BANQUE PSA FINANCE

ANNUAL RESULTS

2014

BOARD OF DIRECTORS	EXECUTIVE COMMITTEE	INDEPENDENT AUDITORS
Jean-Baptiste Chasseloup de Chatillon Chairman	**Philippe Alexandre** Chief Executive Officer	**Ernst & Young Audit** **Mazars**
Philippe Alexandre Director	**Alain Martinez** Chief Operating Officer	**SUBSTITUTE AUDITORS**
Carlos Tavares Director		**PICARLE et associés** **Guillaume Potel**
Michel Philippin Director Chairman of the Audit Committee		
François Pierson Director Member of the Audit Committee		
PEUGEOT S.A. Director Permanent Representative: **Olivier Bourges** Member of the Audit Committee		
AUTOMOBILES PEUGEOT Director Permanent representative: **Maxime Picat**		

Position as at January 1, 2015

BANQUE PSA FINANCE

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

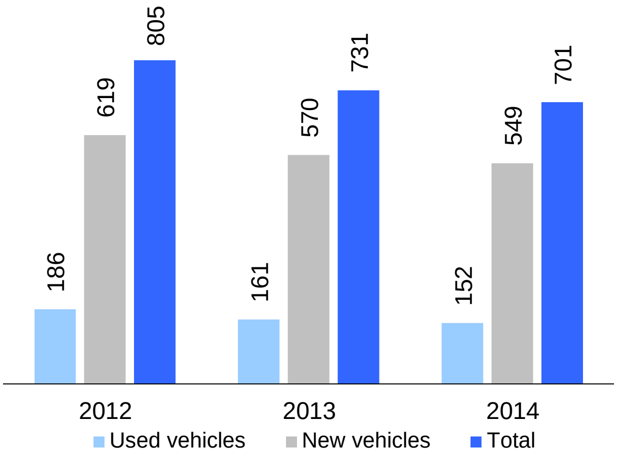
Registered office: 75, avenue de la Grande Armée – 75116 Paris
R.C.S (Trade and Companies Register number): Paris 325 952 224 - Siret 325 952 224 00013
APE business identifier code: 6419Z
Interbank code: 13168N

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

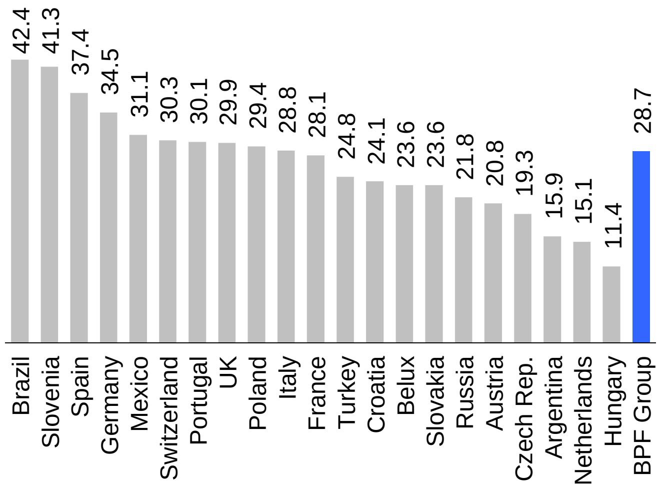
1 MANAGEMENT REPORT

1.1 Key figures

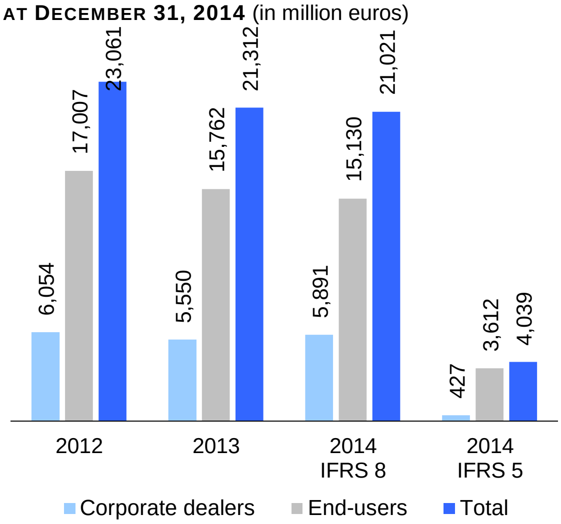
CHANGE IN NUMBER OF VEHICLES FINANCED FOR END USERS (in thousand vehicles)



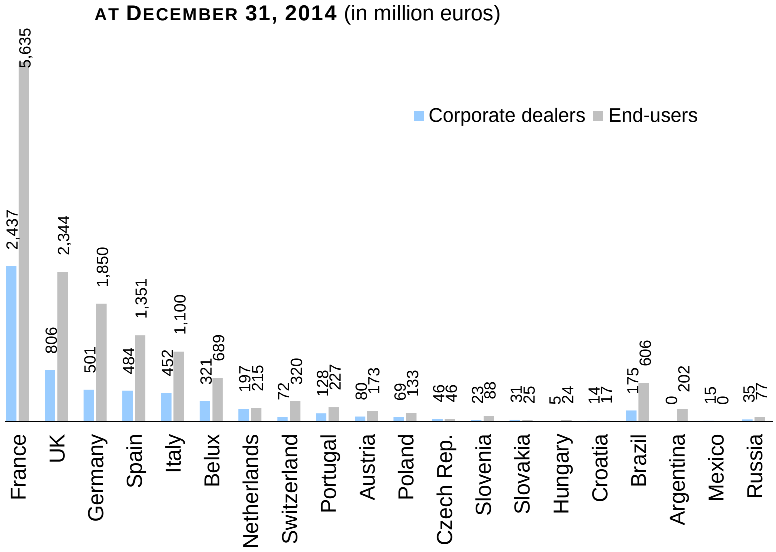
PENETRATION RATE BY COUNTRY (%) AT DECEMBER 31, 2014
(PSA Peugeot Citroen new vehicles financed/new vehicles registered)



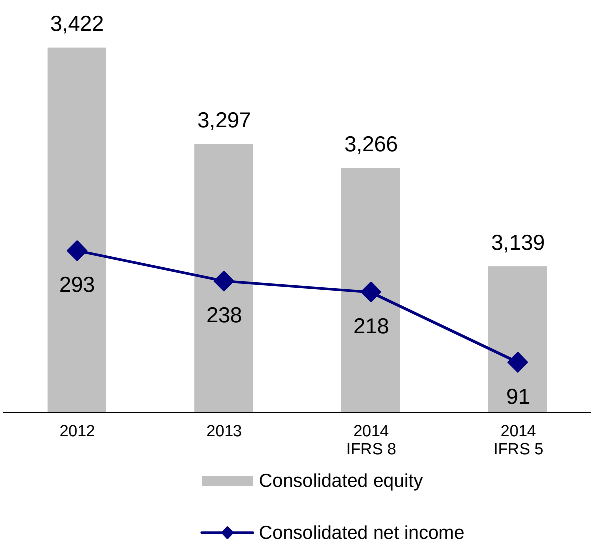
CHANGE IN END USERS LOANS AND NETWORK AT DECEMBER 31, 2014 (in million euros)



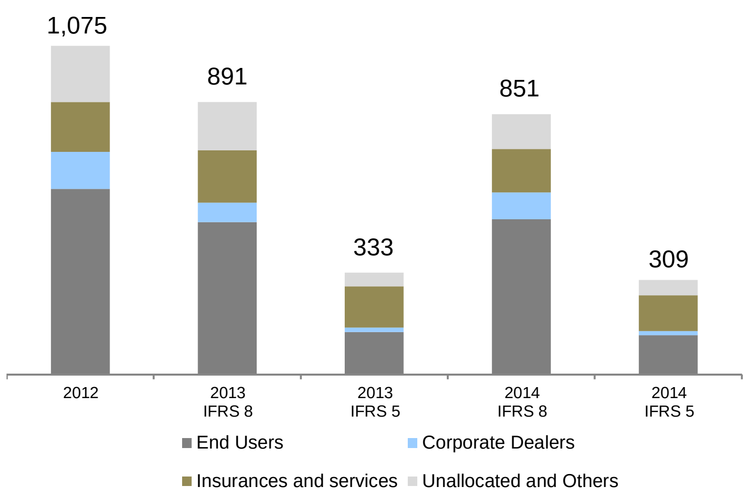
LOANS BY COUNTRY IFRS 8 AT DECEMBER 31, 2014 (in million euros)



EQUITY AND NET PROFIT (LOSS) FOR THE PERIOD AT DECEMBER 31, 2014 (in million euros)



CHANGE IN NET BANKING REVENUE
(in million euros)



1.2 Letter from the Chief Executive Officer

The financial year 2014 has already shown the positive effects of the "Back in the Race" plan undertaken by PSA, with sales rising 4.3% to 2.939 million units, generated primarily by outstanding growth in China (up 31.9%) and Europe (up 8.1%).

In the places we do business, and despite a fierce competitive environment, Banque PSA Finance was able once again to turn in a high level of sales. Financing penetration reached 28.7% of sales of our brands and the services business set a new record, with a penetration of 195.4%, up 13.2 points from 2013: 1.4 million insurance and services contracts were written.

Similarly, the proportion of the Bank's business that was international rose yet again, with new and used vehicle financing volume in China up 66.2%, proving the Bank's commitment to further the globalization of the PSA Group.

At the same time, our used vehicle financing business, with over 151,000 contracts, was off slightly, being more directly impacted by increased competition as well as by greater selectivity in our risk policy.

And PSA Finance continued to finance dealer inventories of the Peugeot, Citroën and DS brands in the amount of €31.9 billion.

Though the trend shown by Banque PSA Finance was indeed real, it was achieved without weakening its policy as to corporate & retail risk — from 2013 to 2014 the cost of risk was reduced by €15 million per IFRS 8[1] (by €1 million per IFRS 5) — or by adopting a pricing policy that could mortgage the future.

In this connection, the results of the Asset Quality Review undertaken by the European Central Bank among 130 financial center banks, published in October 2014 showed excellent levels for Banque PSA Finance in terms both of asset quality and of resistance to the stress test, putting Banque PSA Finance among the market leaders with respect to risk management and, therefore, financial soundness.

With regard to the retail savings business, based on the successful expansion of this business in France since its launch by PSA Banque at the end of the first quarter of 2013, Banque PSA Finance extended it into Belgium in September 2014 and then one month later into Germany. This brought net funds received for 2014 up to €2.1 billion, or 10% of Bank PSA Finance's external financing needs, a clear demonstration of our diversification strategy.

The major, historic event of 2014 for Banque PSA Finance was the signing on July 10, 2014 of a strategic partnership with Santander Consumer Finance, a subsidiary of Banco Santander, the bank with the largest market capitalization in the Eurozone.

This agreement calls for creating ten joint companies[2] and one marketing partnership[3] in Europe on the scope of cooperation.

The joint companies, owned 50/50 and fully consolidated into the Santander Group, will provide financing to dealers of the Peugeot, Citroen and DS brands and to their customers. This will bring together the automotive financial expertise of Banque PSA Finance with the financing power and professionalism of Santander Consumer Finance.

Moreover, the balance sheet of the PSA Peugeot Citroën automotive division will also be strengthened, by the infusion of some €1.5 billion in cash between now and 2018. Accordingly, Banque PSA Finance decided to no longer use the guarantee given by the French State in late 2012.

In early January Banque PSA Finance made changes in its governance, in regard to both the new organization of the PSA Peugeot Citroën Group and to the new cooperation with Santander Consumer Finance.

In 2015, Banque PSA Finance has put itself on track to make the contribution expected of it to the profitable growth objective laid out in the "Back in the Race" rebuilding plan.

Philippe ALEXANDRE

[1] See paragraph 1.3.1 for the definition of presentation formats per IFRS5 and IFRS 8.
[2] Germany, Austria, Belgium, Spain, France, Italy, Netherlands, Poland, the United Kingdom and Switzerland.
[3] Portugal.

1.3 Operations and results

1.3.1 Definition of concepts in the Management Report

The 2014 Management report presents information in two fashions:

The first fashion is to present financial performance in the format of IFRS 5, which is the method for presenting the financial statements in light of the highly probable disposal of business activities under the cooperative agreement between Banque PSA Finance (hereafter called “BPF”) and Santander Consumer Finance (hereafter called “SCF”). IFRS 5 calls for reclassifying the portions to do with the entities involved in the cooperation into specific headings on the balance sheet and income statement - with the exception of the Maltese, Spanish and Italian entities, for which all or part of the existing activities are retained by BPF. In addition, certain liabilities used to finance assets held for sale are also reclassified.

Lastly and in accordance with IFRS 5, the comparison period is restated using the IFRS 5 format only for the income statement.

Note 2 to the consolidated financial statements goes into more detail concerning the accounting treatments employed to comply with IFRS 5.

The second fashion presents financial performance in the format of IFRS 8, which does not reflect the aforementioned reclassifications and neutralizes certain expenses recognized in the IFRS 5 format, specifically:

- the impairment of the Disposal group (€111 million at December 31, 2014, including €81 million for depreciation of goodwill of the entities Crédipar and Sofib;
- expenses related to early repayment of certain liabilities (€16 million after taxes at December 31, 2014)

Note 37 to the consolidated financial statements goes into greater detail concerning the transition from the IFRS 8 format to that of IFRS 5.

An additional level of detail has also been provided to operating data: these are always presented in total, though detail is presented for operating data, on a full year basis, for entities within the BPF/SCF cooperation.

1.3.2 Summary of financial information

The following historical consolidated financial overview is based on the consolidated financial statements of BPF included in this annual report and prepared in accordance with International *Financial* Reporting Standards (*IFRS*) as adopted by the European Union. Our consolidated financial statements were audited by our independent auditors Ernst & Young audit and Mazars for 2014 and 2013.

NEW FINANCING

				of which scope of cooperation		
	Dec. 31, 2014	**Dec. 31, 2013**	**% change**	**Dec. 31, 2014**	**Dec. 31, 2013**	**% change**
End-user loans						
Number of vehicles financed	700,855	731,003	- 4.1	602,538	597,865	+ 0.8
Amount of financing *(in million euros, excluding interests)*	7,535	7,526	+ 0.1	6,875	6,524	+ 5.4
Corporate dealer loans						
Number of vehicles financed	1,682,070	1,619,118	+ 3.9	1,521,173	1,406,240	+ 8.2
Amount of vehicles financing *(in million euros)*	31,864	29,943	+ 6.4	29,200	26,262	+ 11.2
Amount of spare parts and other financing *(in million euros)*	3,344	3,573	- 6.4	3,043	3,229	- 5.8
Insurance and services activity						
Number of new contracts	1,400,088	1,359,865	+ 3.0	1,266,602	1,184,637	+ 6.9

BALANCE SHEET

(in million euros)	IFRS 5	IFRS 8[1]		
Assets	**Dec. 31, 2014**	**Dec. 31, 2014**	**Dec. 31, 2013**	**% change**
Cash, Central Banks, Post Office Banks	308	331	466	- 29.0
Financial Assets at Fair Value Through Profit or Loss	455	455	783	- 41.9
Hedging instruments	58	58	89	- 34.8
Available-for-sale Financial Assets	14	14	10	40.0
Loans and Advances to Credit Institutions	1,070	2,297	1,439	59.6
Customers loans and receivables	4,039	21,021	21,312	- 1.4
Deferred tax assets	83	92	136	- 32.4
Other assets	475	878	882	-0.5
Assets of operations to be taken over by partnership	18,529	0	0	0.0
Total Assets	**25,031**	**25,146**	**25,117**	**0.1**

Liabilities	**Dec. 31, 2014**	**Dec. 31, 2014**	**Dec. 31, 2013**	**% change**
Financial Liabilities at Fair Value Through Profit or Loss	4	4	3	33.3
Hedging instruments	54	54	62	- 12.9
Deposits from Credit Institutions	6,353	6,633	6,268	5.8
Due to Customers	420	2,793	1,334	109.4
Debt Securities	6,135	10,965	12,624	- 13.1
Deferred tax liabilities	24	332	411	- 19.2
Other liabilities	394	1,099	1,118	-1.7
Stockholder's equity + subordinated debt	3,139	3,266	3,297	- 0.9
Liabilities of operations to be taken over by partnership	8,508	0	0	0.0
Total Liabilities	**25,031**	**25,146**	**25,117**	**0.1**

[1] The items on the transition from IFRS 8 to IFRS 5 format are found in Note 37 in the consolidated accounts.

Income Statement

(in million euros)	IFRS 5			IFRS 8[1]		
	Dec. 31, 2014	Dec. 31, 2013	% change	Dec. 31, 2014	Dec. 31, 2013	% change
Net banking revenue	309	333	- 7.2	851	891	- 4.5
General operating expenses and equivalent[2]	-144	-141	+ 2.1	-398	-392	+ 1.5
Cost of Risk	-39	-40	- 2.5	-116	-131	- 11.5
Operating Income	**126**	**152**	**- 17.1**	**337**	**368**	**- 8.4**
Non operating income[3]	-381	-370	+ 3.0	1	8	- 87.5
Pre-tax net income	**-255**	**-218**	**+ 17.0**	**338**	**376**	**- 10.1**
Income taxes	44	90	- 51.1	-120	-138	- 13.0
Net income from continuing operations	**-211**	**-128**	**+ 64.8**	**218**	**238**	- 8.4
Profit/(loss) of operations to be taken over by partnership	**302**	**366**	**- 17.5**	**0**	**0**	
Net income	**91**	**238**	**- 61.8**	**218**	**238**	**- 8.4**

1- The items on the transition from IFRS 8 to IFRS 5 format are found in Note 37 in the consolidated accounts.

2 - Including depreciation, amortization and impairment of intangible and tangible assets, and gains and losses on disposals of fixed assets.

3 - Including costs of the non-transferred liabilities of operations to be taken over by partnership in IFRS 5.

Outstanding Loans

By Customer Segment

(in million euros)	IFRS 5	IFRS 8[1]		
	Dec. 31, 2014	Dec. 31, 2014	Dec. 31, 2013	% change
Corporate dealers	427	5,891	5,550	+ 6.1
End-users	3,612	15,130	15,762	- 4.0
of which Retail	3,497	13,636	14,238	- 4.2
of which Corporate and equivalent	115	1,494	1,524	- 2.0
Total Customer Loans and Receivables	**4,039**	**21,021**	**21,312**	**- 1.4**

[1] The items on the transition from IFRS 8 to IFRS 5 format are found in Note 37 in the consolidated accounts.

By Geographical Region

(in million euros)	IFRS 5	IFRS 8		
	Dec. 31, 2014	Dec. 31, 2014	Dec. 31, 2013	% change
France	70	8,072	7,991	+ 1.0
Western Europe (excluding France)	2,540	11,318	11,242	+ 0.7
Central and Eastern Europe	319	521	547	- 4.48
Latin America	998	998	1,257	- 20.6
Rest of the world	112	112	275	- 59.3
Total	**4,039**	**21,021**	**21,312**	**- 1.4**

Net Banking Revenue By Portfolio

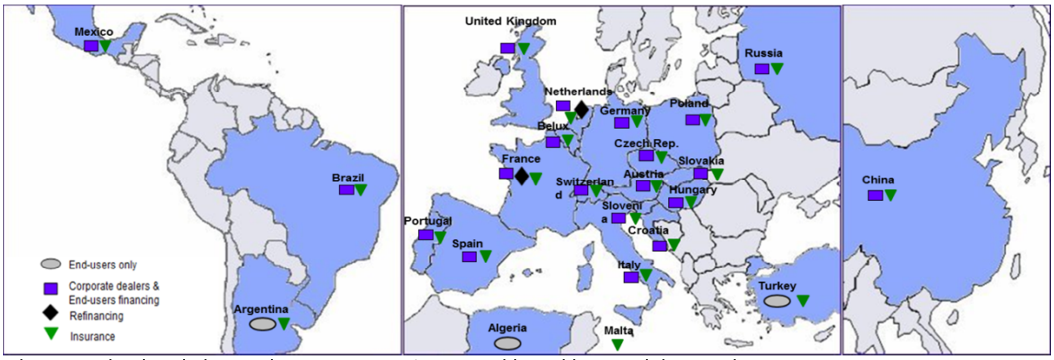
(in million euros)	IFRS 5			IFRS 8[1]		
	Dec. 31, 2014	Dec. 31, 2013	% change	Dec. 31, 2014	Dec. 31, 2013	% change
End-users	128	139	- 7.9	508	498	+ 2.0
of which Retail	123	133	- 7.5	485	477	+ 1.7
of which Corporate and equivalent	5	6	- 16.7	23	21	+ 9.5
Corporate dealers	14	14	+ 0.0	87	64	+ 35.9
Insurances and Services (including net refinancing costs)	117	135	- 13.3	142	171	- 17.0
Unallocated and other[2]	50	45	+ 11.1	114	158	- 27.8
Total	**309**	**333**	**- 7.2**	**851**	**891**	**- 4.5**

1- The items on the transition from IFRS 8 to IFRS 5 format are found in Note 37 in the consolidated accounts.

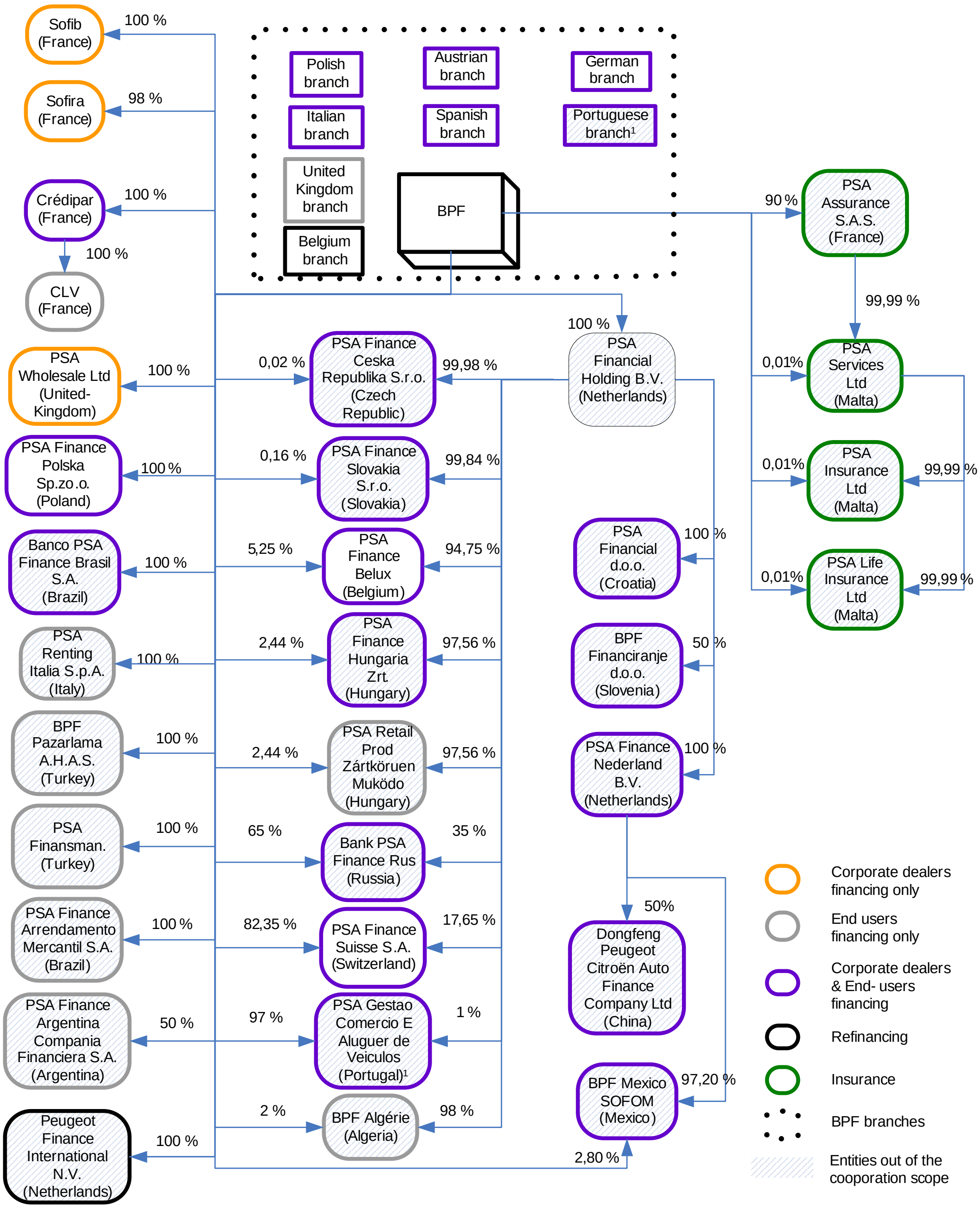
2 - Represents primarily refinancing cost adjustment reflecting the fact that interest expenses are allocated to customer segments based on our average financing rates, and on the assumption that loans are financed fully with debt.

1.3.3 Worldwide presence of the Group

1.3.3.1 Organization at December 31, 2014

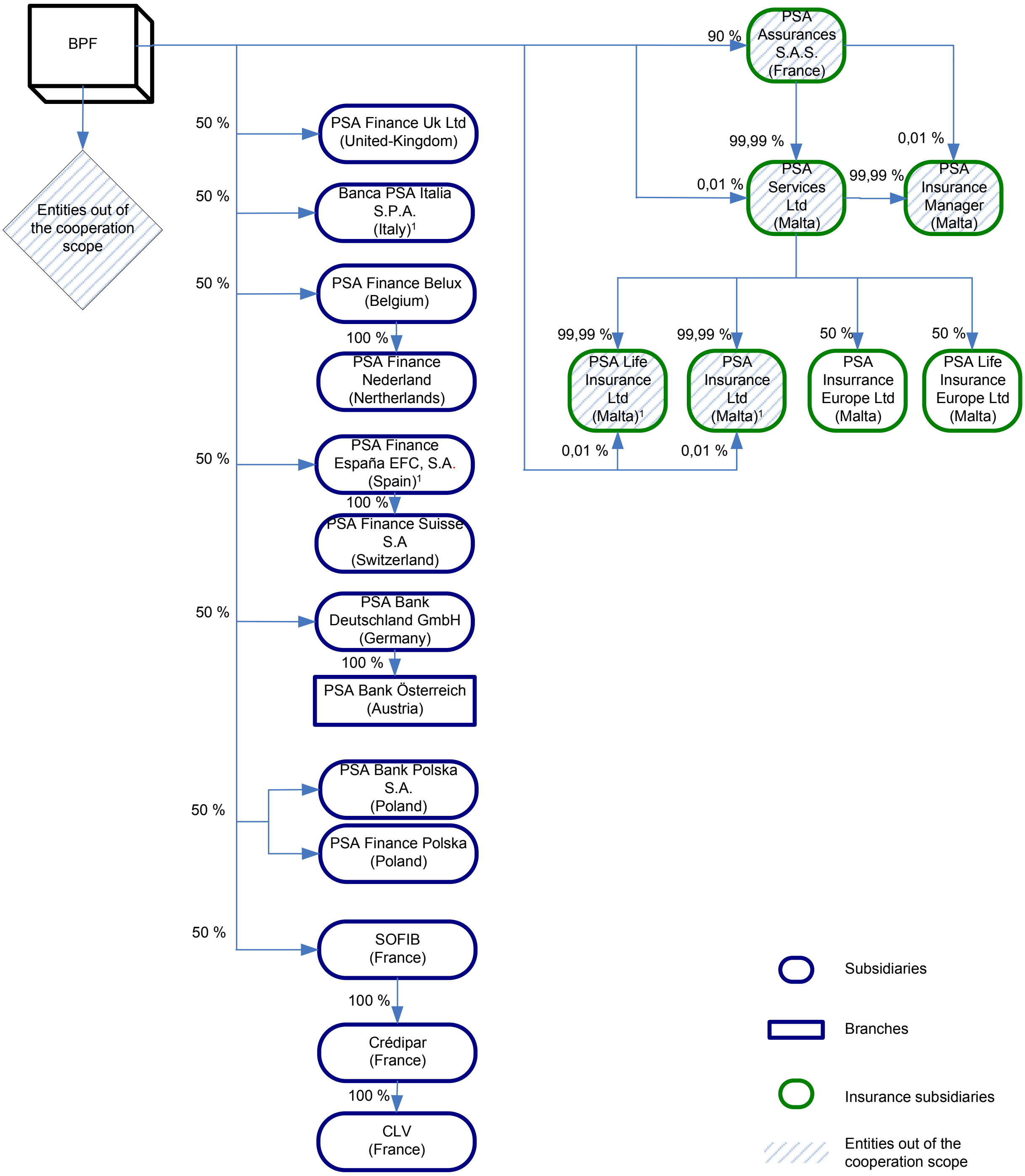


The following organizational chart only covers BPF Group entities with material operations.



¹ Portuguese entity will be entirely sold to SCF

1.3.3.2 Target organization of the cooperation with Santander Consumer Finance once the transaction is fully implemented



[1] Italian and Spanish old entities retail portfolio as well as out of cooperation scope Maltese entities insurance portfolio will be kept by BPF and set in run-off.

1.3.4 BPF Branches and Subsidiaries operations

1.3.4.1 Introduction

BPF is a wholly-owned subsidiary of the PSA Peugeot Citroën Group and finances the sale of vehicles at Peugeot, Citroën and DS dealerships in the 23 countries (including China) where it is located.

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

In addition, our online retail savings business, launched in France in 2013 under the PSA Banque brand, was also introduced in Belgium in September 2014, and then in Germany in October 2014.

Finally, after entering exclusive negotiations on February 19, 2014, BPF and SCF announced on July 10 that they had signed a framework Agreement to set up a partnership covering 11 European countries.

This partnership between BPF, the PSA Peugeot Citroën captive company specializing in automotive financing, and SCF, the division of Banco Santander specializing in consumer credit, will take the form of ten joint companies in Germany, Austria, Belgium, Spain, France, Italy, the Netherlands, Poland, the United Kingdom, Switzerland and a marketing partnership in Portugal. This transaction will strengthen the competitiveness of the Group's brands, allowing them greater penetration of the automotive financing market. It will boost and add longevity to the BPF's businesses by offering competitive products only to the brands and customers of PSA Peugeot Citroën. The contemplated scope of the transaction will cover approximately 90% of BPF's current activities.

On February 2, 2015 BPF and SCF announced that the first two joint companies obtained approval from the regulatory bodies to carry out banking operations in France and the United Kingdom. These companies will now provide financing to Peugeot, Citroën and DS dealerships and to their customers in those two countries. These first two companies represent 53% of the lending affected by the framework Agreement. The launch of operations in the nine other countries is expected to be accomplished throughout 2015 and into early 2016.

Owned 50/50 and fully consolidated by the Santander Group, the joint companies will enable us to become more profitable in these countries. The balance sheet of the PSA Peugeot Citroën automotive division will also be strengthened, by the infusion of some €1.5 billion in cash between now and 2018.

Starting up these joint companies strengthens the financing of BPF's operations and so re-enables us to have full access to these markets. Starting up the companies will also allow BPF to announce that it will no longer make use of the guarantee of the French State on new bond issues. The target organization of the cooperation with SCF is detailed in paragraph B below.

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

A. History and Organization

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

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

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

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

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

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

We are currently active in 23 countries (including China), accounting for 88% of vehicle volume sales by the PSA Peugeot Citroën Group in 2014 (including China). Our principal markets are China, Western Europe (particularly France, the United Kingdom, Spain, Germany and Italy), Argentina and Brazil. We have also been growing strongly in Russia since the second quarter of 2010.

Per IFRS 5, as of December 31, 2014, the unsold operations of BPF's French subsidiaries accounted for 1.7% of the Group's total customer loans, 70.8% of customer loans in Europe, excluding France (of which 62.9% in Western Europe and 7.9% in Eastern Europe) and 27.5% in the rest of the world (including Latin America).

Per IFRS 8, as of December 31, 2014, BPF's French subsidiaries accounted for 38.4% of the Group's total customer loans, 56.3% of customer loans in Europe, excluding France (of which 53.8% in Western Europe and 2.5% in Eastern Europe) and 5.3% in the rest of the world (including Latin America).

Our sweeping geographical presence gives us a solid base of operations and facilitates our ability to quickly respond and adapt to movements in growth markets.

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

In March 2013, BPF entered the retail savings market in France under the “PSA Banque” brand. We continued to expand our business by launching a retail savings business in Belgium under the brand “PSA BANK” in September 2014 and in October 2014, in Germany under the brand “PSA DIREKTBANK”. This new business actively helps BPF to diversify its funding sources.

On July 10, 2014 a framework agreement was signed with SCF, the division of Banco Santander specializing in consumer credit, creating a partnership between the two Groups in 11 European countries.

B. Target organization of the cooperation with SCF

The cooperation will be set up in each country through the legal steps described below:

i. Investment by SCF through newly created organizations

In Germany, a new German subsidiary will be created, owned 50/50 by BPF and SCF, to which the business of the existing German subsidiary will be contributed.

In Austria, a new branch will be created, owned 50/50 by BPF and SCF, to which the operations of the existing Austrian branch office will be contributed. This new branch office will be an institution of the newly created German subsidiary.

In Italy, a new Italian subsidiary will be created, owned 50/50 by BPF and SCF, to which the operations of the existing Italian branch office will be contributed, with the exception of existing retail portfolios. The existing BPF Italian branch office will be maintained to manage the runoff of the existing retail portfolios. The extinction of this existing portfolio will bring the activities of this entity to an end.

In Spain, a new Spanish subsidiary will be created, to which the operations of the existing Spanish branch office will be contributed, with the exception of existing retail portfolios. This new Spanish subsidiary will be owned 50/50 by BPF and SCF. The existing BPF Spanish branch office will be maintained to manage the runoff of the existing retail portfolios. The extinction of this existing portfolio will bring the activities of this entity to an end.

In Malta, two Maltese subsidiaries will be created, owned 50/50 by BPF and SCF, as insurance companies.

ii. Investment by SCF through existing entities

In France, SCF will make a 50% equity investment in SOFIB, which will at that point own 100% of Crédipar and 100% of SOFIRA. CLV will continue to be wholly-owned by Crédipar. Subsequently SOFIRA will be merged into Crédipar.

In Belgium, SCF will make a 50% equity investment in BPF's existing Belgian subsidiary, to which the deposit activities performed by BPF's existing Belgian branch office will have been transferred previously.

In the United Kingdom, SCF will make a 50% equity investment in BPF's existing English subsidiary, to which the business conducted by BPF's existing English branch office will have been transferred previously.

In Switzerland, the equity of BPF's existing subsidiary will be sold to the newly created Spanish subsidiary, owned 50/50 by BPF and SCF.

In the Netherlands, the equity of BPF's Dutch subsidiary will be sold to the Belgian subsidiary, owned 50/50 by BPF and SCF.

iii. Investment by SCF in Poland

In Poland, SCF will make a 50% equity investment in BPF's existing subsidiary and a 50% equity investment in a newly created Polish subsidiary, to which the business conducted by BPF's existing Polish branch office will have been transferred previously.

iv. Signing of a marketing cooperation agreement with BPF in Portugal

In Portugal, BPF's existing Portuguese branch office and its Portuguese subsidiary will be sold to a Portuguese subsidiary of SCF. A marketing cooperation agreement will also be entered into by BPF and the SCFs Portuguese subsidiary.

C. Business model and Strategy

BPF's sound business model, based on its close partnership with the Group's three car makers and their respective dealership networks, strong management team and robust strategy have enabled us to withstand and respond effectively to the ongoing difficult economic climate since the 2008 financial crisis, and to maintain good performance.

The main levers implemented by the Bank are the following:

- ***An extended, structured and customized selection of financing solutions.*** Our comprehensive offering is developed to meet the needs of the Peugeot, Citroën and DS dealerships and their customers. Our relationship of proximity with the commercial networks allows us to develop financing solutions and services packages specifically designed to address these needs.

- ***Close privileged relationships with the Peugeot, Citroën and DS brands as well as with the dealer networks.*** We work closely with the Peugeot, Citroën and DS commercial and dealer networks with a combined approach linking vehicle sales to vehicle finance, insurance and service in a single package. Our market research shows that clients renew their contracts more frequently when financing their vehicles through BPF.

- ***A first-rate integrated point-of-sale IT system.*** BPF's information management systems are integrated with those of Peugeot, Citroën and DS and their dealers, allowing the latter to offer clients comprehensive quotes and packaged solutions, comprising financing and ancillary services, in rapid time. Qualified customers can obtain a decision in principle on the credit applications, immediately through the system, while they are at the dealer's premises.

- ***Diversified insurance and service offerings with a high added value.*** We offer our end-user customers a range of financial, insurance and vehicle-service options, which are either offered at the time of financing, or during the vehicle's lifespan. We believe that this “one-stop shopping” approach enhances our financing products, insurance and services to our customers. Insurance and services increasingly represent a significant portion of BPF's revenues.

- ***Steady and controlled geographical expansion.*** BPF has historically supported the international expansion of sales by the PSA Peugeot Citroën Group, benefiting in this way from a natural platform for geographic expansion - first through Western and then Central and Eastern Europe, and then into the fastest growing emerging markets. BPF's emerging market growth strategy is also pragmatic: market entry is often via partnerships with well-established financial institutions, thereby enabling us to quickly become operational, whilst at the same time limiting development costs.

- ***A diversified, responsive refinancing policy -*** primarily through the launch of our new retail savings business, first in France in March 2013, then in Belgium in September 2014 and Germany in October 2014.

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

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

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

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

1.3.4.2 Our Products and Services

Our financing products, insurance and services include the following:

- ***End-users Financing (89% of outstanding customer loans and receivables per IFRS 5 and 72% per IFRS 8 as at December 31, 2014)***. We offer individuals, small and medium businesses, and corporate and equivalent customers a range of financing solutions to purchase new and used vehicles, including installment loans, as well as various leasing solutions with or without purchase options.

