BANQUE PSA FINANCE

HALF-YEAR REPORT

2014

BOARD OF DIRECTORS

Jean-Baptiste Chasseloup de Chatillon
Chairman

Philippe Alexandre
Director

Carlos Tavares
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 of July 28, 2014

BANQUE PSA FINANCE

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

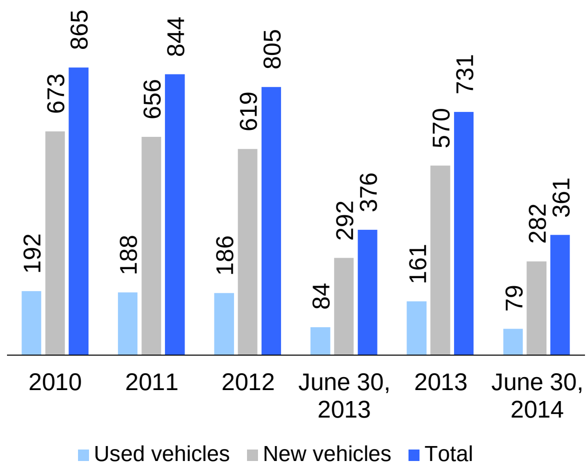
Registered Office - 75, avenue de la Grande Armée - 75116 Paris
Registered in Paris under no. 325 952 224 - Siret 325 952 224 00013
APE Business identifier code: 6419Z
Interbank code 13168N

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

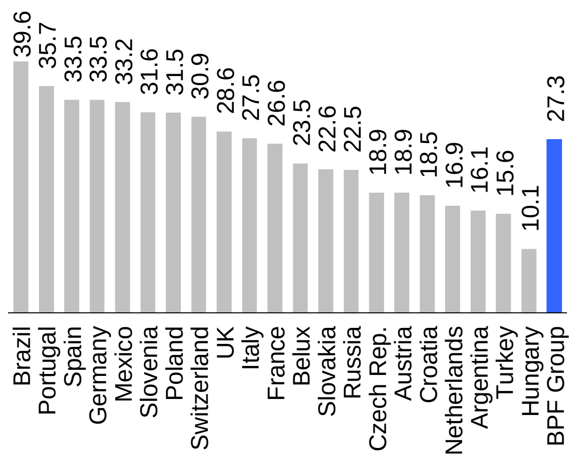
1 MANAGEMENT REPORT

1.1 Key figures

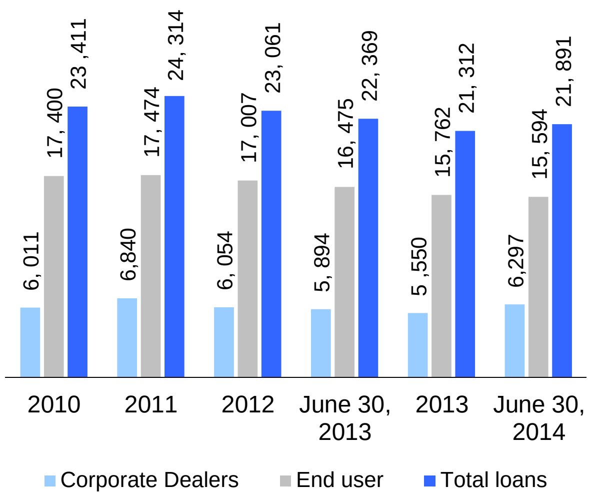
NUMBER OF VEHICLES FINANCED, END-USER LOANS
(in thousand vehicles)



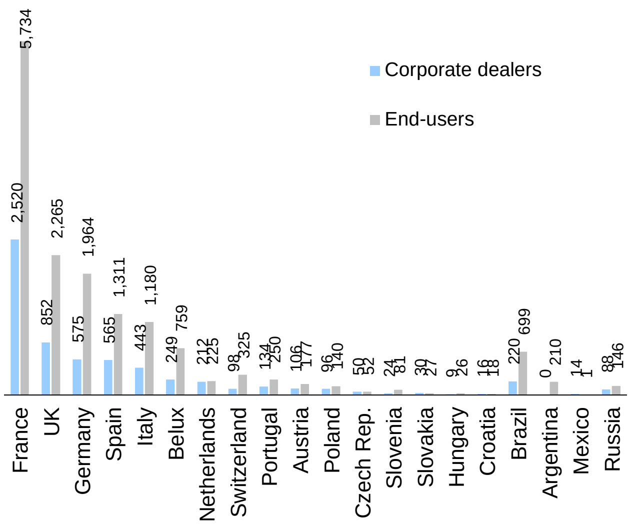
PENETRATION RATE BY COUNTRY (%) AT JUNE 30, 2014
(as of % PSA Peugeot Citroën new vehicles financed / new vehicles registered)



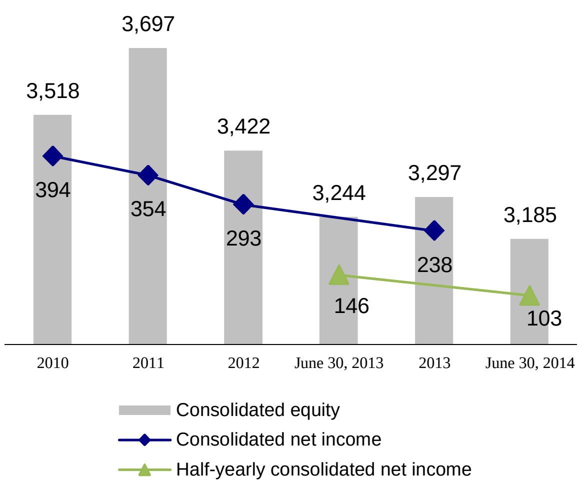
END-USERS AND CORPORATE DEALERS LOANS AT JUNE 30, 2014
(in million euros)



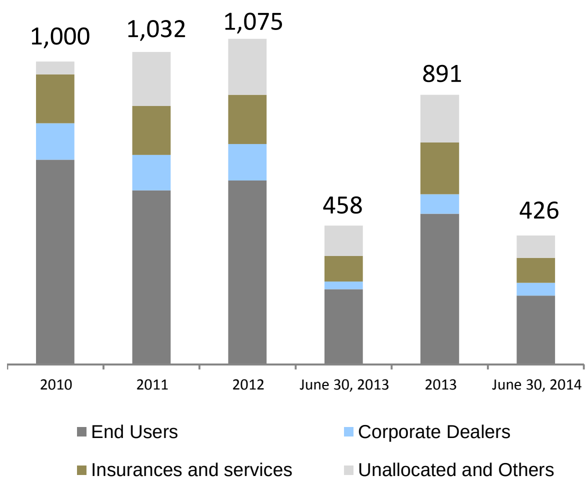
OUTSTANDING BY COUNTRY AT JUNE 30, 2014 (in million euros)



EQUITY AND NET INCOME AT JUNE 30, 2014 (in million euros)



NET BANKING REVENUE
(in million euros)



1.2 Operations and results

1.2.1 Summary of financial information

The following historical overview of consolidated financial information is based on the consolidated financial statements of Banque PSA Finance (hereafter referred to as "BPF") included in the present half-year report, which was prepared in accordance with the IFRS standards (*International Financial Reporting Standards*) 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.

Application of the Interpretation IFRIC - 21 Levies, has been applied by anticipation by BPF in the fiscal year commencing January 1st, 2014.

Due to the retrospective application of this standard, the 2013 financial statements were restated in compliance with the new principles for comparison (See Note 3 to the consolidated financial statements).

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NEW FINANCING

	June 30, 2014	June 30, 2013	% change
End-users loans			
Number of vehicles financed	360,781	375,820	-4.0
Amount of financing *(in million euros, excluding interests)*	3,867	3,893	-0.7
Corporate dealers loans			
Number of vehicles financed	881,877	836,047	+5.5
Amount of vehicles financing *(in million euros)*	16,650	15,411	+8.0
Amount of spare parts financing and other *(in million euros)*	1,645	1,846	-10.9
Insurance and services activity			
Number of new contracts	729,807	691,606	+5.5

BALANCE SHEET

(in million euros)

Assets	June 30, 2014	Dec. 31, 2013	% change
Financial Assets at Fair Value Through Profit or Loss	565	783	-27.8
Loans and advances to credit institutions	2,091	1,439	+45.3
Customers loans and receivables	21,891	21,312	+2.7
Deferred tax assets	107	136	-21.3
Other assets	1,084	1,447	-25.1
Total Assets	**25,738**	**25,117**	**+2.5**

Liabilities	June 30, 2014	Dec. 31, 2013	% change
Deposits from Credit Institutions	7,005	6,268	+11.8
Debt Securities	11,571	12,624	-8.3
Other liabilities	3,977	2,928	+35.8
Equity	3,185	3,297	-3.4
Total Equity and Liabilities	**25,738**	**25,117**	**+2.5**

NET INCOME

(in million euros)	June 30, 2014	June 30, 2013	% change
Net banking revenue	426	458	-7.0
General operating expenses and equivalent[1]	-201	-200	+0.5
Cost of risk	-53	-60	-11.7
Operating income	**172**	**198**	**-13.1**
Non operating income	3	4	-25.0
Income taxes	-72	-56	+28.6
Net income for the year	**103**	**146**	**-29.5**

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

CUSTOMER LOANS AND RECEIVABLES

BY CUSTOMER SEGMENT

(in million euros)	June 30, 2014	Dec. 31, 2013	% change
Corporate Dealers	6,297	5,550	+13.5
End-user	15,594	15,762	-1.1
of which Retail	14,007	14,238	-1.6
of which Corporate and equivalent	1,587	1,524	+4.1
Total Customer Loans and Receivables	**21,891**	**21,312**	**+2.7**

BY GEOGRAPHICAL REGION

(in million euros)	June 30, 2014	Dec. 30, 2013	% change
France	8,254	**7,991**	+3.3
Western Europe (excluding France)	11,690	11,242	+4.0
Central and Eastern Europe	569	547	+4.0
Latin America	1,144	1,257	-9.0
Rest of the world	234	275	-14.9
Total	**21,891**	**21,312**	**+2.7**

NET BANKING REVENUE BY PORTFOLIO

(in million euros)	June 30, 2014	June 30, 2013	% change
End user	227	248	-8.5
of which Retail	217	237	-8.4
of which Corporate and equivalent	10	11	-9.1
Corporate Dealers	42	26	+ 61.5
Insurances and Services (including net refinancing costs)	83	84	-1.2
Unallocated and other[1]	74	100	-26.0
Total	**426**	**458**	**-7.0**

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.

1.2.2 Banque PSA Finance Branch and Subsidiary Operations

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

We also provide financing for inventory (new and used vehicles) and spare parts, as well as other financing such as working capital to dealers of the three 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 with financing through packaged products.

Also, we have been developing our consumer savings business since March 2013 and in March 2014 we launched a new product under the PSA Banque brand: the DISTINGO "Fixe" term deposit account.

Finally, following exclusive negotiations entered into on February 19, 2014, BPF and Santander Consumer Finance ("Santander CF") announced the signing of a binding Framework Agreement on July 10, 2014, which will establish a partnership between the two groups in eleven European countries.

This partnership between BPF and Santander CF, the consumer finance division of Banco Santander, will take the form of dedicated local partnerships in most countries, or, in some juridictions, of commercial agreements. The partnership would enhance commercial capabilities for PSA Peugeot Citroën's brands enabling them to increase their penetration of the car finance market. It would also create a dynamic and sustainable financing activity for BPF, thanks to competitive offers dedicated to PSA Peugeot Citroën's brands and customers. The contemplated perimeter of the transaction would cover approximately 90% of BPF's current activities.

The transaction received the favorable opinion from respectively the PSA Peugeot Citroën and BPF's work councils. The partnership is subject to the approval of competent competition authorities as well as the banking regulatory authorities in the main European countries. Subject to these reservations, the closing of the transaction would then be expected to occur in the course of 2015 and in early 2016. The new joint ventures would be accounted for using the equity method by BPF. By 2018, this partnership should result in a positive cash impact of up to €1.5 billion for PSA Peugeot Citroën Group.

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

1.2.2.1 Our Products and Services

Our financing products, insurance and services include the following:

- **End-user financing (71% of outstanding customer loans as of June 30, 2014).** We offer for individuals, small and medium businesses and corporate and equivalent customers financing solutions, including credit for the purchase of new and used vehicles, as well as a variety of leasing solutions with and without purchase options.

- **Corporate dealer financing (29% of outstanding customer loans as of June 30, 2014).** We provide Peugeot, Citroën and DS 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.

- **Consumer savings.** The consumer savings business launched in March 2013 under the PSA Banque brand represents total outstandings of €1.3 billion at June 30, 2014, including €1.258 billion under the DISTINGO savings account, €45 million under the DISTINGO "Fixe" term deposit account and €17 million in accrued interest. Such performance underscores the success of BPF's financing sources diversification policy. It is a sign of consumers' confidence in PSA Peugeot Citroën Group and BPF's development outlook, and confirms its relevance with regard to the real economy.

1.2.2.2 Geographical coverage

We provide financing to end-user customers in 23 countries (including China) which accounted for 89% of Peugeot and Citroën vehicle sales in the first half of 2014.

Our principal markets are France and other Western European countries (notably the United Kingdom, Spain, Germany and Italy) and Brazil

1.3 Analysis of Operational Results

1.3.1 Peugeot, Citroën and DS Vehicle Sales

Global automotive markets grew 3.6% during the first half of 2014, an increase which masks significant disparities: growth of 6.6% in Europe and 12.8% in China, which is the world's leading automotive market. However Russia was down 7.8% and Latin America fell 9%.

Highlights of the first half of 2014

- Worldwide unit sales of 1,541,000, up 5.5%;
- Strong sales growth in Europe (up 11.7%) and China/South-East Asia (up 27.7%);
- European market share of 12.1%;
- Successful recent launches, of the Peugeot 308, 2008, 301 and the Citroën C4 Picasso and C-Elysée, and very strong start for the Peugot 108, the new Citroën C1 and the Citroën C4 CACTUS;
- Leadership on the light commercial vehicles market in Europe, with a market share up to 21.2%;
- European leader in terms of CO2 emissions with an average of 111.8 g of CO2/km.

The PSA Peugeot Citroën Group's development strategy focuses on continued globalization of sales:

Europe: 12% sales growth in a market that remains unstable. In a passenger car and light commercial vehicle market contracted by 6.6%, PSA Peugeot Citroën sold 956,000 vehicles, up 11.7% compared with the first half of 2013. The Group's market share is 12.1% in Europe for the first half of 2014, compared to 12.2% in the first half of 2013.

Increased sales momentum in China and South East Asia. During the first half of 2014, in a market up 12.8%, PSA Peugeot Citroën sales in China/ASEAN grew by 27.7% (of which 24.5% in China) thanks to sales of its two joint ventures Dongfeng Peugeot Citroën Automobile (DPCA) and Changan PSA Automobile (CAPSA). The latter's market share increased by 0.4 points in the first half of 2014 to 4.2%. China has been PSA Peugeot Citroën's leading market since March 2014.

India–Pacific: encouraging development outlook with 9,600 units sold.

Focus on recovery and profitability of operations in Latin America. In a market contracted by 9.2%, Group sales fell by 26.8% to 107,000 units. Market share stood at 4.6%. This reflects the downturn in automotive markets, primarily in Argentina where the Group remains one of the leaders with a market share which grew 15.2% to 15.5%, as well as the negative effects of changes in local currencies. The Group has put in place profitable growth conditions in this region, as part of the strategic "Back in the Race" plan.

Euro-Asia: implementation of a commercial recovery plan. In Russia, where the market contracted by 7.8%, under the pressures of an unfavorable macro-economic environment, the Group's market share is 1.9%. Group sales amount to 23,400 units, down 25.8%. As announced in the strategic plan "Back in the Race", PSA Peugeot Citroën is primarily focused on reorganizing its structures, extending its commercial ranges and increasing local integration to bring about profitable growth.

Africa and the Middle East: the markets have been heavily penalized by exchange rates, however there is huge potential for development. In a market contracted by 2.1%, impacted by the strengthened euro, Group sales fell by 37.2% to 81,600 units. Following several years of growth, the Algerian and Turkish markets in particular experienced a significant downturn. Despite this, the Group remains strong and Peugeot is No. 2 in Algeria and continues to develop and roll out its Brands.

During the second half of 2014, PSA Peugeot Citroën will continue to differentiate its three Brands Peugeot, Citroën et DS and develop its more targeted global product plan to ensure better market coverage. The pace of new launches will be maintained thus strengthening the Brands' commercial performance worldwide.

PSA Peugeot Citroën registrations (BPF perimeter, excluding China)
BY GEOGRAPHICAL REGION

	June 30, 2014	June 30, 2013
France	**352,760**	**339,159**
Western Europe (excluding France)	482,683	451,839
Central and Eastern Europe	42,546	37,411
Latin America	111,688	137,089
Rest of the world	40,781	61,458
Total	**1,030,458**	**1,026,956**

1.3.2 Banque PSA Finance operations

1.3.2.1 Banque PSA Finance Commercial Activity

A. Finance companies

i. End-user Financing

The penetration rate for new vehicles was 27.3%, down 1.1 points compared to the first half of 2013. These results must be assessed taking into account a historic performance of 28.4% for the same period the previous year. This result is strongly impacted (50%) by the Latin America region due to the argentinian crisis. Regarding volumes, taking into account the stability of vehicle registrations of PSA Peugeot Citroën over the BPF perimeter and penetration of 27.3%, the number of new vehicle financing contracts for end-user customers declined by 3.5% to 281,861 PSA contracts in the first half of 2014, compared to 292,125 in the first half of 2013.

For the entire Europe zone (Central, Western and Eastern) results in terms of new vehicle penetration fell 0.7 points to 27.7% during the first half.

Performances in Latin America are very mixed, with new vehicle penetration of 27.5%, a fall of 4.5 points. Brazil recorded growth with a historic result of 39.6%, i.e. up 0.8 points compared to the first half of 2013, while Argentina experienced a sharp fall in new vehicle penetration (16.1% or a fall of 10.4 points), strongly impacted by the crisis and the 24% drop in registrations on the new vehicle market.

In China, end-user financing grew 4.6 points with penetration of 14.7% and contract volumes up by more than 91.4% compared to the first half of 2013, i.e. 49,916 contracts (+86% compared to the first half of 2012 with 26,075 contracts in the first half of 2013).

BPF saw a 4% drop in financing for new vehicle and used vehicles for end users during the first half of 2014, with 360,781 contracts, compared to 375,820 contracts in the first half of 2013. This was a result of significant variations linked to the country mix and a willingness to prioritize, within this context, the gross margin level on unit production while retaining a selective policy in terms of risk.

The following table provides information relating to BPF's end-user financing activity for the first half of 2013 and the first half of 2014 (excluding China).

