs.

At December 31, 2013, financing with an original maturity of twelve months or more represented 78% of the total (versus 73% at December 31, 2012), in accordance with the methods defined in 2013, providing continued solid coverage of potential liquidity risk.

The maturities of financing comfortably exceed the maturities of the retail financing loan book. The average maturity of medium- and long-term financing set up in 2013 is 2.7 years.

Banque PSA Finance constantly seeks to maintain a certain level of liquidity on its balance sheet, as well as bilateral revolving and syndicated backup lines in order to cover at least six months of financing requirements. The six-month objective corresponds to the results of a stress test whose scenario is continuity in financing new amounts based on the forecast activity in spite of the closing of financial markets. At December 31, 2013, the liquidity reserve (available invested cash) represented €1,025 million (see Note 27.3 of the consolidated financial statements).

Banque PSA Finance holds undrawn committed credit facilities of €7,006 million including €3,400 million in syndicated backup lines (see Note 27.2 of the consolidated financial statements).

At December 31, 2013, these lines of syndicated security break down into five maturities, June 2014, December 2014, December 2015, January 2016 and December 2016, respectively, for €184, €70, €136, €1,216 and €1,794 million. They were concluded with groups of banks, comprised of leading banking institutions. These syndicated credit lines had not been drawn upon at December 31, 2013.

The credit facilities which were current at December 31, 2013 do not oblige BPF to comply with the obligations in terms of the constitution of sureties, default and similar clauses, in excess of normal market practices. They imply, for Banque PSA Finance, the cancellation of these credit facilities, if Peugeot S.A. does not directly or indirectly hold a majority of the bank's outstanding shares. On these facilities, BPF must respect additional covenants which are, amongst other things, to dispose of a possibility to use a government guarantee on the bond issues in euros and to respect a Common Equity Tier One ratio at a minimum of 11%.

At December 31, 2013, BPF holds, on its customers, financial commitments given in favor of customers for an amount of €1,257 million, down in comparison with €1,426 million at the end of December 2012. In addition, the amount of guarantee commitments given in favor of customers is €79 million versus €81 million at December 31, 2012 (see Note 27 of the consolidated financial statements).

1.5.5 Credit Ratings

After the publication on February 13, 2013 of the 2012 annual results, the Standard & Poor's agency reduced the long-term rating of Banque PSA Finance dated February 14, 2013, from BBB- (negative outlook) to BB+ (negative outlook) and the short-term rating from A3 to B. On February 19, 2013, the Moody's credit rating agency placed the rating of Banque PSA Finance under review for a possible downgrade. On April 16, 2013, it downgraded the long-term rating of Banque PSA Finance from Baa3 to Ba1 (stable outlook) and the short-term rating from P3 to Not prime.

Following the publication of the group's results for the first half of 2013, Moody's Investors Service reduced the outlook to negative (versus stable) for the rating of Banque PSA Finance on August 2, 2013. Hence, the two current ratings stand at BB+ (negative outlook)/B at Standard & Poor's and at Ba1 (negative outlook)/NP at Moody's Investors Service, and maintain the bank in the non-investment-grade category, or two or three levels below the ratings of Peugeot SA, depending on the credit rating agencies.

However, the bond issues of Banque PSA Finance covered by the French State guarantee benefit from the French sovereign debt rating, namely AA/Aa1 by, respectively, the Standard & Poor's and Moody's ratings agency for the bond issue of €1,200 million completed on March 25, 2013 with a maturity date of April 2016.

The announcement by the French government at the end of 2012 that it was to provide its financing guarantee up to an amount of €7 billion euros in favor of Banque PSA Finance for new bond issues with draw-downs over the period 2013-2016 was well received by the ratings agencies, which see it as a means for the bank to maintain access to market financing. On February 11, 2013, the European Commission gave its agreement for the issue of a first tranche of €1.2 billion euros with the guarantee of the French State, completed in March 2013, after the European Commission had given its definitive opinion on this support. The two agencies therefore granted the State rating to this issue. The definitive agreement of the European Commission obtained on July 30, 2013 was received by the agencies as a confirmation of the intent of the French authorities to support Banque PSA Finance, in order to assist with the stabilization of the group.

The ratings agencies consider that three factors could lead to a downgrade in the long-term rating of Banque PSA Finance - a reduction in the rating of its shareholder Peugeot SA; a deterioration of its financial structure; any change which would lead one to think that Banque PSA Finance may not benefit, in case of need, from assistance or support from the State.

CREDIT RATING

Credit rating		Issuer (active programs)	Type	Program size at Dec. 31, 2013	Utilized at Dec. 31, 2013
S&P	Moody's	Short-term		*(in million euros)*	
B	NP	Banque PSA Finance	CD	4,000	64
B	NP	Sofira	BT	1,800	0
		Long-term			
BB+	Ba1	Banque PSA Finance	Bonds	1,000	0
BB+	Ba1	Banque PSA Finance (and PFI NV)	EMTN	14,000	7,119

1.5.6 Capital Management

At December 31, 2013, the Group's share of the consolidated capital totaled €3,252 million, down by €132 million compared to €3,384 million at December 31, 2012. The change is essentially justified by the appropriation of the income of the previous financial period (see Note 2.4 to the consolidated financial statements).

1.5.6.1 Equity Capital

Thanks to its previous policy of reinforcement of its basic capital (Common Equity Tier One) which has reached a new level, enabling Banque PSA Finance to anticipate the future prudential "Basel III" requirements whilst pursuing the development of its activities, shareholders will be invited, during the Annual General Meeting, to approve a resolution for the distribution of dividends for an amount of €223 million, or 100% of the 2013 net income, BPF Group share.

On this basis, the reserve capital of Banque PSA Finance would reach €2,687 million at the end of 2013, compared to €2,806 million at the end of 2012.

At December 31, 2013, after distribution of €223 million of dividends for the 2013 financial period, the capital ratio reached 12.95% (see section 1.5.7 Capital requirements), versus 12,96% at the end of June 2013, and 13,13% at the end of December, 2012.

1.5.7 Capital Requirements

On April 6, 2009, the French banking supervisor, Autorité de Contrôle Prudentiel or ACP (formerly called the Commission Bancaire) authorized Banque PSA Finance to use the "advanced" internal ratings-based approaches (IRBA) to calculate the minimum capital requirement for the retail portfolio and the "foundation" internal ratings-based approaches (IRBF) for the corporate portfolio. This measure took effect on January 1, 2009 in France, Germany, United Kingdom, Spain and Portugal. In 2010 the IRBF and IRBA approaches were also authorized for Italy, and in 2011 for Belgium and the Netherlands.

The approvals granted by the ACP (now the ACPR: Autorité de Contrôle Prudentiel et de Résolution) cover the main activities and markets on which BPF operates, and the internal methods used should be progressively deployed in the other subsidiaries. The bank is today engaged in the process of validating its internal calculation methods in Brazil, for which it made a filing to the ACPR, and is getting ready to handle its Corporate dealers exposures using an advanced method, whereas up till now they were handled using the foundation method.

Our consolidated regulatory capital is calculated in accordance with French bank standard CRBF 90-02. The requirements for capital and the capital adequacy ratio are determined in compliance with the Decree of February 20, 2007 and French bank standard CRBF 90-02. In application of this standard, the negative difference between the recognized impairment and expected impairment losses (calculated using statistical methods) is deducted from the Common Equity Tier One. When this difference is positive, it is added to the supplementary capital within the limit of 0.6% of the weighted risks obtained using the internal rating-based approach.

CRBF 90-02 provides that loans to related parties must be deducted from regulatory capital unless the borrower has a rating greater than four from the Banque de France or an investment grade rating from a recognized rating agency. To date, the PSA Peugeot Citroën Group meets these criteria, on the basis of its ratings from the Banque de France. However, its ratings from Standard & Poor's, Moody's and Fitch are currently below investment grade. Our total risk-weighted exposure to the PSA Peugeot Citroën Group was €252 million as at December 31, 2013.

BPF maintains a solid financial structure. At June 30, 2013, the Basel II capital ratio in respect of pillar I thereby amounted to 12.95%. Before adjustment for the difference between recognized impairment and expected actual losses, regulatory capital (in the amount of €2,687 million) exceeded required capital by €1,161 million as of June 30, 2013. After deductions from regulatory capital, Common Equity Tier One Basel II capital stood at €2,470 million and the minimum capital requirement at €1,526 million.

Since the consolidated prudential capital of the bank consists exclusively of ordinary shareholders' funds, the changes of definition of the Common Equity Tier One resulting from the implementation of the European Directives CRR/CRD4 in 2014 will not have any significant impact.

Operational risk is measured using the standard approach, and the minimum capital requirement is calculated by applying a 12% ratio to the retail net banking revenue and 15% ratio to the non-retail net banking revenue. The exchange rate risk corresponding to charges at the branches and subsidiaries which do not benefit from an exemption on the part of the ACPR is zero.

Moreover, in addition to the instructions of the ACPR, as the Basel II capital requirements for BPF are greater than the 80% floor of Basel I, there are no additional capital requirements for the two floors.

CAPITAL REQUIREMENTS

(in million euros)	**8 countries IRB December 31, 2013**	**8 countries IRB December 31, 2012**
Credit risk		
Standard approach	457	540
Foundation internal ratings-based approach (IRBF)	437	388
Advanced internal ratings-based approach (IRBA)	495	523
Subtotal	**1,389**	**1,451**
Operational risk - Capital Requirement (standard approach)	137	141
Currency risk - Capital Requirement (structural currency position)	0	0
Total Capital Requirement (A)	**1,526**	**1,592**
Total Risk Weighted Assets (A)/0,08=(B)	19,075	19,900
Regulatory capital before deductions	2,687	2,806
Deductions from regulatory capital	-217	-192
Total regulatory capital (C)	**2,470**	**2,614**
Capital adequacy ratio (Basel II) : (C)/(B)	**12.95%**	**13.13%**

All the data used to model and calculate credit risk is extracted from our management accounting systems. The latter, over the eight markets covered by the internal rating-based approach in place at the end of 2013, feed into the common risk databases: BRC (Base Risque Centrale pour le retail) and BUIC (base corporate) that are used to homogeneously track all the risk parameters applicable to Banque PSA Finance.

The information from these two central risk management databases feed the central capital management tool. 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 and regulatory capital reports are produced.

1.5.8 Outlook

In support of the Group's policy of winning back market share in 2014, BPF is determined to improve its profitability relying on the operational efficiency of its services achieved as a result of the combined commitment of all of its teams. With the likelihood of refinancing against a climate of rising base rates, improving competitiveness will be a major challenge in an environment further constrained by significant price discounting.

1.6 Risk Factors and Risk Management

Dedicated departments are responsible for the identification, measurement, control and monitoring of the risks associated with Banque PSA Finance's businesses and are an integral part of the bank's Filière Risques, whose manager reports directly to the Chief Executive Officer. The Filière Risques manager also reports to the bank's Audit Committee as well as to the Risk Committee, and, if needed, to other Operative Committees.

The bank's governance comprises risk management, validation of risk measurement methods or models, determining acceptable risk levels, as well as inventorying all risks to which the bank is exposed and evaluating potential risk criticality in light of our management policies and the general economic environment. These different elements are presented, analyzed and decided within three Committees: the Risk Committee, the Refinancing Committee and the Audit Committee. Executive management and the members of the Board either sit on these committees or are informed of their work.

Banque PSA Finance has identified 14 risk factors to which it is subject.

1.6.1 Business risk

Risk Factors

Seven main risk factors have an impact on the business activities of Banque PSA Finance:

- external factors that influence vehicle purchases;
- government policies to incentivize new vehicle purchases;
- regulatory or fiscal changes which could lead to a modification of the activity or alter the profitability thereof;
- the sales volumes achieved by Peugeot and Citroën, as well as their marketing policies, which may include joint financing programs with BPF;
- PSA Peugeot Citroën's credit rating, which has a direct effect on the rating of Banque PSA Finance. Our cost of finance may rise, at least for funding raised on the financial markets;
- Banque PSA Finance's competitive positioning, in terms of both product range and price;
- country risk, which is managed by focusing on local financing whenever possible.

Risk measurement, control and monitoring

These risk factors are assessed at least on an annual basis as part of the process of preparing the budget and medium-term plan. BPF reviews its budget forecasts on four occasions during the fiscal year. Business risk is also monitored through stress testing.

1.6.2 Credit risk

Risk Factors

Credit risk is the risk of loss arising from the failure of a customer to meet the payment or other terms of a contract with us. While we generally have the ability to recover and resell the financed vehicle following a customer default, the resale value of a recovered vehicle may not be adequate to cover our default loss. Banque PSA Finance does not contractually assume the residual value risk.

Independently of our prudent risk selection policy, the level of credit risk is influenced by the economic conditions in the countries in which we do business, in terms of both defaults and the resale value of recovered vehicles.

Risk measurement, control and monitoring

Credit risk is assessed during the loan acceptance procedure and every month thereafter for the loans in our portfolio.

When granting financing, risk measurement is based on internal ratings or, in a very limited number of cases, external ratings. Internal rating models are developed and back-tested by experts based at our headquarters. Our loan acceptance processes are based on grading models (Corporate) or decision-making tools (Retail), both of which are managed and overseen by a central corporate unit (excluding partnership subsidiaries subject to more stringent oversight). Loan acceptance systems are tailored to the specific characteristics of each local market to optimize their efficacy. The headquarters-based credit risk control unit regularly assesses the system's effectiveness, working closely with the operating units in France and abroad.

For retail credit, loan applications are either automatically authorized or require additional assessment procedures, requested in the framework of expert risk assessment systems or on the analyst's own initiative. Inputs are obtained from external credit databases (positive or negative) or from internal data, such as customer payment histories (case of a financing renewal consecutive to a new vehicle purchase).

All decisions are governed by strict rules on discretionary lending limits. For Corporate lending, decisions may be referred to the local or central credit committees.

Internal loan acceptance risk measurement models are developed and back-tested by the teams at headquarters before being made available to subsidiaries and branches. Local and corporate risk analysts check that new customer niche bases are appropriately measured by these assessment tools.

The Basel Internal Ratings Based Approach (IRBA) forms the basis for the models used for our retail portfolio for those countries authorized to use this approach by the Banque de France's prudential control authority, the ACPR (eight countries at the end of 2013). These models are also developed and back-tested at corporate headquarters. The default and loss rates are calculated on the basis of risk classes, which are themselves modeled. The estimated default and loss given default probabilities used to calculate the capital adequacy requirements are modeled based on default rates and loss rates. For our Corporate and equivalent business, BPF developed and regularly back-tests two counterparty credit rating systems, one for France (Basel II model/IRBF) and another for other markets. Regularly back-tested, these models are benchmarked against external rating systems. Two models have been developed for our Corporate dealer loan portfolio (one for France and one for other markets). They are used for loan acceptance and for the contracts in our portfolio. This model is IRBF-approved in eight of the countries in which Banque PSA Finance operates. All of these models are regularly back-tested.

Pursuant to IFRS standards, for the accounting measurement of credit risk, impairments for retail delinquent loans and sound loans with past-due installments are calculated based on impairment rates. These impairment rates are calculated several times a year according to an estimated discounted future collections model, based on historical recovery data for impaired loans. Impairments for Corporate dealer and Corporate and equivalent loans in default are determined through an individual analysis (flash report), taking the value of any security package underlying the loan into account. Impairments are made as soon as loans are reclassified if the individual analysis shows a non-zero estimated loss.

Risk management is based on:

- a product range, offered by our subsidiaries and branches and approved by headquarters, specifying the legal framework for the product and related securities, maximum term, minimum down payment, step-up amounts, if applicable, and residual values;
- checking the risk of overbilling of the financed amount and of double Corporate dealer - Retail loans;
- conditions that may attach to loan approvals;
- strict rules governing loan applications and discretionary limits;
- verification, prior to releasing financing, of the supporting documents requested as part of the loan application process, including securities for conditional loan approvals.

In addition for the Corporate dealer and Corporate an equivalent portfolios:

- setting credit lines and their associated periods of validity; credit lines are linked to financial products which have their own dedicated lines of credit; however one may not be used in place of the other;
- collective security packages or securities taken when the relationship is established, on renewal of credit lines or if creditworthiness is downgraded between renewal dates. Securities may be personal guarantees, related to identified assets, be provided by loan protection insurers or take the form of bank guarantees;
- daily monitoring of payment incidents;
- a progressive alert system, from placing on watch to declaring a delinquent loan, including conditional delinquency, i.e. even if the loan is not delinquent according to the Basel definition;
- a system triggering a review of a dealer's credit rating, according to financial or sales indicators;
- stock audits, scheduled based on the dealer's risk profile, retention of vehicle registration documents, and financing contracts providing for the pledging of the financed vehicles at any time, in accordance with national legislation.

Risk monitoring in the retail segment mainly concerns:

- trends in the quality of demand for finance and the quality of new financing;
- payment history, payment method, customer segment, year of loan, etc. indicators;
- Basel risk measurement indicators for the loan portfolio.

Risk monitoring indicators are analyzed by local and corporate analysts, who corroborate their findings in meetings held at least bimonthly, and more frequently if necessary. Risk areas detected may result in amending risk assessments or risk control measures.

Monitoring of risk for our Corporate portfolio primarily consists of:

- monitoring drawdowns of credit lines;
- monitoring the counterparty's financial position;
- tracking payment incidents and past-dues;
- monitoring potentially serious incidents, such as winding up a business, restructuring or court-ordered liquidation;
- daily tracking of credit line drawdowns (locally and at headquarters), payment incidents and reports from stock audits;

- very close monitoring of dealers included in the watch table, or of those with delinquent or conditionally delinquent accounts;
- a monthly local Credit Committee meeting attended by non-voting representatives of Peugeot and Citroën;
- meetings between headquarters, subsidiary and branch teams, held at least monthly.

The Banque PSA Finance Risk and Audit Committees are the principle bodies responsible for monitoring the bank's credit risk. The Risk Committee also approves our risk measurement models. In some cases, these approvals may be granted in the Basel II Committee, with the participation of the Risk Committee members.

1.6.3 Financial Risks and Market Risk

1.6.3.1 Liquidity Risk

Risk Factors

The liquidity risk to which Banque PSA Finance is exposed depends on:

- external factors ("Market risk"): essentially the situation of the world financial markets;
- internal factors ("Funding Risk"): primarily the bank's rating, which is necessarily linked to the parent company's rating due to the methodological criteria used by the main rating agencies.

These risks are potentially less than those of previous years as a result of the development, with effect from 2013, of a retail savings business.

In addition to refinancing through bank credit lines and refinancing programs in the financial markets, Banque PSA Finance also undertakes securitization transactions and accesses refinancing channels from Central Banks, mainly the ECB.

The liquidity risk constitutes the principal financial risk to which Banque PSA Finance is exposed. As a result, very specific attention and vigilance are allocated to the management of this risk.

Risk measurement, control and monitoring

Measurement of liquidity risk entails:

- the intraday liquidity risk, forecast refinancing requirements, ten-day liquidity and one-month liquidity requirements, in the framework of the prudential liquidity ratios that Banque PSA Finance is obliged to comply with. Month-end forecasts for a three-month horizon beyond the current month are also calculated and updated every month;
- Banque PSA Finance's ability to refinance its new Retail and Corporate financing business without a maturity gap, in the knowledge that our new internal rules require assets to be covered to maturity by their respective refinancing.

Furthermore, these risk measurements are stress tested to assess their robustness and the ability to continue to comply with the internal limits set for liquidity risk management.

There are two aspects to control of liquidity risk:

- A general policy founded on an appropriate equity structure, diversification of external financing sources and lenders, a liquidity facility, full matching (balancing of assets and liabilities over time).
- The main risk limits and indicators are:
    - the definition of liquidity risk indicators and related limits enabling characterization of Banque PSA Finance's exposure to liquidity risk currently and in the near future;
    - a minimum liquidity ratio in excess of the regulatory requirement;
    - the ability to ensure the continuation of the Retail business, without limitation, over a six-month period, drawing solely on the bank's own financial security, based on a scenario where access to capital markets is blocked and where the bank does not have the ability to draw on new bank credit lines;
    - simulation of stress scenarios and preparation of a contingency plan.

Risk monitoring is founded on calculating risk indicators case by case, daily or monthly, and a monthly held refinancing committee meeting which tracks implementation of the bank's general policy, the current and anticipated risk level, compliance with limits and measures that may be required to enhance measurement, control or monitoring of liquidity risk.

1.6.3.2 Interest Rate Risk

Risk Factors

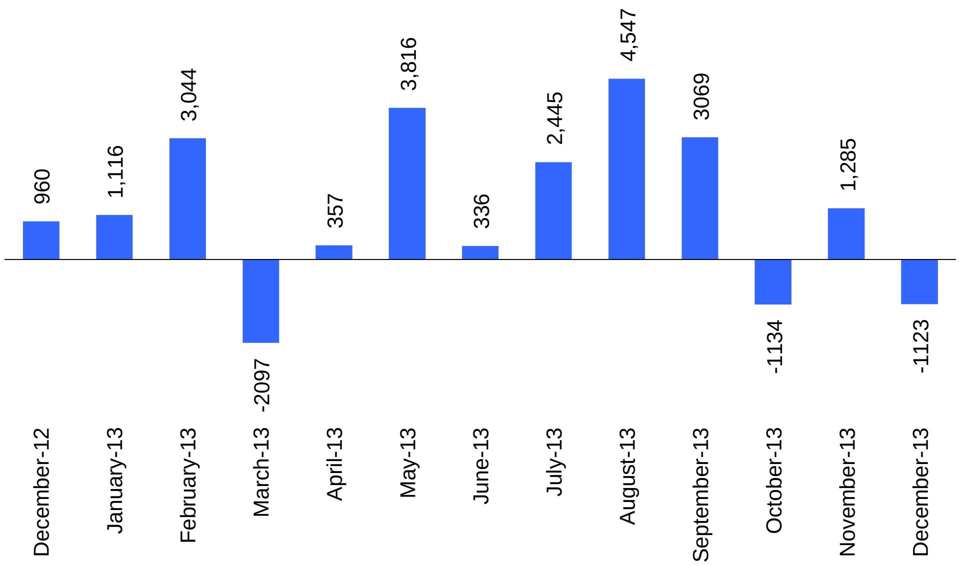
Our strategy is to avoid exposure to interest rate risk and if necessary to use derivative instruments to achieve this objective. Control of this risk consists of complying with this policy with very regular monitoring.

For the assets, the hedging of the outstanding fixed rate loans is provided as soon as they are consented by: Interest rate swaps purchased on the financial market or in countries with no liquid market for rate instruments; Credit resources at fix rates. In practice, the swaps are purchased at the end of each decadal period. The loans to corporate car dealers are granted in reference with short term rates. This hedging strategy enables to remunerate the rate-risk-sensitive bank's assets on short term rate basis. For the liabilities, tailored derivative products are implemented to hedge any new rate-risk-sensitive loan thus converted at a benchmark rate at three months or less.

Risk measurement, control and monitoring

At least once a month, residual rate positions and sensitivity to stress scenarios are calculated. As at December 31, 2013, sensitivity to a 1% increase across the rate curve amounts to a negative result of almost €1.1 million. During the full year 2013, the result from this simulation fluctuated between -€2.1 million and +€4.5 million.

SENSITIVITY TO A 1-POINT INCREASE IN INTEREST RATE (IN THOUSANDS EUROS)



To ensure optimum refinancing costs for new loans to end-users, Banque PSA Finance may hedge against interest rate rises, according to predicted trends in long-term rates. Hedges comply with IAS39 Cash Flow Hedge accounting rules, designed to detect over-hedging. These transactions never exceed one to two half-year periods of production and are reduced to take account of the potential risk of fewer new loans. As at December 31, 2013, no future new credits were hedged in advance against interest rate risk.

There are several aspects to rate risk control:

- our general rate risk policy;
- a limit to incorporate the required "granularity" of swaps entered into;
- rate risk indicators and related limits to characterize the level of risk;
- simulation of stress scenarios and the definition of acceptable financial impact thresholds;
- the use of derivatives covered by ISDA/FBF conventions and with margin calls (CSA).

Risk monitoring is based on monthly indicators and reporting focusing on policy implementation and the cost of a distortion of the interest rate curve, including in stress situations. The monthly meetings of the Refinancing Committee, Risk Committee and Audit Committee monitor implementation of the bank's general policy, the current and predicted risk levels, compliance with established limits and measures that may be required to enhance measurement, control or monitoring of interest rate risk.

1.6.3.3 Counterparty Risk

Risk Factors

Banque PSA Finance is exposed to counterparty risk on three fronts:

- market transactions to hedge rate risks and operational currency positions;
- investment of the liquidity facility;
- management, by delegation, within the framework of securitization operations, of the reserves of securitization vehicles.

Risk measurement, control and monitoring

Investments are made in money market securities issued by leading banks, or in mutual funds with capital guarantees and yield guarantees issued and managed by these same leading banks, or in monetary notes. An internal rating system is assigned to each counterparty, based on long-term financial strength and capital adequacy analyses.

Derivatives are governed by ISDA or national agreements and contracts with the most frequently used counterparties and provide for regular margin calls (98.3% of outstanding amounts as at December 31, 2013). Bank counterparties for derivatives contracts are all rated “Investment Grade”.

Exposure limits are measured and checked daily, and any overruns are communicated daily. A summary of any limits exceeded is presented monthly during the Banque PSA Finance Refinancing Committee meeting and during the meetings of the Risk and Audit Committees. Proposals to improve the efficiency of the system for the measurement, control and monitoring of counterparty risk are submitted for the approval of the Refinancing Committee.

1.6.3.4 Currency Risk

Risk Factors

Banque PSA Finance is exposed to two types of currency risk:

- structural currency risk (the bank's structural currency position amounted to €480 million as at December 31, 2013);
- operational currency risk (the bank's operational currency position amounted to €0.6 million as at December 31, 2013).

Risk measurement, control and monitoring

Structural currency positions and future profits and losses are not hedged. As the businesses of subsidiaries and branches will, by definition, continue for an indefinite period, any such hedges would represent long-term open positions.

Banque PSA Finance's policy is to minimize operational currency positions to protect the Bank's profit/loss against fluctuations in currency rates. In practice, only limited residual positions, duly restricted, may not be hedged. A residual position limit of a maximum counter value of €5 million has been set.

Currency risk is monitored through monthly reporting highlighting structural and operational currency positions. In addition, the bank's operational currency risk is reviewed at each monthly meeting of the Refinancing Committee, the Risk Committee and the Audit Committee.

1.6.3.5 Market risks

Banque PSA Finance's policy is not to be exposed to market risk, as it is defined in the banking regulation. Interest rate or currency derivative transactions are undertaken to hedge balance sheet items not intended for sale in the short term. Banque PSA Finance consistently ensures compliance with this rule and that the hedging instrument and hedged item are correctly matched.

1.6.4 Risks related to Securitization Operations

Risk Factors

The securitizations initiated by Banque PSA Finance are non-recourse sales to securitization vehicles. The Bank retains a portion of the risk by retaining so-called subordinated units, as well as through other credit enhancement mechanisms, including liquidity reserves.

Besides holding units in securitization vehicles, the risks to which Banque PSA Finance is exposed are:

- an unexpected and exceptional downgrade in the quality of the assets sold;
- a sharp drop in the production of new credit with an impact on revolving securitizations;
- insufficient assessment of the economic substance of the transaction or the quality of the assets at origination of the transaction.

Analyses of these three risks result in activating triggers and possibly accelerated amortization, which could in turn produce reputational risk and greater difficulty with issues in the ABS Auto loans market.

Risk measurement, control and monitoring

Banque PSA Finance is advised by arranging banks when preparing a securitization transaction. Furthermore, the bank has developed expertise over ten years of successful securitization programs. To ensure it can continually draw on in-depth knowledge of securitized receivables, each securitization transaction addresses a very consistent 'portfolio', namely essentially a country, financing technique, financing typology or customer typology. The receivables are consistently originated, held and managed by a Banque PSA Finance subsidiary or branch (the customer and collections management team have no indication as to whether or not the receivables on which they are working are securitized). The securitization transactions undertaken by Banque PSA Finance are rated by the rating agencies and monitored throughout the life of the funds. Accordingly, a range of crisis scenarios are analyzed before the securities are invested and throughout the life of the fund.

1.6.5 Concentration Risk

Risk Factors

Banque PSA Finance is exposed to three types of concentration risk:

- concentration risk related to the granting of credit to individuals;
- the sectorial concentration risk of credit transactions;
- concentration risk related to bank refinancing.

Risk measurement, control and monitoring

The level of concentration risk is analyzed using concentration indices for sector and individual credit operations. The bank has set limits for concentration risks related to individuals, sectors and credit institutions granting bank credit lines to BPF.

Concentration risk limits are presented quarterly to the Banque PSA Finance Risk Committee or Refinancing Committee, as appropriate.

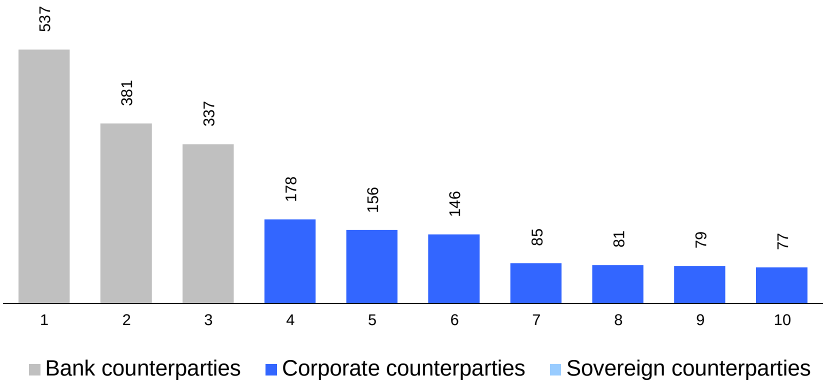
Banque PSA Finance takes the impact of the PSA Peugeot Citroën Group's credit rating into account when calculating the maximum commitment to its shareholder.