- ***Financing the corporate dealership network (11% of outstanding customer loans per IFRS 5 and 28% per IFRS 8 as at December 31, 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 dealers 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.

- **Retail savings.** The retail savings business consists of savings passbooks and term deposits.

The overall proportion of these is about approximately 90% and 10% respectively, with a definite advantage to term deposits in terms of customer retention. Business expansion into two new countries came with the consolidation of our positions in France, bearing out the appropriateness of a plan built on the real economy. The marketing success met with also proves the confidence of savers in the growth outlook for the PSA Peugeot Citroën Group and for BPF. This business will be fully consolidated into the SCF partnership.

The table below shows, by value and by volume, new finance contracts in 2014 compared with 2013, as well as amounts outstanding, broken down, on each occasion, by segment: end-user loans or corporate dealer loans.

FINANCING BY PORTFOLIO

				of which scope of cooperation		
	Dec. 31, 2014	**Dec. 31, 2013**	**% change**	**Dec. 31, 2014**	**Dec. 31, 2013**	**% change**
End-user loans						
Number of vehicles financed	700,855	731,003	- 4.1	602,538	597,865	+ 0.8
Amount of financing *(in million euros, excluding interests)*	7,535	7,526	+ 0.1	6,875	6,524	+ 5.4
Corporate dealer loans						
Number of vehicles financed	1,682,070	1,619,118	+ 3.9	1,521,173	1,406,240	+ 8.2
Amount of vehicle financing *(in million euros)*	31,864	29,943	+ 6.4	29,200	26,262	+ 11.2
Amount of spare parts and other financing *(in million euros)*	3,344	3,573	- 6.4	3,043	3,229	- 5.8
Insurance and services activity						
Number of new contracts	1,400,088	1,359,865	+ 3.0	1,266,602	1,184,637	+ 6.9

A. Loan Portfolios

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

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

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

B. End-users financing

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

Our end-user customers consist primarily of individuals, small and medium businesses and corporate and equivalent customers. As at December 31, 2014, the latter accounted for 9.9% of outstanding end-users loans and receivables per IFRS 8, while individual customers and small and medium businesses accounted for 90.1% of outstanding end-users loans per IFRS 8. The average duration of new end-user financing contracts was 41 months in 2014.

Most of our financing is for new vehicles. We also provide financing for the purchase of used vehicles, primarily vehicles recovered by Peugeot, Citroën and DS dealers at the end of a lease duration, or trade-in vehicles purchased by dealers, which may include third-party brands. In some cases, we offer financing to corporate clients wishing to refinance their entire fleet with used vehicles. In 2014, we provided end-users financing for 700,855 vehicles including 151,547 used vehicles.

We financed 470,955 installment loan contracts and 229,900 leasing contracts for a combined value of €7,535 million of new financing in 2014. In 2014, BPF supported the introduction of new car models by creating package-type products (financing plus services) to build customer loyalty, mostly involving leasing techniques. Our volume of leasing-type and other products grew 2.4%.

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

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

Geographical coverage

We provide financing to end-user customers in 23 countries (including China) which accounted for 88% of Peugeot, Citroën and DS vehicle sales in 2014. Our principal markets are France and other Western European countries (notably the United Kingdom, Spain, Germany and Italy), Argentina and Brazil. The table below breaks down our outstanding end-users loans by region as at December 31, 2014 (excluding the €968 million of outstanding end-users loans in China at the end of December 2014). Our outstanding loans provided in Turkey are booked by our partners and therefore do not appear below. The same applies to our partnership in Mexico.

OUTSTANDING END-USER LOANS BY REGION

	IFRS 5		IFRS 8	
End-users	December 31, 2014		December 31, 2014	
	in million euros	*as a % of total*	*in million euros*	*as a % of total*
France	70	1.9%	5,635	37.2%
Western Europe (excluding France)	2,457	68.0%	8,277	54.7%
Central and Eastern Europe	200	5.5%	333	2.2%
Latin America	808	22.4%	808	5.3%
Rest of the world	77	2.1%	77	0.5%
Total	**3,612**	**100.0%**	**15,130**	**100.0%**

Marketing and Penetration rates

BPF has a close and special relationship with the Peugeot, Citroën and DS commercial and dealer networks, financing 28.7% of all PSA Peugeot Citroën new vehicle sales in 2014 on the eligible perimeter.

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

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

We have developed online credit simulation and product marketing tools to complement Peugeot, Citroën and DS's websites in France, Germany, Italy, the United Kingdom, Spain, Portugal, Belgium, Switzerland, Poland, the Czech Republic and Argentina. We have also introduced personalized customer profiles and customer relationship management tools in our principal markets. Finally, we improved the way the product is presented so that customers can find every bit of information about the financing and services available in each country.

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

We measure our penetration rate by comparing the number of new Peugeot, Citroën and DS vehicles we finance to the number of passenger cars and utility vehicles registered by the PSA Peugeot Citroën Group in the countries where we operate. The number of new vehicles registered includes vehicles purchased for cash, without financing. Our share of the total number of Peugeot, Citroën and DS financed vehicles is significantly higher than that of our competitors (banks, specialized agencies, etc.).

The table below shows our penetration rates in the countries where we operate for 2013 and 2014:

BANQUE PSA FINANCE PENETRATION RATE BY COUNTRY

	PSA Peugeot Citroën registrations (PV + UV)[1]		New Vehicle Financing (PV + UV)[1]		Banque PSA Finance penetration rate (in %)	
Countries	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
France	659,197	**650,704**	**185,002**	**184,491**	**28.1**	**28.4**
Germany	124,095	122,240	42,783	39,664	34.5	32.4
Portugal	28,105	19,820	8,452	6,230	30.1	31.4
Spain	153,039	131,593	57,245	50,190	37.4	38.1
Switzerland	26,240	26,551	7,954	7,390	30.3	27.8
United Kingdom	246,462	228,213	73,795	71,547	29.9	31.4
Italy	141,894	136,603	40,853	42,231	28.8	30.9
Belux	90,747	93,133	21,412	23,543	23.6	25.3
Austria	21,054	20,936	4,388	4,537	20.8	21.7
Netherlands	64,006	58,079	9,678	12,213	15.1	21.0
Western Europe (excluding France)	**895,642**	**837,168**	**266,560**	**257,545**	**29.8**	**30.8**
Slovenia	8,651	9,391	3,574	2,551	41.3	27.2
Slovakia	8,758	8,889	2,066	2,199	23.6	24.7
Czech Republic	15,178	15,793	2,929	3,455	19.3	21.9
Croatia	5,897	5,185	1,424	1,276	24.1	24.6
Poland	30,354	29,590	8,929	5,993	29.4	20.3
Hungary	6,402	5,726	733	972	11.4	17.0
Central and Eastern Europe	**75,240**	**74,574**	**19,655**	**16,446**	**26.1**	**22.1**
Brazil	93,916	123,603	39,800	46,695	42.4	37.8
Argentina	98,490	140,155	15,703	35,225	15.9	25.1
Mexico	6,147	6,942	1,912	2,094	31.1	30.2
Latin America	**198,553**	**270,700**	**57,415**	**84,014**	**28.9**	**31.0**
Russia	41,177	62,823	8,964	17,185	21.8	27.4
Turkey	46,540	64,058	11,553	9,857	24.8	15.4
Rest of the world	**87,717**	**126,881**	**20,517**	**27,042**	**23.4**	**21.3**
Total	**1,916,349**	**1,960,027**	**549,149**	**569,538**	**28.7**	**29.1**
of which cooperation	**1,585,193**	**1,517,462**	**460,491**	**448,029**	**29.0**	**29.5**

[1] Passenger cars and light commercial vehicles.

End-users penetration in China rose sharply (16.2% in 2014 vs. 12.1% in 2013), showing the success of joint operations with the brands. In one year volume went from 65,648 to 109,371 new car contracts, for a growth rate of 66.6%.

End-user Installment Loans for New and Used Vehicles

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

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

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

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

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

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

Lease Financing

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

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

Underwriting, Payments and Collection

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

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

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

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

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

C. Corporate Dealers Financing

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

We may also grant lines to dealers to finance their buy-back obligations with respect to leased vehicles or balloon loans. In that case they take the form of used vehicle lines of credit. We finance the full purchase price of vehicles purchased by dealers, but limit the aggregate amount of financing per dealer. We regularly review the dealers' solvency and overall financial position and set credit limits if necessary.

In 2014 1,682,070 vehicles were financed for dealers, which represent a 3.9% increase, in keeping with the PSA Group's sales growth. In 2014 the amount of new loans on vehicles that were issued to dealers of our brands rose by 6.4%, reflecting increased production of new financing and the inventorying of higher-end cars and favorable changes in the vehicle mix. Financing outstanding at December 31, 2014 apart from the factors mentioned above was also impacted by a favorable trend in orders taken, and rose by 6.1%.

The table below shows the number of vehicles financed for Peugeot, Citroën and DS dealers in 2013 and 2014, and breaks down our outstanding corporate dealer loan portfolio

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New Corporate Dealers financing

				of which scope of cooperation		
	Dec. 31, 2014	**Dec. 31, 2013**	**% change**	**Dec. 31, 2014**	**Dec. 31, 2013**	**% change**
Number of vehicles	**1,682,070**	**1,619,118**	**+ 3.9**	**1,521,173**	**1,406,240**	**+ 8.2**
Amount (in million euros)	**35,207**	**33,516**	**+ 5.0**	**32,243**	**29,491**	**+ 9.3**
of which vehicles	31,864	29,943	+ 6.4	29,200	26,262	+ 11.2
of which spare parts and other	3,343	3,573	- 6.4	3,043	3,229	- 5.7

Outstanding Corporate Dealer Loans

(in million euros)	***IFRS 5***	***IFRS 8***		
	Dec. 31, 2014	**Dec. 31, 2014**	**Dec. 31, 2013**	**% change**
Vehicles	310	4,290	3,959	+ 8.4
Spare parts and other	117	1,601	1,591	+ 0.6
Total	**427**	**5,891**	**5,550**	**+ 6.1**

Geographical coverage

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

The following table breaks down our outstanding corporate dealer loans by country as at December 31, 2014 (excluding the €621 million of outstanding corporate-dealer loans in China at the end of December 2014). We do not provide corporate dealer financing in Algeria, Argentina and Turkey.

Outstanding Corporate Dealer Loans by Region

	IFRS 5		*IFRS 8*	
Corporate Dealers	**December 31, 2014**		**December 31, 2014**	
	in million euros	*as a % of total*	*in million euros*	*as a % of total*
France			2,437	41.4%
Western Europe (excluding France)	83	19.4%	3,041	51.6%
Central and Eastern Europe	119	27.9%	188	3.2%
Latin America	190	44.5%	190	3.2%
Rest of the world	35	8.2%	35	0.6%
Total	**427**	**100.0%**	**5,891**	**100.0%**

Corporate dealer financing

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

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

Corporate dealer financing is typically provided through dedicated credit lines. In general, loans for vehicles are repaid within 30 to 180 days after they are drawn. We periodically review credit limits for dealers, and pricing is based on a combination of our internal credit scoring system. Pricing terms may also depend in some cases on borrowers' credit scores.

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

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

D. Insurance and Services

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

In fact, our strong expansion, technological developments and customer consumption as well as purchasing patterns have been for a long time forecasting growth and an evolutionary contribution of insurance products and services to the automotive industry, within the context of a market environment and product and service offerings that require us to:

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

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

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

PSA Insurance is, therefore, the implementation of this strategy. PSA Insurance is largely made up of two insurance companies, and designs a broad range of insurance products and services which it distributes through our subsidiaries and branch network.

Insurance products are either developed in conjunction with key insurance partners (the "BUY" model), or direct by PSA Insurance Ltd or PSA Life Insurance Ltd (the "MAKE" model) which can operate across the European markets thanks to the "Freedom of Services" principle established by the European Union. PSA Insurance also operates on the Group's other main markets: Latin America, Russia and China (for China, PSA Insurance provides essentially advisory services).

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

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

In addition, since 2005, we have implemented an ambitious program to grow our car insurance business by either including car insurance in our financing products or offering it at the sale of the vehicle. An auto insurance product is available in every market. In 2014 12.1% of vehicles sold were sold with auto insurance.

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

Having achieved new record levels in sales for the fifth year in a row, this strategy has proven to be as useful as it is sound.

In 2015, two Maltese insurance companies will be created, to continue the strong performance of PSA Insurance within the SCF cooperation agreement.

The table below breaks down the number of service and insurance contracts per sector for 2013 and 2014.

New Insurance and Service Contracts

(in number of contracts)	Dec. 31, 2014	Dec. 31, 2013	% change	*of which scope of cooperation* Dec. 31, 2014	Dec. 31, 2013	% change
Financial services	570,830	573,395	- 0.4	520,986	513,130	+ 1.5
Car insurance	232,412	262,175	- 11.4	152,465	150,780	+ 1.1
Vehicle-related services	596,846	524,295	+ 13.8	593,151	520,727	+ 13.9
Total	**1,400,088**	**1,359,865**	**+ 3.0**	**1,266,602**	**1,184,637**	**+ 6.9**

Penetration Rate on Financing

(in %)	Dec. 31, 2014	Dec. 31, 2013	Pts change	*of which scope of cooperation* Dec. 31, 2014	Dec. 31, 2013	Pts change
Financial services	79.7	76.8	+ 2.9	84.4	83.8	+ 0.6
Car insurance	32.4	35.1	- 2.7	24.7	24.6	+ 0.1
Vehicle-related services	83.3	70.2	+ 13.1	96.1	85.0	+ 11.0
Total	**195.4**	**182.2**	**+ 13.2**	**205.1**	**193.5**	**+ 11.6**

Despite difficult market conditions, the number of new service and insurance contracts rose 3.0% in 2014. We managed to sell an average of 1.95 service and/or insurance contracts per financed client, up 13.2 penetration points from 2013. We have made concerted efforts to expand our services and insurance business in recent years, nearly doubling our number of insurance and service contracts per financing since 2002 (increase from 1.10 insurance and service contracts per financing in 2002 to 1.95 in 2014).

E. Retail savings market

The retail savings business has enabled BPF to compete in the online savings market while at the same time diversifying our funding sources. Passbooks and Term Deposits are intended only for savers who are adult private individuals and tax-residents of the country.

While outstandings in France stayed level in 2014 at €952 million, the launch of two regulated passbooks in Belgium in September 2014 along with that of a passbook and a term deposit in Germany in October 2014 resulted in a doubling of outstandings in record time. In December, Germany pulled ahead of France in terms of loans outstanding, winding up with €1,074 million. Outstandings in Belgium for their part equal €48 million. At December 31, 2014 the Group’s retail saving business outstanding amounts to €2,074 million (cf. paragraph 1.4.2.5), higher by €1,119 million than 2013. Using the same marketing methods and tools in these three markets makes efforts effective and fosters synergies.

1.3.4.3 Partnerships and Ventures

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

Our main partnerships or joint-ventures are in China and Argentina. Non-equity partnerships also exist in other countries, as for example in the countries of Eastern Europe, when such arrangements were favored.

In China, we have owned a 50% stake in a Chinese “Auto Finance Company” since December 2012, namely, Dongfeng Peugeot Citroën Auto Finance Company Ltd., of which the remaining shares are held by Dongfeng Peugeot Citroën Automobiles (25%), itself a joint industrial and commercial venture between Dongfeng Motor Group Co. Ltd, a leading Chinese carmaker and members of the PSA Peugeot Citroën Group, and by the Dongfeng Motor Group Co. Ltd (25%). We consolidate the results of our Chinese joint venture by the equity method, as we have joint management control with our partners.

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

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

In Brazil, end-users loans and loans to Peugeot and Citroën dealerships are made via two wholly-owned BPF on-site subsidiaries: Banco PSA Finance Brasil S.A. and PSA Finance Arrendamento Mercantil S.A. (together forming “BPF Brazil”). Until October 2013 the back office operations of BPF Brazil were provided by “Banco Santander”. Since November 2013, BPF Brazil has conducted a totally independent end-users financing business.

1.3.4.4 Competition

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

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

1.3.4.5 Employee relations

At December 31, 2014, the number of employees of BPF subsidiaries and branches on a full time equivalent basis was 2,353, excluding China. Two-thirds of the BPF workforce works outside of France.

A survey conducted in late 2013 among all BPF employees showed all in all a high level of commitment. Thereafter, targeted action plans were drawn up whenever necessary.

BPF, a wholly owned subsidiary of the PSA Group, applies the Group's Human Resources policy spelled out in the PSA Peugeot Citroën 2014 Registration Document.

1.3.4.6 Real property

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

1.3.4.7 Legal proceedings and investigations

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

We factor the impact and consequences of legal proceedings for and against BPF into our provisions policy, and in consultation with our independent auditors continuously adjust our terms of service to avoid any negative effects on our financial position.

Note that in March 2014 the Swiss Competition Commission opened an inquiry into various captive financial companies, including PSA Finance S.A., the Swiss subsidiary of BPF, concerning any possible exchanges of information about interest rates, contractual terms and commissions paid to dealers. The investigation will lead to a possible decision in two or three years. BPF should be able to have access to the record in 2016.

1.4 Analysis of operational results

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

The downgrading as of 2012 of the financial rating of PSA Peugeot Citroën Group, of which BPF is a wholly-owned subsidiary, caused the Group to seek the guarantee of the French State. This was approved by a vote of the French Parliament on December 29, 2012 and validated by the European Commission on July 29, 2013. The guarantee was granted for principal not to exceed €7 billion, remunerated by a fee of 260 basis points, plus a penalty of between 10 and 231 basis points depending on the sales performance of BPF's ten largest country operations.

BPF's profit from operations in 2014 was €126 million per IFRS 5 (€337 million per IFRS 8), as compared to €152 million per IFRS 5 in 2013 (€368 million per IFRS 8).

1.4.1 Vehicle sales for Peugeot, Citroën and DS

In 2014, worldwide sales of PSA Peugeot Citroën rose 4.3% to 2,939 million units. China became the Group's top market with 734,000 vehicles sold, up 31.9%, and the trend in Europe was strongly positive as well; there 1,761,000 vehicles were sold, an increase of 8.1%.

The Peugeot brand scored a worldwide success for all Peugeot products:

- globalization of the “8 line of cars”;
- upgraded sales, with a strong contribution from the Peugeot 308 and the Peugeot 2008 and 3008 crossovers.

  The year 2014 saw good performance by Citroën products:
- The new Citroën C4 Picasso was Europe's best-selling minivan;
- The Citroën C4 Cactus exceeded objectives from the day it was introduced;
- There was the success of the C-Elysee in China, the bestselling car for DPCA (Dongfeng Peugeot Citroën Automobiles), with over 100,000 sold.

In 2014 DS was launched worldwide as a premium brand of the Group.

The set of efforts made by the Group to reduce inventories bore fruit, and inventories by end December were significantly lower than originally expected.

In Europe the Group's financial performance improved in an improving, though fragile, market: the Group's sales totaled 1,761,000 units in Europe, up 8.1% from 2013. The growth of the Group in Europe reflects the favorable reception given to the Peugeot 308, voted Car of the Year 2014 and of which 175,000 were made, and also the positive results of the Citroën C4 Cactus. Peugeot registrations in this region grew 6.2% to 952,000 units. The modernity and consistency of the product line, together with the high quality of service we require, have made the brand more attractive. This and our management of net pricing by the dealer network have led to robust, profitable growth.

As a prime indicator, Peugeot gained 0.3 points of penetration in the sales channel to private individuals. Citroën, while emphasizing the most profitable distribution channels, grew 7.2% more than the market. Result: 689,000 registrations and market share gains in the major countries (France, the United Kingdom, Spain and Germany).

This trend is the result of a successful product offensive, especially including the new C4 Picasso, the leading European minivan (120,000 sold in 2014), and the success of the year's three launches: The New Jumper in April (31,000 sold) and in June the new C1 (41,000 sold) and the C4 Cactus (42,000 sold).

Finally, DS had sales of 85,900 units by concentrating on the most profitable sales channels, so as to defend the residual value of its models over the long term. Sixty-one dedicated points of sale (58 DS Salons and 3 DS Stores) are now open. 2014 also saw a deeper line technologically, with among other things six new engine configurations and a new lighting pattern, the Xenon Full LED.

New sales records were set in China for all three carmakers, Peugeot, Citroën and DS. The country has become the Group's top market. The Chinese market has experienced significant new growth, with a rate of 11.5%. Group sales there have reached 734,000 units, bringing its market share to 4.4% as compared to 3.6% in 2013. Peugeot's sales in China were 386,565 for a new yearly record, a sales increase of 43.1%, which was the highest growth rate of the top 20 auto makers in the market. The Peugeot 3008 and 2008 have taken full advantage of the growth in the SUV segment, accounting for a third of Dongfeng Peugeot sales. In the C segment (52% of the Chinese PV market) the new Peugeot 408 got off to a quick start with 30,943 sold in four months. In addition the brand has expanded its dealer network with 100 additional dealerships in 2014. Citroën grew faster than the market as well, by 14.3%, and set a new record with 320,000 invoices. China represents more than one Citroën of every four sold in the world, and has proven its status as the brand's leading market, ahead of France. This performance is largely due to the success of the latest product introductions: the new Citroën C-Elysée, Dongfeng Citroën's top seller, with over 100,000 sold in 2014 and the Citroën C4-L, which saw 66,000 sales over the year. The introduction of a new model in December, the SUV C3-XR, adds to the product line. Moreover, adding to these results are the Dongfeng Citroën dealerships, which are increasing in numbers and in recognition, being ranked first in the JD Power 2014 Sales Satisfaction Index. DS Sales in

China (26,000 cars) have taken off, thanks to a premium product line of the DS5, the DS5LS and the DS6, three models produced in Shenzen and on the market for only a year. Along with that, the brand is actively expanding its distribution network with 80 DS Stores, which cover the 60 largest cities in China. China today accounts for 22% of worldwide DS registrations, as compared to 2% in 2013.

In the other regions of the world the market conditions in 2014 were challenging - a recession in automobile sales and unfavorable exchange rates. As it happens, PSA Peugeot Citroën attended to its profitability by following a strict pricing policy. In Eurasia, the Group emphasized local production of the Peugeot 408 and the Citroën C4 Sedan, attaining together 8% of their segment in Russia with 6,500 and 9,000 invoices respectively, In Latin America, in an adverse economic environment, the Group invoiced 200,000 units, and strengthened its position in Argentina with a 15.1% market share. Results are in on latest product introductions: Peugeot 208 with 49,000 invoices and Citroën C4 Lounge with over 13,000 invoices. The Citroën C3 has held up well with 35,300 invoices. In the Middle East and Africa region, priority was given to improving profitability under unfavorable exchange rates. The Group has kept strong positions in quite a few countries. It is number one in Tunisia and France's overseas Departments, and number two in Morocco. The Peugeot brand is number two in Algeria and is gaining greatly in Egypt with 77% more invoices. In the India-Pacific region, sales have grown with the successful introductions of the Peugeot 2008 (1,000 orders in three months) and the 308 (3,200 invoices) as well as that of the Citroën C4 Picasso (1,450 invoices).

1.4.2 BPF commercial activity

1.4.2.1 End-users Financing

In a still difficult economic environment for a number of markets, BPF has maintained its new vehicle financing penetration despite very high refinancing terms. In the end a result of 28.7% was achieved, representing one of our best performances.

In terms of volume, BPF reported a lower number of new vehicle contracts (off 3.6%) in its available market, which itself was down 2.2%.

In 2014, vehicle registration numbers changed in varying ways according to region: The Europe 30 grew 4.7% whereas the emerging countries saw rather significant market declines: down 7.5% in Brazil, down 28.7% in Argentina and down 7.3% in Russia. The Chinese market, by contrast, experienced 11.5% growth, thus becoming PSA's leading market.

In this context of strongly differing markets, BPF reported a 4.1% drop in volume of new and used vehicle financing to end-users in 2014 (apart from China), going from 731,003 to 700,855 contracts.

The table below provides information relating to BPF's end-users financing activity in 2013 and 2014.

PRODUCTION OF NEW VEHICLE AND USED VEHICLE END-USERS FINANCING

				of which scope of cooperation		
(in number of contracts)	**Dec. 31, 2014**	**Dec. 31, 2013**	**% change**	**Dec. 31, 2014**	**Dec. 31, 2013**	**% change**
Installment contracts	470,955	506,406	- 7.0	383,072	382,534	+ 0.1
Leasing activity and other financing	229,900	224,597	+ 2.4	219,466	215,331	+ 1.9
Total	**700,855**	**731,003**	**- 4.1**	**602,538**	**597,865**	**+ 0.8**
of which outside Western Europe	*108,528*	*140,396*	*- 22.7*	*10,211*	*7,258*	*+ 40.7*
(in million euros, excluding accrued interests)						
Installment contracts	4,277	4,380	- 2.4	3,677	3,434	+ 7.1
Leasing activity and other financing	3,258	3,146	+ 3.6	3,198	3,090	+ 3.5
Total	**7,535**	**7,526**	**+ 0.1**	**6,875**	**6,524**	**+ 5.4**
of which outside Western Europe	*755*	*1,070*	*- 29.4*	*96*	*68*	*+ 41.2*

The following table illustrates the amount of new end-users financing entered into in 2014 and 2013 by customer segment.

Financing of New and Used Vehicles by Market

(in million euros)	Dec. 31, 2014	Dec. 31, 2013	% change	*of which scope of cooperation* Dec. 31, 2014	Dec. 31, 2013	% change
Retail financing	6,669	6,665	+ 0.1	6,014	5,669	+ 6.1
of which new vehicles	5,533	5,508	+ 0.5	4,931	4,579	+ 7.7
of which used vehicles and other	1,136	1,157	- 1.8	1,083	1,090	- 0.6
Corporate and equivalent financing	866	861	+ 0.6	861	855	+ 0.7
End-users financing	**7,535**	**7,526**	+ 0.1	**6,875**	**6,524**	+ 5.4

Production as an amount of new financing for individuals and small and medium businesses remained stable between 2013 and 2014 (up 0.1%). The volume of new vehicle financing for this segment also rose 0.5% in 2014, and used vehicle financing was down slightly, by 1.8%. Concerning the corporate and equivalent segment, the new and used vehicle financed principal rose 0.6% in 2014.

The following table breaks down the end-users loans made in 2014 and 2013 by region, based on the number of vehicles financed.

Financing of New and Used Vehicles by Region

(in number of contracts)	Dec. 31, 2014	Dec. 31, 2013	% change
France	257,260	255,029	+ 0.9
Western Europe (excluding France)	335,067	335,578	- 0.2
Central and Eastern Europe	22,202	19,049	+ 16.6
Latin America	64,521	93,960	- 31.3
Rest of the world	21,805	27,387	- 20.4
Total	**700,855**	**731,003**	**- 4.1**
Of which cooperation	**602,538**	**597,865**	**+ 0.8**

A. New Vehicle Financing

BPF financed 549,308 new PSA vehicles through installment contract financing or leases in 2014, representing a decrease of 3.6% compared to 2013.

Our overall penetration rate was 28.7% in 2014 (third best performance ever), reflecting a sustained strong sales performance and close collaboration with the PSA Peugeot Citroën group brands, enabling us to expand our joint operations.

It should be noted that these results include higher rates of growth in the second part of the year. These improved performances are due to the success of the financing products created to support the introduction of new vehicles (the 308, C4 Cactus and C4 Picasso).

The performance of the G5 countries, representing nearly 73% of the production of new vehicle contracts, maintained a high penetration at 30.2% with especially good growth in Germany, up 2 points to 34.5%.

Conversely, in Latin America, the great variations in refinancing terms and the sharp decline in the automobile market in Argentina due to worsened economic conditions had an impact on the total performance of BPF.

In detail, you will find below the way the various markets changed over time:

Western Europe

The number of new vehicles we financed in Western Europe (including France) increased by 2.2% in 2014 to 451,562 financing contracts, while the penetration rate reached 29.0%. In economic environment that remains troubled, the major changes in market penetration were as follows:

- France: new vehicle financing was up very slightly with 185,002 financing contracts in 2014 versus 184,491 in 2013. Crédipar attained 28.1% penetration, or 0.3% less than in 2013, with dissimilar performances in the first and second half-years: 26.6% vs. 29.7%. This decline for the year was due largely to the penetration of our B2B business.
- In Germany the penetration rate rose 2.1 points (the fourth best performance within the BPF perimeter), from 32.4% in 2013 to 34.5%, caused by very great synergy with the carmakers.
- In Spain, the strong results achieved in 2013 continued with an excellent penetration rate of 37.4% in 2014 (third best performance within the BPF perimeter), and 57,245 new vehicle financing contracts compared with 50,190 in 2013, or an increase of 14.1%. In a Spanish market which grew by 19.9% and by 16.3% for PSA, we continued to grow by continuing our partnerships with the Group's brands.
- In the United Kingdom, in a market that grew 10.3% in 2014, the penetration rate fell 1.5 points to 29.9%. This decline can be attributed to a weaker available market for BPF and a sales mix less favorable for financing. Nevertheless, the performance remained at a very high level, particularly in the B2C segment, with nearly 60% penetration.
- In Italy, with a recovery in the automobile market of 5.3%, the penetration rate stayed at a high level of 28.8% thanks to the strong partnership with the carmakers.
- In Belgium and Luxembourg, in a stable automotive market characterized by very competitive financing products, especially by the banks, penetration was 23.6%.

Central and Eastern Europe

With PSA registrations up slightly (0.9%), BPF grew by 4 points of penetration to 26.1%, along with a +19.5% rise in contract volume to 19,655 contracts. This growth was due principally to good performance by Poland.

- In Poland sales rose 2.6% and BPF reported penetration of 29.4%, which was 9.1 points higher than last year. This significant rise is very much due to the work done in close collaboration with the Group's brands.
- In the Czech Republic BPF's penetration fell 3.9 points to 19.3%.
- In the other markets, the performance in terms of market penetration varied: it grew significantly in Slovenia, to 41.3% from 27.2% in 2013, stayed the same in Croatia at 24.1% and fell in Slovakia, which reported a new vehicle penetration rate of 23.6% (versus 24.7% in 2013).

Latin America

Latin America is one of the most important markets for BPF. Our business is mainly carried out through our Brazilian and Argentine subsidiaries. Since November 2013, BPF Brazil has conducted its business completely independently.

In Argentina, BPF operates via a partnership with BBVA: PSA Finance Argentina. (See "1.3.4.3 Partnerships and Joint Ventures" for more information regarding on this arrangement).

In Brazil, our subsidiary posted a record penetration rate of 42.4% (37.8% in 2013), the best performance within the BPF consolidation, and 39,800 new vehicle financing contracts (down 14.8% from 2013, while the drop in PSA Group registrations was 24%.) On the Brazilian market, competition from local banks continues to be fierce: local banks are authorized to set up sales teams at dealerships to gain direct contact with customers.

In Argentina PSA Peugeot Citroën recorded a sharp reduction in new vehicle registrations, down 29.7% from 2013. Given the adverse economic situation, the automobile market is in steep decline, down 28.7%. Penetration is also down, to 15.9% from 25.1% in 2013. Noteworthy was the good performance of the savings plan (CISA), which offset the poor performance of loans: total penetration including CISA was 37.9%.

In Mexico penetration was 31.1%, up 0.9 points despite a drop in sales of 11.5%. The volume of new vehicle financing contracts was off 8.7%.

Rest of World

In Russia, in an especially difficult market with great variations in refinancing terms, the penetration rate fell to 21.8%. The financing business is strongly impacted by the slowdown in the automobile market (off 7.3%) and the latter is more pronounced in PSA sales (off 34.5%) because of the Group's profitability-oriented policy.

With regard to the other major countries, BPF signed a new marketing partnership in Turkey in 2014 with one of the local leaders in automotive financing. This agreement made it possible to raise the financing penetration by 9.4 points to 24.8%. The loans outstanding are booked by the partner, while BPF receives a marketing commission.

The Chinese subsidiary, which launched its business in 2006, issued end-users loans for 109,371 new vehicles in 2014, a sharp increase of 66.6% (after a 68.3% increase in 2013). The new vehicle penetration rate was 16.2%, up 4.1 points from 2013, highlighting the success of operations undertaken jointly with the carmakers. This performance was not indicated in the data presented earlier as the Chinese subsidiary is accounted for by the equity method. (See "1.4.2.3 Financing in China").

B. Used Vehicle Financing

The volume of our used vehicle financing business was down 6.0% from 2013, with a substantial decline in Latin America. The worldwide number of used vehicles financed was 151,547 compared to 161,265 in 2013.

Generally speaking, the policy BPF has adopted remains centered on risk management, with a constantly selective use of the acceptance and profitability criteria. This is the case in the United Kingdom, Germany, Brazil, Italy, Belgium and Argentina.

After three years of production decreases, volumes in France once again rose, up 2.4%, thanks to the new maintenance contracts offered on used vehicles. Volume rose 2.5% in Spain as a result of new efforts made with the carmakers, and grew in the Netherlands and Slovenia as well.

Notable was the great growth in markets like Turkey and Russia, due primarily to the sharp drop in new car sales in these countries.

BPF's new vehicle financing business still remains very concentrated in three countries - France, Germany and the UK.

1.4.2.2 Corporate Dealer Financing

After a sharp decline in 2013, corporate dealer financing saw a more or less sustained country-wise recovery in 2014.

BPF financed a total of 1,682,070 vehicles for corporate dealers in 2014, up 3.9%. Vehicle financing amounts were up 6.4%, particularly reflecting a positive trend of the mix and the effects of the policy of upmarket positioning. On the other hand, spare part volumes declined by 6.4% in a highly competitive market.

The following table sets forth our new corporate dealer financing activity for the years ended December 31, 2013 and 2014.

New Corporate Dealers Financing

	Dec. 31, 2014	Dec. 31, 2013	% change	*of which scope of cooperation* Dec. 31, 2014	Dec. 31, 2013	% change
Number of vehicles	**1,682,070**	**1,619,118**	**+ 3.9**	**1,521,173**	**1,406,240**	**+ 8.2**
Amount (in million euros)	**35,207**	**33,516**	**+ 5.0**	**32,243**	**29,491**	**+ 9.3**
of which vehicles	31,864	29,943	+ 6.4	29,200	26,262	+ 11.2
of which spare parts and other	3,343	3,573	- 6.4	3,043	3,229	- 5.7

Outstanding Corporate Dealer Loans

(in million euros)	*IFRS 5* Dec. 31, 2014	*IFRS 8* Dec. 31, 2014	Dec. 31, 2013	% change
Vehicles	310	4,290	3,959	+ 8.4
Spare parts and other	117	1,601	1,591	+ 0.6
Total	**427**	**5,891**	**5,550**	**+ 6.1**

Geographically, the change in the number of vehicles financed on a corporate dealer basis highlights the net recovery of France and Western Europe in 2014.

1.4.2.3 Financing in China

China represents a dynamic growth market, both for the PSA Peugeot Citroën Group's vehicle sales – which have shown considerably higher growth than that of the market - and for our financing activities. Through our DPCAFC joint venture, we have experienced strong growth in the financing business in recent years, with total outstandings reaching €1,534 million as of December 31, 2014, up from €904 million as of December 31, 2013, up 69.7% compared to 46.8% in 2013.

This is not reflected in the figures relating to our consolidated end-users 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 2013 and 2014. The new vehicle retail loan penetration reached 16.2% in 2014 highlighting the increasing use of car loans by Chinese end-users and a growing proportion of financing campaigns organized with DPCA in the production of DPCAFC.

In order to strengthen the synergies between the car manufacturer DPCA and its captive vehicle financing, BPF and DPCA agreed to a transfer of shares, which should take place in the first few weeks of 2015. After this transfer, DPCA will have 50% of the shares of DPCAFC, BPF will have 25% and the DongFeng Group will have 25%. The management of the JV will be assumed jointly by the three partners.

FINANCING IN CHINA

	Dec. 31, 2014	Dec. 31, 2013	% change
End-users loans *(including leases)*			
Number of vehicles financed (*new and used*)	110,285	66,374	+ 66.2
Amount of financing *(in million euros excluding accrued interests)*	819	568	+ 44.2
Corporate dealer loans			
Number of vehicles financed	374,840	256,319	+ 46.2
Amount of financing *(in million euros, including spare parts)*	5,209	3,786	+ 37.6

Outstanding loans *(in million euros)*	Dec. 31, 2014	Dec. 31, 2013	% change
End-users loans (including leases)	913	574	+ 59.1
Corporate dealer loans	621	330	+ 88.2
Total loans	**1,534**	**904**	**+ 69.7**

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

1.4.2.4 Insurance and Services

In 2014, the insurance and services margin (excluding net cost of refinancing) stood at €117 million per IFRS 5 and €142 million per IFRS 8, compared to €170 million per IFRS 8 in 2013. This margin is made up of commissions on insurance product sales and renewals as well as PSA Insurance underwriting profits.

- The margin on insurance services (“Make” products) contributed €94 million per IFRS 8 in 2014, down from €109 million in 2013. From the 2014 income, it was decided to allocate €24 million to provision risk related to a market dispute concerning the special tax rate on insurance contracts applicable to policies covering financial losses on lease and installment contracts.

Earned premiums before adjustment (TCA) were €153 million, up €8 million compared to 2013, while the cost of claims and other changes in liabilities related to insurance activities represented an expense of €35 million in 2014 compared to €36 million in 2013. The dispute with the French tax authorities regarding the level of commission received by our Crédipar subsidiary for insurance policies and services sold by it was resolved; in this context, the insurance and services businesses were retroactively regularlized, with no impact on the contribution to the consolidated operating income. Furthermore, the resolution of this dispute led to the recognition of an income tax gain of €32 million for the period ending December 31, 2014, consisting of a €35 million reversal of the provision for Crédipar, a €40 million tax charge to Crédipar and the deductibility of the reimbursement of our Maltese companies' commissions in the amount of €37 million.