END-USER FINANCING OF NEW AND USED VEHICLES

(In number of contracts)	June 30, 2014	June 30, 2013	% change
Installment contracts	243,284	259,926	-6.4
Leasing activity and other financing	117,497	115,894	+1.4
Total	**360,781**	**375,820**	**-4.0**
of which outside Western Europe	*54,549*	*71,522*	*-23.7*
(in million euros, excluding accrued interests)			
Installment contracts	2,212	2,277	-2.9
Leasing activity and other financing	1,655	1,616	+2.4
Total	**3,867**	**3,893**	**-0.7**
of which outside Western Europe	*393*	*568*	*-30.8*

New sales financing activities fell 6.4%, while leasing activity and other financing increased 1.4% in number and 2.4% in amount.

Average amounts financed grew 3.47% between the first half of 2013 and 2014.

The following table illustrates the amount of new financing granted in the first half of 2013 and in the first half of 2014 (excluding China) by customer segment.

Financing of new and used vehicles by customer portfolio

(in million euros)	June 30, 2014	June 30, 2013	% change
Retail financing	3,401	3,427	-0.8
of which new vehicles	2,809	2,830	-0.7
of which used vehicles and other	592	597	-0.8
Corporate and equivalent financing	466	466	0.0
End-user financing	**3,867**	**3,893**	-0.7

New financing for individuals and small and medium businesses remained relatively stable at -0.8% in the first half of 2014 compared to the first half of 2013. New vehicle financing for this segment fell slightly by 0.7% in 2014. The same can be said for used vehicles, which reported a drop of 0.8%.

New financing for the Corporate Excluding Dealers and Equivalent segment remained stable.

The following table breaks down the end-user loans made in the first half of 2013 and in the first half of 2014 by region (excluding China), based on the number of vehicles financed.

Financing of new and used vehicles by region

(In number of contracts)	June 30, 2014	June 30, 2013	% change
France	131,123	130,433	+0.5
Western Europe (excluding France)	175,109	173,865	+0.7
Central and Eastern Europe	12,085	9,488	+27.4
Latin America	34,168	49,006	-30.3
Rest of the world	8,296	13,028	-36.3
Total	**360,781**	**375,820**	**-4.0**

New Vehicle Financing

During the first half of 2014, BPF financed 281,861 new cars via installment contracts or leases, representing a 3.5% drop compared to the first half of 2013.

Over the entire Europe region (Central, Western and Eastern), the number of new vehicle contracts amounted to 243,143, i.e. up 3.3% compared to the first half of 2013. This good performance highlights the efficacy of the synergies put in place by the marketing and sales teams of the Peugeot, Citroën and DS brands.

Outside Europe, the Argentinian crisis had a significant impact on the automotive market for all brands (-24.0%) and against this backdrop, volumes decreased from 19,378 to 9,153 contracts.

China reported significant growth of 23,796 new vehicle contracts, supported by strong growth in Group sales of 24.5%. (See 1.3.2.1.A.iii "Financing in China")

Used Vehicle Financing

In previous years, the used vehicle business was severely affected by the economic slowdown in Western Europe and by stiffer competition. During the first half of 2014, the volume of financing contracts taken out fell by 5.7%. In this context, BPF has maintained a strategy focused on preserving its margins and a selective risk policy, always within a very competitive environment.

The average amount financed increased by 4.3%. The worldwide number of used vehicles financed was 78,920 in the first half of 2014 compared to 83,695 in the first half of 2013.

In the two main markets of France and Great Britain, volumes stabilized during the first half of 2014; however, production declined in Germany and Latin America.

BPF's used vehicle financing business remains concentrated in three countries (France, Germany and Great Britain) and is still affected by the impact of new vehicle purchases driven by numerous sales and marketing initiatives.

ii. Corporate Dealer Financing

Corporate Dealer Financing saw a reversal, after a long period of decline. This reversal continued throughout the first half but is not linked to any additional or amended financing offer. As expected in such a market recovery, there was greater growth in loans for vehicles rather than spare parts.

Outstanding loans amounting to €6,297 million at the end of June 2014 increased 13.5% in line with the cyclical nature of supplies as a result of plant closures during the summer period. There were noticeable increases in outstanding loans in markets which experienced a marked upturn such as Spain and the United Kingdom.

The following table sets forth our new corporate dealer financing activity for the first half of 2013 and 2014.

New corporate dealers financing

	June 30, 2014	June 30, 2013	% change
Number of vehicles	**881,877**	**836,047**	**+5.5**
Amount (in million euros)	**18,295**	**17,257**	**+6.0**
of which vehicles	16,650	15,411	+8.0
of which spare parts and other	1,645	1,846	-10.9

Outstanding corporate dealer loans
(in million euros)

	June 30, 2014	Dec. 31, 2013	% change
Vehicles	4,559	3,959	+15.2
Spare parts and other	1,738	1,591	+9.2
Total	**6,297**	**5,550**	**+13.5**

iii. *Financing in* China

The Chinese automotive market continued to see growth of double figures. In 2014, there was more marked development in the second-tier and third-tier cities and a series of successful vehicle launches which resulted in DPCA sales growing more rapidly than the market.

Accordingly, this momentum resulted in continued strong growth in sales of PSA Peugeot Citroën Group vehicles and the bank's financing business via its joint venture DPCAFC. Outstanding loans, which increased 46.8% in 2013, rose by 24.9% over the first six months of 2014. The number of financed vehicles increased by 91.4% compared to June 30, 2013.

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 the first half of 2013 and 2014.

Financing in China

	June 30, 2014	June 30, 2013	% change
End-user *loans (including leases)*			
Number of vehicles (new *and used) financed*	49,916	26,075	+91.4
Amount of financing agreed *in million euros (excluding accrued interests)*	374	227	+64.8
Corporate dealers loans			
Number of vehicles financed	181,045	122,405	+47.9
Amount of financing agreed *(in million euros, including replacement parts)*	2,407	1,778	+35.4

Outstanding loans *(in million euros)*	June 30, 2014	Dec. 31, 2013	% change
End-user loans (including leases)	736	607	+21.3
Corporate dealers loans	436	331	+31.7
Total loans	**1,172**	**938**	**+24.9**

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.

B. Insurance and Services

These Insurance and Services revenues can be broken down into two elements that are booked differently in the consolidated financial statements of BPF.

- The margin on the insurance that we provide is recorded under "margin on sales of insurance services" and represents our earned premiums, less paid claims and changes in liabilities related to insurance contracts. This margin rose 11.3% compared with the first six months of 2013;
- Commissions that we earn from the sale of services of third party providers are recorded as "margin on sales of other services". These services include insurance that PSA Insurance does not provide directly (such as car insurance or insurance on markets where PSA Insurance cannot operate as an insurer), as well as vehicle-related services such as maintenance and extended warranties. This margin fell 22.6% compared with the first half of 2013.

This decrease relates to the change in the breakdown of revenues between the margin on sales of insurance services and the margin on sales of other services due to the launch of our own insurance business in 2009 as well as the exceptional fall of €5.7 million, broken down as follows:

- a negative exchange rate effect of €4.5 million, primarily due to the decline of the Argentinian peso (€4.1 million);
- extraordinary income of €1.2 million recorded in the first half of 2013 in Belgium.

Compared with the first half of 2013, the overall Insurance and services margin only fell by €1 million.

The following table shows our margin for insurance and services, broken down between these two categories in the first six months of 2013 and 2014.

Net banking revenue from insurance and services

(in million euros)	June 30, 2014	June 30, 2013	% change
Margin on sales of insurance services	59	53	+11.3
Margin on sales of other services[1]	24	31	-22.6
Total[2]	**83**	**84**	**-1.2**

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 27.2 to the consolidated financial statements).

1.3.2.2 Consumer savings business

The deposit collecting business in France is proving highly successful, with €1.3 billion in total deposits at end-June 2014 (including €45 million in the DISTINGO "Fixe" term deposit account), and 34,387 clients (including 1,496 with the DISTINGO account).

This business is mainly supported by the following actions:

- Campaigns to acquire new clients with promotional offers, strengthened by sponsorship initiatives;
- Customer loyalty campaigns to combat natural attrition;
- The launch of a new product on March 24, 2014, i.e. the DISTINGO "Fixe" term deposit account.

In light of this success, the consumer savings business will be launched in Belgium and Germany by the end of 2014.

SAVINGS ACCOUNT ACTIVITY FRANCE

	June 30, 2014	Dec. 31, 2013	% change
Number of active accounts	34,387	25,141	+36.8
Total deposits (in million euros)	1,097	1,606	
Total deposits at year-end (in million euros)	**1,303**	**955**	+36.4
Average deposit per account (in thousands euros)	38	**38**	0.0

1.3.3 Results of operations

NET INCOME

(in million euros)

	June 30, 2014	June 30, 2013	% change
Net banking revenue	426	458	-7.0
General operating expenses and equivalent[1]	-201	-200	+0.5
Cost of risk	-53	-60	-11.7
Operating income	**172**	**198**	**-13.1**
Non operating income	3	4	-25.0
Income taxes	-72	-56	+28.6
Net income for the year	**103**	**146**	**-29.5**

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

1.3.3.1 Net Banking Revenue

Net banking revenue fell by 7% to €426 million at June 30, 2014 vs. €458 million at June 30, 2013. This was due to a significant drop in average net amounts outstanding (-€1 billion over the last 12 months) and to an exceptional expense of some €14 million in relation to the UK subsidiary where the application of the Consumer Credit Act entailed the refunding of interest to customers who did not receive an annual statement.

1.3.3.2 General Operating Expenses

General operating expenses and equivalent remained under control at €201 million at June, 30 2014. This was due to the substantial savings made over the last 12 months (around €5 million), balanced with the fact that no exceptional accrual reversal was made in 2014 (as of first semester 2013, an exceptional tax provision reversal for an amount of €4,3 million was booked following a dispute settlement in Brazil).

1.3.3.3 Cost of risk

Our cost of risk was €53 million at June 30, 2014, representing 0.50% of our average net amounts outstanding, compared to €60 million at June 30, 2013, representing 0.55% of our average 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 retail cost of risk exposure (individuals and small businesses) stood at €47 million at June 30, 2014, compared with €56 million at June 30, 2013. This difference was mainly due to an improvement in doubtful and non-performing loans basis. Indeed, with risk well under control, doubtful and non-performing loans at June 30, 2014 were down by €70 million compared with June 30, 2013 (see 1.4.2 "Impairment of non-performing loans").

The cost of risk in relation to corporate customers excluding dealers and equivalent was not material at June 30, 2014 (-€0.2 million, i.e. a drop of around €1 million versus June 30, 2013).

The cost of risk relating to corporate dealers was €6 million at June 30, 2014, that is an increase of €3 million compared with June 30, 2013, owing to an increase in provisions in respect of France, Italy and Spain.

1.3.3.4 Operating income

Operating income decreased by 13.1%, from €198 million at June 30, 2013 to €172 million at June 30, 2014. This drop stemmed from the reduction in net banking revenue, and was partially offset by the substantial fall in the cost of risk, while operating expenses for the period remained broadly stable.

1.3.3.5 Consolidated Net Income

Consolidated net income was €103 million at June 30, 2014, compared with €146 million at June 30, 2013, a decrease of €43 million.

Share in net income of associates and joint ventures accounted for by the equity method increased slightly to €5 million at June 30, 2014, compared with €4 million at June 30, 2013, reflecting the increased level of BPF's activity in China.

Corporate income tax was €72 million compared to €56 million in the first six months of 2013 (see Note 26.3 of the consolidated financial statements), amounting to an additional charge of €16 million, primarily due to:

- write-off, in full, of deferred tax assets on BPF loss carry forwards, in the amount of -€23 million;
- a favorable base effect of +€14 million and an unfavorable tax rate of -€3 million;
- other effects in the amount of -€4 million.

The corporate income tax rate increased to 28.8% of taxable income (compared to 27% in the first half of 2013) and was not impacted by write-offs of deferred tax assets on tax loss carry forwards not included in the calculation of the Group's effective tax rate.

1.4 Financial Position

1.4.1 Assets

1.4.1.1 General

General total assets amounted to €25,738 million at June 30, 2014, a 2.5% increase compared with €25,117 million at December 31, 2013. The large majority of our assets consist of outstanding customer loans.

1.4.1.2 Outstanding Loans

Total outstanding loans (including installment sales financing and lease contracts) were up by 2.7% at June 30, 2014, from €21,312 million at December 31, 2013 to €21,891 million at June 30, 2014. The increase was mainly attributable to corporate dealers loans. The following table presents outstanding loans by customer segment at June 30, 2014 and December 31, 2013.

OUTSTANDING LOANS BY CUSTOMER SEGMENT

(in million euros)	June 30, 2014	Dec. 31, 2013	% change
Corporate Dealers	6,297	5,550	+13.5
End user	15,594	15,762	-1.1
of which Retail	14,007	14,238	-1.6
of which Corporate and equivalent	1,587	1,524	+4.1
Total Customer Loans and Receivables	**21,891**	**21,312**	**+2.7**

The proportion of installment sales in the total Retail portfolio remained stable at 62%. Installment sales therefore represented €8,709 million and lease contracts €5,149 million at June 30, 2014.

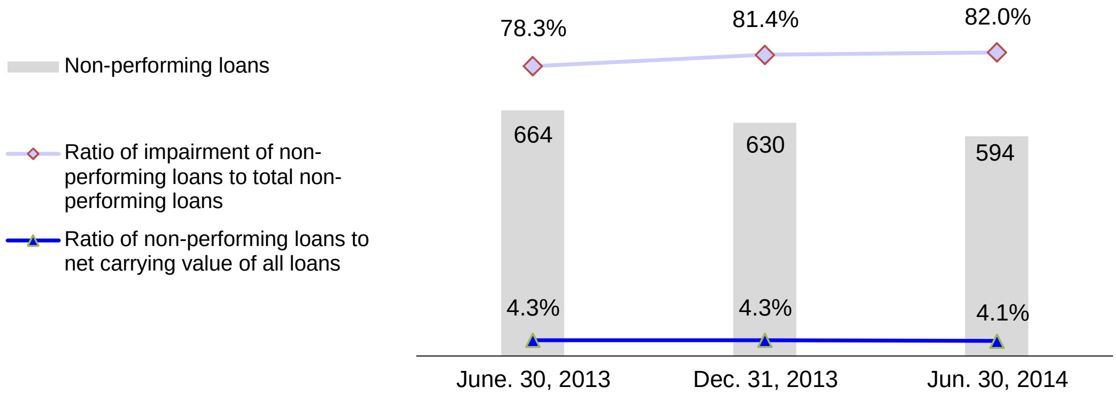
The overwhelming majority of the financing for corporate and equivalent customers consists of lease financing. The outstanding amount increased from €1,480 million as of December 31, 2013 to €1,548 million as of June 30, 2014.

OUTSTANDING LOANS BY REGION

	June 30, 2014			December 31, 2013		
(in million euros)	Corporate Dealers	End Users	Total	Corporate Dealers	End Users	Total
France	2,520	5,734	8,254	2,193	5,798	7,991
Western Europe (excluding France)	3,233	8,457	11,690	2,767	8,475	11,242
Central and Eastern Europe	225	344	569	212	335	547
Latin America	234	910	1,144	278	979	1,257
Rest of the world	85	149	234	100	175	275
Total	**6,297**	**15,594**	**21,891**	**5,550**	**15,762**	**21,312**

1.4.2 Impairment of non-performing loans

RETAIL NON-PERFORMING LOANS (IN MILLION EUROS)



The decline in non-performing loans in absolute terms continued, owing to:

- A considerable amount of corporate losses being recorded relating to the non-performing loan portfolio for 2009 (i.e. at the height of the financial crisis);
- Further amounts recovered on non-performing loans during the first half of the year;
- A lower number of new non-performing loans, thanks to the risk management measures taken in previous years, which are still ongoing;
- A decrease in the total volume of outstanding loans.

Similarly, the proportion of non-performing loans as a percentage of total outstanding loans has begun to fall, despite the drop in total outstanding loans.

The change in the coverage ratio of non-performing loans compared with June 30, 2013, is mainly due to a calculation adjustment made in the second half of 2013.

The coverage ratio of non-performing loans increased slightly between December 31, 2013 and June 30, 2014, principally because of the ageing outstanding stock of doubtful loans related to defaults caused by the financial crisis.

1.4.3 Refinancing Policy

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

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 2014, BPF drew on a number of sources of financing: Deposits (passbook savings accounts and DISTINGO “Fixe” term deposit accounts), bonds, securitizations, and syndicated backup credit lines and bilateral revolving credit lines. As a regulated credit institution, we also have access to sources of liquidity such as the European Central Bank (ECB).

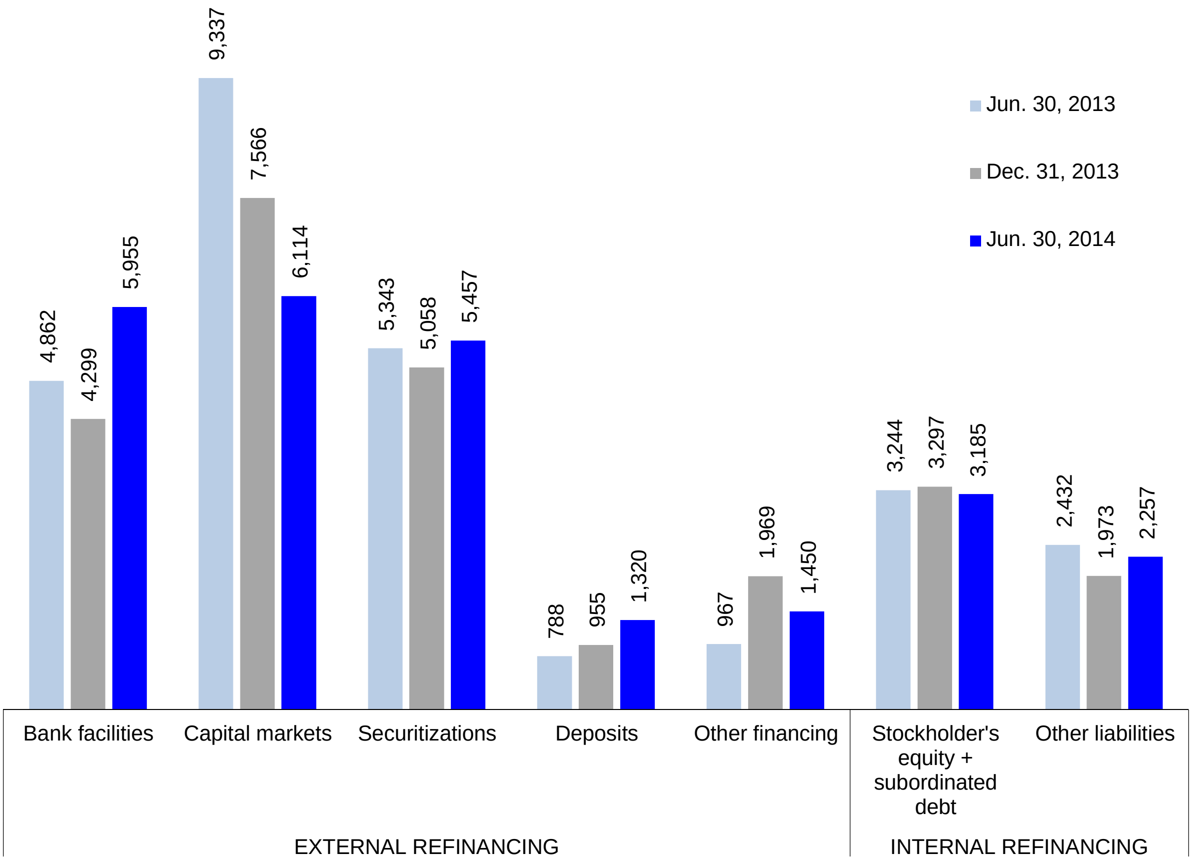
BPF continues to have access to financing from banks and on the capital markets in France and abroad (North America and Asia), in order to fund its activities. As part of its financing policy, it can seize market opportunities to refinance in advance and thus optimize its financing structure.