As at December 31, 2013, Banque PSA Finance's commitments to the PSA Peugeot Citroën Group stood at €252 million, or 9.4% of regulatory capital.

On the same date, the bank’s top ten commitments, excluding those to the PSA Peugeot Citroën Group, amounted to 76,6% of regulatory capital at a total of €2,057 million. By counterparty category, the top ten commitments break down as follows:

- Banks: €1,256 million / 46.7% of regulatory capital;
- Corporate dealers (excl. PSA): €478 million / 17.8% of regulatory capital;
- Corporate and equivalent (excl. PSA): €324 million / 12.1% of regulatory capital;

TOP TEN RISK-WEIGHTED EXPOSURES TO CREDIT RISK
(IN MILLION EUROS, EXCLUDING FINANCING EXTENDED TO PSA PEUGEOT CITROËN GROUP ENTITIES)



1.6.6 Operational Risk

Definition of risk and risk factors

Banque PSA Finance defines operational risk as "the risk resulting from a maladaptation or failure attributable to procedures, bank's personnel, internal systems, or to external events, including events with a low probability of occurrence but with substantial risk of loss".

Risk identification, assessment, control and monitoring

Banque PSA Finance is exposed to all Basel event type categories of operational risk:

- internal and external fraud;
- employment practices and workplace safety;
- customers, products and business practices;
- damage to physical assets;
- business disruption and systems failures;
- execution, delivery and process management.

Banque PSA Finance is primarily exposed to credit risk related operational risk, essentially external fraud, and to a far lesser extent, to risks related to activities outsourced to service providers or partners.

Banque PSA Finance's risk map covers all its activities and is constantly updated. It identifies and prioritizes four levels of operational risk, classified by activity, process and sub-process.

Risk control mechanisms are an integral part of working procedures or instructions and are subject to tier two controls by the bank's permanent risk control departments. They may also take the form of decision and discretionary limits rules, as well as specific processes incorporated in our IT systems. Business continuity plans have been prepared and deployed for information systems and premises at both head office and in subsidiaries and branches. These are tested annually.

1.6.7 Non-Compliance Risk

Definition of risk and risk factors

Non-compliance risk is defined as the risk of legal, administrative or disciplinary sanction, significant financial loss, or damage to reputation arising from failure to comply with the provisions governing banking and financial services, including regulatory and statutory provisions, professional standards, ethical standards, or instructions from the executive body pursuant to guidelines issued by the Board.

Risk factors are related to incorrect interpretation of texts or failure to adequately reflect these texts in operating methods, procedures or internal instructions.

Risk measurement, control and monitoring

The risk is assessed through regulatory intelligence. The system implemented is aimed at identifying changes, as well as the reasons for sanctions emanating from the supervisory authorities, analyzing the information thereby gathered and lastly evaluating the impacts thereof on: the customer relationship, the processes and the organization, the IT systems, the scope of activity and more generally the economic model.

The risk of non-compliance is controlled by adapting procedures, instructions or operating methods, detecting people who are exposed politically or whose assets have been frozen, setting anomaly significance criteria and limits to counter money-laundering and the financing of terrorism, as well as a professional alert system.

Priority is given to local monitoring of non-compliance risk, based on risk control procedures. Risk levels are confirmed through monitoring and analysis in quarterly Compliance Committee meetings organized by the headquarters-based Compliance unit.

1.6.8 Reputational Risk

Definition of reputational risk and risk factors

The reputational risk to which Banque PSA Finance is exposed can be broken down into:

- a specific "risk of damage to the bank's reputation and image with end customers, dealer customers, third-party banks and supervisory authorities (excluding internal image risk)";
- possible repercussions of an operational incident.

Reputational risk measurement, control and monitoring

The image and reputational risk is, to a large extent, related to the risks already identified, covered by the internal control systems: this is true in particular for the risks of internal or external fraud or for the risk of non-compliance.

A number of systems are implemented to prevent the risk of reputational damage, including:

- compliance with banking secrecy and professional reserve;
- approval of standard letters to customers and advertising messages by the legal department;
- monitoring of the quality of customer relations;
- approval of new products by the legal, fiscal and compliance departments;
- the professional alert system.

To optimize oversight of reputational risk, Banque PSA Finance has put in place a system to monitor discussions and messages on forums, blogs, etc.

1.6.9 Insurance Business Risk

Banque PSA Finance operates an insurance activity through two insurance companies, one for the “life” business and the other one for the “non-life” business, both offering market insurance policies in conjunction with the finance contracts sold by the bank.

Risk Factors

BPF's insurance business is exposed to three types of risk:

- subscription and under-provisioning risk;
- market financial risks related to investments;
- counterparty risk.

Measurement, control and monitoring of risks associated with the insurance companies

Risk limits apply to subscription and claims management policies. Limits are monitored using the reports presented monthly to the Technical Committee. Stress testing is conducted and a range of statistical control methods are applied. The provisioning methods adopted are those recommended by the insurance regulations and are reviewed by an external actuary, who checks the work carried out by the internal actuary. This review is materialized by a certification report on the technical provisions. Finally, the total loss experience is presented and analyzed during each meeting of the Board of Directors.

An investment policy is implemented to limit market financial risks. The policy includes:

- rules for the allocation of assets held (asset types, geographical areas, sectors of activity, maximum weighting relative to total financial assets held) and for the management of currency risk;
- short- and medium-term investments in the form of UCITS governed by French law;
- average investment term not exceeding 18 months;
- limitation of counterparties to a selection of "investment grade" counterparties;
- stress scenarios.

"Solvency 1" ratios are monitored monthly to ensure compliance with the companies' capital adequacy ratios. The companies' local procedures are more stringent than the requirements of the MFSA (Malta Financial Services Authority), which provides for quarterly monitoring and reporting to the supervisory authority. The ratios are presented and analyzed at each Investment Committee meeting (which has responsibility for monitoring capital adequacy) and in the Board of Directors.

Although, not yet in force, the Solvency II Capital Requirements are calculated on a yearly basis and results are reported to the Board of Directors. No major impact is expected according to the current capital base of our companies. A stringent implementation plan has initiated in 2012 to ensure preparedness before the Solvency II Directive takes effect in 2016. Throughout this year, particular importance has been given to the formalisation of the Risk Management System; this involves a set of processes constituting a tool in order to assess the overall solvency needs related to our risk profile and which will become more and more important for decision making and strategic analysis within the company.

1.6.10 Correlation between Banque PSA Finance and its Shareholder

Definition of correlation risk and risk factors

Because Banque PSA Finance belongs to a group and because of its captive activities, its business and profitability may be partially influenced by a number of factors originating with the PSA Peugeot Citroën Group:

- economic and financial factors: the SA Peugeot Citroën Group's sales performance, financial results, profitability outlook and credit rating;
- strategic factors: product development and geographical establishments;
- factors related to the SA Peugeot Citroën Group's reputation and brand image.

Measurement, control and monitoring of the correlation between Banque PSA Finance and its shareholder

The various risk factors have been prioritized and taken into account in stress scenarios. The top correlation risk concerns the close link between the short- and long-term rating of the PSA Group and Banque PSA Finance, due to the methodology used by the rating agencies. The impact on Banque PSA Finance's rating of a downgrade in its shareholder's rating below certain thresholds and the fact that the short-term rating and/or the long-term rating could be downgraded below Investment Grade or could close the bank's access to certain financial markets was examined as part of our stress scenarios and the liquidity risk contingency plan.

1.7 Internal Control

In line with standard regulation CRBF 97-02 dealing with internal control levels of credit institutions, Banque PSA Finance's internal control system is organized around two lines of responsibility - for recurring controls and periodic controls - and the first-tier controls performed by the operating units.

The fundamental principles underpinning the organization and implementation of internal control are set out in an internal control charter. The bank's internal control charter sets the organization, resources, scope, missions and processes of the bank's control system.

1.7.1 Recurring Controls

1.7.1.1 First-tier Controls, the Lynchpin of the Internal Control System

These controls exist within the operating units. The controls are performed by all employees in the normal course of their work, in application of procedures that include various controls to carry out, or they are performed by dedicated employees within the operating units. The first-tier controls are supervised by the units responsible for second-tier controls.

1.7.1.2 Second-tier Controls

Second-tier controls include compliance controls and controls over operational risks within the finance companies, insurance companies and corporate units, including those arising from refinancing and cash management services performed by the PSA Peugeot Citroën Group on our behalf. Responsibility for second-tier controls is therefore divided among three units:

- Compliance Control;
- Operational Risk Control of Finance Companies and central structures;
- Operational risk in accounting, IT, refinancing and cash management.

The Compliance unit is responsible for preventing, controlling and overseeing compliance risks. It ensures compliance with obligations regarding data protection, prevention of money laundering and conformity of new or significantly modified products. It has the appropriate systems and training. It also provides regulatory intelligence and ensures regulatory compliance.

Controls over operational risks connected with the Finance Companies and central structures include:

• recurring assessments of the effectiveness of controls over operational risks within the corporate functions, subsidiaries and branches as well as for outsourced services;

• specific second-tier controls, performed across the entire organization;

• issuance of written recommendations and follow-up of their implementation; and

• collecting, analyzing and monitoring operational losses and incidents identified in the risk mapping process.

The unit ensures that first-level controls over risks identified as material are properly carried out.

The unit responsible for controls over operational risks connected with accounting, refinancing, cash management and IT processes performs regular controls over all these activities. It has developed compliance certificates for the accounting function, which are signed by the finance managers of our subsidiaries and branches certifying at the end of each reporting period that the key controls over material accounting risks have been performed and presenting their results.

These departments have a risk map that identifies all the risks to which we are exposed. The risk map helps to verify the robustness of its control systems, by highlighting identified gross risks, the related losses, first-tier control systems and the results of those controls, as well as the results of second tier controls and any residual risk.

1.7.2 Periodic Controls

Periodic - or third-tier - controls consist of periodically checking transaction compliance, risk levels, compliance with procedures and the effectiveness of recurring controls.

They are performed by the internal auditors, based on an Internal Audit plan that provides for all of our units and processes (including those that are outsourced) to be audited at least once every three years.

1.7.3 Oversight by Executive Management and the Board

The internal control system is overseen by executive management and the Board, supported by various committees.

The Board ensures that our main risks are properly managed and obtains assurance about the system's reliability, through the Audit Committee. The Audit Committee reviews the lessons to be learned from risk monitoring activities and from recurring and periodic controls. It meets at least four times per year.

Our Audit Committee sets our internal audit priorities based on risks identified. Its duties include the planning, supervision and review of internal audits and the review of the audit plan of the statutory auditors. It is responsible for the remediation of any major weaknesses in internal controls identified by our internal or external auditors.

Our Audit Committee also ensures our compliance with Basel II and other bank regulatory requirements and our planning and implementation of measures to comply with these requirements. Finally, the Audit Committee reviews our consolidated financial statements and the individual financial statements of our subsidiaries and the accounting methods used.

It may consult with, if necessary, BPF's Chairman, Managing Directors (Directeurs Généraux) and statutory auditors and with any person necessary for its work. Several times annually, the Chairman of the Audit Committee receives the representatives of the periodic and permanent controls and of the Risks department, without the presence of the BPF management.

Executive management is responsible for defining and implementing the internal control system. It monitors proper functioning and ensures adequacy of missions and means. It oversees the system's efficiency and effectiveness, and ensures that adequate resources are assigned to internal control.

1.7.4 Organization of Internal Control

The internal control system is built around regular first-tier controls through delegations of authority applicable to all operating units and corporate departments. These delegations of authority determine the levels at which decisions must be made in the areas of banking and financial transactions, loan approvals, lending terms, new products and services and expenditure commitments.

As part of the quarterly Audit Committee meeting or at Group level, committees have been set up to determine and implement our policies in the areas of internal control and decision-making processes during regular meetings. These committees are as follows:

- the Credit Risks Committee, which monitors changes in troubled loans and credit losses; and analyzes the performance of the risk selection systems for retail and corporate (fleet and dealer) loan books.

  The committee also reviews and makes decisions concerning developments in the Basel II system:

- the Lending Margins Committee;
- the Products and Processes Committee, including the associated risks;
- the financing applications from the Corporate dealer and the business fleets are examined at the level of a group credit committee or at the level of the local credit committee, depending on the delegations of authority in effect;
- the Refinancing Committee, which reviews the results of our refinancing, liquidity and interest and exchange rate risk management policies;
- the IT Security Committee;
- the Compliance Committee.

1.8 Share Ownership

1.8.1 Share capital

Banque PSA Finance is a limited liability corporation (Société Anonyme) organized under the laws of France. Our head office is located at 75 avenue de la Grande-Armée, 75116 Paris, France. BPF is a licensed credit institution regulated by the French banking supervisory regulator, the Autorité de Contrôle Prudentiel de Résolution, and the Group operates through licensed branches and affiliates around the world. These branches and affiliates also hold licenses for their specific activities when needed.

The share capital has remained at €177,408,000 since November 8, 2002 without any change since that date. It is divided into 11,088,000 fully paid shares having a nominal value of €16 each.

The totality of the capital of BPF is held by the majority shareholder Peugeot S.A. (8,307,994 shares representing 74.93% of the capital) and by two wholly-owned subsidiaries of PSA, the company Automobiles Peugeot SA (that holds 1,780,002 shares for 16.05% of the capital of BPF) and by the company Automobiles Citroën SA (that holds 1,000,001 shares or 9.02% of the capital of BPF). Three shares are also individually held by three members of the Board of Directors.

1.8.2 Intra-group Agreements

The bank is committed to the PSA Peugeot Citroën Group for the performance of support services to BPF and its subsidiaries and branches abroad by virtue of a services contract for refinancing and cash management according to which Peugeot S.A. ("PSA"), acting through its « Corporate Financing and Treasury » department, acts on our behalf with respect to legal and tax matters, cash management, capital markets and bank refinancing and securitizations. PSA also manages the counter-party risk, the exchange rate and interest rate risks and the liquidity risk. Lastly, PSA provides BPF with assistance in terms of the provision of staff in its central functions.

PSA is paid a service fee for these services, in addition to fees for specific transactions or operations. The total amounts paid by the BPF Group to the PSA Peugeot Citroën Group in 2013 were €86 million.

1.8.3 Proposed Resolutions for the Ordinary and Extraordinary General Meeting of April 7, 2014

Ordinary resolutions :

First Resolution: Approval of the consolidated financial statements

The Shareholders, after reviewing the consolidated financial statements of the Banque PSA Finance Group, the comments of the Board of Directors and the Auditors' report on the consolidated financial statements, approve the consolidated financial statements for the period ended December 31, 2012 as presented, as well as the transactions represented or summarized in this report.

Second Resolution: Approval of the management report and statutory accounts

The Shareholders, having considered the statutory accounts, the management report of the Board of Directors for the financial period ended December 31, 2013, and the general report of the Auditors, approve the Board of Director's Management report in its entirety.

The Shareholders approve the financial statements for December 31, 2013, showing a net income of €237,805,374.11.

Third Resolution: Appropriation of income for Banque PSA Finance company

The Shareholders note that the income available for distribution for the year is €1,042,544,824.21, consisting of a net income for the year of €237,805,374.11 and retained earnings of €804,739,450.45 brought forward from the previous year.

The Shareholders resolve to appropriate this profit available for distribution as follows:

- to the payment of a dividend €222,868,800.00
- to the undistributable reserves: -€34,063,411.70
- to the retained earnings €853,739,436.26

The dividend of €20.10 per share shall be paid after the Shareholder's meeting of April 7, 2014.

The Shareholders note that under the former financial years 2010, 2011 and 2012 the dividends paid were respectively €14.00, € 48.00 and €25.30.

Fourth Resolution: Reappointment of one director

The Shareholders, upon proposal of the Board of Directors, decide to renew the Director term of Jean-Baptiste CHASSELOUP de CHATILLON for a six year term expiring at the end of the Shareholders' meeting to be called in order to approve in 2020 the financial statements for the year 2019.

Fifth Resolution Reappointment of one director

The Shareholders, upon proposal of the Board of Directors, decide to renew the Director term of AUTOMOBILES PEUGEOT for a six year term expiring at the end of the Shareholders' meeting to be called in order to approve in 2020 the financial statements for the year 2019.

Sixth Resolution: Director's Fees

The Shareholders decide to allocate, for the attendance fees for the year 2014, an annual total amount of €40,000 that the Board will freely distribute among the Directors.

Seventh Resolution: Special report on the regulated agreements

The Shareholders having heard the auditors' special report on the regulated agreements approve said report without reservations and also approve the agreements concerned.

Eighth resolution: Formalities

The Shareholders hereby grant all powers to the holders of a copy or extract of the minutes of this meeting to carry out all legal and administrative formalities, as well as all publicity measures, more particularly the registration at the Registry of the Commercial Court in compliance with the current legislation.

Extraordinary resolution :

Ninth resolution: Authorization to issue securities conferring a direct or indirect right to acquire equity

The General Shareholders Meeting, having reviewed the Board of Directors' report and acting in accordance with the quorum and majority requirements applicable to ordinary general meetings of shareholders and pursuant to Articles L. 225-129-2 and L. 228-92 of the French Commercial Code,

I. Delegates to the Board of Directors the power to authorize one or more rounds of new equity, to be raised by:

- issuing in France or internationally euro-denominated shares of Banque PSA Finance and/or any marketable securities other than stock that can be denominated either in euros or a foreign currency;
- and/or incorporating profits, reserves or new issue premiums into equity, in the form of restricted stock awards or an increase in the par value of existing shares.

II. Resolves that the total amount of new equity that may be raised in this way, immediately and/or over time, including stock that might be issued at some point to preserve the rights of the owners of previously issued securities, shall not result in bringing total owners' equity, presently set at €177,408,000, to more than

€300,000,000, which ceiling does not include new issue and/or redemption premiums.

III. Resolves that shareholders shall have preemptive rights to stock or other securities issued pursuant to this Ninth Resolution, in proportion to the amount of their shareholdings.

IV. Resolves as follows:

- that all unsubscribed shares reserved for shareholders as of right will be allocated to those shareholders who shall have subscribed not as of right more shares than they could have done preemptively, and this allocation will be in proportion to the number of subscription rights such shareholders have and for a total not to exceed the number they request;
- that in the event new equity is created by the incorporation of profits, reserves or issue premiums, any rights to fractions of shares shall be non-transferable and the corresponding shares shall be sold, with proceeds from the sale being allocated to the owners of the fractional shares, no later than 30 days following the date on which the whole number of shares allocated to them was credited to their account;
- and that in the event hybrid securities are issued, the shareholders shall have no preemptive right to the shares issued for the benefit of the recipients of those securities.

This delegation of powers is granted for a period of twenty-six (26) months from the date of this Meeting and replaces the delegation of powers granted to the Board of Directors by the Shareholders Meeting of April 20, 2012, which is thus made moot.

1.8.4 Information about the Administrative and Management Bodies

1.8.4.1 Board of Directors

Banque PSA is a Société Anonyme (a French limited liability corporation). Pursuant to our by-laws, our Board of Directors must be made up of not less than three or more than 12 directors, and no more than one-third of whom may be older than 65 years (and none may be older than 70 years). The Board of Directors is currently made up of seven directors appointed by the General Meeting of Shareholders. In compliance with French law, our directors may be removed at any time. Each director is appointed for a term of six years. Only unsalaried directors of the PSA Peugeot Citroën Group receive attendance fees, and the other directors assume their appointments *ex gratia*.

The Board of Directors determines the strategy of Banque PSA Finance and supervises our management with respect to its implementation. The Board of Director's internal rules specify that it must regularly evaluate the BFP strategy and deliberate on changes to our refinancing, management structure and transactions, in particular, partnerships, acquisitions and dispositions likely to have significant impact on our earnings, the structure of our balance sheet, or our risk profile.

List of the mandates exercised and expired during the 2013 financial year by the Directors of Banque PSA Finance and the Permanent Representatives of Directors

Name and position within BPF	Other positions held
Jean-Baptiste CHASSELOUP de CHATILLON	**Other positions held during the year 2013**
Chairman and Director First appointed to the Board on April 3, 2013 Current term expires in 2014 Born on March 19, 1965	**Member of the Managing Board** • Peugeot S.A. **Director** • PSA International S.A. (Suisse) **Member of the Supervisory Board** • Gefco **Director** • Automobiles Citroën • Faurecia • Dongfeng Peugeot Citroën Automobiles Company Ltd (China) **Permanent Representative of Peugeot S.A.** • Automobiles Peugeot board of directors **Permanent Representative of PCCFA** • Auto Motocycle Promotion board of directors
	Positions terminated during the year 2013
	Chairman of the Supervisory Board • Peugeot Finance International N.V. (Pays-Bas) **Director** • Peugeot Citroën Automobiles • PCMA Holding B.V. (Pays-Bas)

Philippe ALEXANDRE	Other positions held during the year 2013
Chief Executive Officer First appointed to the Board on March 25, 2009 Current term expires in 2015 Born on August 10, 1956	**Chairmanof the board** • Compagnie Générale de Crédit aux Particuliers - Crédipar • Société Financière de Banque - Sofib • Compagnie pour la location de véhicules - CLV **Chairman of the Board of Directors** • PSA Wholesale Limited (United Kingdom) **Representative of the Associate Manager, Banque PSA Finance** • Sofira **Director** • PSA Finansman AS (Turkey) **Positions terminated during the year 2013** **Permanent Representative of Banque PSA Finance** • Sofib board of directors

Philippe VARIN	Other positions held during the year 2013
Director First appointed to the Board on July 20, 2009 Current term expires in 2015 Born on August 8, 1952	**Chairman of the Managing Board** • Peugeot S.A. **Chairman of the Board** • Peugeot Citroën Automobiles **Chairman and Director** • Institut pour la Ville en Mouvement **Director** • Faurecia • PCMA Holding B.V. (Netherlands) • Compagnie de Saint Gobain **Positions terminated during the year 2013** **Non-Executive Director** • BG Group PLC (United Kingdom)

Michel PHILIPPIN

Director and chairman of the audit committee

First appointed to the Board on April 20, 2012

Current term expires in 2018

Born on June 26, 1948

No other position held during the year 2013

No position terminated during the year 2013

François PIERSON

Directorand member of the audit committee

First appointed to the Board on July 9, 2012

Current term expires in 2019

Born on May 29, 1947

Other positions held during the year 2013

Chairman and Chief Executive Officer

- AGIPI (Association)

Chairman of the board

- AXA Corporate Solutions Assurances (SA)
- Interner Partner Assistance SA (Belgium)
- Associations Diffusion Services - ADIS (SA)

Chairman

- Association Prévention Routière
- Ecole de Management Kedge (Marseille and Bordeaux)
- Ecole de la Seconde Chance (Hauts-de-Seine)

Director

- AXA Assurances IARD Mutuelle (SAM)
- AXA Assurances Vie Mutuelle (SAM)
- ASAF (Management association)
- AFPS (Management association)
- UCAR (SA)
- USAP (sport club)
- AXA Assurance Maroc (SA Marocco)
- AXA Cameroun (SA Cameroon)
- AXA Côte d'Ivoire (SA Ivory Coast)
- AXA Gabon (SA)
- AXA Sénégal (SA)
- AXA Holding Maroc (SA Marocco)
- AXA General Insurance Co, Ltd (South Korea)
- AXA Assurances Algérie Dommage (SPA Algeria)
- AXA Assurance Algérie Vie (SPA Algeria)
- AXA Aurora Vida, S.A., De Seguros y Reaseguros (SA Spain)
- AXA Seguros Generales, S.A. De Seguros y Reaseguros (SA Spain)
- AXA Vida S.A. De Seguros Y Reaseguros (SA Spain)

Positions terminated during the year 2013

Director

- AXA Assistance SA (SA)
- AXA Global P&C (SA)
- AXA France Vie (SA)

Peugeot S.A	Other positions held during the year 2013
Director First appointed to the Board on December 15, 1982 Current term expires in 2018	**Director** • Automobiles Citroën • Automobiles Peugeot **Member** • GIE PSA Trésorerie • GIE PSA Peugeot Citroën • Institut pour la Ville en Mouvement • ANSA **No position terminated during the year 2013**

Pierre TODOROV	Other positions held during the year 2013
Permanent Representative of Peugeot S.A. and member of the audit committee Since July 28, 2011 Born on May 15, 1958	**Chairman** • DJ6 **Supervisory Board Member** • Gefco **Director** • Automobiles Peugeot • Compagnie Générale de Crédit aux Particuliers - Crédipar • Peugeot Citroën Automoviles Espana S.A. (Spain) • PCMA Holding B.V. (Netherlands) **Permanent Representative of Peugeot S.A.** • On the board of Automobiles Citroën **Permanent Representative of Automobiles Peugeot** • On the board of Football Club-Sochaux Montbéliard **Managing Director** • DJ56 • DJ57 • DJ58 **No position terminated during the year 2013**

Automobiles Peugeot

Director

First appointed to the Board on Dec. 15, 1982

Current term expires in 2014

Other positions held during the year 2013

Director

- Football Club Sochaux-Montbéliard S.A.
- GLM1
- Institut pour la Ville en Mouvement
- Société Financière de Banque - Sofib
- Peugeot Algérie (Algeria)
- Peugeot Espana S.A. (Spain)
- SOPRIAM (Morocco)
- SOMACA (Morocco)
- Société Tunisienne Automobile Financière Immobilière et Maritime (Tunisia)

Associate Manager

- Peugeot Média Production SNC

No position terminated during the year 2013

Maxime PICAT

Permanent Representative of Automobiles Peugeot

Since October 1, 2012

Born on March 26, 1974

Other positions held during the year 2013

Chief Executive Offcier and director

- Automobiles Peugeot

Chairman

- Peugeot Motocycles

No position terminated during the year 2013

Functions held by the Executive Managing Officers non Directors of Banque PSA Finance as of December 31, 2013

Name and position within BPF	Other positions held
Bernard DARRIEUTORT	**Other positions held during the year 2013**
Executive Managing Officer	**Vice Chairman**
("Directeur Général Délégué")	• Dongfeng Peugeot Citroën Auto Finance Company (China)
Since November 19, 2007	
Current term expires in 2015 (Function matching the term of	**Director**
the function of current Chief Executive Officer)	• Banco PSA Finance Brasil S.A. (Brazil)
Born on January 5, 1949	• PSA Finance Arrendamento Mercantil S.A. (Brazil)
	Chairman
	• PSA Finance Argentina Compania Financiera S.A. (Argentina)
	Positions terminated during the year 2013

Alain MARTINEZ	**Other positions held during the year 2013**
Executive Managing Officer	**Chairman and Board Member**
("Directeur Général Délégué")	• PSA Finance Suisse (Switzerland)
Since July 25, 2011	• PSA Renting ITALIA SPA (Italy)
Current term expires in 2015 (Function matching the term of	• PSA Factor ITALIA SPA (Italy)
the function of current Chief Executive Officer)	• PSA GESTAO- Comérico e Aluguer de Veiculos, SA (Portugal)
Born on September 20, 1958	
	Supervisory Board Member
	• PSA Financial Holding B.V. (Netherlands)
	• BPF Financiranje d.o.o. (Slovenia)
	Chairman
	• Bank PSA Finance Rus (Russian Federation)
	Director
	• PSA Wholesale Limited (United Kingdom)
	• PSA Financial d.o.o. (Croatia)
	• Peugeot Finance International N.V. (Netherlands)
	Positions terminated during the year 2013
	Supervisory Board Member
	• Peugeot Finance International N.V. (Netherlands)

1.8.4.2 Compensations

A. Banque PSA Finance Managing Board members

The compensation policy of BPF executive officers has been defined by PSA Peugeot Citroën as Banque PSA Finance is fully owned by PSA Peugeot Citroën.

Regarding the Chairman and Chief Executive Officer, also member of the managing board of Peugeot SA, Chief Financial Officer, and head of strategic developpement, his compensation include his activities as PSA Peugeot Citroen Manaing Board member.

The compensation policy considers:

- The company's targets and the context of activities;
- Individual and collective performance;

The compensation structure is as follow:

- A base salary;
- An incentive bonus equivalent to 9.92% of the base salary.

These compensations take into account the benefit of a company car for each member of the Managing Board.