- The margin on sales of other insurance products and services ("Buy" products) stood at €25 million per IFRS 5 and €48 million per IFRS 8 in 2014, compared to €61 million per IFRS 8 in 2013. This change was due to the end of life of the product portfolios sold before 2009, the year in which business was brought in-house by PSA Insurance, and also due to the negative foreign exchange effect of approximately €8 million, mainly on account of the sharp decline in the value of the Argentinian Peso.

With the adjustment of exceptional items (TCA and foreign exchange rate impacts), the total margin on insurance products and services was up by approximately €4 million in 2014.

Net Banking Revenue on Services

	IFRS 5	IFRS 8		
(in million euros)	Dec. 31, 2014	Dec. 31, 2014	Dec. 31, 2013	% change
Margin on sales of insurance services	92	94	109	- 13.8
Margin on sales of other services[1]	25	48	61	- 21.3
Total[2]	**117**	**142**	**170**	**- 16.5**

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 37 in the consolidated accounts).

1.4.2.5 Retail savings market

BPF's intent to inform actors proposing one of the most attractive offers in the market, by adapting products and prices, showed its efficacy in three countries, where the savings business had been launched.

France was characterized by a strong inclination of retaining customers, mainly due to the "Real Economy" positioning. Indeed, and although promotional campaigns had been discontinued in July 2014, outstanding loans as of December 31, 2014 were almost equal to the outstanding loans as of December 31, 2013 (€952 million, including €99 million from Deposit Accounts in 2014, versus €955 million in 2013).

Belgium is not a so-called "promotional" market, and is subject to high seasonality in January. The slow growth seen over the last few months of 2014 (€48 million in less than four months) is only equaled by the strong growth seen in January 2015 (€50 million in outstanding loans collected in a single month). The regional aspects also remain a key element of the strategy.

As for Germany, the attractiveness of the offer soon after its launch gave a flying start, which exceeded one billion euros in just two months (€1,074 million, of which €67 million from Deposit Accounts in 2014), without resorting to heavy media investments. The customer volatility aspect (price elasticity), which seems to be much higher than in France and Belgium, is still to be measured.

The outlook for 2015 is obviously directly related to the agreements with our partner SCF, and now relies on a solid base in the three countries, which calls for implementing innovative marketing techniques and setting up an effective and powerful organization. Furthermore, customer satisfaction surveys gave excellent results.

Savings business

				of which scope of cooperation		
	Dec. 31, 2014	Dec. 31, 2013	% change	Dec. 31, 2014	Dec. 31, 2013	% change
Number of active contracts	69,079	25,141	+ 174.8	69,079	25,141	+ 174.8
Total Collected (in million euros)	2,586	1,606	+ 61.0	2,586	1,606	+ 61.0
Total Outflows (in million euros)	1,472	672	+ 119.0	1,472	672	+ 119.0
Outstanding (in million euros)	**2,074**	**955**	+ 117.2	**2,074**	**955**	+ 117.2
of which France	952	955	- 0.3	952	955	- 0.3
of which Germany	1,074	-	-	1,074	-	-
of which Belgium	48	-	-	48	-	-
Average by contract (in thousand euros)	30	38	- 21.1	30	38	- 21.1

1.4.3 Results of operations

NET INCOME

(in million euros)	IFRS 5			IFRS 8 [1]		
	Dec. 31, 2014	Dec. 31, 2013	% change	Dec. 31, 2014	Dec. 31, 2013	% change
Net banking revenue	309	333	- 7.2	851	891	- 4.5
General operating expenses and equivalent [2]	- 144	- 141	+ 2.1	- 398	- 392	+ 1.5
Cost of Risk	- 39	-40	- 2.5	- 116	- 131	- 11.5
Operating Income	**126**	**152**	**- 17.1**	**337**	**368**	**- 8.4**
Non operating income[3]	- 381	- 370	+ 3.0	1	8	- 87.5
Pre-tax income	**- 255**	**- 218**	**+ 17.0**	**338**	**376**	**- 10.1**
Income taxes	44	90	- 51.1	- 120	- 138	- 13.0
Net income from continued operations	**- 211**	**- 128**	**+ 64.8**	**218**	**238**	- 8.4
Net income from activities held for sale	**302**	**366**	**- 17.5**	**0**	**0**	
Net income	**91**	**238**	**- 61.8**	**218**	**238**	**- 8.4**

1 - The items on the transition from IFRS 8 to IFRS 5 format can be found in Note 37 of the consolidated accounts.
2 - Including depreciation and amortization of intangible and tangible assets and gains and losses on disposals of fixed assets.
3 - Including costs of the non-transferred debts of operations to be taken over by partnership in IFRS 5.

1.4.3.1 Net Banking Revenue

The net banking revenue per IFRS 5 stood at €309 million as of December 31, 2014. Net banking revenue per IFRS 8 fell by 4.5% to €851 million as of December 31, 2014, down from €891 million as of December 31, 2013. This decline is mainly due to exceptional events. Thus, an expense of €16 million was recorded in 2014 concerning BPF's UK branch (application of the "Credit Consumer Act" which lead to the refund of interest to customers affected by a flaw in the annual statement). An expense of €11 million was also recorded in 2014 concerning BPF's branch in Germany (refund of loan set-up costs during the period 2004/2010 following a decision of the German Federal Court). In addition, a provision of €24 million was recorded in the insurance company PSA Insurance Ltd to cover risk related to a market dispute concerning the special tax rate on insurance contracts applicable to policies covering financial losses on lease and instalment contracts. Finally, a negative currency effect of €20 million was recorded in 2014. These effects were partially offset by an improvement in the 2014 financing margin.

NET BANKING REVENUE BY PORTFOLIO

(in million euros)	IFRS 5			IFRS 8 [1]		
	Dec. 31, 2014	Dec. 31, 2013	% change	Dec.31, 2014	Dec. 31, 2013	% change
End-users	128	139	- 7.9	508	498	+ 2.0
of which Retail	123	133	- 7.5	485	477	+ 1.7
of which Corporate and equivalent	5	6	- 16.7	23	21	+ 9.5
Corporate dealers	14	14	+ 0.0	87	64	+ 35.9
Insurances and Services (including net refinancing costs)	117	135	- 13.3	142	171	- 17.0
Unallocated and other[2]	50	45	+ 11.1	114	158	- 27.8
Total	**309**	**333**	**- 7.2**	**851**	**891**	**- 4.5**

1 - The items on the transition from IFRS 8 to IFRS 5 format can be found in Note 37 of the consolidated accounts.
2 - 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.

1.4.3.2 General Operating Expenses

The general operating expenses and equivalent stood at €144 million in 2014 per IFRS 5. They stood at €398 million in 2014 per IFRS 8 compared to €392 million in 2013 per IFRS 8. This increase was a result of the different adverse effects, including the launch of the Savings business in Belgium and Germany, the reversal of non-recurring provisions in 2013 and an increase in computer costs related to the improvement of our operating efficiency. These items were partially offset by significant reduction initiatives implemented in all of BPF's subsidiaries.

1.4.3.3 Cost of Risk

In 2014, the cost of risk stood at €39 million per IFRS 5 and €116 million per IFRS 8, or 0.55% of the average net outstanding loans, compared to €131 million in 2013 per IFRS 8, or 0.61% of the average net outstanding loans.

Our cost of risk for retail exposure (individuals and small and medium businesses) stood at €88 million in 2014 per IFRS 8 (0.63% of the average net outstanding retail loans). This figure, which is a significant improvement compared to 2013 (€115 million per IFRS 8 in 2013, or 0.78% of the average net outstanding retail loans), reflects our continuous improvement in terms of risk.

The 2014 result comprises an additional expense of €23 million related to accelerated credit losses across the Bank's group structure to adapt them to the context of country and customer segment-specific recoveries. There was also a positive foreign exchange effect of €1.5 million in 2014.

All the risk measures, taken during the loan acceptance since the beginning of the financial crisis that erupted in 2008, were repeated in 2014, with our improved risk indicators mainly those concerning default and loss rates.

The efforts made to improve SME customer selection enabled us to put up a dedicated score online in Italy in 2014, which concluded the cycle of developing specific tools for the SME business in the major European countries, a project which we started a few years ago.

We continued to consolidate our recovery procedures in 2014. This led to maintaining the recovery levels throughout the recovery phases. We continued with our vigorous dedicated recovery tool development program started a few years ago, which enabled us to modernize the dedicated pre-litigation phase tools in France and Spain.

In 2014, the cost of risk of the corporate business was marked by the setting-up of a collective impairment for outstanding performing loans. It stood at €11 million for the corporate dealer network (0.20% of the net average outstanding corporate dealer loans) and €4 million for the corporate and equivalent portfolio (0.23% of the net average outstanding corporate and equivalent loans). In 2014, net specific provisions from corporate portfolios were quite low: €13 million for the corporate dealer portfolio (0.23% of the net average outstanding corporate dealer loans) and €1 million for the corporate and equivalent portfolio (0.6% of the net average outstanding corporate and equivalent loans). The total corporate cost of risk at the end of 2014 per IFRS 8 stood at €24 million for corporate dealers and €4 million for corporate and equivalent.

For both Corporate portfolios, the positive development recorded in 2014 came mainly from South European countries.

1.4.3.4 Operating Income

The operating income stood at €126 million per IFRS 5 and €337 million per IFRS 8, down by 8.4% compared to €368 million per IFRS 8 in 2013. This decline was mainly due to the drop in net banking revenue, partially offset by an improvement in the cost of risk.

1.4.3.5 Consolidated Net Income

The consolidated net income stood at €91 million per IFRS 5 and €218 million per IFRS 8 in 2014. The €127 million difference between these two numbers (see Note 37 to the consolidated financial statements) is due to the recognition, solely per IFRS 5, of the €111 million impairment loss on the Disposal group and of the €16 million expense from the early repayment of certain liabilities. Profit per IFRS 8 for the period ending December 31, 2013 was €238 million, which was a decline of €20 million.

In 2014, the share in net income of associates and joint ventures accounted for using the equity method increased from €8 million to €12 million, reflecting the strong growth in the economic and commercial performances of the businesses in China and the success of our reinforced partnership.

The effective corporate tax rate decreased in 2014, at 26.4% per of taxable earnings IFRS 8, excluding the writedown of deferred taxes, as compared to 36.3% in 2013.

Note that the dispute with the French tax authorities about the level of commissions received by BPF's subsidiary Crédipar on insurance and services contracts it had sold was resolved. This led to the recognition of an income tax gain of €32 million for the period ending December 31, 2014, consisting of a €35 million reversal of the provision for Crédipar, a tax charge to Crédipar of €40 million and the deductibility of the reimbursement of our Maltese companies' commissions in the amount of €37 million.

1.5 Financial Situation

1.5.1 Assets

1.5.1.1 General

The assets as of December 31, 2014 amount to €25,031 million per IFRS 5 and €25,146 million per IFRS 8, which was stable overall (+0.1% compared to December 31, 2013. The principal changes concerned loans and advances to credit institutions (+ €858 million), customer loans and receivables (- €291 million) and financial assets at fair value through profit or loss (- €328 million).

1.5.1.2 Outstanding Loans

Total outstanding loans (including instalment and lease contracts) stood at €4,039 million per IFRS 5 and €21,021 million per IFRS 8, down 1.4% compared to 2013. End-users loans were down 4% per IFRS 8 (basically in Germany and the emerging countries) whereas corporate dealer financing was up 6.1%. The following table presents outstanding loans by customer segment as of the end of 2014 and 2013.

BY TYPE OF LOAN

(in million euros)	*IFRS 5*	*IFRS 8* [1]		
	Dec. 31, 2014	**Dec. 31, 2014**	**Dec. 31, 2013**	**% change**
Corporate dealers	427	5,891	5,550	+ 6.1
End-users	3,612	15,130	15,762	- 4.0
of which Retail	3,497	13,636	14,238	- 4.2
of which Corporate and equivalent	115	1,494	1,524	- 2.0
Total Customer Loans and Receivables	**4,039**	**21,021**	**21,312**	**- 1.4**

The following table presents a geographical breakdown of our outstanding customer loans as of December 31, 2014 and 2013.

BY REGION

	IFRS 5		
	December 31, 2014		
(in million euros)	Corporate dealers	End-users	Total
France		70	70
Western Europe (excluding France)	83	2,457	2,540
Central and Eastern Europe	119	200	319
Latin America	190	808	998
Rest of the world	35	77	112
Total	**427**	**3,612**	**4,039**

IFRS 8

(in million euros)	December 31, 2014			December 31, 2013		
	Corporate dealers	End-users	Total	Corporate dealers	End-users	Total
France	2,437	5,635	8,072	2,193	5,798	7,991
Western Europe (excluding France)	3,041	8,277	11,318	2,767	8,475	11,242
Central and Eastern Europe	188	333	521	212	335	547
Latin America	190	808	998	278	979	1,257
Rest of the world	35	77	112	100	175	275
Total	**5,891**	**15,130**	**21,021**	**5,550**	**15,762**	**21,312**

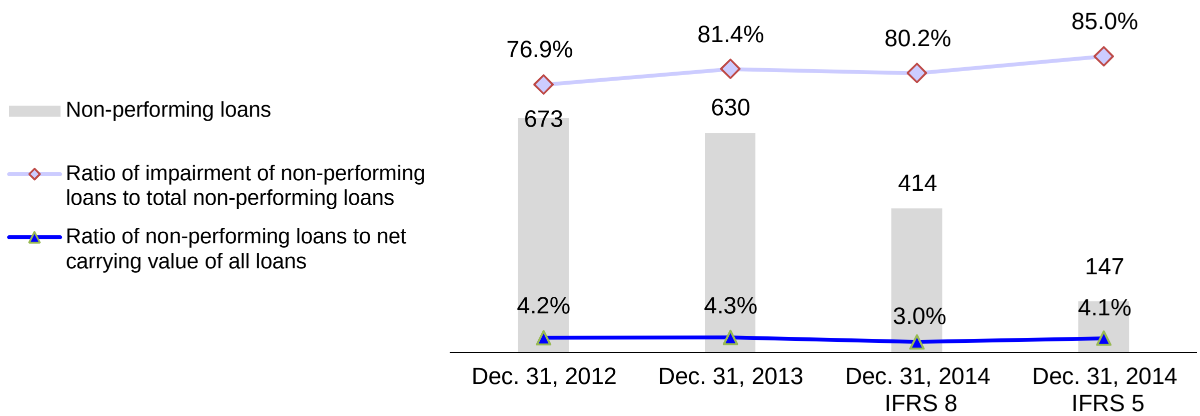
1.5.2 Provisions for Non-performing loans

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

The table present in Note 34 of our consolidated financial statements sets forth our sound loans with past-due instalments (delinquent loans), non-performing loans and related impairment amounts, in each case as of December 31, 2014 and 2013. For retail financing to individuals and small and medium businesses, we record statistical impairment charges in respect of delinquent loans, as well as for non-performing loans.

For corporate dealer and corporate and equivalent financing, we analyse each delinquent loan to determine if it presents an aggravated risk. If so, the loan is classified as non-performing. Accordingly, we only record impairment charges in respect of non-performing loans. At the regulator's request, we are developing a model for impairment of performing corporate loans that addresses risk factors. BPF recorded collective impairment on performing corporate loans at the end of 2014 based on an initial assessment of the results of this model.

RETAIL NON-PERFORMING LOANS (IN MILLION EUROS, EXCEPT PERCENTAGES)



The level of our non-performing loans declined sharply in 2014, and is mainly due to decrease of time necessary to record compromised non performing losses into credit losses, which resulted in an increase in credit losses by more than 160 million in the second half of 2014. In addition, the improvement in risk initiated several years ago made it possible to reduce entries under compromised non-performing loans by more than 14% compared to the previous year, as outstanding non-performing loan recoveries were very high in 2014.

More than 80% of the non-performing loans were hedged with provisions and have been almost stable for the last two years.

1.5.3 Refinancing

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

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

In 2014, BPF made use of different sources of financing: bank deposits (passbook savings accounts and deposit accounts), bonds, securitizations, as well as syndicated backup and revolving bilateral lines. As a regulated credit institution, we also have access to sources of liquidity such as the European Central Bank (“ECB”).

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

Furthermore, BPF possesses solid financial security which is based on a reserve of liquidity, undrawn revolving bilateral lines, syndicated backup lines, a guarantee of the French State for its bond issues and collateral available at the European Central Bank (see Note 27.3 to the consolidated financial statements).

As of December 31, 2014, 27% of the financing came from drawn bank loans, 27% from capital markets, 28% from securitization operations on the markets, 8% from "other" financing (including 7% of public origin such as the ECB), and 10% from the bank deposit business started in March 2013. At December 31, 2013, these sources provided 22%, 38%, 25%, 10% (of public origin) and 5% of our financing, respectively.

The following table and charts break down our financing by source of financing as of December 31, 2012, December 31, 2013 and December 31, 2014.

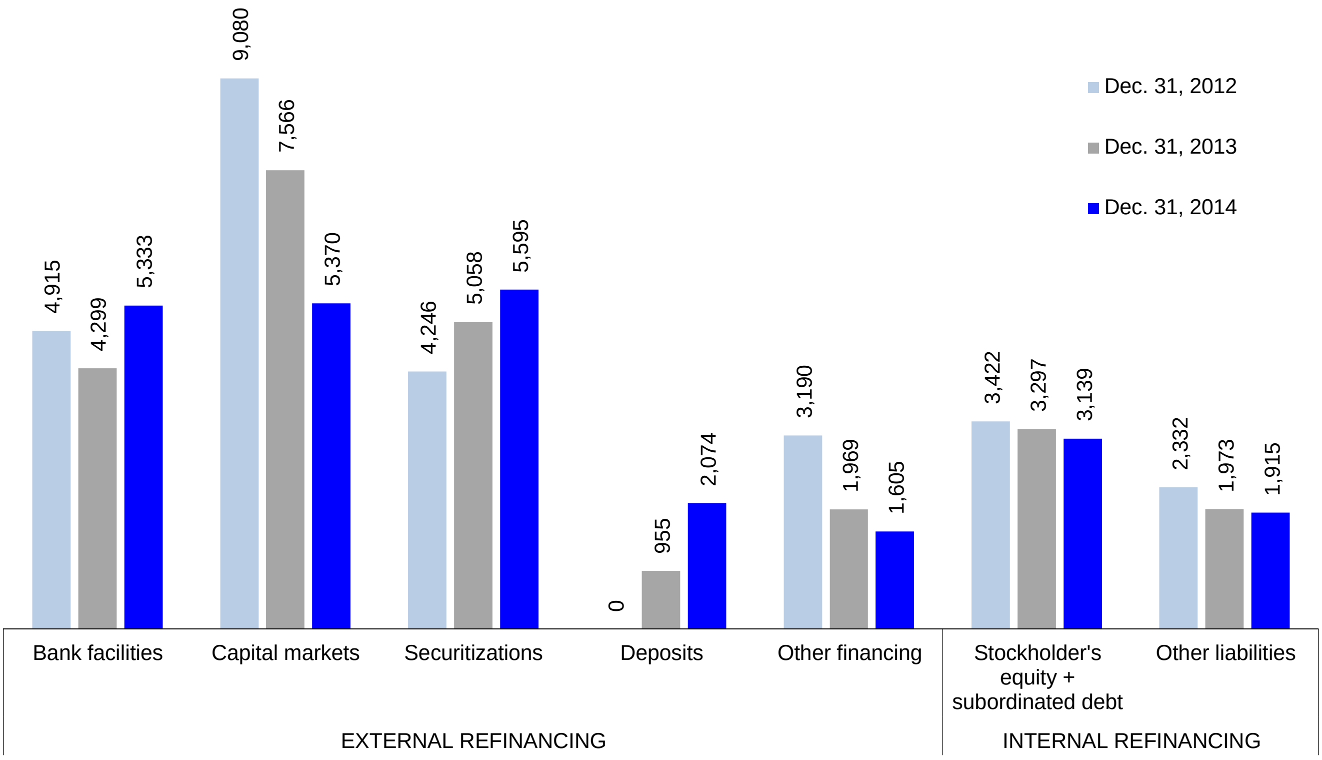
Sources and Types of Financing

(in million euros)	December 31, 2014	December 31, 2013	December 31, 2012
Bank facilities	**5,333**	**4,299**	**4,915**
Bonds + BMTN	115	212	716
EMTN	5,128	7,119	8,010
Other	55	42	120
Long-Term	*5,298*	*7,373*	*8,846*
CD	49	64	130
BT	0	0	17
Other	23	129	87
Short-Term	*72*	*193*	*234*
Capital markets	**5,370**	**7,566**	**9,080**
Securitizations[1]	**5,595**	**5,058**	**4,246**
Deposits	**2,074**	**955**	**0**
Other financing[2]	**1,605**	**1,969**	**3,190**
Total external refinancing	**19,977**	**19,847**	**21,431**
Stockholder's equity + subordinated debt	3,139	3,297	3,422
Other liabilities	1,915	1,973	2,332
Total assets	**25,031**	**25,117**	**27,185**

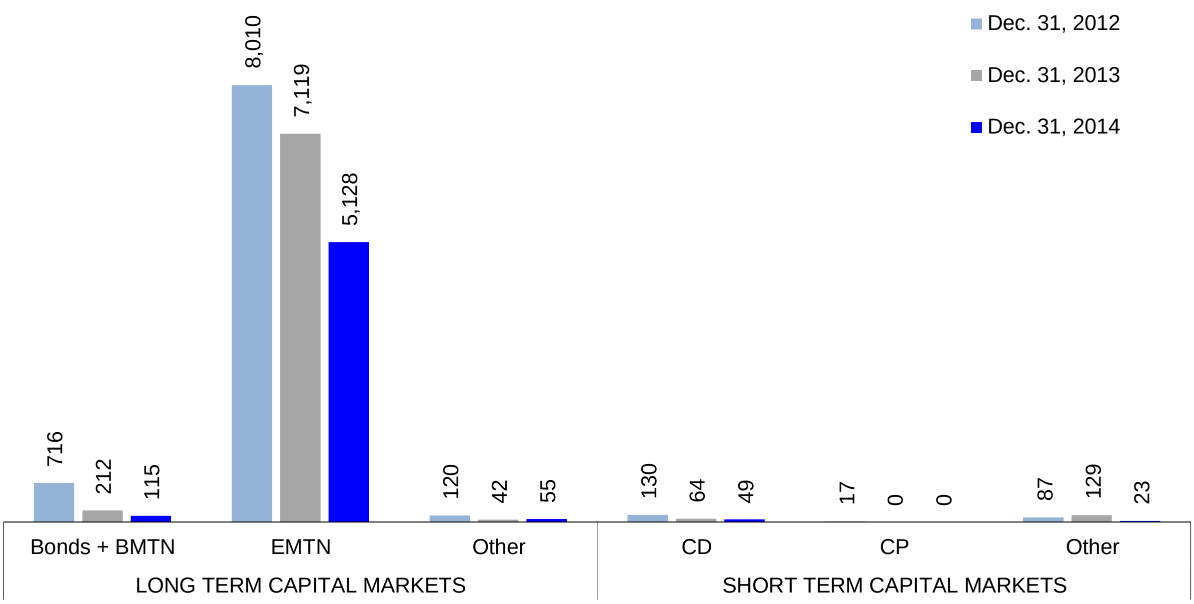
1 Securitizations include all loan securitizations and the Brazilian FIDC
2 This item represents the ECB repo (€1,300 million), GIE's loan to Banque PSA Finance (€300 million) and Peugeot Citroën Argentina's loan to PSA finance Argentina (€5 million).

SOURCES OF REFINANCING *(in million euros)*

(EXCLUDING NON-DRAWN 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 BPF 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 BPF. It is only in the event of BPF 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's definitive agreement concerning the State guarantee in favor of BPF was obtained on July 29, 2013. A guarantee monitoring committee, including representatives of the French State and the Group, monitors the proper operation of the guarantee.

State guarantee amounting to €1,500 million was used via two bond issues: €1,200 million in April 2013 and €300 million in July 2014.

The outstanding financing balances on the short and medium-term capital markets represent €5,370 million as of December 31, 2014, compared with €7,566 million as of December 31, 2013.

BPF signed renewals or new bilateral bank credit lines for an amount of €1,7 billion during the year. These renewals allowed us to maintain our bank facilities. We had €5,333 million in outstanding bank loans as of December 31, 2014 versus €4,299 million as of December 31, 2013.

Furthermore, the outstanding amount of loan securitizations (including the Brazilian FIDC) increased from €5,058 million as of December 31, 2013 to €5,595 million as of December 31, 2014. All of our securitization transactions are fully consolidated and carried on balance sheet. Total receivables sold to securitization vehicles were €8,864 million as of December 31, 2014 and €8,788 million as of December 31, 2013 (see Note 9.5 to the consolidated financial statements).

In January 2014, the Spanish VAC securitization operation "Auto ABS 2012-3 FTA" was amended in order to authorize revolving securitization until the end of February 2015; which allowed maintaining the notional senior tranches at €668 million over an additional 14-month period. The maturity of the securitization operation "ABS UK LOANS PLC" was extended by 14 months. The amount of senior securities was increased from €880 million to €996 million in April 2014.

In September 2014, Italian automobile loans "Auto ABS Italian Master S.r.l." were securitized for a total of €403 million in senior securities.

In December 2014, French automobile loan installment contracts "Auto ABS3 FCT Compartiment 2014-1" were securitized for a total of €397 million in senior securities and €23 million in mezzanine securities.

In addition, structured financing with the ECB represented €1,300 million as of December 31, 2014 (see Note 17 to 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 €2,009 million as of December 31, 2014, of which €749 million of customer receivables, compared to €2,957 million as of December 31, 2013, of which €1,128 million of customer receivables (see Note 27.1 to the consolidated financial statements).

1.5.4 Security of liquidity

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

As of December 31, 2014, financing with an original maturity of twelve months or more represented 75% of the total (versus 78% as of December 31, 2013), in accordance with the methods defined in 2013, providing continued solid coverage of potential liquidity risk.

Financing is arranged with maturities that comfortably cover the maturities of the retail financing portfolio. The average maturity of medium- and long-term financing set up in 2014 is approximately 2.3 years.

BPF constantly seeks to maintain a certain level of liquidity on its balance sheet, as well as bilateral revolving and syndicated backup lines in order to cover at least six months of financing requirements. The six-month target corresponds to the results of a stress test assuming continued financing of projected new lending without recourse to the financial markets. As of December 31, 2014, the liquidity reserve (available invested cash) represented €1,270 million (see Note 27.3 of the consolidated financial statements).

As of December 31, 2014, BPF holds undrawn committed credit facilities of €6,364 million, including €3,146 million in syndicated backup lines (see Note 27.2 to the consolidated financial statements).

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

The credit facilities, which were current as of December 31, 2014, do not oblige BPF to comply with the obligations in terms of the constitution of sureties, default and similar clauses, in excess of normal market practices. They imply for BPF, the cancellation of these credit facilities, if Peugeot S.A. does not directly or indirectly hold a majority of the bank's outstanding shares. On these facilities, BPF must respect covenants as of December 31, 2014, which are, among other things, to have the option to use a government guarantee on the bond issues in euros and to respect a minimum Common Equity Tier One ratio of 11%.

As of December 31, 2014, BPF holds, on its customers, financial commitments given in favor of customers for an amount of €1,258 million, up slightly in comparison with €1,257 million as of the end of December 2013. In addition, the amount of guarantee commitments given in favor of customers is €66 million versus €79 million as of December 31, 2013 (see Note 27 to the consolidated financial statements).

1.5.5 Credit Ratings

BPF's credit rating is related to that of Peugeot S.A., its business level and the bank's financial structure.

It may be noted that the partnership with Santander could modify BPF's credit rating and will be assessed in 2015 based mainly on the results of the joint ventures not consolidated by BPF, and on the results of its capitalization policy.

During 2014,

- Standard&Poor's downgraded the long term credit rating of Peugeot S.A. to B+s/table (short term credit rating unchanged at B) and as a result that of BPF to BB/stable on February 21, 2014 (the short term credit rating unchanged at B). Subsequently, the agency re-evaluated the outlook of the two entities on July 30, 2014, from stable to positive.
- Moody's Investors Service maintained its credit ratings (B1 for Peugeot S.A. and Ba1 for BPF) but re-evaluated the outlook from negative to stable for the two entities on February 25, 2014 and from stable to positive for Peugeot SA on August 1, 2014. The short term credit rating remained unchanged at NR for Peugeot SA and BPF.

Any revision in these credit ratings is likely to affect the capacity to obtain short, medium and long term financing.

However, the bond issues of BPF covered by the French State guarantee benefit from the French sovereign debt rating, namely AA/Aa1 respectively, by the Standard & Poor's and Moody's ratings agency.

CREDIT RATINGS

Rating		Issuer (active programs)	Type	Programs as of December 31, 2014	Outstanding as of December 31, 2014
S&P	Moody's	Short-term		*(in million euros)*	
B	NP	Banque PSA Finance	CD	4,000	49
B	NP	Sofira	BT	1,800	0
		Long-term			
BB+	Ba1	Banque PSA Finance	Bonds	1,000	0
BB+	Ba1	Banque PSA Finance (and PFI NV)	EMTN	14,000	4,685

1.5.6 Impact of the Banque PSA Finance / Santander Consumer Finance cooperation

After launching the first BPF-SCF joint ventures in France and UK, BPF decided, on February 2, 2015, not to use French State guarantee for new bond issues. The two issues mentioned above will continue to benefit from the guarantee.

On February 6, 2015, BPF announced the implementation of a new five year syndicated loan for €700 million. At the same time, BPF repaid and canceled the syndicated term-loan for €4,099 million and syndicated back-up facilities for €3,146 million.

The signing of this new syndicated loan agreement enabled reviewing the content of the covenants, where the obligation of using the State guarantee for future bond issues was done away with.

Upon setting-up local partnerships with SCF, BPF will be remunerated for the assets contributed. From here on, BPF will no longer be responsible for financing the joint ventures.

BPF will continue to finance businesses that are outside the scope of the outline agreement, and transferred businesses, until the joint ventures are set up.

The cash received from the disposal of assets was used to make a partial repayment of non-transferred liabilities.

BPF's refinancing has maturities that comfortably cover the maturities of the retail financing portfolio. Apart from financing, undrawn credit facilities are concluded with leading groups of banks or bilaterally. Furthermore, we also have a total liquidity reserve of €1,270 million, including total high quality liquid assets of €1,148 million as of December 31, 2014 before weighting for the calculation of the Liquidity Coverage Ratio ("LCR").

The delegated bill of the European Commission referred to in Article 460 of EU Regulation 575/2013 was published in the Official Journal of the European Union on January 17, 2015. This bill ratifies as effective the requirement to hedge cash needs (using the Liquidity Coverage Ratio) as of October 1, 2015.

BPF performed a calculation at December 31, 2014 showing this coverage to be 110%.

This entire mechanism ensures financing required for the next 12 months.

1.5.7 Capital management

As of December 31, 2014, the Group's share of the consolidated capital per IFRS 5 totaled €3,101 million, down by €154 million compared to €3,255 million as of December 31, 2013. The change is essentially justified by the appropriation of the income of the previous financial period (see Note 2.4 to the consolidated financial statements).

1.5.7.1 Equity Capital

Thanks to its previous policy of reinforcement of its basic capital (Common Equity Tier One) which has reached a new level, enabling BPF to anticipate the future prudential "Basel III" requirements whilst pursuing the development of its activities, shareholders will be invited, during the Annual General Meeting, to approve a resolution for the distribution of dividends for an amount of €385 million BPF group share.

On this basis, the reserve capital of BPF would reach €2,436 million at the end of 2014, compared to €2,673 million proforma at the end of 2013.

As December 31, 2014, after distribution of €385 million in dividends for the fiscal year 2014, the capital ratio stood at 13.51% (see section 1.5.7.2 Capital requirements), versus 14.04% proforma at the end of December 2013.

1.5.8 Capital requirements

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

The approvals granted by the ACPR cover the main activities and markets on which BPF operates, and the internal methods used should be gradually deployed in the other subsidiaries. The bank is engaged in the process of approving its internal calculation methods in Brazil, and is getting ready to handle its Corporate dealer exposures using an advanced method, whereas until now they were handled using the foundation method.

In this context, Regulation 575/2013/EU and Directive 2013/36/EU of the European Parliament and the Council introduced a new banking legislative package since January 1, 2014 for banks of EU countries, called "CRD4 package".

This reform called Basel III, which constitutes the Basel Committee's response to the financial crisis, aims mainly to:

- reinforce the level and quality of Tier 1 capital ("Core tier 1");
- reinforce regulatory requirements concerning counterparty risk;
- implement a leverage ratio;
- improve liquidity risk management by creating two liquidity ratios (one-month liquidity ratio, LCR, applicable from October 1, 2015 and one-year liquidity ratio "Net Stable Funding Ratio – NSFR", applicable from 2018);

BPF's consolidated regulatory capital is now calculated according to this new regulation. Therefore, the negative difference between the recognized impairment and expected impairment losses (calculated using statistical methods) is deducted from the Core Tier One Capital. When this difference is positive, it is added to the tier two capital within the limit of 0.6% of the weighted exposures obtained using the internal rating based approaches (IRBA and IRBF).

As part of the application of this new regulation Basel III, BPF confirms a strong financial position.

At December 31, 2014, the Basel III CRD4 capital ratio in respect of pillar I thereby amounted to 13.51%, compared with 14.04% for the Basel III proforma as of December 31, 2013. The Basel III Tier 1 capital amounted to €2,436 million, taking into account the deduction of the difference between recognized impairment and expected actual losses on the IRB scope (- €207 million), and the minimum capital requirement stood at €1,443 million.

Since the consolidated prudential capital of the bank consists exclusively of Core Tier 1 Capital, the changes in the definition of "Core Tier 1" resulting from the implementation of the aforementioned "CRD4 package" did not have any significant impact on the solvency ratio.

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, according to the provisions of the aforementioned Regulation 575/2013/EU, as the Basel III capital requirements for BPF are greater than the 80% floor of Basel I, there are no additional capital requirements for the Basel I floor.

The decline in rates between December 31, 2013 and December 31, 2014 can be attributed mainly to a decrease in regulatory capital related to the projected dividend distribution of €385 million including €298 million in payout on the Bank's consolidated reserves. This decrease in regulatory capital is partially offset by a decrease in capital requirements related to a decline in the risk-weighted assets (RWA) of the denominator, mainly on the Retail segment following an improvement in risk factors.

It may also be noted that at the numerator level, there was a decline in the difference between recognized impairment and expected actual losses on the IRB scope (€10 million) following further impairment on the corporate segments for performing loans.

In addition, BPF is one of 128 "significant credit institutions" selected from within the Euro zone for implementation of the Comprehensive Assessment as part of the Single Supervisory Mechanism. As part of the Asset Quality Review and the EBA Stress Tests, BPF's results indicate a slight impact of 7 and 130 basis points respectively, for an adverse 2016 CET1 ratio of 12.69%, compared to an official 2013 CET1 ratio of 14.04%.

CAPITAL REQUIREMENTS

(in million euros)	**8 countries IRB Dec 31 2014[1]**	**8 countries IRB Dec 31 2013 Proforma[1]**	**8 countries IRB Dec 31 2013[2]**
Credit risk			
Standard method	435	506	457
Foundation internal ratings-based approach (IRBF)	457	421	437
Advanced internal ratings-based approach (IRBA)	416	459	495
Subtotal	**1,308**	**1,386**	**1,389**
Operational risk - Capital Requirement (standard approach)	135	137	137
Currency risk - Capital Requirement (structural currency position)	0	0	0
Total "Basel" Capital Requirement (A)	**1,443**	**1,523**	**1,526**
Total Risk Weighted Assets: (A)/0,08=(B)	18,037	19,037	19,075
Regulatory capital before deductions			2,687
Deductions from regulatory capital			**- 217**
"Basel" Tier 1 capital (C)	**2,436**	**2,673**	**2,470**
Of which expected impairment loss vs. IFRS accounting impairment	**- 207**	**- 217**	
Capital adequacy ratio ("Basel"): (C)/(B)	**13.51%**	**14.04%**	**12.95%**

[1] The data presented follows the Basel III regulation.
[2] The data presented follows the Basel II regulation.

All the data used to model and calculate credit risk is extracted from our management accounting systems. The latter, over the eight markets covered by the internal rating based approach in place at the end of 2014, feed into the common risk databases: BRC (Base Risque Centrale pour le retail) and BUIC (base corporate) that are used to homogeneously track all the risk parameters applicable to BPF.

The information from these two central risk management databases feed the central capital management tool. At the same time, some accounting data are also integrated with this central tool. After reconciling management and statutory accounting data, the minimum capital requirement is calculated and regulatory capital reports are produced.

1.5.9 Outlook

BPF must continue its operational excellence as PSA Group's "Captive Financial Institution", and thus contribute actively in fulfilling the objective of profitable growth set as part of the "Back in the Race" plan.

From 2015 forward, BPF will begin the operational implementation of the partnership with SCF in 11 European countries, which should allow us to strengthen the sales and marketing dynamic of the Peugeot, Citroën and DS brands, primarily by making the terms they can offer their customers significantly more competitive.

For markets outside the scope of this cooperation, BPF will implement ways and means to continue to improve the efficiency of the existing partnerships and will actively assist the expansion of the Group in new markets.

1.6 Risk factors and risk management

Dedicated departments are responsible for the identification, measurement, control and monitoring of the risks associated with BPF and are an integral part of Risk Management, which is the new name of the Risks Department since the Order dated November 3, 2014, whose manager is member of the management committee. The Risk Department manager also reports to the Audit Committee as well as to the Risk Committee, and, if needed, to other ad hoc Operative Committees within the bank.