Moreover, BPF has a solid financial base in its reserves of liquidity, undrawn bilateral revolving credit lines, syndicated backup lines, a guarantee from the French State for its bond issues, and collateral eligible for European Central Bank financing (see Note 20.3 of the consolidated financial statements).

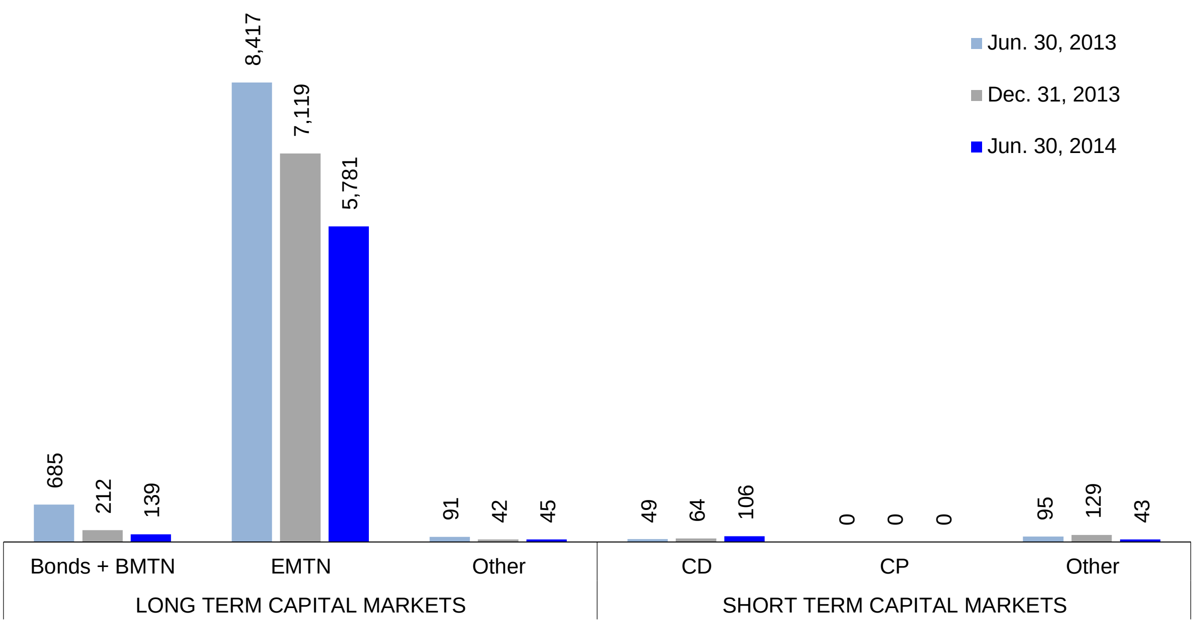
At June 30, 2014, 29% of the financing was provided by bank facilities, 30% by the capital markets, 27% by securitization transactions, 7% by “others financing” (including 5% from public origin), and 7% by the savings business launched in March 2013. At December 31, 2013, these sources provided 22%, 38%, 25%, 10% (from public origin), and 5% of our financing, respectively.

The following table and charts break down our financing by source of financing at June 30, 2014, December 31, 2013 and June 30, 2013.

SOURCES OF FINANCING (IN MILLION EUROS)
(EXCLUDING UNDRAWN CONFIRMED BANK CREDIT LINES)



CAPITAL MARKETS (IN MILLION 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.

The European Commission definitively approved the guarantee on July 29, 2013. A guarantee monitoring committee comprising five members, including representatives of the French government and the Group, monitors the proper operation of the guarantee.

Our outstanding short- and medium-term capital market financing stood at €6,114 million at June 30, 2014, compared with €7,566 million at December 31, 2013. Of these amounts, €1,500 million is covered by the French State guarantee.

Banque PSA Finance has renewed the bilateral bank credit lines in respect of the amounts drawn down, as well as the revolving credit lines that were due to expire in the first half of 2014. Those renewals allowed us to maintain our bank facilities. We had €5,955 million in outstanding bank loans at June 30, 2014 versus €4,299 million at December 31, 2013.

Moreover, the outstanding amount of loan securitizations (including the Brazilian FIDC) increased from €5,058 million at December 31, 2013 to €5,457 million at June 30, 2014. All of our securitization transactions are fully consolidated and carried on-balance sheet. Total receivables sold to securitization vehicles were €8,730 million at June 30, 2014 and €8,788 million at December 31, 2013 (see Note 8.3 of the consolidated financial statements).

In January 2014, the "Auto ABS 2012-3 FTA" installment sales securitization in Spain was amended for the purpose of authorizing a revolving period until the end of February 2015; this meant that the notional amount of the senior tranches was maintained at €668 million for 14 additional months. The maturity of the "ABS UK LOANS PLC" securitization was extended by 14 months. An increase in the amount of senior securities from £734 million to £776 million was carried out in April 2014.

In addition, structured financing with the ECB represented €1,050 million at June 30, 2014 (see Note 13 of the consolidated financial statements). This source of financing was used by BPF for an amount of €1,700 million at December 31, 2013.

The total amount of the assets deposited as collateral with the ECB amounted to €1,595 million at June 30, 2014, of which €556 million of customer receivables, compared with €2,957 million at December 31, 2013, of which €1,128 million of customer receivables (see Note 20.1 of the consolidated financial statement).

The renewal of the bank credit lines, in relation to the new savings business, securitizations, structured financing, and bond issues will ensure that BPF's funding needs are assured for at least the next 12 months, and until the close of the transactions with Santander Consumer Finance.

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1.4.4 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 June 30, 2014, financing with an original maturity of twelve months or more represented 76% of the total (versus 78% at December 31, 2013), 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 2014 is approximately 2.6 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 6 months of financing requirements. 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 June 30, 2014, the liquidity reserve (available liquid investments) represented €706 million (see Note 20.3 of the consolidated financial statements).

BPF holds undrawn committed credit facilities of €5,400 million including €3,216 million in syndicated backup lines (see Note 20.2 of the consolidated financial statements).

At June 30, 2014, these lines of syndicated security break down into four maturities, December 2014, December 2015, January 2016, and December 2016, respectively, for €70, €136, €1,216 and €1,794 million. They were concluded with groups of banks, comprised of leading banking institutions. These backup syndicated credit lines had not been drawn upon at June 30, 2014.

These credit facilities, active as of June 30, 2014, do not require BPF to adhere to obligations to establish sureties, or those governing default and similar clauses, beyond market practices. They imply, for BPF, the cancellation of these credit facilities, if Peugeot SA does not directly or indirectly hold a majority of the bank's outstanding shares. On these facilities, BPF must respect 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 June 30, 2014, BPF holds on its customers commitments in amounts totaling €1,317 million up from €1,257 million at December 31, 2013. In addition, the amount of guarantee commitments is €68 million versus €79 million at December 31, 2013 (see Note 20.1 of the consolidated financial statements).

1.4.5 Credit Ratings

Following the publication on February 19, 2014 of the 2013 annual results, Standard & Poor’s lowered on February 21, 2014 BPF's long-term rating from BB+ (negative outlook) to BB (stable outlook). On May 29, 2014, Moody’s lowered BPF's long-term rating outlook from Ba1 (stable outlook) to Ba1 (negative outlook).

Hence, the two current ratings stand at BB (stable 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 S.A., depending on the credit rating agencies.

However, the BPF bond issues that carry the French State guarantee have the same rating as France's sovereign bonds, i.e. AA from Standard & Poor’s and Aa1 from Moody’s.

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

1.4.6 Capital and 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, the 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 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 currently engaged in the process of validating its internal calculation methods in Brazil, 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.

In this context, EU Regulation 575/2013/EU and Directive 2013/36/EU of the European Parliament and Council introduced a new banking regulation applicable from January 1, 2014 for banks based in EU countries called the "CRD IV package".

This reform, which implements Basel III (the response of the Basel Committee to the financial crisis) is mainly aimed at:

- Increasing the level and quality of core tier 1 capital;
- Strengthening the prudential requirements concerning counterparty risk;
- Introducing a leverage ratio;
- Improving liquidity risk management by creating two liquidity ratios – the liquidity coverage ratio (LCR) and the net stable funding ratio (NSFR) – intended to cover funding needs over one month and one year respectively.

BPF's regulatory capital is now calculated in accordance with this new regulation. Therefore, the negative difference between the amount of impairment and expected losses (calculated using a statistical method) is now deducted directly from core tier 1 capital. When this difference is positive, it is added to the tier 2 capital within the limit of 0.6% of the weighted exposure obtained using the internal rating-based methods (IRBA and IRBF).

In light of the application of the new Basel III regulations, BPF confirms that it has a solid financial structure. As of March 31, 2014 our Basel III CRR/CRD IV capital ratio under pillar 1 was 13.85%. Basel III regulatory capital stood at €2,668 million, taking into account the deduction of the difference between recognized impairment and expected actual losses under the IRB approach (-€217 million), and capital requirements amounted to €1,541 million.

Since the consolidated prudential capital of the bank consists exclusively of ordinary shareholders' funds, the changes in the definition of core tier 1 capital resulting from the implementation of the above-mentioned CRR/CRD4 package has not had 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 accordance with the provisions of above-mentioned Regulation 575/2013/EU, as BPF's Basel III capital exceeds the 80% floor under Basel I, there are no additional capital requirements in relation to the Basel I floor.

The improvement in ratios, between Basel II and Basel III figures at December 31, 2013, is mainly explained by the change in treatment of consolidated or non-consolidated subsidiaries by the equity method to the prudential approach, as these were previously deducted from Basel II capital. Under Basel III, therefore, these amounts are no longer deducted from capital but are offset by a risk weighting of 250% in the calculation of risk weighted assets where they are below the regulatory thresholds, which was the case for BPF at December 31, 2013.

In addition, and as disclosed in annual result report 2013, BPF is one of the 128 “significant credit institutions” selected within the euro zone which might be directly supervised by the European Central Bank (“ECB”), and therefore participate to the Comprehensive Assessment process in the context of the Single Supervisory Mechanism. Asset Quality Review (“AQR”) and EBA Stress Tests are under progress, and results will be communicated by ECB as of end of October 2014, before ECB official european banking supervision starting on November 4, 2014 for all banking entities being part of Comprehensive Assessment process.

CAPITAL REQUIREMENTS

(in million euros)	**8 countries IRB** **Mar. 31, 2014[1]**	**8 countries IRB** **Dec. 31, 2013 Pro forma[1]**	**8 countries IRB** **Dec. 31, 2013[2]**
Credit risk			
Standard approach	530	506	457
Foundation internal ratings-based approach (IRBF)	415	421	437
Advanced internal ratings-based approach (IRBA)	459	459	495
Subtotal	**1,404**	**1,386**	**1,389**
Operational risk (standard approach)	137	137	137
Currency risk (structural currency position)	0	0	0
Total risk-weighted assets (A)	**1,541**	**1,523**	**1,526**
Equivalent risk base: (A)/0.08=(B)	19,265	19,037	19,075
Regulatory capital			2,687
Deductions from regulatory capital			-217
Basel tier 1 capital (C)	**2,668**	**2,673**	**2,470**
of which additional expected loss vs impairment under IFRS	**-217**	**-217**	
Capital adequacy ratio (Basel): (C)/(B)	**13.85%**	**14.04%**	**12.95%**

[1] The data presented comply with Basel III regulations.
[2] The data presented comply with Basel II regulations.

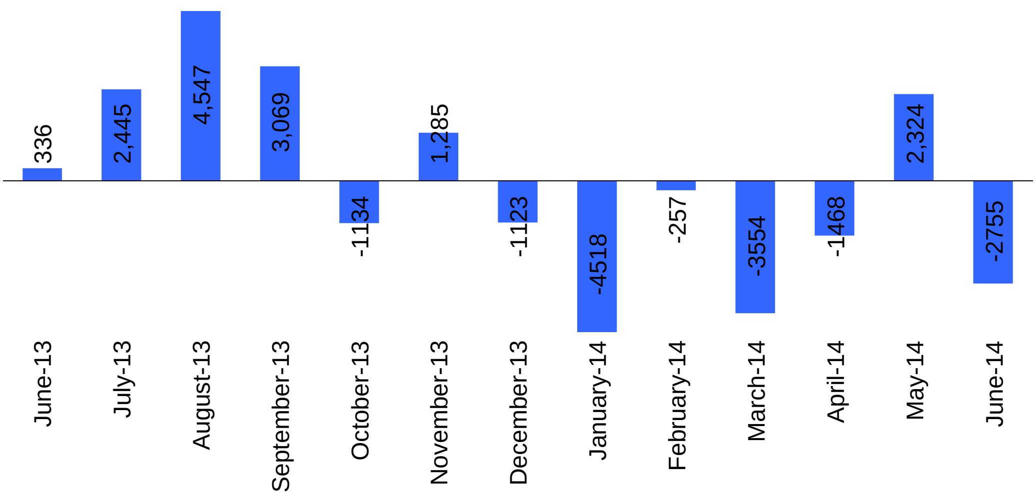
1.5 Risk Factors and Risk Management

The main risk factors to which BPF may be exposed, as well as the methods used to assess, control and monitor risks, are presented beginning on page 39 of the 2013 Annual Report (Section 1.6 Risk Factors and Risk Management) and include:

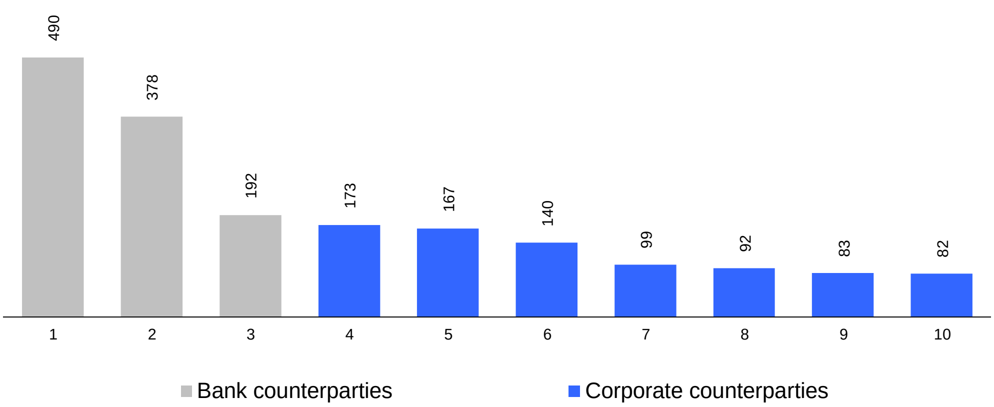
- Business Risk;
- Credit risk on the retail and corporate portfolios;
- Financial risks and market risk, with financial risks comprising liquidity risk, the interest rate risk on the loan portfolio, counterparty risk and currency risk;
- Risks related to securitization operations;
- Concentration Risk, which is tackled from three angles: Individual concentration of the credit portfolio, sector concentration related to corporate fleet and non-corporate fleet business customers, and concentration of bank refinancing granted to BPF;
- Operational, non-compliance and reputational risks;
- Specific risks related to the insurance business and services;
- Correlation between BPF and its shareholder

The risk factors and the ways in which they are managed are the same as those described for fiscal year 2013.

SENSITIVITY TO A 1-POINT INCREASE IN INTEREST RATES
(in thousands euros)



TOP TEN RISK-WEIGHTED EXPOSURES TO CREDIT RISK
(in million euros, excluding financing extended to PSA Peugeot Citroen Group entities)



1.6 Internal Control

In line with standard regulation CRBF 97-02 dealing with internal control levels of credit institutions, BPF'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.

1.6.1 Recurring Controls

1.6.1.1 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.

1.6.1.2 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.

1.6.2 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.

1.6.3 Oversight by Executive Management and the Board

The internal control system is overseen by executive management and the Board, namely the Board of Directors (particularly through the work of the Audit Committee) and the BPF Management Committee, in general, by holding dedicated meetings.