Frédéric SAINT-GEOURS	
Chairman and Chief Executive Officer	period from January 1, 2012 to December 31, 2012
of Banque PSA Finance	period from January 1, 2013 to April 2, 2013
Jean Baptiste CHASSELOUP de CHATILLON	
Chairman and Chief Executive Officer	
of Banque PSA Finance	period from April 3, 2013 to December 31, 2013
Philippe ALEXANDRE	
Deputy Chief Executive Officer	period from January 1, 2012 to February 12, 2012
	period from February 13, 2012 to December 31, 2012
Chief Executive Officer	period from January 1, 2013 to December 31, 2013
Bernard DARRIEUTORT	
Deputy Chief Executive Officer	period from January 1, 2012 to December 31, 2012
	period from January 1, 2013 to December 31, 2013
Alain MARTINEZ	
Deputy Chief Executive Officer	period from July 25, 2011 to December 31, 2011
	period from January 1, 2012 to December 31, 2012

	Amounts during the 2013 financial year		Amounts during the 2012 financial year	
	Earned	Paid	Earned	Paid
Salary	1,212,000	1,212,000	655,571	655,571
Bonus	120,210	25,300	25,300	120,611
Exceptional bonus	-	-	-	-
Exceptional salary	31,500	31,500	24,124	24,124
Director's Fees	-	-	-	-
Company Car	8,712	8,712	4,830	4,830
TOTAL	**1,372,422**	**1,277,512**	**709,825**	**805,136**

B. Banque PSA Finance directors

Corporate officers that also have a position at PSA Peugeot Citroën level are :

Jean Baptiste CHASSELOUP de CHATILLON	period from April 3, 2013 to December 31, 2013
Philippe ALEXANDRE	period from January 1, 2013 to December 31, 2013
Philippe VARIN	period from January 1, 2013 to December 31, 2013
Maxime PICAT	period from January 1, 2013 to December 31, 2013
Pierre TODOROV	period from January 1, 2013 to December 31, 2013

Their compensations are listed in the following table :

	Amounts during the 2013 financial year	
	Earned	Paid
Salary	2,663,548	2,663,548
Bonus	305,694	82,046
Exceptional bonus		
Exceptional salary	17,850	17,850
Director's Fees		
Company Car	13,778	13,778
TOTAL	**3,000,870**	**2,777,222**

As required by article L.225-102-1 of the French Commercial Code, compensations paid to corporate officers that also have a mandate at PSA Peugeot Citroën level are disclosed inside PSA Peugeot Citroën annual report.

Two directors, Mr Michel PHILIPPIN and Mr François PIERSON are not employees of PSA Peugeot Citroën. They were granted attendance fees of €20,000 each for the year 2013 Social taxes represent 21% of this amount.

None of the other directors have received remuneration or any kind of benefits from Banque PSA Finance during the year 2013

1.8.4.3 Committees

A. Audit Committee

As of January 1, 2014, our Audit Committee currently consists of the following members:

Name	Position within the PSA Peugeot Citroën group
Michel PHILIPPIN, Chairman	Board Member of Banque PSA Finance
François PIERSON	Board Member of Banque PSA Finance
Pierre TODOROV	Permanent Representative of Peugeot S.A. and Secretary General of PSA Group

B. Executive Committee

As of January 1, 2014, our Executive Committee currently consists of the following members:

Name	Position
Philippe ALEXANDRE	Chief Executive Officer
Alain MARTINEZ	Executive Managing Officer and Regional Director for Europe (without France) and Russia
Bernard DARRIEUTORT	Executive Managing Officer and Regional Director for China
Michel ARNAUD	Regional Director for Latin America
Andrea BANDINELLI	Chief Executive Officer of the French subsidiaries
Catherine BOULANGER	General Secretary and Permanent Control Officer
Philippe GRANGE	Audit Officer
Frantz KRAUTTER	Human Resources & Excellence System Officer
Frédéric LEGRAND	Corporate Operations & Risks Officer
Jean-François MADY	Chief Financial Officer
Jean-Marc SANTOLARIA	Marketing & Innovation Officer
Patrice VOLOVIK	Retail Operations & Risks Officer

2

CONSOLIDATED FINANCIAL STATEMENTS - DECEMBER 31, 2013

2.1 Consolidated Balance Sheet

(in million euros)	**Dec. 31, 2013**	**Dec. 31, 2012**
Assets		
Cash, central banks, post office banks (Note 4)	466	18
Financial assets at fair value through profit or loss (Note 5)	783	1 407
Hedging instruments (Note 6)	89	327
Available-for-sale financial assets (Note 7)	10	12
Loans and advances to credit institutions (Note 8)	1 439	1 221
Customer loans and receivables (Notes 9, 34 and 37)	21 312	23 061
Fair value adjustments to finance receivables portfolios hedged against interest rate risks (Notes 10 and 24.5)	23	85
Held-to-maturity investments	-	-
Current tax assets (Note 36.1)	43	62
Deferred tax assets (Note 36.1)	136	141
Accruals and other assets (Note 11)	563	622
Investments in associates and joint ventures accounted for using the equity method (Note 12)	83	46
Property and equipment (Note 13)	17	14
Intangible assets (Note 13)	70	86
Goodwill (Note 14)	83	83
Total assets (Note 37)	**25 117**	**27 185**

(in million euros)	**Dec. 31, 2013**	**Dec. 31, 2012**
Equity and liabilities		
Central banks, post office banks	-	-
Financial liabilities at fair value through profit or loss (Note 15)	3	2
Hedging instruments (Note 16)	62	114
Deposits from credit institutions (Notes 17 and 37)	6 268	8 105
Due to customers (Note 18)	1 334	367
Debt securities (Notes 19 and 37)	12 624	13 326
Fair value adjustments to debt portfolios hedged against interest rate risks (Notes 20 and 24.5)	107	226
Current tax liabilities (Note 36.1)	44	54
Deferred tax liabilities (Note 36.1)	410	391
Accruals and other liabilities (Note 21)	866	1 082
Liabilities related to insurance contracts (Note 22.1)	56	41
Provisions (Note 23)	49	55
Subordinated debt	-	-
Equity	3 294	3 422
- Equity attributable to equity holders of the parent	3 252	3 384
- Share capital and other reserves	835	835
- Consolidated reserves	2 607	2 665
- Of which Net income - equity holders of the parent	*223*	*281*
- Income and expenses recognized directly in Equity	(190)	(116)
- Minority interests	42	38
Total equity and liabilities (Note 37)	**25 117**	**27 185**

2.2 Consolidated Statement of Income

(in million euros)	Dec. 31, 2013	Dec. 31, 2012
Net interest revenue on customer transactions (Note 37.2)	**1 446**	**1 590**
- Interest and other revenue on assets at amortized cost (Notes 28 and 37.3)	1 477	1 608
- Fair value adjustments to finance receivables hedged against interest rate risks (Note 24.5)	(62)	12
- Interest on hedging instruments (Note 29)	(69)	(70)
- Fair value adjustments to hedging instruments (Note 24.5)	63	(12)
- Interest expense on customer transactions	(8)	(3)
- Other revenue and expense (Note 30)	45	55
Net investment revenue (Note 37.2)	**15**	**21**
- Interest and dividends on marketable securities	14	20
- Fair value adjustments to assets valued using the fair value option (Note 24.6)	-	-
- Gains and losses on sales of marketable securities	1	1
- Investment acquisition costs	-	-
Net refinancing cost (Note 37.2)	**(737)**	**(696)**
- Interest and other revenue from loans and advances to credit institutions	14	13
- Interest on deposits from credit institutions (Note 31)	(216)	(192)
- Interest on debt securities (Note 32)	(446)	(523)
- Interest on passbook savings accounts	(27)	-
- Expenses related to financing commitments received	(129)	(58)
- Fair value adjustments to financing liabilities hedged against interest rate risks (Note 24.5)	120	(42)
- Interest on hedging instruments	94	81
- Fair value adjustments to hedging instruments (Note 24.5)	(122)	49
- Fair value adjustments to financing liabilities valued using the fair value option (Note 24.6)	-	-
- Debt issuing costs	(25)	(24)
Net gains and losses on trading transactions	**(3)**	**(2)**
- Interest rate instruments (Note 24.6)	(2)	(4)
- Currency instruments	(1)	2
Net gains and losses on available-for-sale financial assets	**-**	**-**
Margin on sales of Insurance services (Note 22.3)	**109**	**96**
- Earned premiums	145	128
- Paid claims and change in liabilities related to insurance contracts	(36)	(32)
Margin on sales of services	**61**	**66**
- Revenues	92	97
- Expenses	(31)	(31)
Net banking revenue (Notes 37.2 and 37.3)	**891**	**1 075**
General operating expenses (Note 33)	**(361)**	**(375)**
- Personnel costs	(149)	(148)
- Other general operating expenses	(212)	(227)
Depreciation and amortization of intangible and tangible assets (Note 13)	(28)	(18)
Gains and losses on investments in companies that can be consolidated and other disposals of fixed assets	(3)	(1)
Gross operating income	**499**	**681**
Cost of risk (Notes 34, 37.2 and 37.3)	**(131)**	**(290)**
Operating income (Notes 37.2 and 37.3)	**368**	**391**
Share in net income of associates and joint ventures accounted for using the equity method	8	7
Impairment on goodwill	-	-
Pension obligation - expense (Note 23.1.F)	-	-
Pension obligation - income (Note 23.1.F)	-	-
Other non-operating items (Note 35)	-	(1)
Pre-tax income	**376**	**397**
Income taxes (Notes 36.2 and 36.3)	(138)	(104)
Net income for the year	**238**	**293**
- of which minority interests	15	12
- of which attributable to equity holders of the parent	223	281
Earnings per share (in €)	*20,1*	*25,3*

2.3 Net Income and Income and Expenses Recognized Directly in Equity

(in million euros)	Dec. 31, 2013 Before tax	Dec. 31, 2013 Tax	Dec. 31, 2013 After tax	Dec. 31, 2012 Before tax	Dec. 31, 2012 Tax	Dec. 31, 2012 After tax
Net income	376	(138)	**238**	397	(104)	**293**
- of which minority interest			*15*			*12*
Recyclable in profit and loss elements						
Fair value adjustments to hedging instruments (1)(2)(3)	5	(2)	**3**	(19)	6	**(13)**
- of which revaluation reversed in net income	*(4)*	*1*	***(3)***	*(7)*	*2*	***(5)***
- of which revaluation directly by equity	*9*	*(3)*	***6***	*(12)*	*4*	***(8)***
Exchange difference	(86)	-	**(86)**	(18)	-	**(18)**
Total recyclable in profit and loss elements	(81)	(2)	**(83)**	(37)	6	**(31)**
- of which minority interest			*(6)*			*(4)*
Not recyclable in profit and loss elements						
Actuarial gains and losses on pension obligations (4)	4	(1)	**3**	(6)	2	**(4)**
Total income and expenses recognized directly in Equity	(77)	(3)	**(80)**	(43)	8	**(35)**
- of which minority interest			*(6)*			*(4)*
Total net income and income and expenses recognized directly in Equity	299	(141)	**158**	354	(96)	**258**
- of which minority interest			*9*			*8*
- of which attributable to equity holders of the parent			*149*			*250*

(1) The amounts recognized in equity as well as the deferred taxes, are recycled in profit and loss when the hedged item has an impact in income statement.

(2) Including fair value adjustments to cash flow hedges, mainly swaptions. The intrinsic value of swaptions at maturity is recognized over the life of the corresponding external swap purchased as a hedge of outstanding loans (fair value hedge). The income recognized during the period ended at December 31, 2013 amounted to €4 million (see Note 24.2).

(3) Including a €9,2 million gain due to hedging cross currency swaps' basis spread at December 31, 2013 (€10.8 million loss at December 31, 2012).

(4) The application of the revision of IAS 19 - Employee benefit is compulsory as at January 1st, 2013 and retrospective (see Notes 2 et 3).

2.4 Consolidated Statement of Changes in Equity Attributable to Equity Holders of the Parent and Minority Interests

(in million euros)	Share capital and other reserves (1): Share capital	Share capital and other reserves (1): Issue, share and merger premiums	Share capital and other reserves (1): Legal reserve and other reserves	Consolidated reserves	Fair value adjustments - equity holders of the parent: Fair value adjustments to hedging instruments	Fair value adjustments - equity holders of the parent: Actuarial gains and losses on pension obligations	Fair value adjustments - equity holders of the parent: Exchange difference	Equity attributable to equity holders of the parent	Minority interests	Total equity
At December 31, 2011	**177**	**340**	**318**	**2 916**	**8**	**-**	**(92)**	**3 667**	**30**	**3 697**
First IAS 19R application (2)						(1)		(1)	-	(1)
At January 1rst, 2012	**177**	**340**	**318**	**2 916**	**8**	**(1)**	**(92)**	**3 666**	**30**	**3 696**
Dividends paid by Banque PSA Finance				(532)				(532)		(532)
Net Income and Income and Expenses Recognized Directly in Equity				281	(12)	(4)	(15)	250	8	258
At December 31, 2012	**177**	**340**	**318**	**2 665**	**(4)**	**(5)**	**(107)**	**3 384**	**38**	**3 422**
Dividends paid by Banque PSA Finance				(281)				(281)		(281)
Dividends paid by other companies									(5)	(5)
Net Income and Income and Expenses Recognized Directly in Equity				223	3	3	(80)	149	9	158
At December 31, 2013	**177**	**340**	**318**	**2 607**	**(1)**	**(2)**	**(187)**	**3 252**	**42**	**3 294**

Share capital amounts to €177 million, made up of 11,088,000 common shares, all fully paid. There were no changes in capital during the period.

(1) Including share capital, premiums and reserves of the parent company.

(2) The application of the revision of IAS 19 - Employee benefit is compulsory as at January 1st, 2013 and retrospective (see Notes 2 et 3).

In accordance with the Amendment to IAS 1 - Presentation of Financial Statements - Capital Disclosures, the necessary information is given in the paragraph "Capital" of the Management Report.

Consolidated regulatory capital calculated in accordance with regulation 90-02 of the Comité de la Réglementation Bancaire et Financière:

(in million euros)	**Dec. 31, 2013**	**June 30, 2013**	**Dec. 31, 2012**
Tier 1 capital			
Published consolidated equity	3 294	3 246	3 427
Insurance companies accounted for using the equity method: minority interests	(16)	(13)	(15)
Regulatory consolidated equity (1)	3 278	3 233	3 412
Unrealized capital gains on cash flow hedges	1	-	4
Proposed dividend, PSA Peugeot Citroën Group	(229)	(72)	(281)
Proposed dividend, minority interests	-	-	-
Intangible assets	(44)	(51)	(55)
Goodwill	(83)	(83)	(83)
Total Tier 1 capital	**2 923**	**3 027**	**2 997**
Deductions from Tier 1 capital			
Equity interests in credit institutions	(10)	(11)	(12)
Equity interests in insurance companies		-	-
Investments in associates and joint ventures accounted for using the equity method	(226)	(165)	(179)
- of which insurance companies	*(143)*	*(115)*	*(133)*
Total deductions	**(236)**	**(176)**	**(191)**
Regulatory capital	**2 687**	**2 851**	**2 806**
Deductions from regulatory capital: Expected loss vs. Depreciation	**(217)**	(210)	(192)
Basel II Tier 1 capital (See the "Capital Requirements" Section of the Management Report)	**2 470**	**2 641**	**2 614**
Capital adequacy ratio (Basel II)	**12,95%**	**12,96%**	**13,13%**

(1) To calculate regulatory equity, insurance companies are accounted for using the equity method.

2.5 Consolidated Statement of Cash Flows

(in million euros)	Dec. 31, 2013	Dec. 31, 2012
Income attributable to equity holders of Banque PSA Finance	**223**	**281**
Adjustments for:		
- Minority interests in income of subsidiaries	15	12
- Net income of associates accounted for using the equity method, net of dividends received	(8)	(7)
- Change in depreciation, amortization and other provisions	42	38
- Change in deferred taxes	15	(35)
- (Profit)/loss on disposals of assets	1	1
Funds from operations	**288**	**290**
Increase/decrease in:		
- loans and advances to credit institutions	(88)	(193)
- deposits from credit institutions	(1 667)	3 097
Change in customer loans and receivables	1 404	1 152
Increase/decrease in:		
- amounts due to customers	987	25
- financial assets at fair value through profit or loss	150	124
- financial liabilities at fair value through profit or loss	1	(2)
- hedging instruments	193	(18)
- debt securities	(653)	(3 407)
Change in working capital: assets	50	(101)
Change in working capital: liabilities	(196)	84
Net cash provided by operating activities	**469**	**1 051**
Acquisitions of shares in subsidiaries (see Notes 7 and 12)	(30)	(10)
Proceeds from disposals of shares in subsidiaries	-	21
Investments in fixed assets	(20)	(19)
Proceeds from disposals of fixed assets	8	6
Effect of changes in scope of consolidation	-	-
Net cash used by investing activities	**(42)**	**(2)**
Dividends paid to PSA Peugeot Citroën Group	(286)	(532)
Dividends paid to minority interests	-	-
Capital increase	-	-
Net cash used by financing activities	**(286)**	**(532)**
Effect of changes in exchange rates	(6)	(2)
Net change in cash and cash equivalents	**135**	**515**
Cash and cash equivalents at the beginning of the period	**1 669**	**1 154**
Cash, central banks, post office banks	18	23
Mutual funds qualified as cash equivalents	649	300
Current account advances and loans and advances at overnight rates	1 002	831
Time accounts qualified as cash equivalents	-	-
Cash and cash equivalents at the end of the period	**1 804**	**1 669**
Cash, central banks, post office banks (Note 4)	466	18
Mutual funds qualified as cash equivalents (Note 5)	200	649
Current account advances and loans and advances at overnight rates (Note 8)	1 138	1 002
Time accounts qualified as cash equivalents (Note 8)	-	-

2.6 Notes to the Consolidated Financial Statements

Note 1 2013 Main Events and Group Structure

A. 2013 Main Events

Under Article 85 of the Amending Finance Act of December 29, 2012, the Minister for the Economy is authorised to provide a State guarantee for a fee for securities issued between January 1, 2013 and December 31, 2016 by Banque PSA Finance in order to enable it to refinance itself. It is a guarantee for a maximum of €7 billion in capital, and does not represent a transfer of funds from the French State to Banque PSA Finance. It is only in the event of Banque PSA Finance defaulting that the Bank's counterparties could ask the State to honour the guarantee. The French State notified the European Commission of this guarantee on January 7, 2013.

In this framework, Banque PSA Finance issued a €1,200 million bond on March 25, 2013. The French State provided a first demand guarantee to this bond issue, under the temporary authorization granted by the European Commission on February 11, 2013. The European Commission granted the definitive authorization for the French State guarantee on July 30, 2013. A second guarantee agreement corresponding to the residual amount of €5,800 million was signed between the French State, Peugeot SA and Banque PSA Finance on October 28, 2013. A guarantee monitoring committee comprising five members, including representatives of the French State and the Group, monitors the proper operation of the guarantee.

In parallel, on January 11, 2013, Banque PSA Finance issued a €4,099 million 5-year syndicated term loan with a banking syndicate of 19 banks from eight different countries, to obtain commitment and financing terms similar to those expected for the government guarantee on new bond issues. In 2013, Banque PSA Finance also extended the maturity of its revolving secured lines, for an amount of €3,010 million maturing in three years. The first extension was signed on January 11, 2013, using a Forward Start Facility, and the second one resulted from the activation of another extension option in December 2013. Those renewals allowed Banque PSA Finance to maintain its bank facilities.

Banque PSA Finance also accelerated its securitization program in 2013 with eight successful securitization transactions carried out in three countries (France, Germany and Switzerland) for a total amount of €1,529 million of senior securities at issue date (see Note 19.4).

The outstanding amount of loan securitizations (including the Brazilian FIDC) increased from €4,246 million at December 31, 2012 to €5,058 million at December 31, 2013 (including accrued interests, see Note 19.1). Total receivables sold to securitization vehicles were €8,788 million as of December 31, 2013 and €6,742 million as of December 31, 2012 (see Note 9.5).

In addition to the securitizations, structured financing with the ECB represented €1,700 million at December 31, 2013 (see Note 17). Banque PSA Finance used this source of financing for an amount of €2,900 million at December 31, 2012. The total amount of assets deposited as collateral with the ECB stood at €2,957 million at December 31, 2013, of which €1,128 million of customer receivables, and at €5,146 million at December 31, 2012, of which €3,704 million of customer receivables (see Note 27.1).

To diversify its financing sources, the new brand of Banque PSA Finance specialized in savings activity, PSA Banque, launched the "DISTINGO" interest-bearing passbook savings account for retail clients in France, in March 2013, with €955 million in total funds at December 31, 2013.

Thanks to the roll-over of bank facilities, along with the new savings activity, the securitization and the collateralization programs, and the March, 2013 bond issue with the guarantee from the French State, Banque PSA Finance is in a position to cover its refinancing needs for the next twelve months at least (see Note 27.4).

B. Changes in Group Structure

In February 2012, Banque PSA Finance's German branch repurchased the loans sold in 2008 to the Auto ABS 2008-1 fund, and the fund was wound up in advance. As the fund was consolidated, the transaction had no impact on the consolidated financial statements of Banque PSA Finance Group.

In July 2012, the subsidiary Crédipar sold €1,080 million worth of future finance lease revenues to the Auto ABS 2012-1 fund. The fund issued €724 million worth of AAA/AAA rated A bonds and €356 million worth of B bonds. The subsidiary is entitled to the bulk of the operating income generated by the receivables after payment of interest on the bonds. As a consequence, the fund has been fully consolidated since July 2012.

In July 2012, the subsidiary Crédipar repurchased the loans sold in 2006 to the Auto ABS 2006-1 fund, and the fund was wound up in advance. As the fund was consolidated, the transaction had no impact on the consolidated financial statements of Banque PSA Finance Group.

In October 2012, Banque PSA Finance's Italian branch sold €621 million worth of automobile loans to the Auto ABS S.r.l. 2012-2 fund, an Italian Special Purpose Vehicle (SPV). This SPV issued €537 million worth of AA/AA rated A bonds and €94 million B bonds. The branch is entitled to the bulk of the operating income generated by the receivables after payment of interest on the bonds. As a consequence, the fund has been fully consolidated since October 2012.

In November 2012, the entity Financière Greffulhe S.A.S., 100%-owned by Banque PSA Finance, was liquidated, without any impact on the consolidated financial statements of Banque PSA Finance Group.

In November 2012, Banque PSA Finance bought 100% of Finansketici Finansmani A.S. in Turkey. Named PSA Finansman A.S., this new subsidiary is responsible for developing in Turkey the corporate dealers financing. As its business will be launched during the year 2014, it was not consolidated at December 31, 2013.

In November 2012, Banque PSA Finance's Spanish branch sold €800 million worth of automobile loans to the Auto ABS 2012-3 fund. The fund issued €668 million worth of AA-/AA(low) rated A bonds and €132 million B bonds. The branch is entitled to the bulk of the operating income generated by the receivables after payment of interest on the bonds. As a consequence, the fund has been fully consolidated since November 2012.

In November 2012, the subsidiary Crédipar sold €296 million worth of automobile loans to the Auto ABS French Loans Master fund. The fund issued €267 million worth of AAA/Aaa rated A bonds and €29 million B bonds. The subsidiary is entitled to the bulk of the operating income generated by the receivables after payment of interest on the bonds. As a consequence, the fund has been fully consolidated since November 2012.

In December 2012, Banque PSA Finance's UK branch sold €1,331 million worth of automobile loans to the Auto ABS UK Loans PLC fund. The fund issued €905 million worth of AAA rated A bonds and €426 million B bonds. The branch is entitled to the bulk of the operating income generated by the receivables after payment of interest on the bonds. As a consequence, the fund has been fully consolidated since December 2012.

On December 27, 2012, in order to reinforce our partnership in China, Banque PSA Finance (BPF, through PSA Finance Nederland PFN, its Dutch subsidiary) sold 25% of its participation in DongFeng Peugeot Citroën Auto Finance Co. (DPCAFC) to DongFeng Motor Group (DFG). DFG became a new shareholder of DPCAFC, whose shareholder structure is as following: 50% BPF (through PFN), 25% DFG, 25% DPCA (DPCA: DongFeng Peugeot Citroën Automobile, joint venture: 50% PSA Peugeot Citroën / 50% DFG).

In February 2013, the subsidiary Crédipar repurchased the loans sold in 2007 to the Auto ABS 2007-1 fund, and the fund was wound up in advance. As the fund was consolidated, the transaction had no impact on the consolidated financial statements of Banque PSA Finance Group.

In April 2013, the subsidiary Sofira sold €818 million worth of wholesale financing loans to the Auto ABS DFP Master Compartment France 2013 fund and received €808 million after hair-cut. The fund issued €550 million worth of Aaa/AAA rated A bonds, €30 million worth of Aaa/AAA rated S bonds and €228 million worth of B bonds. The subsidiary is entitled to the bulk of the operating income generated by the receivables after payment of interest on the bonds. As a consequence, the fund has been fully consolidated since April 2013.

In May 2013, Banque PSA Finance's German branch sold €478 million worth of future finance long term lease revenues to the Auto ABS 2013-1 fund. The fund issued €362 million worth of AAA/Aaa rated A bonds and €116 million worth of B bonds. The branch is entitled to the bulk of the operating income generated by the receivables after payment of interest on the bonds. As a consequence, the fund has been fully consolidated since May 2013.

In June 2013, the subsidiary Crédipar sold €495 million worth of automobile loans to the Auto ABS 2013-2 fund. The fund issued €450 million worth of AAA/Aaa rated A bonds, €20 million worth of A+/A2 rated mezzanine B bonds and €25 million worth of B bonds. The subsidiary is entitled to the bulk of the operating income generated by the receivables after payment of interest on the bonds. As a consequence, the fund has been fully consolidated since June 2013.

In October 2013, on the one hand, Banque PSA Finance's German branch sold €20 million worth of future finance long term lease revenues to the Auto ABS German Lease Master fund. The fund issued €14 million worth of AAA/Aaa rated A bonds and €6 million worth of B bonds. On the other hand, the subsidiary Crédipar sold €735 million worth of future finance long term lease revenues to the Auto ABS2 2013-A fund. The fund issued €522 million worth of Aaa/AAA rated A bonds, €52 million worth of A2/A rated B bonds and €162 million worth of C bonds. The branch and the subsidiary are entitled to the bulk of the operating income generated by the receivables after payment of interest on the bonds. As a consequence, these two funds have been fully consolidated since October 2013.

In October 2013, Banque PSA Finance's Italian branch repurchased the loans sold in 2007 to the Auto ABS S.r.l. 2007-2 fund, an Italian Special Purpose Vehicle (SPV), and the SPV was wound up in advance. As the fund was consolidated, the transaction had no impact on the consolidated financial statements of Banque PSA Finance Group.

In November 2013, on the one hand, Banque PSA Finance's German branch sold €302 million worth of wholesale financing loans to the Auto ABS DFP Master Compartment Germany 2013 fund and received €297 million after hair-cut. The fund issued €189 million worth of Aaa/AAA rated A bonds and €108 million worth of B bonds. On the other hand, the German branch sold €230 million worth of automobile loans to the Auto ABS German Loans Master fund. The fund issued €196 million worth of AAA/Aaa rated A bonds and €34 million worth of B bonds. The branch is entitled to the bulk of the operating income generated by the receivables after payment of interest on the bonds. As a consequence, these two funds have been fully consolidated since November 2013.

In November 2013, the Swiss subsidiary sold €245 million worth of future finance long term lease revenues to the Auto ABS Swiss Leases 2013 GmbH fund. The fund issued €196 million worth of A bonds and a €49 million subordinated certificate, which was subscribed by the Swiss subsidiary. The subsidiary is entitled to the bulk of the operating income generated by the receivables after payment of interest on the bonds. As a consequence, the fund has been fully consolidated since November 2013.

In December 2013, the French subsidiary SNDA was merged into Banque PSA Finance. As the subsidiary was fully consolidated, the merger had no impact on the consolidated financial statements of Banque PSA Finance Group.