Risk governance particularly comprises management, validation of risk measurement methods or models, determining acceptable risk levels, as well as inventorying risks and evaluating potential risk criticality in light of our management policies and the general economic environment. These different elements are presented, analyzed and decided within the committees: The Risk Committee, ALCO (ALM committee), model and Basel II Committee and the Audit Committee. The executive management and the members of the Board either sit on these committees or are informed of their work.

BPF has identified 14 risk factors to which it is subject.

1.6.1 Business risk

Risk Factors

Six main risk factors have an impact on the business activities of BPF:

- external factors that influence vehicle purchases;
- government policies to incentivize new vehicle purchases;
- regulatory or fiscal changes which could lead to a modification of the activity or alter the profitability thereof;
- the sales volumes achieved by Peugeot, Citroën and DS, as well as their marketing policies, which may include joint financing operations carried out with BPF;
- BPF's competitive positioning, in terms of both product range and price;
- country risk, which is managed by focusing on local financing whenever possible.

Risk measurement, control and monitoring

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

1.6.2 Credit risk

Risk Factors

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

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

Risk measurement, control and monitoring

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

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

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

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

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

The Basel Internal Ratings Based Approach (IRBA) forms the basis for the models used for our retail portfolio for those countries authorized to use this approach by the Banque de France's prudential control authority, the ACPR (eight countries at the end of 2014). These models are also developed and back tested at corporate headquarters. The default and loss rates are calculated on the basis of risk classes, which are themselves modeled. The estimated default and loss given default probabilities used to calculate the capital adequacy requirements are modeled based on default rates and loss rates. For our Corporate and equivalent business, BPF developed and regularly back-tests two counterparty credit rating systems, one for France (Basel II model/IRBF) and another for other markets. Regularly back-tested, these models are benchmarked against external rating systems. Two models have been developed for our Corporate dealer loan portfolio (one for France and one for other markets). They are used for loan acceptance and for the contracts in our portfolio. This model is IRBF-approved in eight of the countries in which BPF operates.

All the models are regularly back-tested and subject, since 2014, to technical approval by the Risks department (six models in 2014).

Pursuant to IFRS standards, for the accounting measurement of credit risk, impairments for retail delinquent loans and sound loans with past-due installments are calculated based on impairment rates. These impairment rates are calculated several times a year according to an estimated discounted future collections model, based on historical recovery data for impaired loans. Impairments for Corporate dealer and Corporate and equivalent loans in default are determined through an individual analysis (flash report), taking the value of any security package underlying the loan into account. Impairments are made as soon as loans are reclassified if the individual analysis shows a non-zero estimated loss. At the regulator's request, we are developing a model for impairment of performing corporate loans. BPF recorded collective impairment on performing corporate loans at the end of 2014 based on an initial assessment of the results of this model.

Risk management is based on:

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

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

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

Risk monitoring in the retail segment mainly concerns:

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

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

Monitoring of risk for our Corporate portfolio primarily consists of:

- monitoring drawdowns of credit lines;
- monitoring the counterparty's financial position;
- tracking payment incidents and past-dues;
- monitoring potentially serious incidents, such as winding up a business, restructuring or court-ordered liquidation;
- tracking credit line drawdowns (carried out daily locally and at varying frequency at the headquarters), payment incidents and reports from stock audits;
- very close monitoring of dealers included in the watch table, or of those with delinquent or conditionally delinquent accounts;

- a monthly local Credit Committee meeting attended by non-voting representatives of Peugeot, Citroën and DS;
- meetings between headquarters, subsidiary and branch teams, held at least monthly.

The Risk, Model andAudit Committees are the principle bodies responsible for monitoring BPF's credit risk. The Model Committee also approves our risk measurement models. In some cases, these approvals may be provided in the Basel II Committee.

1.6.3 Financial risks and market risk

1.6.3.1 Liquidity risk

Risk Factors

The liquidity risk to which BPF is exposed depends on:

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

These risks are potentially less than those of previous years as a result of the development, during 2013, of a retail savings business and benefit with effect from 2013 of the French State guarantee on its bond issue program.

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

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

Risk measurement, control and monitoring

Measurement of liquidity risk entails:

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

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

There are two aspects to control of liquidity risk:

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

Risk monitoring is founded on the daily or monthly calculation of risk indicators on a case by case basis, and the ALM committee and refinancing committee meetings held every month, which tracks implementation of the bank's general policy defined by the quarterly Asset and Liability Management Committee, the current and anticipated risk level, compliance with limits and measures that may be required to enhance measurement, control or monitoring of liquidity risk.

1.6.3.2 Interest rate risk

Risk Factors

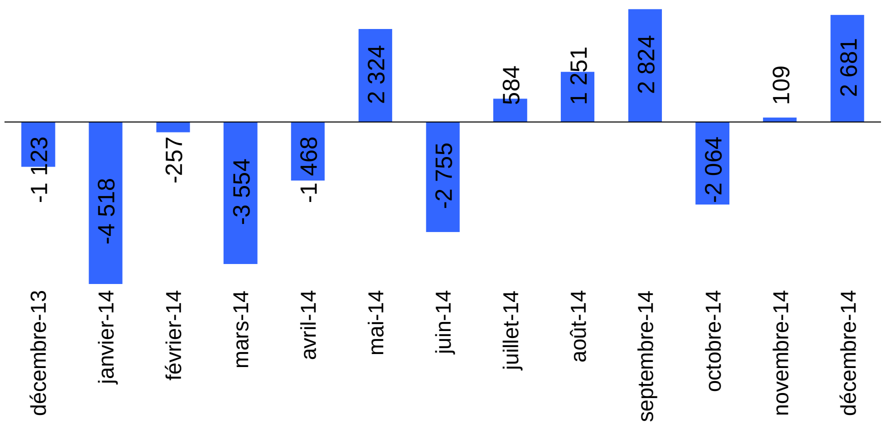
Our strategy is to avoid exposure to interest rate risk and if necessary to use derivative instruments to achieve this objective. Control of this risk consists of complying with this policy with very regular monitoring.

Under assets, 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. The loans to corporate car dealers are granted in reference with short term rates. This hedging strategy enables to remunerate the rate-risk-sensitive bank's assets on short term rate basis. For the liabilities, tailored derivative products are implemented to hedge any new rate-risk-sensitive loan thus converted at a benchmark rate at three months or less.

Risk measurement, control and monitoring

At least once a month, residual rate positions and sensitivity to stress scenarios are calculated. As of December 31, 2014, sensitivity to a 1% increase across the rate curve amounts to a positive result of €2,681 million. During the full year 2014, the result from this simulation fluctuated between – €4.518 million and + €2.824 million.

SENSITIVITY TO A 1% INCREASE IN RATES *(in thousand euros)*



To ensure optimum refinancing costs for new loans to end-users, BPF may hedge against interest rate rises, according to predicted trends in long-term rates. Hedges comply with IAS39 Cash Flow Hedge accounting rules, designed to detect over hedging. These transactions never exceed one to two half-year periods of production and are reduced to take account of the potential risk of fewer new loans. As of December 31, 2014, no future new credits were hedged in advance against interest rate risk.

There are several aspects to rate risk control:

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

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

1.6.3.3 Counterparty risk

Risk Factors

BPF is exposed to counterparty risk on three fronts:

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

Risk measurement, control and monitoring

Investments are made in money market securities issued by leading banks, or as bank deposits with counterparties of the PSA Group, or in mutual funds with capital guarantees or as yield guarantees issued and managed by these same banks, or in monetary note. An internal rating system is assigned to each counterparty, based on long-term financial strength and capital adequacy analysis.

Derivatives are governed by ISDA or national agreements and contracts with the most frequently used counterparties and provide for regular margin calls (98.05% of outstanding amounts at the end of December 2014). Bank counterparties for derivatives contracts are all rated "Investment Grade".

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

1.6.3.4 Currency risk

Risk Factors

BPF is exposed to two types of currency risk:

- structural currency risk (the bank's structural currency position amounted to €491 million at December 31, 2014);
- operational currency risk (the bank's operational currency position amounted to - €1.4 million at December 31, 2014, below our internal limit of €5 million but punctually and slightly above our €1 million per currency internal limit regarding GBP).

Risk measurement, control and monitoring

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

BPF's policy is to minimize operational currency positions to protect the Bank's profit/loss against fluctuations in currency rates. In practice, only limited residual positions, duly restricted, may not be hedged. A residual position limit of a maximum counter value of €5 million has been set, with a maximum per currency of €1 million.

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

1.6.3.5 Market risks

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

1.6.4 Risks related to securitization operations

Risk Factors

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

Besides holding units in securitization vehicles, the risks to which BPF is exposed are:

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

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

Risk measurement, control and monitoring

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

1.6.5 Concentration risk

Risk Factors

BPF is exposed to three types of concentration risk:

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

Risk measurement, control and monitoring

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

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

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

As of December 31, 2014, BPF's commitments to the PSA Peugeot Citroën Group stood at €267 million, or 11.0% of the regulatory capital.

On the same date, the bank's top ten commitments, excluding those to the PSA Peugeot Citroën Group, amounted to €1,954 million or 80.2% of the regulatory capital. By counterparty category, the top ten commitments break down as follows:

- Banks: €1,130 million / 46.4% of the regulatory capital;
- Corporate dealers (excl. PSA): €518 million / 21.3% of the regulatory capital;
- Corporate and equivalent: €306 million / 12.6% of regulatory capital.

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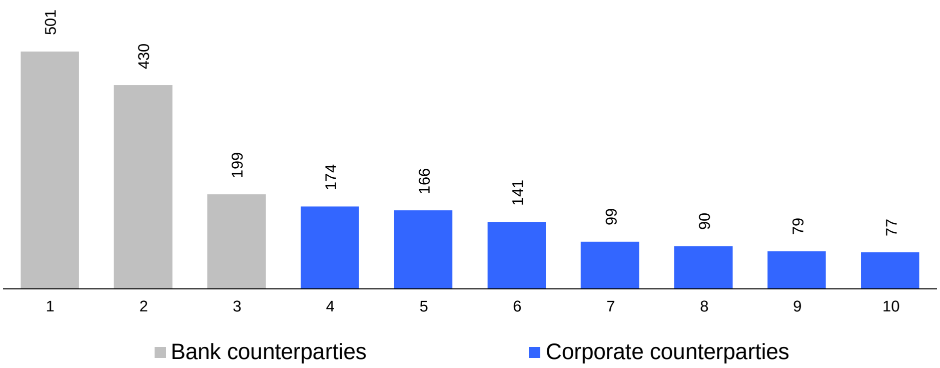
TOP TEN WEIGHTED EXPOSURES TO CREDIT RISK

(in million euros, excluding financing extended to PSA Peugeot Citroen Group entities)



1.6.6 Operational risk

Definition of risk and risk factors

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

Risk identification, assessment, control and monitoring

BPF is exposed to all Basel event type categories of operational risk:

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

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

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

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

1.6.7 Non-Compliance risk

Definition of risk and risk factors

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

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

Risk measurement, control and monitoring

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

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

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

1.6.8 Reputational risk

Definition of reputational risk and risk factors

The reputational risk to which BPF is exposed can be broken down into:

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

Reputational risk measurement, control and monitoring

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

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

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

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

1.6.9 Insurance business risk

BPF operates an insurance activity through two insurance companies, one for the "life" business and the other one for the "non-life" business, both offering insurance policies sold with the finance contracts sold by the bank.

Risk Factors

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

- risks related to acts of proposing insurance offers and and sale of insurance products;
- subscription and under-provisioning risk;
- market financial risks related to investments;
- counterparty risk.

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

Risk limits apply to subscription, insurance product sale and claims management policies. Limits are monitored using the reports presented to the Technical Committee every month. Stress testing is conducted and a range of statistical control methods are applied. The provisioning methods adopted are those recommended by the insurance regulations and are reviewed by an external actuary, who checks the work carried out by the internal actuary. This review is materialized by a certification report on the technical provisions.

The Technical Committee meeting, held every month, reviews and approves the net cost of claims and all measures (change in guarantee, subscription rules) on the entire product range, which could impact the cost of claims. For products carrying a certain weight in the production, portfolio tracking is also carried out and the conclusions thereof are shared and discussed during the Technical Committee meeting.

Insurance brokerage rules in each country are verified and their implementation is mandatory before any new product is launched. The compliance officer checks each entity regularly. The insurance division, assisted by a network of local lawyers, keeps a legal watch, so as to further tighten the monitoring and enhance vigilance in this regard.

Finally, risks related to the regulation, the methods of presenting the offer and the subscriptions are reviewed during the Insurance Marketing Committee (IMC) and Insurance Commerce Committee (ICC) meetings held every month with the Insurance Managers of each subsidiary and branch of BPF.

The conclusions of all these checks are presented, analyzed and discussed systematically during each meeting of the Board of Directors of the entities constituting the Insurance Division.

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

- rules for the allocation of assets held (asset types, geographical areas, sectors of activity, maximum weighting relative to total financial assets held) and for the management of currency risk;
- short- and medium-term investments in the form of UCITS governed by French law;
- a maximum investment horizon of five years;
- limitation of counterparties to a selection of "investment grade" counterparties;
- stress scenarios.

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

2014 marked the launch of the preparatory phase for the application of Solvency II rules, which will be enforced in 2016 and result in the compliance of all requirements relating to corporate governance and submission of an FLA (Forward Looking Assessment) report to the supervisory authority. The FLA is an integrated tool, which enables evaluation of solvency requirements related to the risk profile of companies. The preparatory process, the calculation methods and the final report were carefully developed and detailed comments were received from the supervisory authority. The results of the capital requirement simulations according to Solvency II carried out using the standard model were presented to the companies' Board of Directors. These results for 2014 are satisfactory, considering the current capitalization levels of our companies.

1.6.10 Correlation between BPF and its Shareholder

Definition of correlation risk and risk factors

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

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

Measurement, control and monitoring of the correlation between BPF and its shareholder

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

1.7 Internal control

In line with the order dated November 3, 2014 on 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.

1.7.1 Recurring controls

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

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

1.7.1.2 Second-tier Controls

Second-tier controls include compliance controls and controls over operational risks within the finance companies, insurance companies and corporate units, including those arising from refinancing and cash management services performed by the PSA Peugeot Citroën Group on our behalf. It is organized into three departments:

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

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

The tasks of the two operational risk control departments include:

- recurring assessments of the effectiveness of controls over operational risks within the corporate functions, subsidiaries and branches as well as for outsourced services;
- specific second-tier controls, performed across the entire organization;
- Application of a mechanism for certifying the self-assessment of first tier controls, using which operations officers certify the execution and outcome of key controls on major risks. This mechanism, which is being applied to new fields, covers accounting, refinancing and treasury activities as well as the security of access to the Bank's major computer applications.
- issuance of written recommendations and follow-up of their implementation; and
- collecting, analyzing and monitoring operational losses and incidents identified in the risk mapping process.

These units ensure that first-level controls over risks identified as material are carried out properly.

These units have a risk map maintained by the Bank's risk management position, which lists all the risks that the Bank is exposed to. The risk map helps to verify the robustness of its control systems, by highlighting identified gross risks, the related losses, first-tier control systems and the results of those controls, as well as the results of second tier controls and any residual risk.

1.7.2 Periodic Controls

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

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

According to the order dated November 3, 2014 on internal control of credit institutions, our Audit Committee will be replaced by a Risk Committee from 2015 onward. This Risk Committee, which will meet at least four times a year, will particularly include all the prerogatives of the Audit Committee and will comprise the same members.

1.7.3 Oversight by Executive Management and the Board

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

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

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

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

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

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

1.7.4 Organization of Internal Control

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

As part of the quarterly Audit Committee meeting or at Group level, committees have been set up to determine and implement our policies in the areas of internal control and decision-making processes during regular meetings. the Credit Risks Committee, which monitors changes in troubled loans and credit losses; and analyzes the performance of the risk selection systems for retail and corporate (fleet and dealer) loan books.

The committee also reviews and makes decisions concerning:

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

1.8 Share Ownership

1.8.1 Capital

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

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

All the share capital of BPF is owned by the majority shareholder Peugeot S.A. (8,307,994 shares, representing 74.93% of the equity) and by two wholly-owned subsidiaries of PSA, Automobiles Peugeot S.A. (which owns 1,780,002 shares or 16.05% of BPF equity) and by Automobiles Citroën SA (which owns 1,000,001 shares or 9.02% of BPF equity). Three shares are also personally owned by three members of the Board of Directors.

1.8.2 Intra-group agreements

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

PSA is paid a service fee for these services, in addition to fees for specific transactions or operations. The total amount paid by the BPF Group to the PSA Peugeot Citroën Group in 2014 were €82 million.

1.8.3 Proposed Resolutions for the Ordinary General Meeting of April 14, 2015

Ordinary resolutions :

First Resolution: Approval of the consolidated financial statements

The Shareholders, after reviewing the consolidated financial statements of the Banque PSA Finance Group, the comments of the Board of Directors and the Auditors' report on the consolidated financial statements, approve the consolidated financial statements for the period ended December 31, 2014 as presented, as well as the transactions represented or summarized in this report.

Second Resolution: Approval of the management report and statutory accounts

The Shareholders, having considered the statutory accounts, the management report of the Board of Directors for the financial period ended December 31, 2014, and the general report of the Auditors, approve the Board of Director's Management report in its entirety.

The Shareholders approve the financial statements for December 31, 2014, showing a net income of €317,788,792.06.

Third Resolution: Appropriation of income for Banque PSA Finance company

The Shareholders note that the income available for distribution for the year is €1,171,528,228.32, consisting of a net income for the year of €317,788,792.06 and retained earnings of €853,739,436.26 brought forward from the previous year.

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

- to the payment of a dividend: €384,753,600.00
- to the retained earnings: €786,774,628.32

The dividend of €34.70 per share shall be paid after the Shareholder's meeting of April 14, 2015.

The Shareholders note that under the former financial years 2011, 2012 and 2013 the dividends paid were respectively €48.00, € 25.30 and €20.10.

Fourth Resolution: Reappointment of one director

The Shareholders, upon proposal of the Board of Directors, decide to renew the Director term of Philippe ALEXANDRE for a six year term expiring at the end of the Shareholders' meeting to be called in order to approve in 2021 the financial statements for the year 2020.

Fifth Resolution Reappointment of one director

The Shareholders, upon proposal of the Board of Directors, decide to renew the Director term of Carlos TAVARES for a six year term expiring at the end of the Shareholders' meeting to be called in order to approve in 2021 the financial statements for the year 2020.

Sixth Resolution: Director's Fees

The Shareholders decide to allocate, for the attendance fees for the year 2015, an annual total amount of €48,000 that the Board will freely distribute among the Directors.

Seventh Resolution: Special report on the regulated agreements

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

Eighth resolution: Formalities

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

1.8.4 Information about the Administrative and Management Bodies

1.8.4.1 Board of Directors

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

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

List of the corporate positions held and expired during the 2014 financial year by the Directors of Banque PSA Finance and the Permanent Representatives of Directors

Jean-Baptiste CHASSELOUP de CHATILLON

Chairman and Director

First appointed to the Board on April 3, 2013

Current term expires in: 2020

Born on March 19, 1965

Other positions held during the year 2014

Member of the Managing Board
- Peugeot S.A.

Director
- PSA International S.A. (Switzerland)

Vice-Chairman & Member of the Supervisory Board
- Gefco

Director
- Automobiles Citroën
- Faurecia
- Dongfeng Peugeot Citroën Automobiles Company Ltd (China)
- Changan PSA Automobiles Company, Ltd (China)

Permanent Representative of Peugeot S.A.
- Automobiles Peugeot board of directors

Philippe ALEXANDRE

Chief Executive Officer

First appointed to the Board on March 25, 2009

Current term expires in 2015

Born on August 10, 1956

Other positions held during the year 2014

Chairman and Director
- Compagnie Générale de Crédit aux Particuliers - Crédipar
- Société Financière de Banque - Sofib
- Compagnie pour la location de véhicules - CLV

Chairman of the Board of Directors
- PSA Wholesale Limited (United Kingdom)

Representative of the Associate Manager, Banque PSA Finance
- Sofira

Vice Chairman
- PSA Finansman AS (Turkey)

Carlos TAVARES

Director

First appointed to the Board on April 2, 2014

Current term expires in 2015

Born on August 14, 1958

Other positions held during the year 2014

Chairman of the Managing Board
- Peugeot S.A.

Chairman and Director
- Peugeot Citroën Automobiles

Director
- Faurecia
- PCMA Holding B.V. (Netherlands)

Michel PHILIPPIN

Director and Chairman of the Audit Committee

First appointed to the Board on April 20, 2012

Current term expires in 2018

Born on June 26, 1948

No other position held during the year 2014

No position terminated during the year 2014

François PIERSON	**Other positions held during the year 2014**
Director and member of the Audit Committee	**Chief Executive Officer**
First appointed to the Board on July 9, 2012 Current term expires in: 2019 Born on May 29, 1947	• AGIPI (Association) **Chairman of the Board of Directors** • Inter Partner Assistance SA (Belgium) • Associations Diffusion Services - ADIS (SA) • AGIPI Retraite (Association) • Ecole de Management Kedge (Marseille and Bordeaux) • Ecole de la Seconde Chance (Hauts-de-Seine) **Chairman** • Association Prévention Routière Director • AXA Assurances IARD Mutuelle (SAM) • UCAR (SA) • ASAF (Management association) • AFPS (Management association) • AXA Assurance Maroc (SA Morocco) • AXA Cameroun (SA Cameroon) • AXA Côte d'Ivoire (SA Ivory Coast) • AXA Gabon (SA) • AXA Sénégal (SA) • AXA Holding Maroc (SA Morocco) • AXA Assurances Algérie Dommage (SPA Algeria) • AXA Assurance Algérie Vie (SPA Algeria) • AXA Aurora Vida, S.A., De Seguros y Reaseguros (SA Spain) • AXA Seguros Generales, S.A. De Seguros Y Reaseguros (SA Spain) • AXA Vida S.A. De Seguros Y Reaseguros (SA Spain) **Managing Director** • AGIPI Développement (SARL) **Positions terminated during the year 2014** Chairman of the Board of Directors • AGIPI Ambition (Sicav) • AGIPI Actions (Sicav) • AGIPI Europe (Sicav) • AGIPI Inflation (Sicav) • AGIPI Immobilier (Sicav) **Director** • AXA Assurances Vie Mutuelle (SAM) • AXA France Vie (SA) • AXA General Insurance Co, Ltd (South Korea) • AXA Global P&C (SA)

Peugeot S.A	**Other positions held during the year 2014**
Director First appointed to the Board on December 15, 1982 Current term expires in: 2018	**Director** • Automobiles Citroën • Automobiles Peugeot • GIE PSA Trésorerie

• ANSA

Member

• GIE PSA Peugeot Citroën
• Institut pour la Ville en Mouvement

Olivier BOURGES

Permanent Representative of Peugeot S.A. and member of the Audit Committee

Since October 1, 2014

Born on December 24, 1966

Other positions held during the year 2014

Member of the Supervisory Board

• Gefco

Director

• Automobiles Peugeot
• Compagnie Générale de Crédit aux Particuliers - Crédipar
• Peugeot Citroën Automoviles Espana S.A. (Spain)
• PCMA Holding B.V. (Netherlands)

Permanent Representative of Peugeot S.A.

• On the board of Automobiles Citroën

Permanent Representative of Automobiles Peugeot

• On the board of Football Club-Sochaux Montbéliard

Managing Director

• DJ56

Automobiles Peugeot

Director

First appointed to the Board on December 15, 1982

Current term expires in: 2020

Other positions held during the year 2014

Director

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

Associate Manager

• Peugeot Média Production SNC

Maxime PICAT

Permanent Representative of Automobiles Peugeot

Since October 1, 2012

Born on March 26, 1974

Other positions held during the year 2014

Chief Executive Officer and director

• Automobiles Peugeot

Chairman

• Peugeot Motocycles
• Peugeot Motor Company Plc (United Kingdom)

Director

• Dongfeng Peugeot Citroën Automobiles Company Ltd (China)
• Peugeot Espana S.A.

Positions terminated during the year 2014

Director

• Beri Italia S.r.l.

List of corporate positions held and expired in fiscal year 2014 by the Chief Operating Officer and non-member of the Board of Banque PSA Finance

Alain MARTINEZ ***Executive Managing Officer ("Directeur Général Délégué")*** First appointed to the Board on July 25, 2011 Current term expires in: 2015 (term matching that of Chief Executive Officer) Born on September 20, 1958	**Other positions held during the year 2014** **Chairman and Board Member** • PSA Finance Suisse (Switzerland) • PSA Renting ITALIA SPA (Italy) • PSA Factor ITALIA SPA (Italy) • PSA GESTAO- Comérico e Aluguer de Veiculos, SA (Portugal) **Member of the Supervisory Board** • PSA Financial Holding B.V. (Netherlands) • BPF Financiranje d.o.o. (Slovenia) **Chairman** • Bank PSA Finance Rus (Russian Federation) **Director** • PSA Wholesale Limited (United Kingdom) • PSA Financial d.o.o. (Croatia) • Peugeot Finance International N.V. (Netherlands)
Philippe VARIN ***Director*** First appointed to the Board on July 20, 2009 Current term expires in: March 31, 2014 Born on August 8, 1952	**Other positions held during the year 2014** **Chairman of the Managing Board** • Peugeot S.A. **Chairman and Director** • Peugeot Citroën Automobiles **Chairman and Board Member** • Institut pour la Ville en Mouvement **Director** • Faurecia • PCMA Holding B.V. (Netherlands) • Compagnie de Saint Gobain
Bernard DARRIEUTORT ***Executive Managing Officer ("Directeur Général Délégué")*** First appointed to the Board on November 19, 2007 Current term expires in: November 28, 2014 Born on January 5, 1949	**Other positions held during the year 2014** **Vice Chairman** • Dongfeng Peugeot Citroën Auto Finance Company (China) **Director** • PSA Finance Argentina Compania Financiera S.A. (Argentina)
Pierre TODOROV ***Permanent Representative of Peugeot S.A. and member of the audit committee*** First appointed to the Board on July 28, 2011 Current term expires in: September 30, 2014 Born on May 15, 1958	**Other positions held during the year 2014** **Chairman** • DJ6 **Member of the Supervisory Board** • Gefco

Director
- Automobiles Peugeot
- Compagnie Générale de Crédit aux Particuliers - Crédipar
- Peugeot Citroën Automoviles Espana S.A. (Spain)
- PCMA Holding B.V. (Netherlands)

Permanent Representative of Peugeot S.A.
- On the board of Automobiles Citroën

Permanent Representative of Automobiles Peugeot
- On the board of Football Club-Sochaux Montbéliard

Managing Director
- DJ56
- DJ57
- DJ58

1.8.4.2 Committees

A. Audit Committee

As of January 1, 2015, our Audit Committee consists of the following members: :

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

B. Executive Committee

As of January 1, 2015, our Executive Committee consists of the following members:

Name	Position
Philippe ALEXANDRE	Chief Executive Officer of Banque PSA Finance
Alain MARTINEZ	Executive Managing Officer and Regional Director for Europe (without France) and Russia
Andrea BANDINELLI	Chief Executive Officer of Crédipar
Alexandre SOREL	In charge of the cooperation project with Santander Consumer Finance
Catherine BOULANGER	General Secretary and Permanent Control Officer
Frantz KRAUTTER	Human Resources & Excellence System Officer
Frédéric LEGRAND	Corporate Operations & Risks Officer
Jean-François MADY	Chief Financial Officer
Jean-Marc SANTOLARIA	Marketing & Innovation Officer
Laurent DECOTTIGNIES	Corporate Operations & Risks Officer
Michel ARNAUD	Regional Director for Latin America
Patrice VOLOVIK	Retail Operations & Risks Officer
Philippe BELORGEY	Officer – China and ASEAN
Philippe ERKEL	Bank Information System and Service Officer
Philippe GRANGE	Audit Officer

2 CONSOLIDATED FINANCIAL STATEMENTS - DECEMBER 31, 2014

2.1 Consolidated Balance Sheet

(in million euros)	**Dec. 31, 2014**	**Dec. 31, 2013**
Assets		
Cash, central banks, post office banks (Note 4)	308	466
Financial assets at fair value through profit or loss (Note 5)	455	783
Hedging instruments (Note 6)	58	89
Available-for-sale financial assets (Note 7)	14	10
Loans and advances to credit institutions (Note 8)	1,070	1,439
Customer loans and receivables (Notes 9, 34 and 37)	4,039	21,312
Fair value adjustments to finance receivables portfolios hedged against interest rate risks (Notes 10 and 24.5)	39	23
Held-to-maturity investments	-	-
Current tax assets (Note 36.1)	9	43
Deferred tax assets (Note 36.1)	83	136
Accruals and other assets (Note 11)	254	563
Investments in associates and joint ventures accounted for using the equity method (Note 12)	104	83
Property and equipment (Note 13)	5	17
Intangible assets (Note 13)	63	70
Goodwill (Note 14)	1	83
Total assets of continuing operations	**6,502**	**-**
Total assets of operations to be taken over by partnership	**18,529**	**-**
Total assets (Note 37)	**25,031**	**25,117**

(in million euros)	**Dec. 31, 2014**	**Dec. 31, 2013**
Equity and liabilities		
Central banks, post office banks	-	-
Financial liabilities at fair value through profit or loss (Note 15)	4	3
Hedging instruments (Note 16)	54	62
Deposits from credit institutions (Notes 17 and 37)	6,353	6,268
- *of which debts of continuing operations*	*930*	-
- *of which non-transferred debts of operations to be taken over by partnership*	*5,423*	-
Due to customers (Note 18)	420	1,334
Debt securities (Notes 19 and 37)	6,135	12,624
- *of which debts of continuing operations*	*2,881*	-
- *of which non-transferred debts of operations to be taken over by partnership*	*3,254*	-
Fair value adjustments to debt portfolios hedged against interest rate risks (Notes 20 and 24.5)	71	107
Current tax liabilities (Note 36.1)	8	44
Deferred tax liabilities (Note 36.1)	24	411
Accruals and other liabilities (Note 21)	215	862
Liabilities related to insurance contracts (Note 22.1)	67	56
Provisions (Note 23)	33	49
Subordinated debt	-	-
Total liabilities of continuing operations	**13,384**	**-**
Total transferred liabilities of operations to be taken over by partnership	**8,508**	**-**
Equity	3,139	3,297
- Equity attributable to equity holders of the parent	3,101	3,255
- Share capital and other reserves	835	835
- Consolidated reserves	2,474	2,610
- *Of which Net income - equity holders of the parent*	*87*	*223*
- Income and expenses recognized directly in Equity	(208)	(190)
- Minority interests	38	42
Total equity and liabilities (Note 37)	**25,031**	**25,117**

2.2 Consolidated Statement of Income

(in million euros)	Dec. 31, 2014	Dec. 31, 2013 proforma
Net interest revenue on customer transactions (Note 37.2)	**397**	**409**
- Interest and other revenue on assets at amortized cost (Notes 28 and 37.3)	413	459
- Fair value adjustments to finance receivables hedged against interest rate risks (Note 24.5)	16	(62)
- Interest on hedging instruments (Note 29)	(26)	(61)
- Fair value adjustments to hedging instruments (Note 24.5)	(17)	63
- Interest expense on customer transactions	(6)	(2)
- Other revenue and expense (Note 30)	17	12
Net investment revenue (Note 37.2)	**14**	**15**
- Interest and dividends on marketable securities	12	14
- Fair value adjustments to assets valued using the fair value option (Note 24.6)	1	-
- Gains and losses on sales of marketable securities	1	1
- Investment acquisition costs	-	-
Net refinancing cost (Note 37.2)	**(218)**	**(230)**
- Interest and other revenue from loans and advances to credit institutions	6	13
- Interest on deposits from credit institutions (Note 31)	(102)	(89)
- Interest on debt securities (Note 32)	(175)	(230)
- Interest on passbook savings accounts	-	-
- Expenses related to financing commitments received	(17)	(33)
- Fair value adjustments to financing liabilities hedged against interest rate risks (Note 24.5)	36	120
- Interest on hedging instruments	93	128
- Fair value adjustments to hedging instruments (Note 24.5)	(34)	(122)
- Fair value adjustments to financing liabilities valued using the fair value option (Note 24.6)	-	-
- Debt issuing costs	(25)	(17)
Net gains and losses on trading transactions	**(1)**	**4**
- Interest rate instruments (Note 24.6)	(1)	(2)
- Currency instruments	-	6
Net gains and losses on available-for-sale financial assets	**-**	**-**
Margin on sales of Insurance services (Note 22.3)	**92**	**107**
- Earned premiums	121	138
- Paid claims and change in liabilities related to insurance contracts	(29)	(31)
Margin on sales of services	**25**	**28**
- Revenues	41	44
- Expenses	(16)	(16)
Net banking revenue (Notes 37.2 and 37.3)	**309**	**333**
General operating expenses (Note 33)	**(125)**	**(130)**
- Personnel costs	(43)	(42)
- Other general operating expenses	(82)	(88)
Depreciation and amortization of intangible and tangible assets (Note 13)	(19)	(9)
Gains and losses on investments in companies and other disposals of fixed assets	-	(2)
Gross operating income	**165**	**192**
Cost of risk (Notes 34, 37.2 and 37.3)	(39)	(40)
Operating income (Notes 37.2 and 37.3)	**126**	**152**
Share in net income of associates and joint ventures accounted for using the equity method	12	8
Impairment on goodwill	-	-
Pension obligation - expense (Note 23.1.F)	-	-
Pension obligation - income (Note 23.1.F)	-	-
Other non-operating items (Note 35)	(11)	-
Costs of non-transferred debts of operations to be taken over by partnership	(382)	(378)
Pre-tax income	**(255)**	**(218)**
Income taxes (Note 36.2)	44	90
Net income of continuing operations	**(211)**	**(128)**
- of which attributable to equity holders of the parent	(215)	(143)
Gross income of operations to be taken over by partnership	442	594
Income tax on operations to be taken over by partnership (Note 36.2)	(140)	(228)
Net income of operations to be taken over by partnership (Note 3.4)	**302**	**366**
Net income for the year	**91**	**238**
- of which minority interests	4	15
- of which attributable to equity holders of the parent	87	223
Net income of continuing operations - attributable to equity holders of the parent - per share (in euros)	*(19.4)*	*(12.9)*
Net income - Earnings per share (in €)	*7.9*	*20.1*

2.3 Net Income and Income and Expenses Recognized Directly in Equity

(in million euros)	Dec. 31, 2014 Before tax	Dec. 31, 2014 Tax	Dec. 31, 2014 After tax	Dec. 31, 2013 Before tax	Dec. 31, 2013 Tax	Dec. 31, 2013 After tax
Net income	187	(96)	**91**	376	(138)	**238**
- of which minority interests			*4*			*15*
Recyclable in profit and loss elements						
Fair value adjustments to hedging instruments (1)(2)(3)	(1)	-	**(1)**	5	(2)	**3**
- of which revaluation reversed in net income	-	-	**-**	*(4)*	*1*	***(3)***
- of which revaluation directly by equity	-	-	**-**	*9*	*(3)*	***6***
Exchange difference	(15)	-	**(15)**	(86)	-	**(86)**
- of which operations to be taken over by partnership	*5*	-	***5***	*(6)*	-	***(6)***
Total recyclable in profit and loss elements	(16)	-	**(16)**	(81)	(2)	**(83)**
- of which minority interests			*(2)*			*(6)*
Not recyclable in profit and loss elements						
Actuarial gains and losses on pension obligations	(6)	2	**(4)**	4	(1)	**3**
- of which operations to be taken over by partnership	*(6)*	*2*	***(4)***	*4*	*(1)*	***3***
Total income and expenses recognized directly in Equity	(22)	2	**(20)**	(77)	(3)	**(80)**
- of which minority interests			*(2)*			*(6)*
Total net income and income and expenses recognized directly in Equity	165	(94)	**71**	299	(141)	**158**
- of which minority interests			*2*			*9*
- of which attributable to equity holders of the parent			*69*			*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 December 31, 2014 amounted to €0.9 million (see Note 24.2).

(3) Including a €1.5 million loss due to hedging cross currency swaps' basis spread at December 31, 2014 (€9.2 million gain 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				223	4	3	(81)	149	8	157
At December 31, 2013	**177**	**340**	**318**	**2,610**	**-**	**(2)**	**(188)**	**3,255**	**41**	**3,296**
Dividends paid by:										
- Banque PSA Finance				(223)				(223)		(223)
- Other companies				-					(5)	(5)
Net Income and Income and Expenses Recognized Directly in Equity				87	(1)	(4)	(13)	69	2	71
At December 31, 2014	**177**	**340**	**318**	**2,474**	**(1)**	**(6)**	**(201)**	**3,101**	**38**	**3,139**

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).