2

CONSOLIDATED STATEMENTS - JUNE 30, 2014

2.1 Consolidated Balance Sheet

(in million euros)	**June 30, 2014**	**Dec. 31, 2013**
Assets		
Cash, central banks, post office banks (Note 4)	43	466
Financial assets at fair value through profit or loss (Note 5)	565	783
Hedging instruments (Note 6)	52	89
Available-for-sale financial assets	9	10
Loans and advances to credit institutions (Note 7)	2,091	1,439
Customer loans and receivables (Notes 8, 25 and 27)	21,891	21,312
Fair value adjustments to finance receivables portfolios hedged against interest rate risks (Note 18.5)	29	23
Held-to-maturity investments	-	-
Current tax assets (Note 26.1)	29	43
Deferred tax assets (Note 26.1)	107	136
Accruals and other assets (Note 9)	670	563
Investments in associates and joint ventures accounted for using the equity method (Note 10)	87	83
Property and equipment	16	17
Intangible assets	66	70
Goodwill	83	83
Total assets (Note 27)	**25,738**	**25,117**

(in million euros)	**June 30, 2014**	**Dec. 31, 2013**
Equity and liabilities		
Central banks, post office banks	-	-
Financial liabilities at fair value through profit or loss (Note 11)	-	3
Hedging instruments (Note 12)	66	62
Deposits from credit institutions (Notes 13 and 27)	7,005	6,268
Due to customers (Note 14)	2,147	1,334
Debt securities (Notes 15 and 27)	11,571	12,624
Fair value adjustments to debt portfolios hedged against interest rate risks (Note 18.5)	93	107
Current tax liabilities (Note 26.1)	56	44
Deferred tax liabilities (Note 26.1)	395	411
Accruals and other liabilities (Note 16)	1,107	862
Liabilities related to insurance contracts (Note 17.1)	61	56
Provisions	52	49
Subordinated debt	-	-
Equity	3,185	3,297
- Equity attributable to equity holders of the parent	3,147	3,255
- Share capital and other reserves	835	835
- Consolidated reserves	2,484	2,610
- *Of which Net income - equity holders of the parent*	*97*	*223*
- Income and expenses recognized directly in Equity	(172)	(190)
- Minority interests	38	42
Total equity and liabilities (Note 27)	**25,738**	**25,117**

2.2 Consolidated Statement of Income

(in million euros)	June 30, 2014	June 30, 2013	Dec. 31, 2013
Net interest revenue on customer transactions (Note 27.2)	**707**	**716**	**1,446**
- Interest and other revenue on assets at amortized cost (Notes 21 and 27.3)	718	742	1,477
- Fair value adjustments to finance receivables hedged against interest rate risks (Note 18.5)	6	(49)	(62)
- Interest on hedging instruments	(16)	(40)	(69)
- Fair value adjustments to hedging instruments (Note 18.5)	(5)	50	63
- Interest expense on customer transactions	(4)	(8)	(8)
- Other revenue and expense	8	21	45
Net investment revenue (Note 27.2)	**7**	**7**	**15**
- Interest and dividends on marketable securities	6	7	14
- Fair value adjustments to assets valued using the fair value option (Note 18.6)	-	-	-
- Gains and losses on sales of marketable securities	1	-	1
- Investment acquisition costs	-	-	-
Net refinancing cost (Note 27.2)	**(369)**	**(351)**	**(737)**
- Interest and other revenue from loans and advances to credit institutions	3	6	14
- Interest on deposits from credit institutions (Note 22)	(126)	(110)	(216)
- Interest on debt securities (Note 23)	(182)	(229)	(446)
- Interest on passbook savings accounts	(18)	-	(27)
- Expenses related to financing commitments received	(68)	(55)	(129)
- Fair value adjustments to financing liabilities hedged against interest rate risks (Note 18.5)	14	88	120
- Interest on hedging instruments	36	49	94
- Fair value adjustments to hedging instruments (Note 18.5)	(15)	(89)	(122)
- Fair value adjustments to financing liabilities valued using the fair value option (Note 18.6)	-	-	-
- Debt issuing costs	(13)	(11)	(25)
Net gains and losses on trading transactions	**(2)**	**2**	**(3)**
- Interest rate instruments (Note 18.6)	(1)	2	(2)
- Currency instruments	(1)	-	(1)
Net gains and losses on available-for-sale financial assets	**-**	**-**	**-**
Margin on sales of Insurance services (Note 17.3)	**59**	**53**	**109**
- Earned premiums	76	70	145
- Paid claims and change in liabilities related to insurance contracts	(17)	(17)	(36)
Margin on sales of services	**24**	**31**	**61**
- Revenues	39	47	92
- Expenses	(15)	(16)	(31)
Net banking revenue (Notes 27.2 and 27.3)	**426**	**458**	**891**
General operating expenses (Note 24)	**(189)**	**(189)**	**(361)**
- Personnel costs	(75)	(75)	(149)
- Other general operating expenses	(114)	(114)	(212)
Depreciation and amortization of intangible and tangible assets	(11)	(9)	(28)
Gains and losses on investments in companies that can be consolidated and other disposals of fixed assets	(1)	(2)	(3)
Gross operating income	**225**	**258**	**499**
Cost of risk (Notes 25, 27.2 and 27.3)	**(53)**	**(60)**	**(131)**
Operating income (Notes 27.2 and 27.3)	**172**	**198**	**368**
Share in net income of associates and joint ventures accounted for using the equity method	5	4	8
Impairment on goodwill	-	-	-
Pension obligation - expense		-	-
Pension obligation - income	-	-	-
Other non-operating items	(2)	-	-
Pre-tax income	**175**	**202**	**376**
Income taxes (Notes 26.2 and 26.3)	(72)	(56)	(138)
Net income for the year	**103**	**146**	**238**
- of which minority interests	6	7	15
- of which attributable to equity holders of the parent	97	139	223
Earnings per share (in €)	*8.7*	*12.6*	*20.1*

2.3 Net Income and Income and Expenses Recognized Directly in Equity

(in million euros)	June 30, 2014 Before tax	June 30, 2014 Tax	June 30, 2014 After tax	June 30, 2013 Before tax	June 30, 2013 Tax	June 30, 2013 After tax	Dec. 31, 2013 Before tax	Dec. 31, 2013 Tax	Dec. 31, 2013 After tax
Net income	175	(72)	**103**	202	(56)	**146**	376	(138)	**238**
- of which minority interests			*6*			*7*			*15*
Recyclable in profit and loss elements									
Fair value adjustments to hedging instruments (1)(2)(3)	(1)	-	**(1)**	7	(2)	**5**	5	(2)	**3**
- of which revaluation reversed in net income	*(1)*	*-*	***(1)***	*(3)*	*1*	***(2)***	*(4)*	*1*	***(3)***
- of which revaluation directly by equity	*-*	*-*	***-***	*10*	*(3)*	***7***	*9*	*(3)*	***6***
Exchange difference	14	-	**14**	(48)	-	**(48)**	(86)	-	**(86)**
Total recyclable in profit and loss elements	13	-	**13**	(41)	(2)	**(43)**	(81)	(2)	**(83)**
- of which minority interests			*(4)*			*(2)*			*(6)*
Not recyclable in profit and loss elements									
Actuarial gains and losses on pension obligations	1	-	**1**	2	-	**2**	4	(1)	**3**
Total income and expenses recognized directly in Equity	14	-	**14**	(39)	(2)	**(41)**	(77)	(3)	**(80)**
- of which minority interests			*(4)*			*(2)*			*(6)*
Total net income and income and expenses recognized directly in Equity	189	(72)	**117**	163	(58)	**105**	299	(141)	**158**
- of which minority interests			*2*			*5*			*9*
- of which attributable to equity holders of the parent			*115*			*100*			*149*

(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, notably 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 June 30, 2014 amounted to €0.9 million (see Note 18.2).

(3) Including a €0.2 million gain due to hedging cross currency swaps' basis spread at June 30, 2014 (€10.1 million gain at June 30, 2013 and €9.2 million loss at December 31, 2013).

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, 2012	**177**	**340**	**318**	**2,665**	**(4)**	**(5)**	**(107)**	**3,384**	**38**	**3,422**
First IFRIC 21 application (2)				3				3		3
At January 1st, 2013	**177**	**340**	**318**	**2,668**	**(4)**	**(5)**	**(107)**	**3,387**	**38**	**3,425**
Dividends paid by:										
- Banque PSA Finance				(281)				(281)		(281)
- Other companies									(5)	(5)
Net income and income and expenses recognized directly in equity				139	5	2	(46)	100	5	105
At June 30, 2013	**177**	**340**	**318**	**2,526**	**1**	**(3)**	**(153)**	**3,206**	**38**	**3,244**
Net income and income and expenses recognized directly in equity				84	(2)	1	(34)	49	4	53
At December 31, 2013	**177**	**340**	**318**	**2,610**	**(1)**	**(2)**	**(187)**	**3,255**	**42**	**3,297**
Dividends paid by:										
- Banque PSA Finance				(223)				(223)		(223)
- Other companies				-					(6)	(6)
Net income and income and expenses recognized directly in equity				97		1	17	115	2	117
At June 30, 2014	**177**	**340**	**318**	**2,484**	**(1)**	**(1)**	**(170)**	**3,147**	**38**	**3,185**

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 standard IFRIC 21 "Levies" is compulsory as at January 1st, 2014 and retrospective (see Notes 2 and 3).

2.5 Consolidated Statement of Cash Flows

(in million euros)	June 30, 2014	June 30, 2013	Dec. 31, 2013
Income attributable to equity holders of Banque PSA Finance	**97**	**139**	**223**
Adjustments for:			
- Minority interests in income of subsidiaries	6	7	15
- Net income of associates accounted for using the equity method, net of dividends received	(5)	(4)	(8)
- Change in depreciation, amortization and other provisions	18	16	42
- Change in deferred taxes	14	(13)	15
- (Profit)/loss on disposals of assets	-	-	1
Funds from operations	**130**	**145**	**288**
Increase/decrease in:			
- loans and advances to credit institutions	(8)	164	(88)
- deposits from credit institutions	664	(2,144)	(1,667)
Change in customer loans and receivables	(450)	457	1,404
Increase/decrease in:			
- amounts due to customers	808	822	987
- financial assets at fair value through profit or loss	39	(82)	150
- financial liabilities at fair value through profit or loss	(2)	(1)	1
- hedging instruments	41	12	193
- debt securities	(1,126)	1,378	(653)
Change in working capital: assets	(101)	(43)	50
Change in working capital: liabilities	258	220	(196)
Net cash provided by operating activities	**253**	**928**	**469**
Acquisitions of shares in subsidiaries (see Note 10)	-	-	(30)
Proceeds from disposals of shares in subsidiaries	-	-	-
Investments in fixed assets	(9)	(11)	(20)
Proceeds from disposals of fixed assets	4	4	8
Effect of changes in scope of consolidation	-	-	-
Net cash used by investing activities	**(5)**	**(7)**	**(42)**
Dividends paid to PSA Peugeot Citroën Group	(228)	(286)	(286)
Dividends paid to minority interests	-	-	-
Capital increase	-	-	-
Net cash used by financing activities	**(228)**	**(286)**	**(286)**
Effect of changes in exchange rates	6	(8)	(6)
Net change in cash and cash equivalents	**26**	**627**	**135**
Cash and cash equivalents at the beginning of the period	**1,804**	**1,669**	**1,669**
Cash, central banks, post office banks	466	18	18
Mutual funds qualified as cash equivalents	200	649	649
Current account advances and loans and advances at overnight rates	1,138	1,002	1,002
Time accounts qualified as cash equivalents	-	-	-
Cash and cash equivalents at the end of the period	**1,830**	**2,296**	**1,804**
Cash, central banks, post office banks (Note 4)	43	621	466
Mutual funds qualified as cash equivalents (Note 5)	14	1	200
Current account advances and loans and advances at overnight rates (Note 7)	1,123	1,504	1,138
Time accounts qualified as cash equivalents (Note 7)	650	170	-

2.6 Notes to the Consolidated Financial Statements

Notes

Note 1 Main Events of the period and Group Structure

A. Main Events of the period

Banque PSA Finance's refinancing

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.

A guarantee monitoring committee comprising five members, including representatives of the French State and the Group, monitors the proper operation of the guarantee. Out of €6,114 million total debt issued at June 30, 2014, the State-guaranteed bonds amounted €1,500 million, compared to respectively €7,566 million and €1,200 million at December 31, 2013 (see Note 15).

In H1 2014, Banque PSA Finance obtained the renewal of its maturing bilateral bank credit lines. These renewals enabled Banque PSA Finance to maintain its bank facilities in H1 2014. At June 30, 2014, drawn amounts reached €5,955 million compared to 4,299 million at December 31, 2013 (see Note 13).

In parallel, structured financing with the ECB represented €1,050 million at June 30, 2014 (see Note 13). Banque PSA Finance used this source of financing for an amount of €1,700 million at December 31, 2013. The total amount of assets deposited as collateral with the ECB stood at €1,595 million at June 30, 2014, of which €556 million of customer receivables, compared to €2,957 million at December 31, 2013, of which €1,128 million of customer receivables (see Note 20.1).

In addition, the outstanding amount of loan securitizations (including the Brazilian FIDC) increased from €5,058 million at December 31, 2013 to €5,457 million at June 30, 2014 (including accrued interests, see Note 15.1). Total receivables sold to securitization vehicles were €8,730 million at June 30, 2014 and €8,788 million as of December 31, 2013 (see Note 8.3).

The "DISTINGO" interest-bearing passbook savings account for retail clients in France increased from €955 million in total funds at December 31, 2013 to €1,275 million at June 30, 2014.
On March 24, 2014, the "Fixe" Term Deposit Account was launched. Reserved for Distingo passbook savings account holders, it has a 24 months maturity and offers an attractive interest rate. Since its launch three months ago, the Term Deposit Account has been quite successful generating approximately €45 million with 1,496 customers or an average invested amount of €30 thousands as at the end of June 2014.
The development strategy of Distingo passbook savings and Distingo "Fixe" Term Deposit enables Banque PSA Finance to fulfill market's expectations and continue at the same time a diversified refinancing policy.

Thanks to those different funding sources, Banque PSA Finance is in a position to cover its refinancing needs for the next twelve months at least, and until the closing of the transactions with Santander Consumer Finance (see Note 20.4).

Signing of a Framework Agreement between Banque PSA Finance and Santander Consumer Finance

Following exclusive negotiations entered into on February 19, 2014, Banque PSA Finance and Santander Consumer Finance ("Santander CF") announced the signing of a binding Framework Agreement on July 10, 2014, which will establish a partnership between the two groups in eleven European countries.

This partnership between Banque PSA Finance and Santander CF, the consumer finance division of Banco Santander, will take the form of dedicated local partnerships in most countries, or, in some juridictions, of commercial agreements. The partnership would enhance commercial capabilities for PSA Peugeot Citroën's brands enabling them to increase their penetration of the car finance market. It would also create a dynamic and sustainable financing activity for Banque PSA Finance, thanks to competitive offers dedicated to PSA Peugeot Citroën's brands and customers. The contemplated perimeter of the transaction would cover approximately 90% of Banque PSA Finance's current activities.

The transaction received the favorable opinion from respectively the PSA Peugeot Citroën and Banque PSA Finance's work councils. The partnership is subject to the approval of competent competition authorities as well as the banking regulatory authorities in the main European countries. Subject to these reservations, the closing of the transaction would then be expected to occur in the course of 2015 and in early 2016. The new joint ventures would be accounted for using the equity method by Banque PSA Finance. By 2018, this partnership should result in a positive cash impact of up to €1.5 billion for PSA Peugeot Citroën Group.

B. Changes in Group Structure

In February 2014, Banque PSA Finance's German branch repurchased the loans sold in 2010 to the Auto ABS 2010-1 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 June 2014, the entity PSA Finance S.C.S, 100%-owned by Banque PSA Finance, was liquidated, without any impact on the consolidated financial statements of Banque PSA Finance Group.

In June 2014, the subsidiary Retail Prod Zrt was created in Hungary to host the Retail financing activity, transferred by the current subsidiary in Hungary PSA Finance Hungaria Zrt, 97.56%-owned by PSA Financial Holding B.V., itself wholly-owned by Banque PSA Finance, and 2.44%-owned by Banque PSA Finance. The new subsidiary is also 97.56%-owned by PSA Financial Holding B.V. and 2.44%-owned by Banque PSA Finance, and has been fully consolidated since June 2014. As a consequence, this transfer had no impact on the consolidated financial statements of Banque PSA Finance.
The new subsidiary is going to be sold by the end of H2 2014. As this operation is not material for Banque PSA Finance Group, it does not fall within the scope of IFRS 5.

Note 2 Accounting Policies

The interim consolidated financial statements for the six months ended June 30, 2014 have been prepared in accordance with IAS 34 – Interim Financial Reporting, which allows to present a selection of explanatory notes. The condensed interim consolidated financial statements should be red and understood in conjunction with the 2013 consolidated financial statements.

The accounting principles applied to prepare the interim consolidated financial statements for the six months ended June 30, 2014, are identical to those used to prepare the 2013 consolidated financial statements, with the exception of the application of new compulsory standards and interpretations, see section: “New compulsory standards and interpretations applicable on January 1, 2014”.

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).

New compulsory standards and interpretations applicable on January 1, 2014

The new texts, whose application is compulsory in the fiscal year commencing January 1, 2014 and applied by Banque PSA Finance are the following:

- IFRS 10 – Consolidated Financial Statements, and **the amendment to IAS 27** – Separate Financial Statements, which replaces 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 replaces **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 » are 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 », are 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. Application of this standard gives rise to two new notes: Note 10.2 – Detailed information on Associates - Joint Ventures and Note 28 – Information on subsidiaries held by significant minority interests.

- Amendment to IAS 32 - Financial Instruments: Offsetting Financial Assets and Financial Liabilities. This text clarifies the rules for offsetting as described in the existing IAS 32. This amendment is effective for annual periods beginning on or after January 1, 2014 and is required to be applied retrospectively. Banque PSA Finance has been applying this since the 2013 annual consolidated financial statements.

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

The following texts do not impact significantly Banque PSA Finance:

- Amendments to IAS 36 – Recoverable Amount Disclosures for Non-financial Assets. These amendments address the disclosure of information about the recoverable amount of non-financial assets.

- Amendments to IFRS 10, IFRS 11 and IFRS 12 – Transition Guidance. These amendments clarify the transition guidance in IFRS 10 and give additional transition relief, limiting the requirement to provide adjusted comparative information to only the preceding comparative period.

- Amendments to IFRS 10, IFRS 12 and IAS 27 – Investment Entities.

Standards adopted by the European Union on June 30, 2014 and applied by anticipation

- **Interpretation IFRIC 21** – Levies. This text specifies when provisions to pay a levy imposed by the government should be recognized according to IAS 37 “Provisions, Contingent Liabilities and Contingent Assets”.

This text was adopted by the European Union at June 13, 2014 and is effective for annual periods beginning on or after June 17, 2014.

PSA and therefore Banque PSA Finance decided to apply this interpretation starting from 1 January 2014. This standard is required to be applied retrospectively and then has impact on the 2013 consolidated financial statements.

The impacts of the first application of Interpretation IFRIC 21 are disclosed in Note 3.

According to IFRIC 21, the following taxes are now booked upfront during the 1st semester of the year in progress:

- Systemic risk Bank tax;
- ACPR control fees contribution;
- Firms’ solidarity social contribution.

Standards whose application was not compulsory in the European Union on January 1, 2014

All IFRS standards published by IASB, whose application was compulsory in the fiscal year commencing January 1, 2014 are the same as those adopted by the European Union and whose application was compulsory in the European Union, except for:

- IAS 39, only partially adopted by the European Union. The non adopted part had no impact on Banque PSA Finance's consolidated financial statements.

Potential impact of texts published by IASB and IFRIC with compulsory application in the European Union from the period after January 1st, 2014, or not yet adopted by the European Union is currently being analyzed; such is especially the case for:

- **IFRS 9** – Financial Instruments which is intended to replace IAS 39 – Financial Instruments. This project combines three phases which concern classification and measurement, impairment and hedge accounting of financial instruments. These texts will be applicable simultaneously; they have not yet been finalized and therefore not yet adopted by the European Union on June 30, 2014; their endorsement has been postponed as well their first application date, forecasted on 1 January 2018, according to IASB.