C. List of Consolidated Companies

Companies	Country	Banque PSA Finance interest % Direct	Indirect %	Indirect Held by	% interest at December 31 2013	% interest at December 31 2012
Branches						
German branch	Germany	-	-		-	-
Austrian branch	Austria	-	-		-	-
Spanish branch	Spain	-	-		-	-
Italian branch	Italy	-	-		-	-
Polish branch	Poland	-	-		-	-
Portuguese branch	Portugal	-	-		-	-
United Kingdom branch	United Kingdom	-	-		-	-
Fully Consolidated Companies						
Sales financing in France (Subsidiaries)						
Crédipar	France	100	-		100	100
CLV	France	-	100	Crédipar	100	100
Sofib	France	100	-		100	100
Sofira	France	98	-		98	98
Sales financing outside France (Subsidiaries)						
BPF Algérie	Algeria	2	98	PSA Financial Holding B.V.	100	100
PSA Finance Argentina Compania Financiera S.A.	Argentina	50	-		50	50
PSA Finance Belux	Belgium	5.25	94.75	PSA Financial Holding B.V.	100	100
Banco PSA Finance Brasil S.A.	Brazil	100	-		100	100
PSA Finance Arrendamento Mercantil S.A.	Brazil	100	-		100	100
PSA Financial d.o.o.	Croatia	-	100	PSA Financial Holding B.V.	100	100
PSA Finance Hungaria Zrt.	Hungary	2.44	97.56	PSA Financial Holding B.V.	100	100
PSA Renting Italia S.p.A.	Italy	100	-		100	100
Banque PSA Finance Mexico SA de CV SOFOM	Mexico	2.80	97.20	PSA Finance Nederland B.V.	100	100
PSA Finance Nederland B.V.	Netherlands	-	100	PSA Financial Holding B.V.	100	100
PSA Finance Polska Sp.zo.o.	Poland	100	-		100	100
PSA Gestao Comercio E Aluguer de Veiculos	Portugal	97	1	PSA Financial Holding B.V.	98	98
PSA Finance Ceska Republika S.r.o.	Czech Republic	0.02	99.98	PSA Financial Holding B.V.	100	100
PSA Wholesale Ltd	United Kingdom	100	-		100	100
Bank PSA Finance Rus	Russia	65	35	PSA Financial Holding B.V.	100	100
PSA Finance Slovakia S.r.o.	Slovakia	0.16	99.84	PSA Financial Holding B.V.	100	100
BPF Financiranje d.o.o.	Slovenia	-	50	PSA Financial Holding B.V.	50	50
PSA Finance Suisse S.A.	Switzerland	82.35	17.65	PSA Financial Holding B.V.	100	100
BPF Pazarlama A.H.A.S.	Turkey	100	-		100	100
Insurance (Subsidiaries)						
PSA Assurance S.A.S.	France	90	-		90	90
PSA Services Ltd	Malta	0.01	99.99	PSA Assurance S.A.S.	90	90
PSA Insurance Ltd	Malta	0.01	99.99	PSA Services Ltd	90	90
PSA Life Insurance Ltd	Malta	0.01	99.99	PSA Services Ltd	90	90
Other companies (Subsidiaries)						
SNDA	France	-	-		-	100
PSA Factor Italia S.p.A.	Italy	-	94.54	Succursale en Italie	94.54	94.54
PSA Finance S.C.S.	Luxembourg	100	-		100	100
PSA Financial Holding B.V.	Netherlands	100	-		100	100
Peugeot Finance International N.V.	Netherlands	100	-		100	100
Vernon Wholesale Investments Company Ltd	United Kingdom	-	100	PSA Wholesale Ltd	100	100
Special purpose entities						
Auto ABS 2007-1	France	-	-		-	100
Auto ABS S.r.l. 2007-2	Italy	-	-		-	100
FIDC	Brazil	-	-		100	100
Auto ABS 2010-1	France	-	-		100	100
Auto ABS 2011-1	France	-	-		100	100
German Loans Auto ABS 2011-2	France	-	-		100	100
Auto ABS 2012-1	France	-	-		100	100
Auto ABS S.r.l. 2012-2	Italy	-	-		100	100
Auto ABS 2012-3	Spain	-	-		100	100
Auto ABS French Loans Master	France	-	-		100	100
Auto ABS UK Loans PLC	United Kingdom	-	-		100	100
Auto ABS DFP Master Compartment France 2013	France	-	-		100	-
Auto ABS 2013-1	France	-	-		100	-
Auto ABS 2013-2	France	-	-		100	-
Auto ABS German Lease Master	France	-	-		100	-
Auto ABS2 2013-A	France	-	-		100	-
Auto ABS DFP Master Compartment Germany 2013	France	-	-		100	-
Auto ABS German Loans Master	France	-	-		100	-
Auto ABS Swiss Leases 2013 GmbH	Switzerland	-	-		100	-
Investments in Associates						
Dongfeng Peugeot Citroën Auto Finance Company Ltd (Partnership - Joint ventures)	China	-	50	PSA Finance Nederland B.V.	50	50

Note 2 Accounting Policies

In accordance with European Council Regulation 1606/2002/EC dated July 19, 2002 on the application of international accounting standards from January 1, 2005, Banque PSA Finance's consolidated financial statements for the year ended December 31, 2013 have been prepared in accordance with the International Financial Reporting Standards (IFRSs) applicable and adopted by the European Union as of that date.

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

The standards and interpretations applied at December 31, 2013 were unchanged compared with December 31, 2012 except for the adoption of standards and interpretations whose application was compulsory for the first time in 2013.

New IFRSs and IFRIC Interpretations whose Application was Compulsory in the Fiscal Year Commencing January 1, 2013

The new texts, whose application is compulsory in the fiscal year commencing January 1, 2013 and applied by Banque PSA Finance are the following:

- Amendment to IAS 19 – Post-employment Benefits. This amendment removes the possibility, adopted by the Group, to apply the corridor method. This led to immediate recognition of all actuarial gains and losses as well as past service costs in the balance sheet. Actuarial variations are now systematically recorded in Other income and expenses recognized directly in equity. The costs of past service are now fully recorded in income for the period. This amendment also establishes a rate of return on financial assets corresponding to the discount rate used to calculate the net liability. Due to the retrospective application of this revision of IAS 19, the 2012 annual financial statements were restated using the new principles for the purpose of comparison. The impacts of the first application of IAS 19 revised are presented in Note 3.

- Amendment to IAS 1 – Disclosures on the Income and Expenses Recognized Directly in Equity. This amendment, adopted in 2012 by the European Union, led to the separation in the "Income and expenses recognized directly in equity" statement of elements which may be recycled in the income statement from elements which may not be recycled.

- **IFRS 13** – Fair Value Measurement, which specifies how to measure the fair value when its application is already required or permitted by another IFRS standard. This text has no material impact on the Banque PSA Finance consolidated financial statements but requires new disclosures such as valuation methods and their hierarchy.

- **Amendment to IFRS 7** – Offsetting of Financial Assets and Liabilities. In the financial statements of Banque PSA Finance, this amendment mainly concerns margin call agreements for over-the-counter derivatives. The disclosures to provide were completed in Notes 6, 11, 16 and 21.

Other texts applicable on January 1, 2013 have no significant impact on the consolidated financial statements of Banque PSA Finance Group.

New IFRSs and IFRIC Interpretations Applicable after the Fiscal Year Commencing January 1, 2013

Application of the following standards is compulsory from January 1, 2014

No early adoption is forecasted

- IFRS 10 – Consolidated Financial Statements, and **the amendment to IAS 27** – Separate Financial Statements, which will replace the present **IAS 27 standard** – Consolidated and Separate Financial Statements and the interpretation and **SIC 12** - Consolidation - Special Purpose Entities**.** These texts introduce a new definition of control, based on power, exposure (or rights) to variable returns, and the ability to use this power to affect the amount of the return. The analyses performed on the application of these new principles have confirmed the full consolidation of the subsidiaries and special purpose entities, which were already fully consolidated.

- IFRS 11 – Joint Arrangements, and **amendment to IAS 28** – Investments in Associates and Joint Ventures, which will replace **IAS 31** - Interests in Joint Ventures and **IAS 28** - Investments in associates and SIC 13 - Jointly Controlled Entities - Non-monetary contribution by venturers. These texts mainly prescribe two different accounting methods:
Joint arrangements classified as « joint operations » will be accounted for based on the percentage of assets, liabilities, revenues and expenses controlled by the Group. A joint operation may be realized through a simple contract or through a separate jointly-controlled vehicle. The analyses performed have confirmed the absence of joint operations on Banque PSA Finance's perimeter.
Joint arrangements classified as « joint ventures », will be consolidated using the equity method, because they only allow rights to the net assets of the arrangement. The analyses performed have qualified the Chinese subsidiary as a joint venture. It was already consolidated using the equity method.

- IFRS 12 – Disclosure of Interests in Other Entities. This standard describes all the disclosures to be made for subsidiaries, investments in associates and joint arrangements, and interests in unconsolidated structured entities.

- Amendment to IAS 32 - Compensation of Assets and Liabilities. This text clarifies the rules for compensating the existing IAS 32.

- Amendment to IAS 36 – Recoverable Amount Disclosures for Non-financial Assets.

- Amendment to IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting.

Application of the following standards, published by IASB and IFRIC, is compulsory from January 1, 2014, subject to the adoption by the European Union on closing date

The potential impact is being analysed.

- **IFRIC 21** – Levies.

Format of the Financial Statements:

As no template is provided in IFRS, the consolidated financial statements are presented largely in accordance with Autorité des Normes Comptables (ANC), recommendation 2013-04 on November 7, 2013 on the format of credit institutions' IFRS financial statements.

Banque PSA Finance's consolidated financial statements include prior year comparatives.

The consolidated financial statements include the financial statements of Banque PSA Finance and the French and foreign companies in the Banque PSA Finance Group, based on the consolidation methods described in note A below.
The individual statutory financial statements of Banque PSA Finance and its subsidiaries and branches are prepared in accordance with the accounting principles in force in the countries where they do business. These statements are adjusted to comply with Group accounting policies for inclusion in the consolidated financial statements.

Significant accounting policies applied by the Group are described in notes B to H below.

The term "related companies" refers to all companies that are fully consolidated in the PSA Peugeot Citroën Group consolidated financial statements.

The annual consolidated financial statements and notes for Banque PSA Finance Group were approved by the Board of Directors on February 17, 2014.

A. Basis of Consolidation

A.1 Consolidation Methods

Companies in which Banque PSA Finance directly or indirectly holds a majority interest are fully consolidated. The same method is applied to companies where the majority of the risks and rewards of the business lie with the Group, directly or indirectly (for example, all special purpose entities set up in connection with securitization operations are fully consolidated) and to companies owned jointly with a partner on a 50/50 basis, when Banque PSA Finance is in a position to control strategic financial and operating decisions relating to the business.

All material intragroup transactions and balances are eliminated in consolidation.

Companies that are between 20% and 50% owned, directly or indirectly, over which Banque PSA Finance has significant influence are accounted for by the equity method. This method is also applied to companies that are more than 50% owned but are not exclusively controlled due to joint governance arrangements.

A.2 Translation of Financial Statements of Foreign Subsidiaries

Balance sheets of foreign companies are translated at the year-end exchange rate published by the European Central Bank (ECB). Income statement items of foreign companies are translated on a month-by-month basis at the average monthly rate.

Gains and losses resulting from translation of the financial statements of foreign subsidiaries are recorded in equity under "Exchange difference".

A.3 Foreign Currency Transactions

Transactions in foreign currencies are measured and recognized in accordance with IAS 21 – The Effects of Changes in Foreign Exchange Rates. In compliance with this standard and also with banking regulations, transactions denominated in foreign currencies are recorded in the original currency. At each period-end, balance sheet items in foreign currencies are revalued at fair value at the ECB closing exchange rate. The corresponding revaluation differences are recognized in the income statement under "Currency instruments".

Foreign currency transactions are systematically hedged using currency derivatives which are recognized in the balance sheet and measured at fair value. Gains and losses arising from remeasurement of currency derivatives at fair value at each period-end are recognized in the income statement under "Currency instruments" and offset the gains and losses on the underlying transactions. Consequently, net exchange gains or losses are by definition not material.

A.4 Use of Estimates

The preparation of financial statements in accordance with IAS/IFRS requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Management believes that, in preparing the financial statements, it has applied the most appropriate and reasonable estimates and assumptions considering the Group's business environment and past experience.

Due to the uncertainty of these valuations, actual results may differ from these estimates.

To limit this uncertainty, estimates and assumptions are reviewed periodically and any changes to reported amounts are recognized immediately, in accordance with IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors.

Estimates and assumptions are used in particular to measure the following:
- fair value of financial assets and liabilities at fair value through profit or loss,
- recoverable amount of customer loans and receivables,
- fair value adjustments to finance receivables and debt portfolios hedged against interest rate risks,
- deferred tax assets,
- value in use and useful lives of intangible assets and property and equipment,
- provisions,
- pension obligations.

A.5 Main Consolidation Adjustments

Recognition and Measurement of Derivative Instruments, Hedge Accounting (IAS 39)

In the financial statements of most of the individual subsidiaries, the fair value principle under IAS 39 – Financial Instruments: Recognition and Measurement, does not apply. Measurement at fair value of derivative instruments, financial assets and certain financial liabilities at fair value through profit or loss, and application of hedge accounting in accordance with IAS 39 therefore give rise to certain consolidation adjustments. The underlying principles are described in note C "Financial assets and liabilities", below. The principles of valuation at fair value are applied in accordance with the IFRS 13 standard.

Deferred Taxes

Certain adjustments to the accounts of subsidiaries to comply with Group accounting policies, and timing differences between the recognition of certain items of income and expense for statutory financial reporting and tax purposes or arising from consolidation adjustments, can generate temporary differences between the tax base and adjusted income. In accordance with IAS 12 – Income Taxes, deferred taxes are recognized in the consolidated financial statements for these differences using the liability method, where they can reasonably be expected to be recovered. Similarly, deferred tax assets are recognized for tax loss carry forwards when sufficient taxable profit can reasonably be expected to be generated to permit their utilization.

No provision has been made for deferred taxes on the undistributed earnings of subsidiaries, as these earnings are considered as having been permanently reinvested.

B. Fixed Assets

B.1. Property and Equipment

In accordance with IAS 16 – Property, Plant and Equipment, property and equipment are stated at cost. Property and equipment other than land are depreciated by the straight-line method over the following estimated useful lives:

- Buildings	20 to 30 years
- Vehicles	4 years
- Other	4 to 10 years

The basis for depreciation is determined by deducting the assets' residual value, if any. The Group's assets are generally considered as having no residual value.

Estimated useful lives are reviewed at each year-end and adjusted where necessary.

B.2. Intangible Assets

In accordance with IAS 38 – Intangible Assets, the portion of the cost of developing software for internal use that corresponds to internal or external costs directly attributable to creating the software or improving its performance, is recognized as an intangible asset when it is probable that the costs will generate future economic benefits. The by the way created intangible assets are amortized over their estimated useful life, not to exceed 12 years. Other software purchases and development costs are recognized as an expense.

B.3. Goodwill

Goodwill is the excess of the cost of shares in a consolidated company over the Group's equity in the fair value at the acquisition date of the identifiable assets and liabilities acquired. It was amortized on a straight-line basis over 20 years until December 31, 2003.

Effective from January 1, 2004, in accordance with IFRS 3 – Business Combinations, goodwill is no longer amortized, but is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired (see note 14).

B.4. Impairment of Long-lived Assets

In accordance with IAS 36 – Impairment of Assets, property and equipment and intangible assets are tested for impairment annually, or more frequently if events or changes in circumstances indicate that they might be impaired. Assets with indefinite useful lives must be tested for impairment at least once a year. Goodwill is the only indefinite-lived asset carried in the Group accounts.

Impairment tests are performed at the level of cash generating units (CGUs), which are defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Goodwill is allocated to the CGU to which it relates. The value in use of a CGU is measured as the net present value of estimated future cash flows. If this value is less than the CGU's net book value, an impairment loss is recognized in operating income. The impairment loss is first recorded as an adjustment to the carrying amount of any goodwill.

At Banque PSA Finance, CGUs correspond to operations in each individual country. Application of IFRS 8 did not change Management's analysis of long-lived assets and the definition of the CGU remained the same. To recognize any impairment of goodwill, however, goodwill has been allocated by segment, as it is mainly associated with financing activities subject to IFRS 8 segmentation.

C. Financial Assets and Liabilities

Financial assets and liabilities are recognized and measured in accordance with IAS 39. IAS 39 was adopted in part by the European Commission on November 19, 2004 (regulation 2086/2004/EC) with six amendments, mainly concerning the fair value option, and regulation 1864/2005/EC published on November 16, 2005, which allows companies to elect to measure certain liabilities at fair value. The Group has elected to use this option in certain instances (see paragraph C.3 below).

As allowed under IAS 39, the Group has elected to apply transaction date accounting to financial assets and liabilities. Consequently, when the transaction date (corresponding to the date when the commitment is entered into) is different from the settlement date, the purchase or sale of securities is recognized in the balance sheet on the transaction date (see end of paragraphs C2 and C.7.2 below).

Since 2013, Banque PSA Finance has booked passbook savings accounts in « Due to customers ». The Banque PSA Finance group does not make use of the provisions of the IAS 39 standard, which have been rejected in their current form by the European Commission ("carve out"), concerning the application of hedge accounting to customer sight deposit balances with the deposit banks.

C.1 Derivatives – Application of Hedge Accounting

C.1.1 Recognition and Measurement

All derivatives are recognized in the balance sheet at fair value. Except for instruments designated as cash flow hedges (see below), gains and losses arising from remeasurement at fair value are recognized in profit or loss.

Derivatives may be designated as hedging instruments in one of two types of hedging relationships:
- fair value hedge, corresponding to a hedge of the exposure to changes in fair value of an asset or liability due to changes in exchange rates or interest rates;
- cash flow hedge, corresponding to a hedge of the exposure to variability in cash flows from existing or future assets or liabilities.

Derivatives qualify for hedge accounting when:
- at the inception of the hedge there is formal designation and documentation of the hedging relationship;
- the effectiveness of the hedging relationship is demonstrated at its inception;
- the actual effectiveness of the hedging relationship is also demonstrated at each period end.

The effects of hedge accounting are as follows:
- for fair value hedges of existing assets and liabilities, the hedged portion of the asset or liability is recognized in the balance sheet and measured at fair value. Gains and losses arising from remeasurement at fair value are recognized in profit or loss, and are offset by the

effective portion of the loss or gain arising from remeasurement at fair value of the hedging instrument. Fair value adjustments to hedged financial assets and liabilities are reported under "Fair value adjustments to portfolios hedged against interest rate risks", in assets for hedged finance receivables and in liabilities for hedged debt;
- for cash flow hedges, the effective portion of the gain or loss arising from remeasurement at fair value of the hedging instrument is recognized in equity. The cumulative gains and losses recognized in equity are included in profit or loss when the hedged item affects profit or loss.

The ineffective portion of the gain or loss arising from remeasurement at fair value of both fair value and cash flow hedges is recognized in profit or loss.

C.1.2 Derivatives – Financial Statement Presentation

Balance sheet:
- derivatives are stated in the balance sheet at fair value net of accrued interest;
- fair values of derivatives used as hedges are recognized under "Hedging instruments", in assets when the fair value is positive and in liabilities when it is negative;
- derivatives that do not qualify for hedge accounting are included in "Financial assets at fair value through profit or loss" when the fair value is positive, and in "Financial liabilities at fair value through profit or loss" when it is negative.

Income statement:
- gains and losses arising from remeasurement at fair value of fair value hedges are recognized under the same caption as the losses and gains on the hedged items;
- the ineffective portion of gains and losses arising from remeasurement at fair value of cash flow hedges is reported under "Hedging gains and losses";
- gains and losses arising from remeasurement at fair value of derivatives not designated as hedges are recognized under "Net gains (losses) on trading transactions", with the exception of:
  - derivatives used to hedge short-term cash investments: gains or losses are recognized under "Fair value adjustments to assets valued using the fair value option";
  - derivatives used to hedge certain liabilities valued using the fair value option: gains and losses are recognized under "Fair value adjustments to financing liabilities valued using the fair value option".

IFRS 13 henceforth requires present the valuation methods of the financial assets and liabilities at fair value as well as their hierarchy (level 1, 2 or 3).
The valuation methods have to maximize the use of observable market data. These methods are classified according to the same three levels hierarchy (in descending order of priority) as IFRS 7 for financial instruments:
- level 1: quoted price (without adjustment) for similar instruments on an active market;
An active market is a market in which there are sufficiently frequent and large volumes on assets or liabilities to provide price information in a continuous way.
- level 2: valuation using only observable data for a similar instrument on an active market;
- level 3: valuation making significant use of at least one non-observable item of data.
In the balance sheet, the valuations are of level 1 or 2, presented in the related notes. Only the specific note "Fair Value of Financial Assets and Liabilities" uses valuation methods of level 3, detailed in Note 26.

C.2 Financial Assets at Fair Value through Profit or Loss

Banque PSA Finance liquidity reserves are invested partly in fixed income securities indexed to Eonia. They are generally financed by debt indexed to Eonia. If not, they are swapped for the 3-month Euribor by means of economic hedges. In the interests of simplicity, these fixed income securities are accounted for using the fair value option, whereby changes in the fair value of the hedged securities are recognized directly in profit or loss, together with the offsetting change in fair value of the economic hedges. Liquidity reserves are also partly invested in mutual funds, whose units are not consolidated because they do not meet the criteria regarding control or rights in the majority of the benefits and corresponding risks (see IAS 27 – Consolidated financial statements and accounting for investments in subsidiaries and SIC 12 – Consolidation: Special Purpose Entities).

This caption also includes:
- the positive fair value of other derivatives that do not qualify for hedge accounting under IAS 39;
- securities receivable, which are recognized as from the transaction date.

C.3 Financial Liabilities at Fair Value through Profit or Loss

This item comprises liabilities valued using the fair value option. The Group has elected to use this option in certain instances to improve the presentation of its financial statements by recognizing fair value adjustments to the liabilities symmetrically with the fair value adjustments made to the derivatives used to hedge the interest rate risk on those liabilities. Accordingly, the fair value adjustments include any changes in Banque PSA Finance's issuer spread. At December 31, 2013, no liabilities were measured using the fair value option.

This caption also includes the negative fair value of other derivatives that do not qualify for hedge accounting under IAS 39, including interest rate derivatives intended to hedge financial assets or liabilities at fair value through profit or loss.

C.4 Available-for-sale Assets

Available-for-sale assets consist mainly of investments in companies that are not consolidated. These investments are stated at fair value, which generally corresponds to their cost.

C.5 Held-to-maturity Investments

These are fixed income securities that are acquired with the positive intention of being held to maturity. They are stated at amortized cost, corresponding to redemption value less amortization of premiums and discounts. Premiums and discounts are amortized to profit or loss over the holding period.

C.6 Loans and Receivables

The different customer categories are presented in section "F. Segment information" (see below).
Customer loans and receivables are analysed by type of financing:
- Financing in the following categories, as defined by French banking regulation:

Installment contracts,
Buyback contracts,
Long-term leases.

As explained in section C.6.2 below, buyback contracts and long-term leases are adjusted to present each transaction as a loan.

These types of financing are mainly intended for the following customer segments:

- **Retail** (individuals, small to medium sized companies and larger companies not meeting the criteria for classification as Corporates, Sovereigns, Banks or Local Administrations),
- **Corporate and equivalent** (including Corporates other than dealers, Sovereigns, Banks and Local Administrations),

and, in rare cases, for **Corporate dealers**.

- Wholesale financing (i.e. financing of vehicle and spare part inventories), as defined by French banking regulations.
  Wholesale financing is primarily intended for **Corporate dealers** (mainly independent Peugeot and Citroën dealers, importers of new Peugeot and Citroën vehicles in certain countries, certain used vehicle dealers).

- Other customer loans and receivables, including equipment loans and revolving credit, and ordinary accounts in debit.

C.6.1 Loans and Receivables Measured at Amortized Cost

Loans and receivables recognized in the balance sheet correspond to Banque PSA Finance's net commitment in respect of these receivables. Therefore, as well as the outstanding principal and accrued interest, the carrying value of finance receivables also includes:

- commissions paid to referral agents as well as external direct administrative expenses, which are added to the outstanding principal;
- contributions received from the brands and transaction fees to be spread out, which are deducted from the outstanding principal;
- guarantee deposits received at the inception of finance leases, which are deducted from the amount financed.

Measurement at amortized cost reflects the best estimate of the maximum credit risk exposure on loans and receivables.

Interest income is allocated by the effective interest method, with the effective interest rate being the rate that exactly discounts estimated future cash receipts through the expected life of the loan.

C.6.2 Lease Financing

In accordance with IAS 17 – Leases and IAS 39, vehicles leased to customers are treated as in-substance loans because the risks and rewards of ownership of the vehicle do not lie with Banque PSA Finance.

Consequently, rental revenues and depreciation expenses on the vehicles are adjusted in order to present all of these transactions as loans outstanding.

C.6.3 Hedges of Interest Rate Risks on Outstanding Loans and Receivables

Outstanding loans are generally hedged against interest rate risks, using fair value hedges that qualify for hedge accounting. Accordingly, gains and losses arising from remeasurement at fair value of the hedged portion of the loans are recognized in profit or loss (see note C.1.1 "Derivatives – recognition and measurement").

C.6.4 Impairment Losses

Impairment losses on finance receivables are deducted from their carrying value in the balance sheet, as soon as a loss event occurs.

Impairment losses are identified separately under specific line items.

The different customer categories are presented in section "F. Segment information" (see below).

Retail financing impairment losses

- ***Impairment losses on sound loans with past-due installments:***
  An impairment loss is recognized on sound loans when the borrower defaults on a single instalment (loss event). Impairment is assessed based on the probability of the outstanding loan being classified as non-performing and on the discounted average loss rate.

- ***Impairment losses on non-performing loans:***
  In accordance with French banking regulations, loans for which one or more installments are over 90 days past-due are automatically reclassified as non-performing. This period is increased to 150 days when the Group has no exposure to counterparty risk due to effective risk mitigation. Loans that do not have any installments over 90 days past-due but are flagged by the system as giving rise to an aggravated risk are classified as non-performing immediately. This definition of non-performing loans is in line with the definition of "default" used for Basel II risk assessment purposes.
  Banque PSA Finance has set up a database containing historical collection data for non-performing loans. These data are used to determine the discounted average loss rate, which serves as the basis for calculating impairment losses on non-performing and doubtful loans. The discounted average loss rate is calculated using the effective interest method.

- ***Restructured performing loans:***
  These mainly concern retail customers in France who are in a situation of over-indebtedness and are the subject of plans to discharge their total debt ("Neiertz Act plans"). As soon as the Group is formally notified that loan repayments are being suspended while a debt discharge plan is put in place, the loan is classified as non-performing. At the end of the moratorium, if the customer complies with his or her repayment obligations, the loan is reclassified as sound and an impairment loss is booked at the rate applied to sound loans with past-due installments. In the event of a subsequent default, the loan is immediately reclassified as non-performing.

- Discounting retail financing recoveries leads to an increase in the impairment loss recognized upon occurrence of the loss event compared to the actual loss that will ultimately be recognized. The undiscounting effect, linked to the passage of time, to be taken into account to compensate for this overestimation of the final loss is included in the calculation of depreciation.

Impairment losses on "Corporate dealers" and "Corporate and equivalent" financing

- These loans are classified as non-performing when one or more installments are 91 days past-due (271 days past-due for loans to Local Administrations). These periods are increased to 451 days and 631 days respectively, when the Group has no exposure to counterparty risk due to effective risk mitigation. Loans that do not have any installments that are over 90 and 270 days past-due respectively, but are flagged by the system as giving rise to an aggravated risk, are reclassified as non-performing immediately.

- When the first default occurs or at the latest when the above periods have been exceeded, a 'Flash Report' is issued containing a detailed risk analysis and stipulating the amount of any necessary provision. Loans for which a 'Flash Report' has been issued are flagged in the system as giving rise to an aggravated risk**.**

When a finance receivable is considered as irrecoverable, it is written off through profit or loss. The previously-recognized impairment loss is also reversed through profit or loss. Any subsequent recoveries are credited to the income statement under "Cost of risk".

C.7 Financing Liabilities

Upon initial recognition, financing liabilities are measured at the amount of the net proceeds received. Their carrying amount therefore comprises the outstanding principal and accrued interest, plus:
- debt issuance and set-up costs,
- issue or redemption premiums, if any.

Interest expense is allocated by the effective interest method, with the effective interest rate being the rate that exactly discounts estimated future cash outflows through the expected life of the debt.

C.7.1 Hedges of Interest Rate Risks on Financing Liabilities

Financing liabilities hedged by interest rate swaps are remeasured at fair value in accordance with hedge accounting principles applicable to fair value hedges. Gains and losses arising from remeasurement at fair value of the hedged portion of the liability are recognized in profit or loss and are offset by the effective portion of changes in the fair value of the swaps (see note C.1.1 “Derivatives – recognition and measurement”).

C.7.2 Debt Securities

Debt securities include certificates of deposit, bonds, interbank instruments and money market securities, other than subordinated securities which are reported under "Subordinated debt".

This caption also includes securities to be delivered, which are recognized as from the transaction date.

D. Liabilities Related to Insurance Contracts

Liabilities related to insurance contracts correspond to the technical reserves set aside by the insurance companies to cover their obligations towards insureds and beneficiaries. In accordance with IFRS 4 – Insurance Contracts, liabilities related to insurance contracts for life and non-life business are calculated by the methods prescribed by local insurance regulations.
Life and non-life liabilities related to insurance contracts consist mainly of unearned premium reserves (UPR), corresponding to the portion of written premiums relating to future periods, and claims reserves, corresponding to incurred claims and claims incurred but not reported (“IBNRs”). IBNR reserves are calculated on a statistical basis.

E. Provisions

In accordance with IAS 37 – Provisions, Contingent Liabilities and Contingent Assets, a provision is recorded when the Group has a present obligation towards a third party as a result of a past event, it is probable or certain that an outflow of resources embodying economic benefits will be required to settle the obligation, and no inflow of resources representing an equivalent amount is expected. Restructuring provisions are recorded only when the restructuring has been announced and the Group has drawn up or started to implement a detailed formal plan.

Provisions are discounted only when the impact is material.

F. Segment Information

In application of IFRS 8 effective January 1, 2009, Banque PSA Finance has identified the following five operating segments meeting Basel II guidelines (portfolios):

- **Retail**, mainly corresponding to individuals and to small or medium-sized companies.

- **Corporate dealers**, corresponding to captive and independent Peugeot and Citroën dealers, importers of new Peugeot and Citroën vehicles in certain countries, and certain used vehicle dealers.

- **Corporate and equivalent**, referring to:
  - company belonging to a multi-national group or for which aggregate loans exceed a fixed ceiling per country (Corporates other than dealers),
  - national governments and government-backed agencies (Sovereigns),
  - banking company or investment firms regulated and supervised by the banking authorities (Banks),
  - local or regional governments and government-backed agencies (Local Administrations).

- **Insurance and services**, referring to:
  - sales of insurance services made by captive insurance companies and holding in Malta, and self-insurance activity in Belgium and the Netherlands;
  - sales of other services made by financing companies.

- **Refinancing and securities**, corresponding to the refinancing and investment activities of Banque PSA Finance.