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

Basel III regulatory capital is calculated in this way:

(in million euros)	Dec. 31, 2014	Dec. 31, 2013 proforma Basel III
Published consolidated equity: Attributable to equity holders of the parent	**3,101**	**3,255**
Proposed dividend, PSA Peugeot Citroën Group	(385)	(223)
Intangible assets (regulatory perimeter)	(62)	(55)
Fair value adjustements to hedging instruments	1	1
Goodwill	(1)	(83)
Deferred tax assets on tax loss carryforwards that rely on future profitability	(20)	(72)
Defined benefit pension fund assets	(10)	(4)
Deductions from regulatory capital: Expected loss vs. Depreciation in accounting	(207)	(217)
Transitional adjustments to regulatory capital	19	71
Basel III regulatory capital	**2,436**	**2,673**
Capital adequacy ratio (Basel III)	**13.51%**	**14.04%**

For reminder, Basel II regulatory capital published as at December 31, 2013:

(in million euros)	Dec. 31, 2013
Tier 1 capital	
Published consolidated equity	3,294
Insurance companies accounted for using the equity method: minority interests	(16)
Regulatory consolidated equity (1)	3,278
Unrealized capital gains on cash flow hedges	1
Proposed dividend, PSA Peugeot Citroën Group	(229)
Proposed dividend, minority interests	-
Intangible assets	(44)
Goodwill	(83)
Total Tier 1 capital	**2,923**
Deductions from Tier 1 capital	
Equity interests in credit institutions	(10)
Equity interests in insurance companies	-
Investments in associates and joint ventures accounted for using the equity method	(226)
- of which insurance companies	*(143)*
Total deductions	**(236)**
Regulatory capital	**2,687**
Deductions from regulatory capital: Expected loss vs. Depreciation	(217)
Basel II Tier 1 capital	**2,470**
(See the "Capital Requirements" Section of the Management Report)	
Capital adequacy ratio (Basel II)	**12.95%**

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

2.5 Consolidated Statement of Cash Flows

(in million euros)	Dec. 31, 2014	Dec. 31, 2013 proforma
Income attributable to equity holders of Banque PSA Finance	**(215)**	**(143)**
Restatement of costs of non-transferred debts of operations to be taken over by partnership, after taxes	251	248
Elimination of income without cash effect		
- Minority interests in income of subsidiaries	4	15
- Net income of associates accounted for using the equity method, net of dividends received	(12)	(8)
- Change in depreciation, amortization and other provisions	65	26
- Change in deferred taxes	(80)	(159)
- (Profit)/loss on disposals of assets	-	-
Funds from operations	**13**	**(21)**
Increase/decrease in:		
- loans and advances to credit institutions	18	(62)
- deposits from credit institutions	269	(396)
Change in customer loans and receivables	375	333
Increase/decrease in:		
- amounts due to customers	344	(5)
- financial assets at fair value through profit or loss	31	167
- financial liabilities at fair value through profit or loss	1	1
- hedging instruments	29	195
- debt securities	(547)	(553)
Change in working capital: assets	33	34
Change in working capital: liabilities	(118)	(171)
Net cash provided by operating activities	**448**	**(478)**
Acquisitions of shares in subsidiaries	(9)	(30)
Proceeds from disposals of shares in subsidiaries	-	-
Investments in fixed assets	(15)	(7)
Proceeds from disposals of fixed assets	2	4
Effect of changes in scope of consolidation	-	-
Net cash used by investing activities	**(22)**	**(33)**
Dividends paid to PSA Peugeot Citroën Group	(228)	(286)
Dividends paid to minority interests	-	-
Capital increase	-	-
Net dividends received from operations to be taken over by partnership	231	133
Net cash used by financing activities	**3**	**(153)**
Costs of non-transferred debts of operations to be taken over by partnership, after taxes	(251)	(248)
Changes in liabilities due to financing of operations to be taken over by partnership	(1,197)	(2,046)
Total net cash of financing operations to be taken over by partnership	**(1,448)**	**(2,294)**
Net income of operations to be taken over by partnerships	302	366
Change in assets and liabilities of operations to be taken over by partnership	1,746	2,866
Net dividends paid by operations to be taken over by partnership	(231)	(133)
Total net cash from operations to be taken over by partnership	**1,817**	**3,099**
Effect of changes in exchange rates	1	(6)
Net change in cash and cash equivalents	**799**	**135**
Cash and cash equivalents at the beginning of the period	**1,804**	**1,669**
Cash, central banks, post office banks	466	18
Marketable securities qualified as cash equivalents	200	649
Current account advances and loans and advances at overnight rates	1,138	1,002
Time accounts qualified as cash equivalents	-	-
Cash and cash equivalents at the end of the period	**2,603**	**1,804**
Cash, central banks, post office banks	331	466
- of which operations to be taken over by partnership	*23*	-
Marketable securities qualified as cash equivalents	299	200
Current account advances and loans and advances at overnight rates	1,332	1,138
- of which operations to be taken over by partnership	*970*	-
Time accounts qualified as cash equivalents	641	-

2.6 Notes to the Consolidated Financial Statements

Notes

Note 1 2014 Main Events and Group Structure

A. 2014 Main Events

Partnership between Banque PSA Finance and Santander Consumer Finance

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 ten dedicated local partnerships in Germany, Austria, Belgium, Spain, France, Italy, Netherlands, Poland, United Kingdom, Switzerland and a commercial partnership in Portugal. This transaction will enhance commercial capabilities for PSA Peugeot Citroën's brands enabling them to increase their penetration of the car finance market. It will 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 perimeter of the partnership will cover 90% of Banque PSA Finance's current activities.

On February 2, 2015, Banque PSA Finance and Santander Consumer Finance announced that the first two joint ventures received approval from the regulatory authorities to carry out banking activities in France and in the UK. From now on, these companies will provide financing for Peugeot, Citroën and DS car dealers and their customers in these two countries. These first two companies represent 53% of the loans covered by the framework agreement. The launch of activities in the nine other countries should be finalized during 2015 and in early 2016.

These transactions received the approval of competent competition authorities on December 3, 2014 and of the banking regulatory authorities (European Central Bank) on January 28, 2015.

The new joint ventures held equally and accounted for using the equity method by Banque PSA Finance will enable Banque PSA Finance to enhance its profitability in these countries and will result in a positive cash impact of up to €1.5 billion for PSA Peugeot Citroën Group by 2018.

The launch of these joint ventures will enhance the financing activities of Banque PSA Finance and thus restore its full ability to access markets.

In accordance with IFRS 5, accounting impacts are described in section I of Note 2 and in Note 3.

AQR results and accounting consequences

Banque PSA Finance participated in the asset evaluation process within the context of the Asset Quality Review (AQR) under the supervision of the European Central Bank with regard to the implementation of a Single Supervisory Mechanism (SSM).
The AQR targets of Banque PSA Finance were successfully met and reflected the relevance and solidity of its business model: more than 50% of the loans of Banque PSA Finance, primarily in France and Southern Europe, were evaluated. The potential impact of the AQR is negligible: -7 basis points on the Core Tier 1 bank ratio, or 0.1% on the Outstanding Loans. The following should be noted:
- there was no request to adjust the impairment result for Retail;
- for certain Corporate accounts, the regulator requested insignificant depreciation of individual values, which were booked at the end of 2014;
- taking best practices into account, the regulator asked Banque PSA Finance to develop a model for impairment of sound loans that addresses risk factors. That model is being developed. Nevertheless, based on the first income estimates made under this model, Banque PSA Finance recognized a global impairment of €14.6 million in the accounts as at December 31, 2014.

€7 billion State guarantee

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, including representatives of the French State and the Group, monitors the proper operation of the guarantee.

Of this guarantee, a total of €1,500 million was used via two EMTN until their repayment: €1,200 million issued in April 2013 and €300 million issued in July 2014 (see Note 19.1). These two issuances will continue to be covered by this guarantee.

After launching the first 50-50 joint ventures between Banque PSA Finance and Santandar Consumer Finance (Santander CF and affiliates) in France and the UK, Banque PSA Finance decided, on February 02, 2015, not to use the French State guarantee for new bond issues.

Other sources of financing

Banque PSA Finance signed renewals or new bilateral bank credit lines for an amount exceeding €1,700 million during the year. These renewals enabled Banque PSA Finance to maintain its bank facilities in 2014. At December 31, 2014, drawn amounts reached €5,333 million compared to 4,299 million at December 31, 2013 (see Note 17).

On February 06, 2015, Banque PSA Finance announced the implementation of a new five year syndicated loan for €700 million. This credit line is part of the launch of the partnership between Banque PSA Finance and Santander Consumer Finance in France and in the UK, which results in a significant reduction in the financing needs of Banque PSA Finance and associated financial guarantees. At the same time, Banque PSA Finance repaid and canceled the syndicated term-loan for €4,099 million and the syndicated back-up credit facilities for €3,146 million.

In parallel, structured financing with the ECB represented €1,300 million at December 31, 2014 (see Note 17). 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 €2,009 million at December 31, 2014, of which €749 million of customer receivables, compared to €2,957 million at December 31, 2013, of which €1,128 million of customer receivables (see Note 27.1).
In addition, the outstanding amount of loan securitizations (including the Brazilian FIDC) increased from €5,058 million at December 31, 2013 to €5,595 million at December 31, 2014 (including accrued interests, see Note 19.1). Total receivables sold to securitization vehicles were €8,864 million at December 31, 2014 and €8,788 million as of December 31, 2013 (see Note 9.5).

The individual passbook savings account product launched in France in 2013 was expanded to Belgium and Germany in 2014. The product represents an outstanding total of €2,074 million as of December 31, 2014, of which €1,074 million in Germany.
The "DISTINGO" passbook savings account in France amounted to €952 million at December 31, 2014 compared to €955 million at December 31, 2013.
The development strategy of the passbook savings account 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 27.4).

B. Changes in Group Structure

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

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

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

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

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

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

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

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

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

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 during H1 2015. As this operation is not material for Banque PSA Finance Group, it does not fall within the scope of IFRS 5.

In July 2014, a branch was established in Belgium in order to offer the individual passbook savings account product in Belgium. It has been fully consolidated since July 2014.

In September 2014, Banque PSA Finance's Italian branch sold €460 million worth of automobile loans to the Auto ABS Italian Loans Master S.r.l., an Italian Special Purpose Vehicle (SPV). The vehicle issued €403 million worth of AA+/AA rated A bonds and €57 million worth of B bonds. The branch is entitled to the bulk of the operating income generated by the receivables after payment of interest on the bonds. As a consequence, the fund has been fully consolidated since September 2014.

In November 2014, Banque PSA Finance bought the Economy Drive Cars Ltd subsidiary from Peugeot Citroën Retail UK. Thus, the PSA Wholesale Ltd. subsidiary will be able to transfer all the shares that it holds in Vernon Wholesale Investments Ltd to this new subsidiary before Santander acquires a 50% share in PSA Wholesale Ltd., an acquisition that is planned for the beginning of 2015. It has been fully consolidated since November 2014.

In December 2014, the French subsidiary Crédipar sold €430 million worth of automobile loans to the Auto ABS3 2014-1 fund. The fund issued €397 million worth of AAA/AAA rated A bonds, €23 million worth of A/A rated mezzanine B bonds and €10 million worth of C bonds. The subsidiary is entitled to the bulk of the operating income generated by the receivables after payment of interest on the bonds. As a consequence, the fund has been fully consolidated since December 2014.

C. List of Consolidated Companies

Companies	Country	Banque PSA Finance interest % Direct	Indirect %	Indirect Held by	% interest at December 31 2014	2013
Branches						
German branch	Germany	-	-		-	-
Austrian branch	Austria	-	-		-	-
Spanish branch	Spain	-	-		-	-
Italian branch	Italy	-	-		-	-
Polish branch	Poland	-	-		-	-
Portuguese branch	Portugal	-	-		-	-
United Kingdom branch	United Kingdom	-	-		-	-
Belgium branch	Belgium	-	-		-	-
Fully Consolidated Companies						
Sales financing in France (Subsidiaries)						
Crédipar	France	100	-		100	100
CLV	France	-	100	Crédipar	100	100
Sofib	France	100	-		100	100
Sofira	France	98	-		98	98
Sales financing outside France (Subsidiaries)						
BPF Algérie	Algeria	2	98	PSA Financial Holding B.V.	100	100
PSA Finance Argentina Compania Financiera S.A.	Argentina	50	-		50	50
PSA Finance Belux	Belgium	5.25	94.75	PSA Financial Holding B.V.	100	100
Banco PSA Finance Brasil S.A.	Brazil	100	-		100	100
PSA Finance Arrendamento Mercantil S.A.	Brazil	100	-		100	100
PSA Financial d.o.o.	Croatia	-	100	PSA Financial Holding B.V.	100	100
PSA Finance Hungaria Zrt.	Hungary	2.44	97.56	PSA Financial Holding B.V.	100	100
Retail Prod Zrt	Hungary	2.44	97.56	PSA Financial Holding B.V.	100	-
PSA Renting Italia S.p.A.	Italy	100	-		100	100
Banque PSA Finance Mexico SA de CV SOFOM	Mexico	2.80	97.20	PSA Finance Nederland B.V.	100	100
PSA Finance Nederland B.V.	Netherlands	-	100	PSA Financial Holding B.V.	100	100
PSA Finance Polska Sp.zo.o.	Poland	100	-		100	100
PSA Gestao Comercio E Aluguer de Veiculos	Portugal	97	1	PSA Financial Holding B.V.	98	98
PSA Finance Ceska Republika S.r.o.	Czech Republic	0.02	99.98	PSA Financial Holding B.V.	100	100
PSA Wholesale Ltd	United Kingdom	100	-		100	100
Bank PSA Finance Rus	Russia	65	35	PSA Financial Holding B.V.	100	100
PSA Finance Slovakia S.r.o.	Slovakia	0.16	99.84	PSA Financial Holding B.V.	100	100
BPF Financiranje d.o.o.	Slovenia	-	50	PSA Financial Holding B.V.	50	50
PSA Finance Suisse S.A.	Switzerland	82.35	17.65	PSA Financial Holding B.V.	100	100
BPF Pazarlama A.H.A.S.	Turkey	100	-		100	100
Insurance (Subsidiaries)						
PSA Assurance S.A.S.	France	90	-		90	90
PSA Services Ltd	Malta	0.01	99.99	PSA Assurance S.A.S.	90	90
PSA Insurance Ltd	Malta	0.01	99.99	PSA Services Ltd	90	90
PSA Life Insurance Ltd	Malta	0.01	99.99	PSA Services Ltd	90	90
Other companies (Subsidiaries)						
PSA Factor Italia S.p.A.	Italy	-	94.54	Succursale en Italie	94.54	94.54
PSA Finance S.C.S.	Luxembourg	-	-		-	100
PSA Financial Holding B.V.	Netherlands	100	-		100	100
Peugeot Finance International N.V.	Netherlands	100	-		100	100
Vernon Wholesale Investments Company Ltd	United Kingdom	-	100	Economy Drive Cars Ltd	100	100
Economy Drive Cars Ltd	United Kingdom	100	-		100	-
Special purpose entities						
FIDC	Brazil	-	-		100	100
Auto ABS 2010-1	France	-	-		-	100
Auto ABS 2011-1	France	-	-		100	100
German Loans Auto ABS 2011-2	France	-	-		100	100
Auto ABS 2012-1	France	-	-		100	100
Auto ABS S.r.l. 2012-2	Italy	-	-		100	100
Auto ABS 2012-3	Spain	-	-		100	100
Auto ABS French Loans Master	France	-	-		100	100
Auto ABS UK Loans PLC	United Kingdom	-	-		100	100
Auto ABS DFP Master Compartment France 2013	France	-	-		100	100
Auto ABS 2013-1	France	-	-		100	100
Auto ABS 2013-2	France	-	-		100	100
Auto ABS German Lease Master	France	-	-		100	100
Auto ABS2 2013-A	France	-	-		100	100
Auto ABS DFP Master Compartment Germany 2013	France	-	-		100	100
Auto ABS German Loans Master	France	-	-		100	100
Auto ABS Swiss Leases 2013 GmbH	Switzerland	-	-		100	100
Auto ABS Italian Loans Master S.r.l.	Italy	-	-		100	-
Auto ABS3 2011-01	France	-	-		100	-
Investments in Associates						
Dongfeng Peugeot Citroën Auto Finance Company Ltd (Partnership - Joint ventures)	China	-	50	PSA Finance Nederland B.V.	50	50

Note 2 Accounting Policies

In accordance with European Council Regulation 1606/2002/EC dated July 19, 2002 on the application of international accounting standards from January 1, 2005, Banque PSA Finance's consolidated financial statements for the year ended December 31, 2014 have been prepared in accordance with the International Financial Reporting Standards (IFRSs) applicable and adopted by the European Union as of that date.

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

The standards and interpretations applied at December 31, 2014 were unchanged compared with December 31, 2013 except for the adoption of standards and interpretations whose application was compulsory for the first time in 2014.

New compulsory IFRSs and IFRIC 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** – 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 Contributions by Venturers. These texts mainly prescribe two different accounting method.

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 12.2 – Detailed information on Associates - Joint Ventures and Note 39 – Information on subsidiaries held by significant minority interests.

- Amendments to IAS 32 - Financial Instruments: Presentation - 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 applies this amendment since the annual consolidated financial statements of 2013.

- Amendments to IAS 39 – Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting. These amendments allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is transferred by novation from a counterparty to a central counterparty, as a result of laws or regulation, if specific conditions are met.

- **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.

The following texts do not impact significantly Banque PSA Finance:

- Amendments to IAS 36 – Impairment of Assets - 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.

New IFRSs and IFRIC Interpretations non applicable compulsorily in the European Union on January 1, 2014

Potential impact of texts or projects 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 15 - Revenue from Contracts with Customers. The final version of this standard was published by the IASB in May 2014. This standard is effective for annual periods beginning on or after January 1, 2017 subject to the adoption by the European Union. IFRS 15 concerns requirements for the recognition of revenue from Contracts with Customers. Contracts that are within the scope of other standards are excluded of the scope of IFRS 15 : Contracts on Leases, Insurance Contracts and Financial Instruments. As a consequence, the major part of Banque PSA Finance's revenues is excluded from the scope of this new standard. Concerning other cases, no modifications of accounting methods are expected (fees of new business providers). Thus, this standard does not have significant impacts on Banque PSA Finance.

- IFRS 9 - Financial Instruments which is to replace IAS 39 - Financial Instruments. The final version of this standard was published by the IASB in July 2014.

The final version of IFRS 9 groups together 3 phases:

- Classification and Measurement;
- Impairment;
- Hedge accounting.

The package of improvements introduced by IFRS 9 includes:

- a logical and single approach for the classification of financial assets, which is driven by cash flow characteristics and the business model in which an asset is held;
- a single, forward-looking 'expected loss' impairment model and
- a substantially-reformed approach to hedge accounting.

Informations to be disclosed in the notes to the financial statements were also reinforced. The global objective is to improve the information of investors.
IFRS 9 comes into effect on 1 January 2018 subject to the adoption by the European Union. Early application is permitted.

The impacts of IFRS 9 on Banque PSA Finance are currently being analysed.

- IAS 17 – **Leases.** Since more than 8 years the IASB has been working, jointly with the FASB, on the revision of IAS 17 which objective is to prescribe, to lessees and lessors, the appropriate accounting policies and disclosures to apply in relation to leases. The date of the publication of the final version of this standard has not yet been announced. For the moment, this project has no significant impact on Banque PSA Finance for the lessor accounting model, as the measures required by this project on this issue are convergent with IAS 17.

The other projects and standards do not have significant impacts on Banque PSA Finance.

Format of the Financial Statements:

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

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

Significant accounting policies applied by the Group are described in sections B to I below.

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

The annual consolidated financial statements and notes for Banque PSA Finance Group were approved by the Board of Directors on February 16, 2015.

A. Basis of Consolidation

A.1 Consolidation Methods

Companies in which Banque PSA Finance directly or indirectly holds a majority interest are fully consolidated. In particular, it is the case of the Special Purpose Entities as part of our securitization operations. The same method is applied to companies owned jointly with a partner on a 50/50 basis, when Banque PSA Finance is in a position to control strategic financial and operating decisions relating to the business.

All material intragroup transactions and balances between the entities of the Group are eliminated in consolidation.

Companies that are between 20% and 50% owned, directly or indirectly, over which Banque PSA Finance has significant influence are accounted for by the equity method.

A.2 Translation of Financial Statements of Foreign Subsidiaries

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

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

A.3 Foreign Currency Transactions

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

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

A.4 Use of Estimates

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

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

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

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

A.5 Main Consolidation Adjustments

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

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

Deferred Taxes

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

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

B. Fixed Assets

B.1. Property and Equipment

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

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

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

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

B.2. Intangible Assets

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

B.3. Goodwill

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

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

B.4. Impairment of Long-lived Assets

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

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

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

C. Financial Assets and Liabilities

Financial assets and liabilities are recognized and measured in accordance with IAS 39 adopted by the European Commission on November 3, 2008 (regulation 1126/2008/EC) with several amendments to IAS 39 adopted by the European Union.

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

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

C.1 Derivatives – Application of Hedge Accounting

C.1.1 Recognition and Measurement

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

Derivatives may be designated as hedging instruments in one of two types of hedging relationships:

- fair value hedge, corresponding to a hedge of the exposure to changes in fair value of an asset or liability due to changes in exchange rates or interest rates;
- cash flow hedge, corresponding to a hedge of the exposure to variability in cash flows from existing or future assets or liabilities.

Derivatives qualify for hedge accounting when:

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

The effects of hedge accounting are as follows:

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

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

C.1.2 Derivatives – Financial Statement Presentation

Balance sheet:

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

Income statement:

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

IFRS 13 requires to present the valuation methods of the financial assets and liabilities at fair value as well as their hierarchy (level 1, 2 or 3).

The valuation methods have to maximize the use of observable market data. These methods are classified according to the same three levels hierarchy (in descending order of priority) as IFRS 7 for financial instruments:

- level 1: quoted price (without adjustment) for similar instruments on an active market;

An active market is a market in which there are sufficiently frequent and large volumes on assets or liabilities to provide price information in a continuous way.

- level 2: valuation using only observable data for a similar instrument on an active market;

- level 3: valuation making significant use of at least one non-observable item of data.

In the balance sheet, the valuations are of level 1 or 2, presented in the related notes. Only the specific note "Fair Value of Financial Assets and Liabilities" uses valuation methods of level 3, detailed in Note 26.

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

Banque PSA Finance liquidity reserves are invested partly in fixed income securities indexed to Eonia. They are generally financed by debt indexed to Eonia. If not, they are swapped for the 3-month Euribor by means of economic hedges. In the interests of simplicity, these fixed income securities are accounted for using the fair value option, whereby changes in the fair value of the hedged securities are recognized directly in profit or loss, together with the offsetting change in fair value of the economic hedges. Liquidity reserves are also partly invested in mutual funds, whose units are not consolidated because they do not meet the criteria regarding control or rights in the majority of the benefits and corresponding risks (see IFRS 10 – Consolidated Financial Statements, and the amendment to IAS 27 – Separate Financial Statements).

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

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

This item comprises liabilities valued using the fair value option. The Group has elected to use this option in certain instances to improve the presentation of its financial statements by recognizing fair value adjustments to the liabilities symmetrically with the fair value adjustments made to the derivatives used to hedge the interest rate risk on those liabilities. Accordingly, the fair value adjustments include any changes in Banque PSA Finance's issuer spread. At December 31, 2014, no liabilities were measured using the fair value option.

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

C.4 Available-for-sale Assets

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

C.5 Held-to-maturity Investments

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

C.6 Loans and Receivables

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

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

  These types of financing are mainly intended for the following customer segments:
    - **Retail** (individuals, small to medium sized companies and larger companies not meeting the criteria for classification as Corporates, Sovereigns, Banks or Local Administrations),
    - **Corporate and equivalent** (including Corporates other than dealers, Sovereigns, Banks and Local Administrations),

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

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

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

C.6.1 Loans and Receivables Measured at Amortized Cost

Loans and receivables recognized in the balance sheet correspond to Banque PSA Finance's net commitment in respect of these receivables. Therefore, as well as the outstanding principal and accrued interest, the carrying value of finance receivables also includes:
- commissions paid to referral agents as well as external direct administrative expenses, which are added to the outstanding principal;
- contributions received from the brands and transaction fees to be spread out, which are deducted from the outstanding principal;
- guarantee deposits received at the inception of finance leases, which are deducted from the amount financed.

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

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

C.6.2 Lease Financing

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

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

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

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

C.6.4 Impairment Losses

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

Impairment losses are identified separately under specific line items.

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

Retail financing impairment losses

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

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

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

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

- ***Classification in loss / Write off***
  So far, according to the standards of Banque PSA Finance the classification in loss / write off concerned any type of financing with outstanding debt of more than 60 months whatever is the type of financing. It turns out that historical data leads to a model improvement based on losses reduced to 48, 36, or 24 months depending on the type of financing and country concerned.

  This evolution is recorded as a change in accounting estimates according to IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors) and has the two following impacts:

  - Classification in loss out of reversal of provisions of outstanding debt of less than 60 months and more than 24, 36 or 48 months according to the financing in each concerned country;

  - Impact on the model of statistic impairment and especially on the calculation of LGD of the shortening of the recovery period.

  The impact of the change of estimates in the financial statements for the year ended December 31, 2014 is detailed in Note 34 – Cost of Risk.

Corporate sound receivables - Impairment on collective basis (IAS 39. AG90)

Further to the Asset Quality Review (AQR) performed in 2014 by the European Central Bank (see Note 1.A – 2014 Main Events and Group Structure), several indicators (country risks, sectors, risk areas, etc…) were additionally taken into account in order to determine the impairment on collective basis according to IAS 39. AG90.

Further to the request of the regulator, the development of an impairment model is now under process. Banque PSA Finance recognised a collective impairment on Corporate sound receivables in the financial statements for the year ended December 31, 2014 based on the first assessment of the results of this model.

Impairment losses on an individual basis for non-performing "Corporate dealers" and "Corporate and equivalent" financing

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

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

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

C.7 Financing Liabilities

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

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

C.7.1 Hedges of Interest Rate Risks on Financing Liabilities

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

C.7.2 Debt Securities

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

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

D. Liabilities Related to Insurance Contracts

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

E. Provisions

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

Provisions are discounted only when the impact is material.

F. Segment Information

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

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

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

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

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

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

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

G. Pension Obligations

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

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

In accordance with IAS 19 – Employee Benefits, obligations under defined benefit plans are measured by independent actuaries using the projected unit credit method. This method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation, which is then discounted to present value. The calculations mainly take into account:
- an assumed retirement date;
- a discount rate;
- an inflation rate;
- assumptions concerning future salary levels and staff turnover rates.

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

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

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

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

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

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

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

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

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

H. Signature Commitments

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

Provisions are taken for impairment of financing or guarantee commitments in accordance with IAS 37. These signature commitments are reported at their nominal amount in Note 27 – Other commitments.

Derivative financial instrument commitments (rate or currency instruments) are described in note C.1 above and are reported at their nominal amount in Note 24 – Derivatives.

I. Assets and activities held-for-sale or to be taken over by partnership

An asset or a group of assets with directly associated liabilities is classified as held-for sale or to be taken over by partnership if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case the asset or activity must be available for immediate sale in its present condition and its sale must be highly probable.

These assets or activities to be taken over by partnership are measured at the lower value of their carrying amount and fair value less costs to sell.

Impairment of a group of assets classified as held-for sale (or to be taken over by partnership)

If the fair value of a group of assets held-for sale less selling costs is under its carrying amount after impairment of assets, the difference is allocated to assets held-for sale including the financial assets and is recognised at Banque PSA Finance under “Net income of operations to be taken over by partnership”.

Presentation according to IFRS 5.

The relevant assets and liabilities are shown separately on the balance sheet.

The net income, the statement of cash flows, as well as the Income and Expenses recognized directly in Equity of the assets to be taken over by partnership are presented separately in the consolidated financial statements for all periods of reporting.

These principles are applicable as at December 31, 2014 regarding the partnership between Banque PSA Finance and Santander Consumer Finance.

The operations relating to the partnership of Banque PSA Finance and Santander Consumer Finance take place until 2016. The operation is considered as the entire and requires to take into account the exhaustive impact of IFRS 5 for different entities of the cooperation scope as part of the annual closing 2014.

This partnership is described in Note 1.A.

The presentation and measurement of the activities in this scope are realised in the following way.

The assets and liabilities to be taken over by partnership are classified in “Total assets of operations to be taken over by partnership” and “Total transferred liabilities of operations to be taken over by partnership”.

Presentation of the financial debts

Some debts meant to ensure the refinancing of the assets held-for-transfer will not be transferred. As a consequence, lines “Loans and advances to credit institutions” on the one hand and “Debts reprensented by a security” on the other are henceforth presented in two lines: “of which debts of continuing operations” and “of which non-transferred debts of operations to be taken over by partnership”.

These declassified assets are not taken into account in the “Operating income”. The expenses and incomes are classified in the following way:
- “Costs of non-transferred debts of operations to be taken over by partnership”,
- “Gross income of operations to be taken over by partnership”.

Note 3 IFRS 5 and IFRIC 21 impacts on the financial statements

3.1 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).

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

3.2 Assets and operations to be taken over by partnership

The assets or activities to be taken over by partnership are measured at the lower value of their carrying amount and fair value less costs to sell.

The relevant assets and liabilities are shown separately on the balance sheet.

The net income, the statement of cash flows, as well as the Income and Expenses recognized directly in Equity of the assets to be taken over by partnership are presented separately in the consolidated financial statements for all periods of reporting.

These principles are applicable as at December 31, 2014 regarding the partnership between Banque PSA Finance and Santander Consumer Finance.

This partnership is described in Note 1.A.

The presentation and measurement of the activities in this scope are realised in the following way.

The assets and liabilities to be taken over by partnership have been reclassified in “Total assets of operations to be taken over by partnership” and “Total transferred liabilities of operations to be taken over by partnership”. These assets were measured at the last sale price known to date, which led to an overall expense of €111 million, of which €81 million in impairment of goodwill of Credipar and Sofib (see column "Depreciation disposal group" in Note 3.4).

Some debts meant to ensure the refinancing of the assets held-for-transfer will not be transferred. As a consequence, lines “Deposits from credit institutions” on the one hand and “Debt securities” on the other are henceforth presented in two lines: “of which debts of continuing operations” and “of which non-transferred debts of operations to be taken over by partnership”.A portion of these debts will be a prepayment, and certain undrawn bank facilities will be closed early (see paragraph "Liquidity Security" in the Management Report). Revision of these payment schedules led in 2014 to recording an expense of €25 million through application of IAS 39. In Spain and in Italy, the existing Retail outstanding loans will not be transferred. As a consequence, the balance sheet and statement of income lines relating to these outstandings and their refinancing were not reclassified.

The reclassified assets are not taken into account in the “Operating income”. The expenses and incomes are classified in the following way :

- "Costs of non-transferred debts of operations to be taken over by partnership", including the expense of €25 million mentionned above.
- "Gross income of operations to be taken over by partnership".

The effect on the December 31, 2014 balance sheet of this transaction is as follows:

(in million euros)	Before reclassification	After reclassification	IFRS 5 impact at Dec. 31, 2014
Assets			
Cash, central banks, post office banks (Note 4)	331	308	(23)
Financial assets at fair value through profit or loss	455	455	-
Hedging instruments	58	58	-
Available-for-sale financial assets	14	14	-
Loans and advances to credit institutions (Note 8)	2,297	1,070	(1,227)
Customer loans and receivables (Note 9)	21,028	4,039	(16,989)
Fair value adjustments to finance receivables portfolios hedged against interest rate risks	39	39	-
Held-to-maturity investments	-	-	-
Current tax assets	14	9	(5)
Deferred tax assets	97	83	(14)
Accruals and other assets (Note 11)	558	254	(304)
Investments in associates and joint ventures accounted for using the equity method	104	104	-
Property and equipment (Note 13)	17	5	(12)
Intangible assets (Note 13)	63	63	-
Goodwill	1	1	-
Total assets of continuing operations	**25,076**	**6,502**	**(18,574)**
Total assets of operations to be taken over by partnership (1)	**(45)**	**18,529**	**18,574**
Total assets	**25,031**	**25,031**	**-**

(in million euros)	Before reclassification	After reclassification	IFRS 5 impact at Dec. 31, 2014
Equity and liabilities			
Central banks, post office banks	-	-	-
Financial liabilities at fair value through profit or loss	4	4	-
Hedging instruments	54	54	-
Deposits from credit institutions (Note 17)	6,633	6,353	(280)
- *of which debts of continuing operations (Note 17)*	*6,633*	*930*	*(5,703)*
- *of which non-transferred debts of operations to be taken over by partnership (Note 17)*	-	*5,423*	*5,423*
Due to customers (Note 18)	2,801	420	(2,381)
Debt securities (Note 19)	10,964	6,135	(4,829)
- *of which debts of continuing operations (Note 19)*	*10,964*	*2,881*	*(8,083)*
- *of which non-transferred debts of operations to be taken over by partnership (Note 19)*	-	*3,254*	*3,254*
Fair value adjustments to debt portfolios hedged against interest rate risks	71	71	-
Current tax liabilities	82	8	(74)
Deferred tax liabilities	329	24	(305)
Accruals and other liabilities (Note 21)	814	215	(599)
Liabilities related to insurance contracts (Note 22.1)	68	67	(1)
Provisions (Note 23)	87	33	(54)
Subordinated debt	-	-	-
Total liabilities of continuing operations	**21,907**	**13,384**	**(8,523)**
Total transferred liabilities of operations to be taken over by partnership (1)	**(15)**	**8,508**	**8,523**
Equity	3,139	3,139	-
- Equity attributable to equity holders of the parent	3,101	3,101	-
- Share capital and other reserves	835	835	-
- Consolidated reserves	2,474	2,474	-
- *Of which Net income - equity holders of the parent*	*(215)*	*(215)*	-
- Income and expenses recognized directly in Equity	(208)	(208)	-
- Minority interests	38	38	-
Total equity and liabilities	**25,031**	**25,031**	**-**

(1) *In column "Before reclassification", €45 million negative amount in assets and €15 million negative amount in liabilities correspond to the depreciation of Disposal Group recognized in addition the goodwill's one.*

3.3 Restatement of previously published financial statements

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

3.3.1 Consolidated Balance Sheet

			Impacts 2013		
			IFRIC 21		
(in million euros)	Dec. 31, 2013 proforma	Dec. 31, 2013 published	Annual impact	January 1st, 2013	IFRS 5
Assets					
Cash, central banks, post office banks	466	466	-	-	-
Financial assets at fair value through profit or loss	783	783	-	-	-
Hedging instruments	89	89	-	-	-
Available-for-sale financial assets	10	10	-	-	-
Loans and advances to credit institutions	1,439	1,439	-	-	-
Customer loans and receivables	21,312	21,312	-	-	-
Fair value adjustments to finance receivables portfolios hedged against interest rate risks	23	23	-	-	-
Held-to-maturity investments	-	-	-	-	-
Current tax assets	43	43	-	-	-
Deferred tax assets	136	136	-	-	-
Accruals and other assets	563	563	-	-	-
Investments in associates and joint ventures accounted for using the equity method	83	83	-	-	-
Property and equipment	17	17	-	-	-
Intangible assets	70	70	-	-	-
Goodwill	83	83	-	-	-
Total assets of continuing operations	-	-	-	-	-
Total assets of operations to be taken over by partnership	**-**	**-**	**-**	**-**	**-**
Total assets	**25,117**	**25,117**	**-**	**-**	**-**

			Impacts 2013		
			IFRIC 21		
(in million euros)	Dec. 31, 2013 proforma	Dec. 31, 2013 published	Annual impact	January 1st, 2013	IFRS 5
Equity and liabilities					
Central banks, post office banks	-	-	-	-	-
Financial liabilities at fair value through profit or loss	3	3	-	-	-
Hedging instruments	62	62	-	-	-
Deposits from credit institutions	6,268	6,268	-	-	-
- *of which debts of continuing operations*	-	-	-	-	-
- *of which non-transferred debts of operations to be taken over by partnership*	-	-	-	-	-
Due to customers	1,334	1,334	-	-	-
Debt securities	12,624	12,624	-	-	-
- *of which debts of continuing operations*	-	-	-	-	-
- *of which non-transferred debts of operations to be taken over by partnership*	-	-	-	-	-
Fair value adjustments to debt portfolios hedged against interest rate risks	107	107	-	-	-
Current tax liabilities	44	44	-	-	-
Deferred tax liabilities	411	410	-	1	-
Accruals and other liabilities	862	866	-	(4)	-
- *of which Accrued charges*	*161*	*165*	-	*(4)*	-
Liabilities related to insurance contracts	56	56	-	-	-
Provisions	49	49	-	-	-
Subordinated debt	-	-	-	-	-
Total liabilities of continuing operations	-	-	-	-	-
Total transferred liabilities of operations to be taken over by partnership	**-**	**-**	**-**	**-**	**-**
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	2,610	2,607	-	*3*	-
- *Of which 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 (Note 37)	**25,117**	**25,117**	**-**	**-**	**-**