Other standards do not have significant impact on Banque PSA Finance.

The consolidated financial statements include the financial statements of Banque PSA Finance and the French and foreign companies in the Banque PSA Finance Group. The individual 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.

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

The interim consolidated financial statements and notes for Banque PSA Finance Group as at June 30, 2014 were approved by the Board of Directors on July 28, 2014.

Note 3 Changes to Financial Statements Previously Reported

Interpretation IFRIC 21 - Levies

Application of the Interpretation IFRIC 21 - Levies, has been applied by anticipation by Banque PSA Finance in the fiscal year commencing January 1st, 2014 (See Note 2).

Due to the retrospective application of this standard, the 2013 financial statements were restated in compliance with the new principles for comparison.

The main effect on the consolidated financial statements at January 1st, 2013 was a €3 million increase in equity arising from a €4 million canceling in the allowance for accrued liabilities on the solidarity social contribution in 2013 (a positive €4 million) and the deferred taxes (a negative €1 million).

The impact on the Group's consolidated financial statements as at June 30, 2013 is a €5 million reduction in net income (a negative €7 million before taxes) from the reversal of the prepaid expenses' spread over 2013 concerning:

- the systemic risk Bank tax (a negative €4 million);
- the solidarity social contribution (a negative €2 million);
- the APCR control fees contribution (a negative €1 million).

As at December 31, 2013 the impact on the profit and loss is not material.

The impacts of restatements in the 2013 consolidated financial statements were the following:

Balance Sheet

(in million euros)	Dec. 31, 2013 proforma	Dec. 31, 2013 published	2013 annual impact	Impact at January 1st, 2013
Equity and liabilities				
Deferred tax liabilities	411	410	-	1
Accruals and other liabilities	862	866	-	(4)
of which Accrued charges	*161*	*165*	*-*	*(4)*
Equity	3,297	3,294	-	3
- Equity attributable to equity holders of the parent	3,255	3,252	-	3
- Share capital and other reserves	835	835	-	-
- Consolidated reserves	2,387	2,384	-	3
- Net income - equity holders of the parent	223	223	-	-
- Income and expenses recognized directly in Equity	(190)	(190)	-	-
- Minority interests	42	42	-	-
Total equity and liabilities	**25,117**	**25,117**	**-**	**-**

Consolidated Statement of Income

(in million euros)	June 30, 2013 proforma	June 30, 2013 published	June 2013 impact
Net banking income	**458**	**458**	**-**
General operating expenses	**(189)**	**(182)**	**(7)**
- Personnel Cost	(75)	(75)	-
- Other general operating expenses	(114)	(107)	(7)
Depreciation and amortization of intangible and tangible assets	(9)	(9)	-
Gains and losses on investments in companies that can be consolidated and other disposals of fixed assets	(2)	(2)	-
Gross operating income	**258**	**265**	**(7)**
Cost of risk	**(60)**	**(60)**	**-**
Operating income	**198**	**205**	**(7)**
Share in net income of associates and joint ventures accounted for using the equity method	4	4	
Pre-tax income	**202**	**209**	**(7)**
Income taxes	(56)	(58)	2
Net income for the year	**146**	**151**	**(5)**
- of which minority interests	7	7	-
- of which attributable to equity holders of the parent	139	144	(5)

(in million euros)	Dec. 31, 2013 proforma	Dec. 31, 2013 published	2013 impact
Net banking income	**891**	**891**	**-**
General operating expenses	**(361)**	**(361)**	**-**
- Personnel Cost	(149)	(149)	-
- Other general operating expenses	(212)	(212)	-
Depreciation and amortization of intangible and tangible assets	(28)	(28)	-
Gains and losses on investments in companies that can be consolidated and other disposals of fixed assets	(3)	(3)	-
Gross operating income	**499**	**499**	
Cost of risk	**(131)**	**(131)**	
Operating income	**368**	**368**	
Share in net income of associates and joint ventures accounted for using the equity method	8	8	
Pre-tax income	**376**	**376**	**-**
Income taxes	(138)	(138)	-
Net income for the year	**238**	**238**	**-**
- of which minority interests	15	15	-
- of which attributable to equity holders of the parent	223	223	-

Note 4 Cash, Central Banks, Post Office Banks

(in million euros)	**June 30, 2014**	**Dec. 31, 2013**
Cash and post office banks	2	3
Central banks (1)	41	463
- of which compulsory reserves deposited with the Banque de France	*24*	*20*
Total	**43**	**466**

(1) *The reserves deposited with the central banks are included in Banque PSA Finance Group's liquidity reserve (see Note 20.3).*

Note 5 Financial Assets at Fair Value Through Profit or Loss

(in million euros)	**June 30, 2014**	**Dec. 31, 2013**
Marketable securities	564	781
- Mutual funds	108	279
- Mutual funds qualified as cash equivalents (1)	14	200
- Units held by insurance companies	93	79
- Certificates of deposit	456	502
- of which held by securitization funds	*455*	*487*
- Other	-	-
Fair value adjustments	-	-
Marketable securities booked at fair value through profit or loss	**564**	**781**
- of which accrued interest	-	-
Foreign exchange hedging instruments	**1**	**-**
- Related companies	*1*	-
Accrued interest on trading derivatives (2)	**-**	**1**
Fair value of trading derivatives (2)	**-**	**1**
Total	**565**	**783**

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 20.3).*

(2) *Only a restricted number of swaps are classified as held for trading and have a limited impact on the income statement (see Note 18.6). See the detail of these swaps in Note 18.1, footnote (1).*

Note 6 Hedging Instruments - Assets

6.1 Analysis by Nature

(in million euros)	June 30, 2014	Dec. 31, 2013
Adjustment accounts - commitments in foreign currencies (1)	**14**	**35**
- of which related companies	-	-
Accrued income on swaps designated as hedges	**87**	**136**
- of which related companies	-	-
Positive fair value of instruments designated as hedges of:	**116**	**135**
- Borrowings	2	3
- EMTNs/BMTNs	92	108
- of which due to hedging cross currency swaps' basis spread	*(1)*	*(2)*
- Bonds	16	17
- Certificates of deposit	-	-
- Other debts securities	-	-
- Customer loans (Installment contracts, Buyback contracts and Long-term leases)	6	7
- Variable rate EMTN (Cash Flow Hedge - see Note 18.3)	-	-
Offsetting positive fair value and received margin calls (see Note 6.2)	**(165)**	**(217)**
Total	**52**	**89**

Fair value is determined by applying valuation techniques based on observable market data (level 2).
Fair Value Hedge effectiveness is analysed in Note 18.5.

(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 12 and 18.4.A).

6.2 Offsetting swaps with margin call designated as hedges - Assets

For 2014

(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	**103**	**(16)**	**87**	**-**	**87**
- Swaps with margin call	103	(16)	87	-	**87**
- Swaps without margin call	-	-	-	-	**-**
Positive fair value	**634**	**(518)**	**116**	**-**	**116**
- Swaps with margin call	625	(518)	107	-	**107**
- Swaps without margin call	9	-	9	-	**9**
Offsetting	-	-	-	(165)	**(165)**
Total assets	**737**	**(534)**	**203**	**(165)**	**38**
Margin calls received on swaps designated as hedges (deferred income - see Note 16)	-	-	171	(165)	**6**
Total liabilities	**-**	**-**	**171**	**(165)**	**6**

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 16)	-	-	230	(217)	**13**
Total liabilities	**-**	**-**	**230**	**(217)**	**13**

Note 7 Loans and Advances to Credit Institutions

Analysis of Demand and Time Accounts

(in million euros)	June 30, 2014	Dec. 31, 2013
Demand accounts (non-group institutions)	**1,123**	**1,138**
- Ordinary accounts in debit	822	776
- of which held by securitization funds	*216*	*246*
- Cash receivables for securities to be delivered	300	-
- Loans and advances at overnight rates (1)	1	362
Time accounts (non-group institutions)	**967**	**300**
- Time accounts qualified as cash equivalents (2)	650	-
- Subordinated loans (3)	42	42
- Time accounts held by securitization funds	270	211
- Other	5	47
Accrued interest	**1**	**1**
Total	**2,091**	**1,439**

(1) *Corresponding to interbank loans included in Banque PSA Finance Group's liquidity reserve (see Note 20.3).*

(2) *Time accounts qualified as cash equivalents are included in Banque PSA Finance Group's liquidity reserve (see Note 20.3).*

(3) *Concerning the Belgian collateralization.*

Note 8 Customer Loans and Receivables

8.1 Analysis by Type of Financing

(in million euros)	June 30, 2014	Dec. 31, 2013
Installment contracts	**8,788**	**8,888**
- of which securitized (1)	*4,802*	*4,877*
Buyback contracts (2)	**2,037**	**2,083**
Principal and interest	2,327	2,379
- of which securitized (1)	*1,232*	*1,229*
Unaccrued interest on buyback contracts	(290)	(296)
- of which securitized (1)	*(176)*	*(175)*
Long-term leases (2)	**4,841**	**4,803**
Principal and interest	5,266	5,243
- Related companies	-	-
- Non-group companies	5,266	5,243
- of which securitized (1)	*1,632*	*1,764*
Unaccrued interest on long-term leases	(371)	(376)
- of which securitized (1)	*(151)*	*(151)*
Leasing deposits	(54)	(64)
- of which securitized (1)	*(7)*	*(7)*
Wholesale financing	**5,201**	**4,495**
Principal and interest	5,297	4,567
- Related companies	110	89
- Non-group companies	5,187	4,478
- of which securitized (1)	*1,398*	*1,251*
Wholesale financing deposits	(96)	(72)
- Related companies	(75)	(67)
- Non-group companies	(21)	(5)
Other finance receivables (including equipment loans, revolving credit)	**867**	**858**
Ordinary accounts in debit	**155**	**150**
- Related companies	-	1
- Cash pooling (3):		
- Before offsetting	213	37
- Offsetting	(213)	(37)
- Other	-	1
- Non-group companies	155	149
Deferred items included in amortized cost - Customers loans and receivables	**2**	**35**
- Deferred acquisition costs	407	409
- Deferred loan set-up costs	(99)	(102)
- Deferred manufacturer and dealer contributions	(306)	(272)
Total Loans and Receivables at Amortized Cost	**21,891**	**21,312**
- of which securitized (1)	*8,730*	*8,788*
- of which loans and receivables given as collateral (4)	*655*	*1,426*

(1) The Banque PSA Finance Group has set up several securitization programs (see Note 8.3).

(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 and liability amounts are offset in accordance with IAS 32 (see Note 14).

(4) Corresponding to receivables given as collateral at June 30, 2014 (see Note 20.1):

- *€556 million to the ECB,*
- *and €99 million to credit institutions: €130 million by the Italian branch and €39 million by the Belgian subsidiary.*

8.2 Customer Loans and Receivables by Segment

IFRS 8 Segment / Type of financing	Corporate Dealers (A - see B Note 25.1)		End user: Retail (B - see A Note 25.1)		End user: Corporate and equivalent (C - see C Note 25.1)		Total	
(in million euros)	June 30, 2014	Dec. 31, 2013	June 30, 2014	Dec. 31, 2013	June 30, 2014	Dec. 31, 2013	June 30, 2014	Dec. 31, 2013
Installment contracts	30	25	8,709	8,809	49	54	8,788	8,888
Buyback contracts	41	44	1,898	1,958	98	81	2,037	2,083
Long-term leases	140	122	3,251	3,282	1,450	1,399	4,841	4,803
Wholesale financing	5,201	4,495	-	-	-	-	5,201	4,495
Other finance receivables	741	725	124	131	2	2	867	858
Ordinary accounts in debit	154	149	-	-	1	1	155	150
Deferred items included in amortized cost	(10)	(10)	25	58	(13)	(13)	2	35
Total customer loans by segment (based on IFRS 8)	**6,297**	**5,550**	**14,007**	**14,238**	**1,587**	**1,524**	**21,891**	**21,312**

8.3 Securitization programs

(in million euros)						Sold receivables		
Country of Seller	**Seller**	**Fund**	**Country of Fund**	**Date of Sale**	**Type of Financing**	**at June 30, 2014**	**at Dec. 31, 2013**	**at the origin**
France	Crédipar	Auto ABS 2011-1	France	July 07, 2011	Installment contracts	358	518	1,050
		Auto ABS 2012-1	France	July 12, 2012	Buyback contracts (1)	1,056	1,054	1,080
		Auto ABS French Loans Master	France	First sale on Nov. 29, 2012 (2)	Installment contracts	493	324	N/A
		Auto ABS 2013-2	France	June 7, 2013	Installment contracts	475	476	495
		Auto ABS2 2013-A	France	Oct. 31, 2013	Long-term leases (3)	715	709	735
	Sofira	Auto ABS DFP Master Compartment France 2013	France	First sale on Apr. 09, 2013 (2)	Wholesale financing	1,095	958	N/A
Germany	Banque PSA Finance's branch	Auto ABS 2010-1	France	Nov. 18, 2010	Long-term leases (3)	-	174	680
		Auto ABS German Loans 2011-2	France	Nov. 15, 2011	Installment contracts	400	556	800
		Auto ABS 2013-1	France	May 04, 2013	Long-term leases (3)	464	472	478
		Auto ABS German Lease Master	France	First sale on Oct. 10, 2013 (2)	Long-term leases (3)	60	20	N/A
		Auto ABS DFT Master Compartment Germany 2013	France	First sale on Nov. 07, 2013 (2)	Wholesale financing	303	293	N/A
		Auto ABS German Loans Master	France	First sale on Nov. 13, 2013 (2)	Installment contracts	344	221	N/A
Spain	Banque PSA Finance's branch	Auto ABS 2012-3	Spain	Nov. 23, 2012	Installment contracts	774	774	800
Italy	Banque PSA Finance's branch	Auto ABS S.r.l. 2012-2	Italy	Oct. 17, 2012	Installment contracts	262	357	621
United Kingdom	Banque PSA Finance's branch	Auto ABS UK Loans PLC	United Kingdom	Dec. 6, 2012	Installment contracts	1,374	1,243	1,331
Switzerland	PSA Finance Suisse S.A.	Auto ABS Swiss Leases 2013 GmbH	Switzer-land	Nov. 21, 2013	Long-term leases (3)	235	231	245
Brazil	Banco PSA Finance Brasil S.A.	FIDC	Brazil	First sale on April 13, 2010 (4)	Installment contracts	322	408	N/A
Assigned loans, total						**8,730**	**8,788**	

The French, Spanish, Italian, Swiss, British funds and the Brazilian FIDC are special purpose entities that are fully consolidated, as Banque PSA Finance holds the power and 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 9 Accruals and Other Assets

(in million euros)	June 30, 2014	Dec. 31, 2013
Other receivables	**332**	**336**
- Related companies	121	113
- Non-group companies	211	223
Prepaid and recoverable taxes	**61**	**47**
Accrued income	**23**	**23**
- Related companies	1	-
- Non-group companies	22	23
- of which insurance activities	*18*	*18*
Prepaid expenses	**54**	**56**
- of which margin calls paid on swaps designated as hedges (1)	*2*	*3*
Other	**200**	**101**
- Related companies	4	10
- Non-group companies	196	91
Total	**670**	**563**

(1) At June 30, 2014, the margin calls paid on swaps designated as hedges were offset with the negative fair value for an amount of €17 million, compared to €22 million at December, 31, 2013 (see Note 12.2).

Note 10 Investments in Associates and Joint Ventures Accounted for Using the Equity Method

10.1 Investments

(in million euros)	June 30, 2014	Dec. 31, 2013
At the beginning of the period	**83**	**46**
Share in net income	5	8
Capital increase (1)	-	30
Change in Group structure	-	-
Goodwill	-	-
Exchange difference	(1)	(1)
At the end of the period	**87**	**83**
- of which goodwill (2)	*5*	*5*

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

(2) 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).
According to IFRS 11, this subsidiary is a joint venture and was consequently accounted for using the equity method. The goodwill was added to the carrying amount of the investment presented in “Investments in Associates and Joint Ventures Accounted for using the Equity Method”.

10.2 Detailed information about Associates - Joint ventures

This information is given acoording to IFRS 12 and concerns:

Dongfeng Peugeot Citroën Auto Finance Company Ltd
Beijing, China
Percentage of the equity method: 50%

10.2.1 Fully financial information after Group standard adjustments

Key Balance Sheet Items

(in million euros)	June 30, 2014	Dec. 31, 2013
Customer loans and receivables	1,128	904
Other assets	15	60
Total assets	**1,143**	**964**
Refinancing	810	712
Other liabilities	168	95
Equity	165	157
Total equity and liabilities	**1,143**	**964**

Key Income Statement Items

(in million euros)	June 30, 2014	30.06.2013	Dec. 31, 2013
Net banking revenue	**22**	**17**	**38**
General operating expenses	(7)	(6)	(14)
Gross operating income	**15**	**11**	**24**
Cost of risk	(1)	-	(2)
Operating income	**14**	**11**	**22**
Income taxes	(4)	(3)	(6)
Net income for the year	**10**	**8**	**16**

10.2.2 Statement of changes from 100% Equity to equity method

(in million euros)	Equity before equity method	Percentage of equity method	Share of profit of equity method	Elimination of shareholder's equity	Goodwill	Equity after equity method	*of which exchange difference*
Equity at December 31, 2012	**82**	**50%**	**41**	**(35)**	**5**	**11**	***3***
Net income of the period	8		4			4	
Exchange difference	2		1			1	*1*
Equity at June 30, 2013	**92**	**50%**	**46**	**(35)**	**5**	**16**	***4***
Net income of the period	8		4			4	
Capital increase	61		30	(30)		-	
Exchange difference	(4)		(2)			(2)	*(2)*
At December 31, 2013	**157**	**50%**	**78**	**(65)**	**5**	**18**	***2***
Net income of the period	10		5			5	
Exchange difference	(2)		(1)			(1)	*(1)*
At June 30, 2014	**165**	**50%**	**82**	**(65)**	**5**	**22**	***1***

(1) Elimination of shareholder's equity up to the value of the shares owned by PSA Finance Nederland B.V.

10.2.3 Consolidated balance sheet items after equity method

(in million euros)	June 30, 2014	Dec. 31, 2013
Investments in associates and joint ventures accounted for using the equity method	87	83
Total assets	**87**	**83**
Equity		
- Elimination (1)	65	65
- Consolidated reserves - equity holders of the parent	22	18
Total equity and liabilities	**87**	**83**

(1) Elimination of shareholder's equity up to the value of the shares owned by PSA Finance Nederland B.V.