An analysis of balance sheet and income statement items by segment is provided in the Segment Information note, along with an analysis of the main balance sheet and income statement items by geographical region (France, Europe excluding France and Rest of World).

G. Pension Obligations

In addition to standard pensions payable under local legislation, Group employees receive supplementary pension benefits and retirement bonuses (see note 23.1). These benefits are paid under defined contribution and defined benefit plans.

The contributions paid under defined contribution plans are in full discharge of the Group's liability and are recognized as an expense.

In accordance with IAS 19 – Employee Benefits, obligations under defined benefit plans are measured by independent actuaries using the projected unit credit method. This method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation, which is then discounted to present value. The calculations mainly take into account:

- an assumed retirement date;
- a discount rate;
- an inflation rate;
- assumptions concerning future salary levels and staff turnover rates.

Actuarial valuations are performed twice a year at each half year and annual closing for the main plans, and once every three years for the other plans, with more frequent valuations conducted if necessary to take account of changes in actuarial assumptions or significant changes in demographic data.

Changes in actuarial assumptions and experience adjustments - corresponding to the effects of differences between the previous actuarial assumptions and what has actually occurred - give rise to actuarial gains and losses on the benefit obligation or on the plan assets. These gains and losses are recorded in the “Income and expenses recognized directly in equity” statement, and will not be recycled in the income statement.

In the event of modification of the benefits defined in a plan, the impact of changes to pension plans after January 1, 2012 is fully recognized under “Operating income” in the income statement for the period in which they occurred.

As a result, for each defined benefit plan, the Group records a provision in an amount equal to the projected benefit obligation less the fair value of the plan assets.

The purpose of external funds is to cover the total projected benefit obligation. In some cases the amount of these external funds may exceed the recognized portion of the projected benefit obligation, leading to the recognition of an “Other assets”.

In the case of plans that are subject to a minimum funding requirement under the law or the plan rules, if the Group does not have an unconditional right to e refund of a surplus within the meaning of IFRIC 14, this affects the asset ceiling. Regardless of whether the plan has a deficit or a surplus, a liability is recognized for the portion of the present value of the minimum funding in respect of services already received that, once paid and after covering the shortfall resulting from applying IAS 19, would generate a surplus in excess of the asset ceiling determined in accordance with IAS 19.

The net cost of defined benefit pension plans for the period therefore corresponds to the sum of the following:
- The service cost (recognized in “Operating income” in “Other general operating expenses”);
- The finance cost less the expected yield on plan assets (recognized in “Non-operating income” in “Pension obligation expense or income”). These two items (finance cost and expected yield on assets) are measured based on the rate used to discount the obligations.
- Any adjustment to the IFRIC 14 minimum funding requirement liability (recognized in “Non-operating income in “Pension obligation expense or income”).

Other employee benefits covered by provisions mainly concern long-service awards payable by French subsidiaries and some foreign subsidiaries.

The Group no longer has any liability to make good any under-funding of the Banking Industry Pension Fund (CRPB), as the latest independent actuarial valuations performed indicate that the vested benefit entitlements of employees are covered by the contributions paid to date.

H. Signature Commitments

Irrevocable commitments given or received by Group companies (irrevocable customer financing commitments, corresponding to the period between the loan offer and the date when the funds are released, guarantees; other commitments received or given…) are recognized in the balance sheet at fair value in accordance with IAS 39. As these commitments are made on market terms, they have a zero fair value.

Provisions are taken for impairment of financing or guarantee commitments in accordance with IAS 37. These signature commitments are reported at their nominal amount in Note 26 – Other commitments.

Derivative financial instrument commitments (rate or currency instruments) are described in note C.1 above and are reported at their nominal amount in Note 23 – Derivatives.

Note 3 Changes to Financial Statements Previously Reported

Amendment to IAS 19 - Employee Benefits

Application of the Amendment to IAS 19 - Employee Benefits is compulsory in the fiscal year commencing January 1, 2013 as well as in the presented previous periods.

Due to the retrospective application of this revision of IAS 19, the 2012 annual financial statements were restated in compliance with the new principles for comparison. The main effect on the consolidated financial statements at January 1, 2012 was a €1 million decrease in equity mainly arising from a €1 million decrease in the prepaid expenses for retirement, net of deferred taxes.

The impacts of restatements in the 2012 consolidated financial statements were the following:

Balance Sheet

(in million euros)	Dec. 31, 2012 proforma	Dec. 31, 2012 published	2012 annual impact	Impact at January 1rst, 2012
Assets				
Deferred tax assets	141	140	1	-
Accruals and other assets (Note 11)	622	624	(1)	(1)
Total assets	**27,185**	**27,186**	**-**	**(1)**

(in million euros)	Dec. 31, 2012 proforma	Dec. 31, 2012 published	2012 annual impact	Impact at January 1rst, 2012
Equity and liabilities				
Deferred tax liabilities	391	392	(1)	-
Provisions	55	50	5	-
Equity	3,422	3,427	(4)	(1)
- Equity attributable to equity holders of the parent	3,384	3,389	(4)	(1)
- Share capital and other reserves	835	835	-	-
- Consolidated reserves	2,384	2,384	-	-
- Income and expenses recognized directly in Equity	(116)	(111)	(4)	(1)
- Net income - equity holders of the parent	281	281	-	-
- Minority interests	38	38	-	-
Total equity and liabilities	**27,185**	**27,186**	**-**	**(1)**

Consolidated Statement of Income

(in million euros)	Dec. 31, 2012 proforma	Dec. 31, 2012 published	2012 impact
Operating income	**391**	**391**	**-**
Share in net income of associates and joint ventures accounted for using the equity method	7	7	-
Impairment on goodwill	-	-	-
Pension obligation - expense	-	(3)	3
Pension obligation - income	-	3	(3)
Other non-operating items	(1)	(1)	-
Pre-tax income	**397**	**397**	**-**
Income taxes	(104)	(104)	-
Net income for the year	**293**	**293**	**-**
- of which minority interests	12	12	-
- of which attributable to equity holders of the parent	281	281	-

Note 4 Cash, Central Banks, Post Office Banks

(in million euros)	Dec. 31, 2013	Dec. 31, 2012
Cash and post office banks	3	3
Central banks (1)	463	15
- of which compulsory reserves deposited with the Banque de France	*20*	*1*
Total	**466**	**18**

(1) *The reserves deposited with the central banks are included in Banque PSA Finance Group's liquidity reserve (see Note 27.3).*

Note 5 Financial Assets at Fair Value Through Profit or Loss

(in million euros)	Dec. 31, 2013	Dec. 31, 2012
Marketable securities	781	1,405
- Mutual funds	279	688
- Mutual funds qualified as cash equivalents (1)	200	649
- Units held by insurance companies	79	39
- Certificates of deposit	502	671
- of which held by securitization funds	*487*	*571*
- Other	-	46
Fair value adjustments	-	-
Marketable securities booked at fair value through profit or loss	**781**	**1,405**
- of which accrued interest	*-*	*1*
Accrued interest on trading derivatives (2)	**1**	**1**
Fair value of trading derivatives (2)	**1**	**1**
Total	**783**	**1,407**

Fair value is determined by applying valuation techniques based on observable market data (level 2), except for mutual fund units which are valued at the latest published net asset value (level 1).

(1) *These mutual funds are included in Banque PSA Finance Group's liquidity reserve (see Note 27.3).*

(2) *Only a restricted number of swaps are classified as held for trading and have a limited impact on the income statement (see Note 24.6). See the detail of these swaps in Note 24.1, footnote (1).*

Note 6 Hedging Instruments - Assets

6.1 Analysis by Nature

(in million euros)	Dec. 31, 2013	Dec. 31, 2012
Adjustment accounts - commitments in foreign currencies (1)	**35**	**83**
- of which related companies	*-*	*13*
Accrued income on swaps designated as hedges	**136**	**174**
- of which related companies	*-*	*1*
Positive fair value of instruments designated as hedges of:	**135**	**243**
- Borrowings	3	8
- EMTNs/BMTNs	108	214
- of which due to hedging cross currency swaps' basis spread	*(2)*	*(11)*
- Bonds	17	18
- Certificates of deposit	-	-
- Other debts securities	-	1
- Customer loans (Installment contracts, Buyback contracts and Long-term leases)	7	2
- Variable rate EMTN (Cash Flow Hedge - see Note 24.3)	-	-
Offsetting positive fair value and received margin calls (see Note 6.2)	**(217)**	**(173)**
Total	**89**	**327**

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

Fair Value Hedge effectiveness is analysed in Note 24.5.

(1) *Adjustment accounts are used to record fair value adjustments to currency swaps designated as hedges of foreign currency customer loans refinanced in euros and foreign currency financing liabilities. These fair value adjustments are offset by adjustments arising from the remeasurement of the underlying foreign currency customer loans and financing liabilities at period-end exchange rates (see Notes 9.3, 16, 19.3 and 24.4.A).*

6.2 Offsetting swaps with margin call designated as hedges - Assets

For 2013

(in million euros) **Positive valued swaps**	**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			
Accrued income	**156**	**(20)**	**136**	**-**	**136**
- Swaps with margin call	156	(20)	136	-	**136**
- Swaps without margin call	-	-	-	-	**-**
Positive fair value	**938**	**(803)**	**135**	**-**	**135**
- Swaps with margin call	926	(803)	123	-	**123**
- Swaps without margin call	12	-	12	-	**12**
Offsetting	-	-	-	(217)	**(217)**
Total assets	**1,094**	**(823)**	**271**	**(217)**	**54**
Margin calls received on swaps designated as hedges (deferred income - see Note 21)	-	-	230	(217)	**13**
Total liabilities	**-**	**-**	**230**	**(217)**	**13**

For 2012

(in million euros) **Positive valued swaps**	**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			
Accrued income	**199**	**(25)**	**174**	**-**	**174**
- Swaps with margin call	199	(25)	174	-	**174**
- Swaps without margin call	-	-	-	-	**-**
Positive fair value	**1,626**	**(1,383)**	**243**	**-**	**243**
- Swaps with margin call	1,618	(1,383)	235	-	**235**
- Swaps without margin call	8	-	8	-	**8**
Offsetting	-	-	-	(173)	**(173)**
Total assets	**1,825**	**(1,408)**	**417**	**(173)**	**244**
Margin calls received on swaps designated as hedges (deferred income - see Note 21)	-	-	362	(134)	**228**
Total liabilities	**-**	**-**	**362**	**(134)**	**228**

Note 7 Available-for-sale Financial Assets

Available-for-sale financial assets consist mainly of investments in companies that are not consolidated, because the size of their business at the period-end is not material. Marketable securities are included in "Financial assets at fair value through profit or loss" (see Note 5).

The fair value of these assets is considered as being equal to the most recent transaction price, corresponding to the purchase of the shares. An impairment is recognized in the rare cases when long-term losses are anticipated.

(in million euros)	Dec. 31, 2013	Dec. 31, 2012
PSA Finance P.L.C. (1)	2	2
PSA Finansman A.S. (2)	10	10
Gross value	**12**	**12**
Impairment (2)	(2)	-
Net value	**10**	**12**

(1) *The PSA Finance P.L.C. 50%-owned subsidiary, without any operational activity, had been removed from the scope of consolidation at January 1, 2009.*

(2) *The Turkish subsidiary, PSA Finansman A.S., wholly-owned since November 2012, has not yet started its business. An impairment was recognized in 2013 to take the cumulated negative income since its acquisition into account.*

Note 8 Loans and Advances to Credit Institutions

Analysis of Demand and Time Accounts

(in million euros)	Dec. 31, 2013	Dec. 31, 2012
Demand accounts (non-group institutions)	**1,138**	**1,002**
- Ordinary accounts in debit (1)	776	600
- of which held by securitization funds	*246*	*229*
- Cash receivables for securities to be delivered	-	-
- Loans and advances at overnight rates (2)	362	402
Time accounts (non-group institutions)	**300**	**218**
- Time accounts qualified as cash equivalents (3)	-	-
- Subordinated loans (4)	42	-
- Time accounts held by securitization funds	211	187
- Other	47	31
Accrued interest	**1**	**1**
Total	**1,439**	**1,221**

(1) *Under the cash pooling agreement with an external bank, the asset amount before offsetting was €1,9 million and the liability amount was €1,8 million. In accordance with IAS 32, the net asset amount after offsetting was €0.1 million.*

(2) *Corresponding to interbank loans included in Banque PSA Finance Group's liquidity reserve (see Note 27.3).*

(3) *Time accounts qualified as cash equivalents are included in Banque PSA Finance Group's liquidity reserve (see Note 27.3).*

(4) *Concerning the Belgian collateralization.*

Note 9 Customer Loans and Receivables

9.1 Analysis by Type of Financing

(in million euros)	Dec. 31, 2013	Dec. 31, 2012
Installment contracts	**8,888**	**9,821**
- of which securitized (1)	*4,877*	*5,357*
Buyback contracts (2)	**2,083**	**2,327**
Principal and interest	2,379	2,669
- of which securitized (1)	*1,229*	*1,230*
Unaccrued interest on buyback contracts	(296)	(342)
- of which securitized (1)	*(175)*	*(175)*
Long-term leases (2)	**4,803**	**4,782**
Principal and interest	5,243	5,327
- Related companies	-	1
- Non-group companies	5,243	5,326
- of which securitized (1)	*1,764*	*353*
Unaccrued interest on long-term leases	(376)	(410)
- of which securitized (1)	*(151)*	*(23)*
Leasing deposits	(64)	(135)
- of which securitized (1)	*(7)*	-
Wholesale financing	**4,495**	**5,007**
Principal and interest	4,567	5,081
- Related companies	89	107
- Non-group companies	4,478	4,974
- of which securitized (1)	*1,251*	-
Wholesale financing deposits	(72)	(74)
- Related companies	(67)	(60)
- Non-group companies	(5)	(14)
Other finance receivables (including equipment loans, revolving credit)	**858**	**885**
Ordinary accounts in debit	**150**	**157**
- Related companies (3)	1	4
- Non-group companies	149	153
Deferred items included in amortized cost - Customers loans and receivables	**35**	**82**
- Deferred acquisition costs	409	445
- Deferred loan set-up costs	(102)	(107)
- Deferred manufacturer and dealer contributions	(272)	(263)
- Deferred discounting adjustments to subsidized loans (4)	-	7
Total Loans and Receivables at Amortized Cost	**21,312**	**23,061**
- of which securitized (1)	*8,788*	*6,742*
- of which loans and receivables given as collateral (5)	*1,426*	*4,057*

(1) The Banque PSA Finance Group has set up several securitization programs (see Note 9.5).

(2) Lease financing transactions (buyback contracts and long-term leases) are included in loans and receivables because they fulfill the criteria for classification as finance leases, since the risks and rewards of ownership of the vehicle do not lie with Banque PSA Finance.

(3) Under the cash pooling agreement with PSA International, the asset amount before offsetting was €36.5 million and the liability amount was €36.4 million. In accordance with IAS 32, the net asset amount after offsetting was €0.1 million.

(4) This concerns interest-free customer loans granted under the VIVE plan in Spain (see Note 17).

(5) Corresponding to receivables given as collateral at December 31, 2013 (see Note 27.1):
- *€1 128 million to the ECB,*
- *€165 million to the SFEF,*
- *and €133 million to credit institutions: €61 million by the Italian branch and €72 million by the Belgian subsidiary.*

9.2 Customer Loans and Receivables by Segment

IFRS 8 Segment / Type of financing	Corporate Dealers (A - see B Note 34.1)		End user: Retail (B - see A Note 34.1)		End user: Corporate and equivalent (C - see C Note 34.1)		Total	
(in million euros)	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2012
Installment contracts	25	44	8,809	9,660	54	117	8,888	9,821
Buyback contracts	44	47	1,958	2,185	81	95	2,083	2,327
Long-term leases	122	79	3,282	3,315	1,399	1,388	4,803	4,782
Wholesale financing	4,495	5,007	-	-	-	-	4,495	5,007
Other finance receivables	725	733	131	150	2	2	858	885
Ordinary accounts in debit	149	154	-	-	1	3	150	157
Deferred items included in amortized cost	(10)	(10)	58	106	(13)	(14)	35	82
Total customer loans by segment (based on IFRS 8)	**5,550**	**6,054**	**14,238**	**15,416**	**1,524**	**1,591**	**21,312**	**23,061**

9.3 Analysis by Currency

(in million euros)	Dec. 31, 2013	Dec. 31, 2012
Net loans and receivables		
ARS	277	283
AUD	-	7
BRL	956	1,198
CHF	427	468
CZK	97	125
DKK	-	23
EUR	16,248	17,666
GBP	2,739	2,599
HRK	34	33
HUF	15	12
MXN	23	25
PLN	218	259
RUB	276	357
USD	2	6
Total	**21,312**	**23,061**

The adjustments arising from the remeasurement of foreign currency customer loans refinanced in euros at period-end exchange rates are offset by the fair value adjustments to currency swaps hedging these loans (see Notes 6 and 16).

9.4 Analysis by Maturity

For 2013

(in million euros)	Not broken down	0 to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	Over 5 years	Total at Dec. 31, 2013
Installment contracts	**84**	**966**	**800**	**1,737**	**5,212**	**89**	**8,888**
Gross	432	966	800	1,737	5,212	89	9,236
Impairment	(348)	-	-	-	-	-	(348)
Buyback contracts	**57**	**189**	**170**	**318**	**1,344**	**5**	**2,083**
Gross	153	189	170	318	1,344	5	2,179
Impairment	(96)	-	-	-	-	-	(96)
Long-term leases	**18**	**683**	**527**	**974**	**2,601**	**-**	**4,803**
Gross	178	683	527	974	2,601	-	4,963
Guarantee deposits	(64)	-	-	-	-	-	(64)
Impairment	(96)	-	-	-	-	-	(96)
Wholesale financing	**90**	**3,467**	**705**	**222**	**11**	**-**	**4,495**
Gross	183	3,467	705	222	11	-	4,588
Guarantee deposits	(72)	-	-	-	-	-	(72)
Impairment	(21)	-	-	-	-	-	(21)
Other finance receivables	**44**	**153**	**59**	**168**	**371**	**63**	**858**
Gross	106	153	59	168	371	63	920
Impairment	(62)	-	-	-	-	-	(62)
Ordinary accounts in debit	**150**	**-**	**-**	**-**	**-**	**-**	**150**
Gross	162	-	-	-	-	-	162
Impairment	(12)	-	-	-	-	-	(12)
Deferred items included in amortized cost	**35**	**-**	**-**	**-**	**-**	**-**	**35**
Total net loans and receivables	**478**	**5,458**	**2,261**	**3,419**	**9,539**	**157**	**21,312**
Gross	1,214	5,458	2,261	3,419	9,539	157	22,048
Guarantee deposits	(136)	-	-	-	-	-	(136)
Impairment	(635)	-	-	-	-	-	(635)
Deferred items included in amortized cost	35	-	-	-	-	-	35

For 2012

(in million euros)	Not broken down	0 to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	Over 5 years	Total at Dec. 31, 2012
Installment contracts	**103**	**1,048**	**918**	**1,902**	**5,558**	**292**	**9,821**
Gross	478	1,048	918	1,902	5,558	292	10,196
Impairment	(375)	-	-	-	-	-	(375)
Buyback contracts	**65**	**204**	**185**	**361**	**1,507**	**5**	**2,327**
Gross	151	204	185	361	1,507	5	2,413
Impairment	(86)	-	-	-	-	-	(86)
Long-term leases	**(51)**	**604**	**507**	**900**	**2,821**	**1**	**4,782**
Gross	177	604	507	900	2,821	1	5,010
Guarantee deposits	(135)	-	-	-	-	-	(135)
Impairment	(93)	-	-	-	-	-	(93)
Wholesale financing	**102**	**3,969**	**575**	**347**	**14**	**-**	**5,007**
Gross	200	3,969	575	347	14	-	5,105
Guarantee deposits	(74)	-	-	-	-	-	(74)
Impairment	(24)	-	-	-	-	-	(24)
Other finance receivables	**66**	**148**	**80**	**131**	**383**	**77**	**885**
Gross	115	148	80	131	383	77	934
Impairment	(49)	-	-	-	-	-	(49)
Ordinary accounts in debit	**157**	**-**	**-**	**-**	**-**	**-**	**157**
Gross	169	-	-	-	-	-	169
Impairment	(12)	-	-	-	-	-	(12)
Deferred items included in amortized cost	**82**	**-**	**-**	**-**	**-**	**-**	**82**
Total net loans and receivables	**524**	**5,973**	**2,265**	**3,641**	**10,283**	**375**	**23,061**
Gross	1,290	5,973	2,265	3,641	10,283	375	23,827
Guarantee deposits	(209)	-	-	-	-	-	(209)
Impairment	(639)	-	-	-	-	-	(639)
Deferred items included in amortized cost	82	-	-	-	-	-	82

9.5 Securitization programs

(in million euros)						Sold receivables		
Country of Seller	**Seller**	**Fund**	**Country of Fund**	**Date of Sale**	**Type of Financing**	**at Dec. 31, 2013**	**at Dec. 31, 2012**	**at the origin**
France	Crédipar	Auto ABS 2007-1	France	Jan. 26, 2007	Installment contracts	-	114	1,250
		Auto ABS 2011-1	France	July 07, 2011	Installment contracts	518	965	1,050
		Auto ABS 2012-1	France	July 12, 2012	Buyback contracts (1)	1,054	1,055	1,080
		Auto ABS French Loans Master	France	First sale on Nov. 29, 2012 (2)	Installment contracts	324	288	N/A
		Auto ABS 2013-2	France	June 7, 2013	Installment contracts	476	-	495
		Auto ABS2 2013-A	France	Oct. 31, 2013	Long-term leases (3)	709	-	735
	Sofira	Auto ABS DFP Master Compartment France 2013	France	First sale on Apr. 09, 2013 (2)	Wholesale financing	958	-	N/A
Germany	Succursale de Banque PSA Finance	Auto ABS 2010-1	France	Nov. 18, 2010	Long-term leases (3)	174	330	680
		Auto ABS German Loans 2011-2	France	Nov. 15, 2011	Installment contracts	556	774	800
		Auto ABS 2013-1	France	May 04, 2013	Long-term leases (3)	472	-	478
		Auto ABS German Lease Master	France	First sale on Oct. 10, 2013 (2)	Long-term leases (3)	20	-	N/A
		Auto ABS DFT Master Compartment Germany 2013	France	First sale on Nov. 07, 2013 (2)	Wholesale financing	293	-	N/A
		Auto ABS German Loans Master	France	First sale on Nov. 13, 2013 (2)	Installment contracts	221	-	N/A
Spain	Banque PSA Finance's branch	Auto ABS 2012-3	Spain	Nov. 23, 2012	Installment contracts	774	777	800
Italy	Banque PSA Finance's branch	Auto ABS S.r.l. 2007-2	Italy	July 5, 2007	Installment contracts	-	146	850
		Auto ABS S.r.l. 2012-2	Italy	Oct. 17, 2012	Installment contracts	357	574	621
United Kingdom	Banque PSA Finance's branch	Auto ABS UK Loans PLC	United Kingdom	Dec. 6, 2012	Installment contracts	1,243	1,290	1,331
Switzerland	PSA Finance Suisse S.A.	Auto ABS Swiss Leases 2013 GmbH	Switzer-land	Nov. 21, 2013	Long-term leases (3)	231	-	245
Brazil	Banco PSA Finance Brasil S.A.	FIDC	Brazil	First sale on April 13, 2010 (4)	Installment contracts	408	429	N/A
Assigned loans, total						**8,788**	**6,742**	

The French, Spanish, Italian, Swiss, British funds and the Brazilian FIDC are special purpose entities that are fully consolidated by Banque PSA Finance as its subsidiaries and branches retain the majority of the risks (principally credit risk) and rewards (net banking income) generated by the special entities.

The credit enhancement techniques used by the Banque PSA Finance group as part of its securitization transactions retain on its books the financial risks inherent in these transactions. The Group also finances all the 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 in consideration for the placing of the senior and mezzanine tranches on the majority of the transactions is concerned.

The group does not carry out any securitization transactions which transfer all or part of its financial risk (such as synthetic securitization transactions).

(1) *Sold receivables correspond to future finance buyback contracts revenues.*

(2) *These funds make it possible to purchase the new production in a continuous way.*

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

(4) *The FIDC is an open-end fund that can purchase successive packages of loans, in line with the agreement entered into with Banco Santander.*

Note 10 Fair Value Adjustments to Finance Receivables Portfolios Hedged against Interest Rate Risks

(in million euros)	Dec. 31, 2013	Dec. 31, 2012
Fair value adjustments to		
Installment contracts	33	68
Buyback contracts	(1)	13
Long-term leases	(9)	4
Total	**23**	**85**

Hedging effectiveness is analyzed in Note 24.5.

Note 11 Accruals and Other Assets

(in million euros)	Dec. 31, 2013	Dec. 31, 2012
Other receivables	**336**	**304**
- Related companies	113	101
- Non-group companies	223	203
Prepaid and recoverable taxes	**47**	**66**
Accrued income	**23**	**25**
- Related companies	-	-
- Non-group companies	23	25
- of which insurance activities	*18*	*16*
Prepaid expenses	**56**	**84**
- of which margin calls paid on swaps designated as hedges (1)	*3*	*35*
Other	**101**	**145**
- Related companies	10	3
- Non-group companies	91	142
Total	**563**	**624**

(1) At December, 31, 2013, the margin calls paid on swaps designated as hedges were offset with the negative fair value for an amount of €22 million, compared to €16 million at December, 31, 2012 (see Note16.2).

Note 12 Investments in Associates and Joint Ventures Accounted for Using the Equity Method

(in million euros)	Dec. 31, 2013	Dec. 31, 2012
At the beginning of the period	**46**	**62**
Share in net income	8	7
Capital increase (2)	30	-
Change in Group structure (1)	-	(20)
Goodwill (1)	-	(2)
Exchange difference	(1)	(1)
At the end of the period	**83**	**46**
- of which goodwill (3)(4)	*5*	*5*

(1) On December 27, 2012, proceeds from disposal of 25% shares in the Chinese subsidiary Dongfeng Peugeot Citroën Auto Finance Company Ltd by PSA Finance Nederland B.V. (see Notes 1.B and 35).

(2) The CNY250 million (€30.5million) capital increase carried out on December 16, 2013, had no impact on the goodwill.

(3) Goodwill on the May 25, 2010 acquisition of a further 50% of the Chinese subsidiary Dongfeng Peugeot Citroën Auto Finance Company Ltd by PSA Finance Nederland B.V. amounted to CNY56.7 million (€7 million at December 31, 2011).
On December 27, 2012, the proceeds from disposal of 25% shares in the Chinese subsidiary reduced the goodwill to CNY37.8 million (€4.5 million at December 31, 2013 and €4.6 million at December 31, 2012).
As Banque PSA Finance does not have full control of the subsidiary, it was accounted for using the equity method. Consequently, the goodwill has been added to the carrying amount of the investment presented in "Investments in Associates and Joint Ventures Accounted for using the Equity Method", in accordance with IAS 28-Investments in Associates.

(4) Impairment test carried out on December 31, 2013 revealed no impairment in the carrying amount of goodwill (see Note 14).

Note 13 Property and Equipment and Intangible Assets

Property and equipment and intangible assets can be analyzed as follows:

(in million euros)	Dec. 31, 2013 Cost	Dec. 31, 2013 Depreciation/ amortization	Dec. 31, 2013 Net	Dec. 31, 2012 Cost	Dec. 31, 2012 Depreciation/ amortization	Dec. 31, 2012 Net
Property and equipment	**38**	**(21)**	**17**	**39**	**(25)**	**14**
- Land and buildings	1	-	1	1	-	1
- Vehicles	13	(3)	10	13	(4)	9
- Other	24	(18)	6	25	(21)	4
Intangible assets	**192**	**(122)**	**70**	**189**	**(103)**	**86**
- Softwares	187	(117)	70	184	(98)	86
- Other	5	(5)	-	5	(5)	-
Total	**230**	**(143)**	**87**	**228**	**(128)**	**100**

Movements at Cost

(in million euros)	Dec. 31, 2012	Additions	Disposals	Other movements	Dec. 31, 2013
Property and equipment	**39**	**12**	**(15)**	**2**	**38**
- Land and buildings	1	-	-	-	1
- Vehicles	13	10	(10)	-	13
- Other	25	2	(5)	2	24
Intangible assets	**189**	**7**	**(4)**	**-**	**192**
- Softwares	184	7	(4)	-	187
- Other	5	-	-	-	5
Total	**228**	**19**	**(19)**	**2**	**230**

Changes in Depreciation and Amortization

(in million euros)	Dec. 31, 2012	Charges	Reversals	Other movements	Dec. 31, 2013
Property and equipment	**(25)**	**(5)**	**9**	**-**	**(21)**
- Land and buildings	-	-	-	-	-
- Vehicles	(4)	(3)	4	-	(3)
- Other	(21)	(2)	5	-	(18)
Intangible assets	**(103)**	**(23)**	**4**	**-**	**(122)**
- Softwares	(98)	(23)	4	-	(117)
- Other	(5)	-	-	-	(5)
Total	**(128)**	**(28)**	**13**	**-**	**(143)**

Note 14 Goodwill

During the 2013 financial year, the business goodwill of the Banque PSA Finance group (France, Russia & China) was subjected to impairment tests, based on assessments of the utility value of the Cash Generation Units (CGUs) to which they are attached.
The determination of the utility value is based on discounting the estimated future flows from the CGU, as shown by the Medium Term Plan prepared for the Group's management needs, as well as on the calculation of a terminal value.
The tests carried out were based on the following detailed financial assumptions:
- Estimated future flows: forecast five-year data prepared as part of the Group's Medium Term Plan;
- Growth rate to infinity: average rate estimated at 1% for all the CGUs;
- Discount rate: average rate estimated at 9.5% for all the CGUs.