3.3.2 Consolidated Statement of Income

(in million euros)	Dec. 31, 2013 proforma	Dec. 31, 2013 published	2013 impact IFRIC 21	2013 impact IFRS 5
Net interest revenue on customer transactions	**409**	**1,446**	**-**	**(1,037)**
- Interest and other revenue on assets at amortized cost	459	1,477	-	(1,018)
- Fair value adjustments to finance receivables hedged against interest rate risks	(62)	(62)	-	-
- Interest on hedging instruments	(61)	(69)	-	8
- Fair value adjustments to hedging instruments	63	63	-	-
- Interest expense on customer transactions	(2)	(8)	-	6
- Other revenue and expense	12	45	-	(33)
Net investment revenue	**15**	**15**	**-**	**-**
- Interest and dividends on marketable securities	14	14	-	-
- Fair value adjustments to assets valued using the fair value option	-	-	-	-
- Gains and losses on sales of marketable securities	1	1	-	-
- Investment acquisition costs	-	-	-	-
Net refinancing cost (Note 37.2)	**(230)**	**(737)**	**-**	**507**
- Interest and other revenue from loans and advances to credit institutions	13	14	-	(1)
- Interest on deposits from credit institutions	(89)	(216)	-	127
- Interest on debt securities	(230)	(446)	-	216
- Interest on passbook savings accounts	-	(27)	-	27
- Expenses related to financing commitments received	(33)	(129)	-	96
- Fair value adjustments to financing liabilities hedged against interest rate risks	120	120	-	-
- Interest on hedging instruments	128	94	-	34
- Fair value adjustments to hedging instruments	(122)	(122)	-	-
- Fair value adjustments to financing liabilities valued using the fair value option	-	-	-	-
- Debt issuing costs	(17)	(25)	-	8
Net gains and losses on trading transactions	**4**	**(3)**	**-**	**7**
- Interest rate instruments	(2)	(2)	-	-
- Currency instruments	6	(1)	-	7
Net gains and losses on available-for-sale financial assets	**-**	**-**	**-**	**-**
Margin on sales of Insurance services	**107**	**109**	**-**	**(2)**
- Earned premiums	138	145	-	(7)
- Paid claims and change in liabilities related to insurance contracts	(31)	(36)	-	5
Margin on sales of services	**28**	**61**	**-**	**(33)**
- Revenues	44	92	-	(48)
- Expenses	(16)	(31)	-	15
Net banking revenue	**333**	**891**	**-**	**(558)**
General operating expenses	**(130)**	**(361)**	**-**	**231**
- Personnel costs	(42)	(149)	-	107
- Other general operating expenses	(88)	(212)	-	124
Depreciation and amortization of intangible and tangible assets	(9)	(28)	-	19
Gains and losses on investments in companies that can be consolidated and other disposals of fixed assets	(2)	(3)	-	1
Gross operating income	**192**	**499**	**-**	**(307)**
Cost of risk	(40)	(131)	-	91
Operating income	**152**	**368**	**-**	**(216)**
Share in net income of associates and joint ventures accounted for using the equity method	8	8	-	-
Impairment on goodwill	-	-	-	-
Pension obligation - expense (Note 23.1.F)	-	-	-	-
Pension obligation - income (Note 23.1.F)	-	-	-	-
Other non-operating items (Note 35)	-	-	-	-
Costs of the non-transferred debts of operations to be taken over by partnership	(378)	-	-	(378)
Pre-tax income	**(218)**	**376**	**-**	**(594)**
Income taxes	90	(138)	-	228
Net income from continuing operations	**(128)**	**238**	**-**	**(366)**
- of which attributable to equity holders of the parent	(143)	223	-	(366)
Gross income of operations to be taken over by partnership	594	-	-	594
Tax on the net income of operations to be taken over by partnership	(228)	-	-	(228)
Net income of operations to be taken over by partnership	**366**	**-**	**-**	**366**
Net income for the year	**238**	**238**	**-**	**-**
- of which minority interests	15	15	-	-
- of which attributable to equity holders of the parent	223	223	-	-

3.3.3 Consolidated Statement of Cash Flows

(in million euros)	Dec. 31, 2013 proforma	Dec. 31, 2013 published	2013 impact IFRIC 21	2013 impact IFRS 5
Income attributable to equity holders of Banque PSA Finance	**(143)**	**223**	**-**	**(366)**
Restatement of Costs of the non-transferred debts of operations to be taken over by partnership, after taxes	248	-	-	248
Elimination of income without cash effect				-
- Minority interests in income of subsidiaries	15	15	-	-
- Net income of associates accounted for using the equity method, net of dividends received	(8)	(8)	-	-
- Change in depreciation, amortization and other provisions	26	42	-	(16)
- Change in deferred taxes	(10)	15	-	(25)
- (Profit)/loss on disposals of assets	-	1	-	(1)
Funds from operations	**128**	**288**	**-**	**(160)**
Increase/decrease in:				
- loans and advances to credit institutions	(62)	(88)	-	26
- deposits from credit institutions	(396)	(1,667)	-	1,271
Change in customer loans and receivables	333	1,404	-	(1,071)
Increase/decrease in:				
- amounts due to customers	(5)	987	-	(992)
- financial assets at fair value through profit or loss	167	150	-	17
- financial liabilities at fair value through profit or loss	1	1	-	-
- hedging instruments	195	193	-	2
- debt securities	(553)	(653)	-	100
Change in working capital: assets	34	50	-	(16)
Change in working capital: liabilities	(171)	(196)	-	25
Net cash provided by operating activities	**(329)**	**469**	**-**	**(798)**
Acquisitions of shares in subsidiaries	(30)	(30)	-	-
Proceeds from disposals of shares in subsidiaries	-	-	-	-
Investments in fixed assets	(7)	(20)	-	13
Proceeds from disposals of fixed assets	4	8	-	(4)
Effect of changes in scope of consolidation	-	-	-	-
Net cash used by investing activities	**(33)**	**(42)**	**-**	**9**
Dividends paid to PSA Peugeot Citroën Group	(286)	(286)	-	-
Dividends paid to minority interests	-	-	-	-
Capital increase	-	-	-	-
Net dividends received from operations to be taken over by partnership	133	-	-	133
Net cash used by financing activities	**(153)**	**(286)**	**-**	**133**
Costs of the non-transferred debts of operations to be taken over by partnership, after taxes	(248)	-	-	(248)
Changes in liabilities due to financing of operations to be taken over by partnership	(2,046)	-	-	(2,046)
Total net cash of financing operations to be taken over by partnership	**(2,294)**	**-**	**-**	**(2,294)**
Net income of operations to be taken over by partnership	366	-	-	366
Elimination of income without cash effect	42	-	-	42
Change in assets and liabilities of operations to be taken over by partnership	2,542	-	-	2,542
Total net cash from operations to be taken over by partnership	**2,950**	**-**	**-**	**2,950**
Effect of changes in exchange rates	(6)	(6)	-	-
Net change in cash and cash equivalents	**135**	**135**	**-**	**-**
Cash and cash equivalents at the beginning of the period	**1,669**	**1,669**	**-**	**-**
Cash, central banks, post office banks	18	18	-	-
Mutual funds qualified as cash equivalents	649	649	-	-
Current account advances and loans and advances at overnight rates	1,002	1,002	-	-
Time accounts qualified as cash equivalents	-	-	-	-
Cash and cash equivalents at the end of the period	**1,804**	**1,804**	**-**	**-**
- of which operations to be taken over by partnership	-	-	-	-
Cash, central banks, post office banks	466	466	-	-
Mutual funds qualified as cash equivalents	200	200	-	-
Current account advances and loans and advances at overnight rates	1,138	1,138	-	-
- of which operations to be taken over by partnership	-	-	-	-
Time accounts qualified as cash equivalents	-	-	-	-

3.4 Synthetic Income Statement of operations to be taken over by partnership

(in million euros)	Before depreciation disposal group	Depreciation disposal group	Dec. 31, 2014	Dec. 31, 2013
Net banking revenue	**899**	**-**	**899**	**936**
General operating expenses and equivalent	(254)	-	(254)	(251)
Résultat brut d'exploitation	**645**	**-**	**645**	**685**
Cost of risk	(77)	-	(77)	(91)
Operating Income	**568**	**-**	**568**	**594**
Impairment on goodwill	-	(81)	(81)	-
Other non-operating items	-	(45)	(45)	-
Pre-tax income	**568**	**(126)**	**442**	**594**
Income taxes	(155)	15	(140)	(228)
Net income from operations to be taken over by partnership	**413**	**(111)**	**302**	**366**

Note 4 Cash, Central Banks, Post Office Banks

(in million euros)	Dec. 31, 2014 – Assets to be taken over by partnership	Dec. 31, 2014 – Continuing operations	Dec. 31, 2013
Cash and post office banks	-	1	3
Central banks (1)	23	307	463
- of which compulsory reserves deposited with the Banque de France	*-*	*26*	*20*
Total	**23**	**308**	**466**
	331		

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

Note 5 Financial Assets at Fair Value Through Profit or Loss

(in million euros)	Dec. 31, 2014 – Assets to be taken over by partnership	Dec. 31, 2014 – Continuing operations	Dec. 31, 2013
Marketable securities	-	451	781
- Mutual funds	-	149	279
- Mutual funds qualified as cash equivalents (1)	-	47	200
- Units held by insurance companies	-	102	79
- Certificates of deposit and Treasury bills	-	50	502
- of which held by securitization funds	*-*	*50*	*487*
- Treasury bonds (OAT) qualified as cash equivalents (1)	-	252	-
Fair value adjustments	-	1	-
Marketable securities booked at fair value through profit or loss	**-**	**452**	**781**
- of which accrued interest	*-*	*-*	*-*
Foreign exchange hedging instruments	**-**	**-**	**-**
- Related companies	*-*	*-*	*-*
Accrued interest on trading derivatives (2)	**-**	**-**	**1**
Fair value of trading derivatives (2)	**-**	**3**	**1**
Total	**-**	**455**	**783**
	455		

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

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

Note 6 Hedging Instruments - Assets

6.1 Analysis by Nature

(in million euros)	Dec. 31, 2014	Dec. 31, 2013
Adjustment accounts - commitments in foreign currencies (1)	**58**	**35**
- of which related companies	-	-
Accrued income on swaps designated as hedges	**93**	**136**
- of which related companies	-	-
Positive fair value of instruments designated as hedges of:	**89**	**135**
- Borrowings	2	3
- EMTNs/BMTNs	73	108
- of which due to hedging cross currency swaps' basis spread	*(1)*	*(2)*
- Bonds	14	17
- Certificates of deposit	-	-
- Other debts securities	-	-
- Customer loans (Installment contracts, Buyback contracts and Long-term leases) (2)	-	7
- Variable rate EMTN (Cash Flow Hedge - see Note 24.3)	-	-
Offsetting positive fair value and received margin calls (see Note 6.2)	**(182)**	**(217)**
Total	**58**	**89**

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

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

(2) *So are swaps hedging customer loans that are to be taken over by partnership. The hedges are effective (see Note 24.5) and the same principles were applied to continuing operations and operations to be taken over by partnership. In light of the margin call mechanisms and the balance sheet offsets (see Note 6.2), the decision was made not to reclassify, since the impact in profit and loss was not material.*

6.2 Offsetting swaps with margin call designated as hedges - Assets

For 2014

(in million euros)

Positive valued swaps	Asset gross amount: Swap's winning leg	Asset gross amount: Swap's losing leg	Asset net amount before offsetting	Offsetting with received margin calls	Balance sheet amount after offsetting
Accrued income	**99**	**(6)**	**93**	**-**	**93**
- Swaps with margin call	99	(6)	93	-	**93**
- Swaps without margin call	-	-	-	-	**-**
Positive fair value	**584**	**(495)**	**89**	**-**	**89**
- Swaps with margin call	576	(495)	81	-	**81**
- Swaps without margin call	8	-	8	-	**8**
Offsetting	-	-	-	(182)	**(182)**
Total assets	**683**	**(501)**	**182**	**(182)**	**-**
Margin calls received on swaps designated as hedges (deferred income - see Note 21)	-	-	186	(182)	**4**
Total liabilities	**-**	**-**	**186**	**(182)**	**4**

For 2013

(in million euros)

Positive valued swaps	Asset gross amount: Swap's winning leg	Asset gross amount: Swap's losing leg	Asset net amount before offsetting	Offsetting with received margin calls	Balance sheet amount after offsetting
Accrued income	**156**	**(20)**	**136**	**-**	**136**
- Swaps with margin call	156	(20)	136	-	**136**
- Swaps without margin call	-	-	-	-	**-**
Positive fair value	**938**	**(803)**	**135**	**-**	**135**
- Swaps with margin call	926	(803)	123	-	**123**
- Swaps without margin call	12	-	12	-	**12**
Offsetting	-	-	-	(217)	**(217)**
Total assets	**1,094**	**(823)**	**271**	**(217)**	**54**
Margin calls received on swaps designated as hedges (deferred income - see Note 21)	-	-	230	(217)	**13**
Total liabilities	**-**	**-**	**230**	**(217)**	**13**

Note 7 Available-for-sale Financial Assets

Available-for-sale financial assets consist mainly of investments in companies that are not consolidated, because the size of their business at the period-end is not material. Marketable securities are included in "Financial assets at fair value through profit or loss" (see Note 5).
The fair value of these assets is considered as being equal to the most recent transaction price, corresponding to the purchase of the shares. An impairment is recognized in the rare cases when long-term losses are anticipated.

(in million euros)	Dec. 31, 2014	Dec. 31, 2013
PSA Finance P.L.C. (1)	2	2
PSA Finansman A.S. (2)	10	10
Companies set up for the future partnerships with Santander Consumer Finance:		
- Banca Italia S.P.A	5	-
- PSA Finance España EFC, SA	1	-
- PSA Bank Deutschland GmbH	3	-
Gross value	**21**	**12**
Impairment (2)	(7)	(2)
Net value	**14**	**10**

(1) *The PSA Finance P.L.C. 50%-owned subsidiary, without any operational activity, had been removed from the scope of consolidation at January 1, 2009.*
(2) *The Turkish subsidiary, PSA Finansman A.S., wholly-owned since November 2012, has not yet started its business. An impairment was recognized from 2013 to take the cumulated negative income since its acquisition into account, supplemented in 2014 by the expected costs of disposal (see Note 35).*

Note 8 Loans and Advances to Credit Institutions

Analysis of Demand and Time Accounts

	Dec. 31, 2014		Dec. 31, 2013
(in million euros)	Assets to be taken over by partnership	Continuing operations	
Demand accounts (non-group institutions)	**970**	**362**	**1,138**
- Ordinary accounts in debit	970	362	776
- of which held by securitization funds	*557*	*142*	*246*
- Cash receivables for securities to be delivered	-	-	-
- Loans and advances at overnight rates (1)	-	-	362
Time accounts (non-group institutions)	**257**	**707**	**300**
- Time accounts qualified as cash equivalents (2)	-	641	-
- Subordinated loans (3)	-	50	42
- Time accounts held by securitization funds	257	-	211
- Other	-	16	47
Accrued interest	**-**	**1**	**1**
Total	**1,227**	**1,070**	**1,439**
	2,297		

(1) *Corresponding to interbank loans included in Banque PSA Finance Group's liquidity reserve (see Note 27.3).*
(2) *Time accounts qualified as cash equivalents are included in Banque PSA Finance Group's liquidity reserve (see Note 27.3).*
(3) *Under the belgium collaterization.*

Note 9 Customer Loans and Receivables

9.1 Analysis by Type of Financing

(in million euros)	Dec. 31, 2014 Assets to be taken over by partnership	Dec. 31, 2014 Continuing operations	Dec. 31, 2013
Installment contracts	**5,568**	**2,968**	**8,888**
- of which securitized (1)	*3,351*	*1,626*	*4,877*
Buyback contracts (2)	**1,596**	**352**	**2,083**
Principal and interest	1,842	385	2,379
- of which securitized (1)	*1,229*	-	*1,229*
Unaccrued interest on buyback contracts	(246)	(33)	(296)
- of which securitized (1)	*(176)*	-	*(175)*
Long-term leases (2)	**4,528**	**198**	**4,803**
Principal and interest	4,914	223	5,243
- Related companies	-	-	-
- Non-group companies	4,914	223	5,243
- of which securitized (1)	*1,698*	-	*1,764*
Unaccrued interest on long-term leases	(345)	(16)	(376)
- of which securitized (1)	*(156)*	-	*(151)*
Leasing deposits	(41)	(9)	(64)
- of which securitized (1)	*(7)*	-	*(7)*
Wholesale financing	**4,482**	**333**	**4,495**
Principal and interest	4,556	333	4,567
- Related companies	90	4	89
- Non-group companies	4,466	329	4,478
- of which securitized (1)	*1,325*	-	*1,251*
Wholesale financing deposits	(74)	-	(72)
- Related companies	(68)	-	(67)
- Non-group companies	(6)	-	(5)
Other finance receivables	**731**	**125**	**858**
Ordinary accounts in debit	**142**	**21**	**150**
- Related companies	1	-	1
- Cash pooling (3):			
- Before offsetting	7	9	37
- Offsetting of continuing operations	-	(9)	(37)
- Other	-	-	1
- Non-group companies	141	21	149
Deferred items included in amortized cost - Customers loans and receivables	**(58)**	**42**	**35**
- Deferred acquisition costs	263	141	409
- Deferred loan set-up costs	(43)	(53)	(102)
- Deferred manufacturer and dealer contributions	(278)	(46)	(272)
Total Loans and Receivables at Amortized Cost	**16,989**	**4,039**	**21,312**
- of which securitized (1)	*7,264*	*1,626*	*8,788*
- of which loans and receivables given as collateral (4)	*866*	*131*	*1,426*
	21,028		

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

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

(3) Under the cash pooling agreement with PSA International, the asset and liability amounts are offset in accordance with IAS 32 (see Note 18).

(4) Corresponding to receivables given as collateral at December 31, 2014 (see Note 27.1):
- *€749 million to the ECB,*
- *and €248 million to credit institutions: €131 million by the Italian branch and €117 million by the Belgian subsidiary.*

9.2 Customer Loans and Receivables by Segment

IFRS 8 Segment	Corporate Dealers			End user							
				Retail			Corporate and equivalent				
	(A - see B Note 34.1)			(B - see A Note 34.1)			(C - see C Note 34.1)				
Type of financing	Assets to be taken over by partnership	Continuing operations		Assets to be taken over by partnership	Continuing operations		Assets to be taken over by partnership	Continuing operations		Total	Total
(in million euros)	Dec. 31, 2014	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013
Installment contracts	14	18	25	5,522	2,930	8,809	32	20	54	8,536	8,888
Buyback contracts	34	1	44	1,505	332	1,958	57	19	81	1,948	2,083
Long-term leases	120	8	122	3,108	114	3,282	1,300	76	1,399	4,726	4,803
Wholesale financing	4,482	333	4,495	-	-	-	-	-	-	4,815	4,495
Other finance receivables	691	46	725	38	79	131	2	-	2	856	858
Ordinary accounts in debit	134	21	149	-	-	-	8	-	1	163	150
Deferred items included in amortized cost	(11)	-	(10)	(34)	42	58	(13)	-	(13)	(16)	35
Total customer loans by segment (based on IFRS 8)	**5,464**	**427**	**5,550**	**10,139**	**3,497**	**14,238**	**1,386**	**115**	**1,524**	**21,028**	**21,312**
	5,891			**13,636**			**1,501**				

9.3 Analysis by Currency

(in million euros)	Dec. 31, 2014 Assets to be taken over by partnership	Dec. 31, 2014 Continuing operations	Dec. 31, 2013
Net loans and receivables			
ARS	-	201	277
AUD	-	-	-
BRL	-	782	956
CHF	392	6	427
CZK	-	92	97
DKK	-	-	-
EUR	13,245	2,780	16,248
GBP	3,150	-	2,739
HRK	-	30	34
HUF	-	21	15
MXN	-	15	23
PLN	202	-	218
RUB	-	112	276
USD	-	-	2
Total	**16,989**	**4,039**	**21,312**
	21,028		

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

9.4 Analysis by Maturity

For 2014, this involves maturities only for continuing operations.

For 2014

(in million euros)	Not broken down	0 to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	Over 5 years	Total at Dec. 31, 2014
Installment contracts	**30**	**233**	**225**	**431**	**1,977**	**72**	**2,968**
Gross	121	233	225	431	1,977	72	3,059
Impairment	(91)	-	-	-	-	-	(91)
Buyback contracts	**5**	**40**	**34**	**63**	**206**	**4**	**352**
Gross	20	40	34	63	206	4	367
Impairment	(15)	-	-	-	-	-	(15)
Long-term leases	**(5)**	**46**	**22**	**44**	**91**	**-**	**198**
Gross	14	46	22	44	91	-	217
Guarantee deposits	(9)	-	-	-	-	-	(9)
Impairment	(10)	-	-	-	-	-	(10)
Wholesale financing	**49**	**161**	**110**	**13**	**-**	**-**	**333**
Gross	65	161	110	13	-	-	349
Guarantee deposits	-	-	-	-	-	-	-
Impairment	(16)	-	-	-	-	-	(16)
Other finance receivables	**14**	**11**	**6**	**32**	**53**	**9**	**125**
Gross	58	11	6	32	53	9	169
Impairment	(44)	-	-	-	-	-	(44)
Ordinary accounts in debit	**21**	**-**	**-**	**-**	**-**	**-**	**21**
Gross	27	-	-	-	-	-	27
Impairment	(6)	-	-	-	-	-	(6)
Deferred items included in amortized cost	**42**	**-**	**-**	**-**	**-**	**-**	**42**
Total net loans and receivables	**156**	**491**	**397**	**583**	**2,327**	**85**	**4,039**
Gross	305	491	397	583	2,327	85	4,188
Guarantee deposits	(9)	-	-	-	-	-	(9)
Impairment	(182)	-	-	-	-	-	(182)
Deferred items included in amortized cost	42	-	-	-	-	-	42

For 2013

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

9.5 Securitization programs

(in million euros)						Sold receivables			
						at Déc. 31, 2014		at Dec. 31, 2013	at the origin
Country of Seller	**Seller**	**Fund**	**Country of Fund**	**Date of Sale**	**Type of Financing**	**Assets to be taken over by partnership**	**Continuing operations**		
France	Crédipar	Auto ABS 2011-1	France	July 07, 2011	Installment contracts	232	-	518	1,050
France	Crédipar	Auto ABS 2012-1	France	July 12, 2012	Buyback contracts (1)	1,053	-	1,054	1,080
France	Crédipar	Auto ABS French Loans Master	France	First sale on Nov. 29, 2012 (2)	Installment contracts	102	-	324	N/A
France	Crédipar	Auto ABS 2013-2	France	June 7, 2013	Installment contracts	450	-	476	495
France	Crédipar	Auto ABS2 2013-A	France	Oct. 31, 2013	Long-term leases (3)	716	-	709	735
France	Crédipar	Auto ABS3 2011-01	France	Dec. 31, 2014	Installment contracts	419	-	-	430
France	Sofira	Auto ABS DFP Master Compartment France 2013	France	First sale on Apr. 09, 2013 (2)	Wholesale financing	1,056	-	958	N/A
Germany	Banque PSA Finance's branch	Auto ABS 2010-1	France	Nov. 18, 2010	Long-term leases (3)	-	-	174	680
Germany	Banque PSA Finance's branch	Auto ABS German Loans 2011-2	France	Nov. 15, 2011	Installment contracts	276	-	556	800
Germany	Banque PSA Finance's branch	Auto ABS 2013-1	France	May 04, 2013	Long-term leases (3)	373	-	472	478
Germany	Banque PSA Finance's branch	Auto ABS German Lease Master	France	First sale on Oct. 10, 2013 (2)	Long-term leases (3)	209	-	20	N/A
Germany	Banque PSA Finance's branch	Auto ABS DFT Master Compartment Germany 2013	France	First sale on Nov. 07, 2013 (2)	Wholesale financing	269	-	293	N/A
Germany	Banque PSA Finance's branch	Auto ABS German Loans Master	France	First sale on Nov. 13, 2013 (2)	Installment contracts	455	-	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	-	180	357	621
Italy	Banque PSA Finance's branch	Auto ABS Italian Loans Master S.r.l.	Italy	Sept 15, 20124	Installment contracts	-	484	-	N/A
United Kingdom	Banque PSA Finance's branch	Auto ABS UK Loans PLC	United Kingdom	Dec. 6, 2012	Installment contracts	1,417	-	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)	237	-	231	245
Brazil	Banco PSA Finance Brasil S.A.	FIDC	Brazil	First sale on April 13, 2010 (4)	Installment contracts	-	188	408	N/A
Assigned loans, total						**7,264**	**1,626**	**8,788**	
						8,890			

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 10 Fair Value Adjustments to Finance Receivables Portfolios Hedged

(in million euros)	Dec. 31, 2014	Dec. 31, 2013
Fair value adjustments to		
Installment contracts	44	33
Buyback contracts	-	(1)
Long-term leases	(5)	(9)
Total	**39**	**23**

Hedging effectiveness is analyzed in Note 24.5.

This rather insignificant line item was not reclassified so as not to muddy the analysis of the effectiveness of the hedge. This analysis was made using the same principles as for the assets of continuing operations and for the assets of operations to be taken over by partnership. The impact on net income was negligible (see Notes 6, 16 and 24.5).

Note 11 Accruals and Other Assets

(in million euros)	Dec. 31, 2014		Dec. 31, 2013
	Assets to be taken over by partnership	Continuing operations	
Other receivables	**180**	**141**	**336**
- Related companies	93	29	113
- Non-group companies	87	112	223
Prepaid and recoverable taxes	**24**	**16**	**47**
Accrued income	**13**	**27**	**23**
- Related companies	-	-	-
- Non-group companies	13	27	23
- of which insurance activities	-	*18*	*18*
Prepaid expenses	**30**	**32**	**56**
- of which margin calls paid on swaps designated as hedges (1)	-	*8*	*3*
Other	**57**	**38**	**101**
- Related companies	-	3	10
- Non-group companies	57	35	91
Total	**304**	**254**	**563**
	558		

(1) *At December 31, 2014, the margin calls paid on swaps designated as hedges were offset with the negative fair value for an amount of €28 million, compared to €22 million at December, 31, 2013 (see Note 16.2).*

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

12.1 Investments

(in million euros)	Dec. 31, 2014	Dec. 31, 2013
At the beginning of the period	**83**	**46**
Share in net income	12	8
Capital increase (1)	-	30
Change in Group structure	-	-
Goodwill	-	-
Exchange difference	9	(1)
At the end of the period	**104**	**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 (€5 million at December 31, 2014 and €4.5 million at December 31, 2013).

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".

12.2 Detailed information about Associates - Joint ventures

This information is given according to IFRS 12 and concerns:

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

12.2.1 Fully financial information after Group standard adjustments

Key Balance Sheet Items

(in million euros)	Dec. 31, 2014	Dec. 31, 2013
Customer loans and receivables	1,534	904
Other assets	31	60
Total assets	**1,565**	**964**
Refinancing	1,176	712
Other liabilities	190	95
Equity	199	157
Total equity and liabilities	**1,565**	**964**

Key Income Statement Items

(in million euros)	Dec. 31, 2014	Dec. 31, 2013
Net banking revenue	**57**	**38**
General operating expenses and equivalent	(18)	(14)
Gross operating income	**39**	**24**
Cost of risk	(8)	(2)
Operating income	**31**	**22**
Income taxes	(8)	(6)
Net income for the year	**23**	**16**

12.2.2 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	16		8			8	
Capital increase	61		30	(30)		-	
Exchange difference	(2)		(1)			(1)	*(1)*
At December 31, 2013	**157**	**50%**	**78**	**(65)**	**5**	**18**	*2*
Net income of the period	23		12			12	
Exchange difference	19		9			9	*9*
At December 31, 2014	**199**	**50%**	**99**	**(65)**	**5**	**39**	*11*

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

12.2.3 Consolidated balance sheet items after equity method

(in million euros)	Dec. 31, 2014	Dec. 31, 2013
Investments in associates and joint ventures accounted for using the equity method	104	83
Total assets	**104**	**83**
Equity		
- Elimination (1)	65	65
- Consolidated reserves - equity holders of the parent	39	18
Total equity and liabilities	**104**	**83**

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

Note 13 Property and Equipment and Intangible Assets

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

(in million euros)	Dec. 31, 2014 Cost: Assets to be taken over by partnership	Dec. 31, 2014 Cost: Continuing operations	Dec. 31, 2014 Depreciation/amortization: Assets to be taken over by partnership	Dec. 31, 2014 Depreciation/amortization: Continuing operations	Dec. 31, 2014 Net: Assets to be taken over by partnership	Dec. 31, 2014 Net: Continuing operations	Dec. 31, 2013 Cost	Dec. 31, 2013 Depreciation/amortization	Dec. 31, 2013 Net
Property and equipment	**25**	**13**	**(13)**	**(8)**	**12**	**5**	**38**	**(21)**	**17**
- Land and buildings	-	1	-	-	-	1	1	-	1
- Vehicles	11	3	(2)	(1)	9	2	13	(3)	10
- Other	14	9	(11)	(7)	3	2	24	(18)	6
Intangible assets	**-**	**191**	**-**	**(128)**	**-**	**63**	**192**	**(122)**	**70**
- Softwares	-	187	-	(124)	-	63	187	(117)	70
- Other	-	4	-	(4)	-	-	5	(5)	-
Total	**25**	**204**	**(13)**	**(136)**	**12**	**68**	**230**	**(143)**	**87**

Table of changes in gross values for continuing operations

(in million euros)	Dec. 31, 2013 Gross value Fixed Assets	Dec. 31, 2013 Reclassification per IFRS 5 of the Gross Value	Dec. 31, 2013 Gross value Fixed Assets continuing operations	Additions	Disposals	Other movements	Dec. 31, 2014 Gross value Fixed Assets continuing operations
Property and equipment	**38**	**(25)**	**13**	**2**	**(2)**	**-**	**13**
- Land and buildings	1	-	1	-	-	-	1
- Vehicles	13	(10)	3	2	(2)	-	3
- Other	24	(15)	9	-	-	-	9
Intangible assets	**192**	**(12)**	**180**	**11**	**-**	**-**	**191**
- Softwares	187	(11)	176	11	-	-	187
- Other	5	(1)	4	-	-	-	4
Total	**230**	**(37)**	**193**	**13**	**(2)**	**-**	**204**

Table of changes in amortization for continuing operations

(in million euros)	Dec. 31, 2013 Amortization Fixed Assets	Dec. 31, 2013 Reclassification per IFRS 5 of amortization	Dec. 31, 2013 Amortization Fixed Assets continuing operations	Charges	Reversals	Other movements	Dec. 31, 2014 Amortization Fixed Assets continuing operations
Property and equipment	**(21)**	**14**	**(7)**	**(2)**	**1**	**-**	**(8)**
- Land and buildings	-	-	-	-	-	-	-
- Vehicles	(3)	2	(1)	(1)	1	-	(1)
- Other	(18)	12	(6)	(1)	-	-	(7)
Intangible assets	**(122)**	**11**	**(111)**	**(17)**	**-**	**-**	**(128)**
- Softwares	(117)	10	(107)	(17)	-	-	(124)
- Other	(5)	1	(4)	-	-	-	(4)
Total	**(143)**	**25**	**(118)**	**(19)**	**1**	**-**	**(136)**

Note 14 Goodwill

During the 2014 financial year, the business goodwill of the Banque PSA Finance group (Russia & China: see Note 12) was subjected to impairment tests, based on assessments of the utility value of the Cash Generation Units (CGUs) to which they are attached.

Under the cooperative operation with Santander starting in 2015, the France CGU will no longer appear. Consequently, the goodwill on Crédipar and Sofib were entirely written off in 2014 (€81 million). This impairment is an integral part of the write down of the Disposal Group pursuant to IFRS 5 (see Notes 37.1 and 37.2).

Goodwill at the end of period

(in million euros)	**Dec. 31, 2014**	**Dec. 31, 2013**
Net value		
Crédipar	-	75
Sofib	-	6
Bank PSA Finance Rus	1	2
Total	**1**	**83**

Bank PSA Finance Rus Goodwill

Bank PSA Finance Rus was acquired on September 11, 2009 and has been fully consolidated since Mars 2010. Goodwill on the acquisition amounted to €1.4 million, without impairment since.

Note 15 Financial Liabilities at Fair Value Through Profit or Loss

(in million euros)	**Dec. 31, 2014**	**Dec. 31, 2013**
Accrued expense on trading derivatives (1)	1	2
Fair value of trading derivatives (1)	3	1
Total	**4**	**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 24.6). See the detail of these swaps in Note 24.1, footnote (1).*

Note 16 Hedging Instruments - Liabilities

16.1 Analysis by Nature

(in million euros)	Dec. 31, 2014	Dec. 31, 2013
Adjustment accounts - commitments in foreign currencies (1)	**18**	**3**
- of which related companies	*18*	*3*
Accrued expenses on swaps designated as hedges	**19**	**40**
- of which related companies	*1*	*4*
Negative fair value of instruments designated as hedges of:	**45**	**41**
- Borrowings	-	-
- EMTNs/BMTNs	-	3
- Bonds	14	17
- Certificates of deposit	-	-
- Customer loans (Installment contracts, Buyback contracts and Long-term leases) (2)	31	21
- Variable rate EMTN (Cash Flow Hedge - see Note 24.3)	-	-
Offsetting negative fair value and paid margin calls (see Note 16.2)	**(28)**	**(22)**
Total	**54**	**62**

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

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

(2) So are swaps hedging customer loans that are to be taken over by partnership. The hedges are effective (see Note 24.5) and the same principles were applied to continuing operations and operations to be taken over by partnership. In light of the margin call mechanisms and the balance sheet offsets (see Note 16.2), the decision was made not to reclassify, since the impact in profit and loss was not material.

16.2 Offsetting swaps with margin call designated as hedges - Liabilities

For 2014

(in million euros)

Negative valued swaps	Liability gross amount: Swap's winning leg	Liability gross amount: Swap's losing leg	Liability net amount before offsetting	Offsetting with paid margin calls	Balance sheet amount after offsetting
Accrued expense	**(2)**	**21**	**19**	**-**	**19**
- Swaps with margin call	(2)	20	18	-	**18**
- Swaps without margin call	-	1	1	-	**1**
Negative fair value	**(35)**	**80**	**45**	**-**	**45**
- Swaps with margin call	(35)	74	39	-	**39**
- Swaps without margin call	-	6	6	-	**6**
Offsetting	-	-	-	(28)	**(28)**
Total liabilities	**(37)**	**101**	**64**	**(28)**	**36**
Margin calls paid on swaps designated as hedges (prepaid expenses - see Note 11)	-	-	36	(28)	**8**
Total assets	-	-	36	(28)	8

For 2013

(in million euros)

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

Note 17 Deposits from Credit Institutions

Analysis of Demand and Time Accounts

(in million euros)	Dec. 31, 2014 – Debts of operations to be taken over by partnership – Transferred	Dec. 31, 2014 – Debts of operations to be taken over by partnership – Non-transferred	Dec. 31, 2014 – Debts of continuing operations	Dec. 31, 2013
Demand deposits (non-group institutions)	**56**	**-**	**145**	**88**
- Ordinary accounts in credit	44	-	142	85
- Accounts and deposits at overnight rates				
- Drawdowns on revolving bilateral credit lines (see Note 27.2)	-	-	-	-
- Other	10	-	3	2
- Other amounts due to credit institutions	2	-	-	1
Accrued interest	**-**	**-**	**-**	**-**
Time deposits (non-group institutions) (1)	**222**	**5,407**	**752**	**6,176**
- Conventional bank deposits	37	880	587	1,933
- Drawdowns on syndicated term loan (see Note 27.2)	-	2,999	-	1,800
- Drawdowns on revolving bilateral credit lines (see Note 27.2)	64	228	165	397
- *of which deposits from the Italian collateralization (see Note 27.1)*	-	-	*100*	*50*
- Drawdowns in the framework of the Belgian collateralization (see Note 27.1)	121	-	-	77
- Drawdowns on repo with Deutsche Bank	-	-	-	-
- Deposits from the ECB (see Note 27.1)	-	1,300	-	1,700
- Deposits from the SFEF (see Note 27.1)	-	-	-	105
- Deposits from Instituto de Credito Oficial (ICO) by the Spanish branch	-	-	-	164
Deferred items included in amortized cost of deposits from credit institutions	**-**	**(10)**	**(5)**	**(62)**
- Debt issuing costs (deferred charges)	-	(10)	(5)	(62)
Accrued interest	**2**	**26**	**38**	**66**
Total deposits from credit institutions at amortized cost	**280**	**5,423**	**930**	**6,268**
	6,633			

Analysis by Currency

(in million euros)	Dec. 31, 2014 – Demand deposits – Debts of operations to be taken over by partnership – Transferred	Dec. 31, 2014 – Demand deposits – Debts of continuing operations	Dec. 31, 2014 – Time deposits – Debts of operations to be taken over by partnership – Transferred	Dec. 31, 2014 – Time deposits – Debts of operations to be taken over by partnership – Non-transferred	Dec. 31, 2014 – Time deposits – Debts of continuing operations	Dec. 31, 2013 – Demand deposits	Dec. 31, 2013 – Time deposits
ARS	-	-	-	-	90	-	141
BRL	-	-	-	-	374	-	188
CHF	14	-	-	-	-	2	-
CZK	-	1	-	-	36	-	-
EUR	26	139	121	5,407	176	52	5,376
GBP	2	3	101	-	-	10	312
HRK	-	2	-	-	7	1	9
HUF	-	-	-	-	-	-	-
MXN	-	-	-	-	10	-	17
PLN	14	-	-	-	-	23	19
RUB	-	-	-	-	59	-	114
Total	**56**	**145**	**222**	**5,407**	**752**	**88**	**6,176**
	201		**6,381**				

Note 18 Due to Customers

(in million euros)	Dec. 31, 2014 Transferred liabilities of operations to be taken over by partnership	Dec. 31, 2014 Liabilities of continuing operations	Dec. 31, 2013
Demand accounts	**2,165**	**98**	**1,267**
- Ordinary accounts in credit			
- Dealers' ordinary accounts in credit			
- Related companies (1)	30	26	54
- Non-group companies	171	65	201
- Cash pooling (2):			
- Before offsetting	7	8	37
- Offsetting of continuing operations	-	(8)	(37)
- Passbook savings accounts (3)	1,908	-	955
- Other amounts due to Customers			
- Related companies	3	-	6
- Non-group companies	46	7	51
Accrued interest	**-**	**-**	**-**
- of which passbook savings accounts (3)	-	-	-
Time deposits	**214**	**322**	**66**
- Term deposit accounts (3)	165	-	-
- Corporate time deposit (3)			
- Related companies	-	305	1
- Other			
- Related companies	-	1	
- Non-group companies	49	16	65
Accrued interest	**2**	**-**	**1**
- of which time deposits (3)	*1*	-	-
Total	**2,381**	**420**	**1,334**
	2,801		

(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 9.1).