Note 11 Financial Liabilities at Fair Value Through Profit or Loss

(in million euros)	**June 30, 2014**	**Dec. 31, 2013**
Accrued expense on trading derivatives (1)	-	2
Fair value of trading derivatives (1)	-	1
Total	**-**	**3**

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 18.6). See the detail of these swaps in Note 18.1, footnote (1).*

Note 12 Hedging Instruments - Liabilities

12.1 Analysis by Nature

(in million euros)	June 30, 2014	Dec. 31, 2013
Adjustment accounts - commitments in foreign currencies (1)	**17**	**3**
- of which related companies	*17*	*3*
Accrued expenses on swaps designated as hedges	**25**	**40**
- of which related companies	*2*	*4*
Negative fair value of instruments designated as hedges of:	**41**	**41**
- Borrowings	-	-
- EMTNs/BMTNs	-	3
- Bonds	16	17
- Certificates of deposit	-	-
- Customer loans (Installment contracts, Buyback contracts and Long-term leases)	25	21
- Variable rate EMTN (Cash Flow Hedge - see Note 18.3)	-	-
Offsetting negative fair value and paid margin calls (see Note 12.2)	**(17)**	**(22)**
Total	**66**	**62**

Fair value is determined by applying valuation techniques based on observable market data (level 2).
Fair Value Hedge effectiveness is analysed in Note 18.5.

(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 and 18.4.A).*

12.2 Offsetting swaps with margin call designated as hedges - Liabilities

For 2014

(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	**(5)**	**30**	**25**	**-**	**25**
- Swaps with margin call	(5)	27	22	-	**22**
- Swaps without margin call	-	3	3	-	**3**
Negative fair value	**(32)**	**73**	**41**	**-**	**41**
- Swaps with margin call	(32)	66	34	-	**34**
- Swaps without margin call	-	7	7	-	**7**
Offsetting	-	-	-	(17)	**(17)**
Total liabilities	**(37)**	**103**	**66**	**(17)**	**49**
Margin calls paid on swaps designated as hedges (prepaid expenses - see Note 9)	-	-	19	(17)	**2**
Total assets	**-**	**-**	**19**	**(17)**	**2**

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 9)	-	-	25	(22)	**3**
Total assets	**-**	**-**	**25**	**(22)**	**3**

Note 13 Deposits from Credit Institutions

Analysis of Demand and Time Accounts

(in million euros)	June 30, 2014	Dec. 31, 2013
Demand deposits (non-group institutions)	**216**	**88**
- Ordinary accounts in credit	140	85
- Accounts and deposits at overnight rates		
- Drawdowns on revolving bilateral credit lines (see Note 20.2)	62	-
- Other	13	2
- Other amounts due to credit institutions	1	1
Accrued interest	**-**	**-**
Time deposits (non-group institutions)	**6,763**	**6,176**
- Conventional bank deposits	1,940	1,933
- Drawdowns on syndicated term loan (see Note 20.2)	2,999	1,800
- Drawdowns on revolving bilateral credit lines (see Note 20.2)	732	397
- of which deposits from the Italian collateralization (see Note 20.1)	*100*	*50*
- Drawdowns in the framework of the Belgian collateralization (see Note 20.1)	42	77
- Drawdowns on repo with Deutsche Bank	-	-
- Deposits from the ECB (see Note 20.1)	1,050	1,700
- Deposits from the SFEF (see Note 20.1)	-	105
- Deposits from Instituto de Credito Oficial (ICO) by the Spanish branch	-	164
Deferred items included in amortized cost of deposits from credit institutions	**(52)**	**(62)**
- Debt issuing costs (deferred charges)	(52)	(62)
Accrued interest	**78**	**66**
Total deposits from credit institutions at amortized cost	**7,005**	**6,268**

Note 14 Due to Customers

(in million euros)	June 30, 2014	Dec. 31, 2013
Demand accounts	**1,600**	**1,267**
- Ordinary accounts in credit		
- Dealers' ordinary accounts in credit		
- Related companies (1)	74	54
- Non-group companies	206	201
- Cash pooling (2):		
- Before offsetting	213	37
- Offsetting	(213)	(37)
- Passbook savings accounts (3)	1,258	955
- Other amounts due to Customers		
- Related companies	5	6
- Non-group companies	57	51
Accrued interest	**18**	**-**
- of which passbook savings accounts (3)	*17*	-
Time deposits	**528**	**66**
- Term deposit accounts (3)	45	-
- Corporate time deposit (3)		
- Related companies	400	1
- Other		
- Related companies	1	
- Non-group companies	82	65
Accrued interest	**1**	**1**
- of which time deposits (3)	-	-
Total	**2,147**	**1,334**

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

(2) Under the cash pooling agreement with PSA International (Related company), the asset and liability amounts are offset in accordance with IAS 32 (see Note 8.1).

(3) In the segment information, "Passbook savings accounts", "Term deposit accounts" and "Corporate time deposit" are classified in "Refinancing" (see Notes 27.1 and 27.3). The corresponding interest and expenses are classified in "Net refinancing cost" in the income statement.

Note 15 Debt Securities

15.1 Analysis by Nature

(in million euros)	June 30, 2014	Dec. 31, 2013
Interbank instruments and money-market securities (non-group institutions)	**5,926**	**7,247**
- EMTNs and BMTNs (1)	5,820	7,183
- of which paper in the process of being delivered (1)	*300*	-
- Certificates of deposit and "billets de trésorerie"	106	64
- of which paper in the process of being delivered	-	-
Accrued interest	**104**	**156**
Deferred items included in amortized cost of debt securities	**(18)**	**(20)**
- Debt issuing costs and premiums (deferred charges)	(18)	(20)
Bonds	**5,107**	**4,612**
- Issued by securitization funds (see Note 15.2)	5,107	4,612
Accrued interest	**1**	**2**
- of which securitization	*1*	*2*
Other debt securities	**375**	**551**
- of which securitization: senior shares (see Note 15.2)	*287*	*380*
Accrued interest	**76**	**76**
- of which securitization	*62*	*63*
Total debt securities at amortized cost	**11,571**	**12,624**

(1) *Including €1,500 million State-guaranteed bonds, of which €300 millions in the process of being delivered (see Note 20.4).*

15.2 Securitization programs

Bonds (Except Accrued interest)

(in million euros) Country of Seller	Fund	Country of Fund	Bonds	Rating	Issued Bonds at June 30, 2014	Issued Bonds at Dec. 31, 2013	Issued Bonds at the origin
France	Auto ABS 2011-1	France		*Fitch/Moody's*			
			A Bonds	AAA/Aaa	284	450	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	461	302	N/A
			B Bonds	-	50	33	N/A
	Auto ABS 2013-2	France		*Fitch/Moody's*			
			A Bonds	AAA/Aaa	450	450	450
			B Bonds	A+/A2	20	20	20
			C Bonds	-	25	25	25
	Auto ABS DFP Master Compartment France 2013	France		*Moody's/S&P*			
			A Bonds	Aaa/AAA	550	550	N/A
			S Bonds	Aaa/AAA	137	143	N/A
			B Bonds	-	299	259	N/A
	Auto ABS2 2013-A	France		*Moody's/DBRS*			
			A Bonds	Aaa/AAA	522	522	522
			B Bonds	A2/A	52	52	52
			C Bonds	-	162	162	162
Germany	Auto ABS 2010-1	France		*Fitch/S&P*			
			A Bonds	AAA/AAA	-	1	500
			B Bonds	-	-	80	80
			C Bonds	-	-	100	100
	Auto ABS German Loans 2011-2	France		*Fitch/Moody's*			
			A Bonds	AAA/Aaa	341	498	720
			B Bonds	-	80	80	80
	Auto ABS 2013-1	France		*Fitch/Moody's*			
			A Bonds	AAA/Aaa	351	361	361
			B Bonds	-	116	116	116
	Auto ABS German Lease Master	France		*Fitch/Moody's*			
			A Bonds	AAA/Aaa	44	14	N/A
			B Bonds	-	16	6	N/A
	Auto ABS DFT Master Compartment Germany 2013	France		*Moody's/S&P*			
			A Bonds	Aaa/AAA	189	189	N/A
			B Bonds	-	113	108	N/A
	Auto ABS German Loans Master	France		*Fitch/Moody's*			
			A Bonds	AAA/Aaa	279	196	N/A
			B Bonds	-	52	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. 2012-2	Italy		*Fitch/S&P*			
			A Bonds	AA/AA	192	288	537
			B Bonds	-	94	94	94
United Kingdom	Auto ABS UK Loans PLC	United Kingdom		*Fitch*			
			A Bonds	AAA	968	880	905
			B Bonds	-	466	415	426
Switzerland	Auto ABS Swiss Leases 2013 GmbH	Switzerland	A Bonds	-	198	196	196
Elimination of intercompany transactions (1)					(3,378)	(3,986)	
Total					**5,107**	**4,612**	

(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 June 30, 2014	at Dec. 31, 2013	at the origin
Brazil	FIDC	Brazil	Senior	287	380	N/A
			Subordinated	20	33	N/A
Elimination of intercompany transactions				(20)	(33)	
Total				**287**	**380**	

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

Note 16 Accruals and Other Liabilities

(in million euros)	June 30, 2014	Dec. 31, 2013
Trade payables	**540**	**297**
- Related companies (1)	494	252
- Non-group companies	46	45
Accrued payroll and other taxes	**95**	**112**
Accrued charges	**151**	**161**
- Related companies	10	6
- Non-group companies	141	155
Other payables	**95**	**100**
- Related companies	62	43
- Non-group companies	33	57
Deferred income	**62**	**65**
- Related companies	7	5
- Non-group companies	55	60
- of which margin calls received on swaps designated as hedges (2)	*6*	*13*
Other	**164**	**127**
- Non-group companies	164	127
Total	**1,107**	**862**

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

(2) *At June 30, 2014, the margin calls received on swaps designated as hedges were offset with the positive fair value for an amount of €165 million, compared to €217 million at December,31, 2013 (see Note 6.2).*

Note 17 Insurance Activities

17.1 Liabilities Related to Insurance Contracts

(in million euros)	June 30, 2014	Dec. 31, 2013
Life insurance liabilities	**30.5**	**27.5**
Unearned premium reserve (UPR)	7.2	6.8
Claims reserve		
- Claims reserve - reported claims	10.3	9.4
- Claims reserve - claims incurred but not reported (IBNR)	13.0	11.3
Other	-	-
Non-life insurance liabilities (gross)	**31.4**	**28.4**
Reinsurers' share	(0.5)	(0.4)
Non-life insurance liabilities (net)	**30.9**	**28.0**
Unearned premium reserve (UPR)	5.3	5.2
Provision pour sinistre à payer (PSAP):		
- Claims reserve - reported claims	8.0	7.7
- Claims reserve - claims incurred but not reported (IBNR)	17.6	15.1
Other	-	-
Total liabilities related to insurance contracts	**61.4**	**55.5**

17.2 Change in Liabilities Related to Insurance Contracts

17.2.1 Unearned Premium Reserve (UPR)

(in million euros)	Life	Non-Life (gross)	Reinsurance: ceded	Non-Life (net)	Total
At the beginning of the period	**6.8**	**5.2**	**-**	**5.2**	**12.0**
+ Written premiums	30.3	46.0	(0.3)	45.7	76.0
- Earned premiums	(29.9)	(45.9)	0.3	(45.6)	(75.5)
+ Other movements	-	-	-	-	-
At the end of the period	**7.2**	**5.3**	**-**	**5.3**	**12.5**

17.2.2 Claims Reserve

(in million euros)	Life	Non-Life (gross)	Reinsurance: ceded	Non-Life (net)	Total
At the beginning of the period	**20.7**	**23.2**	**(0.4)**	**22.8**	**43.5**
of which reported claims	*9.4*	*7.9*	*(0.2)*	7.7	17.1
of which claims incurred but not reported (IBNR)	*11.3*	*15.3*	*(0.2)*	15.1	26.4
- Claims paid in current period	(4.1)	(6.1)	-	(6.1)	(10.2)
+ Claims incurred in current period	5.4	7.7	(0.1)	7.6	13.0
+ Claims incurred in prior years	1.3	1.3	-	1.3	2.6
+ Other movements	-	-	-	-	-
At the end of the period	**23.3**	**26.1**	**(0.5)**	**25.6**	**48.9**
of which notified claims	*10.2*	*8.1*	*(0.1)*	*8.0*	*18.2*
of which claims incurred but not reported (IBNR)	*13.1*	*17.9*	*(0.3)*	*17.6*	*30.7*

17.3 Income from Activities

17.3.1 Technical Income from Insurance Activities

(in million euros)	June 30, 2014	June 30, 2013	Dec. 31, 2013
+ Earned premiums, net of reinsurance ceded premiums	**75.5**	**70.3**	**145.1**
Gross amount	*75.8*	*70.5*	*145.6*
Reinsurance ceded premiums	*(0.3)*	*(0.2)*	*(0.5)*
- Cost, net of reinsurance	**(16.7)**	**(17.4)**	**(35.7)**
Claims expenses (gross)	*(11.2)*	*(11.3)*	*(22.4)*
Reinsurance ceded claims expenses	-	-	-
Change in insurance liabilities (except for UPR)	*(5.5)*	*(6.1)*	*(13.3)*
Margin on sales of Insurance activities (1)	**58.8**	**52.9**	**109.4**
+/- Other technical income (expense)	**(32.3)**	**(20.6)**	**(42.4)**
Brokerage fees	*(31.8)*	*(20.1)*	*(41.4)*
Gross amount	*(31.9)*	*(20.2)*	*(41.6)*
Reinsurance commissions	*0.1*	*0.1*	*0.2*
Personnel costs	*(0.1)*	*(0.1)*	*(0.2)*
Other technical income (expense)	*(0.4)*	*(0.4)*	*(0.8)*
+ Investment income, net	**0.2**	**0.3**	**0.6**
Contribution to operating income before elimination of intercompany transactions	**26.7**	**32.6**	**67.6**
+/- Elimination of intercompany transactions	31.6	19.8	40.8
Contribution to operating income after elimination of intercompany transactions	**58.3**	**52.4**	**108.4**

(1) *See Note 27.2 Segment Information "Key Income Statement Items".*

17.3.2 Non-technical Income from Insurance Activities

(in million euros)	June 30, 2014	June 30, 2013	Dec. 31, 2013
+/- Other non-technical income (expense)	**(1.4)**	**(1.3)**	**(2.1)**
Personnel costs	*(0.5)*	*(0.4)*	*(0.8)*
Other non-technical income (expense)	*(0.9)*	*(0.9)*	*(1.3)*
Contribution to operating income before elimination of intercompany transactions	**(1.4)**	**(1.3)**	**(2.1)**
+/- Elimination of intercompany transactions	*0.1*	*0.2*	-
Contribution to operating income after elimination of intercompany transactions	**(1.3)**	**(1.1)**	**(2.1)**

17.3.3 Operating Income from Insurance Activities

(in million euros)	June 30, 2014	June 30, 2013	Dec. 31, 2013
Technical income	58.3	52.4	108.4
Non-technical income	(1.3)	(1.1)	(2.1)
Contribution to operating income after elimination of intercompany transactions (1)	**57.0**	**51.3**	**106.3**

(1) *See Note 27.2 Segment Information "Key Income Statement Items".*

Note 18 Derivatives

Group Interest Rate Management Policy

(See the "Financial Risks and Market Risk" section of the 2013 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 93%) are swaps with weekly margin call. Customer credit risk is discussed in Note 25.

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.

18.1 Banque PSA Finance Interest Rate Position

(in million euros)	0 to 1 year	1 to 5 years	+5 years	Total at June 30, 2014
Financial assets				
Wholesale financing	5,201	-	-	5,201
Fixed rate customer financing	6,260	9,778	-	16,038
Other adjustable rate loans and receivables	652	-	-	652
Fixed rate financial assets	-	-	-	-
Other financial assets	2,698	-	-	2,698
Total financial assets (a)	**14,811**	**9,778**	**-**	**24,589**
Other financial assets (derivatives and fair value adjustments to hedged finance receivables portfolios)	**81**	**-**	**-**	**81**
Non financial assets				
Fixed assets and goodwill	-	165	-	165
Other non financial assets	903	-	-	903
Total non financial assets	**903**	**165**	**-**	**1,068**
Total assets				*25,738*
Financial liabilities				
Hedged fixed rate debt	(2,109)	(3,730)	(183)	(6,022)
Hedged adjustable rate debt	(12,149)	-	-	(12,149)
Other borrowings and deposits	(2,363)	-	-	(2,363)
Total financial liabilities (b)	**(16,621)**	**(3,730)**	**(183)**	**(20,534)**
Other financial liabilities (derivatives and fair value adjustments to hedged debt portfolios)	**(159)**	**-**	**-**	**(159)**
Non financial liabilities				
Other non financial liabilities	(1,860)	-	-	(1,860)
Total non financial liabilities	**(1,860)**	**-**	**-**	**(1,860)**
Equity (3)	**-**	**(3,185)**	**-**	**(3,185)**
Total equity and liabilities				*(25,738)*
Net position before hedging = (a) + (b)	**(1,810)**	**6,048**	**(183)**	**4,055**
Derivatives - Notional amounts				
Derivatives hedging financial assets				
Swaps hedging fixed rate retail financing (Fair Value Hedge)				
- borrowing leg	(6,008)	(5,983)	-	(11,991)
- lending leg	11,991	-	-	11,991
Swaps hedging marketable securities (Fair Value Hedge)				
- borrowing leg	-	-	-	-
- lending leg	-	-	-	-
Total derivatives hedging financial assets (c)	**5,983**	**(5,983)**	**-**	**-**
Derivatives hedging financial liabilities				
Swaps hedging fixed rate debt (Fair Value Hedge) (2)				
- lending leg	2,109	3,538	183	5,830
- borrowing leg	(5,830)	-	-	(5,830)
Classified as held for trading swaps (unachievable hedging test) (1)				
- lending leg	-	192	-	192
- borrowing leg	(192)	-	-	(192)
Swaps hedging adjustable rate debt (Cash Flow Hedge)				
- borrowing leg	(31)	(17)	-	(48)
- lending leg	48	-	-	48
Total derivatives hedging financial liabilities (d)	**(3,896)**	**3,713**	**183**	**-**
Trading transactions (e) (1)	**10**	**4**	**-**	**14**
Derivatives net position = (c) + (d) + (e)	**2,097**	**(2,266)**	**183**	**14**
Net position after hedging (3)	**287**	**3,782**	**-**	**4,069**
Note: Net position after hedging in December 2013	*387*	*4,057*	-	*4,444*

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 €22,264 million total swaps nominal at June 30, 2014:*
€206 million represent a restricted number of swaps classified as held for trading, including:
- €192 million swaps which cover fixed rate debt, reclassified following an unacheievable hedging test;
- €14 million of open position cross currency swaps.
The impact of these swaps on the income statement is not material (see Notes 5, 11 and 18.6). 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 €4,189 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 €3,782 million and is mainly hedged by equity.*

18.2 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 €0.9 million.