Impairment tests carried out on December 31, 2013 revealed no impairment in the carrying amount of goodwill.

Goodwill at the end of period

(in million euros)	Dec. 31, 2013	Dec. 31, 2012
Net value		
Crédipar	75	75
Sofib	6	6
Bank PSA Finance Rus	2	2
Total	**83**	**83**

Crédipar Goodwill
Crédipar's fair market value at December 31, 1998 was calculated in connection with the acquisition by Banque PSA Finance of the 50% interest in Crédipar held by Sovac S.C.A. Following final adjustments in 1999, as allowed under generally accepted accounting principles, the initial goodwill was determined to be €100 million. After deducting accumulated amortization for the period to December 31, 2003, Crédipar goodwill amounted to €75 million at January 1, 2004, IFRS first application date, without impairment since.

Sofib Goodwill
Sofib was acquired from PSA Peugeot Citroën on April 1, 1999. Goodwill arising on the acquisition totalled €7.6 million. After deducting accumulated amortization for the period to December 31, 2003, Sofib goodwill recognized in the opening IFRS balance sheet at January 1, 2004 amounted to €6 million, IFRS first application date, without impairment since.

Bank PSA Finance Rus Goodwill
Bank PSA Finance Rus was acquired on September 11, 2009 and has been fully consolidated since Mars 2010. Goodwill on the acquisition amounted to €1.7 million, without impairment since.

Note 15 Financial Liabilities at Fair Value Through Profit or Loss

(in million euros)	Dec. 31, 2013	Dec. 31, 2012
Accrued expense on trading derivatives (1)	2	2
Fair value of trading derivatives (1)	1	-
Total	**3**	**2**

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

(1) *Only a restricted number of swaps are classified as held for trading and have a limited impact on the income statement (see Note 24.6). See the detail of these swaps in Note 24.1, footnote (1).*

Note 16 Hedging Instruments - Liabilities

16.1 Analysis by Nature

(in million euros)	Dec. 31, 2013	Dec. 31, 2012
Adjustment accounts - commitments in foreign currencies (1)	**3**	**-**
- of which related companies	*3*	*-*
Accrued expenses on swaps designated as hedges	**40**	**70**
- of which related companies	*4*	*6*
Negative fair value of instruments designated as hedges of:	**41**	**99**
- Borrowings	-	-
- EMTNs/BMTNs	3	2
- Bonds	17	18
- Certificates of deposit	-	-
- Customer loans (Installment contracts, Buyback contracts and Long-term leases)	21	79
- Variable rate EMTN (Cash Flow Hedge - see Note 24.3)	-	-
Offsetting negative fair value and paid margin calls (see Note 16.2)	**(22)**	**(55)**
Total	**62**	**114**

Fair value is determined by applying valuation techniques based on observable market data (level 2).
Fair Value Hedge effectiveness is analysed in Note 24.5.

(1) *Adjustment accounts are used to record fair value adjustments to currency swaps designated as hedges of foreign currency customer loans refinanced in euros and foreign currency financing liabilities. These fair value adjustments are offset by adjustments arising from the remeasurement of the underlying foreign currency customer loans and financing liabilities at period-end exchange rates (see Notes 6, 9.3, 19.3 and 24.4.A).*

16.2 Offsetting swaps with margin call designated as hedges - Liabilities

For 2013

(in million euros) Negative valued swaps	Liability gross amount		Liability net amount before offsetting	Offsetting with paid margin calls	Balance sheet amount after offsetting
	Swap's winning leg	Swap's losing leg			
Accrued expense	**(4)**	**44**	**40**	**-**	**40**
- Swaps with margin call	(4)	39	35	-	**35**
- Swaps without margin call	-	5	5	-	**5**
Negative fair value	**(52)**	**93**	**41**	**-**	**41**
- Swaps with margin call	(52)	87	35	-	**35**
- Swaps without margin call	-	6	6	-	**6**
Offsetting	-	-	-	(22)	**(22)**
Total liabilities	**(56)**	**137**	**81**	**(22)**	**59**
Margin calls paid on swaps designated as hedges (prepaid expenses - see Note 11)	-	-	25	(22)	**3**
Total assets	**-**	**-**	**25**	**(22)**	**3**

For 2012

(in million euros) Negative valued swaps	Liability gross amount		Liability net amount before offsetting	Offsetting with paid margin calls	Balance sheet amount after offsetting
	Swap's winning leg	Swap's losing leg			
Accrued expense	**(3)**	**73**	**70**	**-**	**70**
- Swaps with margin call	(3)	64	61	-	**61**
- Swaps without margin call	-	9	9	-	**9**
Negative fair value	**(58)**	**157**	**99**	**-**	**99**
- Swaps with margin call	(56)	145	89	-	**89**
- Swaps without margin call	(2)	12	10	-	**10**
Offsetting	-	-	-	(55)	**(55)**
Total liabilities	**(61)**	**230**	**169**	**(55)**	**114**
Margin calls paid on swaps designated as hedges (prepaid expenses - see Note 11)	-	-	51	(16)	**35**
Total assets	**-**	**-**	**51**	**(16)**	**35**

Note 17 Deposits from Credit Institutions

Analysis of Demand and Time Accounts

(in million euros)	Dec. 31, 2013	Dec. 31, 2012
Demand deposits (non-group institutions)	**88**	**106**
- Ordinary accounts in credit	85	79
- Accounts and deposits at overnight rates		
- Drawdowns on revolving bilateral credit lines (see Note 27.2)	-	-
- Other	2	26
- Other amounts due to credit institutions	1	1
Accrued interest	**-**	**1**
Time deposits (non-group institutions) (1)	**6,176**	**7,955**
- Conventional bank deposits	1,933	2,977
- Drawdowns on syndicated term loan (see Note 27.2)	1,800	473
- Drawdowns on revolving bilateral credit lines (see Note 27.2)	397	1,325
- of which deposits from the Italian collateralization (see Note 27.1)	*50*	*100*
- Drawdowns in the framework of the Belgian collateralization (see Note 27.1)	77	-
- Deposits from the ECB (see Note 27.1)	1,700	2,900
- Deposits from the SFEF (see Note 27.1)	105	105
- Deposits from Instituto de Credito Oficial (ICO) by the Spanish branch (1)	164	160
- Deposits from the Bundesbank by the German branch (see Note 27.1)	-	15
Deferred items included in amortized cost of deposits from credit institutions	**(62)**	**(14)**
- Debt issuing costs (deferred charges)	(62)	(21)
- Deferred discounting adjustments to subsidized loans (2)	-	7
Accrued interest	**66**	**57**
Total deposits from credit institutions at amortized cost	**6,268**	**8,105**

(1) This deposit obtained under the "VIVE" (Vehiculo Innovador Vehiculo Ecologico) plan in Spain is subject to discounting adjustment. The discounting adjustment has decreased over time. That explains the debt's increase.

(2) This concerns interest-free deposits held by the Spanish branch under the VIVE plan in Spain (see Note 9.1 and previous footnote).

Analysis by Currency

	Dec. 31, 2013		Dec. 31, 2012	
(in million euros)	Demand deposits	Time deposits	Demand deposits	Time deposits
ARS	-	141	-	162
BRL	-	188	-	320
CHF	2	-	2	-
CZK	-	-	4	54
EUR	52	5,376	28	6,995
GBP	10	312	45	257
HRK	1	9	2	7
HUF	-	-	2	-
MXN	-	17	-	16
PLN	23	19	23	20
RUB	-	114	-	124
Total	**88**	**6,176**	**106**	**7,955**

Note 18 Due to Customers

(in million euros)	Dec. 31, 2013	Dec. 31, 2012
Demand accounts	**1,267**	**356**
- Dealers' ordinary accounts in credit		
- Related companies (1)	54	159
- Non-group companies	201	139
- Passbook savings accounts (2)	955	-
- Other amounts due to Customers		
- Related companies	6	-
- Non-group companies	51	58
Accrued interest	**-**	**-**
- of which passbook savings accounts (2)	-	-
Time deposits	**66**	**11**
- Related companies	1	-
- Non-group companies	65	11
Accrued interest	**1**	**-**
Total	**1,334**	**367**

(1) Primarily comprising subsidiaries' payment accounts concerning transactions with the PSA Peugeot Citroën Group.

(2) The increase in "Passbook savings accounts" is due to the "DISTINGO" interest-bearing savings account, launched for retail clients in France, in March 2013.
In the segment information,"Passbook savings accounts" are classified in "Refinancing" (see Notes 37.1 and 37.3). The corresponding expenses are classified in "Net refinancing cost" in the income statement.

Analysis of Time Accounts (Excluding Accrued Interest) by Repayment Currency

(in million euros)	Dec. 31, 2013	Dec. 31, 2012
ARS	5	5
CZK	1	1
EUR	53	5
RUB	7	-
Total	**66**	**11**

Note 19 Debt Securities

19.1 Analysis by Nature

(in million euros)	Dec. 31, 2013	Dec. 31, 2012
Interbank instruments and money-market securities (non-group institutions)	**7,247**	**8,246**
- EMTNs and BMTNs (1)	7,183	8,099
- Certificates of deposit and "billets de trésorerie"	64	147
- of which paper in the process of being delivered	-	-
Accrued interest	**156**	**195**
Deferred items included in amortized cost of debt securities	**(20)**	**(14)**
- Debt issuing costs and premiums (deferred charges)	(20)	(14)
Bonds	**4,612**	**4,127**
- issued by the subsidiary PSA Finance S.C.S. (2)	-	413
- Issued by securitization funds (see Note 19.4)	4,612	3,714
Accrued interest	**2**	**1**
- of which securitization	*2*	*1*
Other debt securities	**551**	**689**
- of which securitization: senior shares (see Note 19.4)	*380*	*459*
Accrued interest	**76**	**82**
- of which securitization	*63*	*72*
Total debt securities at amortized cost	**12,624**	**13,326**

(1) *Including a €1,200 million State-guaranteed bond issued on March 25, 2013 (see Note 27.4).*

(2) *PSA Finance S.C.S., whose liquidation is scheduled in 2014, reimbursed its bonds in December 2013.*

19.2 Analysis by Maturity of Debt Securities (Excluding Accrued Interest)

(in million euros)	Dec. 31, 2013			Dec. 31, 2012		
	Bonds	Money-market securities	Other	Bonds	Money-market securities	Other
0 to 3 months	306	656	75	357	906	-
3 to 6 months	327	1,067	87	252	64	26
6 months to 1 year	735	729	176	626	1,299	61
1 to 5 years	3,244	4,614	213	2,892	5,787	477
Over 5 years	-	181	-	-	190	-
Total	**4,612**	**7,247**	**551**	**4,127**	**8,246**	**564**

19.3 Analysis by Repayment Currency (1)

(in million euros)	Dec. 31, 2013			Dec. 31, 2012		
	Bonds	Money-market securities	Other	Bonds	Money-market securities	Other
ARS	-	64	-	-	49	-
BRL	-	-	538	-	-	540
EUR	3,535	6,093	13	3,228	7,020	24
GBP	881	-	-	899	-	-
CHF	196	183	-	-	186	-
JPY	-	-	-	-	44	-
USD (1)	-	907	-	-	947	-
Total	**4,612**	**7,247**	**551**	**4,127**	**8,246**	**564**

(1) *Adjustments arising from the remeasurement of hedged foreign currency financing liabilities (including €29 million due to USD issued debt) at period-end exchange rates are offset by fair value adjustments to the corresponding currency swaps (see Notes 6 and 16).*

Banque PSA Finance's residual currency position is presented in Note 24.4.

19.4 Securitization programs

Bonds (Except Accrued interest)

(in million euros)

Country of Seller	Fund	Country of Fund	Bonds	Rating	Issued Bonds at Dec. 31, 2013	Issued Bonds at Dec. 31, 2012	Issued Bonds at the origin
France	Auto ABS 2007-1	France		*Moody's/S&P*			
			A Bonds	Aaa/AAA	-	63	1,181
			B Bonds	Aa3/A	-	69	69
	Auto ABS 2011-1	France		*Fitch/Moody's*			
			A Bonds	AAA/Aaa	450	910	956
			B Bonds	-	94	94	94
	Auto ABS 2012-1	France		*Fitch/S&P*			
			A Bonds	AAA/AAA	724	724	724
			B Bonds	-	356	356	356
	Auto ABS French Loans Master	France		*Fitch/Moody's*			
			A Bonds	AAA/Aaa	302	267	N/A
			B Bonds	-	33	29	N/A
	Auto ABS 2013-2	France		*Fitch/Moody's*			
			A Bonds	AAA/Aaa	450	-	450
			B Bonds	A+/A2	20	-	20
			C Bonds	-	25	-	25
	Auto ABS DFP Master Compartment France 2013	France		*Moody's/S&P*			
			A Bonds	Aaa/AAA	550	-	N/A
			S Bonds	Aaa/AAA	143	-	N/A
			B Bonds	-	259	-	N/A
	Auto ABS2 2013-A	France		*Moody's/DBRS*			
			A Bonds	Aaa/AAA	522	-	522
			B Bonds	A2/A	52	-	52
			C Bonds	-	162	-	162
Germany	Auto ABS 2010-1	France		*Fitch/S&P*			
			A Bonds	AAA/AAA	1	155	500
			B Bonds	-	80	80	80
			C Bonds	-	100	100	100
	Auto ABS German Loans 2011-2	France		*Fitch/Moody's*			
			A Bonds	AAA/Aaa	498	720	720
			B Bonds	-	80	80	80
	Auto ABS 2013-1	France		*Fitch/Moody's*			
			A Bonds	AAA/Aaa	361	-	361
			B Bonds	-	116	-	116
	Auto ABS German Lease Master	France		*Fitch/Moody's*			
			A Bonds	AAA/Aaa	14	-	N/A
			B Bonds	-	6	-	N/A
	Auto ABS DFT Master Compartment Germany 2013	France		*Moody's/S&P*			
			A Bonds	Aaa/AAA	189	-	N/A
			B Bonds	-	108	-	N/A
	Auto ABS German Loans Master	France		*Fitch/Moody's*			
			A Bonds	AAA/Aaa	196	-	N/A
			B Bonds	-	34	-	N/A
Spain	Auto ABS 2012-3	Spain		*Fitch/DBRS*			
			A Bonds	AA-/AA(low)	668	668	668
			B Bonds	-/CCC	132	132	132
Italy	Auto ABS S.r.l. 2007-2	Italy		*Moody's/S&P*			
			A Bonds	A2/AA+	-	140	816
			B Bonds	A3/A	-	34	34
			C Bonds	-	-	10	19
	Auto ABS S.r.l. 2012-2	Italy		*Fitch/S&P*			
			A Bonds	AA/AA	288	507	537
			B Bonds	-	94	94	94
United Kingdom	Auto ABS UK Loans PLC	United Kingdom		*Fitch*			
			A Bonds	AAA	880	899	905
			B Bonds	-	415	424	426
Switzerland	Auto ABS Swiss Leases 2013 GmbH	Switzerland	Classe A	-	196	-	196
Elimination of intercompany transactions (1)					(3,986)	(2,841)	
Total					**4,612**	**3,714**	

(1) *Some transactions were purchased by Banque PSA Finance, including A Bonds, which are accepted as collateral by the ECB.*

Other debt securities (Except Accrued interest)

(in million euros) Country of Seller	Fund	Country of Fund	Issued Securities	at Dec. 31, 2013	at Dec. 31, 2012	at the origin
Brazil	FIDC	Brazil	Senior	380	459	N/A
			Subordinated	33	62	N/A
Elimination of intercompany transactions				(33)	(62)	
Total				**380**	**459**	

The French, Spanish, Italian, Swiss, British funds and the Brazilian FIDC are special purpose entities that are fully consolidated by Banque PSA Finance as its subsidiaries and branches retain the majority of the risks (principally credit risk) and rewards (net banking income) generated by the special entities.

Note 20 Fair Value Adjustments to Debt Portfolios Hedged against Interest Rate Risks

(in million euros)	Dec. 31, 2013	Dec. 31, 2012
Fair value adjustments to borrowings	3	8
Fair value adjustments to EMTNs/BMTNs	104	218
Fair value adjustment to certificates of deposit	-	-
Fair value adjustments to bonds	-	-
Total	**107**	**226**

Hedging effectiveness is analyzed in Note 24.5.

Note 21 Accruals and Other Liabilities

(in million euros)	Dec. 31, 2013	Dec. 31, 2012
Trade payables	**297**	**315**
- Related companies (1)	252	273
- Non-group companies	45	42
Accrued payroll and other taxes	**112**	**113**
Accrued charges	**165**	**181**
- Related companies	6	15
- Non-group companies	159	166
Other payables	**100**	**81**
- Related companies	43	37
- Non-group companies	57	44
Deferred income	**65**	**273**
- Related companies	5	5
- Non-group companies	60	268
- of which margin calls received on swaps designated as hedges (2)	*13*	*228*
Other	**127**	**119**
- Non-group companies	127	119
Total	**866**	**1,082**

(1) *Primarily representing the price of vehicles and spare parts payable to the Peugeot and Citroën brands.*

(2) *At December, 31, 2013, the margin calls received on swaps designated as hedges were offset with the positive fair value for an amount of €217 million, compared to €134 million at December,31, 2012 (see Note 6.2).*

Note 22 Insurance Activities

22.1 Liabilities Related to Insurance Contracts

(in million euros)	Dec. 31, 2013	Dec. 31, 2012
Life insurance liabilities	**27.5**	**19.3**
Unearned premium reserve (UPR)	6.8	5.9
Claims reserve		
- Claims reserve - reported claims	9.4	7.5
- Claims reserve - claims incurred but not reported (IBNR)	11.3	5.9
Other	-	-
Non-life insurance liabilities	**28.0**	**21.2**
Unearned premium reserve (UPR)	5.2	4.5
Provision pour sinistre à payer (PSAP) :		
- Claims reserve - reported claims	7.7	7.2
- Claims reserve - claims incurred but not reported (IBNR)	15.1	9.5
Other	-	-
Total liabilities related to insurance contracts	**55.5**	**40.5**

22.2 Change in Liabilities Related to Insurance Contracts

22.2.1 Unearned Premium Reserve (UPR)

(in million euros)	Life	Non-Life	Total
At beginning of the period	**5.9**	**4.5**	**10.4**
+ Written premiums	59.1	87.6	146.7
- Earned premiums	(58.2)	(86.9)	(145.1)
+ Other movements	-	-	-
At the end of the period	**6.8**	**5.2**	**12.0**

22.2.2 Claims Reserve

(in million euros)	Life	Non-Life	Total
At beginning of the period	**13.4**	**16.7**	**30.1**
dont survenus déclarés	*7.5*	*7.2*	*14.7*
of which claims incurred but not reported (IBNR)	*5.9*	*9.5*	*15.4*
- Claims paid in current year	(8.4)	(13.2)	(21.6)
+ Claims incurred in current year	14.6	18.2	32.8
+ Claims incurred in prior years	1.1	1.1	2.2
+ Other movements	-	-	-
At the end of the period	**20.7**	**22.8**	**43.5**
of which notified claims	*9.4*	*7.7*	*17.1*
of which claims incurred but not reported (IBNR)	*11.3*	*15.1*	*26.4*

22.3 Income from Activities

22.3.1 Technical Income from Insurance Activities

(in million euros)	Dec. 31, 2013	Dec. 31, 2012
+ Earned premiums, net of reinsurance ceded premiums	145.1	128.3
Gross amount	*145.1*	*128.3*
Reinsurance ceded premiums	-	-
- Cost, net of reinsurance	(35.7)	(32.2)
Claims expenses (gross)	*(22.4)*	*(20.8)*
Reinsurance ceded claims expenses	-	-
Change in insurance liabilities (except for UPR)	*(13.3)*	*(11.4)*
Margin on sales of Insurance activities (1)	**109.4**	**96.1**
+/- Other technical income (expense)	(42.4)	(37.7)
Brokerage fees	*(41.4)*	*(36.8)*
Personnel costs	*(0.2)*	*(0.2)*
Reinsurance commissions	-	-
Other technical income (expense)	*(0.8)*	*(0.7)*
+ Investment income, net	0.6	0.9
Contribution to operating income before elimination of intercompany transactions	**67.6**	**59.3**
+/- Elimination of intercompany transactions	40.8	36.2
Contribution to operating income after elimination of intercompany transactions	**108.4**	**95.5**

(1) *See Note 37.2 Segment Information "Key Income Statement Items".*

22.3.2 Non-technical Income from Insurance Activities

(in million euros)	Dec. 31, 2013	Dec. 31, 2012
+/- Other non-technical income (expense)	(2.1)	(2.1)
Personnel costs	*(0.8)*	*(0.7)*
Other non-technical income (expense)	*(1.3)*	*(1.4)*
Contribution to operating income before elimination of intercompany transactions	**(2.1)**	**(2.1)**
+/- Elimination of intercompany transactions	-	*(0.2)*
Contribution to operating income after elimination of intercompany transactions	**(2.1)**	**(2.3)**

22.3.3 Operating Income from Insurance Activities

(in million euros)	Dec. 31, 2013	Dec. 31, 2012
Technical income	108.4	95.5
Non-technical income	(2.1)	(2.3)
Contribution to operating income after elimination of intercompany transactions (1)	**106.3**	**93.2**

(1) *See Note 37.2 Segment Information "Key Income Statement Items".*

Note 23 Provisions

(in million euros)	Dec. 31, 2012	Charges	Reversals Utilized	Reversals Unutilized	Equity	Reclassifi-cations, currency effect	Dec. 31, 2013
Provisions for pensions and other post-retirement benefits	18	2	(2)	-	(2)	(1)	15
Provisions for doubtful commitments:							
- Corporate dealers	4	1	(1)	-	-	-	4
- Corporate and equivalent	-	-	-	-	-	-	-
Provisions for losses on sales of used cars (1)	14	7	(6)	-	-	(1)	14
Provisions for commercial and tax disputes	16	2	(4)	(2)	-	-	12
Other	3	2	(1)	-	-	-	4
Total	**55**	**14**	**(14)**	**(2)**	**(2)**	**(2)**	**49**

(1) *These provisions are intended to cover losses on vehicles recovered or to be recovered in the United Kingdom, under contracts that give the borrower the option of returning the vehicle early without penalty.*

23.1 Pension Obligations

A. Plan Description

Group employees in certain countries are entitled to supplementary pension benefits, paid annually, or to a lump-sum length-of-service award paid when the employee retires. The corresponding plans include both defined benefit and defined contribution plans. The Group's liability under defined contribution plans is limited to the payment of contributions, which are recognized as an expense in the payment year. The main countries with defined benefit plans are France and the United Kingdom.

In France, defined benefit obligations concern:
- statutory length-of-service awards payable to employees when they retire;
- supplementary pension benefits payable to executives. The obligation corresponds to the portion not transferred to an external fund in 2002 and guarantees an aggregate replacement rate from all plans of up 60% of the employee's final salary.

In the United Kingdom, defined benefit plans have been closed to new participants since May 2002. The plan guarantee a replacement rate of up to 66% of the employee's final salary.

B. Assumptions

The actuarial assumptions used in the last two years to measure projected benefit obligations were as follows:

	Euro zone	United Kingdom
Discount rate		
2013	**3.25%**	**4.50%**
2012	3.00%	4.25%
Inflation rate		
2013	**1.80%**	**3.20%**
2012	1.80%	2.70%

At each period-end, the discount rate is determined based on the most representative returns on prime corporate bonds with a life that approximates the duration of the benefit obligation.
Prime corporate bonds are defined as corporate bonds awarded one of the two highest ratings by a recognised rating agency (for example, bonds rated AA or AAA by Moody's or Standard & Poor's).

Assumptions concerning future salary levels reflect, for each country, projected inflation rates and assumptions related to individual pay increases. The calculations are based on inflation plus 1% in 2013 and inflation plus 0.5% in subsequent years for France, and inflation plus 1% for the United Kingdom.
Mortality, staff turnover and retirement effective age assumptions are based on specific conditions of each country.

Sensitivity of assumptions

A 0.25-point increase or decrease in the discount rate and inflation rate would lead to an increase or decrease in the projected benefit obligation for French plans and UK plans as follows:

	Discount rate +0,25%	Inflation rate +0,25%
France	-2.47%	3.03%
United Kingdom	-3.31%	2.86%

A 1-point increase or decrease in the expected return on external funds would have led to an increase or decrease in the investment income recognised in 2013 of €0,05 million for French plans and €0,35 million for UK plans.

C. Movement for the Year

Excluding minimum funding requirement (IFRIC14)

(in million euros)	Dec. 31, 2013 France	Dec. 31, 2013 United Kingdom	Dec. 31, 2013 Other countries	Dec. 31, 2013 Total	Dec. 31, 2012 - IAS 19R France	Dec. 31, 2012 - IAS 19R United Kingdom	Dec. 31, 2012 - IAS 19R Other countries	Dec. 31, 2012 - IAS 19R Total
Projected benefit obligation								
At beginning of the year	**(11)**	**(32)**	**(41)**	**(84)**	**(9)**	**(31)**	**(35)**	**(75)**
Service cost	(1)	(1)	(1)	(3)	(1)	(1)	(1)	(3)
Interest cost	-	(1)	(1)	(2)	-	(2)	(1)	(3)
Benefits paid on the period	1	-	1	2	1	2	-	3
Actuarial gains and losses								
- Amount	1	-	1	2	(2)	(3)	(4)	(9)
- As a % of the projected benefit obligation	*5.9%*	*0.4%*	*2.7%*	*1.9%*	*16.4%*	*9.0%*	*12.5%*	*11.5%*
Past service costs	-	-	1	1	-	-	-	-
Exchange difference	-	1	(1)	-	-	(1)	-	(1)
Effect of changes in scope of consolidation	-	-	-	-	-	4	-	4
Curtailments and settlements	-	-	-	-	-	-	-	-
At the end of the period	**(10)**	**(33)**	**(41)**	**(84)**	**(11)**	**(32)**	**(41)**	**(84)**
Funded status								
At beginning of the year	**5**	**35**	**30**	**70**	**5**	**35**	**26**	**66**
Expected return on external funds	-	1	1	2	-	2	1	3
Actuarial gains and losses								
- Amount	-	2	-	2	-	2	1	3
- As a % of the projected benefit obligation	*4.5%*	*6.8%*	*0.5%*	*3.3%*	*7.8%*	*7.2%*	*3.2%*	*5.7%*
Exchange difference	-	-	-	-	-	1	-	1
Contributions paid	-	-	1	1	-	2	1	3
Benefits paid on the period	(1)	-	-	(1)	-	(2)	-	(2)
Effect of changes in scope of consolidation	-	-	-	-	-	(5)	1	(4)
Curtailments and settlements	-	-	-	-	-	-	-	-
At the end of the period	**4**	**38**	**32**	**74**	**5**	**35**	**30**	**70**
Deferred items								
At beginning of the year	**2**	**2**	**3**	**7**	**1**	**1**	**(1)**	**1**
Items deferred during the year	(1)	(2)	(1)	(4)	1	-	4	5
Exchange difference and other	-	-	-	-	-	1	-	1
Curtailments and settlements	-	-	-	-	-	-	-	-
At the end of the period	**1**	**-**	**2**	**3**	**2**	**2**	**3**	**7**

D. Amendement to IAS 19 application's impact on previous published datas

(in million euros)	Dec. 31, 2012 - IAS 19R France	Dec. 31, 2012 - IAS 19R United Kingdom	Dec. 31, 2012 - IAS 19R Other countries	Dec. 31, 2012 - IAS 19R Total	Dec. 31, 2012 - IAS 19 France	Dec. 31, 2012 - IAS 19 United Kingdom	Dec. 31, 2012 - IAS 19 Other countries	Dec. 31, 2012 - IAS 19 Total
Projected benefit obligation	**(11)**	**(32)**	**(41)**	**(84)**	**(11)**	**(36)**	**(41)**	**(88)**
Fair value of external funds	5	35	30	70	5	40	30	75
Surplus or (deficit)	**(6)**	**3**	**(11)**	**(14)**	**(6)**	**4**	**(11)**	**(13)**
Actuarial gains and losses not recognized in the balance sheet	-	-	-	-	2	1	3	6
(Provision) net asset before minimum funding requirement	**(6)**	**3**	**(11)**	**(14)**	**(4)**	**5**	**(8)**	**(7)**
Minimum funding requirement provision	-	-	-	-	-	-	-	-
(Provision) net asset recognized in the balance sheet	**(6)**	**3**	**(11)**	**(14)**	**(4)**	**5**	**(8)**	**(7)**
of which: provisions	*(7)*	*-*	*(11)*	*(18)*	*(5)*	*-*	*(8)*	*(13)*
of which: net assets	*1*	*3*	*-*	*4*	*1*	*5*	*-*	*6*
Actuarial gains and losses recognized directly in equity								
- before deferred taxes	(2)	(2)	(3)	(7)				
- after deferred taxes	(1)	(1)	(3)	(5)				

E. Details of Balance sheet items at December 31, 2013

	Dec. 31, 2013			
(in million euros)	France	United Kingdom	Other countries	Total
Projected benefit obligation	**(10)**	**(33)**	**(41)**	**(84)**
Fair value of external funds	4	38	32	74
(Provision) net asset before minimum funding requirement	**(6)**	**5**	**(9)**	**(10)**
Minimum funding requirement provision	-	-	-	-
(Provision) net asset recognized in the balance sheet	**(6)**	**5**	**(9)**	**(10)**
of which: provisions	*(6)*	*-*	*(9)*	*(15)*
of which: net assets	*-*	*5*	*-*	*5*
Actuarial gains and losses recognized directly in equity (before deferred taxes)	(1)	-	(2)	(3)

F. Expense for the Year

Pension costs are recognized as follows:
- the service cost is recognized under "General operating expenses (Personnel costs)";
- the net between interest cost and expected return on external funds, if an expense, is recognized under "Pension obligation - expense";
- the net between interest cost and expected return on external funds, if an income, is recognized under "Pension obligation - income";
- exceptionally, the effects of restructuring plans are recognized under "Other non-operating items".