(3) In the segment information, "Passbook savings accounts", "Term deposit accounts" and "Corporate time deposit" are classified in "Refinancing" (see Notes 37.1 and 37.3). The corresponding interest and expenses are classified in "Net refinancing cost" in the income statement.

Analysis (Excluding Accrued Interest) by Repayment Currency

(in million euros)	Dec. 31, 2014				Dec. 31, 2013	
	Demand deposits		Time deposits		Demand deposits	Time deposits
	Transferred liabilities of operations to be taken over by partnership	Liabilities of continuing operations	Transferred liabilities of operations to be taken over by partnership	Liabilities of continuing operations		
ARS	-	-	-	7	-	5
CHF	10	16	-	-	9	-
CZK	-	-	-	2	-	1
EUR	2,143	82	214	313	1,206	53
GBP	10	-	-	-	49	-
PLN	2	-	-	-	1	-
RUB	-	-	-	-	2	7
Total	**2,165**	**98**	**214**	**322**	**1,267**	**66**
	2,263		**536**			

Note 19 Debt Securities

19.1 Analysis by Nature

(in million euros)	Dec. 31, 2014 – Debts of operations to be taken over by partnership – Transferred	Dec. 31, 2014 – Debts of operations to be taken over by partnership – Non-transferred	Dec. 31, 2014 – Debts of continuing operations	Dec. 31, 2013
Interbank instruments and money-market securities (non-group institutions)	**-**	**3,186**	**2,011**	**7,247**
- EMTNs and BMTNs (1)	-	3,137	2,011	7,183
- of which paper in the process of being delivered	-	-	-	-
- Certificates of deposit and "billets de trésorerie"	-	49	-	64
- of which paper in the process of being delivered	-	-	-	-
Accrued interest	**-**	**71**	**29**	**156**
Deferred items included in amortized cost of debt	**-**	**(3)**	**(10)**	**(20)**
- Debt issuing costs and premiums (deferred charges)	-	(3)	(10)	(20)
Bonds	**4,830**	**-**	**545**	**4,612**
- Issued by securitization funds (see Note 19.4)	4,830	-	545	4,612
Accrued interest	**-**	**-**	**-**	**2**
- of which securitization	-	-	-	*2*
Other debt securities	**-**	**-**	**251**	**551**
- of which securitization: senior shares (see Note 19.4)	-	-	*174*	*380*
Accrued interest	**-**	**-**	**55**	**76**
- of which securitization	-	-	*46*	*63*
Total debt securities at amortized cost	**4,830**	**3,254**	**2,881**	**12,624**
		10,965		

(1) *Including €1,500 million State-guaranteed bonds, of which €0 million in the process of being delivered (see Note 27.4).*

19.2 Analysis by Repayment Currency (1)

(in million euros)	Dec. 31, 2014 – Bonds – Transferred Debts	Dec. 31, 2014 – Bonds – Continuing operations	Dec. 31, 2014 – Money-market securities – Non-transferred Debts	Dec. 31, 2014 – Money-market securities – Continuing operations	Dec. 31, 2014 – Other – Continuing operations	Dec. 31, 2013 – Bonds	Dec. 31, 2013 – Money-market securities	Dec. 31, 2013 – Other
ARS	-	-	-	20	-	-	64	-
BRL	-	-	-	-	251	-	-	538
EUR	3,390	545	2,999	1,579	-	3,535	6,093	13
GBP	1,240	-	-	-	-	881	-	-
CHF	200	-	187	-	-	196	183	-
JPY	-	-	-	-	-	-	-	-
USD (1)	-	-	-	412	-	-	907	-
Total	**4,830**	**545**	**3,186**	**2,011**	**251**	**4,612**	**7,247**	**551**

(1) *Adjustments arising from the remeasurement of hedged foreign currency financing liabilities (including €61 million due to USD issued debt) at period-end exchange rates are offset by fair value adjustments to the corresponding currency swaps (see Notes 6 and 16).*

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

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

(in million euros)	Dec. 31, 2014 – Bonds – Continuing operations	Dec. 31, 2014 – Money-market securities – Non-transferred Debts	Dec. 31, 2014 – Money-market securities – Continuing operations	Dec. 31, 2014 – Other – Continuing operations	Dec. 31, 2013 – Bonds	Dec. 31, 2013 – Money-market securities	Dec. 31, 2013 – Other
0 to 3 months	36	774	16	49	306	656	75
3 to 6 months	34	23	655	28	327	1,067	87
6 months to 1 year	37	189	608	68	735	729	176
1 to 5 years	438	2,200	526	106	3,244	4,614	213
Over 5 years	-	-	206	-	-	181	-
Total	**545**	**3,186**	**2,011**	**251**	**4,612**	**7,247**	**551**

19.4 Securitization programs

Bonds (Except Accrued interest)

(in million euros)

Pays de l'entité cédante	Fund	Pays du fonds	Bonds	Rating	Issued Bonds at December 31, 2014 – Transferred debts of operations to be taken over by partnership	Issued Bonds at December 31, 2014 – Debts of continuing operations	Issued Bonds at Dec. 31, 2013	Issued Bonds at the origin
France	Auto ABS 2011-1	France		*Fitch/Moody's*				
			A Bonds	AAA/Aaa	155	-	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	99	-	302	N/A
			B Bonds	-	10	-	33	N/A
	Auto ABS 2013-2	France		*Fitch/Moody's*				
			A Bonds	AAA/Aaa	429	-	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	225	-	143	N/A
			B Bonds	-	290	-	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
	AUTO ABS3 FCT COMPARTMENT 2014-1	France		*Fitch/DBRS*				
			A Bonds	AAA/AAA	397	-	-	397
			B Bonds	A/A	23	-	-	23
			C Bonds	-	10	-	-	10
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	211	-	498	720
			B Bonds	-	80	-	80	80
	Auto ABS 2013-1	France		*Fitch/Moody's*				
			A Bonds	AAA/Aaa	272	-	361	361
			B Bonds	-	116	-	116	116
	Auto ABS German Lease Master	France		*Fitch/Moody's*				
			A Bonds	AAA/Aaa	150	-	14	N/A
			B Bonds	-	57	-	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	-	116	-	108	N/A
	Auto ABS German Loans Master	France		*Fitch/Moody's*				
			A Bonds	AAA/Aaa	118	-		
			A Bonds	AAA/Aaa	279	-	196	N/A
			B Bonds	-	69	-	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	-	107	288	537
			B Bonds	-	-	94	94	94
	Auto ABS Italian Loans Master S.r.l.	Italy		*Fitch/DBRS*				
			A Bonds	AA+/AA	-	438	-	N/A
			B Bonds	-	-	62	-	N/A
United Kingdom	Auto ABS UK Loans PLC	United Kingdom		*Fitch*				
			A Bonds	AAA	996	-	880	905
			B Bonds	-	237	-	415	426
			B Bonds	-	243	-		
Switzerland	Auto ABS Swiss Leases 2013 GmbH	Switzerland	A Bonds	-	200	-	196	196
Elimination of intercompany transactions (1)					(2,646)	(956)	(3,986)	
Total					**4,830**	**545**	**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	Pays du fonds	Issued Securities	at Dec. 31, 2014 Debts of continuing operations	at Dec. 31, 2013	at the origin
Brazil	FIDC	Brazil	Senior	174	380	N/A
			Subordinated	11	33	N/A
Elimination of intercompany transactions				(11)	(33)	
Total				**174**	**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 20 Fair Value Adjustments to Debt Portfolios Hedged against Interest Rate Risks

(in million euros)	Dec. 31, 2014	Dec. 31, 2013
Fair value adjustments to borrowings	2	3
Fair value adjustments to EMTNs/BMTNs	69	104
Fair value adjustment to certificates of deposit	-	-
Fair value adjustments to bonds	-	-
Total	**71**	**107**

Hedging effectiveness is analyzed in Note 24.5.

These fair value adjustments mainly concern the non-transferred debts of operations to be taken over by partnership.

Note 21 Accruals and Other Liabilities

(in million euros)	Dec. 31, 2014 Liabilities to be taken over by partnership	Dec. 31, 2014 Continuing operations	Dec. 31, 2013
Trade payables	**156**	**84**	**297**
- Related companies (1)	128	71	252
- Non-group companies	28	13	45
Accrued payroll and other taxes	**112**	**25**	**112**
Accrued charges	**122**	**44**	**165**
- Related companies	10	1	6
- Non-group companies	112	43	159
Other payables	**60**	**4**	**100**
- Related companies	47	-	43
- Non-group companies	13	4	57
Deferred income	**25**	**37**	**65**
- Related companies	8	-	5
- Non-group companies	17	37	60
- of which margin calls received on swaps designated as hedges (2)	-	*4*	*13*
Other	**124**	**21**	**127**
- Non-group companies	124	21	127
Total	**599**	**215**	**866**
	814		

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

(2) *At December 31, 2014, the margin calls received on swaps designated as hedges were offset with the positive fair value for an amount of €182 million, compared to €217 million at December,31, 2013 (see Note 6.2).*

Note 22 Insurance Activities

22.1 Liabilities Related to Insurance Contracts

(in million euros)	Dec. 31, 2014 Liabilities to be taken over by partnership	Dec. 31, 2014 Continuing operations	Dec. 31, 2013
Life insurance liabilities	**-**	**32.9**	**27.5**
Unearned premium reserve (UPR)	-	7.0	6.8
Claims reserve			
- Claims reserve - reported claims	-	10.9	9.4
- Claims reserve - claims incurred but not reported (IBNR)	-	15.0	11.3
Other	-	-	-
Non-life insurance liabilities	**1.0**	**33.6**	**28.0**
Unearned premium reserve (UPR)	-	5.3	5.2
Provision pour sinistre à payer (PSAP):			
- Claims reserve - reported claims	1.0	8.0	7.7
- Claims reserve - claims incurred but not reported (IBNR)	-	20.3	15.1
Other	-	-	-
Total liabilities related to insurance contracts	**1.0**	**66.5**	**55.5**
	67.5		

22.2 Change in Liabilities Related to Insurance Contracts for continuing operations

22.2.1 Unearned Premium Reserve (UPR)

(in million euros)	Life	Non-Life	Total
At the beginning of the period	**6.8**	**5.2**	**12.0**
+ Written premiums	60.5	84.7	145.2
- Earned premiums	(60.3)	(84.5)	(144.8)
+ Other movements	-	-	-
At the end of the period	**7.0**	**5.4**	**12.4**

22.2.2 Claims Reserve

(in million euros)	Life	Non-Life	Total
At the beginning of the period	**20.7**	**22.8**	**43.5**
IFRS 5 reclassification	**-**	**(1.7)**	**(1.7)**
After IFRS 5 reclassification	**20.7**	**21.1**	**41.8**
of which reported claims	*9.4*	6.0	15.4
of which claims incurred but not reported (IBNR)	*11.3*	15.1	26.4
- Claims paid in current year	(8.6)	(8.1)	(16.7)
+ Claims incurred in current year	8.9	10.5	19.4
+ Claims incurred in prior years	4.9	4.8	9.7
+ Other movements	-	-	-
At the end of the period	**25.9**	**28.3**	**54.2**
of which notified claims	*10.9*	*8.0*	*18.9*
of which claims incurred but not reported (IBNR)	*15.0*	*20.3*	*35.3*

22.3 Income from Activities for continuing operations

22.3.1 Technical Income from Insurance Activities

(in million euros)	Dec. 31, 2014	Dec. 31, 2013
+ Earned premiums	**121.0**	**138.4**
- Cost	**(29.1)**	**(31.3)**
Claims expenses	*(16.7)*	*(17.4)*
Change in insurance liabilities (except for UPR)	*(12.4)*	*(13.9)*
Margin on sales of Insurance activities	**91.9**	**107.1**
+/- Other technical income (expense)	**(172.0)**	**(43.2)**
Brokerage fees	*(170.3)*	*(41.5)*
Personnel costs	*(0.2)*	*(0.2)*
Other technical income (expense)	*(1.5)*	*(1.5)*
+ Investment income, net	**0.3**	**0.6**
Contribution to operating income before elimination of intercompany transactions	**(79.8)**	**64.5**
+/- Elimination of intercompany transactions	169.7	40.9
Contribution to operating income after elimination of intercompany transactions	**89.9**	**105.4**

22.3.2 Non-technical Income from Insurance Activities

(in million euros)	Dec. 31, 2014	Dec. 31, 2013
+/- Other non-technical income (expense)	**(2.4)**	**(1.4)**
Personnel costs	*(1.0)*	*(0.8)*
Other non-technical income (expense)	*(1.4)*	*(0.6)*
Contribution to operating income before elimination of intercompany transactions	**(2.4)**	**(1.4)**
+/- Elimination of intercompany transactions	*(0.2)*	-
Contribution to operating income after elimination of intercompany transactions	**(2.6)**	**(1.4)**

22.3.3 Operating Income from Insurance Activities

(in million euros)	Dec. 31, 2014	Dec. 31, 2013
Technical income	89.9	105.4
Non-technical income	(2.6)	(1.4)
Contribution to operating income after elimination of intercompany transactions	**87.3**	**104.0**

Note 23 Provisions

	Dec. 31, 2013								Dec. 31, 2014
(in million euros)	Provisions	Reclassifi- cation IFRS 5	Provisions for continuing operations	Charges	Reversals Utilized	Reversals Unutilized	Equity	cations, currency effect	Provisions for continuing operations
Provisions for pensions and other post-retirement benefits	15	(13)	2	-	-	-	-	-	**2**
Provisions for doubtful									
- Corporate dealers	4	(4)	-	-	-	-	-	-	**-**
- Corporate and equivalent	-	-	-	-	-	-	-	-	**-**
Provisions for losses on sales of used cars	14	(14)	-	-	-	-	-	-	**-**
Provisions for commercial and tax disputes	12	(10)	2	27	-	-	-	-	**29**
Other	4	(4)	-	2	-	-	-	-	**2**
Total	**49**	**(45)**	**4**	**29**	**-**	**-**	**-**	**-**	**33**

23.1 Pension Obligations for continuing operations

The IFRS 5 reclassification of the 2014 opening had a €8.1 million negative impact on the pensions, including a €13 million negative amount in liabilities and a €4.9 million positive amount in assets.

Details of Balance sheet items at December 31, 2014

(in million euros)	Dec. 31, 2014 Italie
Projected benefit obligation	**(2)**
Fair value of external funds	-
(Provision) net asset before minimum funding requirement	**(2)**
Minimum funding requirement provision	-
(Provision) net asset recognized in the balance sheet	**(2)**
of which: provisions	*(2)*
of which: net assets	-
Actuarial gains and losses recognized directly in equity (before deferred taxes)	-

Note 24 Derivatives

Group Interest Rate Management Policy

(See the "Financial Risks and Market Risk" section of the 2014 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 34.

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

24.1 Banque PSA Finance Interest Rate Position

(in million euros)	0 to 1 year	1 to 5 years	+5 years	Total at Dec. 31, 2014
Financial assets				
Wholesale financing	4,815	-	-	4,815
Fixed rate customer financing	5,947	9,633	-	15,580
Other adjustable rate loans and receivables	633	-	-	633
Fixed rate financial assets	-	-	-	-
Other financial assets	3,083	-	-	3,083
Total financial assets (a)	**14,478**	**9,633**	**-**	**24,111**
Other financial assets (derivatives and fair value adjustments to hedged finance receivables portfolios)	**97**	**-**	**-**	**97**
Non financial assets				
Fixed assets and goodwill	-	82	-	82
Other non financial assets	741	-	-	741
Total non financial assets	**741**	**82**	**-**	**823**
Total assets				*25,031*
Financial liabilities				
Hedged fixed rate debt	(2,304)	(2,860)	(206)	(5,370)
Hedged adjustable rate debt	(11,833)	-	-	(11,833)
Other borrowings and deposits	(3,006)	-	-	(3,006)
Total financial liabilities (b)	**(17,143)**	**(2,860)**	**(206)**	**(20,209)**
Other financial liabilities (derivatives and fair value adjustments to hedged debt portfolios)	**(126)**	**-**	**-**	**(126)**
Non financial liabilities				
Other non financial liabilities	(1,557)	-	-	(1,557)
Total non financial liabilities	**(1,557)**	**-**	**-**	**(1,557)**
Equity (3)	**-**	**(3,139)**	**-**	**(3,139)**
Total equity and liabilities				*(25,031)*
Net position before hedging = (a) + (b)	**(2,665)**	**6,773**	**(206)**	**3,902**
Derivatives - Notional amounts				
Derivatives hedging financial assets				
Swaps hedging fixed rate retail financing (Fair Value Hedge)				
- borrowing leg	(5,077)	(6,051)	-	(11,128)
- lending leg	11,128	-	-	11,128
Swaps hedging marketable securities (Fair Value Hedge)				
- borrowing leg	-	-	-	-
- lending leg	-	-	-	-
Total derivatives hedging financial assets (c)	**6,051**	**(6,051)**	**-**	**-**
Derivatives hedging financial liabilities				
Swaps hedging fixed rate debt (Fair Value Hedge) (2)				
- lending leg	2,196	2,776	206	5,178
- borrowing leg	(5,178)	-	-	(5,178)
Classified as held for trading swaps (unachievable hedging test) (1)				
- lending leg	108	71	-	179
- borrowing leg	(179)	-	-	(179)
Swaps hedging adjustable rate debt (Cash Flow Hedge)				
- borrowing leg	(31)	-	-	(31)
- lending leg	31	-	-	31
Total derivatives hedging financial liabilities (d)	**(3,053)**	**2,847**	**206**	**-**
Trading transactions (e) (1)	**-**	**4**	**-**	**4**
Derivatives net position = (c) + (d) + (e)	**2,998**	**(3,200)**	**206**	**4**
Net position after hedging (3)	**333**	**3,573**	**-**	**3,906**
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 €21,481 million total swaps nominal at December 31, 2014:*
a) €420 million swaps set up during Auto ABS3 2014-1 securitization transaction in December 2014 by Credipar, represent closed positions with no impact on income and set each other off within trading portfolios of contracts with similar characteristics.
b) €183 million represent a restricted number of swaps classified as held for trading, including:
- €179 million swaps which cover fixed rate debt, reclassified following an unacheievable hedging test;
- €4 million of cross currency swaps (open positions).
The impact of these swaps on the income statement is not material (see Notes 5, 15 and 24.6). Note that none of the swaps from the trading portfolio, and including those in open positions, are included in the negotiation portfolio as defined by the banking supervisor for regulatory reporting purposes.

(2) *Including €4,541 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 €3,573 million and is mainly hedged by equity.*

24.2 Hedges of Interest Rate Risks on Future Lending Transactions

In order to cap the refinancing cost of new financing (Installment contracts, Buyback contracts and Long-term leases), Banque PSA Finance purchased and sold swaptions (options on interest rate swaps, purchased net with the net premium paid). The notional amounts and maturities (1 to 3 years) of the swaps (options on interest swaps) match the forecast amounts and maturities of new financing expected to be originated in these same periods. At December 31, 2011, all swaptions expired.

The change in value of this type of swaps was recognized directly in equity under "Income and expenses recognized directly in equity" until their maturity in 2011 (see "Net income and income and expenses recognized directly in equity").

The deferred portion of the intrinsic value released to income during the period (expired swaptions), to offset changes in the value of the underlying item, was €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	Dec. 31, 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)**	**-**	**-**

24.3 Hedges of Interest Rate Risks on Adjustable Rate Debt

Interest rate risks on fixed rate loans are hedged from the origination date by purchasing interest rate swaps on the market or, in countries where there is no liquid market for this type of instrument, by drawing down fixed rate financing facilities. In the latter case, variable rate financing may be set up, with the interest rate risk on the future cash flows hedged by means of a variable-to-fixed rate swap.

The change in value of this type of swaps was recognized directly in equity under "Income and expenses recognized directly in equity" (see "Net income and income and expenses recognized directly in equity").

Cash Flow Hedges

(in million euros)	Dec 31, 2013	Fair value adjustments	Exchange difference	Dec. 31, 2014
Remeasurement of derivatives designated as hedges	0.3	(0.1)	-	0.2
Deferred tax	(0.2)	0.1	-	(0.1)
Gains (losses) recognized directly in equity, net	**0.1**	**-**	**-**	**0.1**

24.4 Banque PSA Finance Residual Positions in Foreign Currencies

A. Operational Positions in Foreign Currencies

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.

Parent's External Positions

(in million euros)	HUF	CHF	CNY	CZK	GBP	JPY	MXN	PLN	RUB	USD
Assets	15	195	-	17	3,486	-	-	144	-	6
Liabilities	-	(272)	-	-	(1,698)	-	-	-	-	(418)
Net position before hedging	**15**	**(77)**	**-**	**17**	**1,788**	**-**	**-**	**144**	**-**	**(412)**
Hedging assets	(15)	-	-	(17)	(1,789)	-	-	(144)	-	-
Hedging liabilities	-	77	-	-	-	-	-	-	-	412
Hedging position	**(15)**	**77**	**-**	**(17)**	**(1,789)**	**-**	**-**	**(144)**	**-**	**412**
Net position after hedging at December 31, 2014	**-**	**-**	**-**	**-**	**(1)**	**-**	**-**	**-**	**-**	**-**
Note: December 2013	-	-	-	-	-	-	-	-	-	-

Subsidiaries' External Positions

(in million euros)	EUR /PLN	HUF /CHF	BRL /EUR	EUR /GBP	HRK /EUR	HUF /EUR	EUR /CNY	EUR /TRY	EUR /USD
Assets	1	6	-	6	18	2	-	-	5
Liabilities	(1)	(6)	(5)	(6)	(18)	(2)	-	-	-
Net position before hedging	**-**	**-**	**(5)**	**-**	**-**	**-**	**-**	**-**	**5**
Hedging assets	-	-	-	-	-	-	-	-	(5)
Hedging liabilities	-	-	5	-	-	-	-	-	-
Hedging position	**-**	**-**	**5**	**-**	**-**	**-**	**-**	**-**	**(5)**
Net position after hedging at December 31, 2014	**-**	**-**	**-**		**-**	**-**	**-**	**-**	**-**
Note: December 2013	-	-	-	-	-	-	-	-	-

B. Structural Positions in Foreign Currencies

Structural positions (investments in subsidiaries and the branches dotation capital) and future profits and losses are not hedged. As the business of subsidiaries and branches will, by definition, continue for an indefinite period, any such hedges would represent long-term open positions.

(in million euros)	CHF	CNY	CZK	GBP	HRK	HUF	MXN	PLN	RUB	TRY	USD (1)	TOTAL
Position at December 31, 2014	14	73	30	110	3	20	7	40	37	9	148	**491**
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.

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

(in million euros)	Dec. 31, 2014	Dec 31, 2013	Exchange difference (1)	Fair value adjustments	Ineffective portion recognized in profit or loss
Fair value adjustments to customer loans (Installment contracts, Buyback contracts and Long-term leases) (Note 10)					
- Installment contracts	44	33			
- Buyback contracts	-	(1)			
- Long-term leases	(5)	(9)			
Total valuation, net	**39**	**23**	**-**	**16**	
Derivatives designated as hedges of customer loans					
- Assets (Note 6)	-	7			
- Liabilities (Note 16)	(31)	(21)			
Total valuation, net	**(31)**	**(14)**	**-**	**(17)**	**(1)**
Ineffective portion of gain and losses on outstanding hedging transactions	**8**	**9**			**(1)**
Fair value adjustments to hedged debt (Note 20)					
- Valuation, net	(2)	(3)			
Total valuation, net	**(2)**	**(3)**	**-**	**1**	
Derivatives designated as hedges of debt					
- Assets (Note 6)	2	3			
- Liabilities (Note 16)	-	-			
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 (Note 20)					
- Valuation, net	(69)	(104)			
Total valuation, net	**(69)**	**(104)**	**-**	**35**	
Derivatives designated as hedges of EMTNs/BMTNs					
- Assets (Note 6)	74	110			
- Liabilities (Note 16)	-	(3)			
Total valuation, net	**74**	**107**	**-**	**(33)**	**2**
Ineffective portion of gain and losses on outstanding hedging transactions	**5**	**3**			**2**
Fair value adjustments to hedged bonds (Note 20)					
- Valuation, net	-	-			
Total valuation, net	**-**	**-**	**-**	**-**	
Derivatives designated as hedges of bonds (2)					
- Assets (Note 6)	14	17			
- Liabilities (Note 16)	(14)	(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 (Note 20)					
- Valuation, net	-	-			
Total valuation, net	**-**	**-**	**-**	**-**	
Derivatives designated as hedges of other debt securities					
- Assets (Note 6)	-	-			
- Liabilities (Note 16)	-	-			
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 24.1, footnote (2)).*

Swaptions held to hedge future customer loans (Installment contracts, Buyback contracts and Long-term leases) are not included in the hedging effectiveness table as the loans have not yet been granted (see Note 24.2 above).

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

(in million euros)	Dec. 31, 2014	Dec. 31, 2013	Fair value adjustments
Financial assets at fair value (Note 5)			
- Fair value adjustments to marketable securities	1	-	1
- Fair value of trading derivatives	3	1	2
Total valuation, net	**4**	**1**	**3**
Financial liabilities at fair value (Note 15)			
- Fair value of trading derivatives	(3)	(1)	(2)
Total valuation, net	**(3)**	**(1)**	**(2)**
Impact in profit or loss			**1**

Note 25 Analysis by Maturity and Liquidity Risks

The Liquidity Risk Management is described in the "Security of Liquidity" section of the Management Report.
The following liquidity risk presentation is based on a detailed breakdown of assets and liabilities from continuing operation and non-transferred debts of operations to be taken over by partnership, analysed by maturity, according to maturities. As a consequence, future interest cash flows are not included in installments.
Derivative instruments designated as hedges of future contractual interest payments are not analysed by maturity.
The analysis by maturity is based on the following principles:
- Non-performing loans and accrued interest are reported in the "not broken down" column;
- Overnight loans and borrowings are reported in the "0 to 3 months" column.

Equity, which has no fixed maturity, is considered repayable beyond five years, except for dividends which are paid in the second quarter of the following annual closing (€385 million forecasted in year 2014 vs €229 million forecasted at end of 2013).

For 2014

(in million euros)	Not broken down	0 to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	Over 5 years	Dec. 31, 2014
Assets							
Cash, central banks, post office banks	-	308	-	-	-	-	**308**
Financial assets at fair value through profit or loss	5	427	-	-	23	-	**455**
Hedging instruments	58	-	-	-	-	-	**58**
Available-for-sale financial assets	14	-	-	-	-	-	**14**
Loans and advances to credit institutions	1	1,015	-	-	54	-	**1,070**
Customer loans and receivables	154	490	398	583	2,328	86	**4,039**
Fair value adjustments to finance receivables portfolios hedged against interest rate risks	39						**39**
Other assets	519						**519**
Total assets of continuing operations	790	2,240	398	583	2,405	86	**6,502**
Total assets of operations to be taken over by partnership							**18,529**
Total assets	**790**	**4,172**	**796**	**1,166**	**4,810**	**172**	**25,031**
Equity and liabilities							
Central banks, post office banks	-						**-**
Financial liabilities at fair value through profit or loss	4						**4**
Hedging instruments	54						**54**
Deposits from credit institutions	33	363	57	151	326	-	**930**
Due to customers	1	411	-	2	4	2	**420**
Debt securities	74	101	717	713	1,070	206	**2,881**
Fair value adjustments to debt portfolios hedged against interest rate risks	71						**71**
Other liabilities	347						**347**
Sub-Total	584	875	774	866	1,400	208	**4,707**
Deposit from Credit Institutions (non-transferred)	16	1,701	35	-	3,671		**5,423**
Debt Securities (non-transferred)	68	774	23	189	2,200		**3,254**
Total non-transferred debts of operations to be taken over by partnership	84	2,475	58	189	5,871	-	**8,677**
Total liabilities to continuing operations	668	3,350	832	1,055	7,271	208	**13,384**
Total transferred liabilities of operations to be taken over by partnership							**8,508**
Equity	-	-	385	-	-	2,754	**3,139**
Total equity and liabilities	**668**	**3,350**	**1,217**	**1,055**	**7,271**	**2,962**	**25,031**

For 2013

(in million euros)	Not broken down	0 to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	Over 5 years	Dec. 31, 2013
Assets							
Cash, central banks, post office banks	-	466	-	-	-	-	**466**
Financial assets at fair value through profit or loss	3	732	-	-	48	-	**783**
Hedging instruments	89						**89**
Available-for-sale financial assets	10						**10**
Loans and advances to credit institutions	43	1,391	-	-	5	-	**1,439**
Customer loans and receivables	478	5,458	2,261	3,419	9,539	157	**21,312**
Fair value adjustments to finance receivables portfolios hedged against interest rate risks	23						**23**
Other assets	995						**995**
Total assets	**1,641**	**8,047**	**2,261**	**3,419**	**9,592**	**157**	**25,117**
Equity and liabilities							
Central banks, post office banks	-						**-**
Financial liabilities at fair value through profit or loss	3						**3**
Hedging instruments	62						**62**
Deposits from credit institutions	4	1,833	821	743	2,867	-	**6,268**
Due to customers	6	1,297	12	15	2	2	**1,334**
Debt securities	214	1,036	1,482	1,640	8,071	181	**12,624**
Fair value adjustments to debt portfolios hedged against interest rate risks	107						**107**
Other liabilities	1,422						**1,422**
Equity	-	-	229	-	-	3,068	**3,297**
Total equity and liabilities	**1,818**	**4,166**	**2,544**	**2,398**	**10,940**	**3,251**	**25,117**

Financing commitments given to customers for continuing operations amounted to €130 million at December 31, 2014 (see Note 27) . They have a 0 to 3 months maturity.

Detail of credit facilities is given in Note 27.2.

Covenants

The loan agreements signed by Banque PSA Finance, including issues of debt securities, include the customary acceleration clauses requiring the Group to give certain covenants to lenders. They include:

- negative pledge clauses whereby the borrower undertakes not to grant any collateral to any third parties. In the case of Banque PSA Finance, these clauses nevertheless comprise exceptions allowing the Group to carry out securitization programs or to give assets as collateral;
- material adverse change clauses in the case of a significant negative change in the economic and financial conditions;
- pari passu clauses which ensure that lenders enjoy at least the same treatment as the borrower's other creditors;
- cross default clauses whereby if one loan goes into default, all other loans from the same lender automatically become repayable immediately;
- compliance with the €500 million risk exposure limit to PSA Peugeot Citroën group;
- continued possibility for guarantee by the French State for bond issues until 2015;
- clauses whereby the borrower undertakes to provide regular information to the lenders;
- clauses whereby the borrower undertakes to comply with the applicable legislation;
- change of control clauses.

Many of Banque PSA Finance's agreements include four specific acceleration clauses requiring it to maintain a banking licence and to thereby comply with the capital ratios applicable to all French banks. And, from 2013, the need to retain the optional guarantee from the French State for bond issues up to 2015 and a Common Equity Tier One ratio of at least 11%.

All applicable clauses were complied with in 2014.

In February 2015, the signing of a new syndicated term loan enabled to revise the content of the covenants. In particular, the need to retain the optional guarantee from the French State for future bond issues was removed.

Note 26 Fair Value of Financial Assets and Liabilities

(in million euros)	Fair value		Book value		Difference	
	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013
Assets						
Cash, central banks, post office banks	308	466	308	466	-	-
Financial assets at fair value through profit or loss (1)	455	783	455	783	-	-
Hedging instruments (1)	58	89	58	89	-	-
Available-for-sale financial assets (2)	14	10	14	10	-	-
Loans and advances to credit institutions (3)	1,070	1,439	1,070	1,439	-	-
Customer loans and receivables (4)	4,012	21,289	4,048	21,335	(36)	(46)
Equity and liabilities						
Central banks, post office banks	-	-	-	-	-	-
Financial liabilities at fair value through profit or loss (1)	4	3	4	3	-	-
Hedging instruments (1)	54	62	54	62	-	-
Deposits from credit institutions (5)	6,554	6,383	6,355	6,271	(199)	(112)
- *of which debts of continuing operations*	*931*		*930*		*(1)*	
- *of which non-transferred debts of operations to be taken over by partnership*	*5,623*		*5,425*		*(198)*	
Due to customers (3)	420	1,334	420	1,334	-	-
Debt securities (5)	6,230	12,749	6,204	12,728	(26)	(21)
- *of which debts of continuing operations*	*2,928*		*2,914*		*(14)*	
- *of which non-transferred debts of operations to be taken over by partnership*	*3,302*		*3,290*		*(12)*	

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 27 Other Commitments

Note 27.1 Other Commitments

(in million euros)	Dec. 31, 2014 – Commitments of operations to be taken over by partnership – Transferred	Dec. 31, 2014 – Commitments of operations to be taken over by partnership – Non-transferred	Dec. 31, 2014 – Commitments of continuing operations	Dec. 31, 2013
Financing commitments				
Commitments received from credit institutions (see Note 27.2)	646	5,200	518	7,006
Commitments given to credit institutions	-	-	-	-
Commitments given to customers (1)	1,128	-	130	1,257
- of which Crédipar	785	-	-	*839*
Guarantee commitments				
Commitments received from credit institutions	169	-	197	669
- guarantees received in respect of customer loans	169	-	196	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	65	-	1	79
- Sofib	61	-	-	71
- Sofira	4	-	-	7
- Italian branch	-	-	1	1
Other commitments received				
Securities received as collateral	-	-	5	11
Other commitments given				
Assets given as collateral for proprietary transactions (see Notes 9.1 and 17)	117	2,009	131	3,255
- to the ECB (2)	-	2,009	-	2,957
- to the SFEF	-	-	-	165
- to credit institutions by the Italian branch	-	-	131	61
- to the Bundesbank by the German branch	-	-	-	-
- to credit institutions by the Belgian subsidiary	117	-	-	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 €749 million customer loans, for short term €1,300 million financing granted at December 31, 2014; potential short term financing remains for an amount of €48 million (see Note 27.3).*

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

Note 27.2 Credit facilities

(in million euros)	Dec. 31, 2014 – Commitments of operations to be taken over by partnership – Transferred	Dec. 31, 2014 – Commitments of operations to be taken over by partnership – Non-transferred	Dec. 31, 2014 – Commitments of continuing operations	Dec. 31, 2013
Undrawn bank facilities, by drawdown priority (see Note 17)				
Syndicated term loan (1)(2)	-	1,100	-	2,299
Revolving bilateral bank facilities (1)(3)	506	954	506	1,187
Other bank facilities	140	-	12	120
Syndicated credit facilities (1)(4)	-	3,146	-	3,400
Total	**646**	**5,200**	**518**	**7,006**
	6,364			

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

(2) *Out of a total of €4,099 million at December 31, 2014.*

(3) *Out of a total of €2,423 million at Décember 31, 2014.*

(4) *At December 31, 2014, €136 million expiring in December 2015, €1,216 million expiring in January 2016 and €1,794 million expiring in December 2016.*

A change in the Banque PSA Finance's rating could lead to an adjustment of the financial terms of some of these credit lines, but their amount would not be reduced.

Note 27.3 Financial Security

Financial security corresponds to liquidity reserve, available collateral with the European Central Bank (ECB) and undrawn bank facilities (see Note 27.2).

	Dec. 31, 2014			Dec. 31, 2013
	Commitments of operations to be taken over by partnership		Commitments of continuing operations	
(in million euros)	Transferred	Non-transferred		
Liquidity Reserve	23	-	1,247	1,025
- Reserves deposited with the central banks (see Note 4)	23	-	307	463
- Mutual funds qualified as cash equivalents (see Note 5)	-	-	47	200
- Treasury bonds (OAT) qualified as cash equivalents (see Note 5)	-	-	252	-
- Interbank loans (see Note 8)	-	-	-	362
- Time accounts qualified as cash equivalents (see Note 8)	-	-	641	-
Possibilities of financing from the ECB	-	48	-	369
Undrawn bank facilities	646	5,200	518	7,006
Total	**669**	**5,248**	**1,765**	**8,400**
	7,682			

Note 27.4 Management of liquidity risk

(see "1.5.4 - Liquidity Security" section and "1.5.6 - Impact of Banque PSA Finance / Santander Consumer Finance cooperation" section in the Management Report)

Banque PSA Finance constantly endeavours to strike the best possible balance between security liquidity, which is an ungoing priority, and optimising its financing costs.

Financing is arranged with maturities that comfortably cover the maturities of the retail financing portfolio. The average maturity of medium and long-term financing raised in 2014 is some 2.3 years.

Banque PSA Finance endeavours to maintain a certain level of financial security (see Note 27.3), in order to cover at least six months' financing needs.The 6-month target corresponds to the results of a stress test assuming continued financing of projected new lending without recourse to the financial markets. At December 31, 2014, the financial security amounted to €7,683 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 28 Interest and Other Revenue on Assets at Amortized Cost

(in million euros)	Dec. 31, 2014	Dec. 31, 2013
Installment contracts	**384**	**428**
- of which related companies	*11*	*13*
- of which securitized	*139*	*175*
Buyback contracts	**26**	**30**
- of which related companies	*5*	*5*
- of which securitized	-	-
Long-term leases	**15**	**16**
- of which related companies	*1*	*2*
- of which securitized	-	-
Wholesale financing	**50**	**53**
- of which related companies	*27*	*32*
Other finance receivables	**14**	**14**
- of which related companies	*1*	-
Commissions paid to referral agents	**(65)**	**(73)**
- Installment contracts	(61)	(68)
- Buyback contracts	(3)	(3)
- Long-term leases	(1)	(2)
- of which related companies	*(1)*	*(1)*
Other business acquisition costs	**(11)**	**(9)**
Interest on ordinary accounts	**-**	**-**
Interest on guarantee commitments	**-**	**-**
Total	**413**	**459**

Note 29 Interest Expense on Hedging Instruments

(in million euros)	Dec. 31, 2014	Dec. 31, 2013
Swaps hedging retail financing (Fair Value Hedge)	(27)	(65)
Amortization of premiums on open swaptions (Time Decay)	-	-
Deferred intrinsic value of terminated swaptions released to the income statement (1)	1	4
Total	**(26)**	**(61)**

(1) *See Note 24.2.*

Note 30 Other Revenue and Expense

(in million euros)	Dec. 31, 2014	Dec. 31, 2013
- Fees and commissions on retail customer transactions	35	38
- Fees and commissions on other customer transactions	-	-
- Share of joint venture operations	-	1
- Other	3	3
Other revenue	**38**	**42**
- Bank charges	(2)	(2)
- Provisions and gains and losses on sales of used vehicles, net	-	-
- Share of joint venture operations	(2)	(6)
- Other	(17)	(22)
Other expense	**(21)**	**(30)**
Other revenue and expense	**17**	**12**

Note 31 Interest on Deposits from Credit Institutions

This item represents the interest costs, on the one hand on deposit accounts, on the other hand on loans, from the credit institutions.