Swaptions Designated as Cash Flow Hedges

(in million euros)	Dec 31, 2013	Change in intrinsic value	Gains or losses	Transfer to income	Change in deferred tax	June 30, 2014
Intrinsic value of open swaptions	-	-	-	-	-	-
Hedging gains or losses	0.9	-	-	(0.9)	-	-
Gains recognized directly in equity (gross)	**0.9**	**-**	**-**	**(0.9)**	**-**	**-**
Deferred tax	(0.3)	-	-	0.3	-	-
Gains recognized directly in equity (net)	**0.6**	**-**	**-**	**(0.6)**	**-**	**-**

18.3 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, 2013	Fair value adjustments	Exchange difference	June 30, 2014
Remeasurement of derivatives designated as hedges	0.3	(0.6)	-	(0.3)
Deferred tax	(0.2)	0.2	-	-
Gains (losses) recognized directly in equity, net	**0.1**	**(0.4)**	**-**	**(0.3)**

18.4 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	16	201	-	9	2,749	-	-	138	24	6
Liabilities	-	(243)	-	-	(1,433)	-	-	-	-	(372)
Net position before hedging	**16**	**(42)**	**-**	**9**	**1,316**	**-**	**-**	**138**	**24**	**(366)**
Hedging assets	16	-	-	(9)	(1,315)	-	-	(138)	(24)	-
Hedging liabilities	-	42	-	-	-	-	-	-	-	366
Hedging position	**16**	**42**	**-**	**(9)**	**(1,315)**	**-**	**-**	**(138)**	**(24)**	**366**
Net position after hedging at June 30, 2014	**-**	**-**	**-**	**-**	**1**	**-**	**-**	**-**	**-**	**-**
Note: December 2013	-	-	-	-	-	-	-	-	-	-

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	11	-	-	-	6	20	3	-	-	-	2
Liabilities	(1)	(11)	-	15	-	(6)	(20)	(3)	-	-	-	-
Net position before hedging	**-**	**-**	**-**	**15**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2**
Hedging assets	-	-	-	-	-	-	-	-	-	-	-	(2)
Hedging liabilities	-	-	-	(15)	-	-	-	-	-	-	-	-
Hedging position	**-**	**-**	**-**	**(15)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(2)**
Net position after hedging at June 30, 2014	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Note: December 2013	-	-	-	-	-	-	-	-	-	-	-	-

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 June 30, 2014	14	65	30	112	3	21	7	41	58	9	132	**492**
Note: December 2013	*14*	*66*	*30*	*100*	*3*	*21*	*7*	*41*	*60*	*8*	*130*	*480*

(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.*

18.5 Analysis of Interest Rate Risk Hedging Effectiveness (Fair Value Hedge)

(in million euros)	June 30, 2014	Dec 31, 2013	Exchange difference (1)	Fair value adjustments	portion recognized in profit or loss
Fair value adjustments to customer loans (Installment contracts, Buyback contracts and Long-term leases)					
- Installment contracts	36	33			
- Buyback contracts	-	(1)			
- Long-term leases	(7)	(9)			
Total valuation, net	**29**	**23**	**-**	**6**	
Derivatives designated as hedges of customer loans					
- Assets (Note 6)	6	7			
- Liabilities (Note 12)	(25)	(21)			
Total valuation, net	**(19)**	**(14)**	**-**	**(5)**	**1**
Ineffective portion of gain and losses on outstanding hedging transactions	**10**	**9**			**1**
Fair value adjustments to hedged debt					
- Valuation, net	(2)	(3)			
Total valuation, net	**(2)**	**(3)**	**-**	**1**	
Derivatives designated as hedges of debt					
- Assets (Note 6)	2	3			
- Liabilities (Note 12)	-	-			
Total valuation, net	**2**	**3**	**-**	**(1)**	**0**
Ineffective portion of gain and losses on outstanding hedging transactions	**0**	**0**			**0**
Fair value adjustments to hedged EMTNs/BMTNs					
- Valuation, net	(91)	(104)			
Total valuation, net	**(91)**	**(104)**	**-**	**13**	
Derivatives designated as hedges of EMTNs/BMTNs					
- Assets (Note 6)	93	110			
- Liabilities (Note 12)	-	(3)			
Total valuation, net	**93**	**107**	**-**	**(14)**	**(1)**
Ineffective portion of gain and losses on outstanding hedging transactions	**2**	**3**			**(1)**
Fair value adjustments to hedged bonds					
- Valuation, net	-	-			
Total valuation, net	**-**	**-**	**-**	**-**	
Derivatives designated as hedges of bonds (2)					
- Assets (Note 6)	16	17			
- Liabilities (Note 12)	(16)	(17)			
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					
- Valuation, net	-	-			
Total valuation, net	**-**	**-**	**-**	**-**	
Derivatives designated as hedges of other debt securities					
- Assets (Note 6)	-	-			
- Liabilities (Note 12)	-	-			
Total valuation, net	**-**	**-**	**-**	**-**	**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 18.1, 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 18.2 above).

18.6 Impact in Profit and Loss of Fair Value Adjustements to Financial Assets and Liabilities at Fair Value

(in million euros)	June 30, 2014	Dec. 31, 2013	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 11)	-	(1)	**1**
Total valuation, net	**-**	**(1)**	**1**
Impact in profit or loss			**0**

Note 19 Fair Value of Financial Assets and Liabilities

(in million euros)	Fair value June 30, 2014	Fair value Dec. 31, 2013	Book value June 30, 2014	Book value Dec. 31, 2013	Difference June 30, 2014	Difference Dec. 31, 2013
Assets						
Cash, central banks, post office banks	43	466	43	466	-	-
Financial assets at fair value through profit or loss (1)	565	783	565	783	-	-
Hedging instruments (1)	52	89	52	89	-	-
Available-for-sale financial assets (2)	9	10	9	10	-	-
Loans and advances to credit institutions (3)	2,091	1,439	2,091	1,439	-	-
Customer loans and receivables (4)	21,859	21,289	21,920	21,335	(61)	(46)
Equity and liabilities						
Central banks, post office banks	-	-	-	-	-	-
Financial liabilities at fair value through profit or loss (1)	-	3	-	3	-	-
Hedging instruments (1)	66	62	66	62	-	-
Deposits from credit institutions (5)	7,207	6,383	7,007	6,271	(200)	(112)
Due to customers (3)	2,147	1,334	2,147	1,334	-	-
Debt securities (5)	11,705	12,749	11,662	12,728	(43)	(21)

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 IFRS 13, 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 20 Other Commitments

Note 20.1 Other Commitments

(in million euros)	June 30, 2014	Dec. 31, 2013
Financing commitments		
Commitments received from credit institutions (see Note 20.2)	5,400	7,006
Commitments given to credit institutions	-	-
Commitments given to customers (1)	1,317	1,257
- of which Crédipar	*837*	*839*
Guarantee commitments		
Commitments received from credit institutions	343	669
- guarantees received in respect of customer loans	342	369
- guarantees received in respect of securities held	1	200
- other guarantees received from credit institutions	-	100
Guarantees given to credit institutions	1	1
Commitments given to customers	68	79
- Sofib	62	71
- Sofira	5	7
- Italian branch	1	1
Other commitments received		
Securities received as collateral	6	11
Other commitments given		
Assets given as collateral for proprietary transactions (see Notes 8.1 and 13)	1,764	3,255
- to the ECB (2)	1,595	2,957
- to the SFEF	-	165
- to credit institutions by the Italian branch	130	61
- to the Bundesbank by the German branch	-	-
- to credit institutions by the Belgian subsidiary	39	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 €556 million customer loans, for long term €700 million and short term €350 million financing granted at June 30, 2014; potential short term financing remains for an amount of €5 million (see Note 20.3).*

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

Note 20.2 Credit facilities

(in million euros)	June 30, 2014	Dec. 31, 2013
Undrawn bank facilities, by drawdown priority (see Note 13)		
Syndicated term loan (1)(2)	1,100	2,299
Revolving bilateral bank facilities (1)(3)	871	1,187
Other bank facilities	213	120
Syndicated credit facilities (1)(4)	3,216	3,400
Total	**5,400**	**7,006**

(1) *Correspond to mainly long-term received financing commitments.*

(2) *Out of a total of €4,099 million at June 30, 2014.*

(3) *Out of a total of €1,665 million at June 30, 2014.*

(4) *At June 30, 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 20.3 Financial Security

Financial security corresponds to liquidity reserve, available collateral with the European Central Bank (ECB) and undrawn bank facilities (see Note 20.2).

(in million euros)	June 30, 2014	Dec. 31, 2013
Liquidity Reserve (1)	706	1,025
- Reserves deposited with the central banks (see Note 4)	41	463
- Mutual funds qualified as cash equivalents (see Note 5)	14	200
- Interbank loans (see Note 7)	1	362
- Time accounts qualified as cash equivalents (see Note 7)	650	-
Possibilities of financing from the ECB	5	369
Undrawn bank facilities	5,400	7,006
Total	**6,111**	**8,400**

(1) *See "Liquidity Security" section in the Management Report.*

Note 20.4 Management of liquidity risk

Banque PSA Finance constantly endeavours to strike the best possible balance between security liquidity, which is an ungoing priority, and optimising its financing costs. The H1 2014 refinancing policy is mentioned in chapter Banque PSA Finance's refinancing (see Note 1.A).

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 2014 is some 2.6 years.

Banque PSA Finance endeavours to maintain a certain level of financial security (see Note 20.3), 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 June 30, 2014, the financial security amounted to €6,111 million.

Thanks to the roll-over of bank facilities, along with the new deposit activity, the securitization and collateralization programs, and the State-guaranteed bond issues, Banque PSA Finance is in a position to provide its financing plan for the next twelve months at least, and until the closing of the transactions with Santander Consumer Finance.

Note 21 Interest and Other Revenue on Assets at Amortized Cost

(in million euros)	June 30, 2014	June 30, 2013	Dec. 31, 2013
Installment contracts	**447**	**487**	**952**
- of which related companies	*42*	*36*	*73*
- of which securitized	*219*	*238*	*462*
Buyback contracts	**91**	**99**	**195**
- of which related companies	*6*	*6*	*11*
- of which securitized	*51*	*50*	*101*
Long-term leases	**183**	**183**	**368**
- of which related companies	*61*	*51*	*109*
- of which securitized	*50*	*12*	*49*
Wholesale financing	**130**	**112**	**235**
- of which related companies	*91*	*75*	*160*
Other finance receivables (including equipment loans, revolving credit)	**18**	**17**	**37**
- of which related companies	*-*	*-*	*-*
Commissions paid to referral agents	**(136)**	**(142)**	**(282)**
- Installment contracts	(90)	(96)	(188)
- Buyback contracts	(14)	(15)	(30)
- Long-term leases	(32)	(31)	(64)
- of which related companies	*(24)*	*(19)*	*(29)*
Other business acquisition costs	**(17)**	**(16)**	**(32)**
Interest on ordinary accounts	**2**	**2**	**4**
Interest on guarantee commitments	**-**	**-**	**-**
Total	**718**	**742**	**1,477**

Note 22 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 23 Interest on Debt Securities

(in million euros)	June 30, 2014	June 30, 2013	Dec. 31, 2013
Interest expense on debt securities	(146)	(198)	(381)
Interest expense on bonds and other fixed income securities	(36)	(31)	(65)
- of which securitization: preferred bonds	*(36)*	*(30)*	*(63)*
Total	**(182)**	**(229)**	**(446)**

Note 24 General Operating Expenses

(in million euros)	June 30, 2014	June 30, 2013	Dec. 31, 2013
Personnel costs	**(75)**	**(75)**	**(149)**
- Wages and salaries	(57)	(56)	(111)
- Payroll taxes	(18)	(17)	(35)
- Employee profit sharing and profit-related bonuses	-	(2)	(3)
Other general operating expenses	**(114)**	**(114)**	**(212)**
- of which related companies	*(45)*	*(43)*	*(86)*
Total	**(189)**	**(189)**	**(361)**

Note 25 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.

25.1 Changes in Loans

(in million euros)	Balance at Dec 31, 2013	Net new loans and exchange difference (1)	Cost of risk: Charges	Cost of risk: Reversals	Cost of risk: Credit losses	Cost of risk: Recoveries on loans written off in prior periods	Cost of risk for the period at June 30, 2014	Balance at June 30, 2014
Retail								
Sound loans with no past-due installments	13,822	(210)				-	-	13,612
Sound loans with past-due installments	345	15				-	-	360
Guarantee deposits (lease financing)	(62)	11				-	-	(51)
Non-performing loans	630	41			(77)	-	(77)	594
Total	**14,735**	**(143)**	**-**	**-**	**(77)**	**-**	**(77)**	**14,515**
Impairment of sound loans with past-due installments	(43)		(6)	3	-	-	(3)	(46)
Impairment of non-performing loans	(512)	(1)	(55)	82	-	-	27	(486)
Total impairment	**(555)**	**(1)**	**(61)**	**85**	**-**	**-**	**24**	**(532)**
Deferred items included in amortized cost	**58**	**(34)**	**-**	**-**	**-**	**-**	**-**	**24**
Net book value (A - see B Note 8.2)	**14,238**	**(178)**	**(61)**	**85**	**(77)**	**-**	**(53)**	**14,007**
Recoveries on loans written off in prior periods						6	6	
Impairment of doubtful commitments			-	-	-	-	-	
Retail cost of risk			**(61)**	**85**	**(77)**	**6**	**(47)**	
Corporate dealers								
Sound loans with no past-due installments	5,438	750					-	6,188
Sound loans with past-due installments	10	(1)					-	9
Guarantee deposits	(73)	(25)					-	(98)
Non-performing loans	250	29			(1)		(1)	278
Total	**5,625**	**753**	**-**	**-**	**(1)**	**-**	**(1)**	**6,377**
Impairment of non-performing loans	(65)	-	(14)	9	-	-	(5)	(70)
Total impairment	**(65)**	**-**	**(14)**	**9**	**-**	**-**	**(5)**	**(70)**
Deferred items included in amortized cost	**(10)**	**-**	**-**	**-**	**-**	**-**	**-**	**(10)**
Net book value (B - see A Note 8.2)	**5,550**	**753**	**(14)**	**9**	**(1)**	**-**	**(6)**	**6,297**
Recoveries on loans written off in prior periods							-	
Impairment of doubtful commitments			-	-	-	-	-	
Corporate dealers cost of risk			**(14)**	**9**	**(1)**	**-**	**(6)**	
Corporate and equivalent								
Sound loans with no past-due installments	1,229	46					-	1,275
Sound loans with past-due installments	286	12					-	298
Guarantee deposits	(1)	-					-	(1)
Non-performing loans	38	5			(2)		(2)	41
Total	**1,552**	**63**	**-**	**-**	**(2)**	**-**	**(2)**	**1,613**
Impairment of non-performing loans	(15)	-	(1)	3	-	-	2	(13)
Total impairment	**(15)**	**-**	**(1)**	**3**	**-**	**-**	**2**	**(13)**
Deferred items included in amortized cost	**(13)**	**-**	**-**	**-**	**-**	**-**	**-**	**(13)**
Net book value (C - see C Note 8.2)	**1,524**	**63**	**(1)**	**3**	**(2)**	**-**	**-**	**1,587**
Recoveries on loans written off in prior periods						-	-	
Impairment of doubtful commitments			-	-	-	-	-	
Corporate and equivalent cost of risk			**(1)**	**3**	**(2)**	**-**	**-**	
Total loans								
Sound loans with no past-due installments	20,489	586	-	-	-	-	-	21,075
Sound loans with past-due installments	641	26	-	-	-	-	-	667
Guarantee deposits	(136)	(14)	-	-	-	-	-	(150)
Non-performing loans	918	75	-	-	(80)	-	(80)	913
Total	**21,912**	**673**	**-**	**-**	**(80)**	**-**	**(80)**	**22,505**
Impairment of sound loans with past-due installments	(43)	-	(6)	3	-	-	(3)	(46)
Impairment of non-performing loans	(592)	(1)	(70)	94	-	-	24	(569)
Total impairment	**(635)**	**(1)**	**(76)**	**97**	**-**	**-**	**21**	**(615)**
Deferred items included in amortized cost	**35**	**(34)**	**-**	**-**	**-**	**-**	**-**	**1**
Net book value	**21,312**	**638**	**(76)**	**97**	**(80)**	**-**	**(59)**	**21,891**
Recoveries on loans written off in prior periods						6	6	
Impairment of doubtful commitments			-	-	-	-	-	
Total cost of risk			**(76)**	**97**	**(80)**	**6**	**(53)**	

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.*

25.2 Change in Cost of Risk

(in million euros)	Retail	Corporate dealers	Corporate and equivalent	June 30, 2014	June 30, 2013	Dec. 31, 2013
Sound loans with past-due installments						
Charges	(6)	-	-	(6)	(7)	(9)
Reversals	3	-	-	3	5	12
Non-performing loans						
Charges	(55)	(14)	(1)	(70)	(79)	(167)
Reversals	82	9	3	94	75	161
Doubtful commitments						
Charges	-	-	-	-	-	-
Reversals	-	-	-	-	-	-
Credit losses	(77)	(1)	(2)	(80)	(60)	(142)
Recoveries on loans written off in prior periods	6	-	-	6	6	14
Cost of risk	**(47)**	**(6)**	**-**	**(53)**	**(60)**	**(131)**

The Bank's credit management policy is described in the "Credit Risk" section of the 2013 Management Report.

25.3 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.

Breakdown by age

The defaults with no impairment are broken down by past-due dates below. The oustanding capital of the corresponding loans is included in "<= 90 days".

For 2014

(in million euros)	<= 90 days	> 90 days <= 180 days	> 180 days <= 1 year	> 1 year	Total at June 30, 2014
Sound loans with past-due installments with no impairment	302	1	2	2	**307**

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**

Note 26 Income Taxes

26.1 Evolution of Balance Sheet Items

(in million euros)	Dec. 31, 2013	Income	Equity	Payment	Exchange difference and other (1)	June 30, 2014
Current tax						
Assets	43					29
Liabilities	(44)					(56)
Total	**(1)**	**(57)**	**-**	**31**	**-**	**(27)**
Deferred tax						
Assets	136					107
Liabilities	(411)					(395)
Total	(275)	**(15)**	**-**	**-**	**2**	**(288)**

(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.

26.2 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.

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.

The project of amended France's Finance Act 2014 (under review) provides for the extension of the 10.7% exceptional surtax for 2015 (Article 235 ter ZAA of the French General Tax Code), thus maintaining the tax rate for this year at 38%.