Pension costs break down as follows:

	Dec. 31, 2013				Dec. 31, 2012 - IAS 19R			
(in million euros)	France	United Kingdom	Other countries	Total	France	United Kingdom	Other countries	Total
Service cost	(1)	(1)	(1)	(3)	(1)	(1)	(1)	(3)
Interest cost	-	(1)	(1)	(2)	-	(2)	(1)	(3)
Expected return on external funds	-	1	1	2	-	2	1	3
Past service costs (1)	-	-	1	1	-	-	-	-
Curtailments and settlements	-	-	-	-	-	-	-	-
Total	**(1)**	**(1)**	**-**	**(2)**	**(1)**	**(1)**	**(1)**	**(3)**

(1) In the Netherlands, a settlement of plan following negotiations between the government and the automobile sector led to a €1.3 million commitment recovery.

G. Projected benefit payments in 2014

Pension benefits payable in 2014 are estimated at €2 million.

23.2 Long-service awards

The Group estimates its liability for long-service awards payable to employees who fulfil certain seniority criteria, notably in France. The calculations are performed using the same method and assumptions as for supplementary pension benefits and retirement bonuses (see Note 23.1.B above). The estimated liability is provided for in full in the consolidated financial statements and breaks down as follows:

(in million euros)	Dec. 31, 2013	Dec. 31, 2012
France	1	1
Other countries	-	-
Total	**1**	**1**

Note 24 Derivatives

Group Interest Rate Management Policy

(See the "Financial Risks and Market Risk" section of the Management Report)

Interest rate risk:

Bank policy aims at neutralizing the effects of changes in interest rates on each entity's operating margin by using appropriate financial instruments to match interest rate structures between assets and liabilities.

In order to cap the refinancing cost of new financing (Installment contracts, Buyback contracts and Long-term leases), Banque PSA Finance purchased and sold swaptions (options on interest rate swaps, purchased net with the net premium paid). At December 31, 2011, all swaptions expired.

Currency risk:

Banque PSA Finance does not take currency positions. The assets and liabilities of each entity are matched through the use of appropriate financial instruments.

Counterparty risk:

Banque PSA Finance'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. Almost all the swaps (more than 92%) are swaps with weekly margin call. Customer credit risk is discussed in Note 34.

The bank limits the exposure at the minimum from the implementation of its investment policy. Available cash other than interbank loans and reserves deposited with central banks is invested solely in very short-term retail certificates of deposits and in mutual funds.

24.1 Banque PSA Finance Interest Rate Position

(in million euros)	0 to 1 year	1 to 5 years	+5 years	Total at Dec. 31, 2013
Financial assets				
Wholesale financing	4,495	-	-	4,495
Fixed rate customer financing	6,400	9,686	-	16,086
Other adjustable rate loans and receivables	731	-	-	731
Fixed rate financial assets	-	-	-	-
Other financial assets	2,686	-	-	2,686
Total financial assets (a)	**14,312**	**9,686**	**-**	**23,998**
Other financial assets (derivatives and fair value adjustments to hedged finance receivables portfolios)	**114**	**-**	**-**	**114**
Non financial assets				
Fixed assets and goodwill	-	170	-	170
Other non financial assets	835	-	-	835
Total non financial assets	**835**	**170**	**-**	**1,005**
Total assets				*25,117*
Financial liabilities				
Hedged fixed rate debt	(2,159)	(4,932)	(181)	(7,272)
Hedged adjustable rate debt	(11,232)	-	-	(11,232)
Other borrowings and deposits	(1,421)	-	-	(1,421)
Total financial liabilities (b)	**(14,812)**	**(4,932)**	**(181)**	**(19,925)**
Other financial liabilities (derivatives and fair value adjustments to hedged debt portfolios)	**(172)**	**-**	**-**	**(172)**
Non financial liabilities				
Other non financial liabilities	(1,726)	-	-	(1,726)
Total non financial liabilities	**(1,726)**	**-**	**-**	**(1,726)**
Equity (3)	**-**	**(3,294)**	**-**	**(3,294)**
Total equity and liabilities				*(25,117)*
Net position before hedging = (a) + (b)	**(500)**	**4,754**	**(181)**	**4,073**
Derivatives - Notional amounts				
Derivatives hedging financial assets				
Swaps hedging fixed rate retail financing (Fair Value Hedge)				
- borrowing leg	(5,803)	(5,597)	-	(11,400)
- lending leg	11,400	-	-	11,400
Swaps hedging marketable securities (Fair Value Hedge)				
- borrowing leg	-	-	-	-
- lending leg	-	-	-	-
Total derivatives hedging financial assets (c)	**5,597**	**(5,597)**	**-**	**-**
Derivatives hedging financial liabilities				
Swaps hedging fixed rate debt (Fair Value Hedge) (2)				
- lending leg	2,123	4,644	181	6,948
- borrowing leg	(6,948)	-	-	(6,948)
Classified as held for trading swaps (unachievable hedging test) (1)				
- lending leg	36	288	-	324
- borrowing leg	(324)	-	-	(324)
Swaps hedging adjustable rate debt (Cash Flow Hedge)				
- borrowing leg	(31)	(36)	-	(67)
- lending leg	67	-	-	67
Total derivatives hedging financial liabilities (d)	**(5,077)**	**4,896**	**181**	**-**
Trading transactions (e) (1)	**367**	**4**	**-**	**371**
Derivatives net position = (c) + (d) + (e)	**887**	**(697)**	**181**	**371**
Net position after hedging (3)	**387**	**4,057**	**-**	**4,444**
Note: Net position after hedging in December 2012	*377*	*4,372*	*-*	*4,749*

This table analyzes financial assets and liabilities based on their maturity, for fixed rate items, or the next repricing date, for adjustable rate items.

In the section dealing with derivatives, the lending leg of swaps and other derivative transactions are reported as a positive amount and the borrowing leg is reported as a negative amount.

(1) *Out of €23,462 million total swaps nominal at December 31, 2013:*
a) €574 million swaps set up during Auto ABS 2013-A securitization transaction in October 2013, represent closed positions with no impact on income and set each other off within trading portfolios of contracts with similar characteristics.
b) €695 million represent a restricted number of swaps classified as held for trading, including:
- €324 million swaps which cover fixed rate debt, reclassified following an unacheviable hedging test;
- €371 million of majoritary variable/variable cross currency swaps (open positions).

The impact of these swaps on the income statement is not material (see Notes 5, 15 and 24.6). Note that none of the swaps from the trading portfolio, and including those in open positions, are included in the negotiation portfolio as defined by the banking supervisor for regulatory reporting purposes.

(2) *Including €3,778 million of hedging swaps closed at consolidated level, set up during securitization transactions.*

(3) *The net position after hedging, with maturities ranging from 0 to 1 year, is not material. The net position after hedging, with maturities ranging from 1 to 5 years, amounts to €4,057 million and is mainly hedged by equity.*

24.2 Hedges of Interest Rate Risks on Future Lending Transactions

In order to cap the refinancing cost of new financing (Installment contracts, Buyback contracts and Long-term leases), Banque PSA Finance purchased and sold swaptions (options on interest rate swaps, purchased net with the net premium paid). The notional amounts and maturities (1 to 3 years) of the swaps (options on interest swaps) match the forecast amounts and maturities of new financing expected to be originated in these same periods. At December 31, 2011, all swaptions expired.

The change in value of this type of swaps was recognized directly in equity under "Income and expenses recognized directly in equity" until their maturity in 2011 (see "Net income and income and expenses recognized directly in equity").

The deferred portion of the intrinsic value released to income during the period (expired swaptions), to offset changes in the value of the underlying item, was €4 million. Deferred gains and losses amounted to €0.9 million (€0.6 million net of deferred tax).

Swaptions Designated as Cash Flow Hedges

(in million euros)	Dec 31, 2012	Change in intrinsic value	Gains or losses	Transfer to income	Change in deferred tax	Dec. 31, 2013
Intrinsic value of open swaptions	-	-	-	-	-	-
Hedging gains or losses	4.9	-	-	(4.0)	-	0.9
Gains recognized directly in equity (gross)	**4.9**	**-**	**-**	**(4.0)**	**-**	**0.9**
Deferred tax	(1.7)	-	-	1.4	-	(0.3)
Gains recognized directly in equity (net)	**3.2**	**-**	**-**	**(2.6)**	**-**	**0.6**

Timing of Impacts on Income

(in million euros)	Dec. 31, 2013	Dec. 31, 2012
0 to 3 months	0.7	1.5
3 to 6 months	0.2	1.0
6 months to 1 year	-	1.6
1 to 5 years	-	0.8
+ 5 years	-	-
Total	**0.9**	**4.9**

24.3 Hedges of Interest Rate Risks on Adjustable Rate Debt

Interest rate risks on fixed rate loans are hedged from the origination date by purchasing interest rate swaps on the market or, in countries where there is no liquid market for this type of instrument, by drawing down fixed rate financing facilities. In the latter case, variable rate financing may be set up, with the interest rate risk on the future cash flows hedged by means of a variable-to-fixed rate swap.

The change in value of this type of swaps was recognized directly in equity under "Income and expenses recognized directly in equity" (see "Net income and income and expenses recognized directly in equity").

Cash Flow Hedges

(in million euros)	Dec 31, 2012	Fair value adjustments	Exchange difference	Dec. 31, 2013
Remeasurement of derivatives designated as hedges	(0.2)	0.5	-	0.3
Deferred tax	-	(0.2)	-	(0.2)
Gains (losses) recognized directly in equity, net	**(0.2)**	**0.3**	**-**	**0.1**

24.4 Banque PSA Finance Residual Positions in Foreign Currencies

A. Operational Positions in Foreign Currencies

Parent's External Positions

(in million euros)	HUF	CHF	CNY	CZK	GBP	JPY	MXN	PLN	RUB	USD
Assets	10	205	-	50	2,735	-	-	119	63	10
Liabilities	-	(234)	-	-	(1,278)	-	-	-	-	(916)
Net position before hedging	**10**	**(29)**	**-**	**50**	**1,457**	**-**	**-**	**119**	**63**	**(906)**
Hedging assets	10	-	-	(50)	(1,457)	-	-	(119)	(63)	-
Hedging liabilities	-	29	-	-	-	-	-	-	-	906
Hedging position	**10**	**29**	**-**	**(50)**	**(1,457)**	**-**	**-**	**(119)**	**(63)**	**906**
Net position after hedging at December 31, 2013	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Note: December 2012	-	-	-	-	-	-	-	-	-	-

Subsidiaries' External Positions

(in million euros)	EUR /PLN	HUF /CHF	EUR /AUD	BRL /EUR	EUR /DKK	EUR /GBP	HRK /EUR	HUF /EUR	EUR /NOK	EUR /CNY	EUR /TRY	EUR /USD
Assets	1	20	-	-	-	5	21	4	-	-	-	3
Liabilities	(1)	(20)	-	(62)	-	(5)	(21)	(4)	-	-	-	-
Net position before hedging	**-**	**-**	**-**	**(62)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3**
Hedging assets	-	-	-	-	-	-	-	-	-	-	-	(3)
Hedging liabilities	-	-	-	62	-	-	-	-	-	-	-	-
Hedging position	**-**	**-**	**-**	**62**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(3)**
Net position after hedging at December 31, 2013	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Note: December 2012	*1*	-	-	-	-	-	-	-	-	-	-	-

These positions are hedged using currency swaps, cross currency swaps and forward foreign exchange contracts.
As a result of the hedging policy, substantial changes in currencies exchange rates will only have a limited impact on the Group net income.

B. Structural Positions in Foreign Currencies

Structural positions (investments in subsidiaries and the branches dotation capital) and future profits and losses are not hedged. As the business of subsidiaries and branches will, by definition, continue for an indefinite period, any such hedges would represent long-term open positions.

(in million euros)	CHF	CNY	CZK	GBP	HRK	HUF	MXN	PLN	RUB	TRY	USD (1)	TOTAL
Position at December 31, 2013	14	66	30	100	3	21	7	41	60	8	130	**480**
Note: December 2012	*14*	*31*	*33*	*161*	*3*	*21*	*8*	*43*	*67*	*10*	*136*	*527*

(1) *The structural position in US dollars arises from the financing in dollars of the bank's net investment in its Brazilian, Argentine and Russian subsidiaries.*

24.5 Analysis of Interest Rate Risk Hedging Effectiveness (Fair Value Hedge)

(in million euros)	Dec. 31, 2013	Dec 31, 2012	Exchange difference (1)	Fair value adjustments	Ineffective portion recognized in profit or loss
Fair value adjustments to customer loans (Installment contracts, Buyback contracts and Long-term leases) (Note 10)					
- Installment contracts	33	68			
- Buyback contracts	(1)	13			
- Long-term leases	(9)	4			
Total valuation, net	**23**	**85**	**-**	**(62)**	
Derivatives designated as hedges of customer loans					
- Assets (Note 6)	7	2			
- Liabilities (Note 16)	(21)	(79)			
Total valuation, net	**(14)**	**(77)**	**-**	**63**	**1**
Ineffective portion of gain and losses on outstanding hedging transactions	**9**	**8**			**1**
Fair value adjustments to hedged debt (Note 20)					
- Valuation, net	(3)	(8)			
Total valuation, net	**(3)**	**(8)**	**-**	**5**	
Derivatives designated as hedges of debt					
- Assets (Note 6)	3	8			
- Liabilities (Note 16)	-	-			
Total valuation, net	**3**	**8**	**-**	**(5)**	**0**
Ineffective portion of gain and losses on outstanding hedging transactions	**0**	**0**			**0**
Fair value adjustments to hedged EMTNs/BMTNs (Note 20)					
- Valuation, net	(104)	(218)			
Total valuation, net	**(104)**	**(218)**	**-**	**114**	
Derivatives designated as hedges of EMTNs/BMTNs					
- Assets (Note 6)	110	225			
- Liabilities (Note 16)	(3)	(2)			
Total valuation, net	**107**	**223**	**-**	**(116)**	**(2)**
Ineffective portion of gain and losses on outstanding hedging transactions	**3**	**5**			**(2)**
Fair value adjustments to hedged bonds (Note 20)					
- Valuation, net	-	-			
Total valuation, net	**-**	**-**	**-**	**-**	
Derivatives designated as hedges of bonds (2)					
- Assets (Note 6)	17	18			
- Liabilities (Note 16)	(17)	(18)			
Total valuation, net	**-**	**-**	**-**	**-**	**0**
Ineffective portion of gain and losses on outstanding hedging transactions	**0**	**0**			**0**
Fair value adjustments to other hedged debt securities (Note 20)					
- Valuation, net	-	(1)			
Total valuation, net	**-**	**(1)**	**-**	**1**	
Derivatives designated as hedges of other debt securities					
- Assets (Note 6)	-	1			
- Liabilities (Note 16)	-	-			
Total valuation, net	**-**	**1**	**-**	**(1)**	**0**
Ineffective portion of gain and losses on outstanding hedging transactions	**0**	**0**			**0**

(1) The exchange difference is due to the fact that balance sheets of companies using currencies other than the euro are translated at the closing exchange whereas their income statement items are translated on a month-by-month basis at the average monthly rate.

(2) Closed position swaps (set up by Banque PSA Finance and the securitization funds) designated as hedges of the securitization funds' bond debt (see Note 24.1, footnote (2)).

Swaptions held to hedge future customer loans (Installment contracts, Buyback contracts and Long-term leases) are not included in the hedging effectiveness table as the loans have not yet been granted (see Note 24.2 above).

24.6 Impact in Profit and Loss of Fair Value Adjustements to Financial Assets and Liabilities at Fair Value

(in million euros)	Dec. 31, 2013	Dec. 31, 2012	Fair value adjustments
Financial assets at fair value			
- Fair value adjustments to marketable securities	-	-	-
- Fair value of trading derivatives (Note 5)	1	1	-
Total valuation, net	**1**	**1**	**-**
Financial liabilities at fair value			
- Fair value of trading derivatives (Note 15)	(1)	-	(1)
Total valuation, net	**(1)**	**-**	**(1)**
Impact in profit or loss			**(1)**

Note 25 Analysis by Maturity and Liquidity Risks

The Liquidity Risk Management is described in the "Security of Liquidity" section of the Management Report.
The following liquidity risk presentation is based on a detailed breakdown of assets and liabilities analysed by maturity, according to maturities. As a consequence, future interest cash flows are not included in installments.
Derivative instruments designated as hedges of future contractual interest payments are not analysed by maturity.
The analysis by maturity is based on the following principles:
- Non-performing loans and accrued interest are reported in the "not broken down" column;
- Overnight loans and borrowings are reported in the "0 to 3 months" column.

Equity, which has no fixed maturity, is considered repayable beyond five years, except for dividends which are paid in the second quarter of the following annual closing (€229 million forecasted in year 2013 vs €281 million forecasted at end of 2012).

For 2013

(in million euros)	Not broken down	0 to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	Over 5 years	Dec. 31, 2013
Assets							
Cash, central banks, post office banks	-	466	-	-	-	-	**466**
Financial assets at fair value through profit or loss	3	732	-	-	48	-	**783**
Hedging instruments	89						**89**
Available-for-sale financial assets	10						**10**
Loans and advances to credit institutions	43	1,391	-	-	5	-	**1,439**
Customer loans and receivables	478	5,458	2,261	3,419	9,539	157	**21,312**
Fair value adjustments to finance receivables portfolios hedged against interest rate risks	23						**23**
Other assets	995						**995**
Total assets	**1,641**	**8,047**	**2,261**	**3,419**	**9,592**	**157**	**25,117**
Equity and liabilities							
Central banks, post office banks	-						**-**
Financial liabilities at fair value through profit or loss	3						**3**
Hedging instruments	62						**62**
Deposits from credit institutions	4	1,833	821	743	2,867	-	**6,268**
Due to customers	6	1,297	12	15	2	2	**1,334**
Debt securities	214	1,036	1,482	1,640	8,071	181	**12,624**
Fair value adjustments to debt portfolios hedged against interest rate risks	107						**107**
Other liabilities	1,425						**1,425**
Equity	-	-	229	-	-	3,065	**3,294**
Total equity and liabilities	**1,821**	**4,166**	**2,544**	**2,398**	**10,940**	**3,248**	**25,117**

For 2012

(in million euros)	Not broken down	0 to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	Over 5 years	Dec. 31, 2012
Assets							
Cash, central banks, post office banks	-	18	-	-	-	-	**18**
Financial assets at fair value through profit or loss	110	1,297	-	-	-	-	**1,407**
Hedging instruments	327						**327**
Available-for-sale financial assets	12						**12**
Loans and advances to credit institutions	1	1,198	7	15	-	-	**1,221**
Customer loans and receivables	524	5,973	2,265	3,641	10,283	375	**23,061**
Fair value adjustments to finance receivables portfolios hedged against interest rate risks	85						**85**
Other assets	1,054						**1,054**
Total assets	**2,113**	**8,486**	**2,272**	**3,656**	**10,283**	**375**	**27,185**
Equity and liabilities							
Central banks, post office banks	-						**-**
Financial liabilities at fair value through profit or loss	2						**2**
Hedging instruments	114						**114**
Deposits from credit institutions	45	4,399	277	797	2,587	-	**8,105**
Due to customers	-	365	1	-	-	1	**367**
Debt securities	388	1,262	342	1,987	9,157	190	**13,326**
Fair value adjustments to debt portfolios hedged against interest rate risks	226						**226**
Other liabilities	1,623						**1,623**
Equity	-	-	281	-	-	3,141	**3,422**
Total equity and liabilities	**2,398**	**6,026**	**901**	**2,784**	**11,744**	**3,332**	**27,185**

Financing commitments given to customers amounted to €1,257 million at December 31, 2013 compared to €1,426 million at December 31, 2012 (see Note 27) . They have a 0 to 3 months maturity.
Detail of credit facilities is given in Note 27.2.

Covenants

The loan agreements signed by Banque PSA Finance, including issues of debt securities, include the customary acceleration clauses requiring the Group to give certain covenants to lenders. They include:

- negative pledge clauses whereby the borrower undertakes not to grant any collateral to any third parties. In the case of Banque PSA Finance, these clauses nevertheless comprise exceptions allowing the Group to carry out securitization programs or to give assets as collateral;
- material adverse change clauses in the case of a significant negative change in the economic and financial conditions;
- pari passu clauses which ensure that lenders enjoy at least the same treatment as the borrower's other creditors;
- cross default clauses whereby if one loan goes into default, all other loans from the same lender automatically become repayable immediately;
- compliance with the solvency ratio: Common Equity Tier One at 11% minimum;
- compliance with the €500 million risk exposure limit to PSA Peugeot Citroën group;
- continued possibility for guarantee by the French State for bond issues until 2015;
- clauses whereby the borrower undertakes to provide regular information to the lenders;
- clauses whereby the borrower undertakes to comply with the applicable legislation;
- change of control clauses.

In addition, most loan agreements include a specific acceleration clause, requiring the Group to maintain a banking license and comply with the regulatory ratios applicable to all French banks.

The Group complied with all its covenants in 2013.

Note 26 Fair Value of Financial Assets and Liabilities

(in million euros)	Fair value		Book value		Difference	
	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2012
Assets						
Cash, central banks, post office banks	466	18	466	18	-	-
Financial assets at fair value through profit or loss (1)	783	1,407	783	1,407	-	-
Hedging instruments (1)	89	327	89	327	-	-
Available-for-sale financial assets (2)	10	12	10	12	-	-
Loans and advances to credit institutions (3)	1,439	1,221	1,439	1,221	-	-
Customer loans and receivables (4)	21,289	22,947	21,335	23,146	(46)	(199)
Equity and liabilities						
Central banks, post office banks	-	-	-	-	-	-
Financial liabilities at fair value through profit or loss (1)	3	2	3	2	-	-
Hedging instruments (1)	62	114	62	114	-	-
Deposits from credit institutions (5)	6,383	8,183	6,271	8,113	(112)	(70)
Due to customers (3)	1,334	367	1,334	367	-	-
Debt securities (5)	12,749	14,023	12,728	13,544	(21)	(479)

With the exception of customer loans and receivables and debts, the book value is maintained: in this case, the fair value is determined by applying valuation techniques based on observable market data (level 2), except for mutual fund units which are valued at the latest published net asset value (level 1).

(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.*

(2) *The fair value of investments in companies, which are included in "Available-for-sale financial assets", is considered as being equal to the most recent transaction price, corresponding to the purchase of the shares.*

(3) *The fair value of Loans and advances to credit institutions and of Customer loans and receivables, mainly short-term operations at adjustable rate, are accordingly close to their amortized cost.*

In accordance with the new IFRS 13 requirements, the calculation of the fair value is presented below:
- for Customer loans and receivables see footnote (4),
- for Debts see footnote (5).

(4) *Customer loans and receivables are stated at amortized cost. They are generally hedged against interest rate risks (fair value hedge) and are therefore remeasured 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 amortized 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 amortized 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 amortized cost.*

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

- For Debt securities, by applying valuation based on market available quotations (level 1).

- For Deposits from credit institutions, by applying valuation based on data from our financial partners. 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).

Note 27 Other Commitments

Note 27.1 Other Commitments

(in million euros)	Dec. 31, 2013	Dec. 31, 2012
Financing commitments		
Commitments received from credit institutions (see Note27.2)	7,006	6,726
Commitments given to credit institutions	-	-
Commitments given to customers (1)	1,257	1,426
- of which Crédipar Group	*839*	*969*
Guarantee commitments		
Commitments received from credit institutions	669	1,512
- guarantees received in respect of customer loans	369	755
- guarantees received in respect of securities held	200	649
- other guarantees received from credit institutions	100	100
Guarantees given to credit institutions	1	1
Commitments given to customers	79	81
- Sofib	71	76
- Sofira	7	4
- Italian branch	1	1
Other commitments received		
Securities received as collateral	11	15
Other commitments given		
Assets given as collateral for proprietary transactions (see Notes 9.1 and 17)	3,255	5,499
- to the ECB (2)	2,957	5,146
- to the SFEF	165	180
- to credit institutions by the Italian branch	61	132
- to the Bundesbank by the German branch	-	41
- to credit institutions by the Belgian subsidiary	72	-
Other	-	-

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

(2) *Assets given as collateral, of which €1,128million customer loans, for long term €700 million and short term €1,000 million financing granted at December 31, 2013; potential short term financing remains for an amount of €369 million (see Note 27.3).*

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

Note 27.2 Credit facilities

(in million euros)	Dec. 31, 2013	Dec. 31, 2012
Undrawn bank facilities, by drawdown priority (see Note 17)		
Syndicated term loan (1)(2)	2,299	450
Revolving bilateral bank facilities (1)(3)	1,187	417
Other bank facilities	120	104
Syndicated credit facilities (1)(4)	3,400	5,755
Total	**7,006**	**6,726**

(1) *Correspond to mainly long-term received financing commitments.*

(2) *Out of a total of €4,099 million at December 31, 2013.*

(3) *Out of a total of €1,584 million at December 31, 2013.*

(4) *At December 31, 2013, €184 million expiring in June 2014, €70 million expiring in December 2014, €136 million expiring in December 2015, €1,216 million expiring in January 2016 and €1,794 million expiring in December 2016.*

A change in the Banque PSA Finance's rating could lead to an adjustment of the financial terms of some of these credit lines, but their amount would not be reduced.

Note 27.3 Financial Security

Financial security corresponds to liquidity reserve, available collateral with the European Central Bank (ECB) and undrawn bank facilities (see Note 27.2).

(in million euros)	Dec. 31, 2013	Dec. 31, 2012
Liquidity Reserve (1)	1,025	1,066
- Reserves deposited with the central banks (see Note 4)	463	15
- Mutual funds qualified as cash equivalents (see Note 5)	200	649
- Interbank loans (see Note 8)	362	402
- Time accounts qualified as cash equivalents (see Note 8)	-	-
Possibilities of financing from the ECB	369	441
Undrawn bank facilities	7,006	6,726
Total	**8,400**	**8,233**

(1) *See "Liquidity Security" section in the Management Report.*

Note 27.4 Management of liquidity risk

2013 year registered the following operations:

- On January 11, 2013, Banque PSA Finance signed a new €4,099 million 5-year syndicated term loan agreement with 19 banks from eight different countries taking part.
- On March 25, 2013, Banque PSA Finance carried out a €1,200 million 0.625% bond issue due April 2016. This bond issue was carried out following of the temporary authorization received from the European Commision on February 11, 2013 for the French State guarantee (see Note 19.1). On July 30, 2013, the definitive authorization from the European Commission was obtained for the French State's guarantee for the financing issued by Banque PSA Finance until December 31, 2016, up to €7 billion in capital.
- Banque PSA Finance has pursued the financing from the European Central Bank (ECB), part of the LTRO-Long-Term Refinancing Operation. At December 31, 2013, it amounted to €700 million, to which added a €1,000 million short term financing (see Notes 17 and 27.1, footnote (2)).
- Eight securitization programs were carried out in France, Germany and Switzerland (see Notes 1.B and 19.4).
- In April 2013, the Bank obtained a bank loan, secured against Belgian installment contracts, generating a €92 million net financing at the origin (see Notes 8 et 17).
- To diversify its financing sources, Banque PSA Finance launched the Distingo interest-bearing passbook savings account for retail clients in France, in March 2013, with €955 million in total funds at December 31, 2013 (see Note 18).

Banque PSA Finance constantly endeavours to strike the best possible balance between security liquidity, which is an ungoing priority, and optimising its financing costs.

Financing is arranged with maturities that comfortably cover the maturities of the retail financing portfolio. The average maturity of medium and long-term financing raised in 2013 is some 2.7 years.

Banque PSA Finance endeavours to maintain a certain level of financial security (see Note 27.3), in order to cover at least six months' financing needs.The 6-month target corresponds to the results of a stress test assuming continued financing of projected new lending without recourse to the financial markets. At December 31, 2013, the financial security amounted to €8,400 million.

Thanks to the roll-over of bank facilities, along with the securitization programs and the collateralized customer loans lauched in 2013, the March, 2013 bond issue and the definitive authorization for the State's guarantee, Banque PSA Finance is in a position to cover its refinancing needs for the next twelve months at least.