Note 32 Interest on Debt Securities

(in million euros)	**Dec. 31, 2014**	**Dec. 31, 2013**
Interest expense on debt securities	(168)	(217)
Interest expense on bonds and other fixed income securities	(7)	(13)
- of which securitization: preferred bonds	*(7)*	*(11)*
Total	**(175)**	**(230)**

Note 33 General Operating Expenses

(in million euros)	**Dec. 31, 2014**	**Dec. 31, 2013**
Personnel costs	**(43)**	**(42)**
- Wages and salaries	(33)	(32)
- Payroll taxes	(9)	(9)
- Employee profit sharing and profit-related bonuses	(1)	(1)
Other general operating expenses	**(82)**	**(88)**
- External expenses	(153)	(142)
- of which related companies	*(82)*	*(74)*
- Re-invoicing to operations to be taken over by partnership (1)	71	54
Total	**(125)**	**(130)**

(1) The re-invoicing will continue after partnerships' implementation.

Information concerning the compensations of the main executive officers is given in the "Compensations" section of the annual Financial Report.

General Operating Expenses by Geographical Area

(in million euros)	**Dec. 31, 2014**	**Dec. 31, 2013**
France	**(16)**	**(26)**
Europe excl. France	**(71)**	**(69)**
- o/w Germany	-	-
- o/w Spain	*(27)*	*(28)*
- o/w Italy	*(28)*	*(26)*
- o/w United Kingdom	-	-
Rest of world	**(38)**	**(35)**
- o/w Brazil	*(24)*	*(19)*
Total	**(125)**	**(130)**

Number of Employees by Geographical Area

	Dec. 31, 2014	**Dec. 31, 2013**
France	**740**	**749**
Europe excl. France	**1,362**	**1,402**
- o/w Germany	*209*	*214*
- o/w Spain	*229*	*248*
- o/w Italy	*161*	*162*
- o/w United Kingdom	*250*	*260*
Rest of world	**251**	**355**
- o/w Brazil	*159*	*245*
Total	**2,353**	**2,506**

Legal staff directly employed by Banque PSA Finance's subsidiaries and branches.

Note 34 Cost of Risk

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

34.1 Changes in Loans

(in million euros)	Balance sheet as at Dec. 31, 2013 before IFRS 5 reclassification	Reclassification per IFRS 5	Balance sheet as at Dec. 31, 2013 after reclassification IFRS 5	Net new loans and exchange difference (1)	Cost of risk				Cost of risk for the period at Dec. 31, 2014	Balance at Dec. 31, 2014
					Charges	Reversals	Credit losses	Recoveries on loans written off in prior periods		
Retail										
Sound loans with no past-due installments	13,822	(10,172)	3,650	(309)				-	-	3,341
Sound loans with past-due installments	345	(197)	148	(30)				-	-	118
Guarantee deposits (lease financing)	(62)	42	(20)	13				-	-	(7)
Non-performing loans	630	(396)	234	22			(109)	-	(109)	147
Total	**14,735**	**(10,723)**	**4,012**	**(304)**	**-**	**-**	**(109)**	**-**	**(109)**	**3,599**
Impairment of sound loans with past-due installments	(43)	23	(20)	-	(3)	4	-	-	1	(19)
Impairment of non-performing loans	(512)	313	(199)	2	(39)	111	-	-	72	(125)
Total impairment	**(555)**	**336**	**(219)**	**2**	**(42)**	**115**	**-**	**-**	**73**	**(144)**
Deferred items included in amortized cost	**58**	(10)	**48**	**(6)**	**-**	**-**	**-**	**-**	**-**	**42**
Net book value (A - see B Note 9.2)	**14,238**	**(10,397)**	**3,841**	**(308)**	**(42)**	**115**	**(109)**	**-**	**(36)**	**3,497**
Recoveries on loans written off in prior periods								5	5	
Impairment of doubtful commitments					-	-	-	-	-	
Retail cost of risk					**(42)**	**115**	**(109)**	**5**	**(31)**	
Corporate dealers										
Sound loans with no past-due installments	5,438	(4,935)	503	(142)					-	361
Sound loans with past-due installments	10	(9)	1	1					-	2
Guarantee deposits	(73)	72	(1)	-					-	(1)
Non-performing loans	250	(135)	115	(14)			(2)		(2)	99
Total	**5,625**	**(5,007)**	**618**	**(155)**	**-**	**-**	**(2)**	**-**	**(2)**	**461**
Impairment of sound loans	-	-	-	-	(4)	-	-	-	(4)	(4)
Impairment of non-performing loans	(65)	32	(33)	3	(6)	6	-	-	-	(30)
Total impairment	**(65)**	**32**	**(33)**	**3**	**(10)**	**6**	**-**	**-**	**(4)**	**(34)**
Deferred items included in amortized cost	**(10)**	10	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net book value (B - see A Note 9.2)	**5,550**	**(4,965)**	**585**	**(152)**	**(10)**	**6**	**(2)**	**-**	**(6)**	**427**
Recoveries on loans written off in prior periods								-	-	
Impairment of doubtful commitments					-	-	-	-	-	
Corporate dealers cost of risk					**(10)**	**6**	**(2)**	**-**	**(6)**	
Corporate and equivalent										
Sound loans with no past-due installments	1,229	(1,125)	104	12					-	116
Sound loans with past-due installments	286	(285)	1	-					-	1
Guarantee deposits	(1)	-	(1)	-					-	(1)
Non-performing loans	38	(33)	5	-			(2)		(2)	3
Total	**1,552**	**(1,443)**	**109**	**12**	**-**	**-**	**(2)**	**-**	**(2)**	**119**
Impairment of sound loans	-	-	-	-	(1)	-	-	-	(1)	(1)
Impairment of non-performing loans	(15)	11	(4)	-	(1)	2	-	-	1	(3)
Total impairment	**(15)**	**11**	**(4)**	**-**	**(2)**	**2**	**-**	**-**	**-**	**(4)**
Deferred items included in amortized cost	**(13)**	13	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net book value (C - see C Note 9.2)	**1,524**	**(1,419)**	**105**	**12**	**(2)**	**2**	**(2)**	**-**	**(2)**	**115**
Recoveries on loans written off in prior periods								-	-	
Impairment of doubtful commitments					-	-	-	-	-	
Corporate and equivalent cost of risk					**(2)**	**2**	**(2)**	**-**	**(2)**	
Total loans										
Sound loans with no past-due	20,489	(16,232)	4,257	(439)	-	-	-	-	-	3,818
Sound loans with past-due installments	641	(491)	150	(29)	-	-	-	-	-	121
Guarantee deposits	(136)	114	(22)	13	-	-	-	-	-	(9)
Non-performing loans	918	(564)	354	8	-	-	(113)	-	(113)	249
Total	**21,912**	**(17,173)**	**4,739**	**(447)**	**-**	**-**	**(113)**	**-**	**(113)**	**4,179**
Impairment of sound loans	-	-	-	-	(5)	-	-	-	(5)	(5)
Impairment of sound loans with past-due installments	(43)	23	(20)	-	(3)	4	-	-	1	(19)
Impairment of non-performing loans	(592)	356	(236)	5	(46)	119	-	-	73	(158)
Total impairment	**(635)**	**379**	**(256)**	**5**	**(54)**	**123**	**-**	**-**	**69**	**(182)**
Deferred items included in amortized cost	**35**	**13**	**48**	**(6)**	**-**	**-**	**-**	**-**	**-**	**42**
Net book value	**21,312**	**(16,781)**	**4,531**	**(448)**	**(54)**	**123**	**(113)**	**-**	**(44)**	**4,039**
Recoveries on loans written off in prior periods								5	5	
Impairment of doubtful commitments					-	-	-	-	-	
Total cost of risk					**(54)**	**123**	**(113)**	**5**	**(39)**	

For impaired loans, the cost of risk includes interest invoiced and recognized under "Interest revenue on customer transactions".

(1) *The exchange difference is due to the fact that balance sheets of companies using currencies other than the euro are translated at the closing exchange rate whereas their income statement items are translated on a month-by-month basis at the average monthly rate.*

34.2 Change in Cost of Risk

(in million euros)	Retail	Corporate dealers	Corporate and equivalent	Dec. 31, 2014	Dec. 31, 2013
Sound loans with past-due installments (1)					
Charges	(3)	(4)	(1)	(8)	(5)
Reversals	4	-	-	4	8
Non-performing loans					
Charges	(39)	(6)	(1)	(46)	(57)
Reversals	111	6	2	119	77
Doubtful commitments					
Charges	-	-	-	-	-
Reversals	-	-	-	-	-
Credit losses (2)	(109)	(2)	(2)	(113)	(68)
Recoveries on loans written off in prior periods	5	-	-	5	5
Cost of risk	**(31)**	**(6)**	**(2)**	**(39)**	**(40)**

The Bank's credit management policy is described in the "Credit Risk" section of the 2014 Management Report.

(1) - Regarding Retail, this refers to sound loans with past-due installments.

- Regarding Corporate, this refers to sound loans with or without any past due, all impaired statistically from 2014 forward (see Corporate sound receivables-Impairment on collective basis paragraph, at the bottom of section C.6.4 of Note 2. The impact amounted to €14.6 million in 2014.

(2) The impact of change in estimate of credit losses (see section C.6.4 of Note 2) amounted to 13 million in 2014.

34.3 Information about Defaults with no Impairment

Defaults with no impairment concern only corporate loans.
Corporate loans with one or more installments that are over 90 days past due and loans to local administrations with one or more installments that are over 270 days past due are not classified as non-performing when the delays are due to payment incidents or claims, and do not reflect a default risk.
In 2014, there is no more defaults with no impairment, considering the collective impairment of Corporate sound receivables (cf. Note 34.2 footnote (1)).

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 Dec. 31, 2014
Sound loans with past-due installments with no impairment	-	-	-	-	-

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 35 Other Non-operating Items

The Other Non-operating Items include:
- The €5 million further impairment of the Turkish subsidiary PSA Finansman A.S. in 2014 (see Note 7).
- A €3 million penalty in the Brasilian subsidiary PSA Finance Arrendamento Mercantil S.A., as a result of the prior year current tax correction.
- €3 million restructuring expenses recorded in Spain and Brazil.

Note 36 Income Taxes

36.1 Evolution of Balance Sheet Items

(in million euros)	Dec. 31, 2013 Before reclassifi-cation IFRS 5	Dec. 31, 2013 Reclassifi-cation IFRS 5	Dec. 31, 2013 Taxes on continuing operations	Income	Equity	Payment	Reclassifi-cation IFRS 5 in Icome Statement (1)	Exchange difference and other (2)	Dec. 31, 2014 Taxes on continuing operations
Current tax									
Assets	43	(16)	27						9
Liabilities	(44)	12	(32)						(8)
Total	**(1)**	**(4)**	**(5)**	**(34)**	**-**	**40**	**-**	**-**	**1**
Deferred tax									
Assets	136	(23)	113						83
Liabilities	(411)	357	(54)						(24)
Total	**(275)**	**334**	**59**	**78**	**-**	**-**	**(81)**	**3**	**59**

(1) Mainly for eliminations of intragroup transactions between continuing operations and operations to be taken over by partnership (see Note 36.2, footnote (1) and (2)).

(2) The exchange difference is due to the fact that balance sheets of companies using currencies other than the euro are translated at the closing exchange rate whereas their income statement items are translated on a month-by-month basis at the average monthly rate.

36.2 Income taxes of fully-consolidated companies

Income taxes currently payable represent the amounts paid or currently due to the tax authorities for the period, calculated in accordance with the tax rules and rates in effect in the various countries.

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

Deferred taxes are determined as described in the published accounts at December 31, 2013, Note 2.A, last paragraph dedicated to deferred taxes.

The French statutory income tax rate is 33.33%.

The Social Security Financing Act (no. 99-1140) dated December 29, 1999 provided for the introduction of a surtax equal to 3.3% of the corporate income tax liability of French companies. This surtax had the effect of raising the French corporate income tax rate by 1.1%.

France's 4th amended Finance Act dated December 21, 2011 introduced an exceptional 5% surtax for 2011 and 2012, lifting the tax rate for those years to 36.10% and limited the use of tax loss carryforwards to 60% of taxable profit of the year.

France's Finance Act 2013 (published in Official Gazette December 30, 2012) introduced an exceptional 5% surtax for 2013 and 2014, lifting the tax rate for those years to 36.10% and limited the use of tax loss carryforwards to 50% of taxable profit of the year.

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 December 31, 2014, the positive €10.1 million reversal for utilization of end-2013 expense, which had been supplemented at June 30, 2014, was offset by the negative €11.6 million revaluation of deferred tax liabilities.

(in million euros)	Dec. 31, 2014	Dec. 31, 2013
Income taxes on continuing operations		
Current tax		
Deferred tax		
Unrecognized deferred tax assets and impairment losses	-	(1)
Income taxes on operations to be taken over by partnership		
Current and deferred tax (2)	(140)	(228)
Total	**(96)**	**(138)**

(1) Including at December, 31, 2014, a €81 million positive amount mainly for eliminations of intragroup transactions with operations to be taken over by partnership.

(2) Including at December, 31, 2014, a €81 million negative amount mainly for eliminations of intragroup transactions with continuing operations.

These entries have no impact on Banque PSA Finance net income and have no counterparty in balance sheet.

36.3 Banque PSA Finance tax proof

(in million euros)	Dec. 31, 2014	Dec. 31, 2013
Pre-tax income of continuing operations	(255)	376
Pre-tax income of operations to be taken over by partnership	442	-
Neutralization of the share in net income of associates and joint ventures accounted for using the equity method	(12)	(8)
Permanent differences	104	9
Taxable Income	**279**	**377**
of which retroactive correction following tax audit (1)	*96*	
Legal tax rate in France for the period	*38.0%*	*38.0%*
Theoretical tax	**(106)**	**(143)**
Impact of differences in foreign tax rates	15	47
Impact of changes in foreign tax rates	-	4
Impact of provisional surtax in France	(1)	(2)
Adjustment related to the previous year	(5)	1
Tax disputes and adjustments	-	(40)
Deferred tax reversal following tax audit (1)	35	-
Other	(5)	(4)
Income taxes before impairment of assets on tax loss carryfowards	**(67)**	**(137)**
Group effective tax rate	*24.0%*	*36.3%*
Deferred tax assets on tax loss carryforwards:		
- Charges (2)	(29)	(1)
- Reversals	-	-
Income taxes	**(96)**	**(138)**

(1) Following the tax audit, tax basis were retroactively corrected, leading to take into account a €36 million negative impact in current tax. As a consequence, the deferred tax previously recognized in 2013 was reversed in 2014.

(2) See Note 36.4, foonote (2).

36.4 Deferred Tax Assets on Tax Loss Carryforwards

	Dec. 31, 2013							2014
(in million euros)	Before reclassification IFRS 5	Reclassification IFRS 5	Taxes on continuing operations	New tax losses	Tax losses utilized in the year	Charges / Reversals	Exchange difference and other (1)	Taxes on continuing operations
Deferred tax assets on tax loss carryforwards	75	75	75	-	(24)	-	1	52
Allowances (2)	(4)	(4)	(4)	-	-	(29)	-	(33)
Total	**71**	**71**	**71**	**-**	**(24)**	**(29)**	**1**	**19**

(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) Banque PSA Finance prior deferred tax asset on tax loss carryforward was fully impaired in 2014.

Note 37 Segment Information

37.1 Key Balance Sheet Items

For 2014

(in million euros)	Financing activities: Corporate dealers	Financing activities – End user: Retail	Financing activities – End user: Corporate and equivalent	Unallocated	Insurance and services	Refinancing and securities	Eliminations	Total at December 31, 2014
Assets								
Customers loans and receivables	5,891	13,636	1,494		-	199	(199)	21,021
Securities			249	-	102	305	(201)	455
Loans and advances to credit institutions			2,783	21	100	18,909	(19,516)	2,297
Other assets				1,015	63	560	(265)	1,373
Total Assets							**(20,181)**	**25,146**
Liabilities								
Refinancing (1)	5,469	12,657	1,386	-	-	20,275	(19,810)	19,977
Due to customers (1)	283	1,108	184	-		(1,060)	(101)	414
Liabilities related to insurance contracts					67			67
Other liabilities				1,335	144	213	(270)	1,422
Equity (2)				2,192	28	1,046		3,266
Total Liabilities							**(20,181)**	**25,146**

For 2013

(in million euros)	Financing activities: Corporate dealers	Financing activities – End user: Retail	Financing activities – End user: Corporate and equivalent	Unallocated	Insurance and services	Refinancing and securities	Eliminations	Total at December 31, 2013
Assets								
Customers loans and receivables	5,550	14,238	1,524		-	-	-	21,312
Securities			204	-	79	987	(487)	783
Loans and advances to credit institutions			1,054	21	67	17,533	(17,236)	1,439
Other assets				1,019	93	656	(185)	1,583
Total Assets							**(17,908)**	**25,117**
Liabilities								
Refinancing (1)	4,739	12,159	1,302	-	-	19,195	(17,548)	19,847
Due to customers (1)	270	22	172	-		27	(112)	379
Liabilities related to insurance contracts					56			56
Other liabilities				1,424	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.*

Table showing conversion from the IFRS 8 segment information balance sheet to the IFRS 5 publishable balance sheet

(in million euros)	IFRS 8 segment information balance sheet as at Dec. 31, 2014	Presentation differences IFRS 8 vs IFRS 5	Reclassifications per IFRS 5	Amortized cost of debt retired early	Impairment of disposal group (1)	Total at December 31, 2014
Assets						
Customers loans and receivables	21,021	7	(16,989)	-	-	4,039
Securities	455		-	-	-	455
Loans and advances to credit institutions	2,297		(1,227)	-	-	1,070
Deferred tax assets		97	(14)	-	-	83
Assets of operations to be taken over by partnership			18,655	-	(126)	18,529
Other assets	1,373	(93)	(425)	-	-	855
Total Assets	**25,146**	**11**	**-**	**-**	**(126)**	**25,031**
Liabilities						
Refinancing	19,977	(19,977)				
Deposits from credit institutions		6,633	(280)	-	-	6,353
Due to customers	414	2,387	(2,381)	-	-	420
Debt securities		10,964	(4,829)	-	-	6,135
Liabilities related to insurance contracts	67		-	-	-	67
Deferred tax liabilities		338	(305)	(9)	-	24
Liabilities of operations to be taken over by partnership			8,523	-	(15)	8,508
Other liabilities	1,422	(334)	(728)	25		385
Equity	3,266			(16)	(111)	3,139
Total Liabilities	**25,146**	**11**	**-**	**-**	**(126)**	**25,031**

(1) Including €81 million of impairment of goodwill on Crédipar and Sofib (see Note 14).

37.2 Key Income Statement Items

For 2014

(in million euros)	Financing activities – Corporate dealers	Financing activities – End user – Retail	Financing activities – End user – Corporate and equivalent	Financing activities – Unallocated	Financial derivative instruments (3)	Insurance and services	Refinancing and securities	Eliminations	Total at December 31, 2014
Net interest revenue on customer transactions (at amortized cost) (1)	299	1,115	82	(49)	(37)		26	(25)	1,411
Net investment revenue	-	-	-	8		-	8	(2)	14
Net refinancing cost (2) (3)	(212)	(630)	(59)	188	37	-	(64)	27	(713)
Net gains or losses on trading transactions							(3)		(3)
Net gains or losses on available-for-sale financial assets									-
Margin on sales of insurance services						(76)		170	94
Margin on sales of other services						218		(170)	48
Net banking revenue	**87**	**485**	**23**	**147**	**-**	**142**	**(33)**	**-**	**851**
Cost of risk	(24)	(88)	(4)						(116)
Net income after cost of risk	**63**	**397**	**19**	**147**	**-**	**142**	**(33)**	**-**	**735**
General operating expenses and equivalent				(365)		(4)	(29)	-	(398)
Operating Income	**63**	**397**	**19**	**(218)**	**-**	**138**	**(62)**	**-**	**337**
of which Insurance						*(79)*		*169*	*90*

For 2013

(in million euros)	Financing activities – Corporate dealers	Financing activities – End user – Retail	Financing activities – End user – Corporate and equivalent	Financing activities – Unallocated	Financial derivative instruments (3)	Insurance and services	Refinancing and securities	Eliminations	Total at December 31, 2013
Net interest revenue on customer transactions (at amortized cost) (1)	267	1,178	86	(17)	(75)		6	1	1,446
Net investment revenue	-	-	-	4		-	28	(17)	15
Net refinancing cost (2) (3)	(203)	(701)	(65)	243	75	1	(103)	16	(737)
Net gains or losses on trading transactions							(3)		(3)
Net gains or losses on available-for-sale financial assets							-		-
Margin on sales of insurance services						67		42	109
Margin on sales of other services						103		(42)	61
Net banking revenue	**64**	**477**	**21**	**230**	**-**	**171**	**(72)**	**-**	**891**
Cost of risk	(13)	(115)	(3)						(131)
Net income after cost of risk	**51**	**362**	**18**	**230**	**-**	**171**	**(72)**	**-**	**760**
General operating expenses and equivalent				(356)		(3)	(33)	-	(392)
Operating Income	**51**	**362**	**18**	**(126)**	**-**	**168**	**(105)**	**-**	**368**
of which Insurance						*65*		*41*	*106*

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 negative €1.2 million at December 31, 2014 (compared to a positive €0.8 million at December 31, 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 €37 million reclassification at December 31, 2014 between "Net refinancing cost" and "Net interest revenue on customer transactions" in the "Financial derivatives instruments" column.*

Table showing conversion from the IFRS 8 segment information income statement to the IFRS 5 publishable income statement

For 2014

(in million euros)	Segment information per IFRS 8 as at Dec. 31, 2014	Presentation differences IFRS 8 vs IFRS 5	Reclassi-fications per IFRS 5	Reclassi-fication of costs of the non-transferred debts	Cost of debt retired early	Impairment of disposal group	IFRS 5 publishable income statement as at Dec. 31, 2014
Net interest revenue on customer transactions (at amortized cost)	1,411	-	(1,014)	-	-	-	397
Net investment revenue	14	-	-	-	-	-	14
Net refinancing cost (2) (3)	(713)	-	138	357	-	-	(218)
Net gains or losses on trading transactions	(3)	-	2	-	-	-	(1)
Net gains or losses on available-for-sale financial assets	-	-	-	-	-	-	-
Margin on sales of insurance services	94	-	(2)	-	-	-	92
Margin on sales of other services	48	-	(23)	-	-	-	25
Net banking revenue	**851**	**-**	**(899)**	**357**	**-**	**-**	**309**
General operating expenses and equivalent	(398)	398	-	-	-	-	-
General operating expenses	-	(375)	249	-	-	-	(126)
Depreciation and amortization of intangible and tangible assets	-	(22)	4	-	-	-	(18)
Gains and losses on investments in companies that can be consolidated and other disposals of fixed assets	-	(1)	1	-	-	-	-
Résultat brut d'exploitation	**453**	**-**	**(645)**	**357**	**-**	**-**	**165**
Cost of risk	(116)		77	-	-	-	(39)
Operating Income	**337**	**-**	**(568)**	**357**	**-**	**-**	**126**
Share in net income of associates and joint ventures accounted for using the equity method	11	-	-	-	-	-	11
Impairment on goodwill	-	-	-	-	-	-	-
Pension obligation - expense	-	-	-	-	-	-	-
Pension obligation - income	-	-	-	-	-	-	-
Other non-operating items	(10)	-	-	-	-	-	(10)
Costs of the non-transferred debts of operations to be taken over by partnership	-	-	-	(357)	(25)	-	(382)
Pre-tax income	**338**	**-**	**(568)**	**-**	**(25)**	**-**	**(255)**
Income taxes	(120)		155	-	9	-	44
Net income from continued operations	**218**	**-**	**(413)**	**-**	**(16)**	**-**	**(211)**
Gross income of operations to be taken over by partnership	-	-	568	-	-	(126)	442
Tax on the net income of operations to be taken over by partnership	-	-	(155)	-	-	15	(140)
Net income of operations to be taken over by partnership	**-**	**-**	**413**	**-**	**-**	**(111)**	**302**
Net income for the year	**218**	**-**	**-**	**-**	**(16)**	**(111)**	**91**

For 2013

(in million euros)	Segment information per IFRS 8 as at Dec. 31, 2013	Presentation differences IFRS 8 vs IFRS 5	Reclassi-fications per IFRS 5	Reclassi-fication of costs of the non-transferred debts	IFRS 5 publishable income statement as at Dec. 31, 2013
Net interest revenue on customer transactions (at amortized cost)	1,446	-	(1,037)	-	409
Net investment revenue	15	-	-	-	15
Net refinancing cost (2) (3)	(737)	-	129	378	(230)
Net gains or losses on trading transactions	(3)	-	7	-	4
Net gains or losses on available-for-sale financial assets	-	-	-	-	-
Margin on sales of insurance services	109	-	(2)	-	107
Margin on sales of other services	61	-	(33)	-	28
Net banking revenue	**891**	**-**	**(936)**	**378**	**333**
General operating expenses and equivalent	(392)	392	-	-	-
General operating expenses	-	(361)	231	-	(130)
Depreciation and amortization of intangible and tangible assets	-	(28)	19	-	(9)
Gains and losses on investments in companies that can be consolidated and other disposals of fixed assets	-	(3)	1	-	(2)
Net banking revenue	**499**	**-**	**(685)**	**378**	**192**
Cost of risk	(131)		91	-	(40)
Operating Income	**368**	**-**	**(594)**	**378**	**152**
Share in net income of associates and joint ventures accounted for using the equity method	8	-	-	-	8
Impairment on goodwill	-	-	-	-	-
Pension obligation - expense	-	-	-	-	-
Pension obligation - income	-	-	-	-	-
Other non-operating items	-	-	-	-	-
Costs of the non-transferred debts of operations to be taken over by partnership	-	-	-	(378)	(378)
Pre-tax income	**376**	**-**	**(594)**	**-**	**(218)**
Income taxes	(138)	-	228	-	90
Net income from continued operations	**238**	**-**	**(366)**	**-**	**(128)**
Gross income of operations to be taken over by partnership	-	-	594	-	594
Tax on the net income of operations to be taken over by partnership	-	-	(228)	-	(228)
Net income of operations to be taken over by partnership	**-**	**-**	**366**	**-**	**366**
Net income for the year	**238**	**-**	**-**	**-**	**238**

Note 38 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
- G section: Cars and motor vehicles trade
  - G45 - Trade and repair of automobiles and motorcycles

The Chinese subsidiary's items income statement are presented before equity method (see note 12.2.1).

At December 31, 2014

(in million euros)

Country	Entity	Localization	Type of activity (NACE code)	Number of employees	Net banking revenue	Profit and loss before tax	Taxes	
							Current	Deferred
Algeria	BPF Algérie	Algiers	K64	-	-	-	-	-
Germany	Banque PSA Finance S.A. Niederlassung Deutschland	Neu-Isenburg	K64	209	75	23	(15)	(19)
Argentina	PSA Finance Argentina Compania Financiera S.A.	Buenos Aires	K64	19	33	27	(10)	-
Austria	Banque PSA Finance Niederlassung Österreich	Vienna	K64	39	9	2	(1)	1
Belgium	PSA Finance Belux	Brussels	K64	82	32	11	(2)	(1)
	Belgium branch	Brussels	K64	-	-	-	-	-
Brazil	Banco PSA Finance Brasil S.A.	Sao Paulo	K64	159	51	18	(4)	(2)
	PSA Finance Arrendamento Mercantil S.A.	Sao Paulo	N77	-	10	6	(6)	4
	FIDC	Sao Paulo	K64	-	-	1	-	-
China	Dongfeng Peugeot Citroën Auto Finance Company Ltd	Beijing	K64	282	63	34	(10)	1
Croatia	PSA Financial d.o.o.	Zagreb-Buzin	K64	19	1	-	-	-
Spain	Banque PSA Finance, Sucursal en Espana	Madrid	K64	229	53	10	(5)	(3)
	Auto ABS 2012-3	Madrid	K64	-	-	(1)	-	-
Hungary	PSA Finance Hungaria Zrt.	Budapest	K64	11	-	(3)	-	-
	Retail Prod Zrt	Budapest	K64	2	(1)	(2)	-	-
Italy	Banque PSA Finance Succursale in Italia	Milan	K64	158	42	2	-	(5)
	PSA Renting Italia S.p.A.	Milan	N77	-	3	-	-	-
	PSA Factor Italia S.p.A.	Milan	K64	3	-	-	-	-
	Auto ABS S.r.l. 2012-2	Conegliano	K64	-	-	(3)	-	1
	ABS Loans Master S.r.l.	Conegliano	K64	-	1	-	-	-
Malta	PSA Services Ltd	Ta' Xbiex	K64	11	-	-	-	-
	PSA Insurance Ltd	Ta' Xbiex	K65	9	(59)	(61)	-	21
	PSA Life Insurance Ltd	Ta' Xbiex	K65	10	(18)	(20)	-	7
Mexico	Banque PSA Finance Mexico SA de CV SOFOM	Mexico	K64	-	2	-	-	-
Netherlands	PSA Finance Nederland B.V.	Rotterdam	K64	88	15	4	(1)	-
	PSA Financial Holding B.V.	Rotterdam	K64	-	-	(1)	-	-
	Peugeot Finance International N.V.	Rotterdam	K64	-	1	1	-	-
Poland	Banque PSA Finance SA Oddzial w Polsce	Warsaw	K64	55	3	-	(1)	-
	PSA Finance Polska Sp.zo.o.	Warsaw	K64	55	7	4	(1)	(1)
Portugal	Banque PSA Finance Sucursal em Portugal	Carnaxide	K64	47	9	-	(2)	1
	PSA Gestao Comercio E Aluguer de Veiculos	Carnaxide	N77	-	3	1	-	-
Czech	PSA Finance Ceska Republika S.r.o.	Prague 4	K64	21	5	2	(1)	-
United Kingdom	Banque PSA Finance - UK Branch	Redhill	K64	250	69	34	(18)	10
	PSA Wholesale Ltd	Redhill	K64	-	15	116	(2)	-
	Vernon Wholesale Investments Company Ltd	Redhill	K64	-	2	2	-	-
	Auto ABS UK Loans PLC	London	K64	-	3	-	-	-
	Economy Drive Cars Limited	West Midland	G45	-	-	-	-	-
Russia	Bank PSA Finance Rus	Moscow	K64	58	21	12	(3)	1
Slovakia	PSA Finance Slovakia S.r.o.	Bratislava 2	K64	13	2	-	-	-
Slovenia	BPF Financiranje d.o.o.	Ljubljana	K64	16	4	1	-	-
Switzerland	PSA Finance Suisse S.A.	Schlieren	K64	41	17	6	(1)	-
	Auto ABS Swiss Leases 2013 GmbH	Zug	K64	-	-	(1)	-	-
Turkey	BPF Pazarlama A.H.A.S.	Atasehir - Istanbul	K64	15	1	-	-	-

None of these entities did not receive any public subsidy in 2014.

Note 39 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.

39.1 Subsidiary in Argentina

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

Key Balance Sheet Items

(in million euros)	**Dec. 31, 2014**	**Dec. 31, 2013**
Customer loans and receivables	201	277
Other assets	17	20
Total assets	**218**	**297**
Refinancing	140	235
Other liabilities	25	22
Equity		
- Elimination (1)	13	13
- Consolidated reserves - equity holders of the parent	13	7
- Minority interests	27	20
Total equity and liabilities	**218**	**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)	**Dec. 31, 2014**	**Dec. 31, 2013**
Net banking revenue	**33**	**35**
General operating expenses	(4)	(6)
Gross operating income	**29**	**29**
Cost of risk	(1)	(2)
Operating income	**28**	**27**
Income taxes	(10)	(10)
Net income for the year	**18**	**17**
- of which minority interests	9	9
- of which attributable to equity holders of the parent	9	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	17		8	8	
Exchange difference	(14)		(7)		(7)
At December 31, 2013	**40**	**50%**	**20**	**41**	**(21)**
Net income of the period	18		9	9	
Exchange difference	(5)		(2)		(2)
At December 30, 2014	**53**	**50%**	**27**	**50**	**(23)**

39.2 Subsidiary in Slovenia

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

Key Balance Sheet Items

(in million euros)	Dec. 31, 2014	Dec. 31, 2013
Customer loans and receivables	111	101
Other assets	3	2
Total assets	**114**	**103**
Refinancing	94	86
Other liabilities	14	11
Equity		
- Elimination (1)	2	2
- Consolidated reserves - equity holders of the parent	1	1
- Minority interests	3	3
Total equity and liabilities	**114**	**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 Décembre 31, 2014 were not material, and amounted to €3.9 million and €0.8 million
The minority interest amounted to €3.1 millions at December 31, 2014 compared with €3.1 million at December 31, 2013 and December 31, 2013, fully composed of share capital and reserves.

Note 40 Auditors fees

(in million euros)	Ernst & Young Dec. 31, 2014	Ernst & Young Dec. 31, 2013	Mazars Dec. 31, 2014	Mazars Dec. 31, 2013
Audit				
- Statutory and contractual audit services				
- Banque PSA Finance	0.1	0.1	0.1	0.1
- Fully-consolidated companies	0.8	0.8	0.4	0.4
- *of which France*	*0.1*	*0.1*	*0.1*	*0.1*
- Audit-related services				
- Banque PSA Finance	-	-		-
- Fully-consolidated companies	-	-		-
- *of which France*	-	-		-
Other services provided to fully-consolidated subsidiaries				
- Legal and tax services	-	-		-
- Other	-	-		-
Total	**0.9**	**0.9**	**0.5**	**0.5**

Note 41 Subsequent Events

Except the partnership with Santander Consumer Finance and its consequences described in Note 1.A - 2014 Main Events, no other event occurred between December 31, 2014 and the Board of Directors' meeting to review the financial statement on February 16, 2015 that could have a material impact on economic decisions made on the basis of these financial statements.

2.7 Statutory auditor's report on the consolidated financial statements

For the year ended December 31, 2014

This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in French and it is provided solely for the convenience of English-speaking users.
The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures.
This report also includes information relating to the specific verification of information given in the group's management report.
This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meeting, we hereby report to you, for the year ended December 31, 2014, on:

- the audit of the accompanying consolidated financial statements of Banque PSA Finance;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the board of directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

1. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the group as at December 31, 2014 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without qualifying our opinion, we draw your attention to the matter set out in:

- note 1.A “2014 Main Events and Group Structure”, note 2.I “Assets and activities held-for-sale or to be taken over by partnership” and note 3 “IFRS 5 and IFRIC 21 impacts on the financial statements” to the consolidated financial statements concerning the impacts of IFRS 5 after the signing of partnership between your company and Santander Consumer Finance company;

- note 2 “Accounting Policies” to the consolidated financial statements concerning the new compulsory IFRSs, and in particular IFRS 12 regarding disclosure of interests in other entities, and note 3 “IFRS 5 and IFRIC 21 impacts on the financial statements” concerning the impacts of the first application of interpretation IFRIC 21 regarding taxes.

2. Justification of our assessments

In accordance with the requirements of article L. 823-9 of the French commercial code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

- The assets and liabilities to be taken over by partnership and the method to determine impairment losses on assets are described on notes 2.I and 3 to the consolidated financial statements. We have examined criteria for classifying assets and liabilities to be taken over by partnership and the valuation method of these assets and liabilities in application of IFRS 5.

- For all companies with banking operations significant estimates have to be used for the impairment of credit risks. Your group sets aside impairments to cover credit risks that are inherent to its business, as disclosed in notes 2.C.6.4 and 34 to the consolidated financial statements. As part of our assessment of these estimates, we have examined the processes implemented by management in order to identify and assess these risks and to determine the extent to which impairments are recognized.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

3. Specific verification

As required by law, we have also verified, in accordance with professional standards applicable in France, the information presented in the group’s management report.

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

Courbevoie and Paris-La Défense, February 18, 2015

The statutory auditors
French original signed by

MAZARS	ERNST & YOUNG Audit
Anne Veaute	Luc Valverde

Statement from the person responsible for the 2014 annual report

Person responsible for the annual report

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

Certification of the person responsible for the annual report

I hereby certify, after having taking all reasonable steps to this effect, that the information contained in this document is, to my knowledge, consistent with the truth and do not include any omission that could lead to a false interpretation.

I hereby certify, to my knowledge, that the financial statements have been prepared in accordance with the applicable accounting standards and provide a true image of the company's assets, financial situation and earning and of all of the companies included in the consolidation, and that the management report of this document presents a true picture of the business, the earnings and of the financial situation of the company and of all of the companies included in the consolidation as well as a description of the main risks and uncertainties that they face.

I have obtained an end of mission report from the statutory auditors in which they indicate that they have verified the information on the financial situation and the financial statements provided in this document and in an overall reading of this document.

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

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