At June 30, 2014, the positive €5.3 million reversal for utilization of 2013 expense was offset by the negative €4.5 million revaluation of deferred tax liabilities.

(in million euros)	June 30, 2014	June 30, 2013	Dec. 31, 2013
Current tax			
Income taxes	(57)	(70)	(123)
Deferred tax			
Deferred taxes arising in the period	8	14	(14)
Unrecognized deferred tax assets and impairment losses	(23)	-	(1)
Total	**(72)**	**(56)**	**(138)**

26.3 Banque PSA Finance tax proof

(in million euros)	June 30, 2014	June 30, 2013	Dec. 31, 2013
Pre-tax income	175	202	376
Neutralization of the share in net income of associates and joint ventures accounted for using the equity method	(5)	(4)	(8)
Permanent differences	(1)	8	9
Taxable Income	**169**	**206**	**377**
Legal tax rate in France for the period	*38.0%*	*36.1%*	*38.0%*
Theoretical tax	**(64)**	**(75)**	**(143)**
Impact of differences in foreign tax rates	16	20	47
Impact of changes in foreign tax rates	-	-	4
Impact of provisional surtax in France	2	-	(2)
Adjustment related to the previous year	1	-	1
Tax disputes and adjustments	-	-	(40)
Other	(4)	(1)	(4)
Income taxes before impairment of assets on tax loss carryfowards	**(49)**	**(56)**	**(137)**
Group effective tax rate	*28.8%*	*27.0%*	*36.3%*
Deferred tax assets on tax loss carryforwards:			
- Charges (1)	(23)	-	(1)
- Reversals	-	-	-
Income taxes	**(72)**	**(56)**	**(138)**

(1) See Note 26.4, foonote (2).

26.4 Deferred Tax Assets on Tax Loss Carryforwards

(in million euros)	Dec. 31, 2013	New tax losses	Tax losses utilized in the year	Charges / Reversals	Exchange difference and other (1)	June 30, 2014
Deferred tax assets on tax loss carryforwards	75	-	(5)		3	73
Allowances (2)	(4)	-	-	(23)	-	(27)
Total	**71**	**-**	**(5)**	**(23)**	**3**	**46**

(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) At June 30, 2014, Banque PSA Finance prior deferred tax asset on tax loss carryforward was fully impaired.

Note 27 Segment Information

27.1 Key Balance Sheet Items

For 2014

(in million euros)	Financing activities				Insurance and services	Refinancing and securities	Eliminations	Total at June 30, 2014
	Corporate dealers	End user		Unallocated				
		Retail	Corporate and equivalent					
Assets								
Customers loans and receivables	6,297	14,007	1,587		-	-	-	21,891
Securities			209	1	94	456	(195)	565
Loans and advances to credit institutions			1,386	27	79	18,220	(17,621)	2,091
Other assets				1,013	100	272	(194)	1,191
Total Assets							**(18,010)**	**25,738**
Liabilities								
Refinancing (1)	5,507	12,249	1,388	-	-	18,871	(17,719)	20,296
Due to customers (1)	288	30	147	-		43	(81)	427
Liabilities related to insurance contracts					61			61
Other liabilities				1,650	82	247	(210)	1,769
Equity (2)				2,193	104	888		3,185
Total Liabilities							**(18,010)**	**25,738**

For 2013

(in million euros)	Financing activities				Insurance and services	Refinancing and securities	Eliminations	Total at December 31, 2013
	Corporate dealers	End user		Unallocated				
		Retail	Corporate and equivalent					
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				1,424	72	290	(248)	1,538
Equity (2)				2,132	84	1,081		3,297
Total Liabilities							**(17,908)**	**25,117**

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", "Term deposit accounts" and "Corporate time deposit" 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.*

27.2 Key Income Statement Items

For 2014

	Financing activities								
		End user			Financial derivative	Insurance	Refinan-		
(in million euros)	Corporate dealers	Retail	Corporate and equivalent	Unallocated	instruments (3)	and services	cing and securities	Elimina-tions	Total at June 30, 2014
Net interest revenue on customer transactions (at amortized cost) (1)	146	558	42	(24)	(19)		16	(12)	707
Net investment revenue	-	-	-	4		-	4	(1)	7
Net refinancing cost (2) (3)	(104)	(341)	(32)	100	19	-	(24)	13	(369)
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						27		32	59
Margin on sales of other services						56		(32)	24
Net banking revenue	**42**	**217**	**10**	**80**	**-**	**83**	**(6)**	**-**	**426**
Cost of risk	(6)	(47)							(53)
Net income after cost of risk	**36**	**170**	**10**	**80**	**-**	**83**	**(6)**	**-**	**373**
General operating expenses and equivalent				(187)		(2)	(12)	-	(201)
Operating Income	**36**	**170**	**10**	**(107)**	**-**	**81**	**(18)**	**-**	**172**
of which Insurance (see Note 17.3.3)						*25*		*32*	*57*

For 2013

	Financing activities								
		End user			Financial derivative	Insurance	Refinan-		
(in million euros)	Corporate dealers	Retail	Corporate and equivalent	Unallocated	instruments (3)	and services	cing and securities	Elimina-tions	Total at June 30, 2013
Net interest revenue on customer transactions (at amortized cost) (1)	127	601	44	(10)	(45)		19	(20)	716
Net investment revenue	-	-	-	1		-	15	(9)	7
Net refinancing cost (2) (3)	(101)	(364)	(33)	111	45		(38)	29	(351)
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						33		20	53
Margin on sales of other services						51		(20)	31
Net banking revenue	**26**	**237**	**11**	**102**	**-**	**84**	**(2)**	**-**	**458**
Cost of risk	(3)	(56)	(1)						(60)
Net income after cost of risk	**23**	**181**	**10**	**102**	**-**	**84**	**(2)**	**-**	**398**
General operating expenses and equivalent				(180)		(2)	(18)	-	(200)
Operating Income	**23**	**181**	**10**	**(78)**	**-**	**82**	**(20)**	**-**	**198**
of which Insurance (see Note 17.3.3)						*31*		*20*	*51*

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 €0.9 million at June 30, 2014 (compared to a positive €1.0 million at June 30, 2013). 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 €19 million reclassification at June 30, 2014 between "Net refinancing cost" and "Net interest revenue on customer transactions" in the "Financial derivatives instruments" column.*

27.3 Geographical Areas

Key Balance Sheet Items

(in million euros)	Total assets		Customer loans and receivables		Refinancing (1)	
	June 30, 2014	Dec. 31, 2013	June 30, 2014	Dec. 31, 2013	June 30, 2014	Dec. 31, 2013
France	**10,343**	**10,094**	**8,254**	**7,991**	**15,672**	**15,261**
Europe (excluding France)	**13,698**	**13,171**	**12,259**	**11,789**	**3,537**	**3,412**
- *o/w Germany*	*2,805*	*2,883*	*2,539*	*2,595*	*1,178*	*1,251*
- *o/w Spain*	*2,046*	*1,837*	*1,876*	*1,692*	*14*	*177*
- *o/w Italy*	*1,846*	*1,949*	*1,623*	*1,670*	*296*	*346*
- *o/w United Kingdom*	*3,588*	*3,072*	*3,117*	*2,731*	*1,617*	*1,203*
Rest of the world	**1,697**	**1,852**	**1,378**	**1,532**	**1,087**	**1,174**
- *o/w Brazil*	*1,116*	*1,157*	*919*	*956*	*797*	*806*
Total	**25,738**	**25,117**	**21,891**	**21,312**	**20,296**	**19,847**

(1) *Refinancing includes "Deposits from credit institutions" (see Note 13), "Debt securities" (see Note 15), "Passbook savings accounts", "Term deposit accounts" and "Corporate time deposit", classified in "Due to customers" (see Note 14). 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		
	June 30, 2014	June 30, 2013	Dec. 31, 2013	June 30, 2014	June 30, 2013	Dec. 31, 2013
France	**231**	**235**	**470**	**165**	**158**	**293**
Europe (excluding France)	**371**	**372**	**746**	**202**	**238**	**475**
- *o/w Germany*	*85*	*95*	*185*	*46*	*57*	*112*
- *o/w Spain*	*52*	*54*	*106*	*24*	*27*	*51*
- *o/w Italy*	*45*	*45*	*90*	*21*	*19*	*37*
- *o/w United Kingdom*	*96*	*82*	*170*	*29*	*37*	*79*
Rest of the world	**116**	**135**	**261**	**59**	**62**	**123**
- *o/w Brazil*	*64*	*74*	*139*	*31*	*30*	*60*
Total	**718**	**742**	**1,477**	**426**	**458**	**891**

(in million euros)	Cost of risk			Operating income		
	June 30, 2014	June 30, 2013	Dec. 31, 2013	June 30, 2014	June 30, 2013	Dec. 31, 2013
France	**(27)**	**(25)**	**(57)**	**63**	**50**	**78**
Europe (excluding France)	**(19)**	**(26)**	**(58)**	**76**	**112**	**219**
- *o/w Germany*	*(5)*	*(5)*	*(10)*	*22*	*32*	*65*
- *o/w Spain*	*-*	*(6)*	*(11)*	*2*	*5*	*10*
- *o/w Italy*	*(7)*	*(8)*	*(16)*	*(1)*	*(3)*	*(7)*
- *o/w United Kingdom*	*(1)*	*(2)*	*(7)*	*11*	*19*	*39*
Rest of the world	**(7)**	**(9)**	**(16)**	**33**	**36**	**71**
- *o/w Brazil*	*(5)*	*(7)*	*(11)*	*14*	*16*	*29*
Total	**(53)**	**(60)**	**(131)**	**172**	**198**	**368**

Note 28 Information on foreign establishments

This information is given to meet the requirement described in Article L. 511-45 of the French Monetary and Financial Code.

The types of activity are presented according to the NACE codes:

- K section: Financial and insurance activities
  - K64 - Financial service activities, except insurance and pension funding
  - K65 - Insurance, reinsurance and pension funding, except compulsory social security
- N section: Administrative and support service activities
  - N77 - Rental and leasing activities

The Chinese subsidiary's net banking revenue is presented before equity method (see note 10.2.1).

At December 31, 2013

Country	Entity	Localization	Type of activity (NACE code)	Net banking revenue *(in million euros)*	Number of employees
Algeria	BPF Algérie	Algiers	K64	-	1
Germany	Banque PSA Finance S.A. Niederlassung Deutschland	Neu-Isenburg	K64	104	214
Argentina	PSA Finance Argentina Compania Financiera S.A.	Buenos Aires	K64	35	21
Austria	Banque PSA Finance Niederlassung Österreich	Vienna	K64	9	39
Belgium	PSA Finance Belux	Brussels	K64	32	74
Brazil	Banco PSA Finance Brasil S.A.	Sao Paulo	K64	54	245
	PSA Finance Arrendamento Mercantil S.A.	Sao Paulo	N77	9	-
	FIDC	Sao Paulo	K64	(3)	-
China	Dongfeng Peugeot Citroën Auto Finance Company Ltd	Beijing	K64	38	-
Croatia	PSA Financial d.o.o.	Zagreb-Buzin	K64	1	19
Spain	Banque PSA Finance, Sucursal en Espana	Madrid	K64	51	248
	Auto ABS 2012-3	Madrid	K64	-	-
Hungary	PSA Finance Hungaria Zrt.	Budapest	K64	2	15
Italy	Banque PSA Finance Succursale in Italia	Milan	K64	5	158
	PSA Renting Italia S.p.A.	Milan	N77	3	4
	PSA Factor Italia S.p.A.	Milan	K64	-	-
	Auto ABS S.r.l. 2007-2	Conegliano	K64	28	-
	Auto ABS S.r.l. 2012-2	Conegliano	K64	1	-
Luxembourg	PSA Finance S.C.S.	Luxembourg	K64	13	1
Malta	PSA Services Ltd	Ta' Xbiex XBX	K64	-	6
	PSA Insurance Ltd	Ta' Xbiex XBX	K65	42	9
	PSA Life Insurance Ltd	Ta' Xbiex XBX	K65	24	9
Mexico	Banque PSA Finance Mexico SA de CV SOFOM	Mexico	K64	1	-
Netherlands	PSA Finance Nederland B.V.	Rotterdam	K64	17	90
	PSA Financial Holding B.V.	Rotterdam	K64	-	-
	Peugeot Finance International N.V.	Rotterdam	K64	3	2
Poland	Banque PSA Finance SA Oddzial w Polsce	Warsaw	K64	4	58
	PSA Finance Polska Sp.zo.o.	Warsaw	K64	8	56
Portugal	Banque PSA Finance Sucursal em Portugal	Carnaxide	K64	11	47
	PSA Gestao Comercio E Aluguer de Veiculos	Carnaxide	N77	3	-
Czech Republic	PSA Finance Ceska Republika S.r.o.	Prague 4	K64	5	23
United Kingdom	Banque PSA Finance - UK Branch	Redhill	K64	65	260
	PSA Wholesale Ltd	Redhill	K64	1	-
	Vernon Wholesale Investments Company Ltd	Redhill	K64	9	-
	Auto ABS UK Loans PLC	London	K64	4	-
Russia	Bank PSA Finance Rus	Moscow	K64	26	57
Slovakia	PSA Finance Slovakia S.r.o.	Bratislava 2	K64	2	13
Slovenia	BPF Financiranje d.o.o.	Ljubljana	K64	4	15
Switzerland	PSA Finance Suisse S.A.	Schlieren	K64	16	42
	Auto ABS Swiss Leases 2013 GmbH	Zug	K64	-	-
Turkey	BPF Pazarlama A.H.A.S.	Atasehir - Istanbul	K64	1	31

Note 29 Information on subsidiaries held by significant minority interests

This information is given according to IFRS 12 and relates to the two subsidiaries located in Argentina and Slovenia. Banque PSA Finance considers as significant a minority interest when it holds at least 20% of the subsidiary concerned.

29.1 Subsidiary in Argentina

PSA Finance Argentina Compania Financiera S.A.
Buenos Aires
Minority interest: 50%

Key Balance Sheet Items

(in million euros)	June 30, 2014	Dec. 31, 2013
Customer loans and receivables	212	277
Other assets	13	20
Total assets	**225**	**297**
Refinancing	168	235
Other liabilities	19	22
Equity		
- Elimination (1)	13	13
- Consolidated reserves - equity holders of the parent	6	7
- Minority interests	19	20
Total equity and liabilities	**225**	**297**

(1) *Elimination of shareholder's equity up to the value of the shares owned by Banque PSA Finance.*

Key Income Statement Items

(in million euros)	June 30, 2014	June 30, 2013	Dec. 31, 2013
Net banking revenue	**15**	**18**	**35**
General operating expenses	(2)	(3)	(6)
Gross operating income	**13**	**15**	**29**
Cost of risk	(1)	(2)	(2)
Operating income	**12**	**13**	**27**
Income taxes	(4)	(5)	(10)
Net income for the year	**8**	**8**	**17**
- of which minority interests	4	4	9
- of which attributable to equity holders of the parent	4	4	8

Changes in minority interests

		Minority interests			
(in million euros)	Total net equity	Percentage interest	Total	Share capital and other reserves	Exchange difference
At December 31, 2012	**37**	**50%**	**19**	**33**	**(14)**
Net income of the period	8		4	4	
Exchange difference	(3)		(2)		(2)
At June 30, 2013	**42**	**50%**	**21**	**37**	**(16)**
Net income of the period	9		4	4	
Exchange difference	(11)		(5)		(5)
At December 31, 2013	**40**	**50%**	**20**	**41**	**(21)**
Net income of the period	8		4	4	
Dividendes	(2)		(1)	(1)	
Exchange difference	(8)		(4)		(4)
At June 30, 2014	**38**	**50%**	**19**	**44**	**(25)**

29.2 Subsidiary in Slovenia

BPF Financiranje d.o.o.
Lubiana
Minority interest: 50%

Key Balance Sheet Items

(in million euros)	**June 30, 2014**	**Dec. 31, 2013**
Customer loans and receivables	105	101
Other assets	4	2
Total assets	**109**	**103**
Refinancing	92	86
Other liabilities	12	11
Equity		
- Elimination (1)	2	2
- Consolidated reserves - equity holders of the parent	1	1
- Minority interests	3	3
Total equity and liabilities	**110**	**103**

(1) *Elimination of shareholder's equity up to the value of the shares owned by PSA Financial Holding B.V.*

The net banking revenue and the net income at June 30, 2014 were not material, and amounted to €1.9 million and €0.5 million respectively. The minority interest amounted to €3.3 millions at June 30, 2014 compared with €3.1 million at December 31, 2013 and €2.9 million at June 30, 2013, fully composed of share capital and reserves.

Note 30 Subsequent Events

Signing of the Framework agreement between Banque PSA Finance and Santander Consumer Finance

Following exclusive negotiations entered into on February 19, 2014, Banque PSA Finance and Santander Consumer Finance announced the signing of a binding Framework Agreement on July 10, 2014, which will establish their partnership (see Note 1).

No other event occurred between June 30, 2014 and the Board of Directors' meeting to review the financial statement on July 28, 2014 that could have a material impact on economic decisions made on the basis of these financial statements.

2.7 Statutory Auditors' Review Report on the Half-yearly Financial Information

This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in French and is provided solely for the convenience of English-speaking readers. This report includes information relating to the specific verification of information given in the Group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

Six months ended June 30, 2014

To the Shareholders,

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

- the review of the accompanying condensed half-yearly consolidated financial statements of Banque PSA Finance, for the period from January 1 to June 30, 2014,
- the verification of the information presented in the half-yearly management report.

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

1. Conclusion on the financial statements

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

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

Without qualifying the above conclusion, we draw your attention to note 2 "Accounting Policies" to the condensed half-yearly consolidated financial statements concerning the new IFRSs and in particular IFRS 12 regarding the disclosure of interests in other entities, and IFRIC interpretations applied by anticipation and to note 3 "Changes to Financial Statements Previously Reported" which details the impact of the first application of the interpretation to IFRIC 21 related to taxes.

2. Specific verification

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

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

Courbevoie and Paris-La Défense, on July 30, 2014

The statutory auditors
French original signed by

MAZARS	ERNST & YOUNG Audit
Anne Veaute	Luc Valverde

Statement from the person responsible for the 2014 half-year report

Person responsible for the half-year report

Philippe Alexandre
Chief Executive Officer of Banque PSA Finance S.A.

Certification of the person responsible for the half-year 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 for the first half of the year have been prepared in accordance with the applicable accounting standards and give a true and fair view of the group'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 the financial situation of the company and of all the companies included in the consolidation as well as a description of the main risks and uncertainties for the remaining six months of the year.

I have obtained from the Statutory Auditors the Review Report in which they indicate that they have verified the information on the financial situation and the financial statements presented in this document and in an overall reading of this document.

Philippe Alexandre
Chief Executive Officer of Banque PSA Finance S.A.

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