Note 28 Interest and Other Revenue on Assets at Amortized Cost

(in million euros)	Dec. 31, 2013	Dec. 31, 2012
Installment contracts	**952**	**1,026**
- of which related companies	*73*	*70*
- of which securitized	*462*	*271*
Buyback contracts	**195**	**222**
- of which related companies	*11*	*12*
- of which securitized	*101*	*67*
Long-term leases	**368**	**370**
- of which related companies	*109*	*98*
- of which securitized	*49*	*24*
Wholesale financing	**235**	**265**
- of which related companies	*160*	*180*
Other finance receivables (including equipment loans, revolving credit)	**37**	**38**
- of which related companies	-	-
Commissions paid to referral agents	**(282)**	**(284)**
- Installment contracts	(188)	(192)
- Buyback contracts	(30)	(33)
- Long-term leases	(64)	(59)
- of which related companies	*(29)*	*(36)*
Other business acquisition costs	**(32)**	**(33)**
Interest on ordinary accounts	**4**	**4**
Interest on guarantee commitments	**-**	**-**
Total	**1,477**	**1,608**

Note 29 Interest Expense on Hedging Instruments

(in million euros)	Dec. 31, 2013	Dec. 31, 2012
Swaps hedging retail financing (Fair Value Hedge)	(73)	(77)
Amortization of premiums on open swaptions (Time Decay)	-	-
Deferred intrinsic value of terminated swaptions released to the income statement (1)	4	7
Total	**(69)**	**(70)**

(1) *See Note 24.2.*

Note 30 Other Revenue and Expense

(in million euros)	Dec. 31, 2013	Dec. 31, 2012
- Fees and commissions on retail customer transactions	92	85
- Fees and commissions on other customer transactions	2	3
- Share of joint venture operations	1	5
- Other	10	5
Other revenue	**105**	**98**
- Bank charges	(5)	(8)
- Provisions and gains and losses on sales of used vehicles, net	(4)	(1)
- Share of joint venture operations	(6)	(8)
- Other (1)	(45)	(26)
Other expense	**(60)**	**(43)**
Other revenue and expense	**45**	**55**

(1) *Including at December 31, 2013, a €7 million expense corresponding to the deferred portion of discounting adjustments to subsidized loans (VIVE plan) released to the income statement during the period. This expense is offset by income in the same amount corresponding to the deferred portion of discounting adjustments to subsidized debt recorded under "Interest and other revenue from loans and advances to credit institutions".*

Note 31 Interest on Deposits from Credit Institutions

This item represents the interest costs, on the one hand on deposit accounts, on the other hand on loans, from the credit institutions.

Note 32 Interest on Debt Securities

(in million euros)	Dec. 31, 2013	Dec. 31, 2012
Interest expense on debt securities	(381)	(482)
Interest expense on bonds and other fixed income securities	(65)	(41)
- of which securitization: preferred bonds	*(63)*	*(37)*
Total	**(446)**	**(523)**

Note 33 General Operating Expenses

(in million euros)	Dec. 31, 2013	Dec. 31, 2012
Personnel costs	**(149)**	**(148)**
- Wages and salaries	(111)	(110)
- Payroll taxes	(35)	(35)
- Employee profit sharing and profit-related bonuses	(3)	(3)
Other general operating expenses	**(212)**	**(227)**
- of which related companies	*(86)*	*(89)*
Total	**(361)**	**(375)**

Information concerning the compensations of the main executive officers is given in the "Compensations" section of the annual Financial Report.

General Operating Expenses by Geographical Area

(in million euros)	Dec. 31, 2013	Dec. 31, 2012
France	**(143)**	**(144)**
Europe excl. France	**(183)**	**(191)**
- o/w Germany	*(33)*	*(36)*
- o/w Spain	*(27)*	*(29)*
- o/w Italy	*(26)*	*(27)*
- o/w United Kingdom	*(32)*	*(33)*
Rest of world	**(35)**	**(40)**
- o/w Brazil	*(19)*	*(23)*
Total	**(361)**	**(375)**

Number of Employees by Geographical Area

	Dec. 31, 2013	Dec. 31, 2012
France	**749**	**763**
Europe excl. France	**1,402**	**1,448**
- o/w Germany	*214*	*226*
- o/w Spain	*248*	*261*
- o/w Italy	*162*	*166*
- o/w United Kingdom	*260*	*263*
Rest of world	**355**	**174**
- o/w Brazil	*245*	*75*
Total	**2,506**	**2,385**

Legal staff directly employed by Banque PSA Finance's subsidiaries and branches.

Note 34 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.

34.1 Changes in Loans

(in million euros)	Balance at Dec 31, 2012	Net new loans and exchange difference (1)	Cost of risk				Cost of risk for the period at Dec. 31, 2013	Balance at Dec. 31, 2013
			Charges	Reversals	Credit losses	Recoveries on loans written off in prior periods		
Retail								
Sound loans with no past-due installments	14,900	(1,078)				-	-	13,822
Sound loans with past-due installments	415	(70)				-	-	345
Guarantee deposits (lease financing)	(114)	52				-	-	(62)
Non-performing loans	673	88			(131)	-	(131)	630
Total	**15,874**	**(1,008)**	**-**	**-**	**(131)**	**-**	**(131)**	**14,735**
Impairment of sound loans with past-due installments	(47)	1	(9)	12	-	-	3	(43)
Impairment of non-performing loans	(517)	4	(131)	132	-	-	1	(512)
Total impairment	**(564)**	**5**	**(140)**	**144**	**-**	**-**	**4**	**(555)**
Deferred items included in amortized cost	**106**	**(48)**	**-**	**-**	**-**	**-**	**-**	**58**
Net book value (A - see B Note 9.2)	**15,416**	**(1,051)**	**(140)**	**144**	**(131)**	**-**	**(127)**	**14,238**
Recoveries on loans written off in prior periods						12	12	
Impairment of doubtful commitments			-	-	-	-	-	
Retail cost of risk			**(140)**	**144**	**(131)**	**12**	**(115)**	
Corporate dealers								
Sound loans with no past-due installments	5,912	(474)					-	5,438
Sound loans with past-due installments	40	(30)					-	10
Guarantee deposits	(94)	21					-	(73)
Non-performing loans	264	(6)			(8)		(8)	250
Total	**6,122**	**(489)**	**-**	**-**	**(8)**	**-**	**(8)**	**5,625**
Impairment of non-performing loans	(58)	-	(29)	22	-	-	(7)	(65)
Total impairment	**(58)**	**-**	**(29)**	**22**	**-**	**-**	**(7)**	**(65)**
Deferred items included in amortized cost	**(10)**	**-**	**-**	**-**	**-**	**-**	**-**	**(10)**
Net book value (B - see A Note 9.2)	**6,054**	**(489)**	**(29)**	**22**	**(8)**	**-**	**(15)**	**5,550**
Recoveries on loans written off in prior periods						2	2	
Impairment of doubtful commitments			-	-	-	-	-	
Corporate dealers cost of risk			**(29)**	**22**	**(8)**	**2**	**(13)**	
Corporate and equivalent								
Sound loans with no past-due installments	1,307	(78)					-	1,229
Sound loans with past-due installments	283	3					-	286
Guarantee deposits	(1)	-					-	(1)
Non-performing loans	33	8			(3)		(3)	38
Total	**1,622**	**(67)**	**-**	**-**	**(3)**	**-**	**(3)**	**1,552**
Impairment of non-performing loans	(17)	2	(7)	7	-	-	-	(15)
Total impairment	**(17)**	**2**	**(7)**	**7**	**-**	**-**	**-**	**(15)**
Deferred items included in amortized cost	**(14)**	**1**	**-**	**-**	**-**	**-**	**-**	**(13)**
Net book value (C - see C Note 9.2)	**1,591**	**(64)**	**(7)**	**7**	**(3)**	**-**	**(3)**	**1,524**
Recoveries on loans written off in prior periods						-	-	
Impairment of doubtful commitments			-	-	-	-	-	
Corporate and equivalent cost of risk			**(7)**	**7**	**(3)**	**-**	**(3)**	
Total loans								
Sound loans with no past-due installments	22,119	(1,630)	-	-	-	-	-	20,489
Sound loans with past-due installments	738	(97)	-	-	-	-	-	641
Guarantee deposits	(209)	73	-	-	-	-	-	(136)
Non-performing loans	970	90	-	-	(142)	-	(142)	918
Total	**23,618**	**(1,564)**	**-**	**-**	**(142)**	**-**	**(142)**	**21,912**
Impairment of sound loans with past-due installments	(47)	1	(9)	12	-	-	3	(43)
Impairment of non-performing loans	(592)	6	(167)	161	-	-	(6)	(592)
Total impairment	**(639)**	**7**	**(176)**	**173**	**-**	**-**	**(3)**	**(635)**
Deferred items included in amortized cost	**82**	**(47)**	**-**	**-**	**-**	**-**	**-**	**35**
Net book value	**23,061**	**(1,604)**	**(176)**	**173**	**(142)**	**-**	**(145)**	**21,312**
Recoveries on loans written off in prior periods						14	14	
Impairment of doubtful commitments			-	-	-	-	-	
Total cost of risk			**(176)**	**173**	**(142)**	**14**	**(131)**	

For impaired loans, the cost of risk includes interest invoiced and recognized under "Interest revenue on customer transactions".

(1) *The exchange difference is due to the fact that balance sheets of companies using currencies other than the euro are translated at the closing exchange rate whereas their income statement items are translated on a month-by-month basis at the average monthly rate.*

34.2 Change in Cost of Risk

(in million euros)	Retail	Corporate dealers	Corporate and equivalent	Dec. 31, 2013	Dec. 31, 2012
Sound loans with past-due installments					
Charges	(9)	-	-	(9)	(10)
Reversals	12	-	-	12	10
Non-performing loans					
Charges	(131)	(29)	(7)	(167)	(301)
Reversals	132	22	7	161	113
Doubtful commitments					
Charges	-	-	-	-	-
Reversals	-	-	-	-	-
Credit losses	(131)	(8)	(3)	(142)	(114)
Recoveries on loans written off in prior periods	12	2	-	14	12
Cost of risk	**(115)**	**(13)**	**(3)**	**(131)**	**(290)**
- of which impact of change in estimate	-	-	-	-	*(136)*

The Bank's credit management policy is described in the "Credit Risk" section of the Management Report.

34.3 Information about Defaults with no Impairment

Defaults with no impairment concern only corporate loans.
Corporate loans with one or more installments that are over 90 days past due and loans to local administrations with one or more installments that are over 270 days past due are not classified as non-performing when the delays are due to payment incidents or claims, and do not reflect a default risk.

For 2013

(in million euros)	<= 90 days	> 90 days <= 180 days	> 180 days <= 1 year	> 1 year	Total at Dec. 31, 2013
Sound loans with past-due installments with no impairment	293	1	1	1	**296**

For 2012

(in million euros)	<= 90 days	> 90 days <= 180 days	> 180 days <= 1 year	> 1 year	Total at Dec. 31, 2012
Sound loans with past-due installments with no impairment	319	2	1	1	**323**

Note 35 Other Non-operating Items

On December 27, 2012, the proceeds from disposal of 25% shares in the Chinese subsidiary Dongfeng Peugeot Citroën Auto Finance Company Ltd, accounted for using the equity method, gave a €0.6 million loss on disposal.

Note 36 Income Taxes

36.1 Evolution of Balance Sheet Items

(in million euros)	Dec. 31, 2012	Income	Equity	Payment	Exchange difference and other (1)	Dec. 31, 2013
Current tax						
Assets	62					43
Liabilities	(54)					(44)
Total	**8**	**(123)**	**-**	**113**	**1**	**(1)**
Deferred tax						
Assets	141					136
Liabilities	(391)					(410)
Total	(250)	**(15)**	**(3)**	**-**	**(6)**	**(274)**

(1) *The exchange difference is due to the fact that balance sheets of companies using currencies other than the euro are translated at the closing exchange rate whereas their income statement items are translated on a month-by-month basis at the average monthly rate.*

36.2 Income taxes of fully-consolidated companies

Income taxes currently payable represent the amounts paid or currently due to the tax authorities for the period, calculated in accordance with the tax rules and rates in effect in the various countries.

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, and impairment of non-performing loans.

Deferred taxes are determined as described in the published accounts at December 31, 2013, Note 2.A, last paragraph dedicated to deferred taxes.

The French statutory income tax rate is 33.33%.

The Social Security Financing Act (no. 99-1140) dated December 29, 1999 provided for the introduction of a surtax equal to 3.3% of the corporate income tax liability of French companies. This surtax had the effect of raising the French corporate income tax rate by 1.1%.

France's 4th amended Finance Act dated December 21, 2011 introduced an exceptional 5% surtax for 2011 and 2012, lifting the tax rate for those years to 36.10% and limited the use of tax loss carryforwards to 60% of taxable profit of the year.

France's Finance Act 2013 (published in Official Gazette December 30, 2012) introduced an exceptional 5% surtax for 2013 and 2014, lifting the tax rate for those years to 36.10% and limited the use of tax loss carryforwards to 50% of taxable profit of the year.

At December 31, 2012 deferred tax liabilities falling due in 2013 and 2014 and deferred tax assets for tax loss carryforwards, corresponding to the tax loss carryforwards to be used in 2013 and 2014, were remeasured at the new rate. The net effect was an expense of €7.5 million in 2012.

The article 16 of France's Finance Act 2014 (published in Official Gazette December 27, 2013) raised the exceptional surtax from 5% to 10.7% for 2013 and 2014 (Article 235 ter ZAA of the French General Tax Code), lifting the tax rate for those years to 38% and maintained the use of tax loss carryforwards to 50% of taxable profit of the year for the part exceeding €1 million.

At December 31, 2013 deferred tax liabilities falling due in 2014 and deferred tax assets for tax loss carryforwards, corresponding to the tax loss carryforwards to be used in 2014, were remeasured at the new rate. The net effect was an expense of €7 million in 2013.

(in million euros)	Dec. 31, 2013	Dec. 31, 2012
Current tax		
Income taxes	(123)	(138)
Deferred tax		
Deferred taxes arising in the year	(15)	36
Unrecognized deferred tax assets and impairment losses	-	(2)
Total	**(138)**	**(104)**

36.3 Banque PSA Finance tax proof

(in million euros)	Dec. 31, 2013	Dec. 31, 2012
Pre-tax income	376	397
Neutralization of the share in net income of associates and joint ventures accounted for using the equity method	(8)	(7)
Permanent differences	9	3
Taxable Income	**377**	**393**
Theoretical tax	(143)	(142)
Theoretical rate	*38.0%*	*36.1%*
Impact of differences in foreign tax rates	47	39
Impact of changes in foreign tax rates	4	1
Impact of provisional surtax in France	(2)	(3)
Allowances on deferred tax assets:		
- Charges	(1)	(2)
- Reversals	-	-
Allocated tax saving transferred back to PSA Peugeot Citroën	-	(4)
Adjustment related to the previous year	1	5
Tax disputes and adjustments	(40)	-
Other	(4)	2
Income taxes	**(138)**	**(104)**
Group effective tax rate	*36.5%*	*26.6%*

36.4 Deferred Tax Assets on Tax Loss Carryforwards

(in million euros)	Dec. 31, 2012	New tax losses	Tax losses utilized in the year	Charges / Reversals	Exchange difference and other (1)	Dec. 31, 2013
Deferred tax assets on tax loss carryforwards	86	1	(5)	-	(7)	75
Allowances	(3)	(1)	-	-	-	(4)
Total	**83**	**-**	**(5)**	**-**	**(7)**	**71**

(1) The exchange difference is due to the fact that balance sheets of companies using currencies other than the euro are translated at the closing exchange whereas their income statement items are translated on a month-by-month basis at the average monthly rate.

Note 37 Segment Information

37.1 Key Balance Sheet Items

For 2013

(in million euros)	Financing activities: Corporate dealers	Financing activities: End user: Retail	Financing activities: End user: Corporate and equivalent	Financing activities: Unallocated	Insurance and services	Refinancing and securities	Eliminations	Total at December 31, 2013
Assets								
Customers loans and receivables	5,550	14,238	1,524		-	-	-	21,312
Securities			204	-	79	987	(487)	783
Loans and advances to credit institutions			1,054	21	67	17,533	(17,236)	1,439
Other assets				1,019	93	656	(185)	1,583
Total Assets							**(17,908)**	**25,117**
Liabilities								
Refinancing (1)	4,739	12,159	1,302	-	-	19,195	(17,548)	19,847
Due to customers (1)	270	22	172	-		27	(112)	379
Liabilities related to insurance contracts					56			56
Other liabilities				1,427	72	290	(248)	1,541
Equity (2)				2,129	84	1,081		3,294
Total Liabilities							**(17,908)**	**25,117**

For 2012

(in million euros)	Financing activities: Corporate dealers	Financing activities: End user: Retail	Financing activities: End user: Corporate and equivalent	Financing activities: Unallocated	Insurance and services	Refinancing and securities	Eliminations	Total at December 31, 2012
Assets								
Customers loans and receivables	6,054	15,416	1,591		-	-	-	23,061
Securities			196	-	39	1,971	(799)	1,407
Loans and advances to credit institutions			1,006	11	80	19,457	(19,333)	1,221
Other assets				1,083	87	589	(263)	1,496
Total Assets							**(20,395)**	**27,185**
Liabilities								
Refinancing (1)	5,241	13,345	1,378	-	-	21,387	(19,920)	21,431
Due to customers (1)	152	32	281	-		51	(149)	367
Liabilities related to insurance contracts					41			41
Other liabilities				1,511	65	674	(326)	1,924
Equity (2)				2,151	69	1,202		3,422
Total Liabilities							**(20,395)**	**27,185**

Segment information is disclosed before elimination of inter and intra company transactions, shown in the "Eliminations" column.

(1) *In the segment information, "Passbook savings accounts" are classified in "Refinancing".*

(2) *Equity is presented after deducting shares eliminated in consolidation, so as to show the contribution of each segment to Banque PSA Finance's reserves.*

37.2 Key Income Statement Items

For 2013

(in million euros)	Financing activities								
		End user			Financial derivative instruments (3)	Insurance and services	Refinancing and securities	Eliminations	Total at December 31, 2013
	Corporate dealers	Retail	Corporate and equivalent	Unallocated					
Net interest revenue on customer transactions (at amortized cost) (1)	267	1,178	86	(17)	(75)		6	1	1,446
Net investment revenue	-	-	-	4		-	28	(17)	15
Net refinancing cost (2) (3)	(203)	(701)	(65)	243	75	1	(103)	16	(737)
Net gains or losses on trading transactions							(3)		(3)
Net gains or losses on available-for-sale financial assets							-		-
Margin on sales of insurance services						67		42	109
Margin on sales of other services						103		(42)	61
Net banking revenue	**64**	**477**	**21**	**230**	**-**	**171**	**(72)**	**-**	**891**
Cost of risk	(13)	(115)	(3)						(131)
Net income after cost of risk	**51**	**362**	**18**	**230**	**-**	**171**	**(72)**	**-**	**760**
General operating expenses and equivalent				(356)		(3)	(33)	-	(392)
Operating Income	**51**	**362**	**18**	**(126)**	**-**	**168**	**(105)**	**-**	**368**
of which Insurance (see Note 22.3.3)						*65*		*41*	*106*

For 2012

(in million euros)	Financing activities								
		End user			Financial derivative instruments (3)	Insurance and services	Refinancing and securities	Eliminations	Total at December 31, 2012
	Corporate dealers	Retail	Corporate and equivalent	Unallocated					
Net interest revenue on customer transactions (at amortized cost) (1)	290	1,288	91	(8)	(80)		2	7	1,590
Net investment revenue	-	-	-	8		-	37	(24)	21
Net refinancing cost (2) (3)	(169)	(713)	(59)	222	80	1	(75)	17	(696)
Net gains or losses on trading transactions							(2)		(2)
Net gains or losses on available-for-sale financial assets							-		-
Margin on sales of insurance services						59		37	96
Margin on sales of other services						103		(37)	66
Net banking revenue	**121**	**575**	**32**	**222**	**-**	**163**	**(38)**	**-**	**1,075**
Cost of risk	(24)	(260)	(6)						(290)
- of which impact of change in estimate	-	*(136)*	-						*(136)*
Net income after cost of risk	**97**	**315**	**26**	**222**	**-**	**163**	**(38)**	**-**	**785**
General operating expenses and equivalent				(367)		(3)	(24)	-	(394)
Operating Income	**97**	**315**	**26**	**(145)**	**-**	**160**	**(62)**	**-**	**391**
of which Insurance (see Note 22.3.3)						*57*		*36*	*93*

Segment information is disclosed before elimination of inter and intra company transactions, shown in the "Eliminations" column.

(1) *Unallocated interest revenue on customer transactions for the part corresponds to the ineffective portion of gains or losses on hedging instruments recognized in the income statement in accordance with IAS 39 for a positive €0.8 million at December 31, 2013 (compared to a positive €0.4 million at December 31, 2012). The other part corresponds to other revenue and expense on customer transactions.*

(2) *Unallocated net refinancing costs correspond to the difference between a) the "Net refinancing cost" recorded in the accounts, and b) the theorical refinancing cost used by the management controllers, corresponding to the cost of refinancing the total loans and receivables, without taking into account possible liabilities (Equity and other net liabilities) in order to show, for each segment, a comparative analysis of margins between the different companies of the perimeter.*

(3) *In line with the Bank's policy of hedging interest rate risks on fixed rate customer loans, the interest differential on the swaps used to hedge these loans is reported in the income statement under "Net interest revenue from hedging instruments" in "Net interest revenue on customer transactions" and is not analysed by segment. The management reporting system, on the other hand, is used internally to manage the subsidiaries and branches whose performance is assessed based on the the original fixed rate of interest granted to customers and the resulting interest margin, determined by reference to the net post-swap, fixed rate refinancing cost communicated by management. Interest differentials on these swaps are therefore included by the management controllers in the net refinancing cost analysed by segment. This explains the €75 million reclassification at December 31, 2013 between "Net refinancing cost" and "Net interest revenue on customer transactions" in the "Financial derivatives instruments" column.*

37.3 Geographical Areas

Key Balance Sheet Items

(in million euros)	Total assets		Customer loans and receivables		Refinancing (1)	
	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2012
France	**10,094**	**10,834**	**7,991**	**8,572**	**15,261**	**16,507**
Europe (excluding France)	**13,171**	**14,100**	**11,789**	**12,626**	**3,412**	**3,464**
- *o/w Germany*	*2,883*	*3,168*	*2,595*	*2,934*	*1,251*	*891*
- *o/w Spain*	*1,837*	*2,069*	*1,692*	*1,894*	*177*	*176*
- *o/w Italy*	*1,949*	*2,112*	*1,670*	*1,761*	*346*	*280*
- *o/w United Kingdom*	*3,072*	*2,975*	*2,731*	*2,599*	*1,203*	*1,203*
Rest of the world	**1,852**	**2,251**	**1,532**	**1,863**	**1,174**	**1,460**
- *o/w Brazil*	*1,157*	*1,505*	*956*	*1,198*	*806*	*1,077*
Total	**25,117**	**27,185**	**21,312**	**23,061**	**19,847**	**21,431**

(1) *Refinancing includes "Deposits from credit institutions" (see Note 17), "Debt securities" (see Note 19) and "Passbook savings accounts", classified in "Due to customers" (see Note 18). It concerns the group's external refinancing, mainly issued by Banque PSA Finance.*

Key Income Statement Items

(in million euros)	Interest and other revenue on assets at amortized cost		Net banking revenue	
	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2012
France	**470**	**504**	**293**	**371**
Europe (excluding France)	**746**	**811**	**475**	**563**
- *o/w Germany*	*185*	*208*	*112*	*139*
- *o/w Spain*	*106*	*119*	*51*	*70*
- *o/w Italy*	*90*	*99*	*37*	*49*
- *o/w United Kingdom*	*170*	*170*	*79*	*96*
Rest of the world	**261**	**293**	**123**	**141**
- *o/w Brazil*	*139*	*183*	*60*	*84*
Total	**1,477**	**1,608**	**891**	**1,075**

(in million euros)	Cost of risk		Operating income	
	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2012
France	**(57)**	**(93)**	**78**	**125**
Europe (excluding France)	**(58)**	**(168)**	**219**	**193**
- *o/w Germany*	*(10)*	*(12)*	*65*	*88*
- *o/w Spain*	*(11)*	*(51)*	*10*	*(12)*
- *o/w Italy*	*(16)*	*(42)*	*(7)*	*(21)*
- *o/w United Kingdom*	*(7)*	*(10)*	*39*	*52*
Rest of the world	**(16)**	**(29)**	**71**	**73**
- *o/w Brazil*	*(11)*	*(20)*	*29*	*41*
Total	**(131)**	**(290)**	**368**	**391**
- *of which impact of change in estimate*	*-*	*(136)*	*-*	*(136)*

Note 38 Auditors fees

(in million euros)	Ernst & Young Dec. 31, 2013	Ernst & Young Dec. 31, 2012	Mazars Dec. 31, 2013	Mazars Dec. 31, 2012
Audit				
- Statutory and contractual audit services				
- Banque PSA Finance	0,1	0,1	0,1	0,1
- Fully-consolidated companies	0,8	0,9	0,4	0,4
- *of which France*	*0,1*	*0,1*	*0,1*	*0,1*
- Audit-related services				
- Banque PSA Finance	-	-		-
- Fully-consolidated companies	-	-		-
- *of which France*	-	-		-
Other services provided to fully-consolidated subsidiaries				
- Legal and tax services	-	-		-
- Other	-	-		-
Total	**0,9**	**1,0**	**0,5**	**0,5**

Note 39 Subsequent Events

PSA Peugeot Citroën is entered in exclusive negotiations to form a partnership in financing activities between Banque PSA Finance and Santander Consumer Finance.

The partnership with the consumer finance division of Santander, the largest bank in the Eurozone by market capitalisation, would result in the creation of local partnerships, each 50/50 owned by Banque PSA Finance and Santander Consumer Finance, across PSA Peugeot Citroën's main European markets. This partnership would create a competitive, sustainable and dynamic captive financing activity dedicated to PSA Peugeot Citroën brands. This partnership would not need the French State guarantee for the funding of its activities. The contemplated perimeter of the transaction would cover approximately 90% of Banque PSA Finance's current activities.

The entering into the agreement to implement this partnership is subject to the finalization of the relevant agreements and the prior information and consultation of the relevant employee representative bodies, and including the approval of the competent banking authorities in the main European countries. The closing of the transaction would then be expected to occur in H2 2015.

The details of the terms of this operations and their potential consequences for the Group are given in the specific press releases.

No other event occurred between December 31, 2013 and the Board of Directors' meeting to review the financial statement on February 17, 2014 that could have a material impact on economic decisions made on the basis of these financial statements.

2.7 Statutory auditors' report on the consolidated financial statements

➔ For the year ended December 31, 2013

This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in French and it is provided solely for the convenience of English-speaking users.

The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures.

This report also includes information relating to the specific verification of information given in the group's management report.

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 annual general meeting, we hereby report to you, for the year ended December 31, 2013, on:

- the audit of the accompanying consolidated financial statements of Banque PSA Finance;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the board of directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

I - Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the group as at December 31, 2013 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without qualifying our opinion, we draw your attention to the matter set out in note 2 "Accounting policies" to the consolidated financial statements concerning the new IFRSs and IFRIC interpretations whose application was compulsory in the year commencing January 1, 2013, and note 3 "Changes to financial statements previously reported" to the consolidated financial statements which details the impact of the application of the amendment to IAS 19 (revised) related to employee benefits.

II - Justification of our assessments

In accordance with the requirements of article L. 823-9 of the French commercial code (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matters:

- For all companies with banking operations and specifically in the current economic crisis context, significant estimates have to be used for the impairment of credit risks. Your company sets aside impairments to cover credit risks that are inherent to its business, as disclosed in notes 2 § C.6.4 and 34 to the consolidated financial statements.
- As part of our assessment of these estimates, we have examined the processes implemented by management and, in view of the economic crisis context, the adjustments thus made in order to identify and assess these risks and to determine the extent to which impairments are recognized.
- As part of our assessment of the liquidity risk, we have performed an in-depth review of the group situation as described in notes 25 and 27 to the consolidated financial statements, as well as the measures taken by the group in order to secure its refinancing as described in note 1 to the consolidated financial statements. That note includes in particular the roll-over of bank facilities and the French State guarantee for securities issued between January 1, 2013 and December 31, 2016.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III - Specific verification

As required by law, we have also verified, in accordance with professional standards applicable in France, the information presented in the group's management report.

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

Paris-La Défense and Courbevoie, February 19, 2014

The statutory auditors

French original signed by

ERNST & YOUNG Audit — Mazars

Luc Valverde — Anne Veaute

Statement from the person responsible for the 2013 annual report

Person responsible for the annual report

Philippe Alexandre
Chief Executive Officer of Banque PSA Finance S.A.

Certification of the person responsible for the annual report

I hereby certify, after having taken all reasonable steps to this effect, that the information contained in this document is, to my knowledge, consistent with the truth and do not include any omission that could lead to a false interpretation.

I hereby certify, to my knowledge, that the financial statements have been prepared in accordance with the applicable accounting standards and provide a true image of the company's assets, financial situation and earnings and of all of the companies included in the consolidation, and that the management report in this document presents a true picture of the business, the earnings and of the financial situation of the company and of all of the companies included in the consolidation as well as a description of the main risks and uncertainties that they face.

I have obtained an end of mission report from the statutory auditors in which they indicate that they have verified the information on the financial situation and the financial statements provided in this document and in an overall reading of this document.

Philippe Alexandre
Chief Executive Officer of Banque PSA Finance S.A.

BANQUE PSA FINANCE